

STATES OF JERSEY

OFFICIAL REPORT

TUESDAY, 4th DECEMBER 2012

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

[9:30]

QUESTIONS

1. Written Questions

1.1. THE CONNÉTABLE OF ST. JOHN OF THE CHIEF MINISTER REGARDING THE NUMBER OF CIVIL SERVANTS EMPLOYED WITHIN HIS DEPARTMENT AND BY THE STATES AS A WHOLE:

Question

“Further to his recent radio interview on BBC Radio Jersey's 'politics hour', could the Chief Minister state how many civil servants are employed within his Department and by the States as a whole and what the figures were at the end of the last Council of Ministers in November 2011?”

Answer

In January 2012 the Chief Minister’s Department took over responsibility for the Human Resources and Information Services divisions that were previously recorded under the Treasury and Resources Department. There has been a reduction of 138 FTE Civil Servants in the Treasury and Resources Department and an increase in the Chief Minister’ Department of 144 Civil Servants. The resulting 6 FTE relates to growth within the Human Resources Department.

The Education, Technical, Secretarial and Support staff group were assimilated into the Civil Service with effect from 30th November 2011, this change accounts for 420 FTE of the total increase of 422 FTE Civil Servants in the Education, Sport and Culture Department.

Other significant changes are in relation to the “back to work initiative” within the Social Security Department; the provision of lunchtime supervision within the Education, Sport and Culture Department; restructuring within the Ports Departments; and also within the Home Affairs Department where uniformed services employees moved into the civil service.

The below table includes the full time equivalent (FTE) Civil Service core employees at the specified dates, and excludes those employees carrying out roles that are classified as exempt under the Regulation of Undertakings Law; for example employees providing absence cover and students.

	FTE	FTE	FTE
	30/11/2011	31/10/2012	Difference
Department			
Chief Minister's Department	43	187	144
Other Departments	2078	2409	331
Grand Total	2122	2596	475

Budget and headcount increases are detailed and approved within Departmental business plans.

1.2 DEPUTY J.H. YOUNG OF ST. BRELADE OF THE MINISTER FOR PLANNING AND ENVIRONMENT REGARDING HIS DECISION TO APPROVE A DEVELOPMENT AT PLÉMONT:

Question

As required by Article 22 (2) of the Planning and Building law (Jersey) 2002 for development which is inconsistent with the Island Plan, will the Minister provide the Assembly with a statement of his reasons for his decision to approve the application for the development of 28 Homes on the site of the former Holiday Village at Plémont, and in particular his conclusions and the evidence of compliance, whether in the Inspector's report or otherwise, in respect of each of the six mandatory conditions of Policy ERE3 of the Island Plan 2011 for enabling or linked development, sufficient to provide the "cogent, exceptional, justification" for the development to be approved as enabling development?

Answer

In answer to the Deputy's question, I can do no better than reproduce for Members the reason for my decision, which was recorded as part of my formal Ministerial Decision to approve this application. This stated,

"The Minister has resolved to approve the application, subject to the completion of a Planning Obligation Agreement and to the compliance of Conditions.

In reaching his decision, the Minister paid special regard to the Independent Inspector's Report and recommendations into the Public Inquiry which was held over the days of 25 / 26th September 2012 and to the representations and consultations received on the planning application and the subsequent Inquiry.

The Minister originally called for the Public Inquiry as he considered that the proposal to redevelop the former holiday village by way of 26 new dwellings and 2 replacement dwellings constituted a substantial departure from Policy SP1 (Spatial Strategy) of the 2011 Island Plan. Nonetheless, Article 19 (3) of the Planning and Building (Jersey) Law 2002 states that the Minister may grant planning permission that is inconsistent with the Island Plan but shall not do so unless he is satisfied that there is sufficient justification for doing so.

In this instance, the Minister is satisfied that there is sufficient justification for allowing a substantial departure from the Island Plan.

The crux of the issue has been whether the proposed re-development is justified as a means by which to secure a substantive, positive contribution to the repair and restoration of the landscape of the Plémont headland.

Policy ERE 3 of the Island Plan makes permissible, as an exception, 'enabling development' which is something that would normally not be permitted but, may be permitted if it would provide a mechanism or funding to secure positive environmental benefits for the Island.

Moreover, although Policy NE7 of the Island Plan presumes against the redevelopment of commercial buildings (for anything other than their original purpose) it does make an exception where the redevelopment would give rise to demonstrable environmental gains and where it would make a positive contribution to the repair and restoration of the landscape.

On this point, the Minister is satisfied that the proposal represents a clear and significant reduction in the building mass and floor space area compared to the existing complex and that, by splitting the development into 3 clusters, this will further serve to break up the perceived bulk of the existing

structures. The new dwellings would certainly be visible on the skyline from various viewpoints but the Minister does not consider that this would result in a seriously detrimental impact upon the skyline, nor result in the loss of any strategic view or important vista.

The proposed new dwellings also share a high quality of design following a rural vernacular with significant openness punctuating the 3 clusters. Although not on the same footprint as the existing structures, the 3 clusters would be 'pulled' away from the North coast cliff path, offering a greater visual buffer between the coast and the development. The Minister is satisfied that this approach to the development of the site is an appropriate response to the sensitivities of the site and its surroundings.

The Minister has fully considered the thorough and balanced report of the Inspector and accompanying submissions, including a comprehensive Environmental Impact Assessment. He has reached the conclusion that, notwithstanding the policy presumptions against the erection of new residential development outside of the Island's principal settlements, this proposal will result in the significant and substantial repair and restoration of landscape character. It will enable the wholesale clearance of the existing Plémont Holiday Village structures which are, presently, a blight on the Island's sensitive North coast. Accordingly, the Minister contends that the proposals represent a justifiable exception to Policy SP1 of the Island Plan, but also that they fall in with the exception permitted under Policy NE7 and ERE3."

As will be seen from this comprehensive statement, the matter of this application turns not just upon policy ERE3 of the Island Plan, as referred to in the Deputy's question, but on a careful balance of the strategic aims and policies of the Island Plan. It would be wrong, in my view, to focus on the specific criteria of one policy, when in fact it is a careful blend of several matters upon which my judgment must be made.

1.3 THE CONNÉTABLE OF ST. JOHN OF THE MINISTER FOR ECONOMIC DEVELOPMENT REGARDING THE NEW FIXED BASED OPERATION DEVELOPED BY HANGAR8:

Question

Further to suggestions that the new fixed Based Operation developed by Hangar8 will create an expansion in the services of Jersey Airport, does the Minister not consider it better to focus on ensuring that the services already offered at Jersey Airport are delivered to a high quality, rather than increasing the quantity?

Answer

Significant potential growth has been identified in the corporate aviation market. The new provider will introduce additional capacity while importantly broadening the scope of the offering to the global aviation market. As such, it is the intention that both the quality and quantity of service provision will be increased.

1.4 DEPUTY G.P. SOUTHERN OF ST. HELIER OF THE CHIEF MINISTER REGARDING THE IMPLICATIONS FOR INFORMATION EXCHANGE ARISING FROM THE SIGNING OF A FOREIGN ACCOUNT TAX COMPLIANCE ACT WITH THE UNITED STATES:

Question

Do the “wider implications for information exchange arising from the signing of an intergovernmental agreement between Jersey and the USA of a Foreign Account Tax Compliance Act (FATCA) ,” mentioned in his response to question 7147 on 23rd October 2012, extend to the introduction by the UK of a similar FATCA agreement?

What credence, if any, does the Chief Minister give to the report in the International Tax Review that the UK government has already drafted its own version of the US FATCA legislation which it will seek to impose on its Crown Dependencies and Overseas Territories by January 2014?

What assistance, if any, has he or the Minister for Treasury and Resources had from the UK government in responding to the US FATCA approach?

What discussion, or contact, if any, has he had with his colleagues in Guernsey and the Isle of Man to develop a joint approach to the US FATCA demands or the automatic exchange of tax information and, if none, why not?

What implications for Jersey arise from any agreement which requires disclosure of full details of all beneficial owners of relevant accounts, including those whose identities might otherwise be hidden by trusts or companies?

Answer

Taking the Deputy’s questions in turn.

Interest has been shown by the OECD and the EU in the possible wider application of the principles behind the US FATCA arrangements and the UK has approached the Crown Dependencies and the Overseas Territories with a view to the principles possibly being more widely applied to an exchange of information with the UK. Officials have met with HM Treasury officials to discuss this.

To facilitate the discussions between officials, HM Treasury officials sent us a draft of what an intergovernmental agreement might look like if equivalent to that negotiated with the US. If such an agreement was to be concluded appropriate legislative provision would then need to be made before it could be implemented. There is absolutely no question of the UK ‘imposing’ on the Island its own legislation required to implement the US FATCA agreement between the UK and the USA.

Officials met with HM Treasury officials in August 2012 to hear more about and better understand the US/UK FATCA agreement as a prelude to our own negotiations with the US. These negotiations have been undertaken by the Crown Dependencies entirely independently from the UK as provided for by the Letter of Entrustment from the UK that applies to our negotiation of international tax agreements generally.

The negotiations with the US have been undertaken by the Crown Dependencies acting in concert, as have the discussions with the UK.

Jersey is committed to compliance with the international standards on tax information exchange and has seen no disadvantage in being actively engaged in such compliance so long as there is a level playing field. Jersey is a jurisdiction, unlike many others including individual OECD and EU

Member States, that is not only committed to the exchange of information on beneficial ownership but also ensures that it has that information available to give, something recognised publicly by the World Bank among others.

1.5 DEPUTY G.P. SOUTHERN OF ST. HELIER OF THE MINISTER FOR TRANSPORT AND TECHNICAL SERVICES REGARDING THE TERMS AND CONDITIONS OF SERVICE OFFERED TO CONNEX STAFF BY CT PLUS:

Question

Given that in response to part (iii) of question 7196 on 6th November 2012, the Minister stated that discussions regarding terms and conditions were undertaken as part of the first stage tender evaluations, between October 2011 and end of January 2012, but later during oral questions that information concerning terms and conditions 'was very slow in forthcoming' - which of these versions is correct?

Did the Minister succeed or fail to ensure that bids were made on the basis of the transfer of all staff on the same terms and conditions of service based on a full understanding of those terms and conditions of service?

Answer

In relation to both of your questions please see paragraphs 2-4 of my response to Q7152:

2. Clause 18.3 of the Connex Contract states:
"On expiry of the Contract or early termination for whatever reason, the Committee shall or shall procure that any other body issuing tender documentation shall require in any tender documentation that the incoming service provider submit proposals that ensure that all of the Contractor's staff, with the exception of the general manager and any director of the Contractor, as at the date of the issue of any tender documentation are taken on by the incoming service provider on the same terms and conditions as apply at the date of the issue of any tender documentation and use its reasonable endeavours to facilitate the transfer of the staff from the Contractor to the incoming service provider provided always that the Contractor shall fully co-operate with both the Committee and the incoming service provider by providing them both with such employee information as is reasonably necessary for the Committee to compile any tender documentation and for bidders properly to price their bids and for the incoming service provider to take on the Contractor's staff."
3. There were two key elements to Clause 18.3, namely that:
 - (a) TTS should require in any tender documentation that the incoming service provider submitted proposals that ensured that all of the Contractor's staff, with the exception of the general manager and any director of the Contractor, as at the date of the issue of any tender documentation were taken on by the incoming service provider on the same terms and conditions as applied at the date of the issue of any tender documentation (June 2011); and
 - (b) TTS should use its reasonable endeavours to facilitate the transfer of the staff from the Contractor (Connex) to the incoming service provider.
4. The latter obligation was subject to the requirement that Connex fully co-operated with both TTS and the incoming service provider by providing them both with such employee information as was reasonably necessary for TTS to compile any tender documentation, for bidders properly to price their bids and for the incoming service provider to take on Connex staff.

In relation to your question 1: as per my answer to your question Q7196, this process was undertaken, as for all tenderers, as part of the First Stage Tender evaluations between mid October 2011 and end of January 2012. In this regard, TTS was obliged to rely on the employee terms and conditions information with which it was provided by the employer of the staff in question, ie. the sitting contractor.

In relation to your question 2:

- No, there was no obligation to "deliver the transfer of all staff "on the same terms and conditions"". The relevant obligations are those set out at paragraphs 2 and 3 of my response to Q7152 – please see above.
- Information about key terms and conditions is found at paragraph 14 of my response to Q7152 from which it will be noted, amongst other things:

"CT Plus's annual salary for the contracted basic 39 hours will be slightly higher than at tender".

Given the agreement reached at the mediation meeting on 10 October 2012, it would not be appropriate for me to go into further detail about matters which the relevant parties are now addressing together.

1.6 DEPUTY G.P. SOUTHERN OF ST. HELIER OF THE MINISTER FOR TRANSPORT AND TECHNICAL SERVICES REGARDING DISCREPANCIES BETWEEN THE TERMS AND CONDITIONS OF SERVICE OFFERED TO STAFF BY CONNEX AND CT PLUS:

Question

Further to the response to question 7152 on 23rd October 2012, how does the Minister explain the discrepancies between the statement that staff terms and conditions would not be changed for the first nine months of the contract, and later indications that there were already 14 differences between the Connex and CT Plus contracts?

Does the Minister accept that his duty was to deliver the transfer of all staff on the same rather than "equivalent" terms and conditions?

Failing this, can the Minister produce figures which demonstrate that on a basic 39-hour week and with up to 10 hours overtime, drivers will receive the same pay on the new terms as they did on the Connex contracts, and if not, why not since the new terms have been described as equivalent ?

Answer

1. First of all I would like to refer you to paragraphs 2-4, 14 and 16 of my response to Q7152, as these are relevant to my answers to your questions:
5. Clause 18.3 of the Connex Contract states:
"On expiry of the Contract or early termination for whatever reason, the Committee shall or shall procure that any other body issuing tender documentation shall require in any tender documentation that the incoming service provider submit proposals that ensure that all of the

Contractor's staff, with the exception of the general manager and any director of the Contractor, as at the date of the issue of any tender documentation are taken on by the incoming service provider on the same terms and conditions as apply at the date of the issue of any tender documentation and use its reasonable endeavours to facilitate the transfer of the staff from the Contractor to the incoming service provider provided always that the Contractor shall fully co-operate with both the Committee and the incoming service provider by providing them both with such employee information as is reasonably necessary for the Committee to compile any tender documentation and for bidders properly to price their bids and for the incoming service provider to take on the Contractor's staff."

6. There were two key elements to Clause 18.3, namely that:
 - (c) TTS should require in any tender documentation that the incoming service provider submitted proposals that ensured that all of the Contractor's staff, with the exception of the general manager and any director of the Contractor, as at the date of the issue of any tender documentation were taken on by the incoming service provider on the same terms and conditions as applied at the date of the issue of any tender documentation (June 2011); and
 - (d) TTS should use its reasonable endeavours to facilitate the transfer of the staff from the Contractor (Connex) to the incoming service provider.

7. The latter obligation was subject to the requirement that Connex fully co-operated with both TTS and the incoming service provider by providing them both with such employee information as was reasonably necessary for TTS to compile any tender documentation, for bidders properly to price their bids and for the incoming service provider to take on Connex staff.

- ...
14. TTS is pleased that, following extensive discussions with Connex, CT Plus and the union, CT plus is now offering eligible driving staff employment on terms which include the following:
 - CT Plus basic hourly rate of pay for Monday to Friday working hours is a slight increase over the existing rate at tender (the contractual benchmark).
 - CT Plus overtime rate Monday to Friday is the same as their basic hourly rate, which is less than tender (see point 15 below)
 - CT Plus basic rates for Saturdays are higher than at tender.
 - CT Plus basic rates for Sunday are equal to the overtime rates at the time of tender
 - CT Plus basic rates for Public and Bank Holidays are higher than the overtime rates paid at the time of tender.
 - The CT Plus rostered working week of 5 days in 7 is an improvement on the present 6 days in 7, typically giving 47 more rest days per year to a driver.
 - The basic working week of 39 hours remains the same
 - CT Plus's annual salary for the contracted basic 39 hours will be slightly higher than at tender.
 - CT Plus's sickness provision for the first 4 years of service is higher than at tender.
 - Healthcare and pension payments remain the same.
 - 5 weeks paid holiday: remains the same.
 - Paid meal breaks will continue.
 - No probation period will apply to transferring staff

...

16. For information, the 54 hour working week maximum being applied to this new contract has been introduced for health and safety reasons to protect both the public and drivers, in accordance with advice we have received from the Health & Safety Inspectorate. It is in accordance with recognised UK best practice and consistent with the Unite Union's current 'A Safer Way' campaign.

Deputy Southern's first question (7268):

2. The first question includes the following words: "Further to the response to question 7152 on 23rd October 2012....14 differences between the Connex and CT Plus contracts".
3. Although it is a little unclear from the question, I assume that the reference to "14 differences between the Connex and CT Plus contracts" is a reference to the 14 bullet points listed in paragraph 14 of my response to Q7152. I have set out that paragraph and the 14 bullet points above. It will be seen from the 14 points listed that that the key terms which are being offered by CT Plus are the same or better than those offered by Connex at the time of tender.
4. As I have indicated above, it is correct that the terms and conditions being offered by CT Plus are not identical to those offered by Connex, not least because many of the terms and conditions now available are an improvement to existing terms and conditions. Reasons for some of the changes have already been discussed in the States on 25th September and 9th October 2012 and include the following:
 - a. The 54 hour maximum working week, applied as a tender requirement to all tenderers, means that overtime will be reduced and therefore the total working hours of some staff, who have previously worked excessive hours, will change. Overtime is not a contractual entitlement. As I said to the States on 9th October 2012, I have not and will not guarantee excessive overtime and excessive hours. Please see paragraphs 9 -11 below for more on this.
 - b. As I explained to the States on 25th September 2012 and as set out above, TTS is reliant on Connex for the provision of information about staff terms and conditions. It is also reliant on the co-operation of the union. Earlier this year the union prevented Connex from disclosing key information to TTS and CT Plus, which considerably disrupted the transfer process, causing uncertainty and delay. Additional information about working practices (including in relation to sickness and overtime) came to light around this time, which caused great concern. This led CT Plus to re-assess its position and its ability to offer a transfer of staff on identical terms and conditions. However, following extensive discussions between TTS, Connex, CT Plus and the union the key terms (such as rates of basic pay) offered by CT Plus are now the same as or better than those required by the tender. Please see paragraph 14 of my response to Q7152.

Deputy Southern's second question (7268):

5. No, there was no obligation to "deliver the transfer of all staff on the same terms and conditions rather than "equivalent" terms and conditions". The relevant obligations are as set out in paragraphs 2-4 of my response to Q7152. Specifically, in relation to TTS the obligations are as follows:
 - a. That TTS should require in any tender documentation that the incoming service provider submitted proposals that ensured that Connex staff, as at the date of tender documentation and with two exceptions, were taken on by the incoming service provider on the same terms and conditions as applied at the date of the issue of any tender documentation (June 2011); and
 - b. That TTS should use its reasonable endeavours to facilitate the transfer of those staff from Connex to CT Plus.

6. These obligations are subject to the obligation on Connex in respect of co-operation and employee information.
7. In this regard I note the ongoing work by TTS to facilitate the transfer of eligible staff from Connex to CT Plus. TTS officers continue to liaise daily with Connex and CT Plus and regularly with the union, staff representatives and JACS.

Deputy Southern's third question (7268):

8. Information about key terms and conditions is found at paragraph 14 of my response to Q7152 from which it will be noted, amongst other things:

"CT Plus's annual salary for the contracted basic 39 hours will be slightly higher than at tender".
9. Overtime is not a contractual entitlement. Whether or not there is a need for overtime will depend on the requirements of a business at a specified point in time and overtime rates may vary according to when overtime hours are worked. Accordingly it is not considered appropriate to try to include a hypothetical value for overtime hours when the material point is that annual salaries for contracted basic hours will be slightly higher than applied at the time of tender.
10. Reductions in overtime will be made by the employment of additional staff. Given current unemployment levels, the health and safety benefits for all concerned and the potential cost savings for the public as a consequence, this can only be welcomed.
11. I have read Unite the Union's "A Safer Way" booklet. The "Safer Way" campaign is promoting shorter working hours for UK bus drivers and refers to the UN's International Labour Organisation's (ILO) recommendation of a maximum working week of 40 hours per week. I note that the basic working week under the new contract will be 39 hours per week, which is clearly in accordance with the ILO recommendation.

1.7 DEPUTY G.P. SOUTHERN OF ST. HELIER OF THE MINISTER FOR HOUSING REGARDING THE IMPACT THAT THE DEPARTMENT'S ANNUAL TRANSFER OF FUNDS TO THE TREASURY HAS HAD ON THE ABILITY TO BUILD AND MAINTAIN AFFORDABLE HOUSING:

Question

Will the Minister explain to members what the impact of the annual transfer of over £20m (currently £24.5m) to the Treasury has been on the Housing department's ability to build and maintain affordable social housing over the past decade?

Will he further state what impact the continuing payment of this sum (indexed) to the Treasury will have on the ability of the new arms-length Housing organisation to fund the building, maintenance and repair of social housing over the coming decade with specific reference to the business plans on which the Housing Transformation Project (HTP) is based?

Will he then state whether the reduction of this payment to the Treasury has been rejected in the HTP and, if not, why not?

Will he further rule out rent increases to fund future day-to-day repairs and scheduled maintenance (historically running at £7.5m annual under-funding) when figures produced by the Cambridge Centre report suggest that £2.5m would be produced by a £35 increase in weekly rent, but cost £3.3m in additional Income Support?

Answer

The overall budget allocated to the Housing Department over a long period has not been adequate to ensure that all States owned housing meets the English Decent Homes Standard resulting in a deteriorating stock. This decline in the stock has been halted to an extent through the sale of some stock and according to my Department's most recent Condition Survey (2012), 76% of States owned homes meet the Decent Homes Standard.

Professor Christine Whitehead in her Review of Social Housing in Jersey (2010) made clear that she believed options for restructuring the funding of States homes were limited. The Professor thought that "day to day repairs" could "only be funded from current income from rents" and that there were "two options available" to fund the shortfall to meet Decent Homes "either the States can forgo £2.5m from the current Housing Department surplus; or rents in States housing can be raised." The Professor opined that "Longer term major works of planned maintenance and improvements can be met from a variety of sources: additional rent income; borrowing; or the sale of assets."

The Professor felt that "Choosing between options is as much a political as a financial issue" and that "the value of some of the options depends heavily on the States preparedness to forego income in order to achieve better services and perhaps expand the role of social housing into a wider range of options." Any such expansion is currently prevented by the reliance on sales and of course is dependent upon a corresponding increase in supply, which is currently highly constrained.

1.8 DEPUTY G.P. SOUTHERN OF ST. HELIER OF THE CHIEF MINISTER REGARDING THE LEVELS OF INTEREST SUBJECT TO EU SAVINGS TAX DIRECTIVE (EUSTD) AND DECLARED UNDER VOLUNTARY DISCLOSURE:

Question

Does the Chief Minister accept Treasury figures which indicate that the "lion's share" of interest subject to EU Savings Tax Directive (EUSTD), and declared under voluntary disclosure, referred to in the Minister's response to question 7233, is 80% of the total?

In the context of the decline in the totals of tax subject to the EUSTD, detailed in the table below, which show that his "good neighbour policy" has improved rates of voluntary disclosure to 80%, and reduced the return from the withholding tax, would the Chief Minister consider a move to automatic tax information exchange which would result in the loss of only £1.5 m of withholding tax and the loss of 20% of European deposits in Jersey which are clearly evading tax?

Year	2006	2007	2008	2009	2010	2011
Tax retained, £, m	29.1	34.98	35.62	11.8	5.3	6.1
Tax to EU (75%) £, m	21.9	26.24	26.71	8.85	4.0	4.6
Tax to Jersey (25%) £, m	7.2	8.74	8.91	2.95	1.3	1.5
Withholding Tax rate	15%	15%	20%	20%	20%	35%
% voluntary disclosed	----	----	57%	65%	80%	---

% of total EU to UK	62%	63%	58%	56%	55%	59%
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Answer

As was made clear in my response to the Deputy’s written question tabled on the 20th November 2012 we are committed to engage in automatic exchange of information under the EU Savings Tax Directive as soon as the EU Member States themselves have reached agreement that this will apply to all the Member States. In the meantime the Member States are able to benefit from the retention tax payments and the voluntary disclosure of information of which the latter account for the largest and an increasing proportion of the interest payments paid to individuals resident in the Member States which are in the scope of the Directive.

1.9 DEPUTY T.M. PITMAN OF ST. HELIER OF THE CHIEF MINISTER REGARDING THE OPTION OF UTILISING COMPULSORY PURCHASE TO ACQUIRE PLÉMONT:

Question

Given that the proposition P.90/2012 includes the option of utilising Compulsory Purchase to acquire Plémont, will the Chief Minister clarify what safeguards, if any, are in place to protect the interests of those who may be forced by government to sell land against their wishes and would he outline what criteria is in place permitting such compulsory purchase?

Answer

Article 119 of the Planning and Building (Jersey) Law 2002 enables the States of Jersey to acquire land by compulsory purchase.

In order to exercise this power, the States of Jersey must first be satisfied that the land is to be acquired for a purpose listed in Article 2 of the 2002 Law. Article 2 includes the following purposes:

(1) The purpose of this Law is to conserve, protect and improve Jersey’s natural beauty, natural resources and general amenities, its character, and its physical and natural environments.

(2) (d) to ensure that the coast of Jersey is kept in its natural state;

The Compulsory Purchase of Land (Procedure)(Jersey) Law, 1961 sets out the procedure for the acquisition of the land. The independent Board of Arbitrators will determine the proper level of compensation in the event that there is any dispute between the acquiring authority and the land owner. In any event, the land will not legally vest in the Public until the Royal Court is satisfied that the provisions of the 1961 Law have been complied with.

1.10 DEPUTY T.M. PITMAN OF ST. HELIER OF THE MINISTER FOR HOME AFFAIRS REGARDING THE WAY IN WHICH CYBER-BULLYING IS BEING DEALT WITH BY THE STATES OF JERSEY POLICE:

Question

Given that cyber-bullying and internet 'trolling' as it is commonly known has actually led to the deaths of vulnerable people/children and has resulted in prosecutions in both the UK and US and that the Minister has previously stated that the States of Jersey Police has both resourcing and expertise to match that of the UK, how seriously is this issue taken in Jersey?

Have there been a number of complaints to the Police from different victims relating to one particular individual making threats and, if so, how is such cyber-bullying being dealt with currently?

Answer

As with any crime, so called 'cyber-crime' in its various guises, of which 'bullying' could be considered to be one element, is treated seriously and investigated by the Police. In 2011 the States of Jersey Police investigated 11 formal social media criminal complaints and this year to date they have investigated 6. These complaints were investigated within existing Crime (Disorderly Conduct and Harassment) (Jersey) Law 2008.

As I have indicated previously, the States of Jersey Police are resourced to be able to respond to and investigate Cyber-Crime. However, like many other jurisdictions, the speed with which technology develops today can present challenges. The States of Jersey Police are seeking to enhance both Cyber-Crime capacity and capability throughout 2013.

Whilst some reported Cyber-Bullying can be investigated within either Harassment, Telecommunications or Data Protection Laws, the States of Jersey Police are currently reviewing Jersey legislation together with the Law Officers Department to assess opportunities for strengthening existing laws in order to provide the best possible support for victims and, where appropriate, bring perpetrators to justice.

It is not appropriate for me to go into the details of any specific complaints or investigations.

1.11 DEPUTY T.M. PITMAN OF ST. HELIER OF THE CHIEF MINISTER REGARDING THE PROPOSED PURCHASE OF PLÉMONT:

Question

How does the Chief Minister justify supporting the purchase of Plémont, at a cost of millions of pounds of taxpayers' money when many within the Island are struggling simply to survive financially and keep their families fed and housed and is he satisfied that the purchase is the correct priority in the current economic climate ?

Answer

I fully appreciate the concerns that some members of the public may have in using taxpayers funds to purchase Plémont, particularly in the present economic climate.

However, the Medium Term Financial Plan sets out a sustainable financial position, with additional monies for health, housing, as well as benefits to support those in need in this difficult economic climate and an investment in getting these Islanders into work. Alongside these vital immediate

priorities, I also believe that it is important to ensure that the natural beauty of our Island, and in particular our coastline, is protected for all our future generations.

The solution as presented in the Report and Proposition is that “the costs of the acquisition would be sourced initially from central reserves, but the intention is that the Fund would be reimbursed either from receipts from the States of Jersey Development Company or the proceeds of sale of other land”. In this sense, the acquisition of land at Plémont would be funded from other property assets, and without any detriment to services.

1.12 DEPUTY T.M. PITMAN OF ST. HELIER OF THE MINISTER FOR TREASURY AND RESOURCES REGARDING INCREASING TAXES FOR THE WEALTHY:

Question

Does the Minister agree with observations such as those expressed in his post election success speech by U.S. President Barack Obama that, given the global economic situation, it is essential that those individuals who are the most wealthy need to be willing to pay a little more in tax and, if not, why not?

Answer

The recent comments of President Barack Obama were made in the context of the US economy, which has a national debt estimated at US\$16.3 trillion (which exceeds 100% of US GDP) and which faces a “fiscal cliff” on 31 December 2012 that could result in US\$607bn of automatic government spending cuts and tax rises, unless a political compromise can be found.

In addition the Minister would draw attention to the data provided in the answer to Deputy Southern’s question regarding Jersey’s income tax system (tabled on 1st May 2012) which indicates:

- the top 20% of earners pay 70% of all the personal income tax paid in Jersey
- the top 10% of earners pay 47% of all the personal income tax paid in Jersey
- the top 5% of earners pay 34% of all the personal income tax paid in Jersey
- while the bottom 40% of earners pay less than 2% of all the personal income tax paid in Jersey

This data demonstrates that under the Jersey tax system those most able to pay already contribute the majority of the island’s personal income tax revenue.

1.13 DEPUTY G.C.L. BAUDAINS OF ST. CLEMENT OF THE MINISTER FOR ECONOMIC DEVELOPMENT REGARDING THE APPOINTMENT OF CONSULTANTS:

Question

Further to my oral question of 20th November 2012, could the Minister advise, in relation to the recent appointment of consultants at a cost of £990,000,

- a) how the decision to appoint the consultant was instigated,
- b) who made the decision,
- b) what aspects of the work could not have been provided on-Island,
- c) details of the tendering process involved?

Answer

Each question will be taken in turn:

a) how the decision to appoint the consultant was instigated

The Financial Services Advisory Board (FSAB), in considering the impact of the current global economic crisis and resulting economic and regulatory uncertainty, instigated the concept that a full jurisdictional review of Jersey's financial services sector and competitor analysis was necessary to provide a blueprint strategy for the future of the industry. Through FSAB, significant development work was undertaken into the most appropriate scope which resulted in the tendering process and the decision by the Council of Ministers, outlined below.

The Financial Services Advisory Board comprises of the Chief Minister, Treasury and Resources Minister, Economic Development Minister, Jersey Finance Limited (JFL), Jersey Financial Services Commission and the heads of financial services trade associations.

b) who made the decision

The Council of Ministers made the decision to support this project.

Two Ministerial Decisions executed this decision: Minister for Economic Development made the decision to supplement the grant to JFL in order to fund the research; and the Minister for Treasury and Resources made the decision to provide EDD with the associated funding from Central Reserves. Both of these Ministerial Decisions are available online at www.gov.je, referenced MD-E-2012-113 and MD-TR-2012-84.

c) what aspects of the work could not have been provided on-Island,

We have taken the proactive step of securing a world class, international perspective on our finance sector in order to secure the most valuable research possible to inform our future strategy for this vital industry. To do this required a consultancy with a global network, wider knowledge of global regulatory and economic trends, competitor information and the external perspective necessary to address the key objectives of the review, which include:

- Benchmarking Jersey with comparable financial centres
- Understanding the implications of changing global, European, and UK regulation
- Identifying potential opportunities and strategic options for Jersey as a leading international finance centre, in order to maintain and improve its competitiveness
- Defining strategy and long term vision for Jersey's financial services sector

There are only a limited number of consultancies with the global reach and expertise required to support JFL on such a complex and critical review. A large part of the review involves benchmarking Jersey against other jurisdictions, whilst engaging with practitioners, regulators and policy makers globally. This is a particular skill set that McKinsey provide, having helped develop strategies for several leading financial centres around the world.

d) details of the tendering process involved

It was agreed that JFL would prepare a Request for Proposal (RfP). JFL approached a number of global consultancies on the basis that they were likely to have the appropriate skills, expertise and resources. Following presentations by the short-listed companies to FSAB, it was agreed that McKinsey & Company offered the strongest proposal. This decision was then supported following a presentation to the Council of Ministers.

1.14 DEPUTY M.R. HIGGINS OF ST. HELIER OF THE CHIEF MINISTER REGARDING THE IMPACT OF THE COMPREHENSIVE SPENDING REVIEW ON STAFFING LEVELS:

Question

Will the Chief Minister list by Department –

- (a) the job losses since the start of the Comprehensive Spending Review (CSR) process giving date, job, title, pay grade, transformation fund allocation to facilitate the loss of the position;
- (b) the jobs which have been created in each of those Departments since the start of the CSR process giving date, job title, pay grade and any non-monetary assistance to recruit these personnel; and,
- (c) figures for the overall change in job count since the start of CSR?

Answer

It has not been possible to collate all the information in the limited time available, however a full answer will be tabled at the next States Sitting to be held on 11th December 2012.

1.15 DEPUTY M.R. HIGGINS OF ST. HELIER OF H.M. ATTORNEY GENERAL REGARDING PROSECUTIONS OR APPLICATIONS FOR INJUNCTIONS OR COURT ORDERS BROUGHT UNDER THE DATA PROTECTION (JERSEY) LAW 2005:

Question

Further to his responses to written questions on 6th and 20th November 2012, will H.M. Attorney General list details of how many successful prosecutions or applications for injunctions or court orders his Department has brought under the Data Protection (Jersey) Law 2005 (since the date of the Appointed Day Act) instigated by the Police or Data Protection Commissioner, giving for each the date, nature of prosecution/injunction/Order etc and the instigator.

Answer

The Law Officers' Department does not keep separate records for prosecutions brought under the Data Protection (Jersey) Law 2005 (the Law) which came into force on 1st December 2005. After enquiry it is believed that three such prosecutions have been brought which have resulted in guilty pleas or convictions. Files for consideration of a prosecution under the Law have been referred to the Attorney General by both the States of Jersey Police and the Data Protection Commissioner. Criminal proceedings under the Law can only be brought with the consent of the Attorney General.

The three prosecutions have been brought under Article 55 of the Law (“unlawful processing of personal data”) all of which were initially dealt with in the Magistrate’s Court. In these three cases, the proceedings were commenced in 2009, 2010 and 2012. In one of the prosecutions, the defendant was also charged with and convicted of an offence under Article 17 of the Law (“processing personal data without being registered”). In one of the above cases, upon conviction, the Magistrate’s Court made an order under Article 61 of the Law requiring the defendant to erase data which had been unlawfully processed.

As far as can be ascertained, the Law Officers’ Department has not applied for any injunctions or court orders under the Law.

2. Oral Questions

2.1 Deputy T.M. Pitman of St. Helier of the Chief Minister regarding the existence of earlier versions of the Napier report:

Will the Chief Minister advise whether there are earlier versions of the Napier report in existence other than the one published as R.132/2010 and, if so, will he agree to release these to Members?

Senator I.J. Gorst (Chief Minister):

I appear this morning to be suffering as some other Members, so I hope that Members will bear with me. I am aware that a draft copy of Napier’s report was sent to witnesses to review for factual accuracy prior to publishing. The draft copy, as I understand it, did not contain any recommendations. The final report, published as R.132/2010, includes Mr. Napier’s recommendations. Other than these, I am not aware whether or not Mr. Napier had earlier versions of the report.

2.1.1 Deputy T.M. Pitman:

Supplementary, Sir? So, I take it from the Minister’s answers that he can confirm that there are not 2 earlier versions of the Napier report?

Senator I.J. Gorst:

I think my opening comments were quite clear. I am aware, as the Deputy will be aware, similar processes followed by Scrutiny that witnesses who have been included in the report are sent copies for factual checking and then the final report, with recommendations, is then published. I am not aware of any other report. If the Deputy is, then of course I am more than happy to contact Mr. Napier and ask him directly. But, as we stand here, I am not aware that that is the case.

2.1.2 Deputy T.M. Pitman:

In the final part of the question that the Minister did not answer initially, is he happy to make that one or 2 versions available to Members?

Senator I.J. Gorst:

As I indicated, it is Mr. Napier’s report. That would not be the normal process, however, if the Deputy so wishes then I can make contact with Mr. Napier and ask him if he wishes to publish his report.

Deputy T.M. Pitman:

I wish so. Thank you, Chief Minister.

2.2 Deputy M.R. Higgins of St. Helier of H.M. Attorney General regarding the extent of the Island’s power as a Crown Dependency to negotiate treaties on its own behalf:

Will H.M. Attorney General inform Members of the extent of the Island's power as a Crown Dependency to negotiate treaties on its own behalf as referred to in the report entitled *External Relations: Common Policy*, R.140/2012, and the extent of our powers to act independently of the United Kingdom Government?

Mr. T.J. Le Cocq Q.C., H.M. Attorney General:

A treaty is an international agreement concluded between Sovereign States in a written form and governed by international law. Jersey is not a Sovereign State and has no power to negotiate international agreements, other than with the consent of and to the extent permitted by the United Kingdom, which has responsibility for Jersey's external or international relations. Jersey may become a party to international agreements in one of 2 ways. It may be entrusted, on behalf of the Crown by the United Kingdom Government by a letter of entrustment, to negotiate and conclude an agreement on its own behalf with a foreign country. An example of this would be tax information exchange agreements, negotiated under the letter of entrustment from the United Kingdom of November 2009. Jersey may also ask the United Kingdom to have the United Kingdom's ratification of an international agreement extended to it, either at the time of the United Kingdom ratification or subsequently. An example of this might be the United Nations Convention on Corruption.

2.2.1 Deputy M.R. Higgins:

Supplementary, Sir? Could I ask if the Attorney General or his department saw a copy of R.140/2012 before it was sent out, because it does give a misleading impression that the Island has the ability to enter into its own treaties, which obviously is false.

The Attorney General:

I believe that I have seen a copy of that before it was otherwise sent out. I am not sure that I would agree - I do not have it in front of me - that it gave a misleading impression. I am certain that the Island's ability to enter into treaties depends upon being entrusted to do so by the United Kingdom.

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

It is often thought that we are the unwitting recipients of European Union legislation, which essentially the United Kingdom Government accepts and then without any real discretion on our part is extended to us.

[9:45]

Would the Attorney General outline the circumstances in which we can actively and materially affect the application of European Union legislation?

The Bailiff:

I am not sure that has anything at all to do with our ability to enter into treaties. **[Laughter]**

The Attorney General:

Clearly, Jersey is bound to European law to the extent that it falls within Protocol 3. It is to that extent and that extent alone that we are compelled to adopt European legislation. The United Kingdom before it extends or wishes to extend any form of legislation to us as a constitutional norm - and now I would say a rule - needs to consult with us and would not do so without the consent of the Island.

2.2.3 Deputy M. Tadier of St. Brelade:

The Attorney General said that the U.K. (United Kingdom) is responsible for external and international relations, *vis-à-vis* Jersey and the other Crown Dependencies. Would he state whether

it would be problematic therefore if we were to have our own Minister with responsibility for external and international relations given that it is a U.K. responsibility?

The Attorney General:

I am not sure that that is any closer to the question of treaties than the preceding question. The United Kingdom has entered into a framework agreement. The framework agreement provides for the enhancement of Jersey's international personality and I do not see anything wrong, in principle, with a role designed to facilitate that within the Island.

2.2.4 Senator S.C. Ferguson:

I wonder if the Attorney General could possibly follow up what happens in the case of the United Kingdom consulting with us and we say: "No, thank you. We do not want that."

The Attorney General:

That is a very difficult question to answer because it will depend, of course, upon the circumstances of the case. If the Island was adamant that it did not wish something to be extended to it but the United Kingdom wished to do so, then we would potentially be in the realms of constitutional difficulties, which may have to be resolved by further discussion or by the courts.

Deputy M.R. Higgins:

No thank you, Sir. Senator Ferguson asked what I was going to ask. Thank you.

2.3 Deputy M. Tadier of the Minister for Health and Social Services regarding the publication of the report of the Action for Children Review:

Given that in her response to the report by the Health, Social Security and Housing Scrutiny Panel (S.R.2/2012), it was anticipated that the report of Action for Children Review would be published at the end of June 2012, will the Minister explain why there has been a delay and when it will be published?

Deputy J.A. Martin of St. Helier (Assistant Minister for Health and Social Services - rapporteur):

The Minister is out of the Island so I am going to answer the question. Unfortunately there were some delays on the part of Action for Children. Also because it was commissioned by the Children's Policy Group who only meets 4 times a year, we received the report in October and it was signed off in November. My Minister was tasked with responding to the report and producing a response and this has now been done - I am informed - and it will go to Scrutiny by the end of the week and then it will be published for everybody else directly after that.

2.3.1 Deputy M. Tadier:

I thank the Assistant Minister for her response. Will she give an undertaking to - obviously now that this has been delayed - make sure that any recommendations for the review are implemented immediately in consultation with Scrutiny, because I understand that there are urgent issues going on in some areas of Children's Social Services and Respite Care, *et cetera*, which do need urgent attention.

Deputy J.A. Martin:

Yes, of course I will give that understanding on behalf... I represent the 4 children as well, but I would like to reassure the Deputy that just reading through some of the responses already, we are already actioning lots of the recommendations from the Scrutiny Report and some recommendations that Health already had. So I would say there is nothing particularly new in the Action for Children report. As I say, our recommendation 47, 49, 52, 55, all of these came up from

Scrutiny and they are already being actioned. We send a service improvement plan to Scrutiny quarterly in which we have incorporated all of these recommendations. So I give him that assurance; a lot of the work is being done and if he feels that, once he has seen the report, that there are areas we have missed, obviously he will bring it to our attention. Thank you.

2.4 Deputy G.P. Southern of St. Helier of the Chief Minister regarding the impact of a Foreign Account Tax Compliance Act on Jersey's finance sector:

Will the Chief Minister state why he is prepared to accede to the US Foreign Account Tax Compliance Act (F.A.T.C.A.), inform Members whether he is willing to agree to a U.K. equivalent and will he outline what the impact of a U.K. F.A.T.C.A. style agreement would be on Jersey's finance sector?

Senator I.J. Gorst (The Chief Minister):

Following consultation with the finance industry, it was agreed that it would be in the best interests of the Island for provisions to be made for compliance with the U.S. (United States) F.A.T.C.A. through the signing of an inter-governmental agreement. The negotiation of this agreement is well advanced. We have made it clear to the U.K. that we share with them a commitment to combat tax evasion and that we want to work with them in discouraging U.K. residents from using Jersey to evade U.K. tax. This is not business that Jersey wishes to be associated with and it has been openly discouraged over the years. As a result, the number of U.K. residents evading tax using Jersey is not thought to be great and their loss, as a result of any inter-governmental agreement with the U.K., would be positive for the Island's reputation.

2.4.1 Deputy G.P. Southern:

Would the Minister inform Members what the phrase: "level playing field", which he used in answer to written question 4 today, means when applied to a U.S. or U.K. F.A.T.C.A. agreement?

Senator I.J. Gorst:

Quite simply, the U.S. F.A.T.C.A is global in its application and the potential agreement that we are discussing and negotiating with the United Kingdom is not global and therefore cannot be considered to be a level playing field.

2.4.2 Deputy T.M. Pitman:

Could the Chief Minister tell us how confident he is that these negotiations will result in us being allowed to opt out, if you like, from the U.K.'s requests?

Senator I.J. Gorst:

It is neither a position of opting in or opting out; we have made it quite clear that we share with the U.K. a desire to ensure that Jersey is not used for U.K. tax evasion. The point of the negotiations is to come to an agreement on how we can achieve that end.

2.4.3 Deputy M. Tadier:

Does the Chief Minister not think that he is giving out duplicitous and mixed messages? On the one hand saying we want a level playing field, even though we are a Crown Dependency, unlike some of the rest of the world, and on the other hand saying we are not in the business of encouraging tax evaders from the U.K.? Because if that is the case, if the last point is the case, we should have no problem signing up to a treaty or an agreement which gives information so the U.K. can stop tax evaders using Jersey for those purposes. Surely there is nothing to hide.

Senator I.J. Gorst:

Indeed. I have made it quite clear. We share with the United Kingdom a desire to ensure that Jersey is not used for U.K. residents to evade tax and, as I am sure the Deputy would expect, governments enter into negotiations around agreements that might best achieve the common aims of both jurisdictions.

2.4.4. Deputy M. Tadier:

If the Chief Minister really wants to have a level playing field, why not make the bold step of letting Jersey and perhaps the other Crown Dependencies be the first part of the field to be levelled?

Senator I.J. Gorst:

I am not quite sure what the Deputy is asking when it comes to levelness or not of fields. We do not want to get into discussions about controls and that sort of thing. I have made it quite clear and I would expect that Members of this Assembly expect me to negotiate on behalf of our community in the best interests of our community and that is what I will do.

2.4.5 Connétable P.J. Rondel of St. John:

Does the Chief Minister consider that his team, who attend the British-Irish Council, are in part sometimes too close to their U.K. counterparts and their civil servants? Those people are drawing information from our representatives and using it against us at a later date. As we see quite frequently now, the U.K. is targeting a great number of areas, whether it is in finance and other areas, within this Island. If I recall correctly, in Lord Coutanche's memoirs, he said that he did not know where Whitehall was and he wanted to keep it that way.

Senator I.J. Gorst:

Unfortunately, in the world that I inhabit today, it is absolutely imperative that I know where Whitehall is, that I know where Westminster is. I would disagree with the Connétable when it comes to my team. My team go out to bat on behalf of Jersey and I am proud of the effort that they put in. What sometimes concerns me is that it appears that, occasionally, Members of this Assembly do not act in the same way.

2.4.6 Deputy G.P. Southern:

The enemy within, I believe. A 3-parter, if I may, Sir? To whom would a U.K. F.A.T.C.A. apply? What is the remit of a F.A.T.C.A.? Does it include trusts and business accounts and would it apply to the 20 per cent of bank deposits in Jersey which remain undeclared in Jersey banks as in question 8?

The Bailiff:

I am sorry, Deputy, that is far too complicated for one oral question, 3 parts, so could you just perhaps confine yourself to the first part?

Deputy G.P. Southern:

To whom would a U.K. F.A.T.C.A. apply and what is the F.A.T.C.A.'s remit?

Senator I.J. Gorst:

That is a very good question. Perhaps I could invite the Deputy to move from his position whereby he seems to take advice from those who are critical of Jersey and come to my side of the fence and help in the negotiations, because they are very real questions. U.S. F.A.T.C.A., as he knows, relates to all U.S. citizens. Of course, that description is not quite so straightforward when one is trying to enter into negotiation and agreement with the United Kingdom, because that description does not translate across for taxation purposes for U.K. residents.

2.4.7 Deputy G.P. Southern:

And to whom would a U.K. F.A.T.C.A. apply, which was the question, and any time he wishes to appoint me Assistant Minister for Taxation, he is welcome. **[Laughter]**

Senator I.J. Gorst:

Even I might find that a step too far. **[Laughter]**

Deputy G.P. Southern:

He has so far.

Senator I.J. Gorst:

As I said earlier, I do not believe that the majority of Members in this Assembly would wish me to outline detail by detail about ongoing negotiations that we are entering into in order to safeguard and protect the best interests of Jersey and I am not prepared to do so.

2.5 Deputy G.C.L. Baudains of St. Clement of the Minister for Education, Sport and Culture regarding the list of the properties currently owned/administered by the Jersey Heritage Trust:

Hopefully this one will be less controversial, Sir. Would the Minister agree to circulate a list of the properties currently owned or administered by the Jersey Heritage Trust?

Deputy P.J.D. Ryan of St. John (The Minister for Education, Sport and Culture):

Deputy Bryans will take this question, Sir.

Deputy R.G. Bryans of St. Helier (Assistant Minister for Education, Sport and Culture - rapporteur):

Quite simply, the answer is yes. I have the list here and, if the Deputy would like, I will make sure it is circulated to all Members before close of day.

The Bailiff:

A non-controversial question indeed, Deputy. **[Laughter]**

Deputy G.C.L. Baudains:

I am grateful to the Assistant Minister.

2.5.1 Connétable A.S. Crowcroft of St. Helier:

Would the Assistant Minister agree with me that the Forts and Towers programme run by Jersey Heritage Trust represents exceptional value for the Island and helps in bringing tourists to our shores who would not otherwise probably visit?

Deputy R.G. Bryans:

Once again, a very short answer, yes, I would. I think Jersey Heritage Trust does an exemplary job of looking after the forts and towers and the like. So, yes.

2.5.2 Deputy J.A. Martin:

Yes, maybe this is controversial. Yes, they do some good work but can this list include things that do not make a profit and that are being subsidised by the good work that is making a profit?

Deputy R.G. Bryans:

I am not sure I fully understand the question. Could you repeat it, please?

Deputy J.A. Martin:

Some businesses or places run by the Jersey Heritage Trust are making profit. Some are not. Will the list include this and the cross-subsidy, please? Is that clear?

Deputy R.G. Bryans:

Yes, it is. I understand now. Yes, the list will include all of the properties by Jersey Heritage and I will make sure that you have the information regarding the differences on the profit. Thank you.

Senator L.J. Farnham:

Sir, just to be helpful. If Deputy Martin checks her email, she will find she would have received the information from the National Trust itself recently.

[10:00]

The Bailiff:

This is the Jersey Heritage Trust though.

Senator L.J. Farnham:

I beg your pardon, Sir. **[Laughter]** Well, the National Trust is ahead of the game and they have also sent that information to Members.

2.6 Deputy R.G. Le Hérissier of the Minister for Health and Social Services regarding measures to prevent the over prescription of medicine:

What procedures, if any, are in place to prevent the over prescribing of medicine and how effective are they?

The Bailiff:

The Constable of St. Peter will be answering this.

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

Medicines can be prescribed by clinicians within the Health and Social Services Department and by general practitioners and general dental practitioners in primary care. All prescriptions generated in the hospital are reviewed by a pharmacist to confirm that they are safe and appropriate. Where the pharmacist has a concern, they will contact the prescriber to clarify their intentions. In the unlikely event that a particular prescriber is identified as having been prescribing excessively or inappropriately, this will be addressed within the well-established clinical governance processes within the department. In relation to prescribing by general practitioners and general dental practitioners, I understand that Social Security, in managing the Health Insurance Fund, monitors prescribing habits and expenditure. With the recent appointment of the Primary Care Governance Scheme any incidents where there are concerns about clinical governance and patient safety will be investigated by the Medical Director for Primary Care and his team, working in liaison with the Prescribing Adviser for the Social Security Department.

2.6.1 Deputy R.G. Le Hérissier:

This was a question that appeared to fall between 2 stools. Could the Assistant Minister confirm that his department receives information if, for example, a G.P. is over prescribing in the case of, for example, depression when other therapies might have been more applicable in that situation. What would the department do having received such a report?

The Connétable of St. Peter:

The hospital - the Health and Social Services part of it - does not receive reports on what the G.P.'s (General Practitioners) are prescribing, however, if it came to our notice, obviously we would refer that through to Social Security for their governance to look at that. I think one of the issues that the Deputy may be concerned with, which is of a great concern, is that there are a number of patients who get prescribed drugs and go and collect them because they do not cost anything but never take them and then they return for another visit to their G.P.s and get another prescription and then collect them again. There is evidence occasionally - and I have had one in my own Parish - where somebody has passed away and we have found large hoards of drugs and that is because they have been prescribed, collected them because they do not pay for them, and just kept them within their premises. I am not sure if that is what the Deputy is concerned about as well.

2.6.2 Deputy R.G. Le Hérisssier:

I thank the Assistant Minister and while I appreciate his concerns about the unusage of prescriptions, I still have this concern. Can he tell me if somebody is being, according to certain sources, overprescribed drugs for a condition such as depression as opposed to other alternatives being followed, who should we go to in order that this attention can be drawn to the authorities and proper action can be taken?

The Connétable of St. Peter:

Thank you for that clarity, Deputy. If it is to do with a G.P., then the complaint needs to be focused through Social Security. They will investigate the General Practitioner. If it is within the hospital, a clinician within the hospital, then the complaint must come to the hospital and either way we will thoroughly investigate any opportunities for people to get overprescribed. There is work going on in the background between the G.P. system, the primary care, and the hospitals as secondary care and we are aiming towards a linking up of the patient record so if they come into the hospital, we can see what they have already been prescribed within the primary care system. That is our aim to achieve that, that is work in progress but we are not quite there yet.

2.6.3 Deputy M.R. Higgins:

Can the Assistant Minister tell us whether the department, as part of its monitoring, monitors the expenditure of each doctor on medicines, in other words, the number of prescriptions they issue and the value?

The Connétable of St. Peter:

No, it is a clinical judgment. We do not give them a budget for drugs.

2.6.4 Deputy G.C.L. Baudains:

Some drugs, as we know, can be very expensive. Up to £100 per prescription. Could the Assistant Minister advise if any measures are being pursued to make use of drugs which have been returned? Some drugs, I know, have never left the pharmacy. The patient has looked at the contraindications in the packet and handed them straight back to the pharmacist who then puts it in the dustbin because it is not possible to be reused. Surely even third world countries would benefit from the use of these? Is there any work being undertaken in that regard?

The Connétable of St. Peter:

The short answer is no there is not. Unfortunately, once prescriptions leave the control of the pharmacy, we cannot bring them back into use because we do not know whether they have been tampered with or not. I do share Deputy Baudains' concerns that they could be perhaps be reused in another environment but also at the same time I have concerns that if they are not good enough for us, should they be good enough for somebody else?

2.6.5 Deputy R.G. Le Hérissier:

Would the Assistant Minister acknowledge that given what he has stated as Social Security's role and his department's role, there is a real gap in the system here and a real question mark as to whether Social Security should, in a sense, be doing Health's job. That they should be interfering or have the capability to interfere with medical decisions. This should be the role of the Health and Social Services Department, who need to be much more assertive in this area.

The Connétable of St. Peter:

I am not quite sure if I understood the Deputy correctly. If he is saying should Health be intervening more with prescriptions overall, including primary care, I do see there is some opportunity there to ensure that there is no overprescribing going on between the 2. Rather tongue in cheek, but perhaps if the Health Insurance Fund was transferred to Health then we could cover the payments for all the G.P.s and primary care and all the medication, perhaps we would have the appropriate controls at that stage. I am sure that may come back to the Chamber to decide at some time in the future.

2.7 Deputy M. Tadier of the Chief Minister regarding the absence of the Verita recommendations within the proposition entitled 'Committee of Inquiry – Historical Child Abuse' P.118/2012:

Will the Chief Minister explain why the Verita recommendation (agreed by the States in 2011) to "review what actions the Government took when concerns came to light in 2008 and what, if any, lessons there are to be learned" has been omitted from the Council of Ministers' proposition "Committee of Inquiry - Historical Child Abuse" P.118/2012?

Senator I.J. Gorst (The Chief Minister):

It is considered that the term of reference referred to by the Deputy is covered by the other proposed terms.

2.7.1 Deputy M. Tadier:

And that is one way to use up a question without giving an answer, therefore forcing a supplementary and wasting a supplementary. The Chief Minister will be aware that Verita recommended quite explicitly, and it is on page 29 of his own report and proposition: "To review the actions that Government took when it came to light in 2008 and what lessons there are to be learned." This, quite singularly, has been missed out even though Verita is being used as a basis for the agreed terms of reference and will the Minister say in which particular term of reference under his on page 8 and 9 this is included?

Senator I.J. Gorst:

It is right through as he can see. Term 3 looks right up to current political oversight and therefore decisions made in that regard right up to the current day. Number 5, number 7... if the Deputy does have a specific concern with regard to the terms of reference, then of course I am prepared to sit down and discuss it with him and if necessary then discuss that with the Council of Ministers.

2.7.2 Deputy M. Tadier:

The Chief Minister is clearly more ill-prepared than I thought. He is misleading the House, I believe, whether intentionally... I would not have thought so.

The Bailiff:

No, Deputy. You know very well that you cannot allege that.

Deputy M. Tadier:

It must be unintentionally, Sir.

The Bailiff:

Yes, well then say that.

Deputy M. Tadier:

But I am nonetheless surprised because he refers first of all to paragraph 3, which looks at political oversight of children's homes and fostering services by the various Education Committees between 1960 and 1995, which has absolutely nothing to do with what Verita said about what actions the Government took when concerns came to light in 2008. That is completely a different term of reference. The same can be said of points 5 and 7, which he identified and did not even explain how it relates to the Verita terms of reference. The reason I have concerns about this is because Verita have concerns about it and because those asking for a Committee of Inquiry also have concerns about the actions the Government took when these issues came to light in 2008. Will the Chief Minister give a straight answer as to why this has been omitted and what, if anything, he is trying to cover up?

The Bailiff:

Sorry, Deputy, repeat that last bit?

Deputy M. Tadier:

What he is trying to cover up by not having them, Sir? Which may be an entirely valid political valid reason for doing...

The Bailiff:

I do not think you are entitled to infer that the Minister is trying to cover up something. So will you withdraw that?

Deputy M. Tadier:

In that case, I am happy to withdraw that and simply, again, to answer the first question, if he can.

Senator I.J. Gorst:

Yes, I have answered the first question and it is not really appropriate. As I tried to say in my opening answer, if the Deputy has concerns, then of course I am more than happy to sit down with him and, in due course, ask the Council of Ministers to consider them. The reason I reiterate that is because while the Deputy has made a number of accusations in his supplementary question there with regard to me, he has simply read the first sentence of the referred term of reference and not followed on because it follows on and says: "... by the various Health and Social Services committees between 1996 and 2005 and by Ministerial Government from 2006 to the current day." So, rather than bandying comments across this Assembly, it might be far better if we were to sit down and he would allow me to have an understanding of where his concerns lie.

2.7.3 Deputy T.M. Pitman:

I have to say; Standing Orders seem to get more confusing every session. I had to sit here 2 sessions ago and 10 minutes of what I would say is personal abuse. Three Members intervened they were so concerned and yet your Deputy just allowed it to happen, Sir.

The Bailiff:

Can you confine yourself to the question...

Deputy T.M. Pitman:

Absolutely, Sir. Of course I will. It is just frustrating. Could I just ask then that the Chief Minister - perhaps in good will and wanting to move forward - sits down with all of us who have concerns? Because I share exactly the same concern as Deputy Tadier; the 2 are completely different. Would he not agree to sit down with all of those of us who are concerned and perhaps agree that this could go in, because clearly from what you are saying, it does not do any harm, does it?

Senator I.J. Gorst:

Of course I am more than happy to sit down with Members. Perhaps it comes around to the understanding of what political oversight means. Political oversight is regard to setting policy, it is with regards to the decisions that were made. I do not see a problem with that but obviously some Members do not quite interpret it in the same way that I do. Inevitably there might be concerns about different interpretations of terms of reference but I am more than happy to sit down with the 2 Members.

2.7.4 Deputy M. Tadier:

The Chief Minister shows a complete disregard for giving an answer in oral questions. There is a purpose to questions with notice. There is a time when I might want to sit down and no doubt will sit down with the Chief Minister and there is a time when I, and the public, expect a straight answer to a very straight question. Yet again the Chief Minister evades answering the question. He refers to terms of reference 3, terms of reference 3 only recites to the political oversight of children's homes and fostering services. It has nothing to do with the actions that the Government took in response to Operation Rectangle in 2008. Why does the Chief Minister insist on continuing this political circus and not give a straight answer during question times and invitations to covert meetings for backbenchers to come and see him. Is that how far he has stooped?

Senator I.J. Gorst:

Perhaps I need to apologise. It was never my intention to issue an invitation for a covert meeting. I do not for a minute believe that the Deputy would respond to such an invitation. I would expect as from experience that when I have a meeting with the Deputy, the contents of that meeting are made public in due course by the Deputy. So I do not believe that that is a fair accusation. I can do no better than to try and invite the Member to understand what his concerns are. Perhaps we did finally hit on what his concerns were in his final supplementary there with regard to Operation Rectangle.

[10:15]

Much has been said about that, many reviews have been undertaken and perhaps that is the area that the Deputy wishes to discuss.

Deputy M. Tadier:

It is a point of order, Sir. If the Minister really does not understand what I am asking and the question, he receives these, I believe, on Thursday or Friday, he can contact me and in fact, this is completely disingenuous, the question is very clear. The Minister has just given us a great example of evasion of a question and wasted everybody's time and money. I think that is all I have to say. A good reason, perhaps, for answers to be required of Ministers that at least try to address the question.

2.8 Deputy R.G. Le Hérissier of the Chairman of the Environment Scrutiny Panel regarding a scrutiny review of the Planning Process and of the Island Plan 2011:

Does the panel intend to undertake a Scrutiny review of the planning process and of the Island Plan 2011 in the near future and, if so, when?

Deputy J.H. Young of St. Brelade (Chairman, Environment Scrutiny Panel):

I would like to thank the Deputy for his question. It gives us an opportunity for the Deputy of St. Martin, the Constable of St. John and myself to briefly air the works of the panel. The 2 reviews which the Deputy proposes are very substantial additional commitments. The panel already has a substantial work programme well into 2013, including historic buildings and Radon and is constrained at the moment in taking on new projects by our resources of 3 members. A comprehensive review of all development control procedures introduced at the beginning of 2012 by the Minister to implement the Island Plan is therefore, at the moment, beyond our resources. But these procedures have been kept under review at all of our quarterly hearings with the Minister in 2012 and during the next year, the panel plans to follow up the commitments which the Minister has already given to the panel for improvements; particularly planning appeals, to ensure that they are delivered. We will keep that matter under review. The second review the Deputy requests of the Island Plan 2011 policies falls within the Minister's own statutory responsibilities regulated by law and this is a very substantial task. The panel will continue to highlight problems with individual policies, which require urgent review by a Minister in advance of the legal requirement, as we become aware of problems. The Deputy's experience in implementing a new Island Plan as a member of the Planning Applications Panel and his wide planning experience would be invaluable to us in this respect and we will invite him to come and share these with the panel.

The Bailiff:

Deputy, just before inviting supplementary questions, as Members will be aware, His Excellency, Mr. Huhtaniemi, the Ambassador of Finland to the Court of St. James's is paying a visit to the Island. He is accompanied by his wife, Mrs. Huhtaniemi and the consul, Ms. Nelin. I am pleased to say that the Ambassador is in the gallery and is going to watch our proceedings for a while. So I am sure Members will... **[Approbation]** Very well. Yes, Deputy Le Hérissier? There was a supplementary?

2.8.1 Deputy R.G. Le Hérissier:

Would the Chairman of the panel not concede that it would be much better, given his views - his excellent views, I should add, and his excellent interest in the subject - if he were to take an overall view of the situation and look at the plan as a whole in order that we can have the thoughts and the reflections of his panel, rather than sitting down at meetings and taking on board the no doubt excellent comments of the Minister. That is not a substitute for an analytical look at the whole plan.

Deputy J.H. Young:

All Scrutiny Panels of course face the choice of the balance of work between post reviews, which commit them to very heavy work for long periods of time and what I would describe as real time updating with policy work. Because the Island Plan is so new and because the planning procedures that the Minister introduced when he was elected are also new, the feedback we have had is that these are bedding down. So therefore, at the moment, I think the balance is keeping on track with those but holding open the possibility of a much more in depth review, if it is required at a later date. But that will require resources. I am mindful, when I look back, the Deputy of course will be aware, he was a member of the 5 member Scrutiny Panel who reviewed the subject in February 2006 and the report took almost a year to produce. Of course, he was also a member of the 4 member political steering group that had a similar review reporting 6 months later. So I think that gives you the size of the task and I did look at the recommendations...

The Bailiff:

I think a concise answer, if you would, Chairman. Thank you.

Deputy R.G. Le Hérisier:

On a matter of correction, it was just Deputy Baudains and myself who reviewed the planning process.

2.8.2 Deputy M.R. Higgins:

Could the Chairman tell us whether his panel has had complaints from people regarding the inconsistent nature of the planning process and many, many complaints regarding developers that seem to be being run around in circles and whether he is going to do any investigations into that aspect of the planning process?

Deputy J.H. Young:

I think most Members are aware that members of the public do have concerns over the planning system. There have been inconsistencies, we have heard them from various organisations, which we have aired with the Minister. I think it is fair to say that the Minister's responses have been constructive. We have not given him a soft hearing and if you look at the Scrutiny reviews, all that information is there. We feel that the general trend is positive but there will be, I am sure, a point at which an in-depth review will be required, but again, I have to be practical. At the moment, our resources do not allow us. If Members in the Assembly are minded to come and join the panel and help us with this, I should be absolutely delighted.

2.8.3 Senator P.F.C. Ozouf:

I have risen in this Assembly to ask the Chairman on a number of occasions, where he, in his previous life, was involved in policy evolution. I wish no criticism to the Chairman but when he speaks about other members of other committees having been formed part of analysis and conclusions, will he give an undertaking that where he was the chief officer and that he was responsible for some of the Island Plan policies that were approved by this Assembly - I lobbied him as chief officer on some of those policies - will he make it crystal clear where we was giving previous advice to the department? Will he remove himself from any perceived conflict of interest where he was involved as the chief officer in policies, which the Island Plan is involved with? Not only for his own protection, but also for the embarrassment of the officers that he worked with that he is now in a position of potentially criticising.

Deputy J.H. Young:

Wow. **[Laughter]** I am grateful that the Minister has now come out publicly and said the things that he has been saying privately to me since I have been elected as a States Member. I got elected to offer my skills to the Island to assist in planning and environmental matters. That was the mandate I was elected to do and I will fulfil it. I was aware that there are a number of members, and clearly the Minister for Treasury and Resources shares that view, that it was inappropriate for me to take this position as chair of the panel because I have a perceived conflict of interest. I do not accept that view. I was made redundant in 2004. I have had 8 years in the private sector **[Approbation]** and had absolutely nothing to do with Planning or States business. I ask the Minister for Treasury and Resources to accept my explanation. Please respect my integrity in this matter and leave it with me of how I conduct myself. He wants me to make it a personal statement, I will make it so, but I do not react kindly to those comments. I am sorry but I do not accept there is any limitation. If I find myself in a conflict, I will absolutely withdraw, as I always do.

2.8.4 Senator P.F.C. Ozouf:

Sir, he did not answer the question. I said where he was involved in previous policies, which he was, will he remove himself? That is all I am asking. Where he was involved in the evolution of a

policy, which he is now criticising, will he remove himself? It is a factor that the current policies are an evolution.

The Bailiff:

Yes, you have asked your question, Senator. Yes?

Deputy J.H. Young:

I feel I have to... I am sorry to take the time of the Assembly but first of all, the Minister is saying that I am criticising policies. I am dealing with an answer of review of policies. He, I think, with respect went much further than to say that there was a conflict as far as those reviews of policies. I think he questioned my integrity as Chairman of the panel [**Approbation**] and I ask him to withdraw that, Sir.

The Bailiff:

I must confess, I did not understand him to be doing that. I understood him to be saying that if you identified a situation where you had been involved, would you declare it?

Senator P.F.C. Ozouf:

I said I do not wish any criticism, but for the avoidance of any criticism, where he was involved, will he remove himself? There are some occasions where that is the case and it is uncomfortable. That is all I am asking. I wish no criticism of him but we need to be absolutely clear about predispositions.

The Bailiff:

You have asked the question, yes.

Deputy J.H. Young:

The policies that would be subject to review will be the 2011 Island Plan. I have had absolutely no input into those policies or advice on them whatsoever. The planning procedures that the Deputy's question referred to, well those procedures produced by the political steering group was reported in 2011, which the Minister adopted in 2012. So I really cannot see that there is any connection between my history and the reviews that the Deputy's question is asking. But if there were a conflict, I would, of course, withdraw.

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

Would the Chairman agree that the panel regularly discuss what they can do as a Scrutiny Panel and which issues they need to pursue as Back-Benchers?

Deputy J.H. Young:

Absolutely. Certainly in my Back Bench role, I certainly have dealings with a number of individual planning matters and in trying to help constituents and in fact citizens throughout the Island. But I absolutely, as I am sure the Deputy will know and so will the Constable of St. John, that I absolutely make sure scrupulously that those matters do not appear across the desk of the Environment Scrutiny Panel.

2.8.6 The Connétable of St. John:

So would the Chairman agree that he has the full support of the panel and that the panel would not allow any conflict or perceived conflict of the Chairman on any matter that comes before the panel?

Deputy J.H. Young:

I am grateful for the Constable's comments. Thank you, that is good to hear.

The Bailiff:

I take it you agree with him? [Laughter]

The Connétable of St. John:

You have not answered the question.

Deputy J.H. Young:

I certainly do, Sir.

2.8.7 Deputy T.M. Pitman:

The Constable of St. John really answered my question. If the Deputy has his panel's support then I would just like to add that I offer up full support in him and we have had a Minister for Home Affairs who is a former magistrate and it is no problem, apparently, so I really do not see the problem. He is doing a good job.

The Bailiff:

And so your question, Deputy, was...?

Deputy T.M. Pitman:

Do you agree that he is doing a good job? [Laughter]

Deputy J.H. Young:

I am doing my best. I am pleased that I have got the support of my panel. If I had not, I would not be here and I hope I enjoy the support of the Chairman's committee too.

2.8.8 Deputy G.C.L. Baudains:

Does the Chairman agree with me that there is a difference between the planning process and planning policies in 2011 Island Plan? Would he further agree with me that the planning process review, especially being as the Minister for Treasury and Resources outlined that he was Chief Officer of Planning... a review of the planning process should not take that long because it is merely an update of the work that myself and the Deputy Le Hérissier did.

Deputy J.H. Young:

It is a much-travelled path, reviews of planning. I can recall, I think, at least 10. They are all quite time consuming. It should not be a difficult task but it has proven to be in the past. I am quite open to keeping this matter under review and I particularly would very much welcome the chance to talk to the Planning Applications Panel as a whole about it. I think that would be a step forward. So that is something I think we can take from this exchange. I will certainly recommend that to the panel, we try and do that.

2.8.9 Deputy R.G. Le Hérissier:

Would the Chairman not admit that he has serious concerns and he is fully entitled to hold them? He has serious concerns about the coherence of the Island Plan and it would be very useful to the panel, to the Minister and indeed to the States as a whole if there were to be a proper study done of these concerns with the caveats that the Minister for Treasury and Resources mentioned. If there were to be a proper study done and presented to the House in order either to enhance that plan or to put people's minds at rest.

Deputy J.H. Young:

The Deputy is right that a review would be very, very useful and essential to the Island but the response I have made today is as Chairman of the panel and that response requires evidence based

reviews. I have my own views and I can confirm that as an individual member, I have concerns. I confirm that, but the proper way for us to deal with that is through a process of review. Our resources at the moment are constrained. I have said that we will keep it under review. We will do our best. If we have volunteers to take on additional work, we will do so and we will bring the priority up if necessary.

The Bailiff:

Very well. In order that his Excellency's programme does not run too far behind schedule, I need now to leave and receive his Excellency, the Ambassador, and I will ask the Greffier of the States to take over before the next question is posed, which is a question from Deputy Higgins to the Chief Minister.

[10:30]

2.9 Deputy M.R. Higgins of the Chief Minister regarding the impact that a failure to sign up to the requirements of the US Foreign Account Tax Compliance Act provisions would have on the Jersey economy:

Would the Chief Minister advise Members what impact the failure to sign up to the requirements of the US Foreign Account Tax Compliance Act provisions will have on the Jersey economy and the delivery of the Medium-Term Financial Plan and what impact similar agreements across the European Union will have?

Senator I.J. Gorst (The Chief Minister):

There is no thought of any failure to sign up to the requirements of U.S. F.A.T.C.A. We are well advanced with the negotiation of an inter-governmental agreement with the United States. There is therefore no expectation of an outcome that would have an adverse impact on the Jersey economy and the delivery of the Medium-Term Financial Plan. If F.A.T.C.A. type agreements become an international standard and are adopted more widely there would be a level playing field. In these circumstances there is no reason why such a development across the E.U. (European Union) should equally adversely affect Jersey's competitive position.

2.9.1 Deputy M.R. Higgins:

Supplementary, Sir? Thank you for that. So, basically we are saying that if... there is no question of us not signing up to the agreement and because of the extra-territorial sort of effect of this Act any finance company operating in Jersey that operated in the United States would not be able to function anyway in the United States so we have to sign up to it. The question I am asking though is: if these agreements are extended further and there is no level playing field, what impact does he expect it to have on the Jersey economy and the amount of tax revenue that is generated from the finance companies in Jersey?

Senator I.J. Gorst:

The Deputy is asking me to respond to a hypothetical question. I have answered earlier today with regard to the negotiation and discussion that is going on with the United Kingdom Government and I think that we all recognise that in due course it is likely that automatic exchange of information will become an international standard. That is what we will argue for, the development of an international standard in that regard and not for a discriminatory or a non-level playing field approach.

2.9.2 Deputy T.M. Pitman:

Although the Chief Minister says that Deputy Higgins is asking about a hypothetical question, surely it is always wise to have a contingency plan, a plan B. So in the worst case scenario could he not give the Deputy the information he asks and clarify what is the worst case scenario because

we do not know if a level playing field is going to come about. That is the reality, we are not masters of our own fate.

Senator I.J. Gorst:

We have always acknowledged and it has been Government policy that we will comply with relevant international standards and that continues to be our policy and that continues to be what we will work towards. I do not think that I can stand up and answer every single hypothetical question or what ifs in regard to any number of different scenarios. That is our position. We are aligned with the United Kingdom in seeking to ensure that Jersey is not used by U.K. residents and domiciled individuals to evade their tax. We are negotiating in that regard. We take our place in regard to the O.E.C.D. (Organisation for Economic Co-operation and Development) Peer Review Group and we argue for relevant and appropriate international standards.

2.9.3 Deputy T.M. Pitman:

I am not trying to labour the point but the reality is... and I fully accept what the Chief Minister is saying, you know, we want a level playing field. However, if we succumb - if that is the right word - to what the British Government are seeking there is not going to be a level playing field so there must be a contingency, there must be a plan B. Surely, can the Minister at least acknowledge that?

Senator I.J. Gorst:

As I said, we are negotiating with the United Kingdom. We are aligned with them with regard to the use of Jersey for not wanting U.K. resident domiciled to be using Jersey for tax evasion. Therefore, I am not sure why the Deputy wishes a plan B. We are aligned; it is a matter of negotiation and getting an agreement that we are both satisfied with.

2.9.4 Deputy G.P. Southern:

Would a U.K. F.A.T.C.A. agreement apply to the 20 per cent of bank deposits in 2010 held in Jersey and revealed in Treasury figures as undeclared at their home base and therefore evading tax?

Senator I.J. Gorst:

The Deputy says that those deposits which are withholding rather than declaring are evading tax. That is his assumption. Once again the Deputy seems to want me to talk about what the form of an agreement might be prior to it having been negotiated and agreed between 2 parties. I cannot do so, I cannot see into the future in that respect.

2.9.5 Deputy G.P. Southern:

In that case I may ask whether a U.S. F.A.T.C.A. agreement which we are negotiating would apply to trusts and business accounts.

Senator I.J. Gorst:

Once again, while the standard face agreement of an inter-governmental agreement with the U.S. might be standard across the board, it is the negotiation with regard to what is included in the annex information, and in that regard we, like many other jurisdictions and our Crown Dependency brothers, are still in negotiation.

The Bailiff:

Do you wish a final question, Deputy Higgins?

2.9.6 Deputy M.R. Higgins:

Before I do, just a quick comment because that is unbelievable the fact that the Chief Minister thinks that the...

The Bailiff:

Questions not comments, please. It is not comment time, it is question time.

Deputy M.R. Higgins:

Okay, the question is, does the Chief Minister seriously believe that Jersey can stand up to the United States and dictate the terms that are going to be included in that agreement and in the annex? Does he really because it is a joke?

The Bailiff:

What is the question?

Deputy M.R. Higgins:

Does he think he can stand up to the United States and the United Kingdom?

Senator I.J. Gorst:

May I just address that final point? Some Members of this Assembly may think that these issues are something to be bandied across this Assembly and think that they are a joke. I do not agree with that. I believe that we are a responsible jurisdiction, we are a responsible Government and we negotiate as such. We are following exactly the same course as other countries that have negotiated and discussed with the United States of America with regard to their F.A.T.C.A. agreement and it is not appropriate for me to say any more than that. We are being responsible. I would expect Members to be disappointed if we were doing anything other than that.

Deputy M. Tadier:

Point of order. I note that there was a Standing Order that relates to imputing false motives for Members and while one cannot say that someone is misleading the House, should it also be presumed that no Member in this Assembly would think that any issue like this is a joke?

The Greffier of the States (in the Chair):

You just pre-empted me, Deputy, I was going to say to the Chief Minister nothing I had heard from any of the supplementary questions made me think that any Member was treating this as a joke.

Senator I.J. Gorst:

I do apologise but I thought I heard the Deputy say that it was a joke.

Deputy M.R. Higgins:

Can I just clarify that? I said that it was a joke if you thought... the Chief Minister, I should say, thought that the Island could stand up to the power of the United States. I think you have watched "The Mouse That Roared" and you have got delusions of grandeur for the Island.

The Greffier of the States (in the Chair):

That was what I heard you say, Deputy, thank you. Very well, we come to the next question.

Senator I.J. Gorst:

No, perhaps I should address that issue. I think that, while notwithstanding your ruling, it does appear that the Deputy is impugning motives to myself and to my officers in this regard. It arose from a question that Deputy Southern asked with regard to the details of the annex to the agreement with the United States of America. There are certain financial instruments which will be included as exempt instruments under those agreements and that is right and proper that we negotiate as every other country and jurisdiction is doing. Therefore, I reject the Deputy's comments with regard to our negotiation.

2.10 Deputy G.C.L. Baudains of the Minister for Education, Sport and Culture regarding parental payments for university fees:

Hopefully once again this will be less contentious. Further to the recent proposals regarding parental payment for university fees, is the Minister planning to undertake additional work to ensure the correct balance is achieved?

The Deputy of St. John (The Minister for Education, Sport and Culture):

Yes, first of all, that is the simple answer but to just embellish it slightly; the department constantly keeps under review items such as this to do with discretionary grants. So yes, we will be continuing to monitor very closely what happens in the future as we apply this new policy.

2.10.1 Deputy G.C.L. Baudains:

In his answer to a written question on 20th November, the Minister stated: "The change in policy does not exclude natural parents although the first point of assessment will now be the household." So presumably the emphasis is now on new partners not biological parents. If I may read out a very short paragraph from a constituent: "I have a step-daughter. Her natural father refuses to allow me any legal parental powers. I am not entitled to be her next of kin, I cannot act as her guardian at school or any part of her life. I am married to her mother but all that makes no difference, I still have no rights over her, yet this change makes me responsible for contributing to her university fees, having had no legal say in her upbringing at all." I put it to the Minister, that cannot be right and I ask him if he would reconsider his plans.

The Deputy of St. John:

The change in policy does not exclude natural parents. They can choose to contribute if they want. We will use the income of the natural parents, if this is their choice, even if the absent parent's income is lower than the new parent. I mean, this has not been an easy decision and I sympathise greatly with the sentiments that the Deputy read out just a second ago. It has not been an easy decision. It is a decision that is a pragmatic one because we have taken it... because the move to household income we regard as a pragmatic solution that will create the greatest equity for the largest number of people. That is the fact and I think it is the important one. It will create the greatest equity for the largest number of people. It is a difficult decision but sometimes Ministers have to make these decisions.

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

Under the current States of Jersey accounting definitions, higher education is classed as a social benefit. In the budget today we will be seeing future work for aligning income tax and social security over the next 2 to 3 years. Does the Minister not see it more appropriate to look at this jointly with income tax and the social security changes seeing as that we seem to have different definitions for household, individuals, parents and everything all across different States departments?

The Deputy of St. John:

I think the Deputy makes a good point, and yes, we will be discussing it further as matters evolve with the Minister for Treasury and Resources.

2.10.3 Senator S.C. Ferguson:

Following on from Deputy Baudains' question. I am aware of a case where we have a child requiring university fees. The parents are divorced, the father is in an extremely well paid position and the mother is subsisting on the maintenance. Because of the fact that she is on the maintenance, the States has paid for the university fees but the father could well afford to pay. The

new arrangements that the Minister is proposing to bring in would allow this sort of situation to continue where a father does not take responsibility.

The Greffier of the States (in the Chair):

What is the question?

Senator S.C. Ferguson:

Does the Minister really think that his system is pragmatic and fair?

The Deputy of St. John:

The straight answer to the last question there, or the last sentence from the Senator, is that yes, I think on balance it is fair. I have already said it has not been an easy decision but it will create the greatest equity for the largest number of people. There is anecdotal and/or subjective evidence of abuse of the old system, and questionably the Senator has just mentioned one of those abuses but it is again, anecdotal and subjective. It is very difficult to prove, in fact probably I would go so far as to say impossible but this is all about equity and we are aiming to remove unfair... **[Interruption]**

2.10.4 Deputy T.M. Pitman:

I mean, what Deputy Vallois has raised is what Deputy Martin and I brought up at the time this was first brought up. The Minister says it is creating the greatest equity for the greatest number but does he not concede that this needs some further tweaking because the approach he has taken seems to be saying it is okay if we shoot one innocent person as long as we get the 9 guilty ones. Does he not understand there are people who will suffer this innocently? It is just not justifiable; it is wrong.

The Deputy of St. John:

Yes, I do accept what the Deputy is alluding to as being a great difficulty in the policy change that the department has made. He is right. All I can say is this: this is a discretionary grant. We have some guiding principles to do with higher education, they are around the statements that no young person should be denied access to higher education on the basis of the ability to pay.

[10:45]

There are further statements around whether we should seek to influence which course a student decides to take on the basis of economic benefit. I mean, that is a whole different discussion. We have a discretionary ability to review and keep under review all of the most difficult cases and of course there is an appeals process and that is exactly what we have an appeals process for.

2.10.5 Deputy G.P. Southern:

Will the Minister inform Members whether he has sought legal advice on the human rights compliance on this issue, and if not, why not?

The Deputy of St. John:

Yes, we have so the last part of his question does not apply.

2.10.6 Deputy M. Tadier:

It seems that short of nationalising human reproduction the Minister will always be in a difficult position in satisfying States Members. Can the Minister confirm that while we hear these examples of the absent millionaire parent, whether that is a father or mother, there are situations at the moment where currently the Minister cannot reduce a grant or not give a grant if an individual, a single parent, is living with a millionaire who happens to be their new partner? Will the Minister explain that it seeks to address that issue?

The Deputy of St. John:

Yes, I thank the Deputy for that question and he is right, this is the essence of what we are trying to achieve. We are trying to ensure equity for married parents who are struggling greatly to send 2 or 3 children and this is where the inequity has traditionally lain.

2.10.7 Deputy M. Tadier:

Supplementary. Very quickly, just to add when the Minister and his team came to talk to us on Scrutiny I certainly felt a lot more enlightened. Would the Minister consider very quickly putting on a presentation in the next few weeks for States Members so that they can also ask questions and potentially be reassured about some of the more positive aspects of this scheme?

The Deputy of St. John:

Absolutely, we have a States Members briefing at lunch time on 29th January and I would be delighted to field whatever questions and will have all of my department's experts on hand to answer technical details of operational matters at that time. Thank you.

2.10.8 Deputy J.A. Martin:

I was very concerned when I heard this policy and now today the Minister tells us it is based on anecdotal, subjective and discretionary and none of it has been researched. I can see where Deputy Baudains is coming from and he just answered the question. There are some upset struggling married couples out there who do get the hump when there is someone who is...

The Greffier of the States (in the Chair):

Questions, please, Deputy. It is question not comment time.

Deputy J.A. Martin:

Sorry, I am just coming to the question but the Minister is appeasing some people. The people who he thinks you may have a single parent who is married to another partner on a very low income and they are not going to pay, they cannot pay. It is the wrong policy, he has not done his research and I will come to the presentation because it seems to have relied on Deputy Tadier. Unfortunately, Deputy Tadier has not got any children or step-children.

The Greffier of the States (in the Chair):

Your question, please, Deputy.

Deputy M. Tadier:

At least that you know of.

Deputy J.A. Martin:

I will come to the presentation but I really think the Minister needs to get some evidence on the table before he brings his policy to the House.

The Deputy of St. John:

I think the question originally was: have we done our research? I can assure the Deputy that we have done a huge amount of research and that it was not a swift decision that I came to. It took me... well, I started in the job over a year ago so that tells you how long it has taken me to consider this. This was one of the first things that was brought to me because what it is about is looking after the interests of the 62 per cent of people that are married as opposed to the 38 per cent who might be single and divorced, and it is those people that I have to, in all essence, look after.

2.10.9 Deputy G.P. Southern:

Point of clarification, if I may? I think I heard the Minister say he would bring his evidence to the House, did he?

The Deputy of St. John:

Certainly there will be an opportunity on 29th January to look at any and all research that we have carried out and I would be delighted for any Member that is worried to come to the department and I can go into the detail of this in...

Deputy G.P. Southern:

Can you get that evidence out for Christmas reading?

The Deputy of St. John:

No, I do not think I can.

2.10.10 Deputy T.A. Vallois:

The Minister talks about equity. He is a member of the Children's Policy Group. What pressure has he therefore placed on emphasising and recognising equity between natural parents, both mother and father, for responsibility of the child within law?

The Deputy of St. John:

No parent can abdicate responsibility for their child, that is in the Children's Law. Not according to my reading of the Children's Law. I would say that the Children's Law also states that it is quite in order for a third person to assume, in law, to have parental responsibility, in other words another parent when they join a marital home.

2.10.11 Deputy G.C.L. Baudains:

The Minister says he is in a difficult position, well, not half as difficult as it is going to get if he carries on with the present process. The Minister has clearly put pragmatism over morality. What he proposes to do, namely charge partners for university fees but only pursue biological parents as a discretion, is in my view not only immoral but may be contrary to Article 4(1) of the Education (Discretionary Grants - Amounts) (Jersey) Order 2008. So my question is: I and clearly a number of other Members are seriously unhappy with the proposals that he has, could he tell us how he intends progressing this? Is it by order or proposition because we need to know so that we can mount a proper opposition to it?

The Deputy of St. John:

It is by order, not by proposition.

2.11 Deputy G.P. Southern of the Minister for Transport and Technical Services regarding the transfer of staff from Connex to CT Plus:

Will the Minister inform Members how many bus drivers have now been transferred to CT Plus on full-time contracts from Connex, how many driving positions remain to be filled and whether non-driving staff, that is administrators, cleaners and mechanics, have been transferred, and if not, why not?

Deputy K.C. Lewis of St. Saviour (The Minister for Transport and Technical Services):

The CT Plus contract will commence on 1st January 2013. That is the date on which staff are eligible to transfer from Connex to CT Plus. They will then start employment with CT Plus at that time. No staff have been transferred as yet, they will transfer on 1st January 2013 and their first operational day with CT Plus will be Tuesday, 2nd January 2013. All eligible staff including drivers, administrators, cleaners and mechanics either have been or will be offered positions with

CT Plus. The process of arranging the transfers of eligible staff is ongoing. Please see my written response to question 7268. T.T.S. (Transport and Technical Services), Connex and CT Plus continue to work together to facilitate the transfer of staff from Connex to CT Plus. Because the process is ongoing, I cannot confirm the exact numbers of staff who have decided to transfer because this is changing on a daily basis but I am pleased to say the general response has been very positive. Thank you.

2.11.1 Deputy G.P. Southern:

Can the Minister state when these people may be expected to have a look and examine a potential contract for their jobs and will he guarantee that none will be made redundant come 1st January?

Deputy K.C. Lewis:

Yes, most have signed contracts already. As of Friday, 30th November 2012, transfer letters have been issued to all eligible staff except the night-time cleaners and accounts manager, these will be issued earlier this week. In general the few personnel that have chosen not to transfer have done so for personal reasons, for example being close to retirement. The additional and replacement full-time drivers required will be in the first instance recruited from within the existing pool of part-time driving staff where suitable. CT Plus has had over 100 applications from Islanders who would like to join the bus service, the majority of whom have the necessary qualifications. CT Plus also intends to train and recruit from the Island's Back to Work Scheme. Currently, 53 drivers are required for the start of CT Plus' service from January 2013, an increase of 8 full-time permanent driver positions. For the summer service, CT Plus will need to increase this by an estimated further 12 full-time driving positions.

2.11.2 Deputy M. Tadier:

Is that 10 minutes for questions now, following that statement by the Minister? Can the Minister confirm whether or not, he did say that the first operational day will be Tuesday the 2nd, can he confirm whether the staff are expected to go in on New Year's Day in order to train, and if so, what kind of... how many of them will be expected to do that?

Deputy K.C. Lewis:

Not to my knowledge.

2.11.3 Deputy M. Tadier:

Will the Minister endeavour to find out because I have heard... presumably it is a new contract. The outgoing company leave on 31st December, that leaves only one day before operations can start. The training presumably must start on 1st January and I have heard information to that effect so would the Minister go away and perhaps confirm whether that is true or not?

The Greffier of the States (in the Chair):

I think he has undertaken to do that already.

Deputy M. Tadier:

That would be great.

2.11.4 Deputy R.G. Le Hérisier:

Without apportioning blame, tempting though it may be, would the Minister confirm that one of the issues has been this very strange notion of a contract? There appears to have been a formal contract and there appears to have been an informal set of conditions forming yet another contract. Would he agree that this has been the situation and that he has taken every step possible to ensure that

there is never a repetition of this kind of conundrum and these problems of wrestling with what is or what is not the definitive contract?

Deputy K.C. Lewis:

Absolutely, and I thank the Deputy for his questions. The contract says that I will use my reasonable endeavours to transfer staff but I will use my best endeavours to transfer staff. I mean, I can only deal with formal agreements. Informal agreements, I am afraid, are not valid.

The Greffier of the States (in the Chair):

Do you wish a final supplementary, Deputy Southern? I think it should have been Deputy Trevor Pitman but I think he was hiding. Deputy Trevor Pitman first.

2.11.5 Deputy T.M. Pitman:

I do not deliberately hide, you know. Could the Minister clarify, he said that the vast majority had already signed contracts. Could he just enlarge upon that for the Assembly with some figures as to what sort of percentage we are dealing with because there seems to be some dispute, confusion around that statement?

Deputy K.C. Lewis:

Yes, it is still about 30 but I believe some members are still on holiday but I believe it may be 3 or 4 who will not be transferring, they may have other jobs, they may be retiring.

2.11.6 Deputy G.P. Southern:

Does the Minister accept that clause 18.3 of the Connex contract states that the Committee, now the Minister, shall ensure that all of the contractor's staff are taken on by the incoming service provider on the same terms and conditions as apply at the date of the issue of the tender? Is that the fact, and has he ensured that that will happen?

Deputy K.C. Lewis:

Yes, in fact it has been improved upon. I believe it is equivalent.

The Greffier of the States (in the Chair):

Very well. Now, question 12 is from Deputy Trevor Pitman, I understand you may wish to... do you wish to proceed with the question, Deputy? You passed a note saying you may wish to withdraw it.

Deputy T.M. Pitman:

I am happy to withdraw it for this sitting and I will probably come back with it maybe even next week if that is agreeable with the Assembly.

The Greffier of the States (in the Chair):

Very well, the next question is...

Senator B.I. Le Marquand:

May I make a comment on that? Obviously the question was addressed to me because the question deals with whether a policeman was involved in things but it is very apparent to me that follow-up questions would probably go into an area where the questions really should not be put to me. I did prepare and I did obtain a detailed briefing from the Law Officers' Department on that but I would ask the Deputy, if he is going to pose alternative questions or another question on any matters relating to how the document was dealt with from the time it arrived at the Law Officers' Department onwards should really be addressed to the Attorney General. That is all I am asking.

The Greffier of the States (in the Chair):

Perhaps the 2 of you could discuss this matter informally and then the Deputy will know how to formulate his question.

3. Questions to Ministers without notice - The Minister for Economic Development

The Greffier of the States (in the Chair):

Very well, we come now to Questions without notice to Ministers and the first period is to the Minister for Economic Development. Deputy Hilton.

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

At the end of 2009 there were a total of 9,100 non-locally qualified licences in the labour market. Currently there are 7,571 non-locally qualified licences still in the labour market. This represents a decrease of approximately 17 per cent in the total number of licences available in the 3 years from 2009 to 2012. Considering all licences come up for renewal every 3 years, does the Minister believe he is doing enough to protect local jobs for local people?

Senator A.J.H. Maclean (The Minister for Economic Development):

I thank the Deputy for the question, it is an incredibly pertinent question at this time with rising unemployment levels. To answer the question in short, yes, I believe we are.

[11:00]

I am encouraged certainly by the reduction in figures that the Deputy has referred to; 17 per cent less non-locally qualified licences in the marketplace and we do actively review licences as and when they come up. We do indeed put applicant businesses under some pressure and scrutiny in terms of employing locally and a number of initiatives have been started, particularly, I should add, within the hospitality sector to encourage greater levels of employment of local people in that sector which has a very high level of non-locally qualified currently.

3.1.1 Deputy J.A. Hilton:

Supplementary, Sir. I am sorry but I do not accept that a 17 per cent reduction over 3 years is enough when we have almost 2,000 people unemployed at the current time. Does the Minister agree that while his department is stripping out some capacity at the renewal point, thereafter people become locally qualified for employment or a business may be reducing its staffing so capacity is created in the licence in both circumstances over a 3-year cycle? Will the Minister confirm in future except in exceptional circumstances all non-locally qualified licences will be removed entirely at renewal?

Senator A.J.H. Maclean:

I cannot possibly agree to that. Quite simply, if you look at the make-up of the non-locally qualified sector, the majority of non-locally qualified fall in the low value sectors, that is agriculture, that is tourism, that is retail and wholesale. Many of those sectors we encourage, by various schemes, local people to take up those jobs. There is a disconnect, unfortunately, it is not always easy to get locals to take those type of jobs. We are trying to move in that direction. There has been some improvement. We continue to aim to reduce the number of non-locally qualified but it is not quite as easy as the Deputy seeks to suggest.

3.2 The Deputy of St. Martin:

Yesterday in the Economic Affairs Scrutiny Panel hearing the Minister said that he thought we needed a fundamental review or fundamental rethink of planning. This year in the Welsh

Assembly, entire chapters of planning law have been revised to align planning policy on economic development and more closely with the Welsh Government's broader economic policies in order to try to ensure that the planning system in Wales facilitates economic renewal more effectively. Is that the sort of fundamental rethink the Minister was considering when he made his comments?

Senator A.J.H. Maclean:

I thank the Deputy for raising the comments that I made yesterday. I noted yesterday that the media were not present but thankfully he has brought it into the public domain. Yes, I did make comments along those lines and, simply, it is like other governments. We need to think about removing barriers to investment and to growth. Clearly in that regard I am keen to encourage investment, I do not want to see it blocked, and I am keen to encourage employment, local employment, and I do not want to see that blocked either. I think in that respect we need to consider all aspects of our planning system and I think it is most important that we consider not just important environmental and social matters, I think level billing should be given to economic factors as well in determining planning applications. That is an important point that although there are many economic considerations within the Island Plan they do not translate through to planning guidance and that in my view is a problem.

3.3 Deputy M.R. Higgins:

The Minister for Economic Development undertook over 18 months ago to bring to this Assembly a proposition to introduce a Financial Services Ombudsman. He has not done so. In fact he was going to do it within 12 months. He has not done so. Will he explain to the Assembly why he has not and when he expects to bring it in?

Senator A.J.H. Maclean:

Yes, this matter has been more complex than anticipated. We are working in conjunction with Guernsey and I have to say that I am pleased to announce that law drafting instructions have gone to the Law Draftsman. I would hope that by 2014; a debate in the States within 2013 and that there will be some effect introduction by 2014.

3.3.1 Deputy M.R. Higgins:

Supplementary, Sir? Can I ask what differences, if any, have arisen between yourselves and Guernsey on this particular matter?

Senator A.J.H. Maclean:

Well, there are a number of matters to consider but most importantly there have been delays in relation to the electoral cycle. There was an election in Guernsey. Different views were expressed between the former House and the current Members responsible for this issue, and indeed the timetable under which Guernsey could progress this particular project was not aligned initially with our own. That is why the timetable slipped slightly.

3.3.2 Deputy M.R. Higgins:

Sorry, I did not get my question over properly. I mean in terms of the drafting and provisions of the Financial Services Ombudsman, is the Minister on the same hymn sheet or do you have different ideas about what should be in the law and what he should be doing, and what are they?

Senator A.J.H. Maclean:

Naturally matters such as this are open to negotiation and that is why it has been somewhat of a lengthy process. I would hope that the Deputy would have some comfort from the fact that instructions have now gone to the Law Draftsman.

3.4 Deputy M. Tadier:

It follows on from Deputy Hilton's question. Will the Minister confirm that once a licence has been reissued, if an employee ceases to work for that company during the 3-year period the employer can automatically take on another unqualified worker without having to go back to the department?

Senator A.J.H. Maclean:

It would be correct if the licence was in force. Obviously at regular intervals the licences are reviewed and a business would need to demonstrate that it needs still that quota, for example, of non-locally qualified individuals. Licences when reviewed are being reviewed generally downwards unless there is a very strong case to the contrary.

3.4.1 Deputy M. Tadier:

The Minister said earlier that the licences are reviewed every 3 years so that means if employees come and go in between there is no requirement for the company to... when that post becomes vacant to employ a locally qualified person, they can just keep on with that licence even if some of the applicants coming may be locally qualified. Is that currently the case?

Senator A.J.H. Maclean:

That is currently the case but of course that will change under the new law that is going to take effect next year.

3.5 The Connétable of St. Helier:

I would like to ask the Minister where he stands on my amendment to cap the proposed increase in the alcohol impôt given the support for the amendment that has been expressed by the Jersey Hospitality Association.

Senator A.J.H. Maclean:

Clearly I will be making that known when the debate comes around shortly but I would just add that it is incumbent upon me as the Minister for Economic Development to do all I can to support businesses and as such I think Members will see that I will vote accordingly. **[Members: Oh!]**

3.6 Deputy R.G. Le Hérissier:

Apropos the importation of labour, given the allegations that there is a sort of cultural aversion to local people working in hospitality and agriculture, in particular. Would the Minister state for the House whether he now requires these employers to put forward a training plan showing how they intend to entice or recruit local people into their industries before he even considers approving or giving approval for a licence?

Senator A.J.H. Maclean:

I sit on the Migration Advisory Group and when applications are considered a very heavy weighting is given to businesses that have demonstrated exactly that. There are some very good employers in the Island in the hospitality sector and other sectors that do put in place considerable efforts and resources to do exactly that. I have seen some that have spend... one particular business spend something like £50,000 in seeking to recruit local people and putting in place training programmes. From the numbers that they put through their programme, a very small section resulted in taking up the posts that were put in place which is clearly disappointing after such an investment.

3.6.1 Deputy R.G. Le Hérissier:

I wonder, just to follow-up, could the Minister tell us the reasons why they did not take up those positions?

Senator A.J.H. Maclean:

I think they are multiple but there is a cultural issue, I think, in part. We need to, like many other places in Europe, be proud of, for example, our tourism industry. It is a career path that should be not looked upon with shame as if it is something of a low grade occupation. That is not the case. There is a great deal of pride in working and an opportunity to progress in hospitality to managerial positions and further. So I think we need to overcome that. One employer said to me that they went through a training programme with a young girl and she got the job and did not come in on the third day because apparently the father had called in to say that he did not want his daughter waiting on tables.

3.7 Deputy J.A. Hilton:

Notwithstanding the Minister's answer to my previous question, I note that currently there are non-locally qualified licences for 3,600 people involved in the wholesale and retail trades and hotels and the restaurant business. Does the Minister not agree that while there is spare capacity in these licences we are just encouraging more people to come into the Island to take up these vacancies? Does he not agree with that?

Senator A.J.H. Maclean:

Yes, I do but changing the position cannot be done overnight. There has been progress, we continue to work hard to encourage these sectors like hospitality, agriculture, retail and wholesale that the Deputy refers to, to employ local people. The problem we have got is that a lot of local people do not want to work in those sectors. There is a disconnect.

3.8 Connétable D.W. Mezbourian of St. Lawrence:

What assessment, if any, has the department undertaken on the impact of introducing gaming machines into local bookmakers?

Senator A.J.H. Maclean:

The department has not directly made any assessments, that is a matter for the Jersey Gambling Commission and I know they do review such issues on a regular basis. I am very happy to ask them to contact the Connétable with their latest research.

3.9 Senator A. Breckon:

In regard to financial services and Know Your Client, is the Minister confident that the regulatory function of the Jersey Financial Services Commission is effective when possible funny money is discovered in local banks?

Senator A.J.H. Maclean:

In short, yes, I am. I think our standards, our regulations and oversight are at the highest standards possible, in fact they far exceed those which are seen in other jurisdictions that quite often seek to criticise us.

3.9.1 Senator A. Breckon:

If I may follow that up. Why is it then that a Jersey resident would need to go in with a passport, possibly a gas bill and other kinds of identification and others from elsewhere do not appear to do that?

Senator A.J.H. Maclean:

I do not think the Senator is correct; I think everybody has to provide the necessary proof from a K.Y.C. (Know Your Client) point of view in terms of opening new accounts. Interestingly, I was talking to a businessman yesterday, a local businessman who has developed a significant operation

in the United States, who tells me that he regularly opens accounts without the need for any proof of identity.

3.10 Deputy R.G. Le Hérisssier:

In a policy issue that rivals the length that other policies take to implement, could the Minister inform us, notwithstanding the success it appears of the Christmas Lottery, if there will ever, ever, ever be a link-up with the National Lottery, and if so, when?

Senator A.J.H. Maclean:

At the current time I think it is highly unlikely and that saddens me greatly. I did think initially that there was an opportunity but it now appears that they have diminished. We are and continue to put work and effort into our own lottery and I think that the opportunity to have, notwithstanding the fact that the Summer Lottery this year was not a great success, I think we can seek to reintroduce something similar next year and increase the level of opportunity for Islanders to involve themselves in lotteries for big prizes and also, and most importantly, to raise vital funds for charities and good causes.

4. Questions to Ministers without notice - The Chief Minister

The Greffier of the States (in the Chair):

That concludes the time for questions for the Minister for Economic Development so we come to questions for the Chief Minister. Deputy Southern.

4.1 Deputy G.P. Southern:

Could the Minister inform Members to whom would a U.K. F.A.T.C.A. agreement apply and in what way do U.K. proposals currently not constitute a level playing field?

Senator I.J. Gorst (The Chief Minister):

I am sure that Members are fed up of me answering this question because I seem to have answered it on a number of occasions already this morning with regard to exactly the scope of the agreement that we will end up signing with the United Kingdom and I stand by that answer. Just in answering that... sorry, I have forgotten what the second part of the question was.

Deputy G.P. Southern:

In what way do current U.K. proposals not constitute a level playing field?

Senator I.J. Gorst:

Yes, indeed. Thank you for that. I have already answered that as well. The U.S. F.A.T.C.A., as I indicated, is a global agreement and what the United Kingdom have currently proposed is not, it is discriminatory and just deals with the Crown Dependencies and the overseas territories.

[11:15]

4.2 Connétable D.J. Murphy of Grouville:

On 21st August an offer was made for the post of consultant in ophthalmology, eyes. The offer was accepted following the normal H.R. (human resources) process and the appointee and the States agreed and signed a contract. On 22nd November, despite the appointee having resigned his present position and made arrangements to move to Jersey, his family to Jersey, H.R. decided to withdraw the offer. Does this leave the States in a position of once again having to pay large sums in compensation?

Senator I.J. Gorst:

It is not my normal custom as Chairman of the States Employment Board to enter into answering questions about individual cases and I am not about to do so now.

4.3 The Connétable of St. Helier:

The Chief Minister has recently indicated that he believes that the States of Jersey Development Company could provide some of the money needed to pay for the purchase of Plémont. Could he clarify for us what he meant by that and reiterate his assurance previously made that the funding from proceeds of the States of Jersey Development Company will be targeted towards regeneration projects, particularly in the town centre?

Senator I.J. Gorst:

Indeed, the Connétable called me earlier before the States sitting started and I think he sums it up in the final part of his question when he says particularly towards town. He is absolutely right in reminding Members that one of the great benefits of developing the waterfront and the work that the States of Jersey Development Company will do is that it will be generating profits to redevelop other areas of St. Helier and as he reminded me this morning, long overdue areas of development. He is absolutely right in that comment. With regard to Plémont it is trying to match one piece of land with another and while the timing as I have said before is an issue, it is trying to see whether money from the sale of land or the development of property cannot be used in due course to repay back the purchase price of the headland.

4.4 Deputy J.A. Hilton:

The Chief Minister would have heard the questions I had asked the Minister for Economic Development just previously, and I really wanted to ask the Chief Minister whether he believed that a 17 per cent reduction in non-locally qualified licences over the previous 3 years is a good enough figure. I am very concerned about inward migration. While there is this spare capacity in these licences and capacity being created all the time by those workers qualifying after 5 years, we are encouraging inward migration. I want to know, does the Chief Minister think that the time has come for us to be controlling inward migration through a work permit system rather than trying to do it through housing?

Senator I.J. Gorst:

Yes, I did hear the comments of the Minister for Economic Development and the questioner would rightly expect there to be an element of tension between Housing, Economic Development and the Chief Minister's and Social Security Department because we are trying to work together to ensure that businesses have the employees that they need to succeed and grow; that we have good inward investment and that means that there is an element of migration needed because we want inward investment that is bringing job opportunities and investment into our economy. At the same time, as the Deputy knows, my top priority has been getting people back to work and that requires us to be reviewing, in a robust way, the existing licences. I believe that that tension is working and we are stripping out non-local licences. Inevitably, as the Deputy suggests, there is always room to improve.

4.5 The Connétable of St. John:

Last evening Members were circulated a news release by the Chief Minister's Department in relation to Plémont Holiday Village. Is it appropriate for the Chief Minister to use the Communication Unit in this particular way, given that although the proposition is in the Chief Minister's name, was this not in fact a private proposition brought by the Chief Minister solely? Thank you.

Senator I.J. Gorst:

No, I do not think it was. It was brought in my name as Chief Minister and head of the department and, as such, I see no problem with that particular news release being issued on my behalf by the Communications Unit.

4.6 The Connétable of St. John:

As the Minister mentions, on his behalf, can it be right spending public money in the way it is being spent by the Communications Unit given that there is a cost implication with staff and the like for a pet subject of the Minister?

Senator I.J. Gorst:

While I would not describe it as a pet subject, it is a subject that I feel passionately and strongly about and I know that others, and perhaps the Connétable is one, that feel passionately and strongly in the opposite direction. We should deal with the issues about whether it is right for this Assembly to safeguard the future of that headland and not about whether it is right that the Chief Minister uses the Communications Unit to communicate with States Members and the public at large.

4.7 Deputy M.R. Higgins:

Can the Chief Minister tell us whether any other E.U. State or whether the European Commission itself has asked the Island to sign up to similar or if not the same provisions to the U.S. F.A.T.C.A., and if so, what negotiations are taking place and is the U.K. facilitating these talks?

Senator I.J. Gorst:

As I have said in answer to a number of oral and written questions in the past, the O.E.C.D. and the E.U., U.S., U.K. part of the E.U. are all talking about and considering the potential for an international standard which has automatic exchange of information. There is no specific country that I am aware of but I am certainly aware that the E.U. as I said and the O.E.C.D. are considering these matters.

4.7.1 Deputy M.R. Higgins:

The Chief Minister did not answer the question. I was asking specifically whether any E.U. State has approached you for F.A.T.C.A. equivalents, not international agreements or O.E.C.D. or anything else. Have any States approached the Island, or the European Commission itself?

Senator I.J. Gorst:

Perhaps I spoke for a little too long and explained myself a little too much because I did answer the question. I said I was not aware of any individual State having approached us.

4.8 Deputy M. Tadier:

Will the Chief Minister explain why the Verita recommendation to review what action the Government took when concerns came to light in 2008 has been omitted from the Council of Ministers' proposition to do with the Committee of Inquiry into Historic Child Abuse?

The Greffier of the States (in the Chair):

You cannot ask that, Deputy because you have already asked it.

Deputy M. Tadier:

Sorry, but maybe the Chief Minister can answer it this time.

4.9 Deputy J.M. Maçon of St. Saviour:

Following on from Deputy Hilton's question. Given that the Council of Ministers has been in place for well over a year, when will this Assembly have before it the new population policy?

Senator I.J. Gorst:

We are working to the same timetable that we said we were when we asked the Assembly to agree the Strategic Plan. The Deputy will be aware that the Statistics Unit had to do various reconciliations and gather various further bits of information, which I understand they now have, and we need to put together a consultation process with members of the public and with this Assembly. We are bringing forward, as the Deputy knows also, the new laws to allow the setting up of a population register so that we can understand the population level in more or less real time. So we are working to that same timetable of summer next year.

4.10 Deputy T.A. Vallois:

The Chief Minister talked of how good inward migration was. Could the Minister, therefore, advise or endeavour to advise how many more jobs have been created versus how many people we have brought into the Island to create those jobs and exactly what benefit it has made to the Islands as a whole?

Senator I.J. Gorst:

As I say, I am sure that the Deputy would not expect me to have such detail at my fingertips but I know that the Migration Advisory Group very carefully consider levels of inward migration and jobs to be created before giving approvals for the setting up of new entities and operations, and that is absolutely right. We cannot simply close the door, we must have an appropriately balanced approach. Yes, ensuring that jobs in our economy are created for people who are already here, we are doing that well. That ties in perfectly with the aims of the Social Security Department in getting people back to work and putting employers in touch with those who are out of work. At the same time if people want to move to our community and are prepared to bring inward investment and create job opportunities in Jersey then we welcome them.

4.11 Deputy T.M. Pitman:

In an economic climate where we are seeing people with effective pay cuts really, the Chief Minister answered the Constable of St. John and talked about his passion for purchasing Plémont. Could he just clarify, is he willing to pay any price at all for his passion?

Senator I.J. Gorst:

I seem to recall that the Deputy asked me a similar - if not himself then other Members have asked me - question at previous States sittings and I was quite clear that we needed to have the next valuation work in order that we can inform the decisions around what the price might be.

4.11.1 Deputy T.M. Pitman:

With respect, and I do not think I have asked the question, but perhaps it is because it is so difficult sometimes to get an answer. But what I am really getting at is I share a degree of the Minister's passion for this area however, it is the taxpayer paying for it, not him or me. So does that not inform the extent that the Chief Minister is willing to go to acquire this land at any price in this economic climate?

Senator I.J. Gorst:

I am surprised to hear the Deputy is not a taxpayer but perhaps he did not mean to say that. I have been quite clear and I recognise that a lot of the public concern around the purchase of Plémont is the cost and the fact that we will be asking the taxpayer to meet that cost. That is why it is important to have the valuation work done so that Members of this Assembly can be satisfied about what that reasonable cost is before they come to debate next week.

Deputy T.M. Pitman:

If I could just correct what I said. You know, I am not rich enough not to be a taxpayer, if I could just clarify that.

4.12 Deputy G.P. Southern:

Following on from the previous question. The Minister, I think, just said that population policy will be introduced in due course and follows the mechanics for enforcing policy. The words “horse and cart” come to mind. Does the Minister not consider that we should have a policy first and the mechanism to enforce it later?

Senator I.J. Gorst:

We obviously have existing legislation. I think it was a previous occupant of this post who liked to say: “We are where we are.” Previous Assemblies have agreed the population legislation which is shortly to come into force. I see no need to delay or defer that.

4.12.1 Deputy G.P. Southern:

The population legislation the Minister refers to is called Control of Housing and Work. It is the control mechanism and yet we have not got a new policy. Surely that is the wrong way around.

Senator I.J. Gorst:

The Strategic Plan was quite clear with regard to the policy that the Council of Ministers and the Migration Advisory Group would be working.

4.13 Deputy M. Tadier:

Would the Chief Minister be willing to liaise with the Minister for Education, Sport and Culture and Minister for Social Security to make sure that potential mature students who want to access further education are not prevented from doing so by having their income support claims withdrawn?

Senator I.J. Gorst:

This is always a difficult question because what the outcome is, is that one is expecting the taxpayer to fund education and at the same time fund benefits, and that is a difficult political decision to make. I am quite prepared to facilitate further discussions but I am sure those Ministers do not require my facilitation; they can quite easily speak to each other if there are concerns or problems that are being highlighted.

4.13.1 Deputy M. Tadier:

In the interests of good governance and the fact that it seems that up until now because this problem has not been resolved in the past, the Minister for Social Security and Minister for Education presumably have not spoken to each other. Would the Chief Minister make sure that there is a joined-up policy so that mature students are not left behind when anyone under 19 cannot stay on income support and get full-time education but those who have perhaps missed their chance when they were younger cannot do so and they should not be penalised, even if that requires the creation of a new pod of money coming from somewhere in the States so that it can be funded while they are studying on perhaps one or 2-year courses?

Senator I.J. Gorst:

There is flexibility in the current policy but the nub of the issue comes down to that, which I have just explained, that the taxpayer would be funding an individual want to be on income support and (2) to have the cost of education funded and that is a difficult question to fairly address, dependent on what the value of the course is that the individual might wish to go on. I do not think it is quite right and perhaps the Deputy was not suggesting that there is an easy solution to it but I am sure

that the Minister for Social Security and the Minister for Education, Sport and Culture are more than happy to sit and consider if there is an ongoing problem.

STATEMENTS ON A MATTER OF OFFICIAL RESPONSIBILITY

The Bailiff:

Very well, that brings Questions to the Chief Minister to an end. There are no matters under J, so we come then to K, Statements on a Matter of Official Responsibility and, firstly, we have a statement by the Chairman of the Education and Home Affairs Scrutiny Panel.

5. The Chairman of the Education and Home Affairs Scrutiny Panel will make a statement regarding the scrutiny of the proposition entitled ‘Police Station Relocation: review of decision’ (as amended) (P.92/2012)

5.1 Deputy J.M. Maçon (Chairman, Education and Home Affairs Scrutiny Panel):

Yes, that is me, Sir, thank you. Where am I? Yes, good morning, Members. Following the referral of P.92/2012 to the Education and Home Affairs Scrutiny Panel at the last States meeting, my panel considered whether it would be appropriate to broaden the terms of reference for our review to include the issues relating to the planning, traffic and environment matters, which are covered in Deputy Martin’s proposition. We noted a suggestion from Deputy Young that consideration should be given to allow the Minister for Planning and Environment time to produce a development plan for the St. Helier eastern gateway area in consultation with stakeholders and residents, as required by the Island Plan 2011. We agreed, however, that this was not an issue for us and we would confine ourselves to clarifying the operational issues identified by the Police Association. To this end my panel has now held public hearings with representatives of the Police Association and with the Minister for Homes Affairs, Assistant Minister for Treasury and Resources and the Deputy Chief of Police. The panel was informed that the Police Association had convened a meeting with the Deputy Chief Officer and the Facilities and Project Manager to go over all the concerns, which covered 21 individual items. At the end of this meeting there were only 3 items left which remain unresolved. The Police Association was assured that they could be overcome in due course. The outstanding issues were the concern regarding parking for officers, recall to work at short notice, emergencies, for example. While there is public parking available in the area at numerous locations, the concern is that spaces may not be available at the relevant times and officers’ response may be delayed as a result. Issues identified by the inquiry desk officers; that there is no direct access from the inquiry desk to the custody suite to facilitate movement of persons arrested at the desk without having to go back outside and around to the custody suite. The Deputy Chief Officer has agreed that this needs to be addressed. There is a lot of concern over the lack of dedicated parking for officers. The concern relates to officer safety in that having to return to private vehicles, especially cars, at the end of tour of duty, on occasion being in the middle of the night, where they may encounter persons with whom they may have had professional dealings with previously. The Police Association has provided a written response to all their members and awaits any further response. The Deputy Chief Officer informed us that the project was still at a relatively early stage in the design process and there was still ample opportunity to refine the very detailed planning about layouts and the internal provision of services within a building. In relation to staff parking, a detailed travel plan, taking into account officers’ safety issues, would be devised once the planning application had been determined. The Assistant Minister informed us that options for parking, including the offer of 40 private parking spaces nearby, would be considered at a later stage in the planning process. We have also decided that we should inquire about the views of the civil servants, who work at the Police H.Q. (Headquarters), in order to determine whether there are

any remaining reservations from staff about the new working conditions. This process will take a little time but we will endeavour to report back to the States Assembly before Christmas.

The Bailiff:

There is up to 10 minutes for any Members to ask a question of the Chairman. Does any Member wish to ask a question? Yes, Senator.

5.1.1 Senator P.F.C. Ozouf:

If nobody else is going to ask any questions, the Chairman says that he will report before Christmas. Does that mean that he is confident that the debate that this Assembly can have can now proceed in January? Does he accept that while his panel need to continue to work the Department of the Environment need to carry on their own questioning and process the application that is before the Department of the Environment?

Deputy J.M. Maçon:

Several questions there: I do not believe that there is anything stopping the Department of the Environment carrying on their work; they can carry on processing the application that is before them. As for when the debate will take place; as I have said in my statement we endeavour to report back to the States on the issues that we are looking at before Christmas and that would indicate, therefore, to the Assembly that we should be able to resume the debate in January, notwithstanding the rights, of course, of Deputy Martin's proposition, she has control over that particular mechanism.

The Bailiff:

No other questions? Very well, there are 3 other statements to be made, although they were not on the Supplementary Order Paper. The first is a statement to be made by the Minister for Housing concerning starter homes deposit loan scheme.

6. The Minister for Housing will make a statement regarding the Starter Homes Deposit Loan Scheme

6.1 Deputy A.K.F. Green of St. Helier (The Minister for Housing):

I am very pleased that the Minister for Treasury and Resources has worked with me in developing a scheme to assist hard-working and frugal Islanders in achieving home ownership. We are a very successful and small Island, inevitably this gives rise to affordability issues around housing. Indeed, both the Jersey Housing assessment and the Housing Affordability Index illustrate the challenges that exist, for example, 79 per cent of householders cannot afford a 3-bedroom house and 51 per cent of householders are unable to afford a 2-bedroom flat. In anticipation of these challenges the Strategic Plan prioritised improvements in home ownership and housing standards. The Starter Homes Deposit Scheme is a pilot scheme that will support this objective, as agreed by this Assembly. The scheme recognises that raising a deposit on a property at the current market lending criteria is challenging, for example, a 20 per cent deposit on a lower quartile 2-bedroom flat is as much as £52,000. It is not easy for Islanders to save this money. Therefore, we will support households who have worked hard to save 5 per cent deposit themselves by lending them a further 15 per cent of the deposit at zero per cent interest. The remainder of the money would need to be borrowed from a private mortgage lender who would satisfy themselves that the loans could be repaid. We have had discussions with lenders and they have indicated that they will support the scheme. In this way we can help households who can afford to make repayments with a discounted deposit loan from the States. Without this and, understandably, these households cannot readily raise the full deposit, given all the other costs that they face in daily life. The scheme will be directed at those buying in the lower quartile properties and will have various eligibility criteria to

ensure that the scheme is targeted. It is proper, as a pilot scheme, that it should be prudently defined in this way and we can then assess its success. The scheme is planned to operate for 6 months and will commence, subject to a States approval, early in early spring. The initial investment of £3 million, which will be repaid over 20 years, it is expected that 100 households could benefit from this. The money has been saved from the Dwelling House Loans Fund, which was established to support home ownership and this new targeted scheme will use money keeping it within that objective. I look forward to the debate in the New Year.

6.1.1 Deputy J.M. Maçon:

Noting the statistics that the Minister has provided for us, 79 per cent and 51 per cent talking about the affordability, does this not indicate to the Minister that we have market failure and that propping up the existing market by making this facility available is not going to solve the wider problem?

Deputy A.K.F. Green:

I do not see this as propping up the existing market. I see this as supporting particularly young families but anybody that is eligible in getting their first foot on the rung of the property ladder. If what the Deputy is suggesting is that we need to take action to lower significantly the prices of current houses, I wonder if he would like to explain to me how you would deal with the negative equity problems that would come from that.

6.1.2 Deputy R.J. Rondel of St. Helier:

A little bit similar along the lines to Deputy Maçon. Would the Minister agree that without the delivery of sites for the first-time buyers' homes the scheme could in fact create a surge in demand, therefore leading to an even higher base price than presently exists and, in turn, wiping out any financial benefit for the young couples desperately wanting the homes?

Deputy A.K.F. Green:

In a word, no, I do not agree but I am not being flippant when I say that. I have taken considerable advice from the Economic Adviser. This is why we are aiming this not at new properties, that is one of the conditions, and also aiming it at the lower quartile of house prices. It is not inflationary, it is a pilot scheme. It might bring about, I hope, some mobility within the market as well as helping young people achieve their dream of their first home but it is not inflationary.

6.1.3 Deputy J.H. Young:

Could the Minister tell the Assembly, please, in what circumstances will these loans be repayable? Is it not likely that this liability for repayment will impose upon already onerous liabilities for young people maintaining their first homes?

Deputy A.K.F. Green:

Dealing with the latter bit first, if I believed that I would not have brought the scheme forward. These loans will be paid as part of the normal monthly mortgage but, clearly, it is considerably cheaper when it is at interest free. It is for the main lender to be satisfied that the borrower can meet all the requirements of paying back the interest-free loan, the deposit loan, the starter loan and the main capital.

6.1.4 Deputy K.L. Moore of St. Peter:

Could the Minister explain, please, why this scheme will only operate for 6 months?

Deputy A.K.F. Green:

Yes, it is a pilot scheme. We are using £3 million out of the Dwelling Homes system. If that works then I will be making a case to find more money but, like all good schemes, you need to make sure that it works and that it achieves what it is supposed to achieve and that it does the things that it says on the tin, that is the only reason.

6.1.5 Connétable J. Gallichan of St. Mary:

Following on, quite appropriately, from the Deputy of St. Peter, I am also concerned about the 6 months. First of all, I congratulate the Minister on this initiative. It is very important if this works and works well that it is kept rolling with no great hiatus between the evaluation of this pilot scheme and the implementation of a second scheme so that we keep the momentum going. Can the Minister assure me that evaluation will be ongoing and can he advise if he has any ideas whether funds are going to come to prolong the scheme?

Deputy A.K.F. Green:

I can assure that evaluation will be ongoing. It is important that this works and we continue it.

[11:45]

Of course, I will have to go back and speak to my good friend, the Minister for Treasury and Resources, about how we might fund that. I also want to review whether we do have any... I do not believe we will, the Economic Adviser does not believe we will, but we need to be careful that we do not have an adverse effect on pricing and then drive the price up. All those things will be part of the evaluation.

6.1.6 The Connétable of St. John:

Firstly, can I say how discourteous it is to receive statements just as we are asking questions on previous statements. Surely the Ministers have had this in their minds for some time and they leave it until we get on the floor of the House at this time. Given the Minister's statement, and I am aware where his loyalties lie in relation to Plémont, given there is something like £10 million to £14 million possibly going to be spent in that area or could be spent in that area, would he not support that money being used for first-time buyers instead of going down the road of wanting to give good hard-earned cash to a developer who could build some houses?

Deputy A.K.F. Green:

First of all, I am sorry if the Constable thinks I have been discourteous. As Members will know it is only my second day back at work following a short stay in hospital but I apologise if people think I have been discourteous, that certainly was not my intention. On the subject at Plémont, the Constable knows my view on Plémont. I learnt very early in my management career that sometimes if you make a mistake - and I would suggest that the development of Plémont many years ago was a mistake - if you get the opportunity to put it right then you should do so because what we are talking about there is about investment for the Island for the future. I have to balance the Island and the future, the things that we like in this Island, the beauty of this Island, with the needs of the people that want to live here. It is a balance and I believe I have got that balance right.

6.1.7 The Connétable of St. John:

Supplementary on that, Sir? Does the Minister not consider the future of our children and their accommodation more important than the beauty?

Deputy A.K.F. Green:

No, I consider the environment that our children will be living in to be as important and if we cannot protect the environment then I am afraid we will not need homes for the people, they will leave.

6.1.8 Senator A. Breckon:

The Minister mentions in his statement the Dwelling Houses Loans Fund and he has also just mentioned it in an answer. Could he confirm that there was over £50 million in that fund and it was used for other purposes apart from housing?

Deputy A.K.F. Green:

No, I cannot confirm that. I am not sure what there is in there at the moment, to be perfectly honest. I am quite happy to come back.

6.1.9 Deputy G.P. Southern:

While it is all very nice for a Minister to be seen to be doing something, does the Minister not accept that this is sticking a plaster on a gaping wound? The fact is that the supply of housing has not met demand and the real gap is in the provision of social rented housing that shows some 400-and-something houses short on the latest housing assessment.

Deputy A.K.F. Green:

I do not see this as sticking a plaster. I see this as one of the things that we would want to do to improve opportunities for young people, but I do agree with Deputy Southern that we have a shortage of social rented housing. We have a shortage of affordable private renting housing. We have a shortage of affordable homes for people to buy. This is just one of the very small solutions to help people. This is why we need the Strategic Housing Unit. This is why we have the Housing Transformation Programme that I am very close to lodging and this is why we need to get on and do it. But Ministers are often criticised when they do something and then they are criticised when they do not do something. I am going to bring forward a whole plan...

The Bailiff:

I think a concise answer, if you would, Minister. I know there are a number of other questions still. Deputy Martin.

6.1.10 Deputy J.A. Martin:

It is probably a maths question but the third paragraph; we are talking about examples of 79 per cent of households and then 51 per cent of households. Is that a total of 130 per cent who cannot get on the ladder? In real terms, does that go anywhere near the 100 that this might help because I would say it does not?

Deputy A.K.F. Green:

Of course it does not, 79 per cent of householders could not afford a 3-bedroom home. Some of those 79 could afford a 2-bedroom home, you do not add the 2 together and it is only 100 households. Yes, it is only 100 households but it is a start. There are 100 families that will have the opportunity to get into the housing market, fulfil their dream to have their own homes, and I would rather have 100 families helped than none. This is just a start.

The Bailiff:

Very well, I am afraid that brings questions to the Minister to an end. Next we have a statement to be made by the Chief Minister.

7. The Chief Minister will make a statement regarding the civil servants final pay offer

7.1 Senator I.J. Gorst (The Chief Minister):

As Members will be aware, a final pay offer was made to employee representatives in July. This offer followed many months of negotiations and was made against a backdrop of continuing economic uncertainty. The offer is 1 per cent non-consolidated in 2012 paid as a lump sum, 1 per cent consolidated plus 1 per cent non-consolidated in 2013, a consolidated pay award of 4 per cent of basic pay from 1st January 2014 in return for a modernisation agreement. Included in this offer is a guarantee of no compulsory redundancies until the end of 2014. We believe this is a fair deal for our employees who enjoy a significant degree of job security and a fair pay and benefits package. The police have accepted the offer and we had hoped that all the unions would ballot their members. In the event, only Prospect, the Civil Service representative body, did so. The ballot result was marginally against accepting the offer but only a minority of civil servants are members of the association. I am sure Members will appreciate the 2012, 2013 and 2014 public sector pay review has been particularly challenging and we have had to adopt a prudent approach against a background of rising unemployment. There are a number of issues we had to consider: the difficult economic climate has affected employment and living standards across Europe. The U.K. public sector has seen pay freezes, reductions in numbers employed and changes to pay and terms and conditions. The wider economic climate has affected Jersey; rising unemployment, the worst in decades, an increase in redundancies and changes to pay and conditions of service have affected many employees in Jersey's private sector. Forecasts show low economic growth for the foreseeable future, while States Departments like Health and Social Services need significant investment to help deliver the services the Island needs. The Medium-Term Financial Plan has been approved by the States. It does not provide for an increase in the 2014 pay bill over and above the final offer and Members did not approve an amendment calling for an additional pay rise for public sector staff. The economic conditions facing Jersey mean we cannot offer a higher pay award if we were to meet the priorities agreed by Members, creating jobs, maintaining employment and investing in Health and Social Services. This 3-year pay offer is directly linked to the modernisation programme that will ultimately ensure we provide services in the most efficient, effective and sustainable way, securing long-term employability. At a meeting with the States Employment Board last week, after full consideration of all the options and following 9 months of negotiation, S.E.B. (States Employment Board) decided that the gap between the final pay offer and claims for front-pay groups is too great and cannot be bridged or be resolved by mediation. As a consequence, with the exception of those groups where discussions are continuing, Senior Prison Officers Unit Managers and States Fire and Rescue Services, the collective bargaining process has now been exhausted and this leaves the employer with no practical alternative other than to implement the final pay offer for eligible public sector staff. This means that 1 per cent non-consolidated lump sum due in 2012 will be included in December salaries. The 1 per cent consolidated pay award for 2013 will be added to salaries from January. The 1 per cent non-consolidated lump sum due in 2013 will be included in January salaries, taking into account the 1 per cent consolidated pay award. We hope the majority of employees will see this as this is the best offer we can make in these circumstances. As far as nurses are concerned, S.E.B. has agreed a new offer, specifically for them, which recognises the work being undertaken on providing equal pay for work of equal value and the need to address recruitment and retention issues. This is the first step in a proposed redesign of nursing pay that my officers will work on with employee representatives. With a contribution from the Health and Social Services budget we have been able to fund an offer for nurses of 1 per cent non-consolidated paid as a lump sum in 2012, 3 per cent consolidated pay award in 2013 and 4 per cent consolidated pay award in 2014. This new offer for nurses makes some progress towards closing the pay differential that has existed for many years. I do want to stress to Members that we very much value the work of all our hard-working employees. I hope the employees themselves can understand that S.E.B. has prioritised job security and the development of an efficient public sector for the future benefit of Islanders, the States and its employees.

The Bailiff:

Very well, now we have up to 10 minutes of questioning. The Deputy of St. Peter.

7.1.1 The Deputy of St. Peter:

I congratulate the Chief Minister on making a specific case for the nurses' pay scheme. Could he, please, elaborate it says: "This makes some progress towards closing the pay differential" but how much progress, please?

Senator I.J. Gorst:

That is a very good question. I should perhaps have mentioned before I started my speech that Members are well aware that my wife is a nurse. She, as of a number of months ago, no longer works for the States and, therefore, I am able to now make comments with regard to nurses' pay. Bridging the actual gap is an ongoing piece of work and I do not have all the details in front of me to be able to answer that question but I am advised by officers and by the Health and Social Services Department that this starts to bridge that gap and means that there will be no widening, in fact there will be narrowing during the course of this pay deal.

7.1.2 Deputy J.A. Hilton:

In the statement the Chief Minister just made to the Assembly he talks about a contribution from the Health and Social Services budget to fund the offer for the nurses. Can he tell the Assembly, is this money coming from the business-as-usual budget and, if so, how much and how much does he think that is going to have effect on day-to-day services?

Senator I.J. Gorst:

As the Deputy is aware, there was money in Health and Social Services' budget to help with nurse recruitment and that is the money that is being applied for this particular pay deal. My understanding is that it is the difference between the 1 per cent and 1 per cent and 3 per cent consolidated that is being made from the Health and Social Service's budget.

7.1.3 Deputy J.A. Hilton:

Supplementary, Sir. Presumably the 4 per cent in 2014 will be subject to a future budget.

Senator I.J. Gorst:

No, the 4 per cent is in line with the offer being made to all employees and, therefore, is part of the central budgeting process.

7.1.4 Deputy G.P. Southern:

Does the Chief Minister not accept that the States Employment Board has not engaged in any meaningful negotiations but tied its own hands and repeated the mantra: "There is no money"? Is he looking forward, along with the States Employment Board, to a year full of industrial unrest and action?

Senator I.J. Gorst?

No, the States Employment Board do recognise, as I said in the statement, that this has been a very difficult negotiation and the States Employment Board has negotiated within the mandate that this Assembly gave them. They have heard the objections of employees and they have worked with the Treasury and Resources Department to find extra money for the non-consolidated pay award and the 1 per cent consolidated pay award in 2013. We have also worked with Treasury with regard to the 4 per cent in 2014. I hope that this Assembly and employees recognise that we have tried to meet staff halfway and I hope that employees will realise that this was the best offer that we could make and, therefore, that they will reconsider, if indeed they are considering industrial action.

7.1.5 Deputy G.P. Southern:

Will the Chief Minister accept that when he uses the phrase “halfway” it is a very liberal use of the word halfway because 1 per cent unconsolidated by no means matches the rise in the cost of living at 3 per cent and above? Effectively, what he has done is impose a pay cut on these workers.

[12:00]

Senator I.J. Gorst:

I do not accept that at all. Yes, he is right when I use the term “halfway” I am using it metaphorically. We have tried to meet and find extra money, as I just explained.

7.1.6 Deputy M. Tadier:

I appreciate that the pay negotiations are always difficult, especially when you are not very good at it, as I think this current Council of Ministers and S.E.B. have shown - present company perhaps excepted - themselves to be. Will the Chief Minister explain why he continues to link the pay negotiations with modernisation agreements when there have been clear signals repeatedly from the unions that they are willing to engage in both, including the modernisation programme, so long as they are separate and that they want to see their pay negotiations come to an end first before they embark on any negotiations on modernisation?

Senator I.J. Gorst:

I am disappointed. Of course, the Deputy is perfectly entitled to suggest that fellow politicians in this Assembly are not very good at something and we will address that as is our privilege. However, I do feel that it is not appropriate that that should be in any way taken as an indication with regard to my staff that do the actual negotiation face-to-face with the union representatives and I would refute that on their behalf. With regard to modernisation, it is important that it is tied together because the issue that the States Employment Board were most concerned about was making sure that we create a sustainable employment situation going forward for our employees, which is why we gave the no-compulsory redundancy commitment and why we are tying it to modernisation because we believe that unless we make those changes and make our service more efficient then those will be concerns that we have to address.

7.1.7 Deputy M. Tadier:

Sir, can I respond with a supplementary? First of all, there was no imputation on the staff that work for the Chief Minister, either positively or negatively, but he is the one who is to be held to political account and it is quite right that that is done in this Assembly. Can I ask him - perhaps it is a stretch from the original question but it does deal with one's adeptness at dealing with pay negotiations I think - how does he think that those, who are being subjected to what Deputy Southern correctly has called essentially a pay cut, will think of the plans for Plémont after spending £10 million of non-existent taxpayers' money on the headland when they are being faced with their backs against the wall and cannot afford, necessarily, to buy bread and milk, pay for their electricity, gas, rent or whatever? Does the Chief Minister think tactically the timing is correct?

Senator I.J. Gorst:

Over the course of the last year there are many decisions that I have had to make that I, of course, would have liked to have put off and the timing is never perfect. But we are called upon in this Assembly, and with the responsibilities that this Assembly puts upon Government, to make decisions. The States Employment Board believes that this is the right decision at the right time. Let us just perhaps push one contention, this means that around £3 million will be put into States employees' pay packets in December, another £3 million will be put into States employees' pay packets in January. On top of that there will be the 1 per cent consolidated increase as well.

7.1.8 Deputy J.A. Martin:

I would just like to check with the Chief Minister and I do believe there has been some negotiation because at least 12 months ago I think we were at 0 per cent, 0 per cent and then 2.5 per cent. What I want to check though is if the 4 bullet points on the front do match those because you have only put 3? My question was, is this not a lovely, nice 2-page statement saying: "This is the final offer" and whether I agree with that or not, this is the final offer? Would the Minister confirm what will happen if this does become the winter of discontent? Will they find any money because it is quite worrying? I do not think there is the money, to be fair. Is this the final offer and, if so, that should be made quite clear that this is the final offer?

Senator I.J. Gorst:

As the opening sentence says: "The States Employment Board made the final pay offer to employee representatives in July. We encourage them to go to ballot." As the statement says: "In the end only Prospect has done so and that was marginally against accepting the offer." This is the final offer. As a certain member of the States Employment Board made clear during the debate of the Medium-Term Financial Plan and she reminded us at the States Employment Board on Thursday, it was made quite clear to Members that if they wish to change the final offer they should support Deputy Southern's amendment. That amendment was not supported and, therefore, the final offer stands. This is the final offer and we will be putting these payments into the December and January salaries, as the statement makes clear.

7.1.9 Deputy M.R. Higgins:

In part, what I was going to say has been asked. Does the Chief Minister not accept that the issue is not about affordability, despite what he says, it is about trying to get the changes and the terms and conditions to generate the £14.5 million of savings that were promised in the C.S.R. (Comprehensive Spending Review) by the Ministers and which they have not achieved? Affordability does not come into it because, quite simply, there may not be money in the Medium-Term Financial Plan but neither is there money for Plémont. If we can find it for one surely we can find it for the other. Does he not agree?

Senator I.J. Gorst:

As I have explained already, the States Employment Board worked to the mandate that this Assembly gave them and the Deputy is quite right, that was to constrain pay during the years of 2012 and 2013 to the tune of £14 million. The States Employment Board negotiated around that and, as I said, we worked with Treasury and found extra money to change away from that initial zero, zero position, so extra money was found and we should be quite clear about that. With regards to Plémont, I have no doubt that the Deputy will be making that very same point next week and we will have a debate and the issues about affordability, I am certain, will play a major part of that debate.

The Bailiff:

Very well, that brings questions to the Chief Minister to an end. Just before we come to the next statement, can I inform Members that the Minister for Treasury and Resources has lodged Projet 131, Starter Home Deposit Loan Scheme and that will be in Members' pigeonholes? We come to the final statement that is to be made by the Minister for Economic Development.

8. The Minister for Economic Development will make a statement regarding the regulation of Channel Island ferry services

8.1 Senator A.J.H. Maclean (The Minister for Economic Development):

The permit held by Condor Ferries to operate car and passenger ferry services from the Island expires on 31st December 2013. I wish to give Members an update on what is being done in preparation for this and what we intend to do in the coming months. Over the last year we have held in-depth discussions with Guernsey and Condor Ferries. Our objective was to secure new long-term arrangements that would provide modern reliable ships over the next 10 to 15 years. Ideally this should be delivered through a competitive tender or other competition mechanism. However, this does not appear possible to achieve from 1st January 2014. The reasons for not being able to offer a new long-term agreement, either to Condor Ferries or any other company, are these: firstly, new international regulations on sulphur emissions by ships come into effect in 2015. These will require expensive engine modifications to traditional Ro/Pax and Ro/Ro freight ships. In addition, the age of the world fleet of high-speed craft is crucial; many have been running for 15 years or more. They have, as yet, an unknown but clearly limited commercial life left. New ship designs include vessels driven by L.P.G. (Liquid Petroleum Gas) but the best type of replacement vessel is far from clear. This uncertainty for the future does not fit in well with the likelihood of being able to negotiate a good long-term agreement. To mitigate this we have taken external advice, jointly with Guernsey, on the condition and reliability of the high-speed fleet. I am now confident that at least in the short to medium term there is an effective strategy to better manage the services provided by Condor Ferries. We have agreed with Guernsey and the U.K. about implementing the E.U. Sea Passenger Rights Regulation when it comes into force on 18th December 2012. Passengers will gain better compensation and refund rights when vessels are delayed for technical or service reasons. I am asking the Harbourmaster to make sure the full regulation and how to complain are clearly displayed at the Elizabeth Terminal. We have agreed that Condor will give effect to the regulations, compensation and refund standards on inter-island voyages as well as voyages that start and finish in the E.U. Members, very recently, agreed that the Ports of Jersey should prepare for incorporation. This project will involve extensive law drafting and I intend to include proper competition regulatory powers for ship operators. Finally, I have agreed with Guernsey a draft update of the existing Joint Channel Islands Sea Transport Policy statement. It will allow for a new ferry permit to be issued to Condor commencing on 1st January 2014. Crucially, it restates the overriding consideration that we must have reliable, robust and reasonably priced passenger car ferry services. It makes it clear that a new permit will not be exclusive and will not extend beyond 5 years and includes a formal review to be completed within 3 years.

The Bailiff:

We have 10 minutes for questions. The Constable of St. John.

8.1.1 The Connétable of St. John:

Having attended the Condor presentation last week, along with 5 other States Members, I was surprised not to see any Ministers there, in particular the Minister from Economic Development, given it was a presentation and everyone was invited. I put certain questions to the company about the duration of their vessels, having been the Vice-Chairman of the previous Jersey Transport Authority and we had been given details some years ago that the life of those vessels were 15 years. Is the Minister happy to rely solely on his Guernsey counterparts in relation to pulling all this together, given that now that we have a shadow Harbours Board and in 5 years' time it will be they, I presume, who will be negotiating with their Guernsey counterparts, not the States of Jersey, per se? That being the case, will the Minister look at the historic records of the previous time this Island and the island of Guernsey negotiated sea routes and see the total fiasco that our Guernsey cousins created after we had given a contract to P&O Ferries and it had to be withdrawn because Guernsey changed their mind a week after the contract had been issued? Will the Minister, please, research those records before signing any contract to extend this for a further 5 years?

Senator A.J.H. Maclean:

It was more of a speech than a question. Yes, first of all, I would just say that it has been well stated by the Constable in the Assembly before that he has a distrust and dislike for our cousins in Guernsey. I do not share his views. I think we have made great progress in working more collaboratively with Guernsey in many areas and, indeed, this is one good example. He says: "Am I satisfied to rely solely on Guernsey for these arrangements?" I did not, it was in fact a joint working group of Jersey and Guernsey officers and officials. Indeed the Constable also asked the question as to why there were not Ministers at the presentation by Condor. We have been talking to Condor for over a year. I have seen the presentation, I know the details and, unfortunately, I was unavailable. It was specifically for States Members and it was a constructive meeting, despite the fact that there were not perhaps as many Members able to attend as we would have liked. I am satisfied with the arrangements and they have been overseen also by the shadow Board that are more than satisfied with what is being proposed.

The Connétable of St. John:

Supplementary, Sir.

The Bailiff:

Briefly...

8.1.2 The Connétable of St. John:

Yes, it will be brief, Sir. Does the Minister think he is being hoodwinked by our Guernsey colleagues, given we have had the fish wars since that issue some 15 years ago?

Senator A.J.H. Maclean:

I certainly do not.

8.1.3 Deputy G.P. Southern:

Where has the Minister for Economic Development been for the last 3 years, this champion of competition? Why did he not foresee the need for a long-term agreement and why have we not seen a competitive tendering process in the past 3 years?

[12:15]

Senator A.J.H. Maclean:

Quite simply, because the agreement in place at the moment does not expire until the end of next year.

Deputy G.P. Southern:

Hang on, the Minister has surely noticed that it was due to expire and should have started a competitive tendering process by now.

Senator A.J.H. Maclean:

I think I have made it clear in my earlier comments that we have been discussing with the current incumbent the opportunities for what they would bring to the Island in terms of services for sea and ferry passenger services. That is the obvious and most sensible starting point. Looking at the marketplace as a whole, the Deputy may not be aware that there are many ferry companies that are no longer in business that were, only a few years ago, as a result of the global crisis. There are not many players in the market. It is, therefore, much more sensible to see if one can negotiate a sensible arrangement with the incumbent operator, and that is the position taken by both Jersey and Guernsey jointly.

8.1.4 Deputy M.R. Higgins:

Is the Minister making any requirements in the agreement regarding the competence, nationality, hours and pay of the crews, for example, the pay of Eastern European salaries that are a disgrace? This is an opportunity for the Minister to do something about it. Is he taking the opportunity?

Senator A.J.H. Maclean:

The Minister is not taking the opportunity because, as I previously stated in the Assembly, the matter falls outside of the legislation within the Island for such matters. Indeed, if the Deputy had attended the recent presentation given by Condor, they explained very eloquently the position with regard to Eastern European seafarers, of which there are only about 10 per cent, incidentally, in the total staffing that they have and the average salary they offer is above the international norm for seafarers.

8.1.5 Deputy M. Tadier:

I will not ask about reputational damage to Jersey then and what the Minister for Economic Development thinks of that. I will ask a question about what he meant when he said in his statement that the contract would not be exclusive and does that mean that we are likely to try and tender for 2 separate operators operating concurrently in Jersey?

Senator A.J.H. Maclean:

The existing licence permit arrangements are not exclusive and, indeed, if an operator were to come forward, another ferry company that wished to provide a service to or from the Island and it met the necessary standards, then indeed it would be considered. The process that will be followed now is that the permit will be advertised. We would expect, clearly, that Condor will apply but, equally, it is open for any other ferry operator who so wishes to apply at the same time.

8.1.6 Deputy M. Tadier:

But just for clarification, I understand that if 2 or more operators come forward and 2 of them provide compelling cases could we see a situation where we will see 2 operators running both northern and southern routes or perhaps one of each or any combination of those?

Senator A.J.H. Maclean:

Hypothetically it is possible but I think in practical terms it is most unlikely. If there were more than one operator coming forward it would be a case of considering the commercial merits of the proposals by both and selecting the most effective one. Competition has not been that successful, particularly on the southern route in the past. It has been the subject of many reviews, an auxiliary report and so on, and much as I favour competition, in certain markets it is not always the most effective route and, hence the need for an effective regulator.

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

The Minister says that a formal review will be completed within 3 years. I would like the Minister to tell us what will the review cover and will it take into account the needs of both our Island and Guernsey?

Senator A.J.H. Maclean:

The review will be in 3 years' time to look at the success of the services that are being provided, the reliability, not only of the vessels themselves but the overall service provided to the Island in terms of meeting the strategic objectives of a long-term sustainable year-round service at affordable prices.

The Deputy of St. Ouen:

Please, Sir, can I ask a supplementary?

The Bailiff:

Yes.

8.1.8 The Deputy of St. Ouen:

Could the Minister explain why he is waiting 3 years to undertake the review?

Senator A.J.H. Maclean:

Quite simply that the permit, first of all, is going to be advertised. We are assuming there will be an application from Condor, there could be another one. If it is Condor and they are successful they will be operating under the terms that have now been agreed and we will see how they perform. We have had an independent organisation that has looked at the vessels, the reliability of the engines, the maintenance programmes and so on. There are undertakings by Condor that, I hope, will ensure that some of the difficulties that the company has had in recent years and the consumers in the islands have faced will be resolved. We want to see that being delivered.

8.1.9 The Connétable of St. Lawrence:

I would just like some clarification from the Minister because in his statement he told us that a new permit will be issued to Condor commencing 1st January 2014 and I am assuming that is for 5 years. But seemingly in the joint policy statement Jersey and Guernsey have declared that neither of them will proactively seek new operators in the period prior to 31st December 2018. I think we are going to find ourselves in the same position, whereas if they are not actively seeking competition to come into this route, by 2018, when they will be looking to appoint a new ferry company, we will be in exactly the same position as we are now and we will have no choice but to appoint Condor. Will the Minister agree with me?

Senator A.J.H. Maclean:

No, I will not, sadly, agree with the Connétable on this occasion. First of all, I should just clarify that the process that is being followed for this particular permit requires it to be advertised. At this very start point any other ferry company that so desires could put forward a commercial proposition that would need to be considered on merit. It is not a foregone conclusion at all that Condor will provide the services over the intended 5-year period that we are facing. Secondly, it is perfectly agreeable and it is agreed with Guernsey that during the course of this 5-year term towards the end there is the opportunity and the flexibility... and I fully expect that any future agreement after the 5-year period expires will indeed be open to other operators to enter into through an appropriate commercial process.

PUBLIC BUSINESS

9. Draft Budget Statement 2013 (P.102/2012)

The Bailiff:

Sorry, Connétable, the time has run out. Very well, so that concludes statements and questions on statements. We come now to Public Business and the first matter on the Order Paper is the Draft Budget Statement 2013, Projet 102, lodged by the Minister for Treasury and Resources and 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 approve, in accordance with the provisions of Article 10(3)(a) of the Public Finances (Jersey) Law 2005, the estimate of income

from taxation during 2013 of £614,829,000 as set out in Summary Table A on page 51 of the Budget Statement, with the sum to be raised through existing taxation measures and the proposed changes to income tax, Goods and Services Tax, impôts duty, stamp duty and Land Transaction Tax for 2013 as set out in the Budget Statement; (b) to approve, in accordance with the provisions of Article 10(3)(d) of the Public Finances (Jersey) Law 2005, a capital head of expenditure for each of the capital projects for States funded bodies to be started or continued in 2013 (other than States trading operations) as set out in the recommended programme of capital projects in Summary Table C on page 53 totalling £56,127,000, that require £12,566,000 to be withdrawn from the Consolidated Fund; (c) to approve, in accordance with the provisions of Article 10(3)(e) of the Public Finances (Jersey) Law 2005, each of the capital projects that are scheduled to start during 2013 in the recommended programme of capital for each States trading operation, as set out in Summary Table D on page 54, that require funds to be drawn from the trading funds in 2013.

The Bailiff:

Just before I call upon the Minister, I should have informed Members that the Minister has lodged a fourth amendment to the Budget Statement and, hopefully, that has been circulated to Members.

Deputy G.C.L. Baudains:

On a point of order, Sir, could I seek clarification before we arrive at the fourth amendment? In view of the wording of my amendment, surely difficulties will arise unless the Minister's fourth amendment is an amendment to my amendment. I would like to seek clarification on that.

The Bailiff:

I think the position is that the States have been invited to take your amendment first, Deputy, because yours is the bigger change. If Members go with that then the Minister's will fall away. If, on the other hand, Members do not go with you then the States will then debate the Minister's amendment. I invite Senator Ozouf, the Minister for Treasury and Resources, to speak.

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

It seems quite a long time ago since I rose to give last year's budget speech. We now have a new Assembly. This is a number of Members' first budget. We have, since the last budget, a new Chief Minister, a new Council of Ministers, who have been working, perhaps I should say, our Strategic Plan identifying priorities and putting the resources to deliver them. We have had a busy year in terms of tax. We have had confirmation that our business tax regime is compliant. We have strengthened and restructured our decision making. The Medium-Term Financial Plan, which perhaps in some ways means that the budget does not have the drama of some places but means that this Assembly now sets 3-year spending and the budget sets taxes for the next year. But also as we, I hope, will debate during the course of the next day or 2 the important capital programme for the year ahead. In a world of short-termism it is perhaps easy to forget the reasons why the Island got itself into the position that it did when we speak about strong public finances. It was my great pleasure last Monday to welcome back for the first time something that had never been done before by predecessors to the position of Treasury and Finance and Economics. I welcomed my 4 immediate predecessors for a modest lunch and we had a good debate in which they were pretty free with their advice and certainly had some sound advice for the latest incumbent in office. I recalled the evolution of our public finances. I recalled that former Senator Jeune had set up the strategic reserve, putting tough rules about how that money could be accessed. I recalled how former Senator Horsfall introduced loan sanctions, perhaps early fiscal stimulus that meant a number of capital projects could go ahead at the time. I recalled how Senator Walker pioneered the development of the Public Finances Law that introduced Ministerial Government and he dealt with some of those difficult capital overspends that committees were blighted with. I recalled how former Senator Le Sueur diversified our tax base through the introduction of the controversial

aspects of G.S.T. (Goods and Services Tax). He also introduced 20 Means 20 and, of course, set up the Stabilisation Fund. Today, the Medium-Term Financial Plan and this budget brings into force a further evolution of our Public Finances Law. For the first time we are able to have a budget that is co-ordinated and is part of a long-term strategy for both tax and spending and provides certainty and further stability. There is no doubt that the world continues to see very slow rates of growth and there are continued pressures in the globalised economy. Just last week the O.E.C.D. again significantly reduced its growth forecast for the next year and stated that the risks of serious global recession cannot continue to be ruled out. The eurozone, as we see almost on a daily basis, continues with enormous difficulties. Some people say that the eurozone is simply kicking the tin can of economic problems down the road. The U.S. faces a fiscal-deficit cliff and there are economic shadows that are casting over a number of countries in the developed world. There was perhaps more optimism in the outlook of the global economy when I stood and gave last year's budget speech. We are, of course, not isolated from any of these factors, we continue to face uncertain times. There are also an ongoing series of global trends that continue to affect all economies, both outside this Island and in Jersey. The centres of economic activity continue to dramatically shift, with the rebalancing of investment flows from the developed areas of the world with all of those problems, to Asia. Governments around the world are under huge pressure to improve their safety nets. They are trying to achieve growth, restore their difficult fiscal positions.

[12:30]

These challenges are faced at the same time when tax receipts are going down by up to 20 per cent in some major economies. Stricter financial regulations, something that is absolutely vital in places like the United Kingdom, means that banks are deleveraging and they are creating huge challenges to the financial institutions, some of which are represented here in Jersey. In the banking sector profitability still is suppressed and is very low, compared to the pre-prices levels. We in Jersey face these market pressures. We have seen growing unemployment and local businesses are certainly under strain. Some things we can help with, other things, I am afraid, that even this Assembly cannot, like the ever-growing problem of people moving to spending online. Our core industry, financial services, has, of course, been impacted by the enormous change in terms of international regulation and the way that banks are managed. However, despite these challenges I continue to believe that we are incredibly well-positioned to take opportunities as they arrive, and particularly take advantage of the ever growing world of globalisation. As growth in emerging markets drives more wealth, particularly in the Middle East, Jersey's historic and continued engagement in the developing world will bring benefits over the next 12 months and beyond. Last week we were extremely fortunate to be visited by His Excellency the Ambassador to the U.A.E. (United Arab Emirates). He was extremely positive regarding our relations and particularly positive about the relationship between our financial services. In his remarks to your own speech, Sir, he highlighted other areas of common interest, particularly the acceleration of the green economy and a focus on renewables, something which has enormous opportunities for Jersey. He also spoke about the importance of infrastructure, and while certainly we cannot say that we have anything like the scale of a Dubai International Financial Centre, our own J.I.F.C. (Jersey International Financial Centre) is important to our own future growth in terms of financial services and other business growth. One of the features of this year's debate has been a focus on the digital economy. The development of technology is revolutionising all aspects, every part of our life and all parts of business. I think it was yesterday that was the birthday of the text message, 21 years that text messages have been in existence. The pace of evolution will accelerate even further and even more quickly in the next 20 years. This creates opportunities for a small nimble, fast-moving nation state such as Jersey. This Budget complies with the recommendation of the Fiscal Policy Panel. We are accelerating fiscal support for the economy in a timely, temporary and targeted manner. Being flexible means that fiscal policy can adjust to the needs of the economy. We are

reviewing the impact of planned capital expenditure and just how that is going to be funded. This budget addresses the effects of the continuing global economic turmoil while at the same time building on the F.P.P. (Fiscal Policy Panel) advice to support growth and take advantage of those opportunities that I mentioned. There are not many places in the world that are able to add 2 to 3 per cent of G.V.A. (Gross Value Added) in stimulus and still maintain the levels of reserves that we have. By taking difficult decisions we have been able to do that. We do need to deal with further adjustments in terms of our public finances but we are uniquely in a position to secure growth. The Medium-Term Financial Plan provides that essential support for industry. The Economic Growth and Diversification Strategy will stimulate the economy and will create opportunities for Jersey residents. Additional funding for Advance to Work, which has been so successful in supporting many young people back to work, will continue over the next 2 years. We are focusing on creating new business opportunities in high value sectors, like e-Commerce, intellectual property, renewable energy, all with a focus on enterprise and inward investment and we will be building in the next 12 months on the investment in Gigabit Jersey. We will establish an Innovation Fund with a target of £10 million and that proposition is now before Members. That in itself will promote Jersey's economic diversification and create jobs. We found the £5 million and I am hopeful that we are going to be able to find the additional £5 million over the next 12 months. The biggest and most comprehensive review of financial services is also underway and that is designed to ensure that our key industry, financial services, is absolutely well-positioned for the future. As well as providing certainty and stability in our tax regime, this budget goes a step further and allows us to release all of those issues which are potential for economic growth. We have been particularly mindful in this very difficult period of the importance of the construction industry. It is one of the best conduits for getting money into the economy. This is something that this Assembly really can do in order to support people in work and support the economy. Stimulating growth in the local economy does require investment and this Budget proposes investment in the capital programme of the next 3 years of £222 million. We are seeking in this Budget approval specifically for projects in 2013 amounting to £56 million. This will all mean that we will have a very significant capital spend over the next 12 months in our infrastructure, in Education, Housing, Health and Social Services. The F.P.P. advice has recommended investment in capital expenditure that has economic value in its own right but can also meet the 3Ts. Quite apart from this new £56 million, of course it is our determination to ensure that all the previous allocated money for capital projects, such as the police station, and the additional money that has been put in housing is spent over the next 12 months. But the new money will deliver, of course, meaningful benefit and meaningful improvement to a number of people's lives. £7.7 million for Education and included in that, of course, is going to be the new money for St. Martin's school. £10.6 million for Health and Social Services for upgrading the main operating theatres and £1.7 million for the upgrade of the Limes Residential Nursing Home, £4 million for the new facilities in adult care homes and £2 million for children's homes. Transport and Technical Services will be allocated around £11.7 million to fund the department's continuing programme of updating and enhancing the drainage network and other essential infrastructure. This is, of course, over and above the investment that is already built within their revenue expenditure. £1.5 million is being allocated to the Chief Minister's Department to improve their investment in the Government website, enabling more people to do more online such as the boring things like paying their bills more easily. Other capital proposals totalling £3.8 million will be the replacement of assets that are so important in providing public services. Finally, £18.8 million, an additional £18.8 million made in the social housing programme over and above that £27 million which we agreed earlier this year. Looking to the future, we are now looking at a much longer capital programming. The Council of Ministers will welcome the involvement of many States Members in the development of what is going to be the Island's first long-term capital programme. We accept, of course, long-term capital programmes need funding and work is currently underway on reviewing and evaluating a wide range of funding options to fund that future

investment in infrastructure over the next 25 years. I am determined that we really do look ahead in a way that we have never done before, especially in the light of the need to find the investment required for the new hospital, and more money for social housing and the investment that is required for managing waste water in a way we can continue to deliver some of the higher standards in terms of waste water management in any small Island economy. Investments in infrastructure benefit future generations as well as our own. I understand the importance of capital expenditure in the economy in all sorts of ways and over the next few weeks we will be setting out a very clear programme of when decisions will be made and how, and yes we will be looking at bringing forward potentially borrowing requirements for the new hospital, which will mean that this Assembly will be able to make a lasting improvement in infrastructure, just like some of our predecessors do. But in no way will that undermine our net position of our strong public finances. The shift towards long-term planning, of course one of the many ways I hope that Treasury is improving financial management in the States. At the start of this year we saw companies being able to file their annual tax returns online and this work was part of our preparation needed to enable individual taxpayers to fund, I hope, personal returns online in the future. Throughout 2012 investigating officers have been busy focusing on high risk cases. We are recovering more tax on income that taxpayers have previously failed to declare. I can report to the Assembly that on average each of those new collection officers, which this Assembly gave resources in previous budgets for, now gather an extra £250,000 a year of previously undeclared tax. So the Treasury has made progress also on efficiently dealing with requests under our many tax information exchange agreements that we have signed. Over the last year we have signed many T.I.E.A.s (Tax Information Exchange Agreements) and a number of double taxation agreements, particularly with Hong Kong, China, Qatar and Singapore. Like the Chief Minister, I am confident that we will be able to find a solution to these issues that are currently being debated, some accurately, some not, in some places in relation to F.A.T.C.A. Jersey has always adapted to changes in global standards and I am confident, like the Chief Minister, that we will find solutions in relation to this recently evolving issue. In a moment I will set out the specific measures of the 2103 Budget but it is perhaps a good time at this point to pause and remind Members of some facts about the Island's taxpayers. The bottom 40 per cent of taxpayers contribute only 2 per cent of the income tax revenues as compared to those on low incomes who are protected from their entitlement to exemptions. The top 20 per cent of earners pay 70 per cent of all income tax. These are important figures that we have reported in questions over the last year and I hope that they have given some comfort to Members of just how effective our tax rates and our tax measures are in terms of protecting the low paid but also collecting higher rates of tax from higher earners. We have a system which means that those who earn more, pay more and those who are on low incomes are protected through exemptions. This year's budget focuses on sustaining our current system of taxation, tightening compliance and reducing tax avoidance while doing all we can to stimulate growth and create jobs. We are proposing a number of administrative changes, including changes in exemptions for non-residents, benefits in kind for directors and the penalty regime for non-resident landlords. These changes seek to clarify how the law works to enable revenues to be collected when they are due. Previously this Assembly agreed to withdraw deemed distribution which was a requirement that dealt with the compliance of the EU code of conduct group. The Treasury at the time said that we would need to continue to protect revenue by introducing new targeted anti-avoidance measures to ensure that everybody that paid the tax that was due did so. Introduced from 1st January 2013, new distribution rules were designed to prevent Jersey residents from avoiding Jersey tax through the use of Jersey companies. The measures that we are proposing will ensure that when taxpayers extract income profits from a company by whatever means those income profits are subject to income tax. However, unlike the deemed distribution arrangements, if a company reinvests its profits to grow its business neither the company nor the shareholder will be taxed. The calculation included in the distribution rules are based on the taxable profits reported by

the company. Therefore, anything which is not taxable by the company, such as capital gains, is not taken into account. Putting in place anti-avoidance measures is difficult and we consulted on the rules only when the budget was announced. If we would have done so previously we would have flagged up planning opportunities for taxpayers. So immediately after lodging the Budget we met with local tax advisers to discuss the original proposals that were lodged before the Assembly.

[12:45]

The feedback we received was that the rules that we were proposing appeared robust and achieved the objective of avoiding and preventing avoidance. However, some concerns were raised, particularly regarding the complexity of the law, which I completely understand. The new arrangements are more complex than the simpler deemed distribution arrangements. However, we have listened to the feedback. A concern was raised that the rules could discourage investment by shareholders into local trading companies. This was never the intention. So to address this we have presented amendments which have excluded commercial loans to trading companies from the scope of the rules so as not to hinder business activity. A second change is the introduction of a simplified basis of taxation which will be available to all taxpayers by choice. The simplified rules mean that all distributions would be taxable, removing the need to complete the complex calculations. The expectation is that measures will prove popular by those taxpayers with simple tax affairs, such as small trading companies where the amount of tax payable is unlikely to be different if they completed the more complicated calculations than the simplified basis. The Taxes Office will continue to monitor attempts to avoid paying tax and, where appropriate, the Comptroller will of course use his general anti-avoidance rule. Other anti-avoidance measures are proposed to ensure individuals employed through personal services companies pay tax on their income in the same way as an employee would. I hope that Members welcome these proposals. All of these proposals are being introduced to strengthen the general anti-avoidance rule and make it clearer to taxpayers about how and when these rules are applied.

The Bailiff:

Minister, I am sorry to interrupt, how much longer are you likely to be? It is 12.45 p.m. now. Do you want to continue after lunch?

Senator P.F.C. Ozouf:

I suggest that I continue after lunch.

The Bailiff:

So the Assembly will adjourn. Can I remind Members that the soup kitchen is in the Royal Square in aid of the shelter, a very worthwhile cause and hopefully we will see Members out there. The Assembly will reconvene at 2.15 p.m.

[12:47]

LUNCHEON ADJOURNMENT

[14:16]

Senator P.F.C. Ozouf:

Moving to income tax measures, it is proposed that the Budget increases income tax exemptions in line with inflation. At 3 per cent this benefit is designed to add more than £3 million to the pockets of those on an exemption system of tax. Protecting income households on lower incomes will reduce the number of the people subject to income tax also. Income tax allowances will be maintained at current levels and also with regard to age-related income tax threshold, Members will know that the age at which higher income tax thresholds apply will remain at 63 in 2013 but, as

already announced, with effect from the assessment year of 2014 the age for higher thresholds will be increased to 65 and thereafter in line with the stage increase in the state pension age. However, I would also remind Members that this will not be retrospective and that those who are already entitled in the next year to the higher relief in 2013 will continue to get the age-related increase in exemption limits. Last year a commitment was made also to review the opportunities to go further with 20 Means 20 for those on higher incomes. As a result the Budget proposes to withdraw income tax relief on life assurance premiums for higher earners. This measure is designed to raise an additional £500,000. Members will be of course relieved to know that this year's Budget does not make any proposal to the changes to G.S.T. and I am relieved that this is one budget debate where we are not having any debates in relation to exemptions. Perhaps it was the "pasty-gate" debate in another part of the British Isles that has taught Members of the good approach that a simple low rate of G.S.T. has its advantages. There are 2 minor amendments in relation to G.S.T. which are designed to deal with some anomalies in the current system. Relief for bad debts has been clarified to support the current practice and share transfers of domestic property are being brought into line with other types of property sales. These are simple clarifications and generate no changes to the amount of tax that we expect to collect. The Budget also proposes an extension of the relief on stamp duty for first time buyers from £400,000 to £450,000, which was announced in last year's Budget. It was designed to encourage first-time buyers and, to some extent, to provide stimulation to the housing market. As we have heard from the Minister for Housing, we have also today lodged a report and proposition seeking approval to the establishment of a deposit loan scheme. I will not repeat all of the good remarks that the Minister made. Of course we are doing a great deal for homeownership in a number of areas of States policy, we are delivering more social rented housing and the Minister and I, and the rest of the Council of Ministers, are determined to do all we can to support the dreams of homeownership for as many Islanders as we can. I believe that the measure which is funded from the Dwelling-Houses Loan Fund will assist. Turning to financial services, to help our banking deposit business we are proposing to reintroduce the £100,000 cap on probate duty. This is designed to ensure that Jersey is not at a competitive disadvantage when trying to attract deposits from outside of the Island. As some Members will recall, this was originally removed in 2005 and while our banking business has remained strong evidence has come light that a number of hundreds of millions of pounds that might have been deposited in Jersey or invested here have gone elsewhere. This measure is designed to bring us in line back with our immediate neighbours and competitors. So I hope in the last year that we have done more to consult and listen and that is something we will continue to do in the next 12 months, particularly when we try and improve various further aspects to our tax system. We have, in conjunction with the budget, issued 2 consultation papers. Last year we renewed and we made various changes to the international service entities regime, which operate as a very important part of the G.S.T. system. Members could rightly perhaps call it the G.S.T. for financial services. We learnt from that consultation that while businesses were generally happy with the regime, trust companies considered that some of the ways in which the regime applied to them could be improved. As a result of that feedback a commitment was made last year to look at the ways to improve the fairness and the transparency of the fees charged to trust companies and their clients. A Green Paper was published on the same day as the Budget, which is designed to achieve ways of achieving just that. Depending on the feedback from this paper we will make changes in next year's budget. Since the budget debate we have also issued a detailed consultation paper on the issue of non-finance, non-financial services companies. I recognise that this has been very difficult for Members, I hope, though, as a result of the papers issued there is now a greater understanding of the real challenges of non-finance, non-locally owned businesses. I also note with interest that there is now a proposal in Guernsey to extend their 10 per cent rule pretty well to the same extent of the 10 per cent that this Assembly passed a number of years ago. I do appreciate that there is a continuing need to look at this issue and we will also over the next 12 months consult on how we can get better information

on all companies that provide, and are required under company law, accounts on their profits. We need to provide information for ourselves in order to examine policy in the longer term. We need sufficient information to make appropriate choices when settling tax policy. The White Paper that we have issued on collecting information proposes a way to improve the way we collect information from companies but without creating undue additional administrative burdens for companies and indeed for the States. A summary of the responses received will be published after the consultation period ends in January, I encourage as many companies to respond to that consultation and we will be putting changes as a result of that consultation next year. Duties have, I understand, become almost the dominant issue of this Budget debate. I made it clear that we would not be making any dramatic changes to taxes, that we would be introducing no new taxes but we would be looking at duty increases. Changes to impôt duty, when the Budget was originally lodged, were a 10 per cent increase on spirit and wines; that is £1 on a bottle of spirits, 12.5p on a bottle of wine. Not 10 per cent for all alcohol, we proposed a reduced amount on strong beer and cider equivalent to 3.8p on a pint, and we proposed 4.8 per cent increase in duty on the more widespread, as I understand it, what is called the working man's pint, which was equivalent to 1.6p, if one rounds it properly. I have been calling it 2p but it is 1.6p on a pint of beer. We proposed the 10 per cent increase on tobacco products which was the equivalent of 38p for a packet of 20 cigarettes, and we originally proposed 6.9 per cent increase on duty on all fuels, which was equivalent to 3p. That in itself was a reduction of the original proposal that was taken to the Council of Ministers of 5p and I would remind Members on the duty freeze that was put through last year. We propose 5 per cent on vehicle emission duties, which mean that an increase of between £1 and £66 per car depending on the level of CO2 emissions. These measures were designed to raise £1.4 million from alcohol duties, 1.2 million from tobacco duties, £1.4 million from fuel duties and £50,000 from the V.E.D. (Vehicle Emissions Duty) tax. Taken together they were designed to achieve revenue increases of £4.1 million. This was to fund some of the important additional services that we put through in the M.T.F.P. (Medium-Term Financial Plan) and were recurring revenue. As explained, our practice in recent years, all of those duty increase were to come into force at midnight on 31st December. These duty increases would have, as I have said, gone to some extent to fund the planned growth, the recurring growth in Health and Social Services. I recognise that since the Budget was originally announced there has been quite a lot of debate on the increases on duty, particularly on fuel and alcohol. When taxes and duties are removed from the selling price of a number of duty products, it is apparent that there are some real questions that needed to be asked. Alcohol prices in Jersey continue to be high compared to the U.K. An example, a litre of whiskey excluding duty and G.S.T. in Jersey is typically £7.64. That is dramatically higher than the equivalent in the United Kingdom. A pint of beer is typically £2.92 compared to an average of £2.42 in the U.K. when removing duty and tax. In deciding the rates of duty increases I am almost a partner of other members of the Council of Ministers and I have to particularly listen to the representations from the Minister for Health and Social Services, the Minister for Home Affairs and, of course, I need to hear from the Minister for Economic Development and the views of the industry. It is apparent that there is conflicting views in relation to duty. From the health perspective we hear from the Chief Medical Officer of Health, she says by every available measure the extent of alcohol consumption in Jersey is, she says, wreaking damage on our Island society, on health and our economy. The Health Department explained that alcohol is responsible for a massive cost to the taxpayer, including in relation to healthcare but in other areas too, such as policing, social security sickness payments, costs of probation, *et cetera*. The rise in alcohol duty proposed I believe is low compared to the real costs that this Island attributes and indeed the total amount of duty that we raise from alcohol does not match the cost of alcohol to society. On balance, that is the reason why the Council of Ministers backed the proposal for duty increases and we remain of the view, the majority view, that that was the right thing to do. The increases proposed on alcohol for anybody who is a, by any stretch of the imagination, sensible

drinker will have little impact, I would argue, from the increases in duty. I also do not believe that it will have a detrimental effect to the tourism industry, but I recognise that there is a debate to be had on that. I do not think that the increase that we are proposing on the working man's pint is going to be of a detriment to whether or not it is a town hostelry or a country one. In relation to duty on fuel, I have noted and understood the comments and the concern of a number of Members. As a result of that I have this morning proposed, after consulting Ministerial colleagues, an amendment to the Budget statement which will reduce the increase of fuel duty to 1p per litre and this represents an increase of 2.3 per cent instead of the original proposal of 6.9 per cent.

[14:30]

The financial implications of this amendment are that the increased fuel revenue which was originally, as I mentioned, estimated to be £1.4 million will be reduced to £479,000. To compensate for that to some extent, I am proposing a higher increase in tobacco duty. It was proposed to increase tobacco duty by 10 per cent and I now propose to increase it by 13.2 per cent with the leave of the Assembly. This will mean that instead of the increase as I have previously mentioned, the increase on duty on a packet of 20 will rise to 50p. The financial implications of these are that of the £1.2 million on tobacco we will increase tobacco revenue by £1.6 million. The overall effect of the revised proposals will be to decrease the amount of revenue that the Treasury expects by 560. By reducing the proposed level of fuel and increasing the duty on cigarettes we can stay close, not as close as I would like but reasonably close to the funding proposals which are contained within the M.T.F.P. Because of the M.T.F.P. spending limits will now come into force on 1st January 2013. It is important that we remember that both Budget measures and spending are presented on the basis that the C.S.R. savings will be met. We have spoken a lot in debates about the importance of 3-year planning. This will provide unprecedented amounts of flexibility, certainty and it will reduce the administrative burden across the States, quite apart from third sector organisation. But it does not mean that we can be complacent. A huge amount of progress has been made on delivering savings and I want to repeat the thanks that I gave in the M.T.F.P. debate to all the hard work of all departments, Ministers and everybody that has worked so hard to deliver the C.S.R. Increasing efficiency in tax administration, doing things like T.T.S. have done in plant nurseries, reducing fraud in Social Security, better procurement of areas such as insurance, including improvements in the efficiency of the way that we run States housing. These are just a few examples but there is more efficiency that is going to need to be done. We need to review how we are going to find more savings in 2014 and 2015, delivering underspends that will give this Assembly the flexibility that a number of Members spoke of during the M.T.F.P. debate. In the last 12 months we have done a lot also to modernise tax administration and we have improved collection as part of our overall process of change. We have kept tax levels the same and provided extra support to Islanders through increased personal exemptions. We have allocated significant funding to stimulate the economy and creating jobs for investment in infrastructure, education, training and healthcare. This is a budget that supports the long-term aims that this Assembly signed up to, both in the Strategic Plan and the M.T.F.P., and it is importantly in line with the recommendations of the Fiscal Policy Panel. Jersey is in a unique position to be able to achieve this level of economic stimulus and investment while maintaining our reserve. Some budgets I fully accept have attracted hundreds, perhaps a number of hundreds of people to the Royal Square. Perhaps we are lucky that this Budget does not do so, but it is an important budget. It is an important budget because it builds on strong financial foundations, laid, as I have said earlier, by our predecessors, laid by sensible decisions of this Assembly. It provides the next vital step towards securing Jersey's future economic prosperity. It does provide stability, certainty and growth and I commend the Budget to the Assembly and look forward to a good debate.

[Approbation]

The Bailiff:

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

9.2 Draft Budget Statement 2013 (P.102/2012): third amendment (P.102/2012 Amd. (3))

The Bailiff:

Very well, there are 3 amendments which the Assembly needs to debate. The first one is lodged by the Connétable of St. Helier, that is the third amendment, and I will ask the Greffier to read the amendment.

The Deputy Greffier of the States:

After the words “as set out in the Budget Statement” insert the words “except that the estimate of income from taxation during 2013 shall be decreased by £1,024,000 by limiting the proposed duty increases on alcohol to 2.5 per cent for all classes of alcohol.”

Senator L.J. Farnham:

I wonder if I may just, not declare an interest as such, as ruled by yourself, Sir, I do not have a direct and pecuniary interest but as Members will know I am a director of a hospitality and leisure business so I think, while without declaring an interest, I will withdraw from the debate on the amendment.

The Bailiff:

It is a matter for you, Senator. It is not a matter where you have to withdraw but it is a matter for you.

9.2.1 The Connétable of St. Helier:

When I read the proposals for impôt in the Budget I must say that I was shocked by the magnitude of the increase proposed for alcohol. I consulted a States Member who is longer in the tooth than I am - and that was not easy to find - how I should go about amending it because I was not quite sure which index to use. So I went to Senator Breckon who, from his previous work with the Jersey Consumer Council, knows a lot about cost of living increases and inflation. It was Senator Breckon who reminded me - and I suppose I had also forgotten it, perhaps in common with other Members - that for a long time the States adopted 2.5 per cent as the maximum increase that they would impose on taxes. In fact I am grateful to the Minister for Treasury and Resources in his opening speech because he reminded us of those former politicians, whether it was Treasury and Resources or F. and E. (Finance and Economics) before it who steered the Island finances and who, in most instances I think, were very serious about the scourge of inflation on the community and did all they could to fight it. So perhaps it is a bit disappointing to find in the current Minister for Treasury and Resources' comments that the effect of his proposals is negligible when it comes to inflation. I also noticed in his opening speech that he appears to be able to find funds for things that are judged important, and quite rightly. The Innovation Fund, for example, they will find £10 million for but they cannot forego the £1 million that it would take to reduce the burden that is, I believe, implicit in this increase in alcohol duty. But perhaps first of all a question, if I can head this one off at the pass, why should the Connétable of the Parish that manifestly bears the brunt of the burden of alcohol abuse be bringing forward this amendment? I suppose one answer is that it is true that St. Helier has by far and away the majority of licensed premises, that is presumably why I get to sit on the Licensing Bench for hours after my colleagues have left to do other things, because there are so many applications every quarter that relate to the Parish that I am the father of. But it also reflects, I think, the fact that I have a pretty good knowledge of licensed premises in my Parish. I would not describe myself as a bar fly by any stretch of the imagination but I do certainly make it my business to go into them and... perhaps I should be declaring an interest at this stage. I feel I know a lot of landlords and landladies and quite a few regulars pretty well. I do not believe that it

is irresponsible at all for me to be bringing this proposal forward. Please note, through the Chair, Members, that I am not proposing a freeze on alcohol duty, I am suggesting that we should stick to that 2.5 per cent increase that for many years, as I say, the States regarded as a way of combating inflation. I suppose the other charge of irresponsibility will come from the health and crime lobbies and those are addressed in the comments by the Council of Ministers. I am going to come on to those in a minute. But just to finish really dealing with the Minister for Treasury and Resources fairly brief comments on my proposition, he does, as I say, suggest that the effect on inflation is negligible and he also suggests that it will have very little effect on people who enjoy a glass of alcohol. I am not sure I agree with him about that given the size of these increases. He talks about margins and that will be another argument that will be used against this amendment. It is always possible to point to the structural differences, whether it is alcohol or petrol or cigarettes, that exist between the Channel Islands and the mainland. I am not going to get into an economic battle over that. But what I am aware of is that the price of doing business for the many licensed premises that I have already referred to is going up and up. Not only do they have to contend with the rise in duty but they of course are also being hit by the cost of living increases on their staff, by increases in their premises costs, transport costs and so on. So there are huge burdens on the licensed industry even before you take into account the proposals for duty. Minimum pricing is referred to as well in the Minister for Treasury and Resources comments, and I think it is important that we are aware - and I am sure Members have noticed in the press - that there is a great deal of work being done both in Scotland and in England and Wales on minimum pricing because binge drinking is, and we all agree about this, a scourge of our communities. It is of enormous concern. I looked at some recent discussion in the U.K. about this, and what I noticed is that the U.K. is looking very carefully at minimum pricing. It is avoiding knee-jerk reactions to the problem. It is not bringing in minimum pricing straight away but it is consulting the industry over it. At the end of the Minister for Treasury and Resources' comments he says: "At the present time it is too early to make any definite decisions regarding minimum unit pricing." I would argue and I would go on from that comment, that it is too early to implement such a massive rise in alcohol duty before more work has been done. The key unfairness which I will return to later but I am going to mention it now, is of course that these proposals will unfairly hit the licensed premises that I have already referred to but not the off-licences. On-licences, in other words, restaurants, pubs and clubs will feel the full force of this because they are unable to discount the alcohol that they sell, whereas off-licences - and one thinks primarily of the supermarkets - are able to put the crates of lager in their front windows and provide all kinds of loss leading ways of getting the customers into the door to stock up on the alcohol. That is, of course, before we go anywhere near the duty free industry. So it is very easy for off-licences to cope with this increase, it is much more difficult for the licensed premises to do so. I am grateful to the Scrutiny Panel for their comments which have now come in, the Corporate Services Scrutiny Panel, who have taken a long hard look at the budget and their analysis and their scrutiny of impôt is on page 6 and 7 of their comments. I think some of the responses they got are very interesting. They certainly suggest to me that revenue raising is at the top of the agenda here. This is all about how we can get that money. When the Scrutiny Panel, for example, pointed out that the take from impôt was less than expected last year they were told that the budget in 2012 was predicated on higher levels of activity in the Island. In other words, by that measure less alcohol was being sold as far as this amendment goes, but at the same time, another quote: "We are maintaining the value of the revenue that we are getting." I suppose that will be true if you put the price high enough. The Scrutiny Panel went on to talk about the law of diminishing returns and there clearly is going to become a point, I am sure we have not got to it yet, if you keep on putting up the price of alcohol on whatever grounds you choose then you are going to get less and less take from it. The major comments on the amendment come from the Council of Ministers and they comprise a comment from the Medical Officer of Health and from the Police Chief. They are slightly odd, these comments, in that they are just 2 quotations. My first comment

when I saw them was: “Where is the science? Where is the analysis? Where is the evidence?” because while we are all used to these kind of figures about how much is being drunk in Jersey and why we are at the top of this league table and the top of that league table, I would suggest that a very obvious question needs to be asked, where do people buy this alcohol that is being talked about it. Did they buy it in licensed premises or did they buy it in off-licences as cheaply as they could?

[14:45]

According to one of the authorities I was reading about in the U.K., alcohol abuse is not a minority problem, we are talking about a quarter of those who drink, according to one of the British Medical Association reports, drink excessively. So it is not a small minority but clearly what I want to know from the Health Department is where is this alcohol being sourced because certainly in my perambulations around St. Helier’s licensed premises I do not see a quarter of the people in those places abusing alcohol. Most of the time I see people who are socialising and for whom going to the pub, going to a restaurant is an important part of their social life. I would like to see more science here. The Medical Officer of Health says towards the end of her comment: “Those who enjoy sensible drinking within the recommended limits will feel little impact from the proposed increase in duty.” I disagree with that. I think when you are talking about a 10 per cent increase as you are for the wine here, that is a considerable increase and I think it may be suggests how out of touch the States can be when they say that people simply will not notice that. Again, the Police Chief supports the increases, although again quite revealingly he says in his second paragraph that we are successfully driving down levels of night-time violence through high visibility initiative and closer working with the licensing trade. I think that is very interesting, it is very positive that the police are working with licensees and the Constables particularly will know, because they are responsible for this part of policing, how important correct behaviour, correct training is in licensed premises. It is in a licensed premise after all where you are going to be served by somebody who knows how much you have to drink, who knows how much is good for you and may well refuse to serve you if you try and drink too much. I have lost count of the number of times - this must make me sound like I am always in the pub - I have often seen landlords and bar staff refusing to serve people simply because they believe that the person has had enough to drink. That control that the Police Chief is alluding to happens at the moment in licensed premises. It does not happen when you are forced to get your alcohol from the supermarket or to get your friends to buy it and you sit at home - I think it is called pre-loading - never done it myself... I may have just been corrected there. I thought the phrase was pre-loading.

Deputy J.A. Martin:

It is frontloading.

The Connétable of St. Helier:

Frontloading, yes, that does sound like a washing machine. But it is at home when one has the duty free or one has the special deal from the supermarket, that is, I believe, where the abuse... I am not a scientist, I cannot say, I would like to have a bit more science here about where the damage is being done but I am not convinced it is being done on licensed premises and they are the places, as I say, that are going to bear the brunt of this increase if it is not challenged. There is one word missing in the Council of Ministers’ comments and I was genuinely surprised not to see it, particularly given that it is a very important word for politicians. The word “education” does not appear anywhere in these comments and surely if we want to tackle alcohol abuse as an Island then we have to stress education. We have to educate people about the dangers, what they are doing to their livers, what they are doing to other parts of their body, what they are doing to their families by drinking too much, and surely if the Council of Ministers is serious about tackling alcohol abuse

they should be working together with the Minister for Education, Sport and Culture and we should be seeing his comments in this report here. What is Education doing to tackle the abuse of alcohol? Is simply putting up the price the way to tackle it? I want to turn finally to a letter that has been circulated by the Jersey Hospitality Association, I am very grateful for it, and it has only appeared today so if Members have not seen it I would recommend that they look in their pigeonholes. It is not a knee-jerk reaction. It is not a hysterical one. It is a considered, concise and, I think, important contribution to this particular debate. I do not agree with the first paragraph because they say that the increases are not extortionate. I think they are. But apart from that I agree with the letter completely. States Members are urged by the hospitality industry to demonstrate “tangible support for our industry.” It is very easy to say the right things and to say how much we all support tourism and the hospitality sector in particular but here is a way to offer tangible support by not effectively increasing, in the worst case, 4 times what the States for many years considered to be the maximum increase in a commodity that is important for the hospitality industry. The Association goes on, and they say it much better than I have done, they say it in 3 lines, that: “Raising alcohol duty will not tackle the underlying issue of alcohol consumption. In fact, as the gap grows between the on- and off-licence sector it simply encourages people to move away from the regulated environment of licensed premises and drink cheaper off-licence alcohol at home” or frontloading as we now know it is called. Their penultimate paragraph, and this is something I really had not thought of until I read their letter and I am very grateful for it, they say: “Recently the importance of tourism to our society has been highlighted when faced with rising unemployment collectively and diligently businesses large and small have rallied to assist by encouraging and accommodating more locally qualified people to seek gainful employment in the sector, a policy which will continue until it is entwined in our culture provided the industry is appropriately supported at times like these.” Of course what they are referring to here, it has been quite staggering, I think, we have seen many hospitality related businesses, even in a recession, developing and investing in their premises. Recently we have seen - and I will not mention the names - a number of very large concerns taking a huge financial risk in the current climate, investing in new hospitality businesses and they have gone out of their way to recruit local people rather than bringing in immigrants to staff them. What they are saying here to the States is it is payback time. “We have listened to you, we have provided the jobs, we have promoted local people in these new businesses. What tangible support is the States of Jersey going to give for the hospitality industry?” I think that is a very good question and I leave it with Members to consider. If I could finally quote something said by the Chief Minister only today in his statement about wages, not an unimportant point when you consider the difficulty of running these businesses in the current climate, he referred to a backdrop of continuing economic uncertainty. I would urge Members, in a backdrop of continuing economic uncertainty, not to support what is, in effect, up to a 10 per cent increase in a commodity used sensibly and responsibly by three-quarters of our population. I propose the amendment.

The Bailiff:

Is the amendment seconded? **[Seconded]** The Connétable of St. Martin.

9.2.2 Connétable M.P.S. Le Troquer of St. Martin:

I rise to oppose the amendment put forward by my colleague the Connétable of St. Helier. I can fully understand his proposition and although I believe it is well-intentioned I believe it is a little bit misguided. He is concerned at the pressure it puts on the licensed premises, most of which are in his Parish, as we have heard, and in that case he has the problems to encounter. Please, Members, please do not think I am anti-drinking, lemonade and orange only, that is not the case. At home I have a bag of wine corks; most of those corks are from bottles I have consumed myself over the past 15 to 20 years. In fact it is not a bag any more, it is a couple of sacks; probably the bark of a

whole tree. I spent my entire police career in uniform. The majority of which was out on the streets dealing with day-to-day effects of intoxicating liquor. I was involved in the initial set up of the States Police Licensing Unit with the late Roly Jones, and worked on that unit for about 4 years, working mainly night duties. I have seen the results of excess drinking at the front end; fights, serious assaults, stabbings, glassings, the hospital on a Friday night, the cells on a Saturday and Sunday morning. Much of my work at the daytime meetings that accompanied that role with the Licensing Unit was meeting with representatives of the licensing trade, the tired managers of the large companies, the then managers of all the pubs and clubs in town. I knew them all. Some are still there, some have moved on. They were all then, as they are now, working their hardest for their parent companies and I respect them for that. We, on the other hand, were working to keep the streets violence free so that the town residents could sleep at night, so that they could wake up without vomit on their pavements or urine on their doorsteps and that they could go to work in the morning and not find the front window of their shop smashed, so they could drive home with friends in the evening and not be hit by a drunken driver. Now, it is some time since I have left the unit and indeed some time since I left the force, however we all know now that alcohol remains as both a pleasure and a burden to our society. By chance I had occasion to travel into town on Friday evening with 6 friends after a charity presentation event in St. Martin. I had a very pleasant evening. We visited a busy bar first and had a couple of drinks and then moved to a restaurant, we could not eat until 9.00 p.m. because the restaurant was full and nearly everybody consuming vast amounts of alcohol in the place when we got there. Went to the bar for another drink before returning to the first bar by which time I was starting to skip a round - and by that I mean skipping a round of drinks. Then was the suggestion of a nightclub so off we went. Way past my bedtime. Queuing with the punters to get into a nightclub, and entering a club - they used to be called discos in my time - the club was full with 100-plus people waiting at the door, standing to get in. Doormen on the doors, as they had been on the doors of the pub, and also a doorman on that restaurant. The drinking inside was heavy and considerable. I did not see any violence but I am sure I saw people harming their bodies. I have no doubt whatsoever that people were harming themselves. I suppose I had because I had probably consumed 8 units, and looking on the Council's amendment today it clearly states 8 units is a hazardous level. This was a one-off. What I saw was drinking like I used to see drinking back in my police days; heavy drinking by young and not so young people. What I did not see were patrons in the club saying to themselves: "Hang on a minute, I am probably going to be paying more tax soon, maybe next month, so I had better quit in these hard economic times." The Constable of St. Helier says that the consumption of alcohol can be far better controlled than home consumption. If what I saw on Friday night was controlled drinking then I would hate to see what sort of uncontrolled drinking goes on at home. Of course they do not run out of drink in a club or a bar as you might do at home. As Members we received communications today from the Campaign for Real Ale Group and also from the Jersey Hospitality Association, both of these at the very last minute suggesting that the Minister for Treasury and Resources has an £18 million hole to fill, that hitting middle Jersey will drive a shifting consumption from the responsible supervised environment of the pub to buying alcohol in supermarkets for consumption at home. I fear it will not. An even later letter, as I say, from the Hospitality Group with the same story. If my experience of Friday night was seeing consumption in a responsible supervised environment, then heaven help home drinkers. Alcohol costs this Island very much, the cost of health, ambulances, the hospital, the casualty department, the beds being used up at the hospital every weekend, the work of the staff, injuries because of fights. The long-term health of livers, throats, obesity, depression, alcoholism and A.I.D.S (Acquired Immune Deficiency Syndrome); the cost of policing, the policing on our streets, the cost of policing the courts and of maintaining the prison; and the social cost to family life, domestic violence, families split with children. The issue of cheaper drink at supermarkets has been addressed by the former Solicitor General and the Licensing Assembly under the former Bailiff. This is a separate issue and

one in which the Constable of St. Helier is correct but by trying to get a closer playing field to counter the supermarket price will not help the problems that exist in Jersey. We must, however, not use any increase, if approved today, of the proposed Budget just to put it in the pot. Let us get on with a new licensing law, let us get that into place. I remind Members that drink is not an essential item in our day-to-day life. Petrol is and we know we are going to be discussing that a little bit later on this afternoon.

[15:00]

I thank the Minister for the presentation that he gave to States Members earlier this week on today's Budget. We talk about petrol which brings me back to Friday night's outing and leaving the town and having to queue and being marshalled to get into a taxi and making my way home with colleagues back up to St. Martin only to find myself at my front doorstep without my front door keys, which were back at the Public Hall with my car and my wife was in England. **[Laughter]** That is why I was out. Yet another wall. There is a problem with the supermarket but it does not mean we should to make it even easier in bringing the prices downwards. We must stop talking about educating people and see results from education. I would like to see a major culture change in drinking in this Island. Finally, I cannot support the Constable of St. Helier's proposal but would urge the Minister, together with the Ministers for Economic Development and Home Affairs to get on with the review of the Licensing (Jersey) Law 1974 as a matter of urgency.

9.2.3 The Connétable of St. Peter:

I rise on behalf of the Minister for Health and Social Services to draw the Assembly's attention to some simple facts about alcohol and the impact that it has on our population's health and on our health services. There is much more evidence in Jersey that alcohol causes harm to the health of Islanders rather than its price harming our economy generally or the licence trade specifically. Alcohol related mortality and morbidity statistics are alarming when compared with our U.K. neighbours. Escalating alcohol price is but one tool and an important tool in the armoury against harmful levels of alcohol consumption and its impact which costs our Island dear. By every available measure, the extent of alcohol consumption in Jersey is wreaking damage on our Island society, our health and our economy. We have the highest alcohol consumption per capita compared with the U.K. and European neighbours. Our death rate for conditions caused by alcohol consumption is twice as high as the rate in England. Our rate of admissions to hospital for alcohol-related conditions is second only to that in the north east region of England. A high proportion... and I am pleased to follow the Constable of St. Martin, given his first-hand experience of these things, but a high proportion of crime in the Island, including domestic violence which he did not see on the streets but happens behind closed doors, is linked with excessive alcohol consumption. The Jersey Annual Social Survey tells us that of the Jersey adults who drink alcohol, one in 4 reports doing so at the hazardous level. That is over 8 units of alcohol daily for men, 6 units per day for women. These self-reports are probably underestimated partly because of the lack of understanding about how much constitutes a unit in these days of higher strength beers and wines and larger glasses of the wines. Alcohol is an addictive drug and a major cause of ill health and social distress. Alcohol is a major contributory factor in deaths from liver disease, cancers and heart disease. Its misuse places families under stress, contributes to unemployment and homelessness and affects the wider community in terms of violence, disorder and accidents. The proposed rise in alcohol duty is low and I will stress this alcohol duty by picking up a letter which the Connétable of St. Helier mentioned from the Jersey Hospitality Association. The first paragraph comments about the rise in the cost of wines and beer, not just the duty element of it so the actual increases are much less. It is only on the duty which is the component part of the overall cost. The proposed duty on alcohol duty is low when compared with the real costs to the Island that can be attributed to alcohol consumption. Alcohol is responsible for massive costs to the

taxpayer of Jersey such as health care, policing, social security, sickness payments, prison, probation, *et cetera*. We make no apologies for this measure to make this harmful substance less affordable. Alcohol consumption has decreased in recent years but there is still a long way to go. There is good evidence that taxation and pricing have had an impact on reducing levels of alcohol consumption and misuse. Increasing the price of alcohol, as well as reducing its availability, are the most effective measures to receive reductions in alcohol consumption, particularly in the young and those who drink the most heavily. Those who do enjoy sensible drinking within the recommended limits will feel little impact from the proposed increases in duty. I did ask my colleague behind me, the Assistant Minister for Treasury and Resources, for the actual figures per bottle and I think it was something like 70p on a bottle of wine. I cannot recall them now. I am sure he will come back to that and give us those figures a little bit later if he speaks. While there are economic benefits associated with our alcohol industry, the financial cost to society of alcohol misuse is substantial. They will involve health, welfare and criminal justice services costs as well as the financial implications of unemployment, accidents, antisocial behaviour, absenteeism and lost productivity. In closing or coming towards the close, I would like to share some harsh facts of death with Members of the Assembly. Health and Social Services figures show there are approximately 17 alcohol-specific deaths per year. That adds up to over 300 years of life lost by those deaths, on average, 19 years of life lost per person due to the direct consumption of excessive amounts of alcohol. The cost to Health and Social Services per year is in the region of £2 million and uses up over 600 bed days in our hospital. If the proposed rise in duty on alcohol saves only one of those 17 lives and gives that person an additional 19 years of life, then I must not support this amendment. Before I close, I would like to draw a couple of examples to the Assembly. Over this weekend, I went on to the internet to look at some local retailers to look at what offers they had available and I will not tell you who that one is. They do have a supermarket in the Parish of St. Peter and if I can point out one of them, one of their big deals is “premium pack of 15 lagers, £10” and this is available between 14th November to 4th January. Well, 3 bottles of wine for £10. Another retailer which is in my Parish as well and other Parishes, of course, you can have 6 bottles of wine. They come to £3.70 each; £3.70 is less than a Big Mac at McDonalds if you want to go there. Picking up finally on the very just and right comments of the Connétable of St. Helier, we need education. I can just remind Members in 2003 we produced an alcohol strategy for Jersey. In 2013, there will be another public consultation on alcohol in Jersey, a way forward for alcohol control. That is in draft form now and the work is in hand. This is just another tool to assist our Islanders in avoiding further deaths by alcohol.

9.2.4 Senator S.C. Ferguson:

Oh dear, is life really worth living? **[Laughter]** That was so depressing. I must say I was intrigued by the fact that the alcohol deaths cost the hospital £2 million a year but by my figures, the Minister for Treasury and Resources is collecting something in the order of £17 million a year from alcohol duties so there is a thought. I am also fascinated why on earth does the Constable of St. Martin want with 2 sacks of corks? **[Laughter]** I really do not know, the mind boggles. Members will be aware that I, in fact, am connected with the hospitality trade but I feel that I can talk about this because the particular establishment with which I am connected does not have a licence. **[Aside] [Laughter]** I am sorry, can you control my colleagues, please, Sir? However, turning to more serious things, on page 13 of the comments by the Corporate Services Scrutiny Panel, there is a graph showing duty received on fuel, tobacco and alcohol. These are the numbers in Sterling. We are still just increasing our revenue on impôts on alcohol. The underlying quantities which are imported tell a very different story. The impôts of spirits, the quantity coming in is falling. Wine is fairly level. Cider is increasing slightly and beer has fallen consistently over the years. In fact, I would estimate that the threat of losing one’s licence is the most significant contribution to the falling consumption. Cost is very much a secondary factor. However, the

upshot of these various figures is that, as has been said, we are on the brink of diminishing returns for alcohol. If we increase the impôts, I would surmise that the revenue collected will start to fall and I do wonder whether the forecast that we have in the budget is too optimistic. It is time to stop expecting increased revenue from increased impôts and it is time to peg increases because if you look at the graph, they are fairly horizontal. Minimum pricing was mentioned and that is a decision for another day but there is a considerable body of work on this underlining the fact that it is not a sensible decision. It is inflationary and it does not do the job, as well as being illegal under E.U. law. The statistics which have been mentioned are attributional. They are not hard evidence-based. The falling off of the quantity being imported does not fit with the alleged statistics. I am also told by people who are experts in dealing with addiction that price alone will not reduce consumption. The people who are addicted will take no notice of the price. As the Constable said, most of our population deals with alcohol responsibly. It is time to treat them like adults, not like a “Nanny State”. This, like the other impôts, is purely a cash cow and frankly we would do best to support the Connétable’s amendment.

9.2.5 Deputy J.A. Martin:

I think the phrase is the Assistant Minister for Health is probably turning native on this one and I will give you my reasons. This time at least when we heard the first budget, I said at the Town Hall: “Why are we putting money on fuel and alcohol when we are just keeping tobacco ticking along?” and the argument was we could not do X, Y and Z because it would be too much. Even last Monday, I had an amendment in to cover this one point something million. It would have been putting a packet of cigarettes up by 68 pence. I was very concerned because, at the time, I was in the U.K. and a packet of 10 cigarettes is over £1 dearer there than it is here already and a packet of 20, the majority of the popular brands are over £1.30 a packet dearer. So I did have a problem and I did have a word with the Medical Officer for Health, and for smoking there is no safe limit at all. Smoking kills and any smoking is harmful. It is not like alcohol where we do have a safe limit. So it is in the hands of the Minister for Treasury and Resources to do... he could have covered both these amendments and he did not need to raise either the fuel or the duty on alcohol if he had tackled the one with tobacco. I let that one go thinking that he would do it. Apparently he is the only person who can still do it and so you need to keep that in your mind because if you support this, he can come back tomorrow and he can raise that one point. He will have to put them up again another... is it 68p or is it 68 per cent? It is 18.28 per cent instead of 10 per cent and it will raise the amount that the Constable is asking for. When the Constable was speaking, I talked about frontloading. That is because it is what my children call it. My children are at the age of 19 and 30 and they go round to their friends’ and they drink bottles of vodka and unfortunately the Constable of St. Martin has bumped into them when they have just come out at 11.30 p.m. at night because they cannot afford to before. They look fairly sober when they are going into the nightclubs. In there, they buy one or 2 drinks and the poor, well-run establishment gets it in the neck.

[15:15]

They look and they act very... you know, they look very well. I just also would like to say the Constable, on his journey out without the wife, went on a week, 4 weeks before Christmas, and although I wasn’t in Jersey, I was invited to 4 Christmas do’s last Saturday because everybody... it is the “silly season” you know. I will not mention the establishment but there is a big place down the front down the Weighbridge. It has got massive bars. Through Sunday to Thursday, there is only the small old place that used to be there before it expanded. The absolute licence trade is dying. What the Constable said... and I do not know which way he was going to go on the Police Station though I am supporting him on this one though, but what the Constable said is totally true. I am not saying that alcohol does not kill. I am not arguing with my Health and Social Services Department’s figures. Where is this alcohol being bought? It is not in the local pubs. We have got

it from Home Affairs Department. The only thing that the... the main crime that is rising is domestic violence because people, like Senator Ferguson said, are that fed up that all they can do, they know they cannot go out to drink so they are buying the cheap... I mean the other Assistant Minister for Health and Social Services I think he gave the argument there. How many bottles or cans of lager for a tenner; 3 bottles of wine for £10... so you can have a nice weekend with friends and drink way, way too much. When the friends go home, you start rowing with the wife or the husband and domestic violence is on the rise. Drinking indoors is not the answer and more people are doing it. Pubs are closing. So have we the facts that it is on licence? No. In fact, I would say it is off licence. I agree with the Constable of St. Martin that we should... in the letter to the trade, the Minister for Treasury and Resources says: "In the course of 2013, there is likely to be a public consultation on alcohol" and yes, that is coming from Health, I do not dispute that, but where is this licence in law? Now you have got the little shop at the end of the road who is selling beer and they are paying Y and you have got the great big supermarkets and they are paying Y as well and they can do these special offers. They can and we are not tackling it. We are absolutely not tackling it. I nearly fell off my chair when I went in to get some Christmas decorations today in the 99p shop and they are selling 3 bottles of wine for £9.99. We are supposed to be stopping consumption. They said the way to do it, I think it was the last speaker, is either price it out of the market, education and limit availability. We have no intention of doing that. Anyone who wants to open a small shop gets a licence; 99 per cent of the time, they get a licence. The people who are really... they are paying the doorman, they are paying good wages to the staff, this will hit them, make no excuse and it really is a no-brainer. We should have put it on the tobacco because I cannot emphasise it enough that if you really want to stop smoking because we call it social drinking and I am... for my sins, I am still an antisocial smoker. When I do have a drink, I run outside and freeze to death and have my cigarette but I would be prepared to pay the extra. I would well be prepared and it is harmful to others. If I smoke and it is on my... you know, even to children, if I work with children, it on my clothes. Smoking is harmful to others. Drinking is harmful mainly to yourself but there is a safe limit. So you know, as I say, I did not get the bullet points for Health because I told them that I could not... I had to support this because if I had brought the original amendment and then it got all very confusing because Deputy Baudains had brought one on fuel and he had not brought a compensatory saving, the Constable who brought this one on alcohol, no compensatory saving and I think it could have been done. I am told from the... or the Minister for Treasury and Resources is told from Customs that we will have smuggling wholesale in Jersey on cigarettes. It does happen in the U.K. because in the U.K., you can get your car, you can get your van and you can go to the E.U. and as long as you can say - and most people will have to believe you - "Yes, I have just bought 10,000 cigarettes, 5 crates of wine, all that booze and the spirits in the back of the van for my personal consumption because I have a lot of parties and I like a little drink and I like to smoke lots of cigarettes." It is legal. We cannot do that in Jersey. We cannot take the van over to the E.U. and bring back what we like. We have got a limit and we all know what the limit is. So if the Customs are doing their job, which I am sure they could, they check it and they have got that... straight away you make the fine bigger and you make sure people do not do it. So the Minister did email back and I told him exactly what he did have to raise and he said he would take it to the Council of Ministers but he would not put cigarettes up by more than 50p a packet. He is already putting them up 36p so he would... you know, a few pence, he will put them up. I have got no explanation why. What is this magic number of 50? So £1 a packet. We are well behind the U.K. already on £1 a packet. I think, you know, you ask anybody out there now what annoys you more and I never thought I would see the day where, you know, you could not smoke in a pub, you could not do that, you could not do this. It is the most hated thing. People do not even want you smoking in al fresco or in public places because people who have given up feel that they can smell it, and I can. If I do not smoke for 2 weeks, I can smell people's smoke straight away and it is not nice, I totally agree. If I went out and had a glass of wine, it is not blowing anywhere, is it? It is not

blowing across to you and it is not hurting you. So I am very sorry. As I say, I think the word is I am turning native on this because it could have been tackled, it should have been tackled on tobacco and this will send more pubs out of business. It will not stop people doing the frontloading, as my kids call it, it could be pre-loading. Whatever it is, we all used to do it but we used to do it for an hour or 2, meet round friends, have a couple of leisurely drinks and then go out just so we were all going from one place and maybe one taxi. Lastly I will say I am glad the Constable of St. Martin has used the St. Helier taxi marshals and hopefully he is going to get his Parish to put in some money when we are struggling next time and all the Constables are saying no. But I hope I have made the case and even on health grounds, I am sorry this will not do it. I think you should support the amendment.

9.2.6 Deputy M. Tadier:

I think, and following on from the previous speaker, Deputy Martin was quite right. There is a difference between smoking and drinking insofar as statistics show that most smokers, I think it is two-thirds at least, want to give up smoking. Most drinkers do not want to give up drinking usually because it is not a problem for them or even if it is, it is something that is a lot more inherently linked to socialisation. So that is the first point. I think there is a lot bigger margin for putting a price up on cigarettes because naturally if people want to give up, they will use that as a disincentive or they will say: "Well, I should not be smoking anyway. I am happy to pay an extra £1 on top of that, given that the U.K. costs a lot." Of course, this ignores the problem of duty free because I think the Minister knows, if he is honest, that duty free is the issue here because a lot of the cigarettes and alcohol that come into the Island... and if you allow me some latitude, I know we are not talking specifically about smoking, but there is an option for the duty to be recouped in that way by increases on cigarettes. That needs to be looked at holistically and if we are honest, the current government, and it has not for years, had a joined-up policy on smoking prevention and on alcoholism prevention because we allow things like duty free on the one hand because we are not willing to tackle it and say: "Well, how would that impact on tourism?" We do not really know how it would impact because we have never had a proper cost benefit analysis which also takes into account social considerations. But nonetheless, we come out with these perhaps unproven facts that we know that alcoholism costs a lot to our Health and Social Services Department every year, even though the statistics are not necessarily forthcoming and we do not look at how duty free, for example, fits into that. Of course, we know that alcoholism has an effect on health. We also know that people pay a lot of amount of duty on their alcohol and have done for years. So the first question I will ask is, is duty on alcohol and will these increases which include 10 per cent on spirits and wines, 8 per cent on strong beers and 5 per cent on the weaker beers and cider, will those monies be ring-fenced to pay for the additional bed spaces in our hospital? Will they go towards the police callouts when they are called to town to deal with these incidents or will they just go into general taxation? Because clearly, if there was a joined-up policy here and if the real motivation here was to prevent these things and to have education programmes to both deal with the prevention and the clean-up side of it - if I can use that expression - we would ring-fence those because it is certainly not fair to use those for general taxation purposes to fill in holes where other money has not been spent. We hear a lot from the Minister for Treasury and Resources that there will be no new taxes: "Not while I am on the job", but there will be lots of increased taxes on the taxes that already exist. We will put duty up but we will certainly not tax those who can afford to pay. I had a text message from an unknown person who goes by the name of Richard and he texted me again interestingly after the Constable of St. Martin spoke. He says: "I am a manual worker on £6.35 an hour. I have to work nearly one and a half hours of very hard labour just to afford 2 pints of lager. It is shameful the way workers are being treated." Then afterwards again: "If the Constable of St. Martin is so concerned about drinking why, as the licensing authority of St. Martin, has he not refused to renew the Royal St. Martin licence? Or, of course, it might be the

actual Spar shop; I think it is Spar, it could be Checkers. That is next to the old Amy residence in his village. Presumably, he does not have any problems with drinking in St. Martin because he has licensed these premises who are presumably very... it goes to the Parish Hall initially and then it goes on to the Licensing Bench of course.” But, tongue in cheek, this is an issue for the whole of the Island. I have heard lots about the effects of drinking. I have heard nothing about the causes of alcoholism being addressed by the Council of Ministers. What are the causes that lead to alcohol being a problem for individuals? Of course, it can be genetic, it can be pre-conditioned, but it is generally linked with poverty. This Council of Ministers are doing nothing to address poverty. In fact, with the minuscule 1 per cent that we are seeking for manual workers, with the incessant cutbacks that we are seeing at Social Security which are penalising many hardworking individuals who have paid in for many years, we are just seeing an increase in poverty and where do your working classes go when they feel the pinch? They like to go to the pub and they like to have a drink and to socialise but even that modest token is being taken away from them. Another question, what does more harm? Who is here from Health? I cannot ask Deputy Martin because she said she has gone native - I am not sure if that is the right expression - but I cannot ask anyone from Health but what does more harm, if you drink 2 bottles of wine in a pub or if you drink 2 bottles of wine at home that you have bought discounted from either the 99p shop or from Checkers Xpress, which one of those does more harm? I suspect that they do an equal amount of harm. Which one does more benefit to the economy? I think it is the 2 pints that you buy in your restaurant when you accompany your meal or the 2 pints you buy in the pub when you are sitting there with your friends, the 2 bottles of whatever you are drinking. Now why do we not have a minimum unit price of alcohol? Well, again, it is because the 2013 strategy we are being told is coming next year and I will be looking forward to reading the next draft strategy when it comes in 2023. Again, this is where the political social priorities lie with recent government. So where is that happening? There is a minimum unit price of alcohol for pubs because they are restricted on the barrel price. We know that there is a massive issue here. If you are sold a keg of Guinness or whatever it is for £120 and you know you have got your rent that you are paying on that pub which is a fixed rent and you are paying the brewery, you know that you have to charge a minimum amount of price for a pint of alcohol and you are taking a minimum amount on that and any duty increase above that limit will necessarily have to be passed on to the customer. But it is also the case, as I think CAMRA pointed out, along the chain of production and the chain of retail. So it does not just get passed on the 1p. Everybody is passing that price increase and it hits the person who goes up to the bar and pays for their beer. A shop which is selling as a loss leader, of course, does not have to incorporate that. They can continue to sell their alcohol at either cost price, below cost price or something marginally above that because they do not make their living from selling alcohol. They may use adverts to get people in the doors but they make it from selling other produce but pubs, unfortunately, do not have that luxury. I am slightly disappointed on the one hand with, as I have said, the lack of joined-up thinking from the Council. We have seen a 10 per cent increase on high strength alcohol, including beers, ciders and spirits, but as I pointed out at the presentation for the budget a few weeks ago, we have also seen a 5 per cent increase on weaker beer and cider. That means that even if you are trying to do the right thing, you go into either a shop or a pub and you say: “Well, I will not buy a pint of Heinekens. That is 5 per cent. I will not buy the special brew from the shop because that is an 8.6 per cent or a 12 per cent. I will just have a can of low strength lager and I will have a couple of those.”

[15:30]

You are still being hit by an above inflation increase on that which only goes to undermine the increases on the other high alcohol that you have put up because it means if there is an 8 per cent increase on strong beer and a 5 per cent increase on weak beer, there is only essentially a 3 per cent net difference on your strong and weak beer. So for the extra few per cent you are getting, you

might as well go out, get lashed, that is fine. You might as well buy the really high strength stuff. It is cheaper. The Government does not have a joined-up policy on this and because I cannot afford to go to the pubs and because my local pub has just closed because the landlord can no longer afford to keep it, I will just go home with my special brew. Thank you very much. Pay a minimum amount and, of course, 10 per cent on a high beer which is low cost is probably the same or less than 5 per cent on a weak beer which is perhaps a premium imported but low alcohol beer. So it does not save anybody any money. It does not solve the problem. It does not do what it says on the tin, so to speak. I think these issues need to be taken into account. We talk about health issues. There are certainly people who end up in hospital through alcohol abuse, through smoking. There are people who end up in hospital because their diets are not correct. They might eat too much saturated fat and that is why we tax saturated fat. That is why we have safeguards against hydrogenated fats in biscuits. We do not let Poundworld sell hydrogenated biscuits, hydrogenated fat, because it is bad for you. Oh, no, sorry, we do not do that, we do not regulate that. That is what I meant to say so if you go to hospital, you can eat burgers all you like. That is fine. Eat as many burgers as you want. You end up in hospital. It is your fault, you take responsibility for your life but if you are a smoker or a drinker, you should know better and we will tax that, thank you very much. It does not make sense and I think it has been seen... I am not against necessarily measures that would change behaviour but it has not been proven that it does change behaviour and also there is no joined-up policy here and I think this is a complete moneymaking scheme. So I think we have to look at the effect this will have on low earners, the effect that it will have on the industry, but what I am most disappointed about is that we do not have any differentiation and we do not seem to have any tool at our disposal to target low alcohol sales, target the supermarkets and respect those who drink in hospitality areas, including tourists I hasten to add, which is an area we are trying to get them to come over. What does that say to tourists if a pint is just the same price as it would be in Central London or a bit more expensive? It does nothing. If we could have differentiated and targeted the cheap alcohol, which I think is why a minimum unit of alcohol price is necessary although not necessarily to everyone's taste, I think once we have done that groundwork then we can start talking about putting prohibitively high taxation on people. Let us put that on the table. This certainly is not the time to do it because the groundwork has not been done for that and I, for my part, do not want anything to do with this.

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

I agree with the good Constable of St. Helier. Continued education is vital and we must not forget this aspect of our policy for decreasing alcohol consumption within the Island but I am afraid there is little else that I do agree with in his speech. Senator Ferguson quotes decreasing consumption figures as if this was a bad thing. It is not. Reducing our consumption of alcohol is a good thing. We want consumption to decrease. I would like to correct some misconceptions. We are suggesting an increase of 10 per cent for wines and spirits in the duty, not the price, the duty. We are not increasing the retail price as suggested by some of the hospitality industry members. That is what they want the public to believe so they can, in fact, increase their own margins and blame the Treasury for such an increase. So 13 pence on a bottle of wine is only 2 to 3p on a glass of wine. I do not believe that tourists will stay away from Jersey or while they are here that they will avoid our pubs and restaurants for the sake of 2p on a glass of wine. Who decides where they go on holiday by the price of the alcohol in that destination? I certainly do not. We are suggesting duty on a bottle of wine to go from £1.25 per bottle to £1.38 per bottle. The U.K. tax and duty on a standard pint of beer is £1.08. In Jersey, it is 48 pence. Our duty levels are low. Strangely enough, I believe that industry's margins are high in the Island. The Constable and others have mentioned the effect on inflation and how damaging this would be to our economy. The total inflation impact for all categories of alcohol is 0.06 per cent. Those are Economic Development Department's

figures, not those of the Treasury and Resources Department. I call that negligible. What is proposed in this budget is not unreasonable. I reject the proposition.

9.2.8 Deputy J.H. Young:

I would like to declare an interest if I may. After a day in the States, I very much enjoy a glass of wine, especially after question time this morning **[Laughter]** I think it is not an overstatement to say that alcohol consumption has risen in our society to an epidemic level. In my lifetime, I have seen it transform, from a young man, as a teenager it was available in licensed premises to now just so freely available just everywhere. The way adults behave sets the norms for young people to follow and we can see now the enormous damage done to their health and to the social fabric by alcohol, and I know that having worked in the hospital for several years. I think at some point there comes a point, a limit, what are we going to do about this and it is very exciting these ideas coming from the U.K. about the minimum unit prices. They do look as if they begin to offer some rationality. I think the concerns of the amendment are valid in that only as far as that they clearly impact much more severely on licensed premises than they do on any other sources of alcohol and that really is a huge deficiency in the measure that we have from the Minister for Treasury and Resources because supermarkets and other outlets can just adapt and get round to controls. They can offer discounts or whatever deals they like and of course all of our controls on drink driving and so on, all of this pushes drinking now into a private thing. Other places have restricted alcohol to licensed outlets. Alderney, for example, not a place I think noted for its alcohol abstention but there alcohol is not available in their supermarkets, alcohol is available at licensed premises. So that is a very small society, an example of another place looking at the problems. I think it is very clear and the ideal is that we really have to get this licensing law sorted out because I would expect - maybe it is naïve - that these sorts of issues would be dealt with. It is disappointing. I think, that the proposal of the Minister for Treasury and Resources - and I hope he will not be upset about this - is crude and unimaginative, because basically it is put there as a means of generating money and I think arguably there is a case for it being socially divisive because it impacts on certain group. But I think compared with the alternative of accepting the reality that we all have got to start to send the right signals to our community about alcohol, I think it is right that we raise tax and it is right that that money goes into the Exchequer to enable us to try and deal with the health consequences and the societal damage. So I shall not be supporting the amendment but I would like to see future proposals from the Minister for Treasury and Resources much more targeted and sophisticated in this area so that next time we have a budget debate, we can deal with those issues that are plainly in this, but I will not support the amendment.

9.2.9 Connétable S.W. Rennard of St. Saviour:

It is no secret that I have a recovering alcoholic in my family and for about 12 years it was very, very difficult and this was somebody who never ever went to a pub but bought them in supermarkets and brought them home. This was somebody who was not in poverty but because they felt at the time they needed a drink but used to go to the supermarkets. It is the supermarkets and your off-licences that are the problem, not the restaurants, not the pub on the corner, because this particular person never went. For the last 5 years, they have been a recovering alcoholic thanks to the help that the N.H.S. (National Health Service) or the local people have given this person. Life has been so much easier for them and I would just like to say that it is basically the supermarket. There is education out there. A lot of people do not want the education and in the early days of drinking, they do not have a problem, they do not need help. They do but it has to come from them. When they decide that they do have a problem, grant you the help is there. The problem we have here is that you can go to a supermarket, you can go to an off-licence and purchase whatever you want and this drinking was done by this particular person in their home. In America - and I can only talk for Tennessee because that is the place that I know very, very well -

you have to be 21 to be able to drink even if you go to football games. If you want a bottle of beer or something that they are selling at the football games, you have to show ID. Supermarkets do not sell alcohol like they do in Alderney and I also have contacts with Alderney because my husband's family come from there. Supermarkets in America in Tennessee do not sell alcohol. It is sold at an off-licence and that off-licence is regulated. The off-licence will also know who is coming in to buy the alcohol and if he thinks it is an alcoholic, he will not sell them. Okay, it is like most things. There are ways around, somebody will go and buy a couple of cans or go and buy a beer but basically it will not be sold like it is in supermarkets over here and where the trolleys are filled to the gunwales and they go out. A hotel, a restaurant and a pub have a duty to the other patrons and you will find that they will be well regulated. The supermarkets need to be regulated. They need to have their licences... I would like to have the licences withdrawn from supermarkets selling alcohol. Let me just look through my notes to make sure that I have not forgotten anything. They were talking about smoking before. Smoking, once it is in your lungs, I think it takes a little while for them to be affected. Alcohol normally affects your liver, which can repair itself in quite a good time. The reason I have stood up here today to talk is because I might be the only one... maybe I am the only one who is honest enough to say that I have a recovering alcoholic in my family. I do have and I emphasise the word "recovery" but this person was not in poverty. This person did not frequent pubs. The alcohol was bought in supermarkets. This person got help from the Health and Social Services Department here locally which was readily available but did not accept the help until they thought they were rock bottom and they had to be rock bottom before the Health thing. So everything is out there, everything is in place. I know you are all going to go "phwoar" because all the Constables stick together. I will stay with the Constable because I am afraid he is correct. The hostelrys and the pubs are places of wonderful things and if you are going to be an alcoholic, they are going to make sure that you are taken care of there. It is the supermarkets that do not take care of you. They do not care who they sell it to as long as you are in there and if it is £10 or £5 for half a dozen bottles or a dozen bottles, you are going to buy something else anyway, the crisps and everything to go with it and that is what is marked up. It is a lost leader like other foods. So I will be supporting another Constable with this but I want you to think very hard, again the Licensing Benches, when they do decide that supermarkets can sell alcohol because that is so, so wrong. Trust me.

9.2.10 Deputy G.P. Southern:

When I came in to today's meeting and I had glanced at the third amendment from the Constable of St. Helier and, as I have done for many years, dismissed it out of hand. I would not even look at it, think about it. I know what I think on this. Health concerns should say that this is the wrong move but the Constable, my Constable, today started questioning the evidence and said to the proposer: "Where is your evidence?" and we have heard from several Constables today, especially the Constable of St. Peter, who read out 2 closely packed, 2 sides of all the evils that alcohol can do and it went on for some time and some time and some time.

[15:45]

But not once did he say: "And here is the evidence that putting the price up makes a difference, makes one jot of difference." Now, unless I hear from somebody in the Chamber that they have hard and fast evidence that putting up the price does reduce consumption... apart from the generalisation that we got from Senator Ferguson who said on the figures, well it appears that consumption is going down, and the assumption was that it was because the price is going up, it did seem to undermine the Constable's argument somewhat. Nevertheless, in all that we have heard, we have heard no hard and fast evidence that putting the price up does anything to consumption and saves one person from drinking themselves either to illness or to death or to fighting on the street. We have not seen evidence of that today. So I think we have not seen it because, like me, the

Minister for Treasury and Resources has come to this meeting today secure and sound in the knowledge that the health argument always wins and we have not heard that evidence to suggest that we should be voting for the Minister for Treasury and Resources and not the Constable of St. Helier's amendment. So I was guilty of lazy thinking. I think the Minister for Treasury and Resources is guilty of lazy thinking and unless he can use his electronics to come up with some hard and fast evidence from this university or that university in the next 10 minutes, I will be voting with my Constable.

9.2.11 The Connétable of St. John:

Having listened to my 2 colleagues either side of me and their doom and gloom [**Aside**] well, they are doom and gloom [**Laughter**]. I like a pint or 2 and I cycle down to my Parish Hall and then go and do the business and then go and have a couple of pints afterwards, all in moderation of course. When I heard - if I can borrow my colleague's document here - about the price of 4 cans of beer or whatever it may be and I looked at it and I thought: "Goodness, that is near the price of a pint of beer in my local" and I thought: "Well, it is not the actual amount of tax that we put on that that is going to make any difference here if they can afford to sell it at that price. But I have concerns because he mentioned hamburgers. It is the price of a hamburger he said, a pack of 4. I thought: "Hmm." We are told or we read it in the papers every day that hamburgers are not good for you and this is not good for you and that is not good for you so why is the Minister for Treasury and Resources not taxing hamburgers or whatever goes in them? But then on the way into the Chamber this morning, I heard comments on the radio about the Minister for Treasury and Resources doing a U-turn on Plémont. I thought: "Hmm." I attended the meeting in the old Magistrates Court on Friday with other Members on the Budget and, in fact, I made a few comments at the time that I had no problem with the few pence that might go on a pint of beer or whatever because it is a "nice to have". I think those were my words, Minister, it is a "nice to have" so I did not have a problem but I did have a problem with fuel. But then I heard about the U-turn this morning. I thought well if the Minister is going to be able to find X million to take from the pot to bail out Plémont, then why do we need to raise taxes if it is a "nice to have" because that is what Plémont will be, a "nice to have". So I have been listening to the debate so far and I think well... and do not cut me off at the knees if I say the wrong the wrong thing, Sir, and tell me to sit down.

The Bailiff:

Well, you are anticipating the position, Connétable. [**Laughter**]

The Connétable of St. John:

Well, I will not go there just yet, hopefully not anyway. But I do have concerns that if we need X to run the Island annually, and we were told a week or so ago that the Minister for Treasury and Resources was not in the mood for supporting or it appeared to come across that way that he was not supporting the purchase of Plémont, I thought well fine okay, he is doing what is right. He is making sure the books balance and we need X to run the Island plus to make sure that our civil servants and everyone else, all our staff are paid and we need money to extend our main drains, which does not appear to be happening very fast or repairing our roads. Yes, then, I will support it because these are "nice to have" things. Although, as the Constable of St. Peter says, you know you can buy a hamburger for the price of 4 cans of beer or a bottle of wine for the same price. But I am going to listen to the summing up by the Minister because he is going to have to justify any U-turn that he made before he gets my vote on this one because a "nice to have" is the way I put it on Friday and I still believe it is a "nice to have" because you do not have to drink alcohol. You do not have to drink alcohol but, with the comparison that I made on Friday, you do need transport if you live out in the northern Parishes or part of the Island that does not have the 20-minute bus service. You only have X buses a day and to a lot of people on a Sunday they are probably lucky to

get one bus but they do need fuel to go in their cars. But when I listened to my other colleague on my right-hand side and he was expounding the costs of running the police service, *et cetera*, and some weeks ago we had a gas fire in the Stopford Road area north of town and all the Honorary Police on the Island were called in and helped out, and should I say we had finished the meeting in the Parish Hall and 3 or 4 marshals who had come back from town, hopped across the road for a pint, in some cases half a pint or maybe a soft drink, but we were in there and we were the only people in the local inn and that is probably the same at 10.00 p.m. at night on 3 or 4 nights a week, there is nobody in there. But I was shocked. I had sent some more officers down to the fire at north of town and others had come back in after having done quite a long stint and I was shocked to see a couple of uniformed policemen come in doing a pub check. I thought on a night like tonight when frontline officers are out doing a pub check when we have got Honorary Police from St. John helping St. Helier and other Parishes police the fire as frontline officers, I thought have we got it right, our Honorary Police having to cover...

The Bailiff:

This is drifting a little way away, Connétable.

The Connétable of St. John:

I was waiting for you to cut me off at the knees, Sir. **[Laughter]** I was making reference to the cost of the policing that the Connétable of St. Martin was referring to and this is where it comes in, as far as I am concerned. My officers were having a little bit of R. and R. (Rest and Recreation) after having done the work of their colleagues who were getting paid to visit pubs and our boys were doing the frontline duties, and I thought there is something wrong here. Do we need that many police officers if the Honorary Police are doing such a good job in policing the town and the boys in blue are doing the secondary jobs, I would call it, where my guys are more than able to police the Parish of St. John on 99 times out of 100 visits to local hostelries? In fact, as you will rightly know, every year we have to produce a register in the Royal Court and make sure that our Honorary Police do visit these hostelries in the Parish X number of times. I am going to wait and hear how the Minister for Treasury and Resources sums up in relation to this, given that if he can find money for Plémont, does he really need this additional funding within his budget and then I will decide how I vote.

9.2.12 Deputy G.C.L. Baudains:

The Constable of St. John spoke of doom and gloom. I must admit that the debate is getting so depressing I think I need a drink myself. But I have been concerned about some of the comments made in the speeches so far because I asked myself, we are talking about price, what is the effect if the price on alcohol... we are worried about the price of alcohol on the vulnerable and the young. By increasing the price, will it encourage them either, as others have said, to buy it at a place where they can purchase it more cheaply? Instead of going to a pub, they will go to an off-licence. Or the concern I have, will it encourage them to buy cheaper alcohol of lesser quality which, in fact, might do them more harm than drinking something of better quality? Another concern I have is perhaps a more worrying ramification. If you put alcohol up to a high enough price, would that encourage youngsters to avoid alcohol and instead turn to drugs? Where is the analysis of that potential problem? It has worried me for some time. Something that does irritate me is the generalisation about tobacco. Yes, we know that cigarettes are not good for you but what about the alternatives such as cigars and pipe tobacco? They are a different matter. Where is the analysis? I am not sure there is any and, as an aside, I know there are at least 2 well-respected doctors who will tell you privately that the finest thing for a sore throat is a cigarette and you will notice they say "a cigarette", not smoking 40 a day. Finally, the Constable of St. Peter, well, I thought he was advocating prohibition and, if I recall, that led to a massive boost in organised crime so I am not

quite sure we should be going down that route, but my message really to Members is quite simple. Let us beware of what we are wishing for, especially when the facts that we have are either thin or, in some cases, absent altogether.

9.2.13 Senator P.F.C. Ozouf:

I do sometimes look forward to budget debates. **[Laughter]** They do stray wide as you have pulled up a number of Members. This debate on alcohol increases is, I am afraid, not a strategic debate about licensed versus non-licensed premises. I say to the Constable of St. Helier, this is not a debate about whether or not we support tourism. To those people who do have very strong views about alcohol, this is not a debate about prohibition or the other extreme. It is not a debate about Plémont. I am sorry that the Connétable of St. John is not here. I hope he comes back. I intend to speak just for a few minutes. It is not a debate about St. Helier versus the rest of the Island. It is not even - if I may say to some Members - a debate about giving the Minister for Treasury and Resources a good kicking. It is about matching income with expenditure and that is really what I have been proposing in this budget and I will come back to that. I have said that in the last 12 months, I have really tried to listen and I really did listen to the Connétable of St. Helier. I have listened and I have tried to understand what his real concerns were. He spoke about the importance of tourism and I think he was speaking about the importance of supporting the licensed trade. He said: "He can find the money for the Innovation Fund and yet he cannot find money to support tourism" or I think he was saying that I should find some money to support the licensed trade in St. Helier. I would just remind him, with respect, that the Innovation Fund is investment and it is one-off and it was paid for by recalling the J.T. (Jersey Telecom) special dividend.

[16:00]

That is how we found the £5 million worth of investment. If he is really going to sum up this debate and say that this is a debate about whether or not we think that we should be spending money on tourism, this is a debate about depriving the revenue of the States by £1 million. If he really wants to support tourism, does he really think that spraying £1 million against all the categories of alcohol that we have spoken about is the best way to support tourism? I would just remind him that the majority of the budget by the Minister for Economic Development does go and continue to be ring-fenced into the Tourism Department. That is where the majority of Economic Development's money goes in. As a result of the Minister's commitment for tourism, they have had their budget ring-fenced and the Minister is doing a lot more in proposing now a proposal that is coming before the Assembly to set up a new Tourism Board to help tourism. I am afraid that if he really believes that tourism's future, that tourism's current predicament is about whether or not we increase and put a 4.8 per cent increase on a pint of beer, if he thinks that is the future of tourism, then I think that he has got his facts wrong, if I may say. The benevolence of this Assembly on dealing with duty increases in the past. I would like to say that even in the past if people believed that tourism was based upon sending out a message of cheap booze and cigarettes, I am afraid the benevolence of this Assembly has not resulted in that message going out to the tourism industry because if Members want to look at the facts, the facts are that duty increases, even when we do not put them through like we did in 2010, do not result in the licensed trade, in tourism trade or any of the other trades that sell alcohol to not putting up their prices. I know that Members want to look at the facts. Well, I would ask them to look at the facts that have been set out in pages 32 and 33 of the budget where they can see the clear evidence of the margin differentials that exist on alcohol and indeed some of the other duty arrangements. They are very clear and I would ask him to say whether or not he really thinks that there is any evidence that the benevolence of this Assembly in not putting through duty increases, and I will come to the shroud-waving if I may say, of the 10 per cent increases on a pint of beer and all the rest of it. The percentage of duty represents a very small percentage of the end price and I will come to an

important point about those Members who are concerned about the licensed trade and the unlicensed trade in a minute. We, of course, get lobbied by the special interest groups so I would ask Members to look at page 33. Look at the evidence of the people that are involved in this particular trade and ask them whether or not they think that it is an unreasonable proposition that is being proposed by the Treasury. I want to support tourism and I just want to say that there are better ways of supporting tourism and the investment and I congratulate the Minister for Planning and Environment on his bold decision with Longueville Manor. That is a way of supporting tourism. I was fortunate to go and visit the new Victoria Club, Banjo, and see the fantastic £4 million worth of investment in tourism. That is the kind of investment that we need to be facilitating I am afraid not by having in many ways quite crazy debates about duty on alcohol almost as a message that we are going to be supporting the tourism industry. This is not a debate about whether or not we support tourism. Deputy Martin was right that we engaged in some email correspondence before the budget about whether or not I should yield in relation to this particular amendment. I have yielded in relation to one aspect of duty, as Members will know, and I have proposed to push tobacco duties, while not the subject of this debate, but I need to rehearse the arguments very briefly in relation to that because I cannot go further. This is a debate which I will come back to about matching income with expenditure and I cannot, upon advice, go higher than a 50p increase in tobacco. Deputy Martin is correct when she talks about the retail price of tobacco in Jersey being lower than that of the U.K. and there is not a high level of smuggling of tobacco but large jumps in tobacco will effectively, upon advice by those authorities that matter, suggest that it will become a bigger problem. I very much hope that the J.C.R.A. (Jersey Competition Regulatory Authority) is going to take some action in relation to some aspects of the duty problem that exists on tobacco. I will not be shy, even if it is midyear, to bring forward a further proposal to increase duty on tobacco if the margin issue can be dealt with, which I believe it can be and I certainly believe, like her, that we should be collecting more duty from tobacco in order to deal with the harm that it creates and I do not want to see the retail price of tobacco fall. But I am afraid I cannot do more upon advice than a proposal of 50p, which is quite a bold jump in itself. Much has been played about the issue of inflation. My Assistant Minister has already explained the negligible amount of duty of our price increase in relation to the inflation. I do not need to be lectured with respect to the Constable of St. Helier about the importance of inflation. It is something that I have waged war about, which is the reason why the J.C.R.A. was set up and the Competition Law itself. There has been this argument that these duty increases are worse for pubs than off-licences. Now, I do not know where the Constable of St. Helier buys his pint or buys a bottle of wine but I think that a bottle of wine is rather more expensive in a licensed premise than an off-licence. The percentage increase that we are proposing is much lower for the off-licences than the licences and so it is a completely fallacious argument to suggest that this is more pernicious to on-licences and to pubs than off-licences. It is just not the case and I do not need to present any evidence to Deputy Southern or otherwise. This is not a measure which is targeted at pubs and restaurants, *et cetera*. In fact, if anything, if you believe that the Constable of St. Peter with his low price alcohol, it is going to have a better and more targeted effect for low priced alcohol in licensed premises. I agree with all of the issues about the importance that the Connétable of St. Martin and other people say about licensing and reform of the licensing arrangements in Jersey. That is very clear. At the Council of Ministers, I was pushed for quite higher increases in some aspects of alcohol in order to deal with the unit issue of pricing. There are 2 issues that we are being pushed on in terms of alcohol policy responding to Members such as Deputy Young and others who have got real issues in relation to alcohol and the costs of pricing and I am extremely sensitive to the issues raised by the Connétable of St. Saviour. There are issues about minimum pricing that need to be dealt with. There are issues about whether or not there should be a standardised unit costing, a standardised unit pricing of alcohol and that is the reason why we are proposing a higher rate on spirits and a lower rate on lower volume alcohols almost as a nudge in the direction of a more sensible unit

pricing approach. We will have an alcohol debate but this is a nudge in those directions, a very small nudge, and frankly this is a nudge that is not a great big increase in inflation. This is not going to be an increase which is going to mean that there are going to be hostelrys in St. Mary, St. Martin or St. Helier. Are people really going to think about the difference about whether or not they go out, whether or not they are a high earner or a low earner, of a 13p increase on a bottle of wine which, as my Assistant Minister said, is frankly quite minuscule on to a glass of wine? Maybe the real issue is the fact that the glasses of wine that you do buy in establishments across St. Helier are now pretty well a third of a bottle. Maybe those are the issues that need to be dealt with rather than some of these frankly fallacious arguments. As for the working man's pint, I have explained exactly what this means in terms of the amount per pint and I urge Members whether or not they really think that that is going to make a difference. This is not a 10 per cent increase in the working man's pint or the working man's tot of whisky or anything like it. It is a fraction of the actual amount. I am not going to get into the debate about the very strongly held debate about alcohol in justifying this amendment. This amendment... and I am pleased that the Connétable of St. John is here and he spoke about U-turns. We will come to debate Plémont on another day and that is not certainly a justification and, like the Innovation Fund and all those other things, those are one-off amounts of money and I am not saying whether or not this Assembly... I am the servant of this Assembly in many ways in terms of finding the resources and I will be very clear of the consequences of finding resources. The Connétable of St. John spoke about U-turns and 4 weeks ago, we agreed to put money into frontline services and we agreed to put money into Health and I would ask the Constable of St. Helier did he vote in favour of the increases in Health because I was very clear that there were going to be some consequential increases in terms of needing to raise revenue. We have made a commitment not to make big changes in taxes so my options were very limited and my options are limited to a very small extent in relation to duty products. This debate is about whether or not I have gone as far as I can. I am prepared to forego £500,000 by dropping the duty increase and by increasing tobacco and by dropping the fuel duty but I ask Members to maintain their commitment not to do a U-turn on the debate that we had 3 or 4 weeks ago on the M.T.F.P. We agreed to put money into Health. We agreed to put money into mental health services. Deputy Southern is not back, and again I am not going to use these arguments, but I am quoted and I am asked to quote the fact that the World Health Organisation has been very clear by the way on the issue of consumption of alcohol and according to the W.H.O. (World Health Organisation) which apparently is the world authority, a review effectively on pricing is the most effective way of dealing with alcohol policy to reduce harm. But this is not about that, only this is about keeping our promises in relation to balancing our books and raising money principally for the Health Service. I hear the arguments about tourism and alcohol but this is about being consistent with the M.T.F.P., this is about maintaining our revenue in order that we have got the money, that we will not be incurring deficits in order to put money effectively in the health service and it is for that simple reason and forgetting all the others and setting aside all the emotion that I ask Members to go with the Treasury proposal of increasing in a limited way the alcohol duties and maintaining that £1 million, which is effectively going to the health service.

Deputy M. Tadier:

Can I seek clarification from the previous speaker? He asked the Assembly not to do a U-turn so those who supported the health funding last time should not support this because that would be a U-turn. Can he clarify exactly how those 2 correlate?

Senator P.F.C. Ozouf:

Willingly. I was very clear at the M.T.F.P. I published the budget before the M.T.F.P. debate. My obligations under the law are to match income with expenditure and if Members did not want to spend the money, then they needed to make that clear and cut that spending at the time in order to

make the budget arrangements and that is all I am saying. I have a job to do. I am not a magician. I cannot magic money from nowhere. I have to raise the money and then allocate it for expenditure. We set spending levels and then we put the tax and I am just asking Members to please be consistent with the decisions we made 4 weeks ago.

Deputy M. Tadier:

Procedurally, if I seek advice from the Chair, how does that stack with the procedure? Presumably we can vote against this as an Assembly even though the money has been allocated in the Medium Term Financial Plan. So is what Senator Ozouf saying simply political or is that technically that we have to support this, otherwise there will be no money to fund the budget?

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

May I seek a point of clarification? Part of the debate that has been going on has been about the differential between licensed premises and off-licences and I understood when I was listening to Senator Ozouf downstairs is that he implied or my interpretation of what he implied was that somehow or other, he was taking measures to differentiate, I think, or that the impact on the different types of premises would be different according to their nature. I did not understand it because we are just talking about a straight flat percentage effectively across the board. You cannot distinguish between licensed premises and off-licence premises in terms of the amount of duty that is going to impact on the product that they are selling.

The Bailiff:

Minister, do you wish to give clarification on that?

[16:15]

Senator P.F.C. Ozouf:

I was just trying to say that if Members are concerned that these were pernicious in relation to the licensed trade in terms of having a greater impact, then those arguments were wrong because effectively the price of a bottle of wine in a licensed premises or a pint of beer, a can versus a pint, is less. So effectively, if it is less, it is going to be less pernicious on the licensed trade than it is going to be on the off-licence and so all the arguments to say that this was punishing effectively the pub trade must be wrong as a percentage of perniciousness and it is as simple as that.

Deputy J.A.N. Le Fondré:

But the rate of duty is the same across all the premises, is it not, because it is on alcohol level?

Senator P.F.C. Ozouf:

This is not question time but the percentage of the pint...

The Bailiff:

I think it is very important that Members should know whether they are being asked to vote for an increase of so many pence.

Senator P.F.C. Ozouf:

They are exactly being asked to agree a certain increase per pence which is the duty, not the retail price. So effectively the percentage increase on an off-licence is going to be higher than on an on-licence because the price already on an on-licence is so much higher. That is simply the point I am making. It is not to say that this is targeted against licensed trade. I think the point is quite clear.

9.2.14 Deputy J.M. Maçon:

It is funny in these debates when Members get passionate about a certain subject, is it not? It does remind me a couple of years ago - and the Minister for Treasury and Resources referred to it - when Deputy Power brought an amendment to freeze the duty on alcohol, and this would answer Deputy Martin's question who seems to have disappeared but she asked, you know, why is the Minister for Treasury and Resources going so far. I do recall Deputy Power at the time saying: "Oh yes, but the Minister for Treasury and Resources wants us drinking alcohol. He wants us smoking cigarettes because it all adds into the coffers of the States" and there is always kind of that balancing act which the Minister for Treasury and Resources does tread because if you are so concerned about the health implications, then you would increase the duty far greater than what is being proposed because that is what you want to achieve if you believe that that will have an effect. One point which I do want to bring up is when we talk about the health implications and the comments when looking at availability and all these types of things, there is no comparison between the damage that alcohol does to different social economic statuses of people drinking, and the Constable of St. Saviour made this point which is you know sometimes in these debates, the way that they ramble on, you do tend to think that it is only poor people that suffer from alcoholism and, of course, that is not the point. Anyone can suffer, from any background, depending on how much wealth they have got can be affected you know. There is a correlation but it is much weaker than sometimes we feel and it is a pity that the Minister for Health and Social Services is not here today because I know previously she has made that argument and it can be a bit spurious, and Deputy Baudains made the point of well then you will switch to a different drink or you will find alcohol in different areas. I have got some friends who worked in the Health Service and some of the alcoholics I do recall they had an issue previously where they go in just to get the different antiseptic wipes because they had alcohol in them, and that is where they would get their alcohol fix from. So I think when we are looking at this, we do have to look at the bigger picture and I thank the Minister for Treasury and Resources for bringing us back to the point where we are looking at do we accept a 2.5 per cent rise instead of somewhere else which is being suggested. I think I do have to make a declaration. I am an ongoing supporter of the night-time economy. I do enjoy that. It is possibly my age. I would not necessarily say that alcohol is cheap. Perhaps that is more to do with my particular tastes than anything else but I think that... I mean I have to echo all the points that Deputy Martin made. I am one of those people who, because of the cost of it, will go round to a friend's, drink there early and then, after a certain point, go out into town and I hope I am not going to shock people, States Members, when I say that people enjoy alcohol and, dare I say this, members of our society do also enjoy getting drunk. Shock, horror, that I should say this but it is true and we are in a sense... are we getting to the stage where and I raise this... are we getting to the stage where we are getting a bit "Nanny State" in saying: "Well, you know, we have got to stop you doing X, Y and Z"? Where is that line between the freedom of choice and the point where we have to intervene because the health implications are such that we need to start behaving this way? It gets that deeper question which is does the impôt system, how effective is it in changing and implementing behaviour because this is what we are trying to get at. We have talked about and we have said naturally it varies. You cannot say it will achieve this or it will achieve this because it affects different social groups in different ways. So there is no magic bullet, as it were. I mean I have got a history of not supporting the increases in alcohol because I am just not convinced by the reasoning put forward. I think the strongest reasoning put forward is basically the one that the Minister for Treasury and Resources put forward which is about at the end of the day, this is about balancing the budget. This is about getting the revenues in order to spend the spending proposals. Despite the efforts of scrutiny in trying to change things like this, there was some sort of flexibility. I have to obviously put that in but I will leave it at that. I am always sceptical when it comes to these debates and my voting record, I would imagine, is probably going to be very consistent but I thought I would just add that into the pot.

The Bailiff:

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

9.2.15 The Connétable of St. Helier:

The first thing to say is that I need to change my use of the evening economy. I need to go out with the Constable of St. Martin more often. **[Laughter]** No longer for me the quiet pub in a sleepy back street of St. Helier but I need to go out on the razzle with the Constable of St. Martin and see what is really going on in my town. It was a very interesting speech. I do not know that, in common with many people who talked about the genuine harm caused by alcohol abuse, that he really tackled the point I was trying to make, which is the unfairness of a measure. I will come on to the comments of the Minister for Treasury and Resources in a bit, but the unfairness of a measure which appears to unfairly target those premises that have got bills to pay and serve alcohol in a regulated environment. Interestingly, he did major on the clubs and I think the nightclubs are, in many cases, a problem and I think part of the Licensing Law which he helpfully alluded to is really to tackle that stage between when the pubs turn out and when the clubs close, those 3 hours between 11.00 p.m. and 2.00 a.m. which I think are very different, and I must say that he perhaps has more experience of those 3 hours than I do. But they do need to be tackled and what I will say about this debate is whatever the outcome - and I disagree with the Minister for Treasury and Resources who appeared rather impatient with the debate - I think it has been an extremely useful debate because, as many Members said, the Licensing Law review has been in the long grass for far too long. I hope that those who are working on it will go to Hansard and this very useful debate, which I think will inform the work we do next year on licensing and on alcohol strategy altogether. The Constable of St. Peter gave the health view and very much, as another Member said, reeled off the same evidence that is in the comments of the Council of Ministers, very much focusing on the quarter of the population who abuse alcohol, not on the three-quarters of the population who drink in moderation. In fact, he said that alcohol is harmful and we should make it less affordable and I thought well those are quite strong words. As another Member said, there is a point at which this becomes socially divisive, that we make it so expensive that only the wealthy - who do not even look at the price of a bottle when they go to the supermarket, they look at the label - can afford alcohol. The less well-off have to struggle or resort to brewing as I used to as a university student in my wardrobe and it was not very nice and it was probably very dangerous. The Assistant Minister also said that the strategy is coming next year and I think that is the problem, that what we are seeing here is an increase in alcohol, which bucks the trend. As I said before, the States have agreed to a 2.5 per cent approach. I am not aware of them having abandoned it although it has not been talked about very recently and yet we are bringing in an up to 10 per cent increase... I did not say that beer is going up 10 per cent but up to 10 per cent increase in alcohol duty without that strategy. I thank various Members for their support, including Senator Ferguson, who queried the statistics. She pointed out that a falling off in sales does not seem to match the argument that things are getting worse and worse. If we are still drinking more than anywhere else, then why did we drink less last year and how does that fit in with this statement? She suggested it is basically a cash cow and I do not think the Minister for Treasury and Resources disagrees with that. I think he does see it as a way of earning much needed revenue. The other Assistant Minister for Health and Social Services, I thank her for her support. She did spend quite a lot of time talking about cigarettes but I have learned about frontloading now, that is good. I also thank Deputy Tadier who, I think, put his finger on it when he said there is a lack of a holistic or joined-up approach here to alcohol pricing. We allow duty free, we encourage it. We promote it at the airport and at the harbour and yet we are saying here that it is bad for us and we should not be doing so. Deputy Noel was truly Orwellian, I thought, when he said we are not increasing the price. I thought that was a great statement. **[Laughter]** Do not blame the Treasury, blame the industry seemed to be his message. He said our duty levels are low. Deputy Young was in the opposition, I thought, of saying one of the most important statements of the debate, even though he says he is going to vote against the amendment

and he put it very succinctly. He said that this measure if unchallenged impacts more on licensed premises than on other sources of alcohol and basically that is the main argument I have been trying to make. He also said that this would become socially divisive. The Constable of St. Saviour gave a telling personal testimony of alcohol abuse and I think perhaps more than any other speech, her speech had really challenged the Council of Ministers to get on and let us have this alcohol strategy, let us have the Licensing Law review done. I agree with her about the American experience. I have just been over there and interestingly, as well as not allowing you to buy liquor so easily, one of the things I noticed in a bar that I went to is that with soft drinks you have free refills, at least in the city where I was. So a glass of coke for someone who is not drinking is very cheap and they refill it as often as you want and I think what a marvellous example for our industry to follow. I might add to that in most Canadian restaurants, I believe it is law that when you arrive at the restaurant, you are given a glass of water. Here you have to beg, borrow and steal sometimes to get a glass of water so it is important that the Licensing Law review does look at American examples and I am conscious that I am straying off the summing up. Deputy Southern asked where the evidence is, and said that we are heading towards a prohibition policy. I am afraid I did not manage to write anything down during the Constable of St. John's speech. I was trying but I just had to give up. **[Laughter]** I thank Deputy Baudains for his support. The Minister for Treasury and Resources I am afraid I thought it was a rambling and irritated speech and I am sorry that I irritated him. He said it was not a strategic debate, it was not this, it was not that, and I thought he then spent some time trying to convince us that the off-licences are going to suffer more than the on-licences and the whole tenor of the consultation we have had from the Hospitality Association is because they have their hands tied. Because they have fixed costs in terms of staff and rent, they do not have the ability to have drinks promotions. They cannot have a happy hour and so licensed premises are going to suffer and I wonder what the owners of the new place he referred to, I will not name them because we are not supposed to, but he said he thought it was wonderful they were investing in the industry. Absolutely it is. In St. Helier in recent months, we have had 3 new holders of licences that will bring more than 150 local jobs into the economy. I absolutely take my hat off to them but I then do not stand here saying: "Well, I can justify an increase in duty which is 4 times what the States are supposed to be adhering to."

[16:30]

You cannot have it both ways. I do not think you can praise the industry as the Minister for Treasury and Resources did and then say: "But of course they are going to have to take this increase or absorb it some way." I will not go through all the things. He did ask me a few specific questions but I think the key point I would say is that certainly my point, which is still below £3 because I am in the quieter back streets, not like the Constable of St. Martin, my pint is going to go well above £3 if these increases go through. He also interestingly, and I nearly raised a point of order but I was relying on Deputy Tadier to do it for me, said that how we voted in the Medium-Term Financial Plan more or less meant we could not support this amendment and I say absolutely not true. I took advice before the M.T.F.P. and I said: "Do I need to amend the budget now?" and I was told "No you do not. The budget is separate." There is plenty of latitude and we all know this, if my amendment is approved for that lost impôt duty to be found elsewhere and it is simply... well, it was verging on misleading us to say: "Remember how you voted in the Medium-Term Financial Plan and vote accordingly." Finally, we had some straight talking from Deputy Maçon about his drinking habits and I believe he is going to support me, so I probably better stop there. Just in closing, I would say that as I say, whatever the outcome, I think it has been a very useful debate and I do not apologise for bringing it. I think it will inform next year's work on the Licensing Law and the alcohol strategy. It is a small point but the Parish of St. Helier recently decided to freeze the proposed increases in its al fresco fees on local pubs and restaurants. They were due to go up by about 5 per cent, I think, and we said: "No, we are going to freeze them. We

are going to keep them at zero to help local businesses in this particular sector” and I would like to think the States can follow that example. Finally, at the moment there is no holistic strategy. Until there is, I believe the States should stick to their guns and to a 2.5 per cent increase in duty and show, to quote the letter from the industry: “Tangible support to an industry which is investing in local jobs and in the local economy.” I maintain the amendment.

Senator P.F.C. Ozouf:

Can I ask a point of clarification? The Constable said that, as a result of these duty increases, his pint of beer which was, I think, less than £3. First of all the evidence is that it is £3.40. Could he just explain, please, why an increase of 1.8p on a pint is going to mean his pint is going to soar over £3? Could he just explain that, please?

The Connétable of St. Helier:

We obviously go to different establishments. Mine is generally under £3 but I take it as a 5 per cent increase has been proposed on beer in a duty on beer, and I see that as taking it over £3 but I may well be wrong.

Senator P.F.C. Ozouf:

I am sure that the Constable does not want to mislead the Assembly. It is not 5 per cent of the retail price. It is 5 per cent of the duty which is 1.8p. Could he please explain to me why his pint is going to be soaring over £3?

The Connétable of St. Helier:

Sir, I withdraw that remark.

The Bailiff:

Very well, the appel is called for then in relation to the amendment proposed by the Connétable of St. Helier. I invite Members to return to their seats and the Greffier will open the voting.

POUR: 20	CONTRE: 26	ABSTAIN: 0
Senator A. Breckon	Senator P.F. Routier	
Senator S.C. Ferguson	Senator P.F.C. Ozouf	
Senator A.J.H. Maclean	Senator B.I. Le Marquand	
Connétable of St. Helier	Senator F.du H. Le Gresley	
Connétable of Grouville	Senator I.J. Gorst	
Connétable of St. Clement	Senator P.M. Bailhache	
Connétable of St. Brelade	Connétable of Trinity	
Connétable of St. Saviour	Connétable of St. Peter	
Deputy R.C. Duhamel (S)	Connétable of St. Lawrence	
Deputy J.A. Martin (H)	Connétable of St. Mary	
Deputy G.P. Southern (H)	Connétable of St. John	
Deputy J.A.N. Le Fondré (L)	Connétable of St. Ouen	
Deputy M. Tadier (B)	Connétable of St. Martin	
Deputy T.M. Pitman (H)	Deputy R.G. Le Hérisssier (S)	
Deputy T.A. Vallois (S)	Deputy of St. Ouen	
Deputy M.R. Higgins (H)	Deputy J.A. Hilton (H)	
Deputy J.M. Maçon (S)	Deputy K.C. Lewis (S)	
Deputy G.C.L. Baudains (C)	Deputy E.J. Noel (L)	
Deputy J.P.G. Baker (H)	Deputy A.K.F. Green (H)	
Deputy R.J. Rondel (H)	Deputy of St. John	
	Deputy J.H. Young (B)	
	Deputy S.J. Pinel (C)	

		Deputy of St. Mary		
		Deputy of St. Martin		
		Deputy R.G. Bryans (H)		
		Deputy of St. Peter		

9.3 Draft Budget Statement 2013 (P.102/2012): amendment (P.102/2012 Amd.)

The Bailiff:

Very well. We move then next to the amendment lodged by Deputy Baudains and I will ask the Greffier to read the amendment.

The Greffier of the States:

Page 2 paragraph (a) - after the words “as set out in the budget statement” insert the words “except that the estimate of income from taxation during 2013 shall be decreased by £1,435,000 by not implementing the proposed 3 pence per litre increase in fuel duty.

9.3.1 Deputy G.C.L. Baudains:

I would like to start by saying that I am grateful to the Minister for Treasury and Resources for recognising the issues raised in the report to my amendment and his consequential reduction to the increase that he was previously seeking. However, I do believe that his latest amendment, number 4, is not without its own problems. I would caution about my amendment on the grounds that the default position is his latest amendment. In my view, this should not be an auction. I still believe the best option is to remove the proposed 3p increase in its entirety. The argument that I am presenting is quite simple and that is now is not the time to be raising taxes because it will hurt, among other things, those least able to pay. The wealthy, as I have said elsewhere, will not be unduly affected. The poor will be sheltered by low-income support and the like. In my view, it will be the hardworking families, as I have called them previously, the “engine room of our economy” already suffering from increased taxes, school fees and the like, increase in electricity prices, not to mention the worry of whether their employment is secure or not. These are the people who will suffer the most. These are the ones who will face a 6 or 9 per cent tax increase. It may only be 3 pence per litre or 13.5 pence a gallon in old money but given that there is G.S.T., a tax on a tax, will end up slightly over 7 per cent. Members will probably recall I was not overly impressed with the Medium-Term Financial Plan debate and Members’ reaction to it, happily spending £2,000 million, not including £400 million for the hospital, as if the money was already available. I am sad to say that despite the Council of Ministers’ comments over some time that States expenditure is under control, I do not believe it is. If the savings they claim to be making were, in my view, real, then the annual spending would not rise about the rate of inflation which it does year on year. So where does the money for this extravagance come from? Well, it will not be from a revived economy in the near future. Presumably Members have read the Fiscal Panel’s downgrading of our economic outlook and only this morning the Minister for Treasury and Resources was warning us of further problems ahead. Of course during that, the Minister for Treasury and Resources tells us that there will be no new taxes but as we have all realised and was mentioned during the previous amendment debate, that did not cover the raising of existing taxes and I have to ask as far as the effect is concerned, what is the difference? Of course, as scientists will know, for every action there is a reaction. In this case, the reaction of imposing higher taxes on fuel could well result in less money being collected by the Treasury. That is because fuel tax affects not only the motorist, it affects everyone whether or not they are a motorist and the result could indeed have an adverse effect on our economy because somewhere along the line, virtually everything we purchase or consume requires vehicular transport so this tax will, to some extent, cause inflation, which in turn reduces tax income by a variety of means. Several costs are linked to inflation, pensions, pay in general just to mention a couple. I trust Members have also noticed on

the national news that the United Kingdom were considering a similar rise of 3 pence per litre on fuel but many have been saying that that could cost the United Kingdom up to 35,000 jobs and to the detriment of their economy by 0.1 of a per cent so the consequential damage to the economy may well outweigh any tax income. So where does that leave us? Well, raising the tax will not necessarily mean an increase for the Treasury. I have no doubt, however, the Minister for Treasury and Resources will lecture us on how his budget is accurate to the penny and there is no room for manoeuvre. The Constable of St. Helier touched on that in his summing up. Forgive me if I do not believe the Minister for Treasury and Resources in that regard. For those Members who might wonder why I have not offset the perceived income from this tax hike with my amendment, and I use the word “perceived” because as I have just explained, it could trigger a decrease, there are basically 2 reasons. Since we split the budget into 2 separate debates a few years ago, now one on spending and one on taxes, it has become difficult to match the 2 together because government must be the only entity that I am aware of that enjoys the luxury of deciding what it will buy and figure out how to find the money for that later. Secondly, income tax forecasts are at best an educated guess and have a habit, we have noticed, of being underestimated. What about underspends? I believe the latest one was in the region of £79 million. That is not forgetting the Minister for Treasury and Resources has enough money, as has been mentioned again in the previous debate, to consider paying anything from £8 million upwards for the Plémont Headland. While the Minister for Treasury and Resources makes much of a balanced budget, in reality what I am talking about in this amendment is only a tiny fraction of the grey area between expenditure and income. Despite what the Minister for Treasury and Resources might say, it is simply not possible to be that accurate. The Medium-Term Financial Plan estimated a window or a grey area for income tax alone of around £50 million which is why I have not stated where compensatory savings might be made, always assuming, as I have said, that the proposed increase does produce an overall increase in the Treasury. Also compensatory savings are always a danger zone anyway because every Member will have his own pet scheme that they do not want cut. I will not, for example, mention cycle tracks and pedestrian improvements at £635,000. Also in my report is reference to something which I know the Minister for Treasury and Resources is troubled by and that is the price of fuel before tax. A few years ago, tax free diesel for fishing boats was exactly half the price in some U.K. ports as it was in Jersey and that cannot be right. We all know there have been expeditions into finding out why fuel is so expensive here. The latest was, I believe, from the J.C.R.A. in August last year but I am not convinced that the matter has been answered. In fact, I thought the J.C.R.A.’s conclusions were extremely thin. Like the Minister for Treasury and Resources, I cannot understand why shipping fuel from a refinery to Jersey can be somehow considerably more expensive than transporting it by road across the United Kingdom. Neither can I understand why diesel costs more to pumps than petrol when, in fact, it requires less refining and blending. Now, a week or so ago, a certain columnist in the *J.E.P. (Jersey Evening Post)* observed in relation to fuel prices at the pumps something that I thought was quite interesting and he stated: “Different companies extract different types of oil in different parts of the world paying different wages and different taxes and different transport costs, yet when it arrives at the pumps, it is all the same price.” I have to say if that does not suggest a cartel, I do not know what does. I was under the impression that the difference between the cost of unleaded fuel before tax between Jersey and the U.K. was 13 pence but I read recently it is over 20 pence; 75 pence a litre in Jersey and 53 pence in the U.K. Whichever figure is correct, it is quite outrageous. The point I am making here, and I know that the Minister for Treasury and Resources and I are not miles apart on this, is that much of the profit made by the companies really belongs to the taxman. Put another way, if we made more effort - and this is highlighted in my report - if we made more effort to reduce the initial cost, we could raise the tax without hurting the motorist and the economy. This 3 pence could easily be absorbed simply by reducing the huge differential between us and the United Kingdom.

That is where Ministers, in my view, should be focusing their energy, not on raiding the pockets of hard-pressed middle Jersey.

[16:45]

I put it to Members, we are in difficult economic times and middle Jersey is being squeezed. The cost of living is going up. We have just had a huge electricity price hike. School and university fees are rising. There is pay restraint, job insecurity, 20 Means 20, I.T.I.S. (Income Tax Instalment Scheme), G.S.T. is now 5 per cent. The last thing needed in this climate is a tax increase that not only affects the motorist but the economy in general as well and I propose the amendment.

The Bailiff:

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

9.3.2 The Connétable of St. John:

This is one that really does concern me. I supported the other but I did say it was a “nice to have” but for some Members of this Island, and we are supposed to have an equal playing field for all residents who pay their taxes, having a vehicle... and if you live in the outlying areas of this Island whether it is Bouley Bay or Le Mourier or other parts of the Island, Grève de Lecq, or the likes of Trinity down in one of the bays, it is an essential piece of equipment unlike if you live on the south coast of this Island where, if you have a vehicle, you do not have to use it because there is a bus every 20 minutes. A big percentage of the population do not have that luxury. Therefore, I can support heavy increases on tobacco and the increase that we have agreed on alcohol but I definitely cannot support the people from my Parish and from other Parishes who live above, shall we say, 50 per cent of the... when you get to the top of Queens Road and beyond, put a line across the Island to Gorey and to St. Ouen’s Bay, all those people who are paying a tax on fuel and they have got no alternative ways of getting around. Yes, we can talk about cycle tracks. That is fine if you live somewhere there is no big gradients like there is coming up Queens Road, for instance. It is fine if you are living at Gorey. You can cycle along the flat all the way to St. Aubin’s and, in fact, probably up to Corbière but the people in the rest of the Island have got some rather steep hills to climb. Of course, you can walk but there are only certain places you can walk because in the country, in particular if you live down my neck of the woods, we do not have many footpaths. We have a footpath that goes up Queens Road up to Haute Croix and they all disappear, yet we have some of the biggest roads in the Island. We have got the road that comes up Mont Felard all the way through and we go all the way to the North Road, and we do not have another footpath until you get to the North Road which was built during the occupation. So really it is a real concern that walking in a lot of cases is not an option. So therefore why would we want to put a tax that over 50 per cent of the population or roughly 50 per cent of the population have got no alternative but to use a vehicle? They do not have an alternative. I cannot support this proposition even if it was a reduced amount of tax that needs to be paid. I think the Minister for Treasury and Resources, if he wants additional funding, I would say look at tobacco and I will give you a reason if you need one. I was in Geneva Airport a week or 2 back and a Member, somebody I know well, said: “Oh, bring me back a couple of hundred cigarettes, Phil, will you?” and he gave me the make and I went to the duty free shop and I picked up one of these cartons of cigarettes - and I do not generally approve of cigarettes anyway – but did not bring them back. I took one look at the carton and there was somebody on the outside of it with throat cancer and mouth cancer and I put it down because it was so objectionable, and I thought I am definitely not taking that back to Jersey but it did the trick as far as I was concerned. I did not bring it back because it brought it home, one of my daughters smoked and the one who passed away, she also smoked, and I thought I am not going to contribute to giving somebody else an illness or what. So I have got no problem at all with putting a tax on tobacco and/or drink. As I said earlier, that is a luxury which we do not have to have but when you

live in the country, we have no alternative. If I lived on the south coast of Jersey, I could get a bus every 20 minutes to or from my home but if you live in the outer Parishes, it is a necessity to have a vehicle and if we are putting a tax in place, it should be equitable for everybody. This is not an equitable tax and therefore I cannot support it.

9.3.3 Senator S.C. Ferguson:

I feel as if I am repeating myself. If we can turn again to the comments on the Budget statement which the Corporate Services Scrutiny Panel made. Members will, I think, be forgiven for not expecting the impôts to be increased by more than inflation. If you read paragraph 14 of the notes, the M.T.F.P. assumed increases in impôts in 2013 in line with inflation while figures in the draft budget assume above inflation increases. In actual fact, the difference was tucked away in the item of £7.6 million in the M.T.F.P. that the Treasury said would be generated through improving compliance. We did take the Minister to task over this because the impôts in 2012, the income is down by £2.95 million and we did raise with the Minister that... you know, we challenged him on why he should be increasing impôts at a time when the revenue had been decreasing and we were just advised that we are maintaining the value of the revenue that we are getting and that the budget was predicated on higher levels of activity in the Island. It is optimism in the extreme. If we then look back at pages 12 and 13, we see the graphs of the quantity of the fuel imported compared with the revenue collected. There is one caveat. The 2013 figures are estimates, they are the forecasts, and I do question the accuracy of the estimates since they show an increase in the fuel revenues. But from the graphs, it can be seen that the revenue collected has stabilised when, in actual fact, the quantity imported has fallen. In the 10 years from 2001 to 2011, the quantity imported has fallen by 11 per cent while the number of cars on the road has increased by 25 per cent so we are in a time of diminishing returns and fuel efficient cars so why are we putting the impôts up? I do not feel that the increase in impôts will bring any significant increase in revenue and, in fact, if you look at the graph, as I say, it looks as if the impôts next year will fall again. We have downgraded the forecasts for 2012. That was by about £1.9 million. The forecast for 2013 is £20.885 million and the indications seem to be that the 2013 receipts will probably continue to fall. So I suggest that the proposed budget increase will not produce the required increase in revenue. Now, I expect that the Minister will say that if he does not put prices up, the industry will endeavour to maintain their margins and do it themselves. I am not so sure. The publication of prices in a clearly visible format at the roadside has had a clear information effect and the consumer is voting with their feet, or is it wheels. I think in this economic climate it is far more likely that pegging the impôts will result in an increase in revenue and I will be supporting the amendment.

9.3.4 Senator P.F.C. Ozouf:

I should first of all make a declaration that I do have an indirect involvement in the fuel market because I own a petrol forecourt. I have no commercial interest in it. I just have an interest as a landlord but effectively I am probably arguing against my own interest but I make that declaration because it is a wide declaration. I am going to do something quite unusual in recent weeks. I am going to agree with Senator Ferguson on something. She is absolutely right. The amount of fuel that has been imported in Jersey has been reducing and the amount of cars has been increasing. It is due to the fact that there are more fuel efficient vehicles and that is a factor in the overall discussion and that is that the increase in fuel duty that has been put forward in recent years has had a lesser impact for motorists. I am going to argue against Deputy Baudain's proposition. I thought that I would, in proposing an alternative, get him to withdraw his proposition because I thought that I was being reasonable but maybe Members do not want to vote in favour of Deputy Baudain's amendment and maybe they do not want to vote in favour of my amendment. Maybe they want to put it up 3p. Maybe they will do so after they have heard what I have got to say. Last year, we did not put any increase in fuel duty through. I said that I was going to defer an increase. There was

no increase in fuel duty last year. The year before was 2p. In 2010, there was nothing. In 2009, there was nothing. In 2008, there was 2p. In 2007, there was a penny and in 2006, there was a penny. We have not been keeping fuel duty increasing even in line with inflation. I was proposing a 6.9 per cent increase this year spread over 2 years. That is less than inflation. So I just want to make that first quite important point. Secondly, I will defend the figures from the Treasury. The move to increase fuel duty was designed, and again the Treasury had limited options, to raise revenue to pay for some of the services that we were allocating money to. I am not going to do a sob story to the Constable of St. John and say that there was a direct link between this original proposition and if he does not do this, he is not going to get his roads resurfaced or his drains done or his infrastructure but this is a debate simply about raising revenue and where it is fair to raise revenue. But I have got a bit of good news for the Connétable of St. John because, in fact, what is good about this fuel duty debate is that there has been significant progress made in terms of dealing with the margins on fuel. Senator Ferguson is quite right to say that now there are signs up, you can make a choice about where you buy your fuel. The good news is the J.C.R.A. has determined that there used to be, apart from one or 2 garages, there was pretty well a cartel operating a number of years ago in terms of fuel duty. Now there is a wide differential between the high cost garages and the low cost garages and there is even a price website. The *J.E.P.* does not do it anymore but there is a fuel website called www.fuelwatch.com where you can make a choice about where you take your wheels and you go and buy petrol. The good news is now there is a wide differential and the margin, when you strip out duty and tax in the U.K., the price of a litre of normal litre of fuel, it costs 3p to move it from the refinery to the petrol station. In Jersey, it used to be over 20p. Now it is much lower and, in fact, there is now a 12p differential between the highest costs and the lowest cost of retailers in Jersey, and consumers need to vote with their feet. I am pleased that there is now signage at petrol stations. I think there needs to be clearer signage with the signs not even simply being sometimes black on white and hidden away so you cannot see them. I want to see a standardised sign in front of all petrol stations so that consumers can be absolutely clear.

[17:00]

The reason why it is a shame the Constable of St. John is not here is that - I am not going to name them - there is a garage in Sion where he can avoid... he does not need to go down to the Central District of St. Helier, he can go to Sion right near where he is saying that people have not got a choice because there is a garage in Sion not very far away from where he lives, I think, that has one of the lowest prices of duty and he should look on Jersey Fuel Watch and no, it is not the one that I own and I do not even know where it is on the list but, in fact, there is a wide margin of differential on fuel. So this is a debate. Deputy Baudains is, if I may say, being too unreasonable. He is suggesting no increase and that is no increase at all for 2 years on fuel duty. This is not an *ad valorem* tax like I think the Constable of St. Helier almost misguided himself in his summing up. This is just an increase of a price per pence on the litre of fuel and it was a proposal. We were proposing 3p. I put an amendment for 1p which, after last year, is much less than inflation. So I do not think that that is an unreasonable situation. I think that the situation of fuel retailing in Jersey has changed and now there is choice. If people want to avoid the compromise solution of a penny, then consumers can vote with their feet in greater numbers and that is the way to keep that margin low. It is still too high in Jersey, I believe. It still should be lower than that of comparable jurisdictions of the Highlands and Islands of Scotland and the Isle of Man and that is going to change the nature of petrol retailing that people can do something about their own choices and particularly people in St. John. Deputy Baudains is asking the Treasury to accept over a £1.4 million... and the figures are right. They are based on lower fuel volumes because of lower fuel consumptions, I say to Senator Ferguson. This debate is about depriving the Treasury of £1.4 million based upon the spending plans that we made. I have come forward with an alternative

suggestion. I urge Members to vote against this amendment and support the compromise - even though it does compromise revenue by £500,000 - that has been put forward by the Treasury.

Deputy M. Tadier:

I need to seek a point of order from, Sir, from you.

The Bailiff:

A point of order, yes.

Deputy M. Tadier:

It is to do with procedure. I am not clear what the consequences are, because obviously the amendment that the Minister for Treasury and Resources has brought changes what Deputy Baudains is asking. Deputy Baudains is asking that the proposed 3 pence a litre increase in fuel duty is not adopted but it will not be adopted anyway because that is no longer on the table. So what I am asking is if this ... or, sorry, is it subject to amendment, is that not correct?

The Bailiff:

It will depend on the amendment. The position is that at the moment we are debating Deputy Baudains' amendment. If his amendment is successful then that is the end of the matter and the Minister for Treasury and Resources will not be able to propose his amendment because it is inconsistent with the decision the States will just then have taken. If Deputy Baudains' amendment is unsuccessful, then the Minister will propose his amendment which Members may vote in favour of or against. If they vote against it then we are back to the original proposition.

Deputy J.H. Young:

I am sorry to complicate this but I think the last speaker, not the last point of order, but I think I would like to know what numbers we are talking here. When the Minister said that the duty proposal was 43 pence; could I have clarification whether that is the number before or after the amendment that we are discussing?

Senator P.F.C. Ozouf:

Just to be clear, Deputy Baudains' proposal reduces income by £1.4 million. The net effect of my amendment is effectively depriving us, from memory, of £479,000 plus or minus a few tens of thousands, £500,000. I hope that is clear.

9.3.5 Senator A. Breckon:

The Minister for Treasury and Resources said a while ago, and he has repeated it a few times, that there would be no new taxes. Of course this is not a new tax but it is a very convenient way of raising money. It is something, though it is a bit of a soft option, and it is a sort of attack against the motorist. Petrol varies a bit but it is round about £6 a gallon. If you put it back into old money £6 a gallon is a serious amount of money and obviously motoring is an expensive business. It is mentioned in the Minister for Treasury and Resources' comments on the Budget about the J.C.R.A.'s report and there was also another report done by a company called *Consultancy Solutions to the Oil Industry* - they looked at the La Collette premium and I think going through the supply chain - what was what and I think Oxera have done a report as well. So that is the J.C.R.A., Oxera and Consultancy Solutions. The short answer is nothing really came out of any of them. The fact that there is science outside came from what I saw happened in the Isle of Man. It was fairly simple to do; it was price marking could be done. So that was where it came from. It did not come from the Minister for Treasury and Resources or the Minister for Economic Development; it came from a Back-Bencher. Now that has made people aware that prices can be volatile. So we could agree something or other and this can change if there is an incident somewhere in an oil-

producing country. It can go up by 10 pence tomorrow or by the weekend. That is the volatility of the market. The other thing, some of us with longer memories can remember queuing at the Chelsea Hotel. Now Deputy Maçon probably will not even know where that was but by the last week in January in each year, there was a queue of about 100 or more people to get their car taxed. I remember paying about £12 or £15. But when that was scrapped they said: "Well, what we will do is we will put a small premium on petrol - a penny a litre or a penny a gallon or whatever it was then; it was probably Imperial as opposed to Metric - and that was it. Now if you look at what we have here, on the comments of the Treasury, the budget proposals for fuel duty are forecast to raise £22.2 million. The reason we are saying that is that is money that comes out of the economy. So if you have somebody who, say, works for family nursing and they are going to visit people early in the morning and late in the evening they will not be on a bus, they will be using their car. We have people delivering, we have taxi drivers, so what we are doing is we are adding to those costs which I think Deputy Baudains mentioned. Now these are real costs. These are people who cannot do without a car. It is nice to say, well get on a bike now and again and we will walk or whatever but we are talking about the reality of them providing a service and doing a job and earning a living. The other thing is that it is inflationary, because as this filters through it is a bit of a own goal. So, well, if this is added up it comes to 0.7 but what will happen, again with duty increases, the 2 pence on a pint of beer comes out at 10 pence. It is not 2 pence, you say: "Oh well, it is reorganisation costs, it is an annual review and there is something else" and the other thing that is on fuel now as well is G.S.T. So there is a tax on the tax, so that needs to go on this as well. The other thing I noticed, in the U.K. there was a debate in Westminster about a fortnight ago on this and I understand there is a rumour that the Chancellor is considering, in his autumn statement, deferring any increase in the U.K. and it was coincidentally proposed to be 3 pence a litre and again that is because that is inflationary. The other thing that it does is this £22.2 million, that is taken out of the economy in tax that comes to us but then it is money if people are mentioned who need a vehicle for work and for other things - commuting and taking their kids to school, whatever it may be - then that is money that does not go in the shops, the hairdressers and anything else. If you think of tightening things up, what you do not want to do at this stage is take more money out in that direction because it is not a discretionary spend for people; they cannot decide what they are going to do. That is all right if they have £10,000 or £12,000 they might be able to buy a vehicle that does not use as much but again that is a serious financial commitment for people to make to save some money and they will be a long time getting it back. So I think this is a bit of a known goal and it is an easy target and it is something I think we can live without. I am a former smoker - I have not smoked for over 10 years - and it is the same with drink, I can take it or leave it. I do not have a problem with that but we must not use any of them as easy targets. It is a good thing to use as a health excuse and if you keep putting it up then people will start walking but they will not necessarily. What we do not want to do, if somebody is running around who is struggling to keep a little car going with increasing insurance costs and the other things, we do not want to take their car away from them which we could do if we price them out. For those reasons I will be supporting the amendment. I think it is sensible. I know the Minister for Treasury and Resources has an alternative as a back-stop but I think what we could do is we can send the message out, we can juggle around and I think more could be done. I do not know if it is possible that the Minister for Treasury and Resources can do another amendment just to do the tobacco duty or something else maybe to make this up but I think if there is an alternative then perhaps he would consider that and accept the amendment of Deputy Baudains.

9.3.6 Deputy G.P. Southern:

It was interesting to hear the Minister for Treasury and Resources obfuscate on the debate when he went for a walk around Sion and started talking about the competitive nature now of the petrol trade and how things are so much better than they were. I think the Minister for Treasury and Resources

himself, if asked, how would you most effectively increase the cost of living in Jersey? He would have 2 choices for everybody. He could say: "I will put up G.S.T. on food. That will hit everybody." Or he could say: "I'll put an impôt on petrol. That will affect everybody." If you wanted a single way to stoke inflation and reduce economic activity then increase the cost of getting around the Island and delivering goods, *et cetera*. Deputy Baudains was very accurate when he started there and said: "This is inflationary." It is. This will reduce economic activity. It will, that is the reality. The Minister went on about then maintaining the level of revenue. Maintaining the level of revenue. I made the analogy when we were talking about the Medium-Term Financial Plan how the Minister had got into every pot and shaken it and the very last pennies of it and he turned the piggy bank upside down and he used a knife to get the last pennies out of that. Every pot has been emptied. "How can I raise some more money? Oh, I will increase impôt." It is the easy, simple solution for a Minister for Treasury and Resources. It is always there waiting to be done. He then went on a story about how impôt had not been increased for a number of years. I think he went back to 2006 to show how impôt had not been increased. I thought for a minute he was going back to pre-decimalisation days. Whereas Deputy Baudains talked about 15.5 pence on the gallon, he probably remembers pre-decimalisation that worked out about 2s 8d on a gallon. I thought for a minute the Minister for Treasury and Resources was going back to the days when petrol was indeed 2s 8d per gallon. But he stopped short of that. The fact is that, as Deputy Baudains said in his opening speech, this is less than one quarter of 1 per cent of the total overall budget. It can be adjusted elsewhere. It is not the end of the world. If you do not want to stoke inflation and you do not want to reduce economic activity then vote for this amendment. I will.

9.3.7 The Deputy of St. Ouen:

Just a couple of points. First of all, I would just pick up on a comment that Senator Breckon made a little bit earlier. It is not just duty that is levied on fuel. G.S.T. is too and G.S.T. is levied at 5 per cent of the overall amount of money that we pay for our fuel. As fuel goes up or changes in price G.S.T. automatically increases or, we hope maybe one day, decreases. However, generally that is not necessarily the case even if it stays at 5 per cent, because we know that fuel costs have gone up. The other thing is we have been focusing on individuals with cars and absolutely it is quite right we do so but what about all the commercial vehicles? No matter how hard you try, I am telling you now that if you run a truck it is not that fuel efficient. If you run a Transit van, it is not that fuel efficient because of the nature of the vehicle. But these are the vehicles that are being used every single day of our lives to transport goods around the Island for us.

[17:15]

So duty goes up, costs go up, charges go up, so we end up paying more. Is this really the time that we want to load an additional cost on to the general price of goods that we are already paying G.S.T. for? Also, I think the Minister for Treasury and Resources is perhaps economical at times with some of the information that he gives us. Because I was very fortunate enough to attend a budget briefing and he kindly produced for all those who attended a summary of the impôt proposals. He is being very transparent about it and it clearly says here that: "With regard to the Medium-Term Financial Plan [which is right] we agreed only 2 months ago the forecast for 2013 came to a total of just under £53 million". I think someone else already mentioned that the assumptions contained in the Medium-Term Financial Plan were based on the increases of directed inflation. The truth is that also on this piece of paper it shows what the total budget proposals are for 2013. They amount to £55.5 million. So this proposal, this budget that we are debating today, increases the amount that we already agreed within the Medium-Term Financial Plan by about £2.6 million. You have to ask: "Where does that money come from?" Well, £1.4 million comes from increasing fuel, above that which we agreed in the Medium-Term Financial Plan. I say that it is

quite appropriate at this moment in time to support Deputy Baudains and I, for one, will be doing just that.

9.3.8 Deputy M. Tadier:

There are several reasons why I must support this amendment and cannot support a disproportionate increase in the price of fuel to the duty on fuel. I will go through those with Members; hopefully one or more of them will strike a chord. The first one is that this is inflationary. It has been mentioned already but let us reiterate what I mean by that. By putting up fuel we are not simply putting up the cost of fuel - that will obviously be consequential - we are putting up food prices. Why? Because of the delivery costs for one, and also the cost of other basic commodities. So it is inflationary. The second reason is that it is not just inflationary, it is stagflationary. It contributes to the war of stagflation which we, I think, know, is when wages stagnate and inflation increases. That is exactly what we have at the moment. I think many of our constituents feel the very real effects of that problem. We have a government and we know that we are in difficulties in terms of the economy where we are having to restrict the pay increases, the pay awards. We have heard they are not really a pay increase because cost of living is going up above the wage increases. So we have stagflation. The third reason is a kind of parallel to the arguments that were raised in the alcohol debate in the sense that these funds are not going to be ring-fenced for the equivalent of the health programme, which is the Sustainable Transport Policy. If it could be shown that the money that is raised by this duty increase would be designated towards providing the buses from St. John into town and more increased buses so people could go to those pubs, enjoy a small drink; come back into town rather than necessarily the other way round. If we knew that people could be encouraged out of their cars because there were extensive services to the rural parts as well as the urban parts which suited people's timetables, then of course people would give up their cars perhaps or start finding other mechanisms. But the point is again we seem to have put the cart before the horse. We have not provided the solution. We are providing very much the stick but no carrot. Perhaps we should look to the Guernsey model to see how the carrot is more preferable than the stick in their transport system. So those are the 3 basic reasons, I think, why we cannot support this. It is inflationary, we have a situation of stagflation which will only get worse, and we do not have a basic policy which is being applied across the board with a ring-fenced mechanism being applied to this. So I would say to the Minister for Treasury and Resources: "Where are the progressive taxes? Where are the fairer taxes?" It has been said that these taxes, like G.S.T., like fuel, hit everyone irrespective of whether they are able or not to pay. We had a comment earlier about we have more fuel-efficient cars which has the paradoxical situation of meaning that people's cars are driving further with less petrol. That is fine if you can afford a fuel-efficient car. I know many of my constituents who are still driving round in the same car that they have had for the last 10, 15, 20 years which tells me 2 things about them. It means that they look after their cars well and they do not need to change them and they made a good selection when they bought their cars, and it means they do not have the disposable income necessarily to buy these flash new cars which run on gas or electricity and which give you access to half-price parking. They pay their full whack for parking, they pay their full whack for fuel and they will continue to pay even more if that is the case. So I think we have to say enough is enough. We cannot continue to base this on behavioural change when we do not provide the mechanisms for behavioural change and we cannot continue, as a Government, to push the price of inflation above what we are willing to give our own workers and expect those in the private sector to be able to get in terms of cost of living and pay increases. So there are several reasons there and I ask Members to take their pick and hopefully support this amendment.

9.3.9 Deputy J.A. Martin:

I will be brief. I know the Minister for Treasury and Resources has brought an amendment to the amendment but I would just like to say do not be seduced into supporting that because it is still an increase. By Minister for Treasury and Resources' own statement, at the budget present - and he has said it since - he does not understand or is quite annoyed about the difference of how dear petrol is here and what the impôt is. He is basically saying they are making too much on it; I think that is what he is saying. So you give the industry one penny, can they make that 5 and who do they pass that on to? So it is very seductive. We do not increase fuel as a Government. Out there we do know there are garages who have said they will not absorb this increase. They have been absorbing some of the increases naturally on fuel. So help them, which will in turn help. I will keep it short and we have said it before; it is the small business, it is the person who does live out in the sticks or on one side of St. Helier who needs to get the children to school on the other side of St. Helier. The fuel and the car are cheaper than 50p or 60p on the bus plus the adult. It does not work out. So I am saying the amendment to the amendment does sound - and we have been asked where we are - seductive but I would not give the industry a penny and I mean a penny. So support this amendment. I think it is very telling if, and I am sure I know he does know his figures, the Deputy of St. Ouen, because the Minister for Treasury and Resources told us the M.T.F.P. was voting for what we are going to spend; is this the little bit of extra in the pot that they will get and, as the Deputy from St. Brelade, Deputy Tadier says, none of it is ring-fenced for any of the things that you would want it to go to. So, as I say, I think the amendment is sound. The Minister for Treasury and Resources has met him two-thirds of the way and gone down to a penny. Do not give the industry anything; stick with Deputy Baudains' amendment and support him.

9.3.10 The Deputy of St. Martin:

We have heard a lot of words in the Assembly this afternoon but really, I do not know if Members realise, we have made very little difference to anything. We have just heard from Deputy Martin about 1 pence but do Members seriously not follow the price of fuel? The price of fuel can fluctuate greatly from one day to the next, from one week and from one month at far greater margins than 1 pence or 2 pence or 3 pence a litre. The price of alcohol can do similar and affecting the cost of a person's pint by 2 pence is not going to make a real difference. If we are serious about making changes to the way people consume alcohol and their behaviour we need to be bold. If we really think we are going to make a difference to the way people drive their cars by 1 pence a litre we are wrong. The one thing we could do this afternoon - and it is not even as good as I would like to go - is to reject Deputy Baudains' amendment and move on quickly to the Minister for Treasury and Resources' amendment where we have at long last something which is slightly significant in changing the price of cigarettes. For that reason alone I would ask Members to reject Deputy Baudains' amendment so we can move on and do something to make a small change to the way people's health may be affected, which is to increase the tax on cigarettes.

The Bailiff:

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

9.3.11 Deputy G.C.L. Baudains:

I thank all those Members who have contributed. I will be brief in my summing up. The Constable of St. John touched upon the outlying areas which surround his Parish and the need for motorists to be able to buy their cars because of the lack of alternative transport and obviously they would have no option but to be affected by an increase in the tax on fuel. Senator Ferguson raised the issue of, as I understood it, administering returns; the more you raise tax the possibility of less income from that is a possibility. The Minister for Treasury and Resources made some interesting comments, as one might expect, and admitted that the 3 pence rise was designed solely to raise funds for general taxation; it was not ring-fenced. There is a wide differential of prices across the Island. Well, of

course that is not going to be affected by a tax rise. Every pump with its various prices will be increased by 3 pence per litre if his proposition succeeds. I am trying to take that off. I think he mentioned it cost 3 pence a litre to get fuel from refineries to pumps in the U.K. whereas in Jersey it is about 20 pence and possibly reduced to somewhere round about 12 pence now. As I said in my opening speech, this is where Ministers really need to be addressing their energies to; if they could reduce the primary cost of fuel to a level similar to that in the United Kingdom I would be quite happy for him to put 12 pence tax on a litre of fuel, it would end up at the same price. But he is not doing that. Senator Breckon: the proposition by the Minister for Treasury and Resources is a soft option. That has been my assumption all along. I mentioned in my opening speech the J.C.R.A. review into the price of fuel and he mentioned these 2 others that had gone before and reminded us of the days of when one used to pay for road tax at the hotel opposite the hospital. I remember that well. I have a note here that in 1993, the last year that we paid road tax, the income from the tax was £1.3 million. That was replaced by a tax on fuel and in 2010 that amounted to £20.3 million. So it has gone up a touch. Deputy Southern - again an issue that I had raised in my opening speech - that of course deliveries are made around the Island which means by using more expensive fuel transport costs will rise resulting in everything else rising in price. As I said, that is the way it affects the economy. I think the Deputy of St. Ouen raised an interesting point that perhaps may have slipped my mind when putting this amendment together and that is of course a lot of deliveries are made by lorries and vans and these are definitely not economical on fuel. You might be getting 25 to 30 miles to the gallon out of a present car in Jersey's urban scenario but you certainly will not be getting that out of a truck; you would be lucky if you were getting 3 or 4. Deputy Tadier of course mentioned stagflation; something that many people do not think about these days.

[17:30]

Yes, fuel tax and ring-fencing that he mentioned. The present tax take on fuel is round about £20 million, of which around about £2 million is spent on road repairs. So the motorist is putting an enormous amount of money already into general taxation. The Deputy of St. Martin asked us not to be seduced by the Minister for Treasury and Resources' amendment of 1 penny and to stick with my amendment. The Deputy of St. Martin: I could not agree with him. Apparently this would make not much difference to anything and the price of fuel can vary significantly. We know it can but the point is as the price of fuel goes up significantly it would still have that 3 pence tax on it so it would be even worse. To sum up, the continual increased burden on indirect taxation, which as we know is to compensate for the Zero/Ten taxation, has to stop somewhere. Forty per cent at the moment of the petrol price is tax and the Minister for Treasury and Resources' 7 per cent increase on that would mean the tax on every gallon of petrol according to my calculations would be £2.36. We know that fuel is already expensive. Increasing tax on that, as I said earlier, will not only affect the motorist, it will increase the cost of living for people who are already facing massive rises in electricity costs. Because of the fact that fuel costs affect every part of Island life, clearly it is going to have a knock-on effect in many areas. I was just thinking the other day, for example, taxi fares will end up going up, so that is going to irritate our tourists a bit more. As I have just mentioned, the motorists already contribute over £20 million in fuel duty. What we gain by raising this tax on fuel if the Minister for Treasury and Resources is successful in getting his 7 per cent rise - or 6.9 per cent but by the time we have added G.S.T. on that it is going to be over 7 per cent - I am quite sure we are going to lose, as a consequence, in other areas. In the United Kingdom a very similar increase is being proposed - 3 pence per litre - and there is serious concern that that may be extremely damaging. They are suggesting it would cost the United Kingdom 35,000 jobs and reduce their economy by .1 per cent. They are in exactly the same situation as we are. I do not believe they had a tax rise last time round. They were thinking of a 3 pence rise this time and are now seriously considering deferring it. We should do the same. In my opening speech I alluded to a balanced budget which incidentally I agree with. But it has to be an aspiration, it is not a

certainty. The receipts from income tax, for example, are an educated guess. The window for income tax is in the order of £50 million. Capital expenditure can vary enormously over time, especially due to timing issues, and create unforeseen carry forwards. I believe the last one was £79 million. So why £1.3 million or £1.4 million should be such a big deal when we have nearly £100 million worth of variation in the figures, I am struggling to understand. Just in conclusion, there might be one other option for Members who would prefer to support my amendment but on the other hand would rather that the tax was recouped elsewhere, and that is, as I understand it, my amendment could be adopted and the Minister for Treasury and Resources could come back probably early next year to increase the taxation on another product, possibly tobacco. I maintain the amendment.

The Bailiff:

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

POUR: 24		CONTRE: 21		ABSTAIN: 0
Senator A. Breckon		Senator P.F. Routier		
Senator S.C. Ferguson		Senator P.F.C. Ozouf		
Connétable of St. Helier		Senator A.J.H. Maclean		
Connétable of St. Clement		Senator B.I. Le Marquand		
Connétable of St. Lawrence		Senator F.du H. Le Gresley		
Connétable of St. John		Senator I.J. Gorst		
Connétable of St. Ouen		Senator L.J. Farnham		
Connétable of St. Brelade		Connétable of Trinity		
Connétable of St. Saviour		Connétable of St. Peter		
Deputy R.C. Duhamel (S)		Connétable of St. Mary		
Deputy R.G. Le Hérisssier (S)		Connétable of St. Martin		
Deputy J.A. Martin (H)		Deputy J.A. Hilton (H)		
Deputy G.P. Southern (H)		Deputy K.C. Lewis (S)		
Deputy of St. Ouen		Deputy E.J. Noel (L)		
Deputy of Grouville		Deputy A.K.F. Green (H)		
Deputy J.A.N. Le Fondré (L)		Deputy of St. John		
Deputy M. Tadier (B)		Deputy J.P.G. Baker (H)		
Deputy T.M. Pitman (H)		Deputy J.H. Young (B)		
Deputy T.A. Vallois (S)		Deputy of St. Mary		
Deputy M.R. Higgins (H)		Deputy of St. Martin		
Deputy J.M. Maçon (S)		Deputy R.G. Bryans (H)		
Deputy G.C.L. Baudains (C)				
Deputy S.J. Pinel (C)				
Deputy R.J. Rondel (H)				

The Bailiff:

Very well, before we adjourn can I just inform Members on a number of matters which have been lodged: Projet 129, lodged by the Chief Minister, Ratification of the Agreement for the Avoidance of Double Taxation and Fiscal Evasion with the Republic of Singapore; Projet 130, Draft Taxation (Double Taxation) (Amendment) (Jersey) Regulations 201-, lodged by the Chief Minister; Projet 132, Draft Limited Liability Partnerships (Amendment of Law) (Jersey) Regulations 201-, lodged by the Minister for Economic Development; Project 133, Draft Income Tax (Amendment No. 42) (Jersey) Law 201-, lodged by the Minister for Treasury and Resources; and an amendment to Projet 104, Draft Income Tax (Amendment No. 41) (Jersey) Law 201- second amendment, lodged by the Minister for Treasury and Resources. The adjournment is proposed.

Senator P.F.C. Ozouf:

Just out of courtesy, under Standing Orders I am permitted to propose amendments to the Budget and I will give notice to Members that I will be proposing an amendment to maintain the issue of the tobacco aspect. I will relodge the amendment that I did. I realise the fuel duty one is lost but I think that there is a consensus among Members that I did previous consult that the tobacco one still would be maintained, so overnight there will be an amendment. It will come first thing in the morning.

The Bailiff:

Very well, and then we will decide where to take that, probably first thing, I would imagine, yes.

Senator P.F.C. Ozouf:

Probably first thing, that is why I thought I had better mention it now.

The Bailiff:

Thank you very much, Senator. Very well, the Assembly will rise and reconvene tomorrow morning at 9.30 a.m.

ADJOURNMENT

[17:37]