

# STATES OF JERSEY

## OFFICIAL REPORT

WEDNESDAY, 25th OCTOBER 2006

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

### **PUBLIC BUSINESS – RESUMPTION**

#### **1. Goods and Services Tax: exempt or zero-rated items (P.86/2006)**

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

The debate continues on the proposition of Senator Syvret. Does any other Member wish to speak, or may I call Senator Syvret to reply?

##### **1.1 Senator M.E. Vibert:**

I would be surprised if I am the only one who is going to speak before Senator Syvret's reply, but someone has to set off. It seems like a case of *déjà vu* for me because, certainly, this is the third time we are debating the issue. I appreciate for the new Members it is the first time, and I think it is a very important first time for them. They may have had some of the same reactions as I had when the idea of sales tax was first mentioned. When it was first mentioned, my instant reaction was we must have loads of exemptions for all those things that Senator Syvret has listed. That was my instant reaction. I wanted to exempt everything. Like everyone else, I did not really want the tax at all. But, as I looked into it, I accepted we must have G.S.T. to make up the shortfall in income because of 'Zero/10.' So it is to pay for the social services provided by the State. The more I looked at it, and the more hard evidence I examined, I realised my first reaction in favour of a whole host of exemptions was totally wrong. All the evidence showed a low, simple flat rate covering all goods is the right choice. As this is the third time we are debating this issue, I believe those State Members who have already debated the issue twice and made up their minds twice are unlikely to change their minds. I say "unlikely" particularly as no new arguments in favour of exemptions have been brought forward by Senator Syvret or anyone else speaking in favour of them. It is the same old arguments rehashed which have been rejected twice before. I am afraid to say that if - as I hope - we reject them again, I am not certain we will have seen the end of it because when the Regulations come out no doubt we might see another attempt yet again. But for States Members who have not been here before to debate the issue, I believe it is important they consider the evidence and do not let emotion rule logic, but the other way around. I believe it is everybody's duty in this House to consider what is in the best interest of the Island as a whole, not just what vociferous lobby groups championing the case of one particular exemption want, but what is best for the Island and all the people of the Island overall. It is always the duty of States Members to consider the best interests of the Island as a whole, not to vote for what is most popular. Not to vote because it makes us feel better because we feel emotionally it is wrong to put any tax on these things; not that easy option. Not to vote to satisfy a particular political creed, but to vote for what is best for the Island and all Islanders as a whole and on all the evidence presented to us. So, I believe if States Members do that, then the only conclusion of what is best for the Island and all Islanders as a whole is to stick with a low, flat rate on everything and reject the confused and complex exemption amendments. I would describe the exemptions as pick-and-mix, except I am not sure if they would qualify for an exemption or not. Let us be clear that by proposing these exemptions it is not that Senator Syvret wants to tax everybody less. He does not. The Senator wants to tax everybody more. He has admitted that. He just wants to do it in a different way. He is on record as believing Jersey is under-taxed and should be taxed more. Interestingly, as an alternative to what we would have to do - which is raise the general rate of G.S.T. (Goods and Services Tax) if these exemptions were allowed - the Senator suggested other ways of doing it, even raising income tax to 21 pence. It is interesting because the Senator insists that G.S.T. will inevitably rise. I just wonder if we went for raising income tax instead, would it not also be inevitable, once we had broken that 20 per cent rule that has served us so well for half a century, that that would continue to rise as well? How soon before the Senator will obviously be wanting that to rise to 22p, 25p, 30p? No. This amendment of the Senator's is a proposal not to reduce taxes but just to tax people differently,

and all the many other ways that have been previously suggested by Senator Syvret and Deputy Southern have been overwhelmingly rejected by this House because they were not in the best interest of the Island. If we agree any of these proposed exemptions, either another tax will have to be found or we will have to raise G.S.T. on the non-exempted items, which is self-defeating because this simply hits the less well-off in another way. The very people Senator Syvret says he wants to help will just be paying in G.S.T. on other items. I think one of the most unbelievable aspects of this debate has been that the U.K. model of V.A.T. (Value Added Tax) has almost been held up as an example for us to follow. The exemptions proposed are closely modelled on the U.K. system. We are told it would be easy to follow the U.K. system because everything has been worked out. Well, we heard from Deputy Le Fondré yesterday the complexities of it. Has everything been so well worked out that the U.K. V.A.T. system is generally regarded as the worst sales-tax system in the world? Everything so well worked out that the U.K. government has to spend billions of pounds every year on enforcement and anti-avoidance measures? So well worked out it is accepted V.A.T. fraud costs the U.K. government billions of pounds in lost revenue each year? That is a system it is proposed we follow? I was surprised to hear Senator Syvret say: "Do not compare with New Zealand." Why not? I think the answer is because they have introduced a flat-rate system there that works well, and that does not suit the Senator's argument. I did not hear any evidence produced as to why a similar low, flat-rate system would not work as well here, no evidence at all. It is evidence I would urge Members to pay heed to. Not to emotive populist slogans such as making people pay tax on their bandages. For evidence, we not only have all the information supplied by the Treasury, we are also indebted to the Corporate Affairs Scrutiny Panel for their report, and it has been used by those arguing for the exemptions, if very selectively. I believe the report, overall, very clearly demonstrates the advantages of a low, flat-rate system over a system involving a plethora of different exemptions. The Panel asks States Members to make up their own minds, but the evidence is clear for those who have an open mind and are prepared to accept it. Finally, I wish to address briefly the assumption of the inevitability - if one listens to those in favour of exemptions - that G.S.T. is going to rise and rise. I do not believe it is inevitable, and it does not say much for those who do believe it is inevitable for their faith in their fellow States Members because it is this Assembly that would have to sanction any further rises in G.S.T. But one thing I do believe for sure and that is if we agree all the exemptions proposed, then it will be much easier for the rate of G.S.T. to be raised in future. What will there be to stop it? The argument will be G.S.T. is not on all these so-called essential items, so there is no reason not to hike it up. In fact, Sir, I would not be at all surprised if those proposing these exemptions and those who believe we are under-taxed and need to raise more tax are not the first in the queue to propose a rise, if these exemptions are agreed. No, Sir, I believe to try to ensure the rate of G.S.T. stays as low as possible, and that it remains as hard to raise as possible, it is vital there are as few exemptions as possible. Others have gone through some of the proposed exemptions. I have no intention of getting involved in arguments about whether gingerbread men have got a smiley face or not, but unfortunately that is the sort of argument that will have to be had if we agree these exemptions, particularly over locally produced products in future because they will not have been decided beforehand. I believe, Sir, it is right and expected that I, as Education, Sport and Culture Minister, should address the education and related issues. G.S.T. on school fees has been raised. I believe the Scrutiny Panel's report shows that if an exemption was allowed on this it would be the most regressive of all exemptions. It would help the really well-off at the expense of the not so well-off and do nothing at all for the least well-off. Individual fee-paying schools differ vastly in the affluence of the parents who send their children there, but the exemptions would apply to all in the same way. I accept and know a number of parents do struggle and work hard to send their children to fee-paying schools, and they should be supported. Education, Sport and Culture has a track record of working with and helping the fee-paying schools as and when help is required, and I believe that is how the situation should continue. There should not be a blanket exemption on all school fees for all parents. Instead, help should be provided where it is needed. My offer to meet schools is reported in the Scrutiny Panel's report. I am quite willing to discuss the impact of G.S.T.

and how we can ensure the continued financial viability and quality of provision of the school stance. Schools and parents are already helped in a targeted way, and this should continue and should be the way in which any adverse effects of G.S.T. on school fees should be met. I also noted the Treasury and Resources Minister's response to the Scrutiny Panel, quoted on page 45 of their report... and if I could find page 45, I would just mention that quote because I will be holding the Treasury and Resources Minister to it in further discussions we are going to have on the issue. This is the Treasury and Resources Minister's quote: "If you are trying to solve a problem of funding particular education establishments, is that better done through an educational route by changing the grant structure to those institutions or by messing about with the tax system?" He goes on to say: "I am saying I want to keep this tax system simple. If it means, for example, you would lose - let us say - £500,000 worth of G.S.T. revenue from the school but equally give them a £500,000 grant to recompense that, well, why go around in circles and make things more complicated? I think there is a danger if we try to solve problems by making the tax systems more complicated without making the rest of the operation any simpler." The Sub-Panel's comment is: "The Sub-Panel welcome the suggestion and believes the Minister should give a firm commitment to the schools to this effect, in order to relieve the concerns of many parents." I am already in discussion with the Treasury Minister about these issues. As I said, we have helped the fee-paying schools in the past, particularly with millions of pounds provided for capital projects, and we will help them out again in the future, if needed. One of the fee-paying primary schools had great difficulties. We raised the percentage of the age-weighted pupil unit we provide them with so they could continue operating. Childcare costs is another area where there is a proposed exemption. Again, I believe there are far better ways of helping with childcare costs than a blanket exemption. We are currently working on a review of provision for 0 to 5 year olds and that review's terms of reference include consideration of appropriate arrangements for financial support, including tax benefits and allowances. That review will be reported back before the end of the year, and I want it to target help where it is most needed, not just give it out to all and sundry, whether they can well afford it or not. I believe, Sir, at the very heart of this debate is do you target benefits so as to give as much help as possible to those who really need it, or do you use the blunt instrument of exemptions and have less, in effect, to give to those really in need because you have given it out to everybody? This Assembly has agreed the way forward to help those in need is an income-support system, but the pro-exempters cry: "We do not know the level that will be at. We do not know how much money will be made available." No, at this stage we do not, but we do know the Treasury Minister has given an undertaking that as much money as is needed to protect the less well-off from the effects of G.S.T. will be provided. Who has the final say on how much will be made available to protect the less well-off from the impact of GST? This Assembly: us. It is in Members' own hands to ensure the protection is adequate. So, those protests about we do not know exactly how much will be available ring very hollow and, again, demonstrate very little faith in this Assembly. The key to this debate, and I believe everyone on all sides should be able to agree with this, is how best to help the least well-off with the introduction of G.S.T. Is it to exempt whole categories of items for everyone, regardless of wealth, and to have a higher rate of GST on everything else? Or is it better to have a low, flat tax rate and target more help to those who need it? Sir, I believe we all want to achieve what is best for the Island overall, and in this particular case ensure the least well-off are protected as much as possible from any adverse effects of this new G.S.T. tax. It is a question of how best to achieve this. Sir, I urge all Members to look at the evidence and, on that evidence, to accept targeting help is the way to achieve this and reject all the exemptions proposed.

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

If I could just say, Senator Vibert yesterday said he had not heard any evidence against the New Zealand model when in my speech, towards the end, I did point out the cost of living is considerably lower, I believe, in those Antipodean areas.

**Senator M.E. Vibert:**

I did not regard that as evidence because if the cost of living is lower then so is the cost of wages.

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

This proposition has implications concerning the well-being of my parishioners, and I feel I ought to make a contribution, albeit it will be brief. I am one of the new Members, Sir, and I am seeing the whole saga through fresh eyes. I found the speech of the Health Minister extremely persuasive. How could we be thinking of taxing basic foodstuffs, the sick, childcare, fuel and energy? Are these not the very fundamentals of life? The presentation was statesmanlike and most convincing, and it was a great pity it was slightly spoiled by a couple of derogatory references to gin palaces and houses in the countryside. However, it was a good speech, and I felt it worthy of support. I listened with interest to Members speak in favour and others speak against. I was somewhat reassured by the speech of the Minister for Social Security and his explanation of the effects on medical and prescription charges and the way the new income support system will protect people in need from the unaffordable bills of basic living costs. Then came the speech of the Treasury Minister, where he described the complications that exemptions would cause and that the basic rate of 3 per cent G.S.T. would definitely have to be increased drastically. His explanation of the 4-component package of measures of G.S.T., I.T.I.S. (Income Tax Instalment System), income support and 'Zero/10' was totally convincing, and for me, I suppose, the penny finally dropped. It took all day, but it got there in the end. The needy will be protected by the income support system. As Connétable, I have a legal duty to care for the aged, the very young, the poor, the disabled and the people who cannot look after their own affairs in my Parish. This is a continuing obligation. I am an enthusiastic supporter of the concept of income support. If it fails to deliver, I will be its severest critic. Sir, I will be voting against the proposition.

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

I have to say this projet has presented me with more of a dilemma than any other I have so far debated. It has made me compare and contrast my instincts - what comes from my heart, if you like - with what my head is telling me. Just about one year ago, I was voicing my concerns that the introduction of G.S.T. would hit those on fixed incomes very hard indeed; that the effect of mid-income families with a mortgage and perhaps children at university would be punitive. I was especially concerned the apparent panacea of income support, then quite a vague concept, and even now lacking any kind of fine detail, would be used to counter worries of the poorest families being unable to cope. Then, as now, I was concerned G.S.T. would in fact push more families into income support and surely this cannot be the intention of a socially responsible government. I called then for a debate on the possibility of exempting items such as food and medical expenses, and today I have the opportunity for that debate. For that, I thank Senator Syvret. Since then, however, I have learned a great deal more about G.S.T. I have looked for evidence. I still have to say that as far as I am concerned this is the wrong debate. Personally, I do not believe G.S.T. necessarily offers the best or simplest method of obtaining additional revenue. I believe our fiscal strategy would have been enhanced and strengthened had it been debated now, with the input of the full and refined Scrutiny process which has now been established. But, of course, that issue is no longer on the table. As so many other Members are fond of saying, we are where we are. The question today is confined to whether or not we have 6 exemptions, and the arguments on both sides are formidable. In the end, in my mind, it comes down to simplicity of operation and transparency of administration. The Treasury and Resources Minister has suggested that to include exemptions would increase the cost of collection of this tax by a staggering 100 per cent and that the administration would rise from 10 staff to 20 staff. I believe these figures are too high, but I also believe, based on past examples of bureaucracy and complexity of regulation that the true cost of collection without exemptions may well prove to have been understated. If I am right - and I hope I am not - but if the cost of implementing G.S.T. rises, I do not want this rise to be hidden under the excuse of being due to exemptions. Treasury and Resources have provided their costs for a simple, flat rate tax, and I for one intend to hold them accountable to those costs. I advise the Minister now

I will not accept any weak excuses for the costs of collection increasing beyond those predicated, and I expect him to keep the States' administration of G.S.T. simple and efficient for that reason. Likewise, I expect him to make it simple and cheap for businesses, large and small, to implement and collect. Furthermore, I have been persuaded by evidence that the benefit of exemptions on those in the bottom quintile of the income distribution, while significant to those households, will be relatively small and that the section of the population I am most concerned with here - those people who fall just above the income support level - will benefit even less. This, coupled with the possibility, even likelihood, that the tax rate will be increased as a result will mean these very people I am concerned about will effectively pay more G.S.T. on all the non-exempt items and so will end up worse off overall. Deputy Scott Warren, for one, suggested it was justified to charge more for luxury items in order to still raise the required £45 million, i.e. to raise the basic rate after allowing exemptions. Luxury items are one thing. I merely point out there are many, many items not on that list of exemptions which are clearly not luxuries. I will give you here just 2 examples: tickets for the school bus (£5 per child at the moment), tanker charges for emptying your septic tank. There are many things which are essential, unavoidable, but which will probably attract G.S.T. at a greater rate than 3 per cent in order to fund the exemptions under discussion now. The dilemma surely is if we introduce exemptions where is the fairest place to stop? Well, in fact, like many other Members, I might, for various reasons, have been persuaded to consider an exemption for medical services as opposed to products, but the proposition as drafted does not allow for this. I would also like to have clarification, if the rules of debate allow, that what was referred to in the Education Minister's speech... is there an actual commitment from the Treasury and Resources Minister to deal with the question of G.S.T. on school fees by a mechanism of increased grant aid? Like other Members, I have received much correspondence from the smallest specialist traders who are concerned they will lose out sales to Internet stores which have lower unit costs and so can offer seemingly better deals, especially when the value of exempt imports has yet to be determined. They have very real worries about their future viability. If we allow the opportunity for increasing basic rate G.S.T. at the outset, that viability is further jeopardised. I am also convinced it would not have only been simpler, from the shopkeepers' point of view, to apply G.S.T. as a flat percentage of the total value of all goods purchased but that also the consumer would prefer to have it shown in this way, to indicate precisely the amount of G.S.T. they are paying for each transaction rather than having it hidden in the cost of each item. This also deals neatly with the question of rounding up the G.S.T. on various items, which over the course of the year in the average shopping basket will run into tens of pounds. In this scenario, there would only be one rounding up per transaction, at the till. Senator Syvret, in moving his projet, made several references to the proposal to zero-rate property maintenance costs, and I strongly agree with the findings of the Corporate Services Scrutiny Panel that this would be inconsistent with the Treasury's stance on other exemptions, and I hope the Minister will consider carefully the findings and reasoning of the Panel in this respect. I see this matter, however, as a minus point to the G.S.T. proposals rather than a plus point to the current projet, and the House will have the chance to debate this at the appropriate time. In the end, as has been highlighted by other speakers, G.S.T. is only one spoke in the wheel of the fiscal strategy and must be viewed in that context. My concerns - that the poor are being unfairly targeted by G.S.T. - must be weighed in the scales against the progressive measures of '20 means 20', which will proportionally increase the direct tax burden on the higher earners. My desire - in fact my commitment - is to make sure all sections of the population are treated fairly, and that means I must consider the impact of G.S.T. on those in the second and third quintiles, as well as the first. It is up to this House in future to make sure the income support system takes adequate care of those who qualify, but it is up to us now to make sure we do not allow the overall burden to be increased on those who fall just outside the limit by effectively offering the Treasury and Resources Minister an invitation to increase the basic rate across the vast majority of items. For these reasons, and after a great deal of reflection and research, I am unable to support Senator Syvret's proposals. I will, however, be abstaining on the issue of the health exemptions. I do not do this lightly. I believe this will be the first time I have abstained, but I do it as the only means open to me in this debate to

send a strong message to the Treasury and Resources Minister to consider a sympathetic treatment of medical services - doctors, dentists and opticians - in his G.S.T. proposals. I would encourage other like-minded Members of the House to do the same. **[Approval]**

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

It is going to be a hard act to follow, but I will do my best. Although I have been in the House for nearly 10 years, I find myself this morning in a similar position to many of the new Members, in relation to the Fiscal Strategy. That is because the grounds of my support for the Fiscal Strategy have effectively been pulled away from underneath my feet. Before the strategy was debated, I had a considerable amount of representation about the harmful effects of G.S.T. from my constituents. Even the small businesses or those likely to come below the threshold were concerned about the loss of our tax-free shopping status and the appeal that has to our visitors. "Only 3 per cent" I assured them. "But for how long?" was their answer. "Everyone else has a sales tax" I told them. "Why not keep Jersey special?" was their answer. However, I was persuaded because in one particular meeting in the members' room of the Société Jersiaise, I was extremely impressed by the plans that were revealed to cut public spending and to make the States more efficient and effectively to make sure we do our part to mitigate the effects of declining income taxation in the future. It was on those grounds I supported the Fiscal Strategy. Members can appreciate, I hope, how duped - deceived - I felt when, as soon as they took office, the Council of Ministers announced that money was going to be reinvested in services. I believe a lot of members of the public feel the same way. The States said: "G.S.T. is necessary, but we are going to cut our costs." Lo and behold, the Ministerial government come in and that money is, in a truly Orwellian piece of English, reinvested. Of course, Senator Syvret's Committee is one of the main recipients of that reinvestment. So, I find myself almost in almost a position of facing the Fiscal Strategy all over again, and I wonder what to say now about G.S.T. My instinct is to go with the amendments proposed by Senator Syvret. Why should I follow, effectively, an unpopular line, which I did last time around, now that the public savings we were promised appear to have been reinvested? Then I was thinking: "What that means is I will be going back to my constituents to say: "Well, the 3 per cent is going to go up. It is going to be more like 4 per cent or 5 per cent." One thing has struck me in the recent run-up to this debate. We have had a spate of emails in the past few days in particular, and we have had them further back, particularly about education, about exemptions, asking us to support exemptions. But the ongoing complaint I have had since last year is not about exemptions; it is about G.S.T. That is what I believe people are concerned about, and if there were to be a campaign against G.S.T., even now, even though we are where we are, I would support it. No to G.S.T., I believe, is worth looking at. There are other ways to raise £45 million. We could start by unpicking that decision to reinvest the money we said we were going to save. As things stand, that is not happening. There is no campaign. There is probably no realistic possibility of removing G.S.T.. At least I can say to those who lobbied me against G.S.T. there is a firm promise of 3 per cent for 3 years. I believe that is what I need to take away from this debate because however unpopular it may be to vote against a tax on bandages, or whatever, and not to support the proposition, it seems to me that what the public require - particularly those concerned about the G.S.T. - is the need to be some certainty, something they can really depend on. As soon as this shifts, we will be giving, as another speaker said, the Council of Ministers *carte blanche* to raise the level of G.S.T. to cover the expense. So, that is why I am, at the moment, and I have to say, like the previous speaker - my colleague from St. Martin - I was impressed by the speech from the Treasury Minister, when he said rather than as Deputy Southern counselled us, let us take as a starting point to vote through these exemptions, the Treasury Minister was saying let us as a starting point stick to what we have in G.S.T. and see how it beds in. I believe him when he says if there is hardship that will be tackled as he frames the Orders. Equally I was impressed by the Social Security Minister, who has clearly got off his sick bed to come into the House, and my hat off to him for doing that. I was pleased when he gave us assurance there will be permanent protection from G.S.T., in terms of doctors' fees, prescriptions and essential medical services. We have commitments there from the 2

Ministers who are particularly concerned with this that is going to happen. Maybe that is naïve to believe promises. After all, we had a promise the money would be saved, and it was reinvested. But I am going to hold on to that, like that previous speaker, and I am going to hold the Ministers to account to keep G.S.T. low. That is to say, if there is no campaign to demolish it and eliminate it altogether. So, I will not be supporting the amendments.

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

Yes, as the Connétable of St. Helier said, very hard up, and I would like to praise people like the Connétable of St. Martin and Deputy Gallichan. I am now totally confused, having started relatively unconfused. I think it has been very useful, but I would like to approach it from another angle because we have had a fairly major rehearsal of sort of fairly traditional arguments, it has to be said, 3 times around for some of us. The angle I would like to make, Sir, why 3 per cent is very important, I think the Finance Minister and the Social Security Minister - both of them - made a very important point, that the people we are looking at, as the Deputy of Trinity with her example, they are people who are just outside the low income support net. They are people who are trying to live a very honest and struggling kind of life, and they are people I often meet in the street who tell me: "Well, I did not spend all my time in the pub, and I have saved up all my money, and look what is happening to it." This is the kind of remark, and people then tell me: "Why then do I have to compete, so to speak, with people who allegedly have spent all their time in the pub?" So this is the issue which I do not think Senator Syvret has addressed. When you do make concessions to people, you of course draw in all sorts of people who are seen, rightly or wrongly, as not deserving and who are, in their own right, very rich. I would like him to draw much more attention on how you deal with this with the kind of blunt instrument he is dealing with. The other point I would like to make, Sir, which affects these people is as people approach old age... and this is becoming very apparent on the Overdale Inquiry, which while it is ostensibly about the steps that led to the movement of people from Overdale, it has a very major subtext to it. It is all about the fear of old age and the fear of the financial consequences of old age. There is a real fear from people, which some articulate and others hint at, that while the management of the Overdale move may prove to be excellently managed and every step, we were told, has indeed been taken. The real fear is, Sir, oddly enough, that the costs are escalating out of control and that, either accidentally or otherwise, we are structuring the old age residential and nursing market in such a way that some dominant players will come in, and that they will eventually dictate to us the terms of that market, and the public sector will not be playing a driving role, despite all the good intentions and so forth. That is the fear people have, Sir. They have this fear that once this dominance is established, they are going to end up paying enormous sums of money which will make 3 per cent look like kindergarten stuff, and they will see all their personal, hard-earned savings from not being at the pub or wherever, they will see all those hard-earned savings dissipate and going at £1,000, £1,500 a week to what they see as heartless corporations. That is the fear people have, and that is the context in which we should look at this 3 per cent. That is what worries me, Sir, and I would implore the Health Minister and the Assistant Minister to really put on their roller skates and come up with plans to give people assurances they can move in an assured way to their old age without this kind of fear. It is not the odd prescription or, to be quite fair, the kind of massive prescriptions the Deputy of Trinity cited, which is a very important issue, but it is the fear of these kind of figures. That is why I think, in a way, there is a certain unreal aspect to this debate, and I would ask them to move ahead on these issues. Again, Sir, I was very surprised that Senator Syvret has ended up with his doctors as his political supporters. Presumably some of them do own gin palaces and so forth. I am quite surprised he should end up with this particular class of supporters. A lot of them... maybe they are all fighters for social justice, and I had not quite realised that. But what I wanted to see in their letter, of course, is what are they going to do about people who are not attracting H.I.E. (Health Insurance Exception) and who have to make numerous visits? What is the Health Ministry doing about the fact that, for reasons I have never quite got to grips with, the visits to G.P.s (general practitioners) run at twice the rate of visits to G.P.s in the U.K? What is the Health Ministry doing

about the fact - I know they have talked about it for years - that primary care system needs developing and moving away from a G.P. focus and an even greater focus on family nursing? Very good intentions have been spoken of, but the costs this system is adding to people, people who are fearful as they approach old age about the constant visits they have to have from the doctors. In that context, Sir, while 3 per cent is very important to people who are every day counting the pennies, and who do not qualify for H.I.E., there are other people who have struggled, who have put a little nest egg together to try and deal with - as the Deputy from Trinity said - the one thing in life we cannot predict. In other words, dealing with ill health. That is why, Sir, I wanted to take the debate away from 3 per cent, and I wanted to put it in a broader policy context. I wanted to see what is happening in that area to bring people some reassurance because quite frankly, Sir, when the demographic explosion really hits us - in the residential, the nursing care and the whole medical sector - we ain't seen nothing yet, quite frankly, in terms of the cost. It will not be 3 per cent. It will be 30 per cent if we have to meet it by general taxation. That is why I would like to see things like residential care insurance. I would like to see a greater strengthening of family nursing. I would like to see the primary care sector sorted out so that we could start... not reducing costs because I do not think we are ever going to do that, but we could start at least coming up with a different structure. I really want to see a revolution in those areas, a true revolution and not fiddling around at the margins. This 3 per cent is important, but in a sense, Sir, it is fiddling around at the margins.

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

I have always had the highest regard for Senator Le Sueur, Sir, but I must admit I was somewhat depressed by his speech yesterday. There does seem to be an air of desperation behind some of the Ministers' speeches, Sir. To pick some highlights from that speech yesterday, as I understand them, the main thrust was we do not want a bad law like the United Kingdom have got. We want a simple law. I really cannot remember how many times he repeated that. Then there was the message that G.S.T. was part of a package. Well, I think we all appreciate that, and I am not sure anybody has been advocating it was not. We are, in fact, debating possible exemptions. Towards the end of his speech, Sir, he referred to the fact the G.S.T. would not rise above 3 per cent. Of course, this is the mainstay for the argument against exemptions, but, Sir, I believe it was unfortunate he undermined his own argument towards the end by admitting it would rise if Ministers did not keep a tight rein on their expenditure. Sir, to me, this goes to the heart of the matter because anyone who does not believe that a tax which is easy to impose, mainly relies on others to collect it and will be even easier to raise as the years go by must be living in some fantasy. Indeed, Sir, it is one of my arguments against G.S.T. itself; the fact it removes the incentive for Ministers to keep down costs. Politicians, we know, Sir, are renowned for short-termism and taking the easy option, and this Assembly is no different. So, it is as sure as night follows day, if the G.S.T. is introduced, I have absolutely no doubt it will quite rapidly rise in future years, which will, in turn, mean several things, Sir. First, of course, we will price ourselves out of business as an Island even further than we already are. Tax take will fall as a result, and it seems to me this then becomes a vicious circle. The divide between the haves and have-nots will widen and, at a time of falling tax revenue, income support will need more and more cash. It really is unsustainable. While the poor will presumably be taken care of, providing that income support does not become unaffordable, those in the margins just above - as other speakers have referred to - those buying the homes, bringing up a family, in fact usually those who are the engine room of our economy, are the ones who will be affected the most. Here is the main issue in relation to the proposition: as G.S.T. does rise, as it will in the future, it will be necessary to introduce relief for some essential goods and services, the same as other countries do. So, the idea that we have this wonderful, very simple tax, one people will hardly notice, while the U.K. have this nasty, complicated tax with all the drawbacks, is frankly unsustainable. In the end result, as the tax rises, we will need to introduce those exemptions in the future. It seems to me the obvious thing to do is introduce them now rather than bring in a tax that then has to be altered several times in the future. Start as we mean to carry on, not change it halfway through. Senator Syvret, in my opinion, was right to draw our attention to the fact, also,

that few in this Assembly have known extreme hardship. If some Ministers have no qualms - indeed other Members too, I have to say - about putting a tax on sickness, I do. The older one gets, generally speaking, the more medicines and medical care a person needs. I have witnessed old ladies rummaging in their purses at the pharmacy to find perhaps £15 for medication, and sometimes it can be a lot more because not all medicines are on the prescribed list. But apparently we have no qualms about adding 45 pence to that lady's misery. It might be over £2 in a few years' time. That lady is probably a pensioner just outside the income support system. Old people feel the cold more than younger ones do. They are often living on a pension and least able to afford heating bills, yet we are quite happy to increase the heating bills by 3 per cent and more, in years to come. A dentist's bill can easily be £500, so we will add £15 to that. People will not notice. Sir, to have missed the real concerns expressed by professional people I think is unwise. A tax on sickness will hurt those who can least afford it, and also, for those of us who have read those comments, will deter others from seeking proper medical attention, which will, of course, mean higher costs for them and the Island in the future. As Deputy Le Hérissier alluded to just a few moments ago, Sir, what about nursing homes and old people's homes? There are many people struggling to pay for a relative's care. People are having to sell their homes to pay those charges; £400 a week is not unusual at all, maybe more, for an elderly person's home. I see sometimes £1,000 a week for a nursing home, and more. So, that will incur tax of at least £12, maybe £25 a week or more. Do we really think that is satisfactory? Because I think it is outrageous. Frankly, I do not know how some of us Members sleep at night. Those that do oppose this proposition, they might be wise not to. I am afraid the argument, Sir, those on low incomes will not be affected because low-income support will assist them, while others are so wealthy they will not be affected, is disingenuous because, as I have said, those people who will be hurt - those who usually are in this type of case - are those just above the threshold of assistance. Apart from the fact, as Senator Syvret so eloquently explained yesterday, it is somewhat bizarre to tax people in the knowledge you have to redistribute quite a proportion of that tax back to them. It is an exercise in bureaucracy we can do without. Sir, it reminds me of that argument put forward about boat owners being rich, so they can afford to pay more tax. Well, that is not true either. Some are undoubtedly wealthy, but many are ordinary folk who go without the luxuries other people do in order to enjoy a hobby. But, of course, health is slightly different. A boat owner could give up his hobby if the costs escalated, but I am not sure if anybody can heal themselves when they find their medical bills too expensive. Likewise, the other items Senator Syvret has identified in this proposition: putting up the price of food, which is already very expensive, will not affect the wealthy. Presumably, Sir, if beluga is on your menu, price is not too much for consideration. However, a tax will have a much more pronounced effect on the less well-off, already struggling with a tax on school fees - which, in any case, saves the States a small fortune - a tax on clothing, a tax on food. Surely this will cause parents to look for cheaper, less nutritious alternatives. It will cause them to delay taking their child to a doctor. That could be fatal in a case such as meningitis. Sir, these exemptions really are, in my mind, a no-brainer. If Senator Le Sueur really does want a progressive tax - as he pretends this Goods and Services Tax is, when to my mind it patently is not - then I would look forward to him supporting this proposition. I do not support Goods and Services Tax on principle, but this is not the time into the whys and wherefores of progressive taxes, but at least the exemptions proposed by Senator Syvret, to my mind, make a bad tax slightly better and I shall be supporting the proposition.

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

From day one I never liked this proposed tax and for the obvious reason: it is an emotive type of tax to make decisions on, it is too easy to put up and it is a too easy way to resolve any financial difficulties that we have without having to make some serious decisions. On the other hand, we have spent months, and it seems like years, going to various workshops and other meetings to try and find alternatives to the 'black hole' that is coming to us in 2011 and 2012 and onwards where it is really going to affect us. Regardless of what stance you have in this world, no one has found anything that is going to produce this kind of income. Yes, whatever we do is going to affect every

one of us within this Island and probably people outside the Island as well, but the problem with having exemptions is that it is easier to put up the non-exempt items than it is to have one level playing field across. We can learn from experience from elsewhere in the U.K. and, indeed, if you look at the papers that come from the National Audit Office, one of their press releases brings home that it is not all an easy way of making money - there is a cost factor as well - and I do not perceive that this is an area that too many of us have thought about. But it is an area that we have to think about, and that is fraud and what fraud costs us. H.M. Customs and Excise have increased their efforts to tackle losses from fraud and error on V.A.T. in the U.K. in the years 2002 and 2003, which they estimate to be £11.9 million. The concern here, which we also must recognise, is that we have a heavily committed financial crimes unit because of the very nature of this Island. It deals principally with finances as its biggest earner, but it also has the dangers of fraud. Therefore to make our reputation to be at the top of the states when it comes to finance-islands such as this, it needs to have proper checks and safeguards. The Serious Fraud Office in the U.K. probably would not have to take so much effort and resources into it if it was a straight V.A.T. across the board, and I would suggest to you that when you bring in exemptions there will be a myriad of cases of fraud that will emulate from trying to save on the V.A.T. in one form or other. I am not going to go over all the other arguments. They have already been well said: the Deputy of St. Mary, the Minister for Treasury and Resources and, indeed, Senator Stuart Syvret in his proposition, and this Scrutiny Panel. But this is an area that has not been brought out and it is an area that we have got to consider. I do not like having to vote for keeping a rate for 3 years at 3 per cent, but I think that is the only option that we can consider at this time until we have set up the tax and see how it works. We can always come back to the States here if it needs to be adjusted, but it is essential that we protect our citizens and we also protect our integrity, and to achieve that I think that we need to keep it simple at this time.

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

Members may be aware of the catchy, although dated, song which is all about the number 3. In fact it includes the line: "3 is a magical number." I shall spare Members a rendition today. However, I raise the point not because I believe that 3 is a magical number but because I firmly believe that G.S.T. must be introduced at a rate of 3 per cent. If Members today vote for all the exemptions proposed they will be voting for a rate of 3 per cent or more. Yesterday much was said about the G.S.T. rate rising in the future. But it seems to me that some Members are not satisfied with waiting for the future. They want the rate to rise now. Let us remember that it will be Members of this House who will vote for any future rise in the rate. As Senator Le Sueur reminded us yesterday, this tax measure is being introduced to fill a specific gap in our tax revenues caused by the changes to our corporation tax regime. It is beholden upon Members in this Chamber to control public spending, thus ensuring that the rate does not increase. It is time that we accepted the consequences of our actions and fully recognised the direct correlation between government spending and tax take. So what of the exemptions? Will they make the tax more complicated to administer and provide more opportunity for avoidance? I believe they will. Let us look at food. Deputy Southern yesterday was rather uncomplimentary about Deputy Le Fondré's comments regarding the complexity of the U.K. system for exempting foodstuffs. He said that because there were so many pages of nuances and descriptions this showed that the system was well-worked and settled, that the debate had already taken place. Somehow he forgot to mention Deputy Le Fondré's other comments that he, like me, occasionally saw reports in the financial press about continuing adjudications on these matters. Deputy Southern also went on to say that exemptions are the simplest approach. Even the Scrutiny Panel did not quite go that far. What are basic foodstuffs? I suspect that if we were to each make a list or to ask members of the public what they considered to be basic foodstuffs we would end up with a lengthy list of different items. In fact, I read an article in Monday's *Times* about a prominent lady who was discussing her family's eating habits and I quote: "We eat very simply. Last month we ate grouse several times a week." I turn now to my own eating habits. **[Laughter]** I enjoy nothing more than a cheese sandwich for my lunch, which on the

surface surely must be considered to be a basic foodstuff. However, if I look at the list given to Members yesterday I see that the full-fat cheese in my sandwich would be subject to G.S.T. because, I read, it will make me obese. **[Laughter]** I am unsure whether this proposition is advocating exempting or, indeed, zero-rating basic foodstuffs or healthy foodstuffs. It seems to me that the confusion has already started. It is also worth reminding Members of what the Scrutiny report says on the issue and I quote: “Therefore, looking at the poorest possible family with children, the impact of zero-rating basic food only will be negligible; a saving of £5 per year.” That is not to dismiss the £5 but to note that this will be alleviated by the income support system. On the other hand, the loss in total revenue will be in the order of £3 million. G.S.T. exemptions are not the tool for encouraging a healthy lifestyle or for encouraging healthy eating. I will touch briefly on the income support system and again I quote from the Scrutiny report: “Mr. Le Gresley calculated that the income support scheme would be of greater financial benefit to claimants than zero-rating.” It is also worth noting that of the £1.75 million set aside to buffer those on low incomes 90 per cent would still be required if all the exemptions were approved. I move now to medical goods and services and education fees, and here I find myself in a similar position to Senator Cohen. I firmly believe that medical services should not be taxed. Unfortunately this proposition, as it stands, does not give me the option to exempt only medical services. Therefore, I may abstain on part (b) of this proposition and support Senator Cohen in his discussions with the Treasury Minister. In fact, I thank the Treasury Minister for agreeing to look at the possibility of exempting medical services only. I also remain concerned about G.S.T. on education fees as this will hit middle-income families the most at a time when they will already be facing increased tax bills due to ‘20 per cent means 20 per cent.’ I therefore join with the Deputy of St. Mary in requesting the Education Minister for clarification regarding the undertaking he gave in his speech. I return to my starting point. Today we have the opportunity to ensure that the G.S.T. rate is only 3 per cent and to ensure that it is a simple broad-based tax. I hope that all Members will make the most of this opportunity.

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

Months ago I felt the 3 per cent flat rate was the most acceptable route to take. However, I have been slightly influenced by some of the arguments for exemptions. The aim is to raise £45 million and both the Treasury Minister’s and Senator Syvret’s suggestions can achieve that. It is like an apple and a pear, both different but each will prevent hunger except that the cost of eating the pear is slightly more expensive. What has particularly affected my view is that many doctors and consultants have expressed concern at the imposition of G.S.T. on medical costs. The medical professional also seems to oppose the use of the Health Fund as the method of protecting those on low incomes, claiming that there will still be many in need who miss out, and as a result I have been wavering slightly on this issue. We have an aging population and the elderly may become affected far out into the future. Also, if we were ever in the position that long waiting lists occurred for operations and people had to switch to private operations they would be charged a G.S.T. on those services. So, I do feel that there is a case for the Treasury Minister to review his position on medical services. Even if we do use the Health Fund to assist those on lower incomes I do acknowledge, as some Members have pointed out, that the Health Fund does not cover all medical provision. As Assistant Minister at Social Security I feel that it is right to use the Health Fund to protect those on lower incomes. But, as I said, I am concerned that the Treasury Minister needs to look at the other issues surrounding that whole point and I would really ask him to reflect on the whole issue of medical provision in addition to the use of the Health Fund. I would also like to look at education costs. Particularly I would like to mention a letter that Mr. John Sankey, Chair of Governors at De La Salle College, sent to all Members. He suggested that parents of pupils at fee-paying schools should not be liable to G.S.T. on the total of school fees. Of course, there is an obligation that the Education Minister contributes to provide a basic level of education for all students Island-wide. Mr. Sankey explains in his letter that there is an agreed basis for calculating the basic cost of education, a formula which creates a subsidy to private schools. Mr. Sankey quite soundly suggests that G.S.T. should only be levied on the surplus fee over and above the basic cost,

and I would like to quote from his letter to States' Members. He wrote: "Each of the fee-paying schools has an index figure for basic educational cost. Currently the fees charged are always in excess of this figure. They [*he means parents*] are therefore paying for what they perceive to be extra services. Let the tax then be imposed on the difference between basic education costs and the fees charged. In this way no parent in the Island would be paying tax on the basic cost of a human right. They would be paying tax on the extra services which they think that their fees provide." Of course I think that he is making the point that the large majority of children across the Island are not paying for their education, it is provided by the State, and basically the private schools would just charge on the additional cost; that is the main point. I think that investing in the future is paramount and young people are our future and I think that I would support the Treasury Minister looking at the fees issues for the private schools on the basis suggested by Mr. Sankey. We do have to ensure that the best education possible is given to our students and G.S.T. on school fees might act as another hurdle for parents to overcome. But even the suggestion that Mr. Sankey gives is an improvement over charging G.S.T. on the total fee at one of the private schools. I would ask the Treasury Minister to review that and reflect on it, perhaps in consultation with the Education Minister, and I see Senator Vibert nodding and I am grateful for his assistance on that issue. So I will close on that, Sir.

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

I am always somewhat puzzled at the approach to tax taken by some of my colleagues and today, again, I am slightly confused by the approach of Deputy Le Hérissier who for some reason best known to himself appeared to take a sideswipe at someone called "the man in the pub". I am not entirely sure who the Deputy is referring to [**Laughter**] but I can assure the Deputy - if he would care to get out more - that a public hostelry is a place of social communication, interaction, enjoyment and, most important, an opportunity to communicate with the common and ordinary man. Before we knock the man in the pub as though he is somehow inferior to the gentleman who stays at home and saves up for his convalescence, [**Laughter**] may I remind Members that the gentleman in the pub who enjoys a pint, a fag and reading the newspaper is paying tax on the beer (or the gin and tonic), is paying a substantial tax on his cigarettes and soon will probably pay 3 per cent on his newspaper. So let us not knock people who pay substantial amounts of tax into the Exchequer. Now, I have spent a number of extended periods [**Interruption**] living in the United Kingdom, where they have pubs as well. But I will not dwell on that particular issue other than to say I have lived through Value Added Tax. It is loathed and despised on the mainland for a whole variety of reasons. I am aware, for example, and have experienced a reasonably close connection of small businesses struggling with their V.A.T. returns particularly when they get them wrong because a visit from the V.A.T. Inspector in the United Kingdom is one of the most feared hazards that can befall anybody. These people make Income Tax Inspectors look like teddies at a teddy bear's picnic. They are vested with dramatic policing powers and strike fear into people when they turn up. V.A.T. was also despised because generally it came in at a certain rate and the public soon had the experience of realising they were going to suffer increasing rates of tax. Worst of all, because under E.U. directives once you put the tax up you cannot bring it down again to certain levels; therefore, everybody disliked V.A.T., and most particularly because it caught out everybody. Everyone paid V.A.T. So when I entered into Island politics the last thing I wished to bring to Jersey was Value Added Tax - a variation of sales tax. So Members may imagine, and some may recall, my embarrassment when having said in my manifesto to all and sundry that I would see V.A.T. introduced into Jersey over my dead body [**Interruption**] that I suddenly found myself struck by a shining light on the road to First Tower and realised that G.S.T. was something rather different and rather interesting: simple, low rate and potentially quite palatable. Now, why is that? I think it is useful to briefly examine the taxation process and how it works because essentially it works in nets of who you can gather in. Members will be familiar with the concept of payroll tax. The problem, of course, is that it only affects people who are on a payroll - essentially the workforce - and it is manifested here through the payments of insurance contributions. We will

have an argument about what level the caps on that should be - because there is a level of debate about whether that is, in fact, favouring people who earn large salaries - but that is an insurance issue and it is an insurance fund the money is paid into; it is not taxation. We are all pretty familiar with income tax; in theory it should catch out most people who earn an income. But we all know that if you are very wealthy you can probably employ a sharp accountant and temper your commitment. Then there is sales tax, and this one throws the biggest mess of all, which is why I think it has proved itself as the way forward for many Members. It is, in effect, all encompassing. Even if you are well-off and your sharp accountant has done a good job in avoiding income tax for you, you nevertheless have to go out and spend money on all the luxury goods you wish to buy. That will be caught by the tax. If you are a visitor to the Island you can be caught by sales tax. Children are brought into sales tax. So finally I can look at that youth; the spoiled youth of the well-off rich parents riding the cutting edge trail bike with iPod, top of the range mobile, sucking on a lolly, and know that he or she will have paid 3 per cent on all that new gear. Drug dealers will pay sales tax as well. The people who ponce off the State, hide their true earnings dealing cash only but still spend money in shops, they will be caught. This is a tax that catches everybody from the cheats to the ordinary citizen. That is why sales tax is a very good way of raising tax revenue. But where this debate is straying off course is because to try and use a tax-raising concept as also a distribution is going to walk into trouble. It is much better to have, as has been described, a simple, efficient, as we understand, low-rated tax than it is to start making it more complex. It is surprising that the idea of all these benefits stems from Senator Syvret because here is a man who, of any us, has the Robin Hood image of robbing the rich to pay the poor. Surely it is one of the accolades that one would award quite happily to the Senator on the basis of his own long reputation. So it puzzles me that we have this list of exemptions because within each category of exemption you let off the well-off from paying tax. Just for one example, and I am disappointed, I have to say, with the response that we get from local medics. Why is that? Why are all the worthy people, defenders of the Hippocratic Oath, making me feel that there is a certain whiff of hypocrisy about their stance on moral grounds? It is for this reason: when we impose our various taxes - particularly on local industries such as pubs, for example - we often say of course: "Should not worry too much about the new rate that is being imposed because it will be absorbed within the industry's profit margins." Why am I disappointed? Because I really have not heard anything emanating from the medical side to say: "Oh, well look, our practice will attempt to absorb this within our profit margins." It seems to be in one area that, despite having all this moral indignation, that seems to have been overlooked. Now you may debate on what the profit margin in a G.P. surgery constitutes but I just leave that point for Members to consider. But as we go through each one of these categories it is obvious that they apply across the board: to the poor, to the middle-incomes, to the well-off. I say why? Why is it right that if there are so many people in the Island who work probably in the financial services industry on pay packages that include the free inclusion of medical health insurance, so they do not have to worry too much about medical fees anyway. What is wrong with taking 3 per cent off a medical insurance fund? And using it - because do not forget we are talking about a package of measures here - using the income support to ensure that the people who are ill and cannot afford the treatments get that money, because this is what taxation is about. It is raising revenue and once the revenue has been raised it is about targeting funds at the people who need them. The same applies to all the other categories. There will be well-off people who could easily afford to pay for whatever it is - the fuel, the childcare - to whom we are saying: "Do not worry, it is exempt so no 3 per cent on that." To take this approach is missing the point of what we are trying to achieve. This measure, G.S.T., will raise the cash. I think we are misdirecting ourselves by trying to add in these exemptions because quite clearly they have a scatter-gun effect. We are letting people off who can easily afford to pay the 3 per cent tax. What for? Because the whole point of what we are trying to do is to target funds at the people who are going to have difficulty with paying whatever the payment is, whether it is for fuel or whether it is for a prescription or whether it is for childcare. That is why I think this projet is fundamentally flawed because the Robin Hood approach has disappeared. Here is an opportunity to put a 3 per cent tax on the well-off that does affect across the

board but we then re-target those funds to the people who need it. One more thought to leave Members with about concerns of whether a tax like this will rise. It may do but we do have the promise, the clear indications from the Treasury Minister, that 3 per cent will stay 3 per cent for at least 3 years. But conditions in the economy around the world may change and I think many Members will already realise that Jersey's 20 per cent income tax status is already beaten downwards in a number of other countries. So we may have to revisit our taxation issues over the next few years, and one of the issues we may have to look at is whether we would want to reduce our income tax measures in order to stay competitive within the global finance market. I was pleased to talk to the gentleman who helped compile the Scrutiny report on this issue and he told me a very interesting fact. It would be possible with a G.S.T. level of 12 per cent to have no income tax in Jersey at all. So there is, I think, a requirement among colleagues to realise that G.S.T. is a tool of tax-raising and income support is a tool of appropriate distribution, and what Senator Syvret's proposition is trying to do is confuse the 2 and try and offer us a tool of tax-raising and distribution and, as I hope I have demonstrated, I believe that that is a fundamentally flawed approach.

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

Well, it appears that our Scrutiny report holds something for everybody because we have had both sides of the political divide quoting from it in several instances. I feel a little bit like Sir Cecil Clothier when he said: "For goodness sake do not cherry-pick my report" and I think some Members certainly are guilty of taking the bits that they like and conveniently forgetting about the bits that they do not like. I suppose that is always the problem when you do produce a report which focuses on providing the evidence as far as is possible and accepts that there is a large degree of political judgment involved on finally coming to any conclusions, and that is probably why - and I hope Members will appreciate the fact - that we decided not to make too many recommendations in the report, rather to try and inform Members of all of the evidence on both sides so that they could form their own judgment. However, having said that, I am sure Members will be aware that I have some of my own personal views and they are not always necessarily, shall I say, reflected totally in the report. It is, therefore, as an individual Member that I stand up to speak to you, but in the full knowledge of perhaps everything that is in the report. I would like to talk first of all about low income families. We had to work on the basis that the yield to be obtained from the G.S.T. was to be held steady at £45 million. Now, that is on the basis that that is existing States policy and I am sure that we will all appreciate that as a Scrutiny Panel we have to work from existing States policy. That is why the sub-panel were obliged to make the assumption that the G.S.T. yield had to remain steady at £45 million. Therefore, all the calculations and all the graphs in the report are based on a corresponding rise in the G.S.T. rate to counter any zero-ratings. However, Members would be entitled to believe that alternative taxes, or even an alternative G.S.T. design - maybe with lower thresholds or whatever - could be used to make up any shortfall. If that were to be the case then the graphs that are contained in the report would look somewhat different. However, again, the graphs on pages 60 to 70 of the report, that I hope people have looked at, are useful because they do indicate which of the quintiles win or lose from each of the proposed zero-ratings. But please, Members, take care. There are big differences within each of the quintiles, within the circumstances of families within each of the quintiles. We are only looking at averages here. But I think there is even one - perhaps more - misleading problem with looking at quintiles in general. Unfortunately, the household expenditure survey and the splitting-up of the Island's community into quintiles masks certain fundamental facts. One of them - and I think probably one of the most relevant - is that, to give an example, quintile one has on average 1.5 people in it whereas quintile 5 has on average 3.4 people living in it, but I will come back to that in a minute if I may. I would also like to point out that our research shows that the first quintile is dominated by single pensioners that are probably not on income support. It is difficult to prove because there is a lack of hard data available here, but the indications are - and I think Senator Routier referred to it yesterday - that at least as much income support lies in quintile 2 as quintile 1 due to the different family structures, and

some - he confirmed - lie in quintile 3 as well. So, overall, what is the result? Low income support will be needed without any question. For anybody who felt that zero-ratings might be an alternative to low income support - I think everybody right across the board is in agreement- low income support is absolutely going to be necessary, regardless of what we do with exemptions. Exemptions and zero-ratings will not be anywhere near enough to offset the overall effects of G.S.T. However, low income support will not help other less well-off people in the first and second quintile that are not on the low income support, and there will be large numbers of them, and that does only leave zero-ratings as a means of relieving some of the impact on those people. Now let us talk about complexity and the likely future increases in the G.S.T. rate of 3 per cent. Page 8 in the report summarises it quite well - I will turn to it myself. But before I start talking about complexity and likely changes, I would like to make a point generally that if we are worried about complexity in our tax system we should be worried much more about 'Zero/10' than we should about G.S.T. complexity. Up to now our income tax rates between businesses and personal tax have been the same at 20 per cent. But by introducing different business rates of zero or 10 as opposed to the 20 per cent for personal tax, we introduce a whole new range of incentives for tax avoidance. My Panel is alarmed - through the 'Zero/10' research - at the extra tax statutory powers being mooted for the Comptroller of Income Tax in order to combat this extra complexity and, of course, with extra powers comes extra admin overhead to apply those powers. This phenomenon with direct taxation is well known and understood by tax technicians as well, and is one of the main drivers - as Deputy de Faye referred to - for the diversification of the tax base and a better balance between direct and indirect taxation with indirect taxation with its overall much-easier-to-police design because you only have to police a relatively small number of tax collectors, i.e. the registered businesses. But how does this cross-reference to the likelihood of a future G.S.T. rate increase? Well, I would refer Members to the fiscal strategy debate when we were talking about the desirability of having a G.S.T. at all. They referred to the balance between our direct and indirect taxation systems which at that point - or up until the G.S.T. proposals - were through impôts only. I think everybody agrees that the ratio between our income tax and our indirect taxation through impôts or G.S.T. is very, very low compared to other jurisdictions. Even with 3 per cent G.S.T. it will still be very low. It will still be very low and I think therefore not only is it likely that we will need to raise our G.S.T. rates to cover possibly things like (and it is on page 8) the possible need to cover future shortfalls in revenue following the move to 'Zero/10', we are still showing a structural deficit in years from 2013, perhaps onwards. Even our Treasury and Resources Minister referred to that at a States briefing a few days ago. We are still looking as if we may have a problem. It is still not quite clear but the indications are that there may still be a problem. So I would say to Members, not only is a rise to the G.S.T. rate likely to be needed but it is also going to be desirable. I would suggest it will not be possible or it will be difficult politically to raise rates without zero-ratings on at least some of the items. So my message to the tax purists is that they may well find themselves having to change their tune in the future if they want to further adjust the balance between indirect and direct taxation. They may well have to be doing u-turns at some time. Now why 3 per cent, £300,000 threshold in 3 years? Nice sound bite. Might easily have been 2, 3, 4 - 4 per cent, £300,000 threshold guaranteed for 2 years - but 3 sounds nicer. I would suggest that it is simply to get over the initial public resistance to getting G.S.T. in, in the first place. The public, however, are not stupid. They are quite capable of grasping the concepts. G.S.T. in general terms is in all of our interests - has become in all of our interests - once we decided to go for 'Zero/10.' The various references to: "We do not like G.S.T. really at all but, okay, we are grudgingly accepting it", even those people would say that once we have gone for 'Zero/10' there really has not been much alternative. Indeed, many Caribbean countries have already realised this, some have scrapped income tax all together and gone for the 100 per cent G.S.T. route. Just to sum up, I believe that some zero-ratings, or some reduced rates, are going to be politically inevitable at some stage in the future if we want to better balance our tax system. Just one little further point on that. If we have reduced rates at some stage in the future, they are likely to be just as complex as zero-ratings and quite possibly more so. I would just like to refer to some of the comments sometimes in the press;

sometimes made outside of the press. There was a quote in the *JEP* (Jersey Evening Post)... and the reason I am doing this is that one of the main reasons for trying to get all of the evidence out in our report was in order that Members could make decisions without being influenced by the smokescreens, without being influenced by too much overplaying of arguments on either side. So when I read in the *JEP* this quote from... I think it might have been Senator Le Sueur: "Horrendous extra level of complexity to book-keeping" - this is to do with businesses, smaller businesses - well, I am afraid I have to say that the evidence in the report simply does not support that view, even for something as complex as food. I refer Members to the U.K. National Audit Office where they concluded, and again it is in the report, that there was no great difference overall in compliance costs in countries that do not zero-rate food as opposed to those that do. They also noted incidentally that the overall compliance costs in New Zealand were higher than in the U.K. The Australian Senate Select Committee went further; they use words like: "The extra compliance costs of zero-rating food are grossly overstated." We sought evidence from the local computer world, and that evidence from experts there said that the extra costs of zero-rating in a computer system for small to medium size businesses are negligible as most systems already cater for them on the U.K. model of V.A.T. and most Jersey businesses with sales of £300,000 already use computers with U.K.-designed software. Evidence from larger retailers. The Co-op has been quoted: "Indicates that the initial set-up costs are where most of the pain will be felt by businesses. Once that is complete zero-ratings will not be a huge burden." What about costs to government with extra civil servants? Again, evidence does not support this to anywhere near the levels projected by the Treasury. Yes, there will be some extra compliance costs. But will it be to the level that is being talked about? Our evidence says that it will not. I will give you some examples. Food. Our research indicates that there will be a total of 45 contact points that retail food in total in the Island and 4 of those are responsible for 90 per cent of all food retail. If we follow the U.K. rules maybe we will require... well, I will leave it to Members to decide for themselves. One extra officer to deal with a total of 45 contact points, with 4 of them covering 90 per cent of the market? There will be some extra costs but will it be as horrendous as we are being led to believe? My own view is, no, it will not. Legal battles. The references that the 2 worthy Assistant Minister Deputies have referred to; this website with legal battles. I would ask those 2 Deputies, who I am afraid are a little guilty of selective quoting from our Scrutiny report on this one, to turn to page 76, which I will do. There is a heading "6.2.5 - Potential Legal Challenges, where we researched exactly what was going on in the legal world over legal battles on G.S.T. Please, Members, read it for yourselves. That section there is not long; it is at the second half of page 76. But I would like to just - while you are reading that - make a couple of points. What is the size, what is the total size of the Jersey market? It is minute. What is the cost of legal fees in Jersey? They are gigantic. How likely are we going to get people to spend hundreds of thousands of pounds taking the Government to court over a market our size with a G.S.T. rate of 3 per cent? I do not think so, and I am afraid that view has been confirmed by the Co-op and other major retailers. Legal battles as well are driven by the manufacturers - by the producers of food - they are not driven by the retailers. I would think that the most likely scenario, if there any arguments over the margins over what is zero-rated and what is not zero-rated, is that surely the Government is going to be saying to the retailers: "Look, just wait until it is sorted out if there is one going on in either the E.U. or the English court. We will standard-rate it now and then if it becomes a zero-rated item then, if we are following the U.K. system, then we will wait until the decision is made." I do not think that it is a likely scenario that someone will be starting to involve the Royal Court in some kind of legal battle. I really do not think that will happen. So I think Members can totally disregard the problem of legal battle in the Jersey courts. I would just say that once again the tax purists' viewpoint on this is grossly exaggerated and a perspective is rooted in the past. Another quote from Senator Le Sueur in the press: "Stuart's system helps the poor but probably helps the rich 2 or 3 times more." That is a quote directly from the *Evening Post*; I am assuming it is an accurate one. But let us just examine the statement for food zero-rating, and I would ask Members now to turn to page 73 of the report. Household expenditure on food in Jersey; what this tries to show - and I referred to it earlier - is when you look at quintiles you mask the fact

that on average quintile 1 has about one and a half people in it whereas quintile 5 has about 3 and a half people. When you look at the total spend for those households, it looks as if - if you zero-rate food - you are going to give a lot more money to the rich than you are to the poor. But when you dial into those numbers - and that is what this section deals with - when you dial into that, the fact that there are different numbers of people in those households, you get a completely different picture. What it shows is that the poor person in quintile 1 spends about £24-£25 a week on food and a rich person in quintile 5 maybe spends about £29 per week on food. So there is about a 15 or 20 per cent difference. What you are roughly seeing is that when you tax food - and I think there was a gentleman called Professor Quiggin in Australia who made a presentation to the Australian Senate Select Committee - when you tax food through GST it is as close as you get to a poll tax, the most regretted of all taxation business, because people in quintile 1 basically spend roughly the same amount on food as a person in quintile 5. That is what you do. Now it is up to you - up to Members - the evidence is there, you must decide how you want to vote. The inconsistency argument let me just talk about very quickly. New Zealand and Singapore are offered as models of non zero-rating virtue by comparison to the U.K. system. So let us do some comparing with Jersey of the U.K., Jersey, New Zealand and Singapore. First of all, food prices. Food prices in the U.K. are 22 per cent cheaper than Jersey yet they are still zero-rated. Even though their food is cheaper they still zero-rate food. Singapore and New Zealand are about 45 per cent cheaper than Jersey - getting on for about half of the price of Jersey for food - yet they are not zero-rated. One wonders what might have happened politically in Singapore and New Zealand had those places had food prices similar to Jersey. Incidentally, one of the most recent G.S.T. starter countries, also an Island state by the way, and also probably - I do not know this for sure - but also probably with relatively high food prices, possibly for the same reasons as us because they have to pay transport costs to get food there, is Malta. That is zero-rated food. What about domestic housing? As I understand it, the U.K., New Zealand, Singapore, all zero-rate domestic housing and they do this for 2 reasons. The first one is the complexity and difficulty over how to treat rents in equity on, you know, we do not want to upset rents and how much of a rent is due to the housing costs and how much is it due for maintenance? There are all sorts of complications with housing. But the second point, and probably the most relevant one as far as Jersey is concerned, is the high cost of housing. Incidentally, social housing is one of the zero-ratings recommended in the E.U. (European Union) code, the E.U. model G.S.T. design. What is Jersey doing with domestic housing? Well, just like the other 3, we are going to zero-rate rents and domestic housing supply, and probably rightly so. But unlike those 3 we are also going to zero-rate extensions, improvements and possibly also maintenance to domestic housing, probably losing millions in revenue into the bargain to the benefit, incidentally, of people in quintiles 4 and 5. Yes, the rich. And why? Apparently because of the defining difficulties between whether an extension is a house supply and when is a new roof an extension, and what is the difference between painting your house and giving it a new roof, and what about the plumbing and the re-wiring, *et cetera*? Now, all quite understandably difficult areas; I am not saying they are not. So what should we do? Well, our decision is to zero-rate the lot. Of course, zero-rate the lot. But what about the difficulties with food even though if we follow the U.K. lead they will continue to solve most of the problems for us, in my opinion. Do we zero-rate the lot again as with housing, if there are definitional difficulties? No, we do not. We will have to tackle food. That is the decision. Given the choice, I know which one of the 2 my conscience tells me should be taxed and which one should not, and I have to say I did not come to the same conclusion as Senators Le Sueur and Ozouf at all. I did not come to that conclusion. This leads to me to my final point, and if nothing else this is something that even the most ardent and dogmatic tax technicians in the Treasury and the Council of Ministers cannot really have a valid response to because it is to do with an attitude of mind. I admit this is purely subjective and as such it is highly political and quite possibly highly provocative as well. Most of us Members here are lucky enough to be in quintiles 4 and 5, but if there is one thing that I believe will progressively undermine the Island's social fabric, what we love about the Island, it is the kind of patronising - yes, patronising - mindset that deems it appropriate to say to people: "Look, never mind that we are going to tax you

on the things that you have to buy like food, we are going to throw lots of money into the benefit system, so be a good chap, go along there and they will give some of it to you once you have proved you really need it, of course.” We appease our consciences through redirecting tax revenues into low income support, ignoring the worst of all insidious attacks on the moral fibre of our less well-off citizens. Particularly for older people, this is an attack they are least equipped to handle, for it is an attack on their self-respect. As we sit in our comfort zones make no mistake, there will be hardship as a result of applying increased taxation to items like food and health services, and for many vulnerable people no amount of income support, those crumbs from a rich man’s table, will have the effect we might want to believe.

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

Listening to the Ministers during yesterday’s debate I was reminded of a Monty Python sketch where a rather stupid and confused Robin Hood started to steal from the poor to give to the rich, and I think this is exactly what we are attempting to do with Goods and Services Tax. Before I start, may I just point out to the Connétable of St. Martin, the Connétable of St. Helier, the Deputy of St. Mary, Deputy Gorst and Deputy Le Fondré that they should make their mind up at the end of the debate and not halfway through, and in particular the Connétable of St. Helier, who appears to have made a speech and left the Assembly all together, no doubt to come back in time to vote. Value Added Tax or G.S.T. was introduced in France in 1954, and the use of V.A.T. was made a condition of membership of the European Union. The advantages of G.S.T. were sufficient to convert the United Kingdom in the 1970s and Canada and New Zealand in the 1980s. Why then has Jersey proved so resistant to what seems to be an eminently sensible reform? The answer is that Jersey advocates of a G.S.T. have tied this change to a change in the tax mix that will give more weight to indirect taxation and for the deletion of exemptions notably for food, education and medicine. The claim that a worthwhile G.S.T. must have few or no exemptions is totally untrue, as shown in the practice of most European countries where food is exempted or taxed at a low rate. In fact, the G.S.T. mechanism is better able to cope with exemptions for necessities that are wholesale and retail taxes because of the possibility of zero-rating. Applied to food, for example, zero-rating would imply that the food, but not the service component, of a restaurant meal would be tax free. The introduction of a tax on food would be highly regressive, particularly in view of the certainty that financial services, overseas holidays and other luxuries will be exempted. According to the A.B.S. (Australian Bureau of Statistics) Household Expenditure Survey (this is an Australian survey) expenditure on food, excluding restaurant meals, is equal to about 35 per cent of pre-tax income for the poorest 20 per cent of households, and to only 7 per cent of income for the richest. That is, a 10 per cent tax on food amounts to a 3.5 per cent tax on income for members of the lowest income households, and a 0.7 per cent tax for high income householders. The move to G.S.T. is perhaps a worthwhile reform, but not if it is bundled in with a new tax on food. As has previously been stated, expenditure per person on food, excluding restaurant meals, scarcely varies with household income. It is in effect a poll tax. The argument for exemption food does not, however, extend to other commodities such as clothing, housing and fuel, sometimes classed as necessities of life. It has been found that the exemption of food has the largest effect on inequality of net income, and subsequent introduction of further exemptions or of a higher rate applied to some commodity groups has little effect. Senator Le Sueur mentions that he wants to keep G.S.T. at the lowest rate in the world, which is why he does not want exemption. Let us hope he keeps his word. The lowest rate in the world for G.S.T. on food is zero per cent, not 3 per cent. Often the Ministers have mentioned New Zealand as a tax model that should be followed. The New Zealand tax reform package of 1987, under which food was taxed at the full G.S.T. rate, included some compensation measures for recipients of welfare benefits, but in hindsight it does not appear that these measures were sufficient to offset the regressive impact of the package as a whole. This issue is academic since the compensation measures were more than wiped out by across-the-board cuts in welfare benefits introduced in 1991. Since the New Zealand reforms were also associated with slow economic growth - an increase in inequality in market incomes - there can be no doubt that low

income households were made substantially worse-off. Low income households can be assured that they will bear the brunt of any tax on food, and it is much harder to ensure that compensation will be adequate or that it will be maintained in the long term. Consider first the possibility of providing a fixed payment to every member of the community, which will be sufficient to compensate households in the bottom quintile of the income distribution for the cost of a food tax. We have already seen that households in the bottom quintile spend almost as much per person on food as those in the top quintile. That is, a compensation scheme of this kind would wipe out nearly all the revenue raised by the food tax to guarantee that all low income earners were better-off, it would be necessary to provide a safety margin. This would probably mean that the cost of compensation would exceed the revenue raised by the tax. I believe there are 3 core principles in life: hard work, education and family. Yet, we want to tax education; we want to tax people for getting ill; we want to tax the food they eat. But we do not want to tax repairs to luxury houses, and would not dare upset the people in their motor cruisers. How many of us have stood in a supermarket queue while the person in front counts their pennies to see if they can afford the meagre items in their food basket? Jersey has a high cost, high inflation economy that risks becoming uncompetitive on a world stage. We have to get better value for money from our tax spend and we have to get more for less. Senator Le Sueur commented yesterday that Jersey was a low tax economy and he wanted it to stay that way. The sheep in the Chamber stamped their feet with glee when he uttered these remarks. Unfortunately, his remarks may have been true 10 years ago when duty was low and allowances were high. Today it is cheaper for your worker earning £25,000 to live in the U.K. than it is to live in Jersey when property costs are taken into account. Come on, Ministers, start stamping your feet, this is what your policies are doing. Assistant Minister Deputy Le Fondré gave us a long speech about gingerbread men. To be politically correct they are now gingerbread persons, unless you choose to add an extra bit of icing. I am sure that the electors of St. Lawrence elected their Deputy as an independent. I should perhaps point out to him that he can vote against the Council of Ministers, and surely he has some semblance of independent thought. It would be nice if he did not always toe the party line. It is expensive to live in Jersey, and G.S.T. will make it more expensive. We have absolutely no evidence that Income Support will fill the gap and early indications - and I am on the Income Support Scrutiny Panel - are that it will not. This is probably why the government has refused to release the Income Support data prior to the debate. When anything new is introduced you can start with a clean sheet of paper. It is a tremendous opportunity to put in place the right structure that will stand the test of time, and over time the rate will go up as income from other areas diminishes. Is it right to tax medicine at 10 per cent; to tax food at 10 per cent; to tax education at 10 per cent when the rate moves up? Senator Ozouf mentions that there is no new information since the last debate. Well, there is. The cost of exemptions, as pointed out by the Scrutiny Panel, is not nearly as high as the Treasury Minister originally led us to believe, which means that he either got his sums wrong or misled the House. The cost of administration was one of the cornerstones of the original argument for one low rate. This argument is now not so strong. The Chamber of Commerce have come out against the proposition; however, this is to be expected from a self-interest minority group. They are looking at a purely selfish self-interest way that does not reflect the majority of Islanders. The Education Minister is in favour of taxing education because he wants as low a sales tax as possible, yet the projected increase from giving an education exemption is just 0.1 per cent. The Scrutiny Panel produced some lovely charts showing how G.S.T. on education largely affects the rich, but does it? Who are the ones that would be tipped over the edge and would have pull their children out of private school? It will not be the rich. It will be those that scrape by to give their children an education. Again, it will be hitting those that can least afford it and strengthening the 2-tier society that is becoming prevalent. Do not worry about the rich kids at school, their parents will be caught by '20 means 20.' Worry about the ones where one partner works just to pay the school fees, and to make matters worse, we will charge G.S.T. on the school uniforms that they have to buy at grossly inflated prices. Connétable Gray, as Chairman of Privileges and Procedures, was on Radio Jersey yesterday morning speaking about pensions for States Members and severance pay for Members that lose their place. No wonder that to the

outsider we only seem interested in ourselves. Too often the message from this Assembly to the people of Jersey seems to be “stuff the lot of you”. I say...

**The Bailiff:**

Senator, I am not sure that that is parliamentary language. [Laughter]

**Senator B.E. Shenton:**

Maybe it is phrased differently. I say let us do what is morally right. Let us start delivering and let us start listening to the people. Let us not start charging O.A.P.s (old age pensioners) tax on a loaf of bread, the sick for their medicines, the ambitious for their education. Finally, I would like to congratulate Senator Cohen for sticking to his election promise and voting in favour of exemptions in respect of medicine. Well, I would hope he sticks to his election promise, because I have got his leaflet at home. I was at a speech about 10 years ago and Colin Powell was the speaker. Someone asked him whether he thought that the quality of life had declined in Jersey since he arrived in the early 1960s. His reply was yes, it had, but not as much as everywhere else. We now seem to be hell-bent on declining as fast as everyone else. G.S.T. is not going to stay at 3 per cent. Income support will not sufficiently compensate those on very low incomes. Those just above the threshold will be significantly worse-off. Internet abuse on luxury goods will be rife, and this will increase the recessivity of the tax. Let us support the proposition. Let us get it right. Let us stop listening to the consultants in their ivory towers and let us start listening to the people.

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

First of all, Sir, I need to declare a conflict as a retailer of books and children's clothes, but I shall not speak about those or vote on them. As a member of the Corporate Services Scrutiny Panel, whose report you have before you, I have to say that members of that Panel did differ with regards to certain things, particularly food, and the remaining 3 members of the Panel were really of a mind which is completely opposing that put forward by Deputy Ryan. This is really the reason why the Panel did not make a recommendation on that basis; it has to be done perhaps on political or moral grounds. Based on the far-ranging evidence available, a clear decision from me is that the 3 per cent level must be maintained at all costs, and I make my risk assessment of the whole business on that basis and on the evidence produced to the Scrutiny Panel. I take a balanced view that it will be far better for all the sectors of the community and figures indicate that the right contribution rates would be received from all income levels. There is no doubt that public confidence in the government maintaining a low level of G.S.T. is not great, and one questions whether this could be restored by either extending the capping period, and also by putting real incentives in to prevent the figure being increased after that time, or perhaps am I naïve in saying, Sir, that it be reduced? Taxation is a blunt instrument to achieve the various goals to which Senator Syvret's amendments are effectively directed. Surely we can use and finely-tune the low income support system, educational grant system and medical benefit systems already or about to be in place to properly satisfy the needs of our society. I think probably we have received over the past week or so numerous letters from members of the medical profession proposing that the exemptions are put on, that medical service is zero-rated, and I think that the letter from Dr. Geller, the Medical Officer of Health, was most succinct in the last paragraph where she suggests that she is a doctor and not an economist and she feels it is outside her professional expertise to know whether exemptions on G.S.T. or some other mechanism would better suit the States system, and I think that sums that side up. I have had the opportunity of discussing the food question, not only with a Co-op as indicated in the report, and obviously reading correspondence, but also with a representative of another major food retailer subsequent to, of course, appearing. While they accept the introduction of G.S.T. as part of the range of taxes to enable the community to provide its public services, they have a strong wish to keep the administration costs of these taxes as low as possible. It must not be overlooked that many of the costs involved in the collection, which in effect are being outsourced - the tax collection is being outsourced - many of these costs will never be properly identified as they will

end up buried in the various company accounts. The principal way that costs can be kept low in relation to tax revenue raised is by keeping the Regulations as straightforward and as simple as possible. It must be concluded, therefore, that it should be a low rate of tax over the widest range of products. This has a benefit of reducing temptation for avoidance, which is now so prevalent with personal imports of cigarettes as duties have increased. The U.K. experience indicates that it can prove very difficult to have watertight definitions of what comprises basic food stuffs, or even healthy food stuffs. There are problems separating food for in-home and out-of-home consumption. While definition can seem simple enough as a general statement of principle, it is in the detailed application that the problems will arise, inevitably increasing the resources needed to operate in order the collection system. I think it is probably appropriate for me, Sir, to just refer to a paragraph of a letter from a particular retailer who suggests that the scale is massive. Their computer files hold records for around 70,000 different products for retail, of which 25,000 are active at any one time. Under the proposal to have a flat rate of 3 per cent across all items, this does not in itself present a material problem, but categorising 70,000 items into zero-rated and non zero-rated categories would be a considerable challenge. As new products were introduced we would have to make judgments into which category they would fall, again representing another task. So, really, Sir, it is saying that this will particularly be exacerbated if we require shelf prices to be shown on an item-by-item basis inclusive of G.S.T., and I refer this to the Minister for Economic Development as he alluded to the fact that he is in the middle of a retail strategy. So, the task is then to find the relevant price points by rounding-up and rounding-down, and once again this would be a considerable additional burden on an ongoing basis. They very much urge the adoption of a system whereby G.S.T. is added as a single amount at the till point and shown separately on the receipt. One final extract from their letter, Sir, they say that given the tight labour market in Jersey the recruitment of additional staff to fulfil the required tasks would exacerbate the pressure on employment in the Island and absorb some scarce available resource into low-value, non-productive jobs. Opinion indicates that it is likely in the early stages that cases might be taken to the Royal Court to decide on rulings over G.S.T., despite what Deputy Ryan puts forward. Some believe that it is highly likely as although the proposed G.S.T. rate is low, it is still high in relation to profit margins that are available, particularly in the retail grocery market. Therefore, a small percentage could lead to a dispute over high volume goods where a substantial money amount would be involved over several years, particularly in proportion to profit. If the G.S.T. rate is increased as a result of exemptions, the likelihood of Royal Court cases increases considerably as classification of eligible items become more critical. Sir, I urge Members to reject the proposals for exemptions and, in the interest of commonsense and logic based on evidence, focus on keeping the rate low for the benefit of all in our community.

#### **1.14 Senator L. Norman:**

I am really pleased that Senator Shenton has not made his mind up yet and will wait until the end of the debate before deciding how he will vote; very wise. Sir, yesterday afternoon it was, yes, Deputy Southern made, in my view, a very good speech, or at least it would have been a very good speech if it had been a speech against the introduction of G.S.T. But as a speech in favour of exemptions, I do not think it was a very good speech at all because, like Deputy Southern, I have always been opposed to indirect taxation, whether it be G.S.T., impôts or whatever, and I think I have been opposed for the same reasons as Deputy Southern, and indeed many other Members, because indirect taxation is unfair. It is unfair to everyone because everyone, rich or poor or in between, pays exactly the same cash amounts in that indirect taxation. Therefore, the impact - the proportionate cost - for those on lower incomes is greater than for those on mid and higher incomes. That, to my mind, is not fair and never has been fair. As I said before, the only really fair method of taxation is income tax, because income tax is based on the ability to pay. One or 2 Members have spoken about election promises. Well, it was 4 years ago that I was on the election trail and I indicated then that I was strongly opposed to the introduction of G.S.T. In fact, all 6 successful Senators on that occasion said they were opposed to the introduction of G.S.T. I can hold

my head up high and I have maintained my opposition ever since. But we are not today debating the introduction of G.S.T. or not, and while I remain opposed to it I do accept that it is virtually inevitably going to happen. But being inevitable, I want that tax to be as low as possible, and the only way to do that is to have no exemptions. When I say no exemptions, I include property repairs and maintenance, and I do hope that the Treasury Minister will have a rethink on that issue because I can think of no good reason why that particular aspect should be exempted. Sir, having no exemptions alongside the low income support scheme is fairer, in my view, on the poorest in our community. That is because, as other Members have indicated, the exemptions, if approved, will apply to the well-off as well as the poor, and we know from the household expenditure survey the well-offs spend more on food, clothes, including children's clothes, fuel, education fees and even healthcare - even if it is through private health insurance - than others. Nevertheless, I was impressed by the orchestrated last minute lobbying from consultants and G.P.s and I did not realise the extent of their social conscience, and it occurred to me that perhaps if that social conscience is totally genuine, which I am sure it is, then perhaps they should be looking at their own fees. It occurred to me that perhaps this might be a job for the J.C.R.A. (Jersey Competition Regulatory Authority) in the not too distant future. Sir, to accept this proposition is to benefit the well-off much more than those on lower incomes. To accept this proposition will be to increase the G.S.T. burden on all other goods and services to all members of the community, again hitting the less well-off more than others. The strategies to protect the poorest in our community are in place or soon will be. By having these exemptions, there will be no savings in low income support as has been suggested by the Managing Director of the Co-op because it has been made quite clear the same amount of G.S.T. will be paid by the same people, rich or poor, at a higher rate on a smaller range of goods. Sir, as much as I abhor the introduction of G.S.T., I recognise that to introduce those exemptions will be of probably marginal 'iffy' benefit to the poor, but a significant benefit to the well-off, and on that basis I cannot support any of the exemptions in Senator Syvret's proposition.

#### **1.15 Connétable J. Le S. Gallichan of Trinity:**

As a member of the Corporate Scrutiny Panel, Sir, I would just like to say Deputy Ryan did stand up at the beginning of his speech and said it was his own views. They are not my views, and I concur that this is the beauty of our Assembly: we each have our own right and we have our own attitude, our own minds, and we can vote as we think and see fit, as we see it is right. It is a tricky one. I must say G.S.T. may be not my strong point, but as the Panel met on several occasions it was quite enlightening to hear the different arguments that came forth. Some people thought to exempt is the right thing. Exemption is not the right thing in some cases; it is actually zero-rated they want. But this is not what we are here today for. I do have a slight problem with (b). Unfortunately I will not be supporting it because I find it is too wide. If it had been down to medical services and something more structured - which I hope the Treasury Minister will look into - I would have supported that. Food, I would never have supported that. I think we should be taxing it and we should be educating people with that money to eat the proper food. We cannot go around with people and put what they should be eating in their baskets, can we, Sir? Really we have to educate people that healthy living is far more important to have a good quality of life. As for the rest, Sir, I think we are surely coming to make a decision, are we not, shortly? We have discussed this. I am sure there are a few to speak. I will be supporting none of Senator Syvret's proposition.

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

I was a member of the other Scrutiny Panel that looked at G.S.T. the first time round with Deputy Duhamel, and I think we found it a very complicated subject, as indeed I think the Connétable of Trinity and those who have taken part this time around do. It is a very complex situation, and I think there is much to be said for keeping things as simple as possible and keeping the rate as low as possible and, indeed, making it as inclusive as possible. I say that, however, there are exemptions, and when one looks at the list that Senator Syvret has put before us, I think there are differences here. What is a need and what is a choice? I think we all obviously need food, but there

is a choice about how much we want to spend on it. Even if we are not very wealthy, we can decide what we think would best suit our pocket. Again, with education fees, I think those who feel they want to send their children to private school do have that choice, and if it means making cuts that is a choice they need to make, but it is not an essential. Childcare costs: I think it has already been said, in fairness, the thing is a bit of a mess and it needs tidying-up, and I do not really think that we should be looking to exclude that. Books and newspapers: again we have a choice of what we are going to read. If we want to read any number, obviously we are going to pay a bit more for it. Again, if we choose not to, that is a choice. So again, I do not think that should be exempt. Children's clothing: again everybody has to buy clothes, and again you can choose the type of clothing you get. If you are not as wealthy as you would like to be, obviously you cannot have the designer clothes, *et cetera*. Again, you should buy according to your pocket. For domestic energy and fuel, again one has a choice. I do not think anyone should ever freeze, but at the same time you can possibly lower your meter slightly so you are not quite as hot and maybe put a pullover on. Maybe that is being a bit drastic, but at the same time there is a choice. However, there is one that we do not have a choice about and that is (b). Health affects everyone, whether young, middle-aged or old, rich, middle-income or poor. Of course, those people who suffer most are those who have a long-term illness. It affects not only the person, but also those around them. Indeed, that has been recognised in 24 of the 27 countries that have been given to us that have been taken from the Treasury report. Twenty-four countries thought that they should have exemptions for health reasons, and I think it was the Connétable of Trinity who remarked... and I do concur with him. I think one of their weaknesses - or one that could have been better put - was it is quite a wide range which Senator Syvret is asking for. However, again I would appeal to those people who are not minded to support me to think again. What I would hope that Senator Syvret will do is that if we do support this today that he will come back to the House with a prescribed list of what should be in and what should not be in. When one looks at some of these countries that have exemptions on medical, I would look to maybe what we have got in the U.K. There is no V.A.T. on such things as the purchase of aids specifically designed to help people with disabilities, including medical and surgical appliances, and they give examples like wheelchairs, incontinence products. So I take issue with the Treasury when they use an example - do we really include suntan oil - but I think they are being a bit pedantic about that. I do not think - and again maybe Senator Syvret will correct us on this - he would look at suntan oil as being a health product, but these are the sort of things that the U.K. have got exemptions on. I would have thought that we, as a wealthy Island, put consideration to those. We heard from the Minister of Social Security that we are going to have a fund which will catch a lot of people, or help a lot of people; but what I find wrong with a fund is there are a number of strings attached. It must have been noticeable yesterday that 3 Members got up and sought clarification from the Minister as to really what and who was going to benefit from it, and indeed he has the same trouble with income support, the details are to follow. What I am asking for really is we should have those details ahead of us. Now, again, if we are going to keep any system simple - and again I am all for keeping something simple - what I would ask is why are we going to have this Health Fund which is going to have administrative fees, because it costs to administer? Surely it would make much more sense in the first place to have a prescribed list as to what will not be subject to G.S.T. Why put on G.S.T. and then give the money back afterwards? Surely it would make more sense to have an exemption before you start. So, again, could I ask those people who think they have made up their mind - and particularly I look at the Connétales - you know the people in your Parish: well, you are supposed to. Think carefully; do not make your mind up yet; wait until you have heard all the debate; hear what Senator Syvret has to say. If indeed he is looking at the prescribed list then possibly you might give support to (b).

### **1.17 Connétable D.J. Murphy of Grouville:**

I also sat on the G.S.T. Sub Panel and I am afraid I also have to say that we all heard the evidence, we all heard the witnesses, but we seem to have come to rather separate conclusions. I agree with my 2 colleagues - the Connétables of Trinity and St. Brelade - in that we agree that we should back a straight across-the-board low tax system because it was the only way that we could establish the system and get it working in the first place. We were happy to accept undertakings on the low income support from Social Security on medical services and from Education on the education system. Children's clothing: I think it was one of the Members who said yesterday that if you take it off children's clothing it will probably have to go on adult clothing, which is more expensive anyway so it will cost us more. So, I would like to say I am not going to support Senator Stuart Syvret. However, what I would say is this, that in 3 years' time we shall have a review of this, and in 3 years' time if it is not working then we are going to have to alter things. In 3 years' time we can also look at the variance - or having different rates - but keeping a basic 3 per cent but then upping it on other items which are obviously in the luxury market. So, Sir, I shall not be supporting this proposition.

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

A number of Members - particularly I think new Members to the House - have said what a difficult debate they have found this and how difficult they found it to make the choice that is put before us all today, and I absolutely understand that and sympathise with them. It is. There has been a difficult debate, but I think what has impressed and delighted me, I have to say, is that there has been a highly responsible and mature debate at the same time. Not so long ago a debate such as this would have been characterised by personal attacks and a general unpleasant mood. Not so long ago, Sir, Senator Syvret and I would have been at each other's throats, and now I think it is entirely right that we are only at each other's arguments. Sir, some have suggested that this is all about whether or not we support the poor, and that is completely and totally wrong. It is completely and totally misleading. It is not whether we support the poor or not, it is how we support the poor. We are all totally committed to supporting the poor; the difference between us is what is the best way of doing it. There were quite a number of speeches yesterday, and again Senator Shenton's today, which sought to suggest that those who opposed this proposition are opposing the best interests of the poor in Jersey, and I categorically say that is absolutely not the case and it is a misleading and totally fallacious argument. A number of the supporters of the proposition in their speeches notably forgot or omitted to include the fact that if you introduce exemptions the rate of G.S.T. will inevitably go up. They were suggesting almost as though there was a free ride here; that we could have exemptions and the less well-off would be totally protected as a result, and that too is quite wrong, because if we do have exemptions the rate will go up and a higher rate will, as other speakers have said, hit the poor. A higher rate will be applied to adult clothing, to furniture, to toothpaste, to soap, and as the Deputy of St. Mary said, to a range of other household essentials as well, which will hit the poor more than it will hit other people. So, it is not a question of exemptions favour the poor, non-exemptions work against the poor, that is absolutely not the issue. A number of speakers have questioned whether or not income support will be man enough, will be robust enough, will go far enough to do the job. Well, in my view it has got to. In my view there is no alternative, and we have had pledges from both the Treasury and Resources Minister and the Social Security Minister that that will be the case. Indeed, the Treasury and Resources Minister has said he will introduce with the Social Security Minister a level of income support, a level which will be whatever it takes to protect the poor against the introduction of G.S.T. The Dean yesterday said that it was incumbent on the Council of Ministers to protect the poor, and I absolutely agree. Indeed, I would not be opposing this proposition today, I would not be opposing it unless I was absolutely convinced that the income support system and possibly other measures - which I will come to a bit later - will totally and adequately protect the poor. If I was not convinced of that I would not be taking the position I am taking today. Can I also point out that the level of income support - the method of income support, who it is open to, who would receive income support - is

entirely a matter for this House, and it seems to me that those who suggest it will not be adequate enough do not have much faith in their own ability to convince the House of what the structure and the scope of the scheme should be. It is entirely within the grasp of this House, and only this House, to ensure that income support does the job that we have been assured it will do, and that all of us believe it has to do. So, Sir, I start from the premise that the poor will be protected, but there are other important issues arising from this debate. We have heard from a number of speakers - and not least Senator Shenton - about Jersey's economy. The whole success of Jersey's economy has been based upon low taxation; that has been what has made Jersey the incredibly prosperous Island it is when compared to just about any other community of a comparable size. But we are facing more competition now than we have ever faced in our history, and I am not just talking about financial services. I am talking about retail; I am talking through the Internet and other competitive areas; I am talking about tourism. We are facing more competition now than we have ever faced before, and all of us - even many of those who have spoken in favour of the proposition - have said how much they want to support the economy of Jersey, particularly retail, and hopefully in particular tourism; and yet they want to introduce a rate which will make us less competitive. Now, any additional tax is unwelcome in that respect, but we have got to have an additional tax and let us at least keep the rate at the lowest possible level. Let us ensure that we do not undermine totally unnecessarily Jersey's competitive ability by introducing a higher rate. It just does not make sense, and it cuts completely across Senator Shenton's own arguments. So, we come to the question of tax philosophies, and other speakers have dealt with that and I will deal with it only very briefly. It is a fact - and I do not criticise them for it - it is a philosophical fact that Senator Syvret and Deputy Southern and perhaps others are in favour of higher taxation in Jersey, despite the fact that that cuts right across the whole basis of our economic success. They are in favour of higher taxation in Jersey, and we have had that debated on previous occasions and overwhelmingly the House has voted against it. But I believe that some of that philosophy lies behind the support of some at least for the proposition. Deputy Scott Warren, you are shaking your head. I am not pointing a finger at you or naming you.

**The Bailiff:**

Through the Chair, please.

**Senator F.H. Walker:**

Sorry, Sir. Some speakers, I believe, hold that philosophy. That philosophy has proven to fail in just about every country where it has been introduced, and it goes totally contrary to the whole success of Jersey. Dwelling also relatively briefly on complexity and cost, the Scrutiny Panel said that the Treasury had over-estimated the cost of a system with exemptions. They may be right; I cannot comment authoritatively on that, but there is no doubt at all, whatever the level, if you introduce exemptions you will have additional cost. There is no doubt about that whatsoever. But what Senator Syvret's proposition suggests is that we should follow effectively the U.K. model. Now, the U.K. model in this respect is probably the most discredited model of indirect taxation just about anywhere in the world, and even the U.K. themselves, if they were starting today, under no circumstances would they introduce the system they have. No way would they introduce the system they have because it has failed. It is complex, it is expensive, they have 220 papers out trying to explain various areas of exemptions, trying to get the people to understand what is exempt, what is not and so on; 220. Now, do we really want to go down the same route? But that is what the proposition is asking us to do. It is pretty well following exactly the U.K. route. It is being suggested that the references to Australia, New Zealand and so on do not hold water because there is a much lower cost of living in New Zealand. Well, yes, there is, but none of those people, none of the speakers who refer to a lower cost of living also refer to the evidence in the earnings survey that incomes in Jersey are very, very much higher as well. We are a high income, high cost economy, and no getting away from that, but that does not mean that the principle of a flat tax or close to flat tax that they have in New Zealand and all the countries... It is no coincidence here: all

the countries that are currently looking or have recently looked at introducing indirect taxation are following that model. They have learnt the lessons of those who went early, if you like, learnt from the mistakes of those countries, particularly the U.K., who introduced systems many years ago, and it is no coincidence that none of the countries now looking at introducing new indirect taxation structures are coming anywhere near wanting to follow the U.K. route. They are going for effectively as close as possible to a flat-tax scenario. It is no coincidence. Following the U.K. route would be a very expensive mistake for Jersey, and it is one we do not have to make. We really do not have to go there, and my goodness me, we should not go there. Now, let us look at the view of the future held by some speakers, principally those in favour of the proposition. If we introduce G.S.T. - when we introduce G.S.T. - tax increases are inevitable. Why? No evidence has been supplied to support that at all, not one jot; it is just an easy argument. Well, of course, the States, if they introduce G.S.T., of course then the easy option for them will be to ratchet it up in future years, but again, I am sorry, it misses a basic point: any increase in G.S.T. has to be approved by this House. Surely this House - the speakers in favour of the proposition - have enough confidence in their own ability to persuade the House not to increase the rate. It does not sound like it, but they should have. This House, and only this House, will be deciding upon whether or not the rate is increased, so fears... and you have heard Senator Shenton ridiculously say we are going to be taxing food at 10 per cent, medical at 10 per cent, *et cetera*. That is just hypothetical nonsense, and it is within this House and totally and only within this House's grasp to ensure the rate remains low. We have also heard about listening to the people, and we would be letting the people down if we do not approve this proposition. Well, where is the voice of the people in this respect? The consultation process, the vast majority of people were in favour of a simple low-rate tax. The vast majority. The *JEP* has come out in favour of a simple low-rate tax. The business community has come out in favour of a simple low-rate tax. No, we cannot just dismiss the business community, as Senator Shenton is wont to do, as a self-interest group. They are the people who generate much of the taxes that fund our services, and we have got to listen to them in the same way as we listen to the poor, in the same way as we listen to - for example - the Citizens Advice Bureau. As I understand it, Mr. Le Gresley - who we all have a huge amount of respect for - said that he did not believe that going down the exemption route was the best way of protecting the poor. So just about every facet of society has come out much more in favour of a simple low-rate tax than they have with a complicated exemption-led higher rate of tax. I am totally confused about where Deputy Ryan comes from, and I think it is a shame because I thought the sub-panel's report was a very good one. I think he completely muddled the issue with his speech, and I am surprised he signed the report off given the speech that he made today, but I was very pleased that other members of his Panel have stuck to the report they wrote, which is evidence-based. That is, of course, what Scrutiny is supposed to be all about; it is evidence-based. Whatever Deputy Ryan may say, they certainly fell a long way short or went nowhere near recommending the introduction of a complex exemption-led higher rate system. That was nowhere near their thinking given all the evidence that they heard from the people and anyone who was interested in putting evidence to them. There is one other issue. Senator Syvret did say that some of us - a number of us - are wealthy enough not to worry about this, and I think he said something about swanning-off on our gin palaces. Well, he may or may not have been referring to me, I do not know, and it does not bother me too much, but the fact is I have children, and other Members who may be reasonably well-off have children, and in my case as well, grandchildren. Their future is Jersey's future - or Jersey's future is their future, whichever way you want to put it - and they are very much in my thinking; the long-term best interest of Jersey is very much in my thinking when I take the line I am taking and oppose the exemptions. So, Sir, that is the principal and major reasons why I could never support the proposition put forward by Senator Syvret, but a number of Members have referred to and I know a number of other Members who have not spoken have the same concerns. I think the majority of Members probably, certainly a large number, are concerned about the medical issue. We should not forget, though - and I think there were a couple of speakers who got this wrong - that under the proposals of the Social Security and Treasury and Resources Minister doctors' fees... I think

somebody said it would deter people from going to the doctor. That is not right. Doctors' fees and prescriptions would be covered. There would be no increase as far as the less well-off are concerned in that respect. But other medical services are not, we absolutely accept that. Senator Le Sueur said yesterday he would want to talk to Senator Syvret, the Health Minister, to see if there was a way forward in terms of an exemption on medical services. Well, I would ask Senator Le Sueur to go further, because I know this is very much in the minds of a large number of Members, and again very eloquently put by the Deputy of St. Mary. I would like to invite the Treasury and Resources Minister to go further, and to tell us today before we vote - to commit to us - that he will come back, preferably in conjunction with the Health Minister but not necessarily, he will come back with specific proposals on how we can introduce a simple scheme which exempts medical services. The proposition of Senator Syvret goes too far; well, a lot too far. It says just exempt all services and products, and that goes further than virtually every other country that has introduced some form of indirect taxation. Not all of them, but most of them. It goes too far, and if Senator Le Sueur is prepared to give the commitment that I am asking him to give, then I am sure Members would have every confidence in him. Members know he will honour any commitment he gives, and I would urge Members then on the back of that commitment, if he is prepared to give it, to vote against the paragraph (b) on medical services and supplies in the clear knowledge and understanding that a revised proposal will come before the House well in time - long before G.S.T. is introduced - and give us the opportunity to make sure that if we want to exempt medical services that we get it absolutely right. But vote in favour of Senator Syvret's proposition and you have a House decision that you are going to automatically exempt all services and products, and that goes too far. So, I would ask Senator Le Sueur to give us that pledge, to make that commitment, and on the back of that, if he is prepared to do it, ask Members to vote against paragraph (b) in the proposition in the sure knowledge that we would have the opportunity to review this with much more information and in a much more focused way than we are able to do today. Also - and I start to touch on education - I have had this morning an assurance from both the Treasury and Resources and the Education, Sport and Culture Ministers that they are absolutely in agreement that no one should be barred from attending fee-paying schools by the added cost of G.S.T. on fees, and they will work with the schools to ensure that that is achieved and to establish how best that is achieved. So, again, that being the case, that is not an exemption, absolutely not; that is just ensuring that the less well-off are taken care of in another way. So, the argument is again that introduction of G.S.T. on education fees will prevent the less well-off... Well, it is not really the least well-off, is it, because they are not paying fees at all; but the lower scale of those who wish their children to go to a fee-paying school. You have here an undertaking that they will be protected as well. So again that fear should go away. So, Sir, I emphasise again this debate is not about protecting the poor or not protecting the poor, it is about how best to do it, and there are genuinely different philosophical views on how we should go about that, but the poor will be protected. One way or another, the poor will be protected. So then we look at the other issues, which is about which system is best for Jersey, and I have no doubt whatsoever and the clear weight of evidence and the clear weight of public opinion suggests that we want the simplest, lowest rate possible on the assumption, I repeat, that the poor are protected. Sir, the report and proposition invites us to make the same mistakes as the U.K. made many years ago. We do not have to do that. We can introduce a simple, low cost, low rate tax which best suits the people of Jersey. Sir, I would urge Members to vote against the proposition in its entirety.

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

The Chief Minister invited me to give an undertaking or commitment there. Without making a second speech, I would just like to say that I picked up the message from various Members about the concerns about medical services and the fact that this is a thing which you have no choice about. I will commit to working with the Minister for Health and Minister for Social Security to exempt from G.S.T. medical services in respect of doctors, dentists and opticians. I commit to talking to those Presidents in respect of the related treatments to do with those matters. I give an

undertaking, Sir, in order that Members who are concerned that this proposition as written is too widely drafted can then oppose part (b) on the basis of that undertaking.

**Deputy P.N. Troy:**

Sir, could I then perhaps ask Senator Syvret to consider withdrawing part (b)?

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

Could I seek clarification on this because we had, from the Deputy of Trinity, a very moving and, honestly, a very real example of somebody with the ongoing costs of bandages. Where would that sort of provision lie under this sort of sudden u-turn? Thank you.

**The Bailiff:**

Deputy, I do not think we can engage in a sort of question and answer session across the Assembly. The Assembly has heard the undertaking given by the Minister for Treasury and Resources and they must take that undertaking into account, together with all the other arguments, when they come to consider voting on paragraph (b). I call upon Deputy Pitman.

**1.19 Deputy S. Pitman:**

I am proud to declare that I will be supporting Senator Syvret's exemptions for the following reasons. Sir, I first questioned whether this House and the public were ever given the true picture about why the decision was made on 'Zero/10' tax proposals. Senator Ozouf has said that the months of public consultation has been taken on G.S.T. and other new tax proposals. Sir, I believe these decisions were already made. He also went on to say he cares for the poor. We all do in this House, Sir. Well, if this were factual, I question whether we would even be talking about G.S.T. Senator Vibert said that other proposals to raise revenues were voted out of the House because they were not in the best interests for the Island. Well, we all know, Sir, that many decisions made by this House have, indeed, proven not to be in the best interests for the people of Jersey. 'Zero/10' tax proposals, '20 means 20' and G.S.T. will take from the middle-earners and the poor and cause more hardship. Even if income support did catch those in the lowest quintile, I question how much impact it will really make to their lives. What about those who are just outside qualifying for income support? Sir, I believe G.S.T. has been ill-thought through by those who have never had to endure financial hardship, by those who have never had the choice but to go to welfare, to struggle to bring up their children and, therefore, do not understand the concern that the people of Jersey have about G.S.T. Hearing that Ministers will have to minimise their budgets as reassurance that G.S.T. will stay at 3 per cent, I ask how many times have we heard of misallocations of funds and overspends by this government? Sir, it is a sorry indictment of ourselves as a government of the 21st century, that claims to understand and support those who are least well-off in our community, that we can even consider taxing the very basic materials of modern democratic life. Those, I mean by medicines, basic foodstuffs, books and children's clothes. Thank you, Sir.

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

We have heard many facts and many figures during this debate. There is no need for me to repeat them. I can speak today, though, from personal experience. I grew up in a low income household where both my parents worked, not to pay the mortgage but to keep us clothed, warm and fed. Where visits to the doctor were often decided by the genuine concern of whether the bill could be paid. Where we put on extra clothes to keep us warm in winter. The question of education or childcare costs were never, for us, an issue. I did not, though, grow up in poverty. We were surrounded by books, took a daily broadsheet and, yes, made regular visits to the - for me - much missed old library. An income support system as proposed and with the pledges made by Ministers would surely have helped my parents as they struggled to raise their young family. I welcome its essential introduction as a means of ensuring that we protect those 7,000 families who will surely suffer when G.S.T. is imposed. My conscience, however, tells me that it is morally wrong to tax

basic foodstuffs, to tax medical services, to tax books and newspapers, to tax domestic energy and fuel. I am prepared to stand up and be counted on this difficult and emotive subject. Today I will support Senator Syvret's proposition in its entirety. Thank you.

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

I have hesitated to enter this debate over the last couple of days but I felt that I would have to speak because you would expect me to speak. But I have had a difficult battle with this issue because I do like to try and be a team player. However, in previous debates, I have always voted with propositions brought by Senator Syvret for exemptions. But my feelings had begun to change in some areas rather reluctantly because the States had repeatedly voted against the introduction of exemptions. I had also spoken, at my re-election, against the introduction of G.S.T. But, again, as we said, that really is a foregone conclusion. I was coming around reluctantly to accepting where we were with the Council of Ministers' approach to G.S.T. because also, in terms of the fiscal strategy, we had been told that the G.S.T. was a significant and important part in being able to meet our commitments to our community, going forward in the future, when we change to a direct tax system. The basis on which I was coming around to accepting the inevitability of G.S.T. was that this was a way in which we would be able to maintain essential services going forward after 2008. However, Sir, I am less persuaded by that argument now, in some ways, because in my own particular area I am concerned that some of our essential services will be so irretrievably run down by the time we get to 2008/2010 that we will have some difficulty in making that a reality. I am very disappointed to have to say that. So here I am today. We have heard a lot of talk - a lot of dichotomy between mind and body - between the idea of emotion and intellect. Although this may be based on the age of the enlightenment concept of a dichotomy between mind and body, I think we are now becoming more aware of the importance of something called emotional intelligence. That means that in any difficult issue that we are dealing with today - which is both an issue of economics but is also an issue which is deeply moral and deeply ethical - that we must bring both our emotional side and our intellects together in trying to find our way forward in deciding how we should vote in this debate. The arguments have been quite evenly balanced up until, I think, just the last few moments on both sides. The arguments for trying to keep it as simple as possible do in some ways persuade me. The arguments against that in terms of what I feel are the moral and ethical issues about putting tax on basic foodstuffs particularly for those at the lower end of the income scale in our community and the ethical issues, of course, around medical costs. The reason I say "in the last few moments" is because the Treasury Minister, although I am very grateful to him for saying that he would work with the Minister for Health to see whether or not an exemption for health services could be made, that in a sense again blows a hole in the whole argument for simplicity which was already beginning to be undone by issues such as giving into the vociferous minority on marine fuel and also the exemptions in terms of household repairs and so on. In a sense I feel that I am coming down on the side of saying: "Well, if Treasury are thinking and contemplating the idea of some exemptions anyway then perhaps it is not so difficult a thing for me to contemplate myself again." I say that I am very torn in this because I do have experience of both sides. I was rather disappointed in some of the things that Senator Syvret said yesterday when he was making a few - I think - cheap points about people in this Chamber being wealthy and not understanding necessarily the existence that some people outside this Chamber have to live. I thought that was quite unnecessary. But I think I am one of those who does have experience of both sides. I have been a single parent on welfare so I know very much the experience of what even a 3 per cent tax on foodstuffs will mean to a family. I also am now a very well-off individual so I also know how little difference, frankly, 3 per cent on foodstuffs is going to make to me now personally. As a result of having both experiences, I cannot get away from the fact that there will be people in our community who will struggle to find the extra 3 per cent on foodstuffs to feed their family. It will cause them extra worry. I am not just talking about those who may be given some support through the income support system. I am talking about also people who might be just above that because we cannot just look at G.S.T. in isolation. I was again quite impressed with some of the

speech of Deputy Ryan because he drew attention to the fact that we cannot really think about the changes in G.S.T. entirely on their own. There are other issues that need to be thought of as well, for instance, the changes in the direct tax system. What effect does that have throughout? What we are doing in terms of access to benefits, access and charges in terms of healthcare and provision, because our health provision is not entirely free at point of delivery, as we know. We have a comparison of other jurisdictions that in the rather excellent report that was done by the Scrutiny Panel where we find that those areas where they have put G.S.T. on food tend to be in areas where food prices are a lot lower than they are here in Jersey. Where they are high, food has been zero-rated. I am also mindful of the proportion of income that is spent on food by lower income families. It is a greater proportion of their weekly income that has to be spent on basic foodstuffs than is the case for those of us who are rather more well-off. Benefits and access to benefits has to be, if you like, put into the pot in our thinking overall of the likely effect that G.S.T. has on any particular quintile that we are looking at. The issue as well about the interaction of supplementation and the actual level of the minimum wage is also a factor that has to be put into the pot in determining how all of these changes are going to affect real people in their real lives on the ground. I do not really feel that that work has been done sufficiently to make me confident that having even a 3 per cent - a relatively low level - of G.S.T. on things such as basic foodstuffs and healthcare is going to be something that can be accommodated by the less well-off in our community. The new low income support is going to give a contribution towards healthcare costs but it is unlikely to cover them all. We do know that there are certain groups in our community- single parents and the elderly - who are the most vulnerable to poverty and the most vulnerable to ill health. I think that there was some very good work done by CRSP in terms of showing us what that does mean on a weekly basis for individuals in those categories. I think looking at that many of us - myself included now - have almost forgotten what it was like to be at that end of the income scale and will find that most people's expectations are quite moderate. I have been left in a quandary. How do I deal with this debate? I have always voted for all of the exemptions, I believe, in the past with Senator Syvret. I do not think that I am going to do that now because I am persuaded that we have got to have a G.S.T.. I am persuaded that in order for it to be effective and efficient it has to be as wide as it possibly can be. But I am morally...

**The Bailiff:**

Senator, I am sorry to interrupt you.

**Senator W. Kinnard:**

Two minutes, Sir.

**The Bailiff:**

Two minutes?

**Senator W. Kinnard:**

Two minutes, Sir, thank you. But I morally still feel that in bringing both my intellect and my emotional intelligence to bear that I cannot vote in favour of putting G.S.T. on medical services and products. I cannot vote in favour of it on basic foodstuffs. Otherwise, if I did, frankly, I would not sleep at night. Thank you, Sir.

**The Bailiff:**

Before the Assembly adjourns may I just draw the attention of Members to an amendment to the proposition of Deputy Le Claire in relation to the transcripts of the in-camera debate in relation to W.E.B. (Waterfront Enterprise Board) which has been lodged by the Connétable of St. Helier. That will be circulated, no doubt, very shortly. If Members agree the Assembly will adjourn until 2.15 p.m.

**LUNCHTIME ADJOURNMENT**

## **PUBLIC BUSINESS (Continued)**

### **Goods and Services Tax: exempt or zero-rated items (P.86/2006) (continued)**

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

The debate resumes on the proposition of Senator Syvret. Does any other Member wish to speak?

#### **1.22 Deputy A.J.H. Maclean of St. Helier:**

I find myself slightly refreshed after lunch so I thought I would say a few words. This important debate has contained plenty of food for thought. In fact, I have learned quite a lot about food since we have been debating over the last 2 days. I have heard some compelling arguments during the debate; some factual, some emotional and some plain illusionary. I would like to take this opportunity to congratulate the Corporate Services Scrutiny Panel for their work in producing what I thought was a very informative document on many important aspects of G.S.T. It was particularly interesting earlier today to hear that the majority of the Panel came to the conclusion that a low flat rate with no exceptions was, in fact, the most sensible way forward. I am slightly disappointed and surprised that I find myself having to consider this important proposition without the benefit of some more detailed facts. There are principles in this proposition that I have to say deserve serious consideration. I feel that Senator Syvret should be congratulated most warmly for focusing our minds on these important issues. As the Senator commented in his opening remarks, the lack of available detail concerning the low income support scheme will disadvantage this proposition. I have to say that I do fully agree with him. The disadvantages of indirect consumption taxes is quite clear in that they cannot differentiate between taxing people with higher incomes and those on lower incomes. This, in isolation, is clearly a serious problem. But an effective income support scheme will address this issue. This proposition helps us to focus on the likely impact of G.S.T. on a range of people and, indeed, businesses. It especially forces us to focus on the likely effect on the less well-off in our society and how any negative impact can be most effectively mitigated. Few will disagree that the effect of G.S.T. on the less well-off is an issue of absolute paramount importance. Another concern I have relates to our more senior citizens, some of whom may comfortably qualify for income support but who will not want to claim it if the claiming process is in any way difficult or undignified. Some, in this very proud and important segment of our community, would rather go hungry or cold than lose their dignity. We must, therefore, ensure that the delivery mechanism is simple and dignified and that nobody with a genuine claim is allowed to slip through the net. A socially responsible government will view with equal importance the moral, financial and economic impact of any new legislation. At this stage I am prepared to accept, based upon facts, that the most effective mechanism for protecting those who will suffer the most, the greatest hardship, from a consumption-based tax like G.S.T. will be principally delivered through an effective income support scheme. But make no mistake, when I see the full details of that scheme if it is not what I would describe as 'the full Monty', it certainly will not get my vote. It will have to deliver and should be - and this is an important point - it should be regularly reviewed to ensure that it is working. There are no acceptable excuses for failure to deliver and to monitor the low income support scheme. It has to be fit for purpose. I should add, at this stage, that I have every confidence in the Minister for Social Security and, of course, the Treasury and Resources Minister, both of whom have reassured me that this much debated income support scheme will deliver targeted support to those who are most in need. At this stage, and subject to the full details of the income support scheme, it is clear that the factual evidence highlights that zero-rating a range of essential items would not give significant benefit to the average low income household. I agree that some zero-rating would be progressive but the amounts are small. A good example would be if food were zero-rated as some have suggested. The overall G.S.T. rate would then have to be increased on other items in order to compensate. The resulting benefit for an average household in the bottom quintile would be less than £17 a year. Most countries introducing consumption-based tax systems, in recent years, have recognised the cost and delivery benefits of a simple system. The

only reason that we can even consider one of the lowest rates in the world, at 3 per cent, is if we base it on no exemptions. A low income support scheme with no exemptions would allow greater funds - those that would otherwise have been wasted as exemption benefits to high earners - being targeted to those most in need. It is also a more transparent system and would be less susceptible to abuse. I think the majority of us now accept that G.S.T. is what I would describe as a necessary evil. It is an integral part of the fiscal package designed to address the black hole in public finances as we move towards the necessary 'Zero/10.' There are a number of concerns about G.S.T. that I would like to briefly discuss; one that Senator Syvret refers to, rather intimidatingly, as inevitable. That is the possibility that the 3 per cent rate will rise in the future. Around the world, during the past quarter of a century, 17 or so countries have introduced a consumption tax. Approximately 50 per cent of those countries are operating at the same level of consumption tax at the point of introduction and, in fact, 2 of them have a lower rate than upon introduction. There is not an inevitability that the rate of tax will have to rise. We have that decision in our very own hands. This Assembly would make any future decision on the subject of increasing G.S.T. I agree that there are drivers that could lead to possibly an easy option of raising the rate to raise revenue. G.S.T. forms part of a package of measures needed to address the black hole. Others which are well known: economic growth, efficiency savings, '20 means 20', I.T.I.S. Whereas I am naturally confident concerning economic growth, I do have reservations as to the political appetite for the level of efficiency savings that I think should be achievable in order to help future-proof the G.S.T. rate at 3 per cent. I accept that great strides have been made in terms of efficiency savings to date but this journey has only just begun. Our ability to peg G.S.T. at 3 per cent for the long term will greatly depend upon all of us in this Assembly tackling the culture of waste and inefficiency that still prevails in some parts of the public sector. But today this proposition is about exemptions to G.S.T. When I read the list of the proposed exemptions I immediately faced a dilemma. I made an electoral undertaking during last November's elections that I would support an exemption on medicines and medical services. I, therefore, feel obligated to support part (b) of this proposition but cannot because of the way in which it is drafted, namely the inclusion of the term "products" which lacks clarity. I was intending, in fact, to abstain on part (b) but have now decided to oppose it after the Treasury Minister's undertaking just before lunch at exempting essential medical services - doctors, dentists and I believe he said opticians but I might be stepping slightly over the mark there, and I certainly hope he did. Furthermore, I have joined with Senator Cohen and Deputy Gorst to press the Treasury Minister for some more precisely defined exemptions relating to medical services and school fees. In conclusion, I am sure you will all be glad to know, I started supporting exemptions in principle but have slowly changed my opinion based on factual evidence. It is clear to me that supporting this well-intentioned proposition or indeed any part of it will not help to protect the most needy members of our society. I, therefore, urge Members to join me in rejecting all parts of this proposition. Thank you, Sir.

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

I call on Senator Syvret to reply.

#### **1.23 Senator S. Syvret:**

Last night when I was typing-up some of the things that were said in yesterday's debate, my assistant, Sidney the cat, came and walked across the keyboard. I considered leaving his contribution in as it was certainly more credible than some of the arguments we have used in this debate. [Members: Oh!] I do not propose to go through every Member's speech and respond to every point, although a few contributions certainly merit special treatment which I will come to in due course. Instead I will mainly deal with the generality of the issues raised. Sir, the speech I delivered yesterday was, in essence, structured into 5 main phases. I outlined the 3 basic arguments used by opponents of zero-rating. I described why those arguments were weak and inadequate. I spoke of the true purpose of exemptions. I explained why the G.S.T. rate would go up. I spoke of the ethics involved. When referring back to those 5 basic points, we need to now reflect upon

whether the arguments used against them have been substantial, carried any weight and indeed whether many of the speeches made by those opposing even attempted to address many of the key points I made. I think we need to cut through a lot of the spin and obfuscation. The overriding impression I had of the opposition was one of general feebleness of the arguments and, most tellingly, a complete failure to engage with many of the key points in my argument. To give just one striking and remarkable example; during my speech I dealt a fatal blow at the Achilles heel of the Treasury position. I showed the utter absurdity, the hypocrisy, the inconsistency and the total nonsense of the Treasury being quite happy to bring forward a zero-rating for domestic property repairs while trying to say to us that we cannot zero-rate healthcare and products because it is too complicated and not targeted. This one issue, on its own, holds the Treasury position below the water line. I said the Assembly would look absurd - as we will - if we vote to begin taxing healthcare and products while zero-rating repairs to conservatories and swimming pools. This argument is so ruinously destructive to the Treasury position that we surely expected detailed explanations, strong rebuttals, convincing justifications to be put forward in an attempt to defend this most profound vulnerability in the very foundations of the Treasury case. Therefore, when the Treasury Minister spoke, I waited and waited and waited for the counterattack. We had expected, surely, every ounce of effort to be focused on attempting to rescue the Treasury from this crisis in its credibility. What did we get? Barely a word on the subject. Not a single meaningful reference to the inherent and irreconcilable dichotomy of the Treasury stance. There are 3 conclusions we must draw from this. The Treasury are so profoundly embarrassed and alarmed at our exposing of this they try not to mention it in the hope that we will forget about it. But if they had remotely convincing arguments they would certainly have used them and that, in reality, they simply have no defence to offer in the face of this exposure of their hypocrisy, their inconsistency and the inherent contradictoriness of their position. Sir, the Treasury come to this Assembly prepared to die in a ditch, to fight the very principle of zero-rating. Even something so fundamental as healthcare and health products has to be taxed. Yet, the Treasury is happy to work up proposals to zero-rate the maintenance of homes for millionaires. What do they have to say in defence of this lunacy? Barely a sentence. I put it to Members that for their own credibility when we are dealing with such an important issue as introducing a tax on health services and products we really must require a better standard of consistency before we cast our vote to add a tax on to a bill of £300 a month for a pensioner's surgical dressings. Sir, I have fought many battles in this Assembly over the years. Some of them you win, some of them you lose. Such is the territory of politics. But we seem likely to make a decision now to start taxing bandages, dressings and wheelchairs but not cans of paint and conservatory doors. If we leave here today having meekly agreed to support the Treasury line on taxing healthcare and products, when they have not even attempted to make any credible effort to defend their zero-rating of property repairs, I would have to regard it as quite possibly the most incompetent, depressing, ethically bankrupt and wretched decision I have witnessed in 15 years. I said in my opening speech the makeup of this Assembly generally represents a background of privilege and comfort. I did not say that that applied to all Members. Senator Kinnard and some others do know what it is to have struggled. But most Members do not. My analysis was well proven yesterday. I suggested a penny on income tax a progressive measure. Senator Le Sueur, in a speech that would make Margaret Thatcher appear a member of the Socialist Workers Party **[Laughter]**, rabidly howled down the very suggestion to, let us note, widespread, foot stamping applause from many Members. This is the selfsame membership who are now happy to endorse what is in effect a 3 per cent tax increase levied on the poor as the poor have to spend all of their income. This, I think, really proved my point. I said a few speeches stand out for special treatment. I will begin by having a look at the speech of Senator Ozouf. He usually produces a robust and convincing performance in debate even when he is wrong. **[Laughter]** Yet his contribution yesterday was feeble, unfocused and, most significantly, unwilling to engage with many of the points I made and quite simply wrong in many respects. For example, he decried the point of this debate as there was, in his view, no new evidence. Wrong. We now know that the supposed absolute implacability of the Treasury's opposition to zero-rating on principle was nothing more

than a political pose all along. We now see that they are quite happy to zero-rate property repairs which is complex and, in large measure, helps the rich. This fact on its own destroys the Treasury position. We now have the Scrutiny Panel report which adds new evidence and new perspectives to the debate. We know from its work that G.S.T. will impact on the poor and that there are significant doubts as to whether income support is really going to succeed in compensating the poorest for that impact. We know from the Panel's report - from the evidence in it - that the diversionary flim-flam of Members like Senator Ozouf in respect of supposed complexity is in fact an overblown farrago of exaggeration. So, yes, we do in fact have new evidence, contrary to Senator Ozouf's assertion. He also engaged in his very favourite debating tactic which is to set up straw men which he can then knock down, making false claims as to what his opponents intend and then proceeding to attack those intentions. He does this so, so often. I could not recount the times. Let us just consider one he engaged in yesterday. He said that zero rating education fees would not solve the problem of increasing costs of this particular provision. Yes, it certainly will not solve the problem but did I - or any other Member ever - at any point make such a claim? No. What I said yesterday, very clearly, was that zero-rating was not put forward on the basis that it on its own would solve any of these problems. What I said was that zero-rating these essential items is a backstop; a means of giving a little extra help in buying the goods and services involved; a means of displaying a little solidarity with the community at large. He also said that good economics does not make good politics. Yes, that is absolutely right. I would agree with that completely. Using that nostrum as a guide we need to ask why successive Finance and Economics Committees failed to implement the economic necessity of taking money out of the economy to dampen inflation. We need to ask why a windfall tax on property speculation was not introduced in order to dampen damaging market effects. Why was not a competition law put in place 30 years ago to prevent price-rigging cartels? These types of policies although economically very, very necessary were not pursued over the years because it would have been very unpopular - bad politics - especially to the establishment who have always played to their constituency of the wealthy and the privileged. Bad politics is behind the craven obsequiousness and supine failure of successive Finance and Economic Committees to confront the naked greed and self-interest of organisations like the Chamber of Commerce and the IoD (Institute of Directors). Mark my word, when the true history of this time comes to be written, the political failure to tackle greed and self-interest will be one of the most defining and striking characteristics of the post-war years. Senator Ozouf went on to assert something that is clearly wrong. He repeated the now discredited argument that zero-rating was extremely complex. We now know that that is not the case. Senator Ozouf further attempted to make the point that zero-rating was not targeted. Many other Members also made the same claim during their speeches. This argument embodies such a degree of shocking hypocrisy, double-standards and intellectual acuity I will deal with it later, and as a special issue on its own. Let me touch briefly on Deputy de Faye's speech. I have participated in about 50 Senatorial hustings meetings now. There have been many - shall we say - interesting candidates on the platform. While I have witnessed some spectacular political self-immolations over the years, Deputy de Faye must certainly be there in the top 3. This is the man who, at the St. Brelade husting, notoriously shouted and gesticulated at the audience about G.S.T: "It is only 3 per cent. You will not even notice it." Senator Walker claims strong public opinion behind the flat tax approach. But this supposed public opinion is disproportionately stacked, dominated and influenced by self-interest groups like the IoD and the Chamber. Let me suggest that, in fact, Deputy de Faye tasted the real public opinion in respect of G.S.T. I like Senator Routier. He is a caring man and a nice person, sincere and honest. **[Laughter]** I really hope he will not take what I have to say personally **[Laughter]** but I have to say it. The contribution he made yesterday was so hopelessly inadequate, wrong, misguided and ignorant I scarcely know where to start. Let us begin with his assertion that I was now opposing income support as the main means of helping the poor. I have never ever done any such thing. I have always been strongly in support of income support. I have voted for it every time. This claim was complete nonsense. Let me move on to his claim that I should have produced a cost-benefit analysis before tabling these proposals. What, you mean like the cost-benefit analysis carried out by the Social Security

Department before deciding to use the Health Fund to pay tax to the Treasury? Of course, there is no such analysis. No attempt has been made whatsoever to determine whether this is a good use of resources within the context of overall health policy. Indeed, no attempt has been made to target this benefit but, instead, it uses the scatter-gun approach so derided, on the other hand, by opponents of zero-rating. No, Sir, there has been no targeting, no cost-benefit analysis. Instead we are proposing to use the funds in a political stunt designed to ease the passage of a bad policy. I accept fully that the proposed use of the Fund is legal. However, it certainly should not be. What is taking place, in effect, is the transfer of money from the health fund to the coffers of the Treasury by using G.P.s as middlemen in the transaction loop. When the rate of G.S.T. inevitably rises, how much will this draw on the Fund become? Sir, I am not aware - and I have spoken to an awful lot of them - I am not aware of one single clinician who agrees with Senator Routier's proposal. Sir, Senator Routier and Deputy Le Hérissier and Deputy de Faye all made some profoundly ignorant comments about Island doctors.

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

Senator, the Standing Orders say that Members must not use offensive and insulting language about other Members. I think there is a boundary between robust political argument. I think "ignorant" perhaps just strays over that boundary, in my view.

**Senator S. Syvret:**

Which word was that, Sir? **[Laughter]**

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

Ignorant. I think accusing other Members of being ignorant is perhaps just straying slightly over the boundaries.

**Senator S. Syvret:**

Stupid?

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

Ill-informed. I think it is the difference between... you are clearly entitled to make very robust comments about the views they have expressed. I think you must be careful you do not stray in implying they themselves are ignorant or stupid.

**Senator S. Syvret:**

Just to be pedantic, I was talking about the views they expressed. I said they made some profoundly ignorant comments.

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

Earlier you said Senator Routier's comments were ignorant.

**Senator S. Syvret:**

They all seem to suggest that doctors were charging too much, 'ripping people off' and so exploiting their market that they should be referred to the J.C.R.A., as one speaker had it. It is regrettable that some ludicrous remarks...

**Senator P.F. Routier:**

Sir, I did not make any comments like that about doctors ripping anybody off.

**Senator S. Syvret:**

You certainly made references to doctors and what they charge. Many doctors earn less... and Members really ought to pay attention to this because this deals with unforeseen consequences and

complexities down the track that have not been considered so far. Many doctors earn less - in some cases substantially less - than their U.K. counterparts today. This fact is making it increasingly difficult for practices to recruit. Similar problems apply to consultants. In their case, in order to match what they might earn in the U.K., many of them have to rely on private work to supplement their income. If this does not happen - if we are so stupid as to start taxing private healthcare - we will drive patients and the insurance companies who pay for them to the U.K. where there is no such tax on such services. This outcome would be disastrous for the Island's ability to attract and retain high calibre specialists. The Members who spoke do not, I fear, for example, understand the European Working Time Directive. This is going to come into effect in the next few years. We will have to adhere to it in Jersey because all of the relevant Royal Colleges of Medicine and Surgery expect any organisation employing their members to adhere to it. We are going to have to adhere to it. The implications of the European Working Time Directive for staffing the hospital are profoundly serious. One of the possible solutions to help us address that problem is to have highly trained, highly skilled G.P.s fulfilling some of the role that is currently occupied by junior doctors in training. In order to do that, these G.P.s have to be motivated and assisted by the Assembly. They are going to need better resourcing. The idea that when all of these profound difficulties are just over the brow of the hill we should start agreeing to introduce a tax on healthcare and health products is absolutely ridiculous. Deputy Le Hérisier spoke of the need to do something about nursing home fees. Yes, I will be bringing forward proposals, probably some kind of social insurance scheme. This will not be popular. The public are not going to like it because they are going to have to pay for it. But I, unlike the Treasury over the decades, am not going to shy away from that. I am not going to try and pretend that we can have a free lunch. Let us turn to the issue of health products which a number of people have mentioned. The argument that health products are somehow too difficult to define and too complex is so clearly irresponsible and wildly wrong that I barely know where to begin. We have already heard one particularly telling example given by a Member in this debate of surgical dressings. That is a medical product. Do Members seriously propose that we should start to tax that? What about bandages? What about Calpol for ill children? What about wheelchairs? What about aspirin, paracetamol? Legitimate health products. These are clearly understood and clearly defined. They are important to many people's quality of life; many people's quality of life. The idea that we should start taxing such products when we just do not have to... remember there is not a need to do this. The idea that we should start taxing people's wheelchairs and bandages is absolutely monstrous. We are going to also start taxing nursing home fees, care home fees. We are not satisfied that the cost of these things can sometimes be £1,200/£1,400 a week. That people struggle. That the family assets often have to be taken to pay for such care of older people. We are going to start adding a tax on to that when, frankly, it is absolutely probably the easiest one of the exemptions to accept. It beggars belief. Other Members made reference yesterday afternoon and this morning to the table of jurisdictions and their approach to charging sales taxes. I will just remind Members that 24 of the 27 exemptions there exempt health - 24 of the 27. If we start going down the path of trying to tax healthcare we will be going against the flow. We will be engaging in a, frankly, highly regressive activity that other European countries in the main have not chosen to do and, frankly, those are countries with much cheaper living environments and lower costs and lower inflation. Senator Walker said we do treat the poor fairly in comparison with the rich. He then went on to blow his own cover by saying that if we agree to zero-rate anything it will all have to be paid for by raising the G.S.T. basic rate. This was a theme used by a number of other Members. It just is not true. There are - as I have explained previously, as other Members have explained, and as I will explain again - there are other means of raising the revenue. I am very interested in the position of those Members - quite a number of Members - who have said: "Well, we would really like to vote for the healthcare zero-rating but, oh dear, we just cannot quite vote for it because there is not enough detail." Indeed Deputy Gorst says we do not know how food and medicine will be defined and so on and, therefore, we could not possibly vote for these exemptions. But why did he not mention any great concern about the fact that we do not have home repairs and home repair products clearly defined? Why should one

particular argument apply to these exemptions but apparently an entirely relaxed approach apply to the Treasury's exemptions? This, Sir, is a textbook political posture and device. Those Members who prevaricate over healthcare are carefully trying to achieve the 2 objectives. On the one hand, they want to make themselves appear, to other Members and the public, as really, really nice guys who would love to help but, hey, the proposition is not quite right. But, on the other hand, really pressing on with what has always been their implacable opposition to the proposal. These Members want to have their cake and eat it. They want to try and look nice and reasonable to the public while still voting against exempting healthcare and products from the tax. Sir, I do not think the public are stupid. We need only consider the double-standard. This in principle proposal to zero-rate health care supposedly does not have enough detail attached to it so some Members say they cannot support it. But how can these same Members then defend a blind reliance on income support being satisfactory when both Ministers have refused to disclose the full details of its effect to 2 Scrutiny Panels? Why should this demand of absolute clarity and rigour be applied to proposals from Back-Benchers yet be set aside totally when it comes to a Treasury proposal? If we were to be expected to agree to tax health today, because we allegedly do not have enough detail to exempt it, why in the next breath is it okay for the Treasury to table nonsensical and ill thought out proposals to zero-rate property repairs? Why, if we have suddenly become such sticklers for the analysis of consequences, are we not telling, for example, the Treasury Minister that his proposal to have a G.S.T. import exemption of £500 or £300 or even £100 is clearly disastrously misconceived? After all, should we not all be rigorously challenging this policy which has within it the seeds of the near complete destruction of the local retail sector? One specialist shop proprietor told me that if we exempt imports of any greater value than maybe about £30, we will have bankrupted him within 8 months of the policy's introduction. Sir, just as an aside, the utter failure of the Chamber of Commerce to confront this is truly startling. If I were an ordinary member of that organisation I would be organising an urgent vote of no confidence in the leadership. After all, the issues the Chamber normally gets exercised about pale into near complete insignificance against this issue. When we get down to it there are essentially 2 arguments used against agreeing the exemptions today. One is the complexity and the other is the inappropriateness of not targeting. Both of these arguments are easily exposed. We are expected to accept the argument put forward by some Members that they are being fair and balanced and progressive in their treatment of people, that we are not being unduly hard on the poor and that we do not favour the rich. Indeed, Senator Le Sueur in his speech said quite vocally these kind of exemptions will benefit the rich. Oh, boy. Is this the same Senator who cravenly rolled-over and died recently in the face of pressure from the Island's yacht owners not to have a duty on boat diesel? It is interesting, Sir, that a number of Members are groaning and laughing and generally mocking that point but it is a fact. We saw the craven capitulation of the Treasury in the face of putting a tax on to rich yacht owners, but instead we are going to put these kind of taxes on the poor. Senator Le Sueur does not really succeed in doing the tough guy. It is not an approach that suits him. But nevertheless, to much foot-stamping applause, he asserted that we do not need to raise more tax than we have done and that we have done fine with our minimalist approach to taxation, and everything in the garden is rosy as a result. I think we should consider this claim very, very carefully. For example from 1979 to nearly the present day the States of Jersey set aside not one penny in revenue to replace the incinerator when it wore out. Now we are faced with a bill of maybe £75 million-£80 million in order to replace the incinerator and we have had to cut back on health and capital projects in order to contribute funding towards it. Now, if that is your idea of responsible low tax policies then, frankly, you are living in cloud cuckoo land. We have passed through the gold rush decades of the growth in the finance industry and we have singularly failed to take even a moderate amount of tax out of the economy to make provision for these kind of long-term issues. It just is not very convincing, is it? Senator Le Sueur and others who deride the supposed non-targeting of the exemptions need to be reminded, perhaps, of the occasion a couple of years ago when he stood in this Assembly and rigorously defended on a die-in-the-ditch basis these plans that have a *de minimus* share value limit based on a percentage, below which they would not be regarded as coming to you as tax taxable via look-through. The

proposals that Senator Le Sueur was defending then would have meant that I could have had 4.9 per cent of the ownership of Microsoft and not paid a penny on it. I sincerely hope that policy has been changed. No *de minimus* limit that is based on a percentage can ever make sense but certainly not that long ago this was one of the big issues. Now, we have to ask ourselves is targeting that kind of benefit; that kind of laxity; that kind of relief in the tax system - is that kind of benefit being given to the rich competent and careful targeting? Do people who own tens of millions of pounds actually need a tax *de minimus* limit on their shares? No, of course they do not. They do not need it for one instant. Yet repeatedly we find the Finance and Economics Committee of the past, and Members today, always trying to have it both ways. They want to target ludicrously lax advantages to the wealthy, while, on the other hand, saying to the poor: "Well, sorry, we cannot give you this benefit because it is not targeted closely enough." Deputy Ryan made a very good speech and he will be voting in favour of some of the proposals. He suggested - and he was the Chairman of the Scrutiny Panel; he has given a lot of work to this matter and has taken leadership responsibility for it - he said that it was simply implausible to imagine that the rate would remain stable, that it would go up. He said that if that happens we will either have to have zero-ratings inevitably, or possibly even the more complex and bureaucratic differing rates between products. Deputy Ryan also made another very interesting point, which is worth repeating for those members who like to hold up the example of New Zealand and other countries. The cost of food in New Zealand is 45 per cent less than it is in Jersey, so to say: "Well, they tax food a little in New Zealand so why can we not do the same here?" it just is complete rubbish. Transparently so. The public will see that it is so and frankly those Members who relied on that argument are probably going to look - frankly - incredible: literally. It has been repeatedly asserted that if we exempt anything then we have to raise the rate. No, we absolutely do not. There are other ways in which we could raise the additional revenue. For example, 2 and a half years ago I think it was, I brought a proposition to this Assembly to have a transparent inquiry into a variety of different taxation possibilities. One of the measures I suggested in that was L.V.T. (land value tax); under the circumstances of Jersey, an extremely attractive mechanism. Impossible to avoid, based on rental value, so very high value rental commercial properties would pay proportionately more tax. That proposition was, of course, defeated. Similar concerns were raised more later by people such as Deputy Southern and then eventually - and it was like pulling teeth - Senator Le Sueur agreed that, well, he would get the Treasury to produce a paper on the subject and have a good look at it. We are still waiting to this day for anything on the subject. So Members need to realise that issues such as L.V.T. are proportionate, progressive, unavoidable tax on wealth, on property, on high value commercial premises could have been put in place, but it has not been. It has been put to one side and instead we are going to start taxing people's school fees and food. If Members agree to exemptions, agree to the zero-ratings I am putting forward today, it does not follow that the rate of G.S.T. has to go up. It clearly is not the case. We could find the revenue from other sources. A number of Members actually use the phrase "a scatter-gun approach" which a lot of people referred to in the debate to try to suggest that we should not have the zero-ratings because some better-off people would benefit from them as well as the poor. I find this argument of increasivity - spread of the burden and so on and that exemptions benefit the rich - quite surprising. I mean, for example, if introducing the zero-ratings did benefit the rich, we could redress that. We could more than redress that by introducing some form of targeted taxes; tax increases for those who could afford to pay more. After all, when we talk of the need for increasivity in the tax structure, when we speak of social importance of everyone playing a role and contributing to the costs of society, why is it we only look to the poor when we make these comments? Why do we not conclude that it is socially important and necessary, for example, to expect people who have made perhaps many tens of millions of pounds out of the development of Jersey, who take their wealth in a tax-free capital gain accrual and pay precisely zero tax. Why is it not deemed socially important that they contribute what they could afford? Why is it that some Members seem very wedded to the concept of targeting benefit, while remaining oblivious to the fact that a partner in a law firm earning £750,000 a year could afford to pay a higher rate of tax? Why do we target the benefit of an absolutely minimalist

tax structure to these people when they clearly simply do not need it? Sir, we can now see the total insubstantiability and weakness of the argument that Members use when they talk about targeting being necessary in our fiscal policies. As the facts show, as the evidence proves, we are really only interested in targeting benefit when we talk of the poor. From the speeches of some Members today we can see that we are simply not going to consider whether the many extremely wealthy people in Jersey really need the current range of benefits available to them under our minimalist tax structure. No, Sir, it is plain that as far as many of the Members who have spoken are concerned, targeting and apportioning is very much a one-way street. We are going to begin taxing the pensioners' bag of apples, while at the same time not requiring one penny of tax to be paid by local business magnates on their multi-million pound capital gains as they join the rush to cash-in on the effects of 'Zero/10' by selling their Jersey-owned companies to owners in other jurisdictions. Let me make a prediction. In 5 or perhaps 10 years' time at the outside there will be no substantial companies owned in Jersey. They are going to be sold. All of that capital is going to fly from the Island and we are not going to take a penny in tax from it. I want Members to realise and really understand that there is no hiding place from these decisions. No hiding place. There is simply no way of eliding or dressing-up under some convenient obfuscation the choice that Members now face. I spoke earlier about some of the alternative means of raising the extra revenue we need. I deliberately did not mention capital gains tax. I wanted to see whether it might be a theme taken up by other Members, especially in the light of the sale last week of Norman's Limited. As I predicted 2 and a half years ago, the flight of the ownership of these companies is beginning. I will not focus on Norman's in particular because I do not know the value or the price of the company, but clearly it was very substantial. But let us consider a hypothetical large Jersey company, a Jersey company that might have a value of about £50 million perhaps. If that is sold and the owners - perhaps a handful of people or even one individual - accrue that money as a capital gain, they will pay not one penny of tax on it. This is the stark dichotomy that Members have to now confront. There is no hiding place from the reality of the decision that Members are now going to take. Sir, to conclude, I have said throughout this debate that the issues are clear and readily understood. In fact, Members, if they wish, can set aside nearly all of the arguments we have heard from both sides in this debate. What we are dealing with now is simply a question of philosophy and ethics. Every Member will vote as they see fit but I want Members to be clear-sighted and honest about what it is they are doing. Any Member voting against the exemptions must do so in the full knowledge that they are preferring to tax wheelchairs, fruit, children's clothes and medicine, rather than tax - even a little bit - the unimaginably vast capital gains made by Island millionaires. Members voting against the proposition now will be saying clearly, inescapably and unavoidably that they would sooner tax the medicines of the old and the sick, that they would sooner tax the food in the mouths of the poor and the struggling, before even thinking of asking rich Jersey establishment families to contribute so much as one penny of their £50,000,000 tax-free capital windfalls. That is the reality. There is no hiding place. The issues are plain. I move the proposals on each exemption and ask for the Appel in each case.

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

Very well. There are, therefore, 7 paragraphs to be voted on. I ask Members in their precincts to return to their seats. The vote is, therefore, for or against each of the exemptions. The first exemption is paragraph (a) basic foodstuffs. The Greffier will open the voting.

<b>POUR: 17</b>	<b>CONTRE: 32</b>	<b>ABSTAIN: 0</b>
Senator S. Syvret	Senator L. Norman	
Senator W. Kinnard	Senator F.H. Walker	
Senator B.E. Shenton	Senator T.A. Le Sueur	
Deputy G.C.L. Baudains (C)	Senator P.F. Routier	
Deputy P.N. Troy (B)	Senator P.F.C. Ozouf	

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

THE STATES rejected paragraph (b) of the proposition requesting them to agree to exempt or zero-rate from Goods and Services Tax (GST) medical services and products.

Members present voted as follows –

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

Very well, the Greffier will reset the voting and the second vote will be on paragraph (b), which is to exempt or zero rate medical services and products. The Greffier will open the voting.

<b>POUR: 20</b>	<b>CONTRE: 28</b>	<b>ABSTAIN: 1</b>
Senator S. Syvret	Senator L. Norman	Deputy of St. John
Senator W. Kinnard	Senator F.H. Walker	
Senator B.E. Shenton	Senator T.A. Le Sueur	
Connétable of St. Clement	Senator P.F. Routier	
Deputy of St. Martin	Senator P.F.C. Ozouf	
Deputy G.C.L. Baudains (C)	Senator T.J. Le Main	
Deputy P.N. Troy (B)	Senator F.E. Cohen	
Deputy C.J. Scott Warren (S)	Senator J.L. Perchard	
Deputy R.G. Le Hérissier (S)	Connétable of St. Ouen	
Deputy J.A. Martin (H)	Connétable of St. Saviour	
Deputy G.P. Southern (H)	Connétable of St. Helier	
Deputy P.J.D. Ryan (H)	Connétable of Trinity	

Deputy of Grouville		Connétable of St. Lawrence		
Deputy of St. Peter		Connétable of Grouville		
Deputy J.A. Hilton (H)		Connétable of St. John		
Deputy P.V.F. Le Claire (H)		Connétable of St. Brelade		
Deputy D.W. Mezbourian (L)		Connétable of St. Martin		
Deputy of Trinity		Deputy R.C. Duhamel (S)		
Deputy S. Pitman (H)		Deputy J.J. Huet (H)		
Deputy K.C. Lewis (S)		Deputy J.B. Fox (H)		
		Deputy S.C. Ferguson (B)		
		Deputy of St. Ouen		
		Deputy G.W.J. de Faye (H)		
		Deputy J.A.N. Le Fondré (L)		
		Deputy S.S.P.A. Power (B)		
		Deputy A.J.H. Maclean (H)		
		Deputy I.J. Gorst (C)		
		Deputy of St. Mary		

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

Very well. The Greffier will reset the voting and we will move to vote on paragraph (c) of the proposition, which is to exempt or zero rate education fees. The Greffier will open the voting.

<b>POUR: 11</b>	<b>CONTRE: 35</b>	<b>ABSTAIN: 3</b>
Senator S. Syvret	Senator L. Norman	Senator T.A. Le Sueur
Senator B.E. Shenton	Senator F.H. Walker	Deputy of Grouville
Deputy G.C.L. Baudains (C)	Senator W. Kinnard	Deputy J.A.N. Le Fondré (L)
Deputy P.N. Troy (B)	Senator P.F. Routier	
Deputy C.J. Scott Warren (S)	Senator P.F.C. Ozouf	
Deputy J.A. Martin (H)	Senator T.J. Le Main	
Deputy J.A. Hilton (H)	Senator F.E. Cohen	
Deputy P.V.F. Le Claire (H)	Senator J.L. Perchard	
Deputy D.W. Mezbourian (L)	Connétable of St. Ouen	
Deputy S. Pitman (H)	Connétable of St. Saviour	
Deputy K.C. Lewis (S)	Connétable of St. Clement	
	Connétable of St. Helier	
	Connétable of Trinity	
	Connétable of St. Lawrence	
	Connétable of Grouville	
	Connétable of St. John	
	Connétable of St. Brelade	
	Connétable of St. Martin	
	Deputy R.C. Duhamel (S)	
	Deputy J.J. Huet (H)	
	Deputy of St. Martin	
	Deputy R.G. Le Hérisier (S)	
	Deputy J.B. Fox (H)	
	Deputy G.P. Southern (H)	

	Deputy S.C. Ferguson (B)		
	Deputy of St. Ouen		
	Deputy P.J.D. Ryan (H)		
	Deputy of St. Peter		
	Deputy G.W.J. de Faye (H)		
	Deputy of Trinity		
	Deputy S.S.P.A. Power (B)		
	Deputy A.J.H. Maclean (H)		
	Deputy of St. John		
	Deputy I.J. Gorst (C)		
	Deputy of St. Mary		

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

Very well. The Greffier will reset the voting system and we will move to vote on paragraph (d) of the proposition, which is to exempt or zero rate childcare costs. The Greffier will open the voting.

<b>POUR: 14</b>	<b>CONTRE: 35</b>	<b>ABSTAIN: 0</b>
Senator S. Syvret	Senator L. Norman	
Senator B.E. Shenton	Senator F.H. Walker	
Deputy G.C.L. Baudains (C)	Senator W. Kinnard	
Deputy P.N. Troy (B)	Senator T.A. Le Sueur	
Deputy C.J. Scott Warren (S)	Senator P.F. Routier	
Deputy J.A. Martin (H)	Senator P.F.C. Ozouf	
Deputy G.P. Southern (H)	Senator T.J. Le Main	
Deputy of Grouville	Senator F.E. Cohen	
Deputy of St. Peter	Senator J.L. Perchard	
Deputy J.A. Hilton (H)	Connétable of St. Ouen	
Deputy P.V.F. Le Claire (H)	Connétable of St. Saviour	
Deputy D.W. Mezbourian (L)	Connétable of St. Clement	
Deputy S. Pitman (H)	Connétable of St. Helier	
Deputy K.C. Lewis (S)	Connétable of Trinity	
	Connétable of St. Lawrence	
	Connétable of Grouville	
	Connétable of St. John	
	Connétable of St. Brelade	
	Connétable of St. Martin	
	Deputy R.C. Duhamel (S)	
	Deputy J.J. Huet (H)	
	Deputy of St. Martin	
	Deputy R.G. Le Hérisier (S)	
	Deputy J.B. Fox (H)	
	Deputy S.C. Ferguson (B)	
	Deputy of St. Ouen	
	Deputy P.J.D. Ryan (H)	
	Deputy G.W.J. de Faye (H)	
	Deputy J.A.N. Le Fondre (L)	
	Deputy of Trinity	
	Deputy S.S.P.A. Power (B)	
	Deputy A.J.H. Maclean (H)	

	Deputy of St. John		
	Deputy I.J. Gorst (C)		
	Deputy of St. Mary		

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

Very well. Members will be aware that paragraph (e) in the proposition was not proposed because it was already covered. Therefore, we move to paragraph (f), which is to exempt or zero rate books and newspapers. The Greffier will open the voting.

<b>POUR: 13</b>	<b>CONTRE: 35</b>	<b>ABSTAIN: 1</b>
Senator S. Syvret	Senator L. Norman	Connétable of St. Brelade
Senator B.E. Shenton	Senator F.H. Walker	
Deputy G.C.L. Baudains (C)	Senator W. Kinnard	
Deputy C.J. Scott Warren (S)	Senator T.A. Le Sueur	
Deputy J.A. Martin (H)	Senator P.F. Routier	
Deputy G.P. Southern (H)	Senator P.F.C. Ozouf	
Deputy P.J.D. Ryan (H)	Senator T.J. Le Main	
Deputy of Grouville	Senator F.E. Cohen	
Deputy J.A. Hilton (H)	Senator J.L. Perchard	
Deputy P.V.F. Le Claire (H)	Connétable of St. Ouen	
Deputy D.W. Mezbourian (L)	Connétable of St. Saviour	
Deputy S. Pitman (H)	Connétable of St. Clement	
Deputy K.C. Lewis (S)	Connétable of St. Helier	
	Connétable of Trinity	
	Connétable of St. Lawrence	
	Connétable of Grouville	
	Connétable of St. John	
	Connétable of St. Martin	
	Deputy R.C. Duhamel (S)	
	Deputy J.J. Huet (H)	
	Deputy of St. Martin	
	Deputy P.N. Troy (B)	
	Deputy R.G. Le Hérisier (S)	
	Deputy J.B. Fox (H)	
	Deputy S.C. Ferguson (B)	
	Deputy of St. Ouen	
	Deputy of St. Peter	
	Deputy G.W.J. de Faye (H)	
	Deputy J.A.N. Le Fondré (L)	
	Deputy of Trinity	
	Deputy S.S.P.A. Power (B)	
	Deputy A.J.H. Maclean (H)	
	Deputy of St. John	
	Deputy I.J. Gorst (C)	
	Deputy of St. Mary	

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

Very well, the Assembly now moves to paragraph (g) of the proposition, which is to exempt or zero rate children's clothing. The Greffier will open the voting.

<b>POUR: 13</b>		<b>CONTRE: 35</b>	<b>ABSTAIN: 1</b>
Senator S. Syvret		Senator L. Norman	Connétable of St. Brelade
Senator B.E. Shenton		Senator F.H. Walker	
Deputy G.C.L. Baudains (C)		Senator W. Kinnard	
Deputy P.N. Troy (B)		Senator T.A. Le Sueur	
Deputy C.J. Scott Warren (S)		Senator P.F. Routier	
Deputy J.A. Martin (H)		Senator P.F.C. Ozouf	
Deputy G.P. Southern (H)		Senator T.J. Le Main	
Deputy of Grouville		Senator F.E. Cohen	
Deputy J.A. Hilton (H)		Senator J.L. Perchard	
Deputy P.V.F. Le Claire (H)		Connétable of St. Ouen	
Deputy D.W. Mezbourian (L)		Connétable of St. Saviour	
Deputy S. Pitman (H)		Connétable of St. Clement	
Deputy K.C. Lewis (S)		Connétable of St. Helier	
		Connétable of Trinity	
		Connétable of St. Lawrence	
		Connétable of Grouville	
		Connétable of St. John	
		Connétable of St. Martin	
		Deputy R.C. Duhamel (S)	
		Deputy J.J. Huet (H)	
		Deputy of St. Martin	
		Deputy R.G. Le Hérisier (S)	
		Deputy J.B. Fox (H)	
		Deputy S.C. Ferguson (B)	
		Deputy of St. Ouen	
		Deputy P.J.D. Ryan (H)	
		Deputy of St. Peter	
		Deputy G.W.J. de Faye (H)	
		Deputy J.A.N. Le Fondré (L)	
		Deputy of Trinity	
		Deputy S.S.P.A. Power (B)	
		Deputy A.J.H. Maclean (H)	
		Deputy of St. John	
		Deputy I.J. Gorst (C)	
		Deputy of St. Mary	

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

The Assembly moves finally to the paragraph added by the amendment of Senator Syvret, the new paragraph (h), which is to exempt or zero rate domestic energy and fuel. The Greffier will open the voting.

<b>POUR: 13</b>		<b>CONTRE: 36</b>	<b>ABSTAIN: 0</b>
Senator S. Syvret		Senator L. Norman	
Senator B.E. Shenton		Senator F.H. Walker	
Connétable of St. Clement		Senator W. Kinnard	
Deputy G.C.L. Baudains (C)		Senator T.A. Le Sueur	
Deputy P.N. Troy (B)		Senator P.F. Routier	

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

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

Very well, that concludes the debate on that proposition.

**2. Fields 190 and 192, Rue de la Sergente, St. Brelade: petition (P.75/2006)**

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

The Assembly moves to debate on P.75- Fields 190 and 192, Rue de la Sergente, St. Brelade: petition, and the Greffier will read the proposition.

**The Deputy Greffier of the States:**

The States are asked to decide whether they are of opinion to request the Minister for Planning and Environment to refuse to grant permission for the development of Fields 190 and 192, Rue de la Sergente, St. Brelade, the green field site, at the density and level of development currently proposed.

**Deputy P.N. Troy:**

Before Deputy Power starts the debate, can I say that Members are aware that I am a developer and I feel that I should withdraw from this debate even though it concerns land in the Parish of St. Brelade. Specifically, Sir, I know the owners of Fields 191 and 192 and representing my business I

have had discussions with them in the past. I feel that I may be conflicted and would like to withdraw.

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

So accepted. Senator Cohen, Minister.

**Senator F.E. Cohen (The Minister for Planning and Environment):**

Would it be appropriate to say now that, as this may lead to a planning application, the Planning Applications Panel and Reserves, and I will not participate in the debate and we will abstain in the vote, but we will listen very carefully to what is said and give appropriate weight to any decisions made by the House.

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

Thank you, Minister. Connétable of St. Brelade.

**The Connétable of St. Brelade:**

Sorry, Sir, I had better come in on this one just to point out that as Connétable of St. Brelade I am also ex officio on the Committee of the Tresor of St. Brelade - owners of one of the Fields - but I feel it is appropriate to speak and I would see nothing wrong with voting.

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

You have no financial interest, Connétable, but your interest is noted. Deputy Power.

**2.1 Deputy S. Power of St. Brelade:**

I feel that having listened to the previous speaker sum up that I should allow Members 10 minutes to charge out to the Royal Square and have something to relieve the mood, but as that is not allowed I shall carry on. I am happy to bring this proposition to the States and I hope Members will not hold it against me if I limit my comments to perhaps 10 to 12 minutes. No doubt, in an attempt to lighten the mood, I expect my proposition to be robustly attacked by Deputy de Faye, and I am sure he will tell us what a wonderful site this would be for lots of houses. Can I draw Members' attention to the small package of photographs that I left on Members' desks, and can I also draw Members' attention to the drawing and larger photographs that are on the notice board over by the Chief Minister. I would like to briefly talk Members through the photographs, starting with the first sheet. The site, as Members know, is on Rue de la Sergente in St. Brelade. I will tell Members, if they do not know where the site is, where exactly it is. If Members come to the Red Houses with Checkers on their left, proceed west on La Route Orange for 0.9 of a mile they will come to a well known St. Brelade institution - a motoring institution called La Moye Garage. Turn right, and right behind the garage are 2 fields on the right; these are the 2 fields in question. The top left photograph and the bottom right photograph show the visibility splays of the site on the road adjacent to the site. The top right and bottom left: the top right shows the access to the site and the bottom left shows some single-storey developments which are immediately to the north of the proposed development site. If Members would look at the design drawing on the notice board, the houses that are single-storey buildings are the houses on the top of the drawing; those are all bungalows in Le Clos Touris adjacent to the site, and the significance of these single-storey buildings I will bring out in a few minutes. The buildings to the left that are not defined on the plan is the current development of Leonard's Garage. On the second sheet of drawings Members will note on the top left the fact that the houses that are being developed on the Leonard's Garage site are 3-storey houses. The other 3 photographs give you a perspective of what people living in La Route Orange are looking at now; that is the top right and bottom right photographs. Finally, on the third sheet there is a perspective. The top left and the top right show the new development from Rue de la Sergente; the bottom left shows the development from a house in La Route Orange; and the bottom right shows the perspective facing west on Rue de la Sergente. Sir, the Planning

Minister and I are both interested in how we design homes in Jersey now and for the future, and both of us - the Planning Minister as Planning Minister, and myself, Sir, as lead member in Design of Homes - share an interest in raising the bar and improving how we design homes in Jersey for the foreseeable future. So both of us are looking at areas that need to be improved. That includes parking, amenity spaces, room sizes, density, the external appearance of buildings, the internal layout, context and sustainability. I want to thank the Minister for his comments on P.75 because I think they are helpful and I think it shows that the Minister has concerns about this development. I would like now to comment briefly on P.75 itself. Members will have had a chance to read it because I lodged it in June of this year and it has been postponed 3 times. One person in 8 lives in St. Brelade. The statistics on page 3 of the proposition show that the population of St. Brelade in 2001 was just over 10,000, people and I think it is fair to say that we are somewhere in the region of perhaps 13,000 now. I am asking the Minister today that any development that should be allowed on this site is in keeping with the single-storey houses situated on the northern perimeter of this development site and is accessed by a road called Le Clos Touris. This is shown in your map on Appendix 1. In St. Brelade parishioners living adjacent to the Rue de la Sergente, Le Clos Touris, La Route Orange, Le Feugerel, La Petite Commune and Le Mont de la Pulente have watched with a degree of apprehension the emerging development on the former Leonard's Garage site. This development of timber-framed houses rapidly advanced from foundation to footing stage, to roof level, in less than 8 weeks. At this stage it became very clear to all the residents of the area that the design height, the density, and the layout of the development on this site was very inappropriate to adjoining developments. Sir, Members will be saying to themselves at this moment that here comes another Parish Deputy with his Parish tie on, defending or opposing a development. Sir, can I clarify my role immediately and explain why I brought this proposition to the House? The reason I brought this proposition to the House is because a petition was raised by residents in the area and I responded accordingly. My role here this afternoon is not to oppose development on Fields 190 and 192 - and I think that is a very important point - I am not here to oppose development on Fields 190 and 192. My role is to contribute; to find a suitable solution to what are clearly failures in the way we have designed homes. Members have said many times in this Assembly that we should not get involved in the planning process; that we should not be involved in interfering with the work of the Planning Minister that we should not try and challenge the authority of the Planning Minister; and we should not challenge what has been laid down in planning guidance documents. I agree with some or all of that, but there are problems in planning and I believe that the problems the Planning Minister has inherited, and I am sure he will agree with some of what I say. You have considered the photographs and you will see that on Rue de la Sergente the visibility splays are poor, and this one development that exists and the other one that is proposed is very close to the Railway Walk. Sir, can I quote from one of the Planning Department's own documents which was published in November 2004, called Planning Advice Note Number One, and it says this: "We should challenge developers, applicants and designers to think more about the design and layout of new homes. We should promote and encourage a good standard of design in all residential developments. We should help deliver housing schemes with a sense of character and identity and space which accord well with the character of the sites and their surroundings. We should create new housing developments which offer safe, attractive and healthy places to live and generally enhance the quality of life, and we should foster a more varied and imaginative approach to housing layout and design." I quote a second section out of the Planning Advice Note Number One. This is again written in 2004: "The Committee is anxious to banish the mediocrity that has characterised so much housing development in Jersey over the years. To this end it is important that proper attention and acknowledgement is given to local features, site characteristics, and the established objectives of the design. The Committee is particularly keen to avoid the continued creation of soulless, characterless, anywhere-everywhere housing estates which employ standardised layouts and basic poor quality homes. There are many disadvantages of such developments in that they take little account of the site, the locality and existing settlement patterns. They tend to be isolated and inward looking, having little or no recognition of context. They put

cars before people, they give little encouragement to neighbourliness. They are dominated by roads and parking areas, are often visually boring, with limited enclosure of public areas, public amenities and no sense of space.” So, those are 2 direct quotes from Planning Advice Note Number One written in November 2004. I hold the cause of where I am today on planning issues. I am standing here today and the reason I am standing here today is because I have just read out what is not being implemented. In my view the system is failing Jersey and the system is failing in 3 areas. The first one that I would identify is that the provision of Island Plan 2002 in terms of no presumption in favour of development in certain recent areas was a green light to infill many sites around the Island. The second reason is the practice of the previous Environment and Public Services Committee engaged in the process of writing development briefs for sites that were re-zoned was a flawed process. The third reason I give is that some of the reasons referred to by the previous Environment and Public Service Committee set a very bad precedent for a development within the green zone. If anyone wants to do any background reading on what I have just said, I would refer particularly to P.33 brought by Deputy Hilton in February last year, where she spoke and identified in large terms the issues dealing with Field 779, Field 621 and Tesson Mill. It gives a very good background as to what I am talking about now. Sir, it is essential that the planning function, through the Planning Minister and his Planning Applications Panel and his professional officers, have the support of this Assembly. I will be the first person to support the Planning Department. The views of the planning process has second place in a number of Parishes - including St. Helier, St. Clement, St. Brelade, St. Saviour, St. Lawrence, and St. Peter - **[Laughter]** and a deliberate drive has taken place by developers, some large, some small, who have become litigious and belligerent in the manner and in the way they communicate and contact and use the planning process. Sir, I want to deal with some specifics now on Fields 190 and 192 in St. Brelade. I am not going to go into detail about traffic in La Moye or St. Brelade, save to say it is a problem and I have referred to that in my proposition. I am not going to talk about school capacity at La Moye School, Les Quennevais or Mont Nicolle. There are issues there. They are about or near to full capacity. Senator Vibert, who cannot be here this afternoon, may have wished to comment on this as he lives adjacent to this site and, as he is Education Minister, I am sure he would have made a contribution but that is not to be. Sir, this exercise on Field 190 and 192 started in 2005 with a draft development brief. This document, in my opinion, was flawed and indicated a possible density of 73 habitable rooms per acre on this site, which would have yielded 29 houses. This means that what you see on the Leonard’s Garage site would be duplicated and replicated on the 2 fields that I am referring to. I think it is important to point out at this stage that no planning application has been made on this site and I thank the Planning Minister for acquiescing to my request to refrain from writing a final development brief until the outcome of this debate. The draft development brief showed a possible development of 29 houses on 1.9 acres, or 4.3 vergées. It takes no account - no account - of the single-storey homes, a whole line of them, in Clos Touris immediately to the north of this site and that I pointed out to you on the plan. Within this proposed development there is little amenity space; what is provided for is less than half the footprint of one of these proposed houses. There are no garages or storage areas. The entrance to these proposed 29 homes is next to the 16 now being completed on the Leonard’s site. This means that 45 houses could yield up to 80 cars that are going to come out on to a bend - photographs of which you have - on to a narrow road with poor visibility splays. When the Connex bus service comes round this bend it has to brake. When a bus comes round it has to brake if it meets an oncoming car. In addition, less than 50 yards away to the right is a busy pedestrian and cycle intersection with the Railway Walk and Rue de la Sergente. So I ask Members, is this good planning? I think not. Sir, the residents of this area accept that this is an H2 site; they accept that some form of development will be allowed. They accept that these 2 green fields were approved and re-zoned by a previous Assembly. What they do not accept is the density and overbearing impact that has been proposed on this site. Dealing with overbearing impact, on the adjoining site the developer applied for and got permission to erect 16 two-storey houses. However, Sir, I would suggest that they are not 2-storey houses; they are 3-storey houses. If Members look at the photograph they will see there are windows on the third floor in the roof

space. One of the issues here is that two-thirds of the way through the development the developer applied for retrospective loft conversions, and it is these loft conversions that, in my view, are blighting the lives of those people in La Route Orange. Sir, I have a problem with this process. Why does a developer need to do a planning 2-step to create a 3-storey house? The answer is that he would not get it the first time. The design and structure of the roofs of these houses were planned all along to be 3-storey. Before the roofs were slated, the apertures in the roofs for windows were clearly visible and they were incorporated in the design of the roof trusses and the joists and were clearly visible. Sir, we have to draw a line in the sand and banish poor design on this Island and I ask Members today to give the Planning Minister a mandate to stop this kind of development for ever and this type of practice in the way we design homes. He can do this by sending a clear message to developers. By all means build on this site, by all means come up with a creative scheme, by all means come and discuss it with my officers. However, do not attempt to shoehorn an inappropriate development of this density on this site. Do not attempt to shoehorn developments that are inappropriate on to other sites in St. Helier, St. Clement, St. Lawrence, St. Peter, St. Saviour, St. Mary, Trinity or any other Parish. Sir, can I suggest that this site is 0.9 mile from all the shops and facilities of Red Houses and Les Quennevais. It is suitable as an H2 site. It is almost on 2 bus routes. It has cycle and pedestrian access to the shops via the Railway Walk. Inasmuch as it is suitable as an H2 site, in my view it is also suitable as a sheltered housing site. I ask the Housing Minister to tell me where does it say that on a site with 2 bus routes, 0.9 mile from shops, doctors and pharmacies, churches, is it unsuitable? Finally, Sir, St. Brelade, like many other Parishes, has become an urban Parish in many respects. The Parish has played a major role in housing the Island's population and it is a really nice place to live. I am privileged to live there. There are waiting lists at most estate agents for homes in the Parish, whether it is Don Farm, Les Quennevais or Clos de Sables or any other part of the Parish. Sir, all the proposition seeks to do is to ask the Planning Minister to reduce the density indicated on this draft development brief. It does not attempt to direct the Minister. I have been careful to make no attempt to tie the hands of the Planning Minister; I give him a complete free hand. Indeed, Sir, I think that the Planning Minister is a breath of fresh air at South Hill and I do believe great things will happen on the Waterfront, in the regeneration of St. Helier and in the preservation of the fabric of the country Parishes. Sir, I have brought this proposition today to the Assembly because I wanted Members to be given an opportunity to express their views and I believe it would be beneficial for the Island as a whole and, Sir, I make the proposition. Thank you.

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

Is the proposition seconded? [**Seconded**] Does any Member wish to speak? Deputy Lewis.

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

I will be brief, as usual, Sir. I am fully aware that land is at a premium in Jersey, Sir. Having seen a huge amount of development of housing at the moment - especially in St. Brelade - I have seen a few of these houses, some of which are very small and, as the Deputy just said, shoehorned into a very small site. If you are living in one of these very small houses one might be forgiven for thinking: "I know, let us adopt a dog, it will be nice for the children." Then somebody from the animal welfare team would come around to examine your house and they may well say: "I am awfully sorry, your house is far too small" and take the dog away but leave the people there. So what kind of message are we sending to the people of Jersey? Sir, I am fully aware that the Minister for Planning and Environment and, indeed, the Housing Minister, are very keen to provide decent affordable housing for the people of Jersey, but I would just simply say to the Minister for Planning and Environment: "Please give people space." Thank you.

**2.3 Deputy J.J. Huet of St. Helier:**

I have great sympathy with the Deputy because, being a St. Helierite, we have had, I think, more than our fair share of badly designed, overcrowded, rammed-into-rabbit-hutches places built in St.

Helier. We have a site at the top of Tower Road. Originally it came to the States and we were - I am not allowed, I do not think, Sir, to say the word "misled" - so we were led to believe that it was for 67 houses. Then it came back at 90-odd and it got approved at 90-odd because, like the Deputy, we thought: "Well, you know, it was a site and there were houses needed for first time buyers." Guess what, Sir? When the plans went in suddenly it was up to 145. Well, we were told, "No, no, no, no, this is our Building Regulations. We can have this many houses on a site this size, it is quite in order." I have found out since that our Building Regulations for sizes squashed into places on land are lower than Bulgaria. Now, it does not say an awful lot if Jersey has a housing lower than what was, until a very short while ago, what I would have called a third world country, but we were ramming families into these houses. Why were we doing it? Well, it is quite obvious why we were doing it, was it not - 67 houses on a plot that was going to get £100,000 a plot. My mathematics - I have not got a calculator - they were going to make a lot more if they could put 145 houses, were they not? This is exactly what has happened and, unfortunately, until this present Planning has been here this is what has happened in this Island. Developers have seen the pound signs up around their eyeballs and unfortunately Planning had never seemed to be strong enough to resist. I have to say that the Housing Minister, I have seen him turn down offers of places to buy that I would have said were big enough for one person to live comfortably but according to our specs they were for 2 people. I have never quite worked out in any of these places where anybody was going to put their clothes because the bedrooms were something like 9 by 12, or 9 by 10, you just about got the double-bed in. Luckily he used to stand firm and say: "No, Housing do not want to buy these places for families because we do not think they are big enough." But the developers used to give him a real hard time because they had been passed by Planning for married couples. I am glad and I hope long strength to him and for Senator Cohen, and I hope he keeps it up that he will not allow all these people to go into houses like this. This causes problems. Every Connétable will ever tell you when you ram people into rabbit hutches you get problems. There is no space for those people or their children. I have gone into houses where there is no even room in the hall to put a pushchair. Would you want to live in a place like that? So, full strength to him and, please, I go with the Deputy all the way. Thank you, Sir.

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

As far as the dogs in houses, I think, with respect, Sir, if Deputy Lewis looked further into it, it is the size of dog that matters. You do not put a large Newfoundland into one of these houses but a Chihuahua or a Pomeranian would probably be about right. This particular site is not in my part of the Parish but I would support the petition. The proposed density on the site is such that we are effectively building a ghetto for the future with absolutely no redeeming architectural features. If there is no room inside for the family, no wonder we have the kids out in the evenings roaming the streets. This particular proposal also puts these so-called 2-storey houses - which are really 3-storey houses - taking all the sun from the neighbouring bungalows because they are on the south side, so that there you are with a nice garden and bungalow and you hardly ever see the sun. I think the statistics on pages 3 and 4, as I have said before in this House, are very telling. If you take out the protective headlands, the density of population in St. Brelade now is very close to that of St. Saviour, and when the developers are finished with all the spare fields in St. Brelade then they will move on to another Parish. You may think you are safe in St. Ouen or St. Mary, St. John, *et cetera*, but watch it. None of the people I have spoken to - the petitioners - is against all building on this site, just please keep it in accord with the surrounding area. Deputy Power refers to litigious and belligerent developers and the problems in Planning. The Minister may not be aware that when I speak about the large blocks of flats on Mont Les Vaux, on one of them - on the plans - the horizontal scale was a different scale to that used for the vertical scale: i.e. if the horizontal scale was 1:100, the vertical was 1:150 - absolutely true - so obviously the building did not look as big as it turned out to be. With respect, I will tell the Minister afterwards and he can go and have a look at it. I mean, it is no wonder nobody has any faith in Planning and the locals in La Moye feel so desperate that they have got to bring a petition to this House. Is this good government

communication with the population? I think not. I do appreciate that the Minister is taking steps to improve the Planning process and clean what might be termed an orgy in a stable but, please, can the Minister make sure this site is treated under the improved policy? I fully support this petition and proposition.

## **2.5 Deputy J.B. Fox:**

With my Minister being out of the Island and being the Assistant Minister for Education Sport and Culture, one would obviously assure the House that we do respect our responsibilities - our statutory responsibilities - in regard to the education of our young people, regardless of whatever planning permission is granted, or otherwise we would ensure that there would be adequate provision made for the young people to have the appropriate education. That gets that one out of the way. As in relation to this petition I, too, would support it. Having spent 3 years on Planning I have spent many hours agonising over applications - as part of the Sub-Committee - ensuring that it allows proper space for residents to live, proper amenity space and for their parking of cars and other vehicles, only to find later on that subsequent applications come in which add additional accommodation in the loft, or elsewhere. Usually, this is the squeezing-in of a family or the limitations to other families - whether it is loss of light, view, or other things - some of which are relevant to planning detail and some of which are not. The fact is that nowadays the planners do have this balance to try and achieve within their limitations and they do follow guidelines that we must recognise that have been subject to States debate and have been accepted by the States as a standard. But there is a need to review these standards, especially when you are trying to shoehorn development into smaller and smaller areas. It is also a problem that there is such a thing - when we were on Planning and looking at the Island Plan - that a developer had a human right which... I do not have a problem with individuals having human rights where they come under common sense, but sometimes the developers' human rights under common sense did not have much common sense. We have seen some of these developments occurring which have caused no end of difficulties to nearby residents, businesses, *et cetera*, and I do not propose to go into any detail, although other people will know where they are: they are probably in most Parishes. One of the things that does concern me is that when it comes to a planning decision having been made, we have to live with it for an awful long time. We cannot rectify it and, especially nowadays, it is extremely important that we get it right. I am pleased to see the Minister's comments on this particular case, that it is unlikely to get approval as they do not meet the requirements of the draft development brief. Now that is a good indication that although there is no formal planning application yet for this particular development, there is a recognition that there needs to be safeguards inbuilt to ensure the existing development next door does not mirror this development. Although we cannot turn back the other development, at least it will not be exasperated further. I think finally what I would like to say is that - having responsibility for young people in the Island through Education, Sport and Culture and being a retired police officer at one time in charge of community policing and designing out crime - it is very, very important for the future and the welfare of our Island and our young people that we ensure there is a proper amenities-base looked at very seriously at this planning stage. In most of these developments if you can squeeze in an extra house or an extra development, it seems very attractive at this stage but later on you will all suffer in one form or other, whether it is locally or spreading further afield. Certainly with first-time buyer developments and that type of development - social housing in a new development - they all start off at a very young, early age and it does not seem too much to ask why we have to think about so much space? Well, the answer is that our young people grow and they end up... they have motorbikes. Many of you will have had complaints and have dealt with them, where the young people bring their motorbikes home and then - because of the density - you get the vibration, the echoing sound that runs through the houses because they were not built the same as your grandparents homes. They have an effect and we need to make sure that we design them in such a way. We have lots of little kiddies' playgrounds that are usually incorporated for the amenity space for the youngsters and then there are complaints that the teenagers are on the little kiddies'

playgrounds; the reason being that nobody has given any consideration for space for them. If you do not provide it they will go and find something or find somewhere. So, I think the conclusion to my two-penny worth this afternoon is think about it now and we might save ourselves a lot of grief later on.

**Deputy R.G. Le Hérisier:**

I wonder if I could ask a question of the Acting Minister of Education or a clarification. I was quite surprised to hear him say that if we build an estate, the education will follow. I thought one of the key findings of the Bel Royal debate was that that relationship seemed to have broken down. Could he explain what he meant by...

**Deputy J.B. Fox:**

I was trying to keep it simple. Too simple, yes, it might be right. When you look at all the developments that are occurring in the western parameters now at the present time under our present guidelines, there is not enough space within the designated areas to place the children. As the Minister is absent today, I have taken it upon myself to give the reassurance that he has given that we have a statutory responsibility for the education of our children in Jersey. If developments are made that are occupied by children within our statutory responsibilities, it is up to us to find a way of achieving the best way of educating them. Now that might very well be that we have got to bus people to another school maybe or to be able to extend an existing school or even open-up another facility somewhere. It depends on what is deemed necessary at the time. I cannot answer at the moment but we recognise that we have this statutory responsibility and we take it very seriously, obviously. We bring it to the attention of the other departments and the other Ministries where it affects them and they obviously consider that when they are dealing with the things that they have responsibilities for. Does that answer your question, sir?

**Deputy R.G. Le Hérisier:**

Thank you.

**Deputy J.B. Fox:**

Thank you.

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

This is obviously a debate I am somewhat familiar with, so the Deputy obviously has my sympathies. If I could just refer to these photographs: I found these places to look quite nice but then on reflection I wonder if it is perhaps just the location. Perhaps they look better than some of the larger ones in St. Clement, I am not sure. I certainly think they do. If I could briefly take the proposer to task, I was a little confused when I read the proposition referring to a green field site but I realise, in fact, it is a Built-Up Zone. I was confusing that with Green Zone but I wonder if the proposer, when he is summing up, could clear something up for me? If I understand correctly there are 29 homes suggested currently for the site. Could I ask how many were suggested by the development brief and was that brief approved by the Minister or previous Committee? Is the proposer aware?

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

Seeing my name was mentioned before, I would like to make it quite clear that when I was a member of the Planning Committee some years ago and I was Housing President, I made it quite clear that I would not condone or support any developments that had a detrimental effect on neighbours or were out of character. I have to say that currently I have a great working relationship with the Planning Minister and we meet on a regular basis on all kinds of developments, particularly social housing, first-time buyer housing. The Planning Minister and I work together on having good guidelines and making sure that the planning developments are good, not only for the person that is going to live in it - the family that is going to live in it - but also for the residents and neighbours. So I would like to say that currently the Housing Department - my department - has purchased and built Le Benefice. We rebuilt and did La Selliere; and now Le Squez; and we are constructing homes 10 per cent larger than the current guidelines or minimum standards produced by the Planning Department. Now I am going to be working with the Planning Minister to make sure that all the 45 per cent developments that are coming across in future should be that basic 10 per cent larger for families than what are currently the minimum standards. Social housing - social people in social housing, first-time buyers - need more space, much more space than the tiny homes that are currently or have been built over the last few years on land that has been rezoned by this department. So, I am committed, as I say, to making sure that developments are good and do not affect the quality of life of residents. You will see through the projet that I have been involved

in this proposal or the initial proposal by the developer to put 29 units and currently, of course, I will meet in my role as Housing Minister with residents all over the Island wherever there are any proposals for either sheltered homes, first home buyers, or social rented. In this instance I know that the Planning Minister has not probably seen even the proposals for this. It is just an outline proposal put forward by the developer but I would say that I would give some comfort to the residents and to the Deputies of the Parish that I will make sure - and I know I can speak on behalf of the Planning Minister because I know how he thinks - that any developments that are going to take place on this site will take into consideration the worries and concerns of the existing residents. Yes, I do believe they have been badly served with the current development alongside on the old Leonard's Garage. I think it was a bad mistake: badly designed and everything. So I will be working... I give an assurance to Members of this Assembly that I shall be working with the Planning Minister in making sure that what takes place on these sites will be good: good for the neighbours and good for the parishioners. I have to compliment the residents of the development of the bungalows; they all realise and understand the need for homes. They have not said: "We do not want any development" but what they would like and what we have got to do on any developments - not only on this one - is to give them some comfort that the homes that we are going to put alongside them are not going to affect or disaffect the valuation of their properties or take away what they have enjoyed for many years and to make sure that what we develop is good for everyone. So I can give you that categorical assurance that I will be working with the Planning Minister and I give this message to all Deputies and to all members of all the Parishes that any developments in the initial stages I am more than happy to meet up because I think things have changed even in the last 18 months or 12 months. Things have changed and there is a need now for some of these developments that have just been in the act of being constructed at the present time that are too small and need to be upsized.

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

I applaud Deputy Power for bringing this perceived over-development of the green field site to this Assembly: 238 signatures are 238 individuals, people who are very concerned; residents of the La Moye area who fear the proposed over-development of this green field site. I moved a couple of years ago and I now live in a 3-bedroom, 3-floor house with attic windows - a similar height, I would imagine, to the ones in these pictures. When we were just about to pass the contract, we had a call from the lawyer to warn that there may be restrictions on what went on height, particularly in the gardens - it is a small estate. I went: "Mm", and smiled because I knew that, in part, I was responsible. I had put pressure certainly on the Planning Department because a neighbouring estate felt overlooked by the higher properties from their 2-floor houses. So I could hardly complain when I heard that that restriction might exist. Further along the road there are a small number of houses which are so close together that you could almost open the front door of each occupier and shake hands without going and stepping-out with the person opposite in the other house. So we do have to take care that new developments are well-designed and, as has been said, with a feeling of space that they are appropriately designed for the location - mainly that they are in keeping with the surrounding area. I am therefore very happy to support this petition and proposition.

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

I am broadly in favour of better designs across the Island and generally hold the opinion at this point in time that a lot of the developments that have been built over the last number of years for family accommodation are generally too small. But the point I wish to make - and it is by no means intended to be made in the sense that I am asking or telling the Planning Minister how to take the decisions - I just want to highlight one of the difficulties that might arise. When we build our houses, the density in some terms is determined by the size of the floor plate inasmuch as the number of rooms that will go on to a particular site and those rooms combine to give you habitable rooms per acre or per hectare or whatever. When we build we have to be very, very clear that the definition for 2-storey development or 3-storey development has to be looked at quite, quite

carefully. I do not consider that a 2-storey development - which is generally the pictures that we have been shown, with accommodation in the roof - should be classified as 3-storey. There is a very good reason why I consider this and I would like to just outline briefly to Members of this House where I am coming from. As I said before, a lot of the houses have been downsized for family accommodation and generally if you are looking at a floor plate of some 20 feet by 24 feet or even smaller, a 2-storey house amounts to some 480 feet per floor. With 3 children, or sometimes more, having space for growing children- indeed teenagers - to do their own thing, it is not possible in this day and age to accommodate those interests in such tiny floor spaces. What a number of persons try to do then is to accommodate their growing families within the fabric of the existing building and the best place to do it is in the roof. If one considers the amount of roof space which could be converted into useful accommodation, it amounts to some 50 per cent of pretty much most of the buildings, and that is a sizable chunk of extra space to accommodate the needs of a growing family. I would not like to see, in any consideration of this particular development, the Planning Minister going against the revision in the Planning Guidelines and the Building Regulations which suggest that - by and large - if Jersey is building houses with roofs, as opposed to flat roofed buildings, that this particular roof space area should not be used for growing families. As I say, it does represent a huge addition to quite a lot of existing buildings and in many cases if you are a tenant of a housing trust or whatever, you are at the whim of the Housing Association as to whether or not you can use this space. In a lot of instances, you cannot because the roofs have been put on in a trust state and obviously, as a tenant, you are not at liberty to modify the building in order to make it more suitable for your growing family. With that, I think I will sit down but generally the warning shot is, in any consideration, please, please take into consideration the lifetime of the building; the purposes for which it is going to be used; and if indeed it is being set up for family accommodation, have some regard to the flexibility of the space to try and accommodate as many uses over the lifetime of that particular building as possible. Do not squeeze too many people into too small spaces and if there is a facility to extend slightly - obviously in sustainability terms - it is a lot, lot cheaper once the roof is on to accommodate extra uses inside it than to knock a building down or move the families out and put them in slightly bigger places elsewhere in the Island.

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

It was, I thought, a matter of regret that in the last debate and in Senator Syvret's summing up we seemed to be departing from the convention of what I thought this new Assembly was all about, which was one of debating in respectful terms and dealing with the substance rather than dealing with personalities. I do not criticise Deputy Power for doing his job as a constituency representative having received a clear petition. I just want to clear one matter up which I am not clear about and if I could ask Deputy Power because it is not clear from the proposition or his report. It says that this is a green field site. Could you just confirm to the Assembly what the zoning of the piece of land is, because it does turn on my remarks?

#### **Deputy S. Power:**

It is an H2 site and is part of my mistake as a very young Member of the States some months ago. This was brought in some months ago. It should have said an H2 site. I stand corrected by Senator Ozouf.

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

I am grateful for the Deputy's confirmation because what I want to say to the Deputy and the Assembly is that this Assembly normally debates policies. We debate the Island Plan. What this Assembly is typically and historically not very good at is being - which is what we are being asked to be effectively this afternoon - a Planning Committee of 53. We have zoned, for better or for worse, this parcel of land as an H2 site and there are policies which this Assembly also has approved which flow from that. We have delegated the decisions of planning to the Planning Minister and a Planning Panel and it is for them to weigh-up and to interpret the policies which

have been set out by this Assembly. Therefore, I absolutely understand and the Deputy had no other way to do it. If there is a petition properly laid out it has to be a proper form of a proposition, and if he would have worded it, I suppose it could say: "to request the Minister to note the proposition", then that would be a proposition that I could support because that is exactly what he is doing. But what the proposition is asking us to do is doing what I think this Assembly does really badly, which is being a Planning Committee of 53. I am not sure there are 53 people in here but certainly a Planning Committee of States Members. I have to say to the Deputy that he has done his job correctly: he has reported it, he has documented the concerns of his constituents. This Assembly, the Planning Minister and his Panel are going to be aware of that and that will be weighed and factored-in to their legal responsibility to make the planning decision, but this Assembly cannot make it. We cannot have the discussions with the reports and all of the rest of the information that a Planning Panel has and the interaction. We can only speak once; we cannot ask questions, we cannot do the job of a Planning Panel. For that reason - and I mean no disrespect to Deputy Power whatsoever because he has done his job properly - I am going to abstain from this proposition. I am going to abstain in not being against it because I cannot. I heard Senator Le Main remonstrating at the back. I do not know whether he is for or against the proposition but we cannot be the Planning Panel. We have delegated this responsibility to the Minister and the Panel and it is for them to judge what the benefits of this application are. The Planning Minister and his Panel are showing themselves to be broadly improving the standards of design. They are improving all the things that have been asked of previous Planning Committees and I have certainly learned a thing or two with the way in which the Planning Minister and his new team have been doing things. They seem to be doing a better job at interpreting the wishes of this Assembly and policies, but what we cannot do is be a Planning Panel. We cannot do that. So, to send a message: I cannot send a message for or against this proposition because I am being asked to be a member of the Planning Panel. So, for that reason, and those Members who also share my view that this Assembly is not the place to be a Planning Panel and is not the right place to debate the wherefores of the individual application because we cannot and we should not and we must not and that is not our job, I hope that they would consider joining with me in not being critical of Deputy Power by saying no to the proposition and not supporting it because we have not got all the information, but to abstain. To send a clear message that we hear what has been said, the message will be received by the Minister and the Planning, but we cannot do the job ourselves. That is not our function. So I will be abstaining and I hope other Members will be doing so and sending that message: "Please, Panel, note these concerns and make the decision based upon the policies that this Assembly set."

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

I will be brief but I will be consistent. I am not going to support this proposition. Firstly, I do have sympathy with what Senator Ozouf has just said. Probably we are not the right place to be discussing individual planning applications but I would just like to expand slightly on that because I stand here and I look across the benches at the Connétables and the Deputies of the country Parishes and how many times have I said: "Now, when you introduce this policy and you have all your foot stamping, please remember that it is going to probably draw more people into the Island." I really feel St. Helier has taken its... you look at the figures in the 2001 census and even if you add St. Saviour and St. Brelade together, we are still way out in front and that is without Le Coie, Spectrum, Gloucester Street, and everything else. I drive around with my daughter and her friends. She sees, for an example, Hotel Rex boarded up: "Mum, what is that going to be?" and I laugh. She went: "No, please, not more flats." "Yes." "But you are in a job that you should be going to get, you know, facilities for children." I said: "Yes, but unfortunately they cost money and people only want to provide flats and homes." Now, I see Deputy Le Main just shook his head when I said policies impinging. You know, we all make decisions in this House. Now, I was trying to draw out some figures from Social Security yesterday and I was told that we have 56,000 people working, 23,000 people who are pensionable. That is not our school population. I would be very surprised, when we do get this population register up where everybody is registered in the Island, if we are

anywhere near the 87,000 we had in 2001. We would be nearer the 100,000 and that is why nobody wants to face this but everybody wants to build in St. Helier and we are all supposed to swallow it. Bad designs, flats - very high - and I will say to the Housing Minister and Senator Ozouf, La Benefice is very new. It was promised with facilities for youth. Even the design of the houses, Senator Ozouf and I had quite a heated exchange over a design of a 4-bedroom/kitchen design for a family of 6. I think I won the argument remonstrating that you could not put a fridge/freezer in front of 2 lights that you needed to turn on and off, but that was the only place designed in this kitchen where you could. The Senator is agreeing with me. What I am saying is Le Squez has moved on, the density is now more than I think it was intended to be. I have written to Housing, and the Deputy of St. Clement - Deputy Gorst - is concerned. I was invited to come in and see the new revised plans and this was at least 5 weeks ago and I said Deputy Gorst would like to come in with me. I have heard nothing since. There are no revised plans, I am told, but I have my fears that the revised plans will again be cutting out amenity space because the promise is again: "Well, let us develop the site at Samares Nurseries" - which I think is an H4 site, a different argument. I may not be against it: "But if we can develop that we will put the amenities there." Move it all on. So I feel sorry for Deputy Power and his people. I look at these photographs. I see fields on 3 sides. Find me fields on one side on any estate in St. Helier and you country Deputies and you Connétables will get my support. Until that I am at least consistent. Do not come to me with bleeding heart stories in the big sense because I will not support them. Planning will have to make the decision and I cannot support this, I am sorry.

### **2.12 Deputy C.H. Egré of St. Peter:**

For the benefit of Senator Ozouf, 2 points. I will not be abstaining. For another point I can certainly show Deputy Martin areas in St. Brelade that are not surrounded by 3 fields and there is fairly dense housing in those areas. I rise really to talk about current design. We are assured that we learn in due process. Well, it is a very, very slow process from what I can see. I saw development some time ago on the old La Belle Etoile site in St. John where it is a very, very high density; where houses are very, very close together and I thought we would learn from that. I brought a proposition to this House some 3 years ago with regards to fields 181, 182 and 183 in St. Peter. That was supported by this Chamber but regretfully nothing was done and we now have a development there which I have to say concerns me. The design concerns me and it is also now affecting many of the people who live in St. Peter in the surrounding areas because they are being blocked out by the new estate. Very nice having a 'centre amenities' position, but the houses have been built around and they have blocked out the views of all the surrounding estates - and we have got quite a few surrounding estates. I am concerned about NIMBYism. I mentioned it in the debate that we had on St. Peter when we talked about it. There are certain Parishes that do their bit for this Island and I quoted the fact that a third of our land space in St. Peter was occupied by the airport. Going back to the actual point in question in St. Brelade, we have a classic example - it has already been mentioned - of a site that has been developed. Anyone who drives down that area cannot fail to see how awful that particular design on the current building that exists is. The design is shocking. The background to it is shocking. The planning process behind it is shocking in that there was a retrospective application put in for the development of the loft spaces. Based on that fact, we have to support this proposition in regard to the development on these new fields. To ensure that the mistakes that have been made and have continued to have been made over the last decade are not repeated, I ask the Assembly to support this proposition.

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

I agree completely with the points made by Deputy Power when he makes his proposition. I think he spoke eloquently; he spoke with passion and he certainly enjoys my support when it comes to trying to influence the Planning Minister and the Planning Panel on how we should set about constructing the new Island Plan. Unfortunately I am unable to support the proposition because it has very little to do with the good speech he made. He said during part of his speech: "It is essential

that the Planning Minister and his Planning Application Panel has the support of this Assembly.” Well, they certainly have mine and I wish them well and we know that they are bringing a vibrancy and an enthusiasm for planning that is badly needed, but I do not believe the House can start instructing the Planning Minister as to what to do. Yesterday I heard some very disappointing news. I heard that the Connétable of St. John will be leaving us at the end of his term in December. The Connétable of St. John - Members will probably know - is the Chairman of the Planning Applications Panel and so there will be a vacancy there next year. Any Member who supports Deputy Power’s proposition should consider putting themselves forward for that vacancy and I would invite Deputy Power to do just that because this is what the Assembly is planning to do today: take the role of the Planning Applications Panel. While I support enthusiastically the opinions of the Deputy, I cannot support the proposal. I will be taking the lead from Senator Ozouf and abstaining and wishing the parishioners in St. Brelade and the people of Jersey... hoping that the message gets through to the Minister that we want more space around developments and that we have to recognise that developments in places like this field 190, 192 are for families and families do need space. As I say, I will not support the proposition, I cannot. I have been in the States just 11 months and I think we have had this debate 5 times now. I just said to Senator Norman: “How many times have you had this debate?” and he laughed and got up and went to get a cup of coffee. It is a debate that this Chamber should not be having.

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

Could I give notice that I would like the question to be put in 15 minutes?

**2.14 The Connétable of St. Brelade:**

The view of the Tresor of St. Brelade is that subsequent to the reclassification of the Island Plan of this field as an H2 site, support would be forthcoming for the sale of this field to further supply first-time buyer homes to parishioners and as such, provide benefit for the community. A fairly simplistic desire, one would think, which has only become complicated by recent events. I found myself coming into office almost a year ago with a situation pertaining whereby the sale of the field - or sale of the land or fields - had already been approved by an enthusiastic Assembly and the subsequent development of the Leonard’s Garage site adjacent, where it appeared that the developers had achieved a density completely out of character with the surrounding area, stimulated concerned owners of neighbouring properties to investigate what was to be built on the fields 190, 191, 192. You can imagine the horror when some neighbours discovered that 3-storey blocks were to be plonked next to their bungalows with no consideration to their situation whatsoever. It was also discovered that the process of design, development briefs and planning permissions were shrouded in such mystery to those unused to being involved in these matters that they could not be confident in the various authorities involved to be straight and honest about what the plight of the fields was to be. Public meetings were called and this resulted in information gradually emerging and an acknowledgement from the Ministers of Housing and Planning that the owners of adjacent properties have a point in that the developers’ interpretation of the design brief is completely inappropriate for the area. It has been repeated several times this afternoon that this Chamber is not the place for making planning decisions and I would support that sentiment. However, I submit that it is the responsibility of the House to direct the process so that neighbours are not forced into having sleepless nights worrying about the outcome of covert meetings held between developers and politicians. Another point which has cropped-up only in the last couple of weeks, we find that suddenly the Transport and Technical Services Department put in a plan to extend the drain up to the new development. The whole area has to be closed-off, completely detrimental to the adjacent businesses and hotels and only by - I suppose - quite strong emails coming back from the owners of those properties, the whole project has moved on. I question who, in fact, pays for the extension to the drains; is it the public or is it the private developer? Clearly, this development will involve a further extension to the drains. I think the previous Planning Committee should shoulder some responsibility for what has turned out to be a very unsatisfactory

situation and I would ask that Members support this proposition, which will enable the Planning Minister to look at the site with a clean sheet of paper and start all over again.

### **2.15 Deputy J. Gallichan:**

I agree that this is not the ideal proposition but a petition must be brought as it is presented and this has presumably been drafted by a member of the public who may not have understood the exact implications of the wording. But in this case, I believe the sentiment is quite clear. I will support this proposition in the spirit that it was made, only inasmuch as it makes a request to the Minister and not a demand. The Minister is perfectly entitled to refuse or even ignore that request, but I hope he will not ignore the sentiments. Indeed, he has indicated in his comments that he will give very careful consideration and appropriate weight to the decision of the States of Jersey. I do not believe that in this proposition we are, in fact, tying his hands but there is a simple message I would like to give the Minister, not just in relationship to this petition but in relationship to development generally. I do suspect that the Minister is already considering this without any prompting from me. My message is simple. Please ensure that future homes give us room to live, not merely room to sleep and to eat.

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

Deputy Power, like many gentlemen of his ethnic origin, is a man with a twinkle in his eye but I do think he was just a little more mischievous than his nationality ought to permit when he took a jocular and throw-away remark I made in the Members' Room and put it on the record in the Chamber, alleging that I favour the site for a high-density development. I do want to put the record straight. The fact of the matter is that I do not have a view on the development of fields 190, 192 and that is for a very good reason. I am not the Planning Minister and I am not on the Planning Panel. I have not had advice from planning officers. I have not discussed it with the developer and I have not seen details of the plans and proposals. That is why I do not have a view, and I think quite properly, because this is a matter for the Planning Minister and the Planning Panel. Now, I am very sympathetic to St. Brelade residents who are concerned by the development and I commend Deputy Power for doing his proper constituency duty by bringing the matter to the attention of the States in probably the only way that he thought was satisfactory. Nevertheless, it remains the case that we should not be doing what we are doing now. This debate is like some form of slow torture and the one way round it - and I do make a suggestion to the Planning Minister - is that perhaps we should stage some sort of a workshop so that all the ideas that we hear that States Members clearly have concerns about, can be got off their chests in an appropriate environment. But this I do not believe is the appropriate environment for discussing planning matters. Why? Because the debate went pretty much as I expected. The familiar faces popping-up just to remind their constituencies that they have either done their bit to defend their patch in the past; or they are in the process of doing so; or that they have a situation or development that is currently underway that they want to assure their constituents is well in hand and they are keeping an eye on things. I note Deputy Le Fondré smiling broadly. We keep doing this time and time again and never seem to learn and what have the results been? Some of the worst planning decisions that I have ever seen that has resulted in green zones fetching-up in the middle of built-up zones. Now, for goodness sake, we really must get a grip of ourselves. I, for one, on a very rare occasion, will probably be looking forward to Deputy Hill moving a wind-up motion because we need to get some discipline on this issue. If there is one thing that I think that has come out of this debate - and I absolutely support and echo the comments made by Senator Ozouf who had a considerable period of time and experience while President of Planning and Environment - in the same way that it is traditional in this House to second a proposition that is put forward, even if you do not particularly like the idea of it, I think we may have to adopt an approach that the Senator, I think, has wisely put forward and that is in these types of issue we should simply either abstain or vote against because we have to face up to the fact that we have a new form of government and we cannot tell the Planning Minister what to do any more. We need to remember that we never did tell Planning what to do. Some Members are getting a little

ahead of me but I will try and catch up with them. What on earth was the point of delegating the powers of this House to a Planning Committee, now a Planning Panel, if we all really want to do it ourselves? Yet, is it not deeply ironic that when opportunities come along to be a representative on the Planning Panel, everybody virtually in this House becomes a shrinking violet: "Oh, no, I do not think that is really the job for me, I have other concerns elsewhere." I will not state the obvious but we have an Island Plan and that is the element of policy that should be debated in this House after, frankly, plenty of workshops beforehand and that is the approach we should take. I do plead with colleagues: can we find another way of doing this that is more satisfactory?

**2.17 Deputy A.D. Lewis of St. John:**

At the risk of repeating what someone has already said, I just want to put something straight. It was somewhat disappointing to hear that Senator Perchard decided to announce the fact that my Connétable has decided to stand down from the States in the next election. I am sure he would have preferred to have said that to Members himself. It is with some regret that, I am sure, Senator Perchard when he reflects perhaps he should not have quite mentioned it in the way that he did but his point, nevertheless, was valid. The Planning Department - Planning Panel as they are now known - should make these decisions. I am fully supportive of what Senator Perchard said and indeed Senator Ozouf's suggestion. It would be very easy for me as a Parish Deputy to vote for such developments, in other words oppose such a proposition, because frankly I prefer no such development in my Parish. I am sure many other Parish Deputies and Connétables could feel the same. That is why we have a Planning Panel. I cannot be objective about these types of propositions, although Deputy Power's proposition is well-meaning and he is doing the job of a Parish Deputy which I do as well. I can fully understand where he is coming from but that is why we have a Planning Panel. So I would urge Members to follow the suggestion of Deputy de Faye and Senator Ozouf and abstain and send a loud, clear message out to the public, Members and others that this is not a big Planning Committee, that is for the Planning Panel.

**The Bailiff:**

I do not wish to join the debate, but of course, if the majority of Members feel that the Assembly should not be a Planning Panel, the remedy is to change the planning law.

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

I think I will refer briefly to the comments particularly by Deputy de Faye and also lightly on Senator Ozouf. I think the problem is that unfortunately the public have lost an awful lot of faith in the planning process in the past and its transparency and, judging by comments of Members both in the House today and previously, in the openness and transparency of which the debate for the Jersey Island Plan was held, and that is the problem we are faced with. Things are getting better under the current Minister but we still have a bit of a way to go and these things will still keep coming back to the House and that is our role as Parish Deputies. Whether or not you think it is politic or whatever, these people have serious concerns and if the only way they can get them aired is to bring them to us, I think it is the right place to do so. That probably means I do support Deputy Power in this proposition. It is noticeable that many of the resources of the western part of the Island have been restrained by the ongoing development which is taking place, which includes H2 sites and other sites. This is in a whole variety of ways but also particularly in the pressure on schools and on the roads not being the least of these. The impact of the new development presently coming on-stream is very noticeable at the moment if you are trying to commute in from the west before 9.00 a.m. There must be a point, surely, where we have to accept that permission should not be given for such developments until such matters as the impact on our schools and on the traffic has been properly assessed and sensibly addressed particularly in a practical rather than theoretical measure. I would conclude that by reminding Members that this particular proposition is not: "Do not build here", but: "Do not build at the density and level of development currently proposed." To me that is a sensible stance and I do support the proposition.

**Senator J.L. Perchard:**

Can I just make a point? I accept completely the valid criticism made by the Deputy of St. John and may I, through the Chair, offer my apologies to the Connétable of St. John for announcing his future publicly before he had done so himself?

**The Bailiff:**

Does any other Member wish to speak? I call upon Deputy Power to reply.

**2.19 Deputy S. Power:**

I will be as brief and as quick as I can. I thank Deputy Lewis for his comments endorsing. I hope we never get to a stage where the size of housing developments is dictated by a Jack Russell or by a large Pyrenean Mountain dog. If it gets to that stage then it is true farce. I thank Deputy Huet for her comments and I thank Deputy Ferguson for her comments. I am very worried as a Parish Deputy about litigious and belligerent developers. I am very worried about what appears to be the sliding-scale and I think Deputy Le Fondré referred to it, whereby if you have a house in St. Helier or you have a house in St. Brelade, if you want to put on an extra bedroom or an extra conservatory, it seems to be an incredibly complex planning process, but if you are a very large developer, you walk in with your lawyer and it becomes a very simple process. I thank Deputy Fox for his comments on the provision for education. I still do have a concern about the capacity of La Moye School, the capacity of Mont Nicolle and the capacity of Les Quennevais to deal with the number of children that will have to be educated in the Parish, and I have a worry about these children being bussed to St. Helier or to the east of the Island to be educated. I think there is an issue there. The houses that I have referred to are now nearing completion and they are on the road and not only is there a lack of amenity space on those houses but there would be an apparent lack of amenity space on the proposed development. Given that it is right on a road, I think that is an issue of danger. Deputy Baudains said that - and I think it is clarified with Senator Ozouf - it is an H2 site as distinct from a green site and I apologise for that confusion. The draft development brief indicated 26 or 27 homes and I think 29 is what the developer has initially discussed. I thank Senator Le Main for his comments. I am assured that the Housing Minister and the Planning Minister are working carefully together. I do acknowledge the need for social housing on the Island and I acknowledge the need for sheltered housing on the Island. I also acknowledge the fact that when we design homes we must have lifetime enjoyment of these homes and not design homes where they are too small. We must design homes where we can get standard furniture into these homes. We should not have a situation in Jersey whereby 4 or 5 furniture stores will refuse to deliver to certain parts of the Island, and that includes St. Helier and St. Brelade, Deputy Martin, where houses are built with small front doors, poor access hallways, stairwells where you cannot get furniture up and living rooms that you cannot get furniture into. So there is an issue there. We have to make sure in 'Design of Homes' that entrance hallways, stairwells, bedrooms, bathrooms, kitchens and living rooms can take standard furniture. I thank Deputy Scott Warren for mentioning the petition and the importance of that petition for 238 signatures; it was because of these parishioners that I brought this proposition forward. I thank Deputy Duhamel for his comments on better design; I think I have already referred to that. I do not want to get into detail on the arguments about 2 storeys versus 3 storeys and the validity of using roof space. I take complete issue with Senator Ozouf and I will put Senator Ozouf, Senator Perchard and Deputy de Faye in the one box - and if I had a shoebox, I would put them into that one. The reason I say this is the reason Deputies, whether they are St. Helier Deputies... and I have yet to hear a St. Helier Deputy - and Deputy de Faye is a St. Helier Deputy - deal with any of these issues. The reason some of the Parish Deputies get incensed with what has happened in the Parishes is because Senator Cohen has inherited a mess from the previous Planning and Environment Committee. In my view, when Senator Ozouf was President of the previous Environment and Planning Committee, some very bad precedents were set which Senator Cohen is now trying to undo and untangle and it is because the Island Plan 2002 does not work that Parish Deputies have to stand up here 5 or 6 times this year and try and argue that a development in

a particular Parish is totally inappropriate. It is not the fault of the Parish Deputies that we bring this thing forward, it is the fault of the system that is allowing these developments to be continued to be developed. We have inherited a mess.

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

On a point of order, I think it is unfair to blame Senator Ozouf. The Island Plan was produced in 2002 before Senator Ozouf and Senator Ozouf was battling with some of these problems as well as the new Planning Minister.

**Deputy J.J. Huet:**

Yes, it was long before Senator Ozouf came we had problems.

**Deputy S. Power:**

I would then modify my remarks by saying that in 2003, 2004 and 2005, some very bad precedents were set and I am not backing down. I accept the points Deputy Martin makes. None of us in the country Parishes... and I dispute the fact that St. Brelade is now a country Parish: I think it is almost an urban Parish. There are 13,000 people living in St. Brelade; one person in 8 on this Island lives in St. Brelade. I have to deal with the same issues as Deputy Martin has to deal with. We have bad designs in St. Brelade, we have overcrowding in St. Brelade, we have issues in St. Brelade, and while she does refer to 3 fields surrounding this, it is not accurate. These 2 fields are surrounded on one side by a development which is - as somebody said - awful and on the other side by a garage. I thank the Deputy of St. Peter for his support. I think his use of the word: “shocking, shocking and shocking” sums up a lot of what is happening and I would say his use of that word “shocking” is what galvanised the parishioners in St. Brelade and La Moye into action and to put this petition together. I think I have referred to Senator Perchard’s arguments. I disagree with him. I think Parish Deputies have a role to bring this kind of thing forward. We have inherited a system that simply does not work. I thank the Connétable of St. Brelade for his remarks. It was inappropriate that there was a plan to close Rue de la Sergente for 2 months just before Christmas and affect a lot of businesses in the area but that has now been dealt with and I thank Deputy de Faye for dealing with it in the manner he did. I thank the Deputy of St. Mary for her comments and I think that has covered almost everything. I thank Deputy Le Fondré for his support. I note the comments made by the Deputy of St. John. I disagree. I ask Members to use their vote today and I ask for the proposition and call for the Appel.

**Deputy J.B. Fox:**

Can I just put a point of correction? I did not say that we would be bussing children to St. Helier or the east of the Island.

**The Bailiff:**

I ask all members in the precinct who wish to vote on this matter to return to their seats. I ask the Greffier to open the voting, which is for or against the proposition.

<b>POUR: 28</b>	<b>CONTRE: 3</b>	<b>ABSTAIN: 13</b>
Deputy C.J. Scott Warren(C)	Senator F.H. Walker	Senator P.F. Routier
Senator L. Norman	Senator W. Kinnard	Senator P.F.C. Ozouf
Senator T.J. Le Main	Deputy J.A. Martin (H)	Senator F.E. Cohen
Senator B.E. Shenton		Senator J.L. Perchard
Connétable of St. Clement		Connétable of St. Ouen
Connétable of Trinity		Connétable of St. Saviour
Connétable of St. Lawrence		Connétable of St. Helier
Connétable of Grouville		Deputy R.C. Duhamel (S)

Connétable of St. Brelade			Deputy J.J. Huet (H)
Connétable of St. Martin			Deputy G.W.J. de Faye(H)
Deputy of St. Martin			Deputy of Trinity
Deputy G.C.L. Baudains(C)			Deputy A.J.H. Maclean(H)
Deputy R.G. Le Hérissier(S)			Deputy of St. John
Deputy J.B. Fox (H)			Senator P.F. Routier
Deputy S.C. Ferguson (B)			
Deputy of St. Ouen			
Deputy P.J.D. Ryan (H)			
Deputy of Grouville			
Deputy of St. Peter			
Deputy J.A. Hilton (H)			
Deputy P.V.F. Le Claire(H)			
Deputy J.A.N. Le Fondré(L)			
Deputy D.W. Mezbourian(L)			
Deputy S.S.P.A. Power(B)			
Deputy S. Pitman (H)			
Deputy K.C. Lewis (S)			
Deputy I.J. Gorst (C)			
Deputy of St. Mary			

### **3. Composting Facilities at La Collette, St. Helier: cessation (P.76/2006)**

#### **The Bailiff:**

We now come to Projet 76 - "Composting Facilities at La Collette, St. Helier: cessation" and I ask the Greffier to read the proposition.

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

The States are asked to decide whether they are of the opinion to request the Minister for Transport and Technical Services to cease the composting of all green waste at La Collette, St. Helier, until such time as the composting can be undertaken in a strictly odourless fashion.

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

Could I, just before the debate commences, declare an interest and ask for your permission to withdraw?

#### **The Bailiff:**

Yes, you do not need my permission, Senator, but the Greffier will note your interest.

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

I would like to start by apologising to my Parishioners for the delay in debating this proposition. It has been unfortunate; in fact, I believe it is over 4 months since it was lodged, because in July we were asked to wait until the reports on composting were available. This month, when they were, it was alleged we needed time to read them: 2 weeks was not enough. Funnily enough, I seem to recall yesterday we had a comment arrive from a Minister on our desk while the debate was taking place but, of course, a backbencher's position is somewhat different. Back to the proposition: if I read Deputy Le Claire's report correctly... which, by the way, it only took me about an hour: I did not need the 3 or 4 weeks that was suggested that we might need. Perhaps some people are slow readers. It was jolly interesting, I have to say, but as I said during each attempt to delay, this debate is not relevant to my proposition and those who have suggested that it was are perhaps a little too anxious to help out their fellow Ministers. The report accompanying my proposition, Sir, I believe

explains the matter clearly, so I intend to be fairly brief in my opening speech. The result is that we find ourselves in the position because the composting site has been relocated to an area that guarantees dispersal of any odour over the Island by prevailing winds; therefore, we have a problem to address. First of all, I would like to look at some of the excuses that have been made for this problem, ranging from it is not the compost that smells, it is something else; to it does smell but it is okay as long as you are more than 250 metres away. Frankly, Sir, I am not terribly impressed by these excuses and if we could take the issue of the source of the smell to start with, if I recall correctly, the Minister concerned blamed most operations at La Collette except the composting facility. Firstly, it was the J.E.C. (Jersey Electricity Company Limited) chimney. Also, as an engineer, I am fully aware what 3,000 degree oil smells like - both burnt and unburnt - and it is not that. I also recognise the smell of kerosene, as it is used by the emergency standby generator. It is not that either. The J.E.C. emissions have at times most possibly stained boats and burnt holes in their covers, or so it is alleged; but the smell and the complaint is not of the J.E.C.'s making. Likewise, the smell of it is not from the fuel farm, as I believe has been suggested. Because what have we got down there? We have got lubricating oil in 45 gallon drums. Well, that is hardly likely to leak or smell. We have got tanks of gas oil, Sir, and petrol, kerosene, natural gas. I am sure if any of those were leaking to the extent they smelt, the fire service would be taking a keen interest. Again, I am familiar with all those substances and I can advise with absolute confidence the fuel farm is not the blame. So, we basically seem to be running out of candidates. I know people grumble about the D.V.S. (Driver and Vehicle Standards) but I am sure we cannot blame them. It has been suggested that seaweed, perhaps, might be the cause. Well, I have to say that residents along the coast - especially the St. Clement Coast - are quite used to this particular odour, so one has to ask why they suddenly start complaining shortly after the composting started at La Collette. It does seem more than a coincidence to me. Then there was a suggestion the drains might have been the cause, or more precisely the sewerage pumping stations along St. Clement Coast Road, which actually raises an interesting point. I am unfortunately used to the disgusting smells that surround these stations, especially the ones at Pontac and La Hocq, as I drive past. However, I had never been bothered by the smell until one weekend when I was driving back from town with my son. As we approached Le Dicq he remarked that there was a foul smell in my van, clearly inferring he thought it was me. Needless to say, I suggested the contrary, putting it down to the junk food that youngsters eat these days. However, nearing the junction of Green Road I realised not only was the smell as powerful as is unknown to medical science, but my assumption that Le Dicq pumping station was, in fact, the cause was equally erroneous, because pumping station odours are quite localised and this smell lasted all the way to Green Island. Clearly, it was something other than sewers, so what was it? It was not the J.E.C., nor the fuel farm, nor seaweed, nor the pumping stations; so if it was not compost, I invite the Minister to tell us what it was. As a matter of interest, the day I was assaulted by that disgusting smell was humid with only a light west-southwest air. As the only diary I keep is a business one, I do not exactly recall the date, except to say it was around the end of May and the beginning of June. There was another occasion which I did log, Sir, on July 27th, when again I was travelling along St. Clement Coast Road. The smell started at Green Island and continued as far as La Mare. My son was not with me. The wind was southwest and, again, the smell was definitely compost, Sir. As a matter of interest, Health and Social Services have confirmed that at least 2 instances of odour complaint were, in fact, from the composting operation. One instance was actually detected as far as the La Bas Centre; somewhat further than the 250 metres that we are told is regarded as the limit of the nuisance. Several other complaints regarding smell remain unresolved as to date, Sir. So I have to ask why the Minister concerned cannot accept, in fact, that it is his operation behind the nuisance. On the other hand, Sir, if he is correct with what he has said previously, that his composting operation is in fact odourless - as he suggested, I believe I am correct, in media quotes - then he already complies with my proposition and he should have no difficulty in accepting it.

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

If I may correct the Deputy, I have never ever suggested that.

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

Well, perhaps he should think about it. However, Sir, if he does have difficulty - which clearly he is suggesting now that he does - complying with my proposition, then he is admitting that he is creating a nuisance, in which case is it not reasonable to require him to desist? Is it not Health and Social Services' duty to close him down under the Statutory Nuisance Law? Sir, my proposition is quite clear. It does not finally seek to close down the composting site. It requires that whatever process is used be odourless, and looking at closing as being a last resort if, in fact, it cannot be made odourless. Surely that is reasonable. It is certainly not impossible. We have all heard allegations that the composting site is responsible for medical problems and heard conflicting medical opinion on that. My proposition does not come from a medical perspective; rather it addresses the nuisance factor. The experience I described while driving my van was an unbearable situation for anyone living in the area. I was fortunate, I was able to drive past, but people with homes in the area had no such choice. They either had to shut their doors and windows and stay in or, if it was a very hot day at the time, go to stay with friends or relatives, as in fact some did. They had to wash their clothes, even their curtains, to get rid of the smell. That surely is intolerable and no one should have to suffer that. Not to mention the possible medical implications. It seems, Sir, that there is no remedy in sight for the residents of St. Clement and parts of St. Helier and St. Saviour, so what am I supposed to tell my parishioners when they complain about the smell? Instead of being able to say: "Well, yes, I know it is not very pleasant but if you just hang on for 2 or 3 months, it will be gone, or 6 months at the outside", all I can truthfully tell them is I have no idea how much longer the nuisance will persist. That, I propose, is not good enough. I believe that if it had not been for intransigents insisting on one unit at La Collette instead of the possibly more practical option of 2 or 3 in the country, this nuisance would not currently exist. And here, Sir, I would come to the tenuous connection between my proposition and those composting reports that we were told were so vital to this debate. Sir, I am glad to see the Minister for Transport and Technical Services has not only introduced a new circular bus route, apparently designed primarily for himself, but thoughtfully including other drinkers and diners. We would not want him to travel alone, Sir. He does not get about nearly enough, as we found out with our questions with regards to verges but hopefully, Sir, when he is out and about in his new cocktail Connex, he will at some point be travelling through the countryside and hopefully, while looking out of the bus window, he will see farmland adjacent to main roads. That might just lend itself to alternative uses. I am thinking composting sites. Hopefully, Sir, as a result, he might be converted from his present position, which is probably being responsible for the delay in changing to an in-vessel composting process, and get moving on some alternatives thereby absolutely ensuring no more odours are created. I fail to see why the residents of St. Clement and parts of St. Helier and St. Saviour should suffer as a result. With no resolution of the composting operations in sight, Sir, the request that however the Minister chooses to deal with compostable waste - however should in fact be odourless - is I believe, entirely reasonable. As I have said, it is certainly not impossible, Sir, and in the hope that members will speak to the proposition and not widen it to an all-embracing compost debate, I make the proposition to him.

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

Is the proposition seconded? Deputy Huet.

**3.2 Deputy J.J. Huet:**

I would like to start by saying that I have a lot of sympathy for the residents of St. Helier, St. Saviour and St. Clement who are affected by the occasional smell that comes from the compost operation at La Collette. But I would also like to say that if - and I believe you do live there, Sir - you lived at First Tower you have that smell every day of the week because we have got the sewers, but that is irrespective. My friend Deputy Baudains of St. Clement - and I do not say that tongue in

cheek because I do regard him as a friend of mine - he was going to ask this morning, when I thought I was going to be late, for it to be put back so I would be here in time. That is what I call a friend. He has brought this proposition to the Assembly from what looks very much more like frustration due to the lack of progress than anything else. The Waste Strategy was approved by the States over a year ago. I have to say, Sir, had we been able to get on with the construction of the compost plant as originally planned and agreed by this Assembly at La Collette, the construction would be well underway by now and an end to this occasional odour problem would be in our sight. I can see the Deputy nodding; he obviously agrees with that. But what happens? We are now having to review the compost location all over again and to say stop, with no other solution proposed. That is just not responsible government. To close the compost plant leaves our Island with no safe disposal route for the 12,000 tonnes of green waste that we all produce each year. Some people have said, "Oh, just take it to Bellozanne and let them get on with it." Well, Sir, we have found only recently, when we debated the location for the new plant, that Bellozanne was already choc-a-block and overloaded and those members from here who went on site - at the site visits - saw it for themselves. Those who attended the briefing sessions also saw the photograph of the site. I think some of them were horrified. We simply do not have the capacity to deal with the additional waste up at Bellozanne. Surely, surely, we do not want to risk our only disposal plant. What would happen to our rotting food waste? Think about it. For the rest of the year if we overloaded Bellozanne and there was a problem that meant it had to shut down completely, we would have storage problems; we would have greater fire hazards. There was a fire there a little while ago, we know about that. To construct, Sir, a number of temporary sites at different locations round the Island is not going to happen overnight. Nothing ever does, does it? Just imagine the outcry from an area when we say we are going to build a temporary plant almost in your back yard, or your back garden. Now, I have to say, are the Connétables going to welcome us with open arms into their Parishes and just let Transport and Technical Services, or even a private operator, build a compost plant in their Parish? Well, looking at their faces from here, Sir, I do not think so. Now, finding land suitable for composting operations will be extremely difficult, do not let us kid ourselves. The planning permission alone will be hard to secure and it could take months to process, especially if there is any resistance from local residents. The cheaper solution, as we all know, is open-wind composting, but even this method requires a construction of large concrete platforms and leachate catchment tanks - remember Crabbé - and this pushes costs into tens of thousands of pounds. So, some Members - and I have heard this - favour the smaller enclosed plants being built in the country. Well, yes, maybe that is a good idea but, again, I ask how long would it take and what do we do in the meantime? Everything from domestic composting units to large industrial plants capable of dealing with grain, green and food waste were apparently completely ignorant of the fact of the existing policy on food waste confirmed twice in this Chamber by the States. They were clearly when I spoke to them hugely disappointed to have spent hundreds of pounds bringing their display stands to Jersey, only to discover that the Island is not currently supporting the composting of food waste on the grounds that it could be detrimental to the local agricultural industry. It seems only too likely that a similar fate would await any local entrepreneur considering making their fortune off the back of the working party's vision of composting. Transport and Technical Services, Sir, have given an undertaking to look again at alternative sites for green waste composting and will carry out that investigation. The Minister - my Minister - has advised me, Sir, that he always will be happy to further discuss the recommendations of the working party on composting with Deputy Le Claire and members of the relevant Scrutiny Panel. In the meantime, Sir - and here is the crunch - there is no need to discontinue the existing composting operations on health, nuisance or indeed any other grounds. While accepting that there is an occasional problem with composting smells, the major contribution to odour lies elsewhere and, we have to say, especially in respect to rotted-down seaweed. To coin the well-known phrase, Sir, what does it say: if the clock is not broken, do not fix it. Sir, we must reject any diversions or distractions from the proposition that may be put before the House and we must also reject this proposition. Thank you, Sir, for listening.

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

As Members might be aware, I probably live the nearest to the existing composting site and I have experienced the absolutely awful smells that come from that site over the years. But I have to say in the last year it has been very occasional that there has been a smell coming from the site. I have to congratulate the staff who have been managing the site far better than what they have done in the past. In fact, I think the Deputy, in making his proposition, highlighted I think 2 or 3 times this year which there has been a smell from the site. I concur with that. I have asked around the district and the highest number I have come up with where there has been a major problem has been 4 times this year. So, as I say, I congratulate the staff who are managing the process far better than of course previously, when a lot of the people were building-up a head of steam about their reaction to the composting sites and the nuisance; that is when the head of steam came up and there were lots of public meetings about it. In saying that, I do not think the composting site should be at La Collette. There are many reasons that composting should be carried out in the countryside where the material is created. It just should not be at La Collette. La Collette land value has a high value and it should not be used, I believe, for composting. I do not really want to get down into the big debate of the report that has been carried out because I do not think it is appropriate for today. I think what we really need to focus on is that the site cannot be closed down overnight unless there is another option. Until we have got that option, which I hope means that composting is done in the countryside and it is done in an appropriate way without any smell and we are able to achieve a better value for the site that is at La Collette, rather than running a composting operation there, I am unable to support this proposition. As much as I live near the site, I think it is inappropriate to stop the composting operation now because we do not have another option. I just suggest to Members that is the practical way to deal with this proposition, not to go down the route of discussing the working party's review that has taken place. We could be here for a fortnight discussing it. So I recommend to Members to reject this proposition in the knowledge that I hope that the Minister for Transport and Technological Services and the Assistant Minister and the Department will widen their review of how composting will be taken on, not only to property which is within States ownership but to seriously consider involving the private enterprise who are willing and able to offer opportunities for composting within the countryside.

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

Sorry to just give way briefly, Sir, as I think this will be of use not just to him but to all Members in the House. Following a waste strategy steering group meeting held earlier this week upon which Deputy Le Claire and Deputy Duhamel attended, I had given them their assurance - and I am happy to give the House my assurance - that it is my intention to advertise to seek expressions of interest out of the private sector for areas in rural Jersey that might be in a position to accommodate either an in-vessel composting site or a reception area that would deal with compost collection to then be moved to a appropriate area. I hope that assists.

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

May I have some clarification of that statement, Sir? Advertising is one thing, actually accepting the principle that may be a solution is another thing entirely.

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

The Minister will have a chance to speak briefly.

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

Well, Sir, I think clearly that if I am going down the road of advertised free expressions of interest, I have in fact accepted the principle of a potential alternative site to La Collette.

**Senator P.F. Routier:**

Thank you, Minister. I think that gives us an opportunity to consider drawing this debate very quickly to a close and we should retake that offer from the Minister and not get involved in discussing everything else that there is to talk about composting.

**3.4 Deputy K.C. Lewis:**

I will be brief. I was not aware, Sir, that in recent times the actual bad smell from the compost had been contested. I thought that had been more or less submitted. The fact we have seaweed under the sea, under the beach, which does not smell at high tide is neither here nor there. We do have some bad smells in the area. Of course there is the Dicq pumping station; the fuel farm; the power station has not been fired-up - it has been lately but that is because of the power cut, I believe - so it is definitely coming from the compost. As Senator Routier said, the staff down at La Collette do their best to minimise the smells, which I welcome. They watch the windsock and do not turn the compost until the wind is blowing offshore, for which I congratulate them. I believe where there is dispute at the moment is whether the compost actually causes ill health in the area - which does cover St. Helier, St. Saviour and St. Clement - namely airborne aerosols, *Aspergillus Fumigatus*, the airborne spores that can affect some people badly. I welcome the Minister's proposal that it may be leaving town very soon. Thank you, Sir.

**3.5 Deputy J.B. Fox:**

Yes, nobody wants to live in an area where there are smells, especially foul ones. But the proposition that we are being asked to address this afternoon is to cease composting of all green waste at La Collette, St. Helier, until such time as composting can be undertaken in a strictly odourless fashion. That is an impossible thing to achieve. It is a desirable thing to achieve but it is impossible until you have an alternative. There is a Parish Hall Assembly on this - it was arranged by the Connétable of St. Helier - and, again, alternatives. They went some way towards finding a part-solution but they did not have enough of a solution for the rest of us in St. Helier as a comparable alternative for achieving the end result, i.e. removing the smells and having an alternative that was effective that might not have caused different problems. It was interesting that the exhibition that happened at Trinity was brilliant and a lot of the products that were on show there were fantastic. The trouble is that no one has co-ordinated this together at this time to see the viability and how long it would take and whether it is feasible for an Island situation as ours. We end up by going around this circle that takes a long time. I will be honest with you, I feel for the people that suffer in these zones - whether it is Bellozanne, Havre des Pas, St. Clement, First Tower, or wherever it is - but at the end of the day this is a small Island. We have 12 Parishes with 12 Parish Connétales, all of which are the fathers of the Parish. They know their Parishes very well. Now, I am pleased about this latest news that has just come from the Minister for Transport and Technical Services, but I am sure if there is a private sector out there that has got facilities that could be used for this purpose, that the Parish Connétales may be able to lend their support in identifying suitable sites and talking to the people where these sites are to see if they are interested. So we are not just waiting for someone to respond to an advert but to see if there is something that would have the broader outlook. The trouble is that it is difficult. We accept it is difficult because nobody wants anything in their back garden, and the trouble is it is probably going to take about 12 months anyway to get planning agreement when something is identified. Then the money has already been earmarked, so that is a plus; but in the meantime we have got to make do with what is there. So I do have a tremendous amount of sympathy but I cannot see any shortcut method of dealing with the amount, the 12,000 tonnes that is there at the moment. I do not think it stops us collectively from looking at alternatives and looking to the future in saying is there not a good reason why we cannot look at our own area of responsibility - whether it is the hospital, education or whatever - and see if we cannot put some localised plant in that might serve us well for the future, and to see the feasibility and the viability of it and not rely upon one suggestion. The problem at the moment is that even the working party - I did read all 130 pages - basically comes

out with a lot of information, some of it historic. It was interesting to read but it stops at the point where it identifies where the solution could be found. It talks about things in general terms. I think that we have got to work together. We cannot rely upon the fact that there is our report as far as the working party; now it goes to Scrutiny; now it goes to T.T.S.. I think it goes to all of us to find a way of moving it forward as fast as we can for the benefit of the whole Island, otherwise the other example will happen, that all of you will suffer. The suffering will be the fly-tipping that goes on. In St. Helier last week - not for the first time but very unusually on Thursday, which is rubbish collection day - because not all of the rubbish because of the density of the flats and bedsits, *et cetera*, ends up in a prescribed bin - it is unfortunate but it does not - our neighbours in Pomona Road were watching this rat going up and down the road. As I say, it is not the first time it has happened but I will guarantee you that that will not be an isolated incident. It will get increased if we do not maintain standards and do this properly. This is an urgent situation. If we do not treat it as that it will go on for years and it needs all of us. That is all of you on the Council of Ministers, all you Connétables in your respective Parishes, and especially our Deputies as well, because they get out and about. Let us find a solution to the problem and let the quality of life improve for all residents that are affected. Let us have a long-term solution, bearing in mind that if we hang around it is going to cost us a whole lot more, so let us get on with it. Thank you.

### **ADJOURNMENT PROPOSED**

#### **Deputy R.G. Le Hérisier:**

I wonder if it is time to move the adjournment. There did seem a moment when we were all going to expire, so to speak, but that moment seems to have passed. Can we move the adjournment, Sir?

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

Well, it is a matter for members. The States have fixed a continuation date for tomorrow. Deputy Hérisier has proposed the adjournment. Those in favour of adjourning kindly show. Against? It is clearly a majority in favour of adjourning.

### **ADJOURNMENT**

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

The States will adjourn and reconvene at 9.30 a.m. tomorrow morning.