

STATES OF JERSEY

OFFICIAL REPORT

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[9:30]

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

The Bailiff:

Before we move to the in-committee debate, Deputy Morel, I see your light is on.

Deputy K.F. Morel of St. John, St. Lawrence and Trinity:

It was just to ask leave of the Assembly that given events of the last 24 hours I would like to revisit my offer to make a statement to the Assembly on the ferry service contract. I would be happy to do so after the in-committee debate, if they are happy to give me leave to do so.

The Bailiff:

I mean obviously technically notice should have been given by 5.00 p.m. yesterday for a Ministerial statement, but it seems to me that it is a matter for Members, and if they are content to let you give a statement with the usual 15 minutes of questioning following from that then we can easily fix that at the end of the in-committee debate. There appears to be a lot of nodding going on, so I am going to take that as a general acceptance, and, yes, we will schedule that. Will that be circulated moderately quickly, Deputy?

Deputy K.F. Morel:

I have to write that statement, Sir, but I will get it to the Assembly as quickly as possible.

The Bailiff:

Well, if we could get that done as quickly as possible, that would be excellent.

Deputy P.F.C. Ozouf of St. Saviour:

Sir, the States were not sitting when my phone rang when I came in, so I think I should declare an out-of-order charge to the Greffier's Fund.

The Bailiff:

Thank you for that. I was going to mention the musical interlude that we had during roll call. Technically I suppose, until it is right until I say *les États sont constitués* the States are not actually sitting but I would, nonetheless, in case people take that as carte blanche to do what they like until I say those words, the Standing Orders apply from the moment I come into the room and sit down or at least stand up and say the roll call. But thank you very much, Deputy.

Deputy P.F.C. Ozouf:

That is a new ruling, Sir.

The Bailiff:

Yes, it is a new ruling [**Laughter**] just in case ... now you have raised when does the States sitting start, as far as I am concerned, for the purposes of Standing Orders and discipline, it starts as soon as the Bailiff enters.

PUBLIC BUSINESS - resumption

1. 'Make States Old Age Pensions exempt from Tax' (In-Committee)

The Bailiff:

We now move on to the in-committee debate. Before we start I think the chair of P.P.C. (Privileges and Procedures Committee) would wish to say something, is that correct?

Connétable K. Shenton-Stone of St. Martin (Chair, Privileges and Procedures Committee):

will be aware that there has been some disquiet expressed by the petitioner and other signatories of this petition regarding the manner in which this matter will be debated today. This was echoed by Members in this Chamber when we were determining the date for this debate to take place, and I wish to reiterate that the debate in the Assembly today is exactly what is promised as part of the petition process. It is an in-committee debate. This debate will be in public as opposed to in camera, which takes place in private, and the rules are that Members can speak as many times as they wish but there is no vote taken at the end. This Assembly and P.P.C. has recognised that this may not be quite what was expected by those who signed the petition and consequently my committee, which is P.P.C., is undertaking a review of the petitions process and will be bringing forward amendments to ensure that the system in future is more in tune with the public's desires. I hope that this in-committee debate will provide a valuable insight into Members' thinking on this issue and give an indication as to how much support there would be if a proposition was to come before the Assembly. It remains open to any Member of this Assembly to lodge such a proposition for future debate should they see fit.

The Bailiff:

As the Connétable has foreshadowed, we now move into an in-committee debate. That means that the usual rules applicable in Standing Orders apply in all respects other than the fact that there is no vote taken at the end and Members can speak more than once. When I am selecting Members to speak, I will give priority to those who have not yet spoken but then after that I will call people in the order that they put their light on and I see them in the usual way. The norm, I think, is that the matter is proposed, or at least spoken to first, by someone who is supportive, and that person has been identified as Deputy Barbara Ward, and then the Minister for Treasury and Resources will speak after that, and thereafter the debate will open. Traditionally, Deputy Ward is allowed then at the end to speak for a mopping-up exercise, as it were, bringing things into parenthesis, but we shall deal with that as it comes. I have allowed half a day, which means that the hard deadline, subject to any resolution the States might want to bring, is 12.45.

Deputy A. Howell of St. John, St. Lawrence and Trinity:

I just wondered, if this is an in-committee debate, if any of us are in receipt of a pension should we declare it?

The Bailiff:

The short answer is no, simply because ... well there are a number of different reasons. The answer is you can declare it, of course, but there is no vote to be taken, absolutely nothing will change as a result of what the States say today, that requires a proposition to be brought in the future and the States to vote upon it in the usual way. In any event, it would be an interest shared by a vast number in society in any event. I have used that phrase twice "in any event", so I shall stop using it now.

Deputy P.F.C. Ozouf of St. Saviour:

The interest is actually taxation, of course, which will be coming on to the Budget. So it is actually an impact of whether or not we are higher pay tax or lower pay taxes, if we were to receive a pension, which I do not, but I will do.

The Bailiff:

There we are. I am at that age, but I do not think I have to disqualify myself from presiding over an in-committee debate on the matter. Yes, with all of that said then, we will open the in-committee debate.

1.1 Deputy B. Ward of St. Clement:

I am pleased, as we as an Assembly are here to debate this topic, following the result of the online petition brought by Mr. Paul Troalic, where some 5,280 people voted. If there had been an opportunity for Islanders who were unable to vote online ... I know that Connétable Shenton-Stone

has looked at this particular issue because we would like people who could have actually voted at the Parish Halls, and I am sure that the number would have been much greater if that facility had been available. So, 5,280 online petition votes, in my view, is a significant number out of some 85,000 adult residents in Jersey - that is people over the age of 18 - and that equates to some 6.2 per cent of the population. That is something we cannot ignore. I would ask if we could consider when petitions reach 5,000-plus that this be considered as a people's proposition which can be debated and voted on, likened to a States Member lodging a proposition.

[9:45]

I am unsure of the process or which Standing Order needs to be changed or added to, but please may I ask if both or either the Policy and Procedures Committee and the States Greffe could consider this change, if it is the wish of the Assembly. Today's online petition identifies 2 areas: (1) the issue of double taxation in which persons in Jersey pay tax on their social security contributions on the one hand and eventually pay tax again as an old-age pensioner when they receive their O.A.P. (old-age pension); (2) the situation whereby pensioners are paying a rate of 26 per cent on the net income after deduction of the statutory allowances. This is higher than the accepted rate which we all believe is 20 per cent. Members will be aware that throughout our working lives we are obliged to pay social security contributions, which is taxed from our taxable gross income, before transfer into the Social Security Fund to cover many benefits; for example income support, carer's allowance, parental maternity leave benefits, et cetera. I could go on. Which interestingly, when applied and paid to the recipient, is a tax-free benefit. However, when the O.A.P. pension, based on the number of years contributions, is also a benefit paid but is taxable if it is over the threshold. Why is this social security benefit taxable for a second time and treated differently to other social security benefits? The reason why I am saying that it is a benefit is because if somebody is applying for a carer's allowance they are not allowed to get their old-age pension and a carer's allowance because they are both benefits and they cannot do that under the Social Security Law. So it is an interesting thought. We are advised that the social security payment during our working lives is technically a Jersey global payment into the system. It is not exclusively paid into a person's O.A.P. pension pot. So I am asking, if social security benefits are tax free then why is the O.A.P. not treated equitably, or at least that a proportion of the O.A.P. has the double taxation element removed. The O.A.P. pension is unlike what persons that make contributions into a private pension scheme, who receive tax incentives on paying it and whose contributions are tax deductible. When these persons eventually achieve retirement age, their pensions are then taxed. This is termed "deferred taxation". No double taxation exists here at all. But what is interesting is if you are on your O.A.P. pension and in receipt of a small works pension, but you are under the threshold, you are then getting no tax on whether you have paid your O.A.P. pension or even your private pension. Actually you are getting double no taxation on a private pension. It is just interesting. I know the Minister for Treasury and Resources is shaking her head, but if you are under the threshold you would not be paying tax. Members have learned that the tax rate on gross and net income is not 20 per cent as we are all led to believe. Remember the 20 means 20? Only single persons earning above £90,000 a year and a married couple earning above £132,000 a year in our society pay 20 per cent with no allowances; some 10 per cent of taxpayers. The remainder - working and retired - people pay 26 per cent tax on the net income under the marginal relief calculation where married or single persons allowance, et cetera, are applied. I was surprised to note this is applicable to some 90 per cent of taxpaying Islanders who are paying this 26 per cent rate of income tax. One may wonder why is this a case, which I have to say I still do. Despite the very helpful advice from the Taxation Office, I still remain quite confused. We were advised that Jersey income tax is 20 per cent and no one pays 26 per cent income tax. If this is so then why is it stated on our tax forms calculated under 2 regimes, one at standard rate of 20 per cent and then at 26 per cent under the margin of relief. I and many others would like to see a review and make things simpler and have allowances applied, for example, one's personal allowance applied to all regardless of income, and have the 20 per cent tax applied. The removal of double taxation on old-age pensions will reward those that have worked hard all their lives, paid their dues and just want a comfortable

retirement. Social security O.A.P. pension is the bedrock payment for all. To note this change would be applicable to the 10,000 out of the approximate 32,000 people who are in receipt of an O.A.P. pension. Of the 32,000, 12,000 live abroad, who would not be affected by any of the changes if it was ever agreed here. Of the remaining 20,000, some 50 per cent pay zero tax as they are below the earnings threshold. This means that only 10,000 will ultimately benefit if this came in. The majority being the middle income. We need to be mindful that not all of the 10,000 who could benefit would not be receiving a full old-age pension, which the figures we have been given are based on. Of course, there will be a cost. For every change, there is a cost. But there are other fairer, more equitable ways of doing this without squeezing pensioners. If I may suggest that consideration be given to some solutions to this situation. (1) We are aware of the ageing population and the decline of younger persons to sustain our workforce. May we consider some form of financial encouragement for the younger, older person, someone who is aged 60 to 65-plus, to take on employment following their retirement; if fit and able to do so, of course. A present full tax is applied on all income, O.A.P. and other pensions, which is a disincentive to seek other small type of employment. Tax-wise it just does not make sense. The younger older person has many skills and experience still left to assist in filling the gaps in our community at all different levels. Let us consider some tax incentive. (2) Consider reducing the taxation on old-age pensions, again as an incentive for all. I am aware that some will say: "Why should we reduce tax on O.A.P.s when the individual may have other private pensions payable?" In my view, a private pension payable can be lost as it is reliant on the company's ability to pay, so are not as secure as our Government Social Security Pension Fund, which is well funded and protected in legislation. The Jersey O.A.P., as I have stated previously, is the bedrock payment for all Islanders, and it is time we supported our old-age pensions by providing it to be tax free or even some part-way percentage tax-free element. (3) May I ask the Minister for Treasury and Resources and the Comptroller of Revenue to remove that confusing unexplained tax rate of 26 per cent on net income and restore with a normal tax rate of 20 per cent with all the allowances restored, which we can make this system much clearer. Members, as I have said before, we need to listen to Islanders and have their voices heard. I look forward to hearing other Members' views on this topic. Thank you, Sir and Members, for listening.

1.1.1 Deputy M.E. Millar of St. John, St. Lawrence and Trinity:

We are debating today whether to exempt one specific type of income from the scope of income tax as a result of a petition that gathered over 5,000 signatures. One might expect that if we went to the public as a whole and said: "Would you like to pay less tax?" very, very many people would say: "Yes, I would like to pay more tax." So the fact that pensioners are saying they should pay less tax, they are no different from anyone else. I understand the concerns of those who signed the petition, particularly among pensioners who feel that having paid tax and contributions throughout their working lives have done their bit. In my response to the petition, which was published some time ago, I set out my reasons for opposing the exemption. Those who read my response will, I hope, understand that a new income tax exemption is not the right way for the Government to support pensioners who need additional financial support. While affordability of such an exemption is clearly a concern, it is not the primary issue. Age discrimination has no place in our tax system, and there are broader reasons why this proposal is unwise. We have already taken steps to remove age discrimination in our tax system by removing the age-related allowances some time ago. We are also currently taking steps to remove gender and age-based discrimination with our move to independent taxation. The basic principle of tax policy is that it should be blind to a person's personal characteristics and should focus only on their income. Let me discuss the issues why this is a difficult proposal to accept. Firstly, I want to talk about the very real threat to our long-term financial stability if we were to exempt the old-age pension from tax. The Assembly has previously debated the risks that we face from a declining working-age population and a growing number of pensioners and the pressures that it entails, both in terms of diminishing tax revenues and increasing health and other social costs. We have all seen the graphs showing that we are looking towards having a much greater proportion of older people than younger people in the future. Granting further tax cuts to pensioners

would have a significant and increasing impact over time, likely necessitating immediate tax rises elsewhere, with further increases required in future to cover the escalating costs of this exemption. It is also important to note that a pensioner who is only in receipt of the old-age pension does not pay tax as their total income is below the threshold. Our threshold is currently £20,000 and will, if our Budget for 2025 is accepted by the Assembly, increase to £20,700. We are not aware of any closed jurisdiction that has tax allowances as generous as our own. The tax cuts proposed would only benefit those pensioners whose total income exceeds the threshold, indicating that they are in receipt of additional income other than the old-age pension. The long-term fiscal outlook already indicates a substantial challenge, and this exemption would only intensify that challenge. We estimate that around half of pensioners currently pay no income tax, but the 50 per cent of pensioners that do often have substantial incomes. Those incomes are not just from private pensions, there may be numerous forms of income; from investment, from rental. It is not just private pensions that are at issue. It is fair that those with significant incomes contribute proportionately to society's costs. To give this group a tax benefit exceeding £20 million would be unjustifiable and unfair to others. To give an example, pensioners who have a substantial income of, say, £75,000 would pay £14,300 of tax under the current system. If the old-age pension was made exempt from tax, that person's tax liability would decrease to £10,625, giving this taxpayer a saving of £3,675. The pensioner who receives only a moderate amount of income at £20,000 or slightly under would receive no benefit from exempting the old-age pension, as they currently do not pay tax. Furthermore, this figure does not include the potential impact on the Long-Term Care Fund. Tax-paying pensioners do continue to pay long-term care contributions. Nor does it take into account the impact on social security spending if, for example, a significant proportion of the 50 per cent of tax-paying pensioners transition to non-tax-paying status and access additional benefits. In short, if States Members support this petition, we would create a legacy of longer-term fiscal instability. One of the major flaws of the proposal, if it was adopted and put into law, is that it is completely untargeted.

[10:00]

Some of this Island's wealthiest people would benefit from the exemption. If Ministers were to bring forward a proposal like this, I am sure there would be many States Members asking for a breakdown of those households that would benefit, and they would rightly question why we are choosing to spend more than £20 million in such an arbitrary way. I can only ask Members to consider the position in the United Kingdom, where the current Labour Government is facing considerable difficulty trying to withdraw the winter fuel payment from pensioners who can afford to pay it, making it means tested. Our own winter bonus is means tested so that it goes only to pensioners who can afford it. This would be reversing that very well-considered approach to targeting spending where it is most needed. As I have said, Jersey has particularly high exemption thresholds for income tax. No individual resident in Jersey with an income below £20,000 pays any income tax. That threshold alone means that more than half of pensioners fall outside the income tax net. Consequently, the lowest-income pensioners would see no benefit from this exemption, making it an ineffective way to spend over £20 million purely on tax income. The petition itself does not discuss the 26 per cent marginal relief. No one in this Island pays 26 per cent on their total income. In any event, the rate of tax is not what we are discussing today. Twenty-six per cent is a relief, it is not a tax rate. The 26 per cent rate exists to prevent cliff edges where someone's income increases certain amounts, but nobody pays more than 20 per cent on their total income, and if anybody does think they are paying more than 20 per cent on their total income then, if they would like to bring their tax assessment, my team will very gladly review to see why that would appear to be the case. I agree with the Deputy, and the Comptroller has said recently that we are perhaps, in terms of the 26 per cent, a victim of a move towards plain English and that by trying to describe the 26 per cent as a rate, we are confusing everybody. I think that we all accept that we perhaps need to do more work to explain to people where the 26 per cent relief comes into play. But the fact that someone may pay 26 per cent on a notional net income is not the same as paying 26 per cent on total income. It is not the case that anybody does that. The proposal also risks significant unfairness for non-pensioner

households with similar incomes. For instance, if this proposition was accepted, we could end up with 2 households living next door to each other who have exactly the same income but facing drastically different tax bills. A household with a working family would, in some cases, pay thousands more in income tax compared to a pensioner household, even though they have the same level of income. My recent report to the States includes tables which illustrate this disparity. Nobody has yet provided a persuasive case to me for taxing families, often with higher outgoings more heavily than other households with identical incomes. The petition's assumptions that contributions paid during working life equates directly to retirement pension oversimplifies the purpose of contributions and pension funding. Payments into the Social Security Fund go towards providing a wide range of benefits for Islanders, including the pension. It is essentially an insurance scheme. These benefits include short and long-term incapacity allowances, carer's allowance, parental grants and many other benefits. The Health Insurance Fund also receives allocations from social security contributions to subsidise G.P. (general practitioner) visits and the cost of prescriptions. There could be many individuals who will benefit from those benefits throughout their working life - many more than others - and will go on to receive their pension in addition. The petition wrongly implies that contributions are a form of retirement savings scheme. The money that we pay throughout our working lives has not been kept to one side for our personal later enjoyment. It has been used during that period to support the overall well-being of Islanders. Contributions are better viewed as insurance payments, ensuring the financial support that Islanders at any point in their lives may require. Indeed, the founding principles of most social security schemes around the world is about providing insurance against inability to work. As I have just said, we, as individuals, do not pay into our own old-age pension pot. Most of us pay around 6 per cent contributions on our earnings, up to a cap, but on its own this would be wholly insufficient to fund a pension in later life. There are 2 other main sources of funding that pay for our pensions and benefits. Firstly, employers contribute into the fund in respect of their employees, and secondly, it is supplemented by the States grant. The States grant is effectively a subsidy for anyone earning less than the standards earning limit, which is a little over £65,000, in 2024. Without this grant, anyone earning below that figure - which is around three-quarters of Islanders - would not be able to maintain the full contributions record, which is needed to receive certain benefits, including the old-age pension in full. There might not be a tax deduction available, but there is significant financial support available for most Islanders during their working lives. The Government is supporting Islanders. That support might be less visible than a tax deduction, but it is almost certainly more generous. In 2024, a median-wage worker earning £44,200 paid £2,652 in employee contributions, with the employer contributing £2,873. Additionally, the public purse contributes £1,272 through supplementation, making public support far more generous than a tax deduction of £690 would be. If one argues: "I paid tax on my contributions, so I should not have to pay tax on the pension", it is essential to recognise that not only a proportion of the pension is funded by your own contributions, the rest of it is paid by the wider community through general taxation, and you will, of course, have been able to claim other benefits during your working life. As I have said, some people will claim those benefits to a very greater degree than others. I think it is also worth simply recognising the ongoing challenge that very many jurisdictions are facing with the whole concept of pensions. When pensions were, I believe, invented in the post-war years, at that time people were expected to live only 3 or 4 years post their retirement age. People are now living for decades following retirement, and the availability of pensions paid into people's not just early 70s - not just the 3 score and 10 - but into people's 80s and 90s is a challenge for pension schemes worldwide. We are happy in Jersey, our last actuarial reports show that our Social Security Fund is very well funded and well able to pay pensions into the future, and we are in a very fortunate position in being able to do that. We are fortunate in Jersey, with a strong Social Security Fund, comparatively generous old-age pensions and higher tax thresholds than almost anywhere else. Balancing these advantages is challenging, particularly as global events have recently strained our resources, but we were able to weather those storms because our predecessors were cautious. Our fiscal resilience is a result of prudent planning. I believe that we need to continue to protect those on lowest incomes, especially those who are already shielded by high personal tax

allowances, and to safeguard our public finances for older generations. This proposal does neither of those things. Just to touch on a subject that I know is one close to the Members' heart, as it is to many of us, I risk saying that, looking around this Assembly, I see several people who fall into the description of younger older people. Our tax system has clearly ... I count myself among them because I am over 55 and that makes you an older person. Our tax system has clearly not stopped many of us from continuing to contribute to society and pay taxes. I am sure that we will bear those things in mind. Although we are not voting today, I hope that Members will join me in rejecting this well-intentioned, but impractical and hopelessly expensive proposition.

1.1.2 Connétable K.C. Lewis of St. Saviour:

I will be brief, as someone else who is just over 55. Last week, I visited a school that is doing a breakfast club. This seems to be the trend now; it is affecting all walks of life in Jersey. Those schools that are not running breakfast clubs are seriously thinking about it because children are going to school not adequately nourished. But at the other end of the scale, our senior citizens are starting to suffer quite badly. I was in my local supermarket, I think about 6 months ago, in a queue waiting to pay, and there was a senior citizen there - a lady - put her card on the machine, it came up declined so she tried again, declined, and obviously it was acutely embarrassing for the lady. So I took my card out but there was a young man in front of me, who had building clothes on dabbed his card first. I thought: "Well done. Well done, young man." So they are out there. Until recent times, I ran a charity called Winter Warmers which was cutting, drying wood and supplying logs to senior citizens for winter fuel. I know the thought of my wielding a chainsaw fills the Constable of Grouville's heart with dread but I managed to retain my digits, but I am getting a bit old now for carrying huge bags of wood around. But what has happened was the people that I assisted were terrified - absolutely terrified - of the red bill landing on their mat. If they had a wood burner they would open up all the internal doors of their homes and the wood burner would just take the chill off the whole house. It did not do much but it helped a little. I will be very brief, I would say that I am very grateful to Deputy Barbara Ward for bringing this forward and should she bring forward a proposition to this extent I would be happy to support it.

1.1.3 Connétable ~~M. Labey~~M.A. Labey of Grouville:

I too am only just over the age of 55, like my colleague to my right, but when I was on the campaign trail I had the pleasure of meeting a delightful lady in Gorey Village. We spoke at great length about this topic. She was paying tax on her income, but she explained that income, and she had rental properties, she had private pensions, so inevitably I explained that she would be over the threshold and she would pay tax. But we also discussed the possibility, and I have also discussed this with Deputy Millar, about private pensions. My point to her and my point to the Deputy is, private pensions, we were all encouraged to take them out at one point, and I am sure many people will remember that because the financial future of anything and everything in the world was at risk at that time. So the public and the States and everyone was encouraged to take out private pensions. Now a private pension is a contract between a private individual and a company providing that service, and my point to Deputy Millar at that time, who was head of Social Security, was that could we not have an opt-out clause? An opt-out clause saying that any contributions to a private pension, a private arrangement, could be tax-free. And she quite rightly explained that when that pension was paid out it would have an interest element or an investment element that would be supplementary to what the individual had paid in. However, it is a private arrangement between 2 private companies, as it were. My point is that perhaps we should be considering an opt-out clause. I know our generation will not be able to benefit from this because we will not have had that opt-out clause at all, but later on the next generation of private pension payees, as it were, would be able to benefit from this. So they would know at the end of that time, when they retired, that any contributions they put into a private pension would be then not taxable. They would have been taxed throughout their working life. Now that means that when you are retired and you are not able to earn perhaps the amounts that you could have done during your working life, you will have less tax to pay and therefore greater income and

greater security. That is the point I would like to raise. I think we should have some sort of arrangement, and I would certainly support such an arrangement, where we would have an opt-out clause on private pensions.

[10:15]

1.1.4 Deputy S.Y. Mézec of St. Helier South:

I am standing to speak to represent Reform Jersey's position as a party on this petition and to speak in support of Jersey's pensioners. The first thing I want to say is thank you to the over 5,000 Islanders who took the time to sign this petition. We should always welcome engagement from the public through these democratic channels. It is neither an inconvenience and certainly not intimidatory. It is democracy in action and I would like to personally thank the petitioner himself who very kindly met with me to talk about the petition. I think that the petition met this threshold is a sign of something deeper than just the words of that petition reveal. It is a sign that there is a feeling of grievance among Islanders about the quality of life and support that we provide for pensioners, and Reform Jersey recognises and accepts this grievance. Jersey is a wealthy society but all of the stats that show this also show that over the last decade we have become a more unequal society where those on the highest incomes have seen their conditions improve immeasurably without being asked to pay any more, and the proportion of those living in relative low income has reached utterly unacceptable levels. In many instances, those people have been asked to shoulder the burden of Government mistakes. When people look to their retirement they expect that having worked hard all of their lives that awaiting them ought to be a period of enjoyment with respect and dignity but for too many pensioners in Jersey this is not the case. In the U.K. (United Kingdom), 16 per cent of pensioners live in relative low income after housing costs. In Jersey, it is 26 per cent. A greater proportion of pensioners in Jersey live in relative low income than in the U.K., a fact which I rarely hear recognised. Despite this, some previous Governments made decisions that actively made things worse for pensioners. The 2014 to 2018 austerity Government launched a cruel assault against Jersey's pensioners. They abolished the pensioners enhanced tax allowance. Reform Jersey fought against this but we lost. They changed the disregards rules used to calculate income support entitlement, which would have left some poorer pensioners potentially hundreds of pounds a year worse off. Again we fought against that but failed. They tried to abolish the provision of free TV licences for the over-75s but they were defeated on that. They were defeated because of an amendment that sought to reallocate funding from the Government communications budget to save that benefit and save it it did, and yet the communications budget still went up. Figure out that one. They tried to abolish the pensioners' Christmas Bonus entirely but we managed to partially defeat them, saving it as a means-tested offer instead, although it did end up being frozen for years afterwards because it was essentially forgotten about and that has only recently been rectified. To be perfectly honest, I am surprised that they did not try going for the pensioners' bus pass back then too. Perhaps they would have thought of that if they thought they could get away with it. I was grateful at the time for many pensioners who came to the Royal Square to argue against that, and in that spirit I hope pensioners, after this petition debate, whatever it leads to, whether it leads to a proposition or not, will get more active and advocate for themselves. I think that we need to take a good look at what we can do in the absence of change to the rules on taxation and the state pension, which it feels like there is not an overwhelming appetite in this Assembly to do, that there are other things we ought to be doing to support pensioners in our society. I am going to say something that you will not hear me say often, when I say I agree with Ben Shenton, the chair of the Jersey Branch of Aged Concern, who was quoted in the media not so long ago offering his suggestions on things that ought to be done to support pensioners in Jersey. Bearing in mind this is someone who plays a very prominent role in an organisation that supports pensioners in Jersey. He said we ought to review the general level of pensions and tax thresholds to ensure pensioners can survive without reverting to income support. I completely agree with that. He spoke of reviewing winter fuel allowance to make it payable regardless of temperature thresholds. He talked about removing G.S.T. (goods and services tax) off food; something that would benefit pensioners. He talked about developing policies aimed at

improving the lives of an ageing demographic. I think we can go further than what he said in that article. We ought to look at introducing rent stabilisation measures, something that the successive States Assemblies have voted against, but which would benefit pensioners who, for whatever reason, live in the private rented sector in their retirement. We ought to look at the cliff edge that there is now for some benefits that are provided for pensioners that where they lose that entitlement the moment they pay a penny of tax, that is things like Pensioner Plus where there are further subsidised G.P. visits as a result of that, there is the Community Costs Bonus and others as well. I know that the Minister for Social Security is doing something to look at this and work out how that cliff edge can be tapered. That is a progressive measure which would help pensioners and I think represent good value for money. But, in the absence of proper consideration of the state pension being made tax-exempt because of all of the reasons that the Minister for Treasury and Resources has outlined and, let us be frank, the huge cost that would come with that, I think it is time that we ought to pay greater focus on Jersey's pensioners. The fact that far too many of them in Jersey live in relative poverty and Government actions over successive years have sought to make that worse, and let us turn that around. That is Reform Jersey's position.

1.1.5 Deputy P.F.C. Ozouf:

I just have a technical issue but I will seek to look at my screen. I rise to be in a betwixt and between position. I have been in this Assembly ... I am going to be 55 next year, I do not know whether that makes me old, but I can only certainly get an over-55 house, or maybe I can get one in St. Saviour, because there is a whole series of over-55s. We may joke at these issues, but we are of course dealing with, as the Minister has said, and as the advancers of this petition have said, we are dealing with a very changed world. We are trying to catch up with that changed world but there are some things that we can be proud upon. We can be really proud about our systems in Jersey. Being a non-Minister and being not on any Scrutiny Panels and being a Back-Bencher I can be not bound by collective responsibility within Government, and I am not bound by anything. I can just be almost a free agent and it is quite a liberating experience. I hope to be positive about what you can do if you really want to. First of all, I would ... and this is a great debate, this is an in-committee debate and I am not going to speak for ages but I am going to prod at or point and show the light into a few relevant issues which really matter to the bringers of this petition, to the Member that has spoken in favour of this and is still in agreement with the Minister for Treasury and Resources. We have not got the Minister for Social Security here who is the guardian of our Social Security Fund; in a way that is not the case in a lot of other jurisdictions. I know that if she were here she would be defending her Social Security Fund. In the United Kingdom there has been a general election and there has been bringing into the public consciousness this issue of National Insurance, the equivalent in Jersey's social security. There has been a great deal of hoolala and discussion and debate in the democracy of the United Kingdom about the issue of the apparent Labour Government bringing in the sneaky tax on workers. Well, if we translate that into Jersey that would be raising the employer contribution on social security, which is one of the arguments that the petitioners are advancing that: "Hold on a minute, we have paid into this fund" - I will come to the fund and the importance of it in a minute - "and we have paid tax about that fund and so we want ... when we get our pension later, we want to get tax off it." I understand why they would say that but it is worth reminding ourselves of how that fund is in existence and why it is different and why this Assembly must maintain the absolute integrity. It is not a pension, if I may say, the public sector pension of which you, Sir, as a Crown officer and other States employees, will receive, is a fully-funded pension scheme. That means there is enough money in it to pay all the future pensions. That is great. Let nobody raid your pension pot or anybody else's. That would be like a Maxwellian invasion of using the pension pots. The Social Security Fund is not quite a fully-funded scheme. It is a kind of pay-as-you-go, which is a result of the wise decisions, as the Minister said, and I am sure the advancers of the petition will also say, the very wise and brave courageous decisions of the President of Social Security of the day, Deputy and then Senator LeSueur, who raised the contribution levels because he forecast ... I remember being in this Assembly when he brought forward those early slightly increased charges for both employers

and employees, no doubt there is a Deputy in this Assembly that will have been in the Assembly at the time because he would have been around for those debates. We notched up very carefully those social security rates in order to allow a fund, which today has got billions of pounds in it which is ring-fenced, which is the Social Security Reserve Fund. Now that fund is there to pay for those statutory benefits. They are paying the pensions and then the askers of the petition are saying: "Hold on, we have paid into this fund, we have paid as employees, our employers have paid" and when there were people that have been guaranteed a pension, even if they have been on a relatively low income, and the taxpayers put that extra money. That is called the supplementation. It is not really well understood but taxpayers have made sure that in this fund, which is ring-fenced, which cannot be touched, cannot be touched unless this Assembly changes the rules. That fund is sacrosanct and it should be sacrosanct and it should not be tampered with. We can say to the bringers of this petition we are going to continue to make sure that we can, and this is one of the few Assemblies that can actually say with evidence and with an actuarial valuation that despite the fact it is not fully funded it has got a big reserve which allows the older populations to be able to receive their pensions going forward. When I am 67 and I get my pension or maybe I will be older, if I am around hopefully, I will get my pension and I will know it. Hopefully it will not be my only pension, which is I think what the issue that the Minister for Treasury and Resources has. People are absolutely, as quite rightly Deputy Mézec and others have pointed out, the social security pension is the baseline. It is almost the living wage pension. It should be, it should be what you could live on. As we merge into modern times and as we are having a people's proposition, as Deputy Ward has said, because I am quite happy to not break Standing Order, but I regard this as a people's proposition that Members can say whether they are for against this without a vote. But I am for not, I am afraid, what Deputy Ward is saying but I would have amended the proposition by saying some additional things that what we can do. We need to explain better what is very clearly this issue of marginal relief.

[10:30]

If we have not explained it, and I have sat where the Constable of Grouville is as the Minister for Treasury and Resources battling through endless issues of which I was apparently responsible for an austerity budget and all this sort of thing. I do not quite understand all that. But from that seat, and from seats in that when the Senators were in here, we had to change our tax system and move with the times. We not only put more money into the fund, we did not raise it when we were faced with deficits, we asked people to pay G.S.T.; that is hurting pensioners, or is it? Actually we made a compensatory allowance to increase tax increases so they were insulated. All people who did not pay tax were insulated when we brought in G.S.T. They got the G.S.T. bonus. There is a lot that is forgotten, and there is a lot that is boring Members but there is a lot that really matters and in an in-committee debate you can say them. It is worth saying and explaining to people who are extremely well-intentioned, as Deputy Ward is, and for the Minister for Treasury and Resources to say: "No, I cannot do this." I agree with her. For a Member of her coalition Government, Deputy Mézec to say she agrees with not saying to Deputy Ward: "No, no, no, no, no, we cannot do anything." Well we can do something and we can amend the people's proposition by saying: "Sorry, we cannot give you this additional tax increase because it is going to favour people on higher incomes." People who are on just the social security income, they will not be paying tax. It is the people on the social security pension that are in receipt of a social security pension and, dare I say it, a public sector pension. Dare I say it, another pension. Dare I say, rental income. They will be getting more income and what the petitioners are asking is that higher earners that are in receipt of not only their brilliant social security pension but, on top of that, they get all this other income. Now, it is not really right, I do not think, to say that we should give them a tax exemption, I say to Deputy Ward. If we need to explain to the bringers of this petition that are in receipt of just the social security pension, and the fact that they are not paying tax because the system should mean they are not paying tax if they are just in receipt of their social security pension, that minimum guarantee of income that you get, if we are not explaining that, then I agree with the Minister for Treasury and Resources we need to explain it better because of marginal relief. Fortunately, A.I. (artificial intelligence) and computer technology is

going to mean that the old laborious computation that we had to do which is: “Okay, what is the lower of the 2 rates of income?”, if you have got that income, you pay at the 20 per cent or that income at the marginal rate. No, it is not 27 per cent or 26 per cent, it is, as the Minister for Treasury and Resources says, the effective rate. I am afraid to say that I agree with the Minister for Treasury and Resources that basically making the social security pension tax free automatically as is being asked is not sensible because it basically means that people with higher earnings will basically get a tax-free benefit which they should not really have or it is unaffordable to do that. It is not that they should not have it but it just would not be sensible. We, as policy-makers, have to use scarce resources that are available from taxpayers. First of all, we have to make the tax system fair, and then we have to make the resources that are paid fairer. I would just say that the petitioners should be equally, I hope, supportive of maintaining the integrity of the Social Security Fund. Their pensions are paid from a fund; yes, they have got all rights to defend and to demand their pension. If I were them I would be demanding that their fund is also not U.K.-ised which means that they broke the door between the Social Security Fund and tax receipts. The Social Security Fund as advanced by Budget amendments that we are going to listen to in 2 weeks’ time breaks the door open. It breaks the door open about use of that fund. The fund is not there as a self-service buffet for other members, it is there for people’s pensions, it is there for people’s statutory benefits. It is not there for the minimum wage £20 million. This is very relevant to the debate if we are going to be sure that we can carry on paying those pensions from that sensible approach thanks to Deputy and then Senator Le Sueur that put the money in the fund in the first place, and then the brilliant investment advisers that I am so proud of. Both Senator Le Sueur and I, when we did the Treasury, we got the Common Investment Fund, and those funds are used brilliantly. They are used by independent investors and, by goodness me, that fund that has got billions of pounds in has grown beautifully, independently by brilliant investment advice, and that is where there should be confidence. We have not only got a fund because they have not broken down the door and stolen the money like the U.K. did, National Insurance does not exist; it is general taxation. We do not here. We have a ring-fenced fund that is not quite fully funded but it is a pay-as-you-go with a big buffer. Now, there have been discussions about what pension funds should be used for and what they should not. They should be used just for those future pensions and those statutory obligations. When we have this in-committee debate, and when we discuss that fund, I hope that Deputy Bailhache who is going to rise and be successful in saying: “No, do not use that fund for something that it is not the purpose for because that means we are going to erode the future value of the fund”, I would advance a similar proposition saying: “No. No, to the Government building and the paying of rent, that is a conflict of interest.” We can debate that in the Budget but it is very relevant. If we want to give people benefit and certainty of the future then we must make sure that they are going to get their pension and we are going to tax it fairly, which is what the petitioners want. I say to the petitioners, I am going to stand in the Assembly for as long as I am here, and I am going to defend their fund. I am going to make sure that those tax allowances ... and if those tax allowances need to be changed then we should look at them, but I do not think that they need to be probably changed, I think we need to explain them better. I say that very respectfully to those pensioners because if they are only on a social security pension and they think they are paying 27 per cent tax, then there is something going wrong. I agree with the Minister for Treasury and Resources there is something ... so there have been some problems with the tax and I.T.I.S. (Income Tax Instalment System) and all the rest of it but I am sure we can fix it, but they will not be paying that. They should not be paying tax if they are just on the social security pension; I think I am confident in saying that. Thank you; I am grateful for the Minister for Treasury and Resources to say so. We must make sure that the fund is not used for any other purpose. Members think I am making a point that is not valid but it is absolutely vital, the fund is there to pay these pensions, because it is prudent investment advice, from the Common Investment Fund. It is not there as a self-service buffet to invest in the new market or buying something, a trinket or whatever. It is there for proper investments, it must be used so. It is not there for £30 million worth of living wage which has got nothing to do with the fund. Sorry. Now what else can we do? Deputy Mézec spoke about austerity and all the rest of it. Well if he wants to, like me, help pensioners and, like my

Constable, I have seen also people at the till without being able to make their credit card pay. Three days ago I was in a supermarket where there is a new member of staff at the supermarket, and a few days before somebody was not able to pay their bill. I just paid it because I thought the person was just having a problem with their bank, and of course I paid it. It does not mean to say I am an angel or anything, I know the Constable would do it, but I know this person just had a problem and they repaid me within 2 days. That is the right thing to do. I do not want any thanks for that because there were 3 other people in the queue to do it. The young man behind the till, I said: "You are a new member of staff, I have not met you before" and he said to me that he was working because he could not continue in his family job with his father because they had been building flats which they cannot sell, so he is now having to go out to work. What can we do about the problems that pensioners have about affordability of housing? Now I am afraid we cannot go on doing what we did, and we had a debate about it yesterday, pensioners who are in social-rented housing have been well accommodated now thanks to Andium, and now the separation of Andium, we have got brilliant accommodation for people, pensioners living in Andium Homes and in the Jersey Homes Trust. There are thousands of pensioners that are living in private sector rental homes as well, and of course there are pensioners with their own homes as well. What can we do about that? Well, for the renters we need as much emphasis on creating more social-rented homes, with good quality homes, we need more private sector rentals and we need to have downsizing opportunities for pensioners who are living in too big homes and great incentives. The Guernsey Assembly discussed last week their Budget; well they have got some problems because they put off G.S.T. but they have got a relief on stamp duty which encourages pensioners, people of older age, to downsize in their homes. I do not want to force people out of their homes, I want to encourage them to think about how they can lower their cost of living and have another home. Maybe it is going to be one in St. Saviour in some of the things that we could do. I am not winding my Constable up either but we have got some really good existing accommodation. I am not going to speak for very much longer but I want to make 3 more points. The way that we can really respond to these petitioners, this is a debating Assembly, we are a democracy, we can agree to differ respectfully and we can agree to differ and say: "Hold on, there is a third way. There is an additional way and a better way to deal with this." What I would say to Deputy Ward is, and I say to my Constable, I would say, let us have a discussion, not a lengthy in-committee debate, about not just simply making it tax-free pensions but making a concerted effort in the rest of this Assembly's period by driving down the cost of living that those pensioners are having to live with. That is what is going to make a real difference and this is where I differ from the Reform Party. I believe in growing the cake, I believe in private enterprise. That means competition, that means private enterprise, business driving down the cost of living. Have we got a low-cost supermarket for our pensioners or ourselves or young people? No, we have not. We have not. When I started in this Assembly in 1999 there was a freight company that would not allow me to bring agricultural goods on a vessel because we had no anti-competitive behaviour positions. I do not want to go back in the past but I am well familiar with anti-competitive behaviour. Why is it that we cannot have an Aldi, a Lidl or a local supermarket in Jersey? Why is it? That is going to drive the cost of living. When I was in London and I was comparing the cost of living of Jersey versus in a local store, whether that be Morrisons, the Co-op or those other retailers, I did a shop for a single person, which I now am, versus a family, and the price was 40 per cent difference. Freight rates are not going to explain that away. The Minister for Sustainable Economic Development is going to bring us up to date on what he is trying to do to make a competitive freight service. It is tough, it is hard, it is difficult. He is getting criticised, he is getting undermined, but if I believe him, and I do, he is wanting competition on our freight routes. I want lorries on that freight boat that is going to be coming to Jersey next year, whichever company it is, I want them with Aldi or Lidl supermarkets in them, and I want a local supermarket. I want to see this Assembly increasing the supply of homes to drive down rental prices. I want to get the housing market moving so that downsize is not downsize because currently the market is stuck. Maybe Members think I have spoken too long but I have raised some points where I am going to sit down, and I am going to say that I agree ... this is an in-committee debate, if nobody else is going to speak I will give some Members some ideas of what they can speak

about. They can speak about lowering the cost of groceries, lowering the cost of living, lowering the cost of rents, maintaining integrity of the Social Security Fund. We are raising the level of debate, this is a good debate, I welcome the petitioners opportunity to speak. I welcome this opportunity of an in-committee debate because members of the public can hear what we think. I hope in my few observations Members are very clear on what I think. I say: "I am sorry, petitioners, that is not quite the right way but I think we have got a better way of helping you, a better way of explaining, and we are going to drive down the cost of living." I thank Members for their attention.

The Bailiff:

Deputy, you have mentioned about length of speeches. Of course there are no restrictions on the length of speeches, you are perfectly entitled to speak for as long as you want in an in-committee debate. Equally, I accept that the ambit of what people are going to say is likely to run moderately wide because one is talking about the interest of pensioners and the in-committee debate topic can be seen as within that. But we do have to, I believe to do justice to the petitioners' request, focus on the maintenance or abolition of taxation on pensions for pensioners.

[10:45]

It may be that if one is entirely broad in one's approach to this topic, then a number of people who otherwise might wish to speak specifically on the subject of the topic will not have the opportunity of doing so. I merely make that point for consideration by Members.

1.1.6 Deputy L.J. Farnham of St. Mary, St. Ouen and St. Peter:

That is duly noted. I too want to join other Members in thanking those who joined the petition to bring us here today to discuss this important issue. It is a well-made argument, I think it is a principled position to take, and I fully understand the concerns of those who have joined the petition. I just wanted to, at the fear of being a little bit repetitive, although I try not to be, just outline some of the points which make it difficult which is why I could not, to be clear, I could not support what is asked for in the proposition. I understand the principle of the tax, at least an element of what is paid as being double taxation, I understand that, but I also understand that you have to balance that with thresholds and other relative arguments against. What is a statistic? If 26 per cent of our pensioners are on relative low income, that is higher than the U.K., that is a statistic we should not be content with, and that is the statistic I think we should be aiming to reduce because one of the by-products of looking at reducing taxation on pensioners is that not all pensioners are in that category. There are some pensioners who are financially comfortable and there are some pensioners that are well-off, so we want to make sure any assistance we give is aimed at those not so well-off. I know that does not quite deal with the principle of the argument but I think that is where I would support. We appoint our efforts into the future and that is something that this Government is trying to achieve. I am very aware and very pleased with the work that the team at Social Security are doing now with the new Minister and the team making some real differences and already starting to make decisions that are helping people on lower incomes right now, and we need to continue to build upon that. We have already heard that contributions to the Social Security Fund make up one element, just one element of the total income fund. There are also contributions from employers and the annual grant from tax-funded revenues, with contributions from employers representing around 45 per cent of the total contributions. The grant has an annual value of around £90 million and an ongoing reduction of over £20 million a year in perpetuity would have a serious long-term consequence for the fund. These are very real issues, which other Members have explained, which means this is not the way I think to help those less well-off in our society, albeit though it could address some of the argument in relation to how contributions are paid. I too declare an interest, I am a member of the committee of Age Concern and are perhaps very aware of the challenges that some senior citizens are facing. I am committed, as I believe this Government are, to addressing those challenges, helping those less well-off to be better well-off, better equipped to deal with the financial challenges that we face in a modern society. Just to be clear, I thank again those who have brought the proposition. It is a debate worth having, albeit we cannot vote on it. I think that is something the chair of P.P.C. and the P.P.C.

Committee are going to be looking at. I think it is important though in the lack of a vote that when they do speak they put their position forward because it will help those watching Members understand what the position of the Assembly is. I believe from what I have heard that Members could not support by way of a majority a proposition to remove tax, but I hope Members are collectively aligned in finding a way to better help those less well-off. Thank you.

1.1.7 The Connétable of St. Martin:

I thank the petitioner and all those who have signed the petition. I am by no means an expert on pensions but in the light of this in-committee debate it is my understanding that under the Social Security Law a person ceases to pay primary contributions a month after you start receiving your pension which would seem to create a direct correlation between employee taxable contributions and the funding of their pension. I would appreciate the Minister clarifying the suggestion that the employee employment does not fund their pension, which is rather misleading. To me, to say that pensioners receive an allowance each year to reduce the double taxation is also misleading as everyone is entitled to a tax allowance regardless of their age and type of income they receive. When compared to other jurisdictions, the Jersey pension rules are not very generous and that it currently takes 47 years’ worth of contributions to ...

The Bailiff:

Connétable, if I could ask you to pause, I do not think we are quorate. We have 2 online and we no longer have a sufficient number within the Chamber to continue. Usher, would you please ask Members who are in the coffee room to return? Let us use the electronic voting system; it will indicate who is here and who is not. Members may return to their seats but I open the voting for the purposes of indicating presence in the Chamber.

POUR: 28		CONTRE: 0		ABSTAIN: 0
Connétable of St. Helier				
Connétable of St. Lawrence				
Connétable of St. Peter				
Connétable of St. Martin				
Connétable of St. John				
Connétable of St. Clement				
Connétable of St. Mary				
Deputy C.F. Labey				
Deputy L.M.C. Doublet				
Deputy M.R. Le Hegarat				
Deputy R.J. Ward				
Deputy S.Y. Mézec				
Deputy P.F.C. Ozouf				
Deputy Sir P.M. Bailhache				
Deputy T.A. Coles				
Deputy B.B. de S.V.M. Porée				

Deputy D.J. Warr				
Deputy H.M. Miles				
Deputy M.R. Scott				
Deputy C.D. Curtis				
Deputy R.E. Binet				
Deputy M.E. Millar				
Deputy A. Howell				
Deputy T.J.A. Binet				
Deputy R.S. Kovacs				
Deputy B. Ward				
Deputy K.M. Wilson				
Deputy M.B. Andrews				

All right. Well, as if by magic, we have become quorate. Therefore, Connétable, would you like to continue?

The Connétable of St. Martin:

A restart or ...

The Bailiff:

That is a matter for you. We were quorate until literally 15 seconds before I asked you to pause.

The Connétable of St. Martin:

Yes, I know that some people do find tax boring and I am sorry if I made you all leave the Assembly. I will just start quickly. I am not an expert on pensions but in the light of this in-committee debate it is my understanding that under the Social Security Law a person ceases to pay primary contributions a month after you start receiving your pension which would seem to create a direct correlation between employee taxable contributions and the funding of their pension. I would appreciate the Minister clarifying the suggestion that the employee employment does not fund their pension which is, to me, rather misleading. For me to say that pensioners receive an allowance each year to reduce the double taxation is also misleading as everyone is entitled to a tax allowance regardless of their age and type of income they receive. When compared to other jurisdictions, the Jersey pension rules are not very generous and that it currently takes 47 years' worth of contributions to receive a full pension. In the U.K. it is only 35; this is a 12-year difference which is a substantial difference. Contributions do not go as far and not on an Island with a very high cost of living, especially for those on a fixed income. They pay more and then they are taxed again on what they have already been taxed on.

1.1.8 Deputy D.J. Warr of St. Helier South:

I really just rise to make a few points without making a serious speech here. The bit which I struggle with here, and the Minister for Treasury and Resources has caused me some irritation, I apologise if she did clarify this point, but comparing 2 incomes, 2 family incomes of family A and family B living next door to each other, I think she turned around and said: "Well if they are both on the same income level they will not pay the same tax because one is retired and one is not." I am just concerned that that is confusing. Just because you are retired and your income is coming in, you have already paid tax on that income, so inevitably you will pay less tax if you are the retired family than you are a working family, so I just feel that is quite a confusing statement. I hate to use the word

“sanctimonious” but I seem to recall when I was the Minister for Housing that when I made the comment that some of the poorest people in our society own their own homes, I was very much told off significantly by members of Reform because saying that is not the case because they are perfectly able to sell their home and raise the income required and have a better quality of life. That sounds like: “Let us force people to sell their homes” comments and I just find that a little bit irritating. It is an interesting point about living wages and living pensions. We do not hear much about living pensions. It was mentioned here earlier, talking about it, I was just trying to do some quick maths on this. We are going to be moving living wage to I think it is about £14 an hour next year, if this goes through. My very quick maths on that, that means someone on the living wage is considered to be earning around about £25,000, £25,500, and yet we are talking about a pension which is tax-free at £20,000. For me, is there an opportunity here to align what we define as a living pension in line with a living wage, a living income? There seems to be a bit of drift, a bit of a gap between those points. I think that pretty much covers all the points I had. I am absolutely in agreement with the idea, the concept of trying to reduce costs so people moving to right-size, Jersey Development Company are putting things together around stamp duty relief and those kind of areas. Absolutely, that will encourage movement. Again I am not saying people should move but these are good opportunities to do that. Yes, those are the points which for me have come out of this debate so far.

1.1.9 Deputy H.M. Miles of St. Brelade:

I rise very briefly to speak, not really about the content so much of the petition, but rather around communication issues, because it seems to me that the communication around tax and pensions that we deliver to citizens is simply not good enough. We have seen numerous letters to the *Jersey Evening Post*, we have seen messages on social media which clearly show that in some quarters there is a lack of understanding. It is an issue that the Corporate Services Scrutiny Panel raised around independent taxation and I think we made a recommendation that perhaps the Income Tax Department should seek some professional support about messaging and communication in this topic. Every taxpayer should be able to understand why they pay the tax they do, how it is calculated, what is standard relief, what is marginal relief, and I think there is a lesson here for the Tax Department and the Social Security Department. Just in the preceding few minutes I have had a look at the material on the gov.je about calculations. We heard earlier from the Minister for Treasury and Resources that this 26 per cent tax rate is not a tax rate, it is a relief rate. That is not what it says on the gov.je site. It says: “Tax at 26 per cent.” She has talked about notional net income at 26 per cent. The messaging around what is a fundamental obligation for citizens on this Island, it is really not clear. My contribution to this debate, I completely agree with everything that has been said, we do need to support pensioners, but we need to support everybody on a low income, and not all pensioners are on a low income. We have a lot of working families that are on low income but I think it is incumbent on us as a Government, as an Assembly, to encourage the Minister for Treasury and Resources to get the communications right.

The Bailiff:

I have no one else listed to speak, so, Deputy Millar.

1.1.10 Deputy M.E. Millar:

If I may respond to some of those points that have just been made and indeed try to make some other observations of my own. I think we need to consider what is the actual concern and purpose of this proposal. Is it to support low-income pensioners, because if it is, it fails completely.

[11:00]

It does nothing to help the vast majority of low-income pensioners who do not already pay tax. Exempting the social security pension from tax, our pension at the full rate is about £14,000. I hear the Connétable of St. Martin’s comments about the length of time. That is where our pension system was developed many decades ago. To change that would have a significant cost but our pension is £14,000, that is bigger than Guernsey, it is bigger than the U.K. Our tax allowance at £20,000 is

bigger than almost any of the jurisdictions we have been able to identify. A pensioner could have the social security pension plus £6,000 of income and not pay any tax, so this does not help low-income pensioners. I accept that I am straying into the territory of the Minister for Social Security, but I was the Minister for Social Security for a time, and I would just like to emphasise that there is support available for low-income pensioners from Government. We have income support. A person who is only on the States pension may qualify for income support. That applies even if you own your own home. If you have a low income, you can go to C.L.S. (Customer and Local Services) and ask about income support, there may be help with rental costs. The Pension Plus Benefit, which helps people with optician, chiropody and dental costs. If you are on income support you can have the Health Access Scheme which offers very much reduced G.P. visits. There is a Cold Weather Bonus. There may be others I have forgotten. I am sure if the Minister for Social Security was here she would be saying, as I am going to say now, that if there are pensioners out there who are struggling to make ends meet, I strongly suggest that they go and speak to Customer and Local Services in La Motte Street to make sure that they are receiving all benefits to which they are entitled. Exempting a pension from tax will do nothing to benefit the worst-off but it will give a benefit to the wealthy and that simply cannot be right, we must target the money we spend. I am not quite sure that I recognise the Constable of St. Martin's concerns that someone stops paying contributions on retirement. To me it makes complete sense that once you have paid your contributions and you have your pension, why would you still be paying in when you are receiving money? That just does not make any sense at all. Once you have received your pension I believe you do not pay contributions, so why would you pay contributions when you are receiving your pension? I believe the employer may still pay and that is, again, the employer is still contributing but the individual stops paying contributions at retirement and that to me makes complete sense. I am sorry if Deputy Warr was offended by my attempt to try and contrast households but what I was trying to say, that by exempting a pension from tax we could end up in a situation where we have 2 households living next to each other who both have the same income, they have the same income but one family is paying significantly less tax for no other reason than they are pensioners, while another family who are young, who may be trying to start their own family, who may have a mortgage, are paying more tax than the pensioner household, is more likely to be owning their own house and have lower income. It is that disparity that by giving people an age-related benefit you prejudice younger people. We have got to consider the interests of younger people in the Island, we want them to stay here. If they are paying more money to support pensioners who do not need it, who already have significant incomes, then that is not fair. I was trying to explain, clearly badly, it is set out in the report and the papers that we circulated, what those contrasts would be between pensioner households and non-pensioner households if this proposition was passed. It is simply not fair to younger people to exempt pensioners and give people a benefit that is not available to everybody. I agree, as I said in my earlier speech, we clearly do need to look at how we communicate this. As I said earlier, the way it is described, as the Comptroller has said to me, we are perhaps a victim of trying to use plain English. We have tried to explain it in a way that people understand and have clearly got it wrong, so we will go back to the drawing board on that and try to make it clearer how it works. It is undeniably complicated but I can only come back to the same thing again, nobody pays more than 20 per cent of their total income in this Island. Long-term care is a different thing but income tax, and this is what we are talking about, we are not talking about anything else, income tax, nobody pays more than 20 per cent of their total income. I just wanted to pick up on those points.

Deputy P.F.C. Ozouf:

I know this is an in-committee debate, and it is a debate, and I think you ruled that other things could not be taken but people can speak more than once; I just wondered if the Minister for Treasury and Resources did take on board anything as a member of the Government in relation to the issues of how to deal with the underlying problem of why the petitioners want a tax break. I do not think the Minister responded to any of the issues apart from agreeing with me about the modern way. If I have spoken for no purpose I wanted to say there are ways we can help pensioners ...

The Bailiff:

Well, there is an order. If you wish to log your interest in making another speech, you are more than welcome to, Deputy. I will note you down as wishing that but I have other people who have not yet spoken who wish to speak. Do you wish me to log you for a second ...

Deputy P.F.C. Ozouf:

I thought we were just wrapping up where the Minister was going to make the final ...

The Bailiff:

No.

Deputy P.F.C. Ozouf:

Oh, right, okay. I apologise.

The Bailiff:

The Minister can insert a third or fourth speech if necessary to the end of the debate. I will log you as wishing to speak again.

1.1.11 Deputy R.J. Ward of St. Helier Central:

I thank the Greffe again for enabling the online participation. I may not spread bugs to people then so we might all be a bit healthier. It has been a very interesting debate to listen to. There are a few really key points and I thank Deputy Mézec for making the point about our intentions in Reform Jersey of always supporting particularly low-income pensioners. I think there is a really key point to be made here. Looking at both the comments papers, the reports, I suppose they are for this rather than the comments paper, the effect of making this change. Currently, pensioners earning £50,000, I believe from the paper, have a tax liability of £2,600 so their incomes from their pension are additional income which would mean that that is the liability that they have. The problem with this change for me is it will not affect those on a low income, those on £20,000, £30,000 or £40,000. There will be no change for those pensioners if that is what their pension income is. Therefore, this is not targeted towards those with low incomes, it is more beneficial for those with higher pension incomes. Now, I hope one day I would have a decent pension income, I have not quite worked it out yet and it probably may not be the case, but if so I would expect to pay my share of tax at that time as well. It was very interesting to hear Deputy Barbara Ward talk about the changes to our tax system. Perhaps our income tax system could be improved by removing the “20 means 20” calculation allowing all taxpayers to claim tax allowances. This will enable us to reduce the marginal rate from 26 per cent to 25 per cent, providing a tax cut for middle earners, those pensioners that are sort of on the cusp of this tax payment, for example, while asking highest earners to contribute more, which is a fairer taxation system, and the majority of taxpayers will be better off under these proposals. That is directly from the Reform Jersey manifesto and was brought to the Assembly on 14th December 2023 and it was voted against by some of the people who have talked about a fairer taxation system. I think perhaps it is time for us to reconsider that. Perhaps Members would like to come and talk to us and meet us in our Monday meeting, come and have a conversation about tax and the best way to work that. You are more than welcome to come and have that dialogue; I think it would be a really interesting one. At the same time, if we remove the cap on social security contributions, that will provide extra revenue which we could direct to any area that we want to in Social Security and improve the lot for pensioners. I am also aware that I noticed the Minister for Social Security, who is ill today, is looking to extend pensioner benefits. One of the key things she is looking to do is to remove the cliff edges that exist because there are some problems whereby if you earn suddenly over a certain amount you lose your right to certain assistance from the state as a pensioner. I think there are ways in which we can improve that to make that move gentler and give more support where it is needed and targeted support. I will also say that we have made changes. If you are fortunate enough to be able to have homes, homes to rent out to people or even a room to rent out, you do receive tax

relief on that rental room, something that is only really for those who have that opportunity to do that. So there have been changes to our tax system which may have benefited those who have space in their homes to rent out. I think we need to be very cognisant and very thoughtful about what we are discussing here. I thank the people who brought the petition and signed because it started this dialogue and it started this conversation. If we can start this conversation to the wider about what it means in terms of incomes for pensioners, those lowest incomes, and what we can do to help those lowest incomes, also to look at our taxation system to make it fairer, more equitable or more meaningful for us and thus produce more support for our pensioners, then that can be a really good thing from this in-committee debate. I thank Members for speaking and I hope that is some form of contribution.

1.1.12 Deputy M.R. Scott of St. Brelade:

Deputy Ozouf raised a fair point that this petition may be easy to argue against on technical grounds but its support is an indication of a concern that its wording obscures. Relative low income in Jersey is where a Jersey household earns less than 60 per cent of the lower half of all household incomes in Jersey; 28 per cent of Jersey pensioner households are in relative low income. That compares with 18 per cent of U.K. pension households. Meanwhile, the cost of living in Jersey keeps rising. Deputy Ozouf mentioned a situation where pensioners in receipt of pension income on top of their States pension could be struggling to make ends meet. Deputy Mézec has referred to Ben Shenton's proposals. Early on in my term as a States Member I did a lot of work trying to help pensioners who are paying tax on a relatively low amount of income. I highlighted an inequity regarding the payment of social security benefits to pensioners in the form of Pension Plus that fails to recognise how those paying rent can have far less in the way of disposable income than home owners. There has been a change of Minister for Social Security since then which may have delayed the review, along with the attention that is being given to her intended increase of the living wage, which of course could help some working pensioners. I also have explored the proposition of having an increased income tax threshold for pensioners. Like extra States pension, this is not regarded as an efficient way of helping pensioners who need help, as it diverts money away from pensioners who need financial help towards those who do not. We always arrive back in the position that targeted income support is fairer. I think that much attention needs to be in the form of a concern about the way it is perceived among pensioners and branded. I would prefer some sort of rebranding to talk about supplementary pension. I agree with Deputy Ozouf that anything that pushes up the cost of living has an impact on people in this situation and this needs to be borne in mind whether we are talking about ferry contracts or otherwise. With respect to his desire for cheaper supermarkets, we need to be aware of the models used by such supermarkets and that economies of scale may not work for a small Island such as Jersey that can work elsewhere. It all comes down to numbers. I very much will encourage the Minister for Social Security to carry on and to accelerate the work that she is doing with respect to cliff edges but also to do more in terms of encouraging state pensioners who need that help to overcome pride or concern about the availability of income support, and I very much hope States Members will join me in taking away any perceived stigma in this.

[11:15]

I hope that, given that this does come down to numbers, when States Members debate the Budget they will consider the need for demonstration of value for money before seeking to divert money away from measures that could support those in need. I hope they will ask themselves: "Why have we seen no real growth in the economy outside the financial services sector despite the productivity support given so far?" Only by changing our own focus and value on such matters can the position change with respect to cost of living and the ability to afford to live in Jersey. Only in this way can we better support our own community.

1.1.13 Deputy L.M.C. Doublet of St. Saviour:

I am pleased to follow the previous speaker who mentioned some data that other speakers have also raised around the percentages of pensioners who are living in relative low income. I used data from

that same piece of research in a question that I asked the Chief Minister recently which focused on single-parent families and how similarly those types of families have a very high proportion living in relative low income. Just some general thoughts that I have gathered, and I believe that other Members have as well that, yes, this issue has been raised around tax but it is very clear that our main concerns that seem to be shared are the costs of living for those pensioners on relative low income, so I hope that the Government have listened to that. The previous speaker mentioned some new solutions and also the Minister for Treasury and Resources spoke about lots of help that is available. I think that pensioners are taken seriously; I do think that is something. In my time in the States Assembly, concern for pensioners and understanding that they are on a fixed income should have some special thinking applied to them because, unlike the working-age population, they are not as able to increase their income. I do think there is probably more that we can do and I want to go back to statistics because I always like to use an evidence-based approach, and I am not sure that we are using the statistics that we have well enough. I think sometimes the work that Jersey Statistics are doing is very high quality and I am not sure that we pay enough attention to it and use it enough to inform our policies. Those statistics are telling us that there are higher percentages of our population in certain demographics living in relative low income, which of course means relative poverty. I do not think we should shy away from using that word. It is not absolute poverty but it is relative poverty, and that is the reality for many pensioners on our Island and it should not be. I think that is something that we can all declare today, that there should not be pensioners living in poverty on our Island. I want to further dig down into groups within that pensioner demographic who may be suffering even more. Women are particularly financially vulnerable in the pensioner demographic for various reasons. I have a draft question which I am going to be asking to draw out some statistics on this because for various reasons, pensions being received by a living spouse which might be shared with a female spouse, that pension does not always continue if the male spouse dies. That is something that a fellow Member raised with me recently. I was not aware that that kind of thing happened. In cases of divorce, pensions are not always considered and women can be left without any pension income, any private pension income in old age, whereas they may have contributed to that during the marriage. We do see that women in their old age can be left in greater financial difficulties and that is something I would like to see data on and I would like to see being considered, and other demographics within that pensioner group, single adult households, so either men or women. I know that food banks are used by single male households, that is one of the largest groups accessing food banks, and there is data on that somewhere as well. I would really like to see somebody bringing all this data together and analysing it and then taking some action from it. My message really to Government is, and my question is, something new is needed. We have heard a list of things that are currently on offer, and I think one or 2 things around the cliff edges that Deputy Scott mentioned, I would like to see this collated and brought together. I know there is a Cost-of-Living Ministerial Group, which I have already requested that they do some work on single-parent families. I think that that should be alongside pensioner families, so my request to the Government is could we have something in writing? It does not have to be lengthy, it could just be a one or 2-page report, something that the Assembly and the public can see: this is the research and this is what we are planning on doing about it. Also perhaps some future actions that could be worked towards by future Governments because this is not an easy thing to solve overnight, is it, it does require some long-term action? That is my request to Government; I do not know if there are any Government Members in here, one or 2, so I would like to hear a response on that, please.

1.1.14 Deputy I. Gardiner of St. Helier North:

I will be short following the speech of Deputy Doublet and reflecting on the other speeches that were here, but I will start to thank you for the proposal, Deputy Ward - Barbara Ward - on bringing this for debate because I think it is a really, really important issue to debate. A couple of things that I picked up when I was walking around and meeting my parishioners, one of the themes that I do not think was really raised here is about pensioners who are cash-poor but property-rich. This is something that must be addressed along the lines for things that were raised by Deputy Mézec, by

Deputy Doublet, by Deputy Scott. Lots of Members raised items, things that are making our pensioners feel less goodness, they make our pensioners feel sometimes to be forgotten, they feel that we are putting more emphasis on other group ages of society and not to the pensioners. This was one of the things why it was important for me to bring into the Common Strategic Policy my amendment specifically concentrating on the elderly because originally the Common Strategic Policy did not even have a single word on the elderly or pensioners. Now we do have it, and this is why it is important to look holistically where we can help because we must help. The feeling is there. Which way? It is a good point and we need to discuss. I would welcome Government bringing some options to support pensioners. What is also very clear is that it is very, very difficult when we speak about tax. I spoke about tax with several people, including some of the States Members who are not in day to day dealing with tax matters. Obviously as the chair of P.A.C. (Public Accounts Committee) I deal with tax matters. Speaking with the parishioners and even members of the family, what I found out when we say “20 means 20”, it is a very right line, but “20 means 20” means that if you are paying 26 per cent, what we call a marginal rate, you always will pay less tax than “20 means 20”, and this is the matter of truth. It is very complex maths and anyone who is paying marginal rates ... and it is about the communication, what is written on your paper, because anyone who is paying what we call “marginal 26” do not pay more between 4 per cent to 19 per cent. The moment it hits 20 per cent it is going to “20 means 20”. It is very difficult to explain, it is very difficult to drill down. As Deputy Barbara Ward said, when we pay social security it includes so many things that separating what is going to Health and what is going to Income Support and what is going to different other support that is getting through, it is really complex. Why is our system so complex? Can we make the system less confusing? I spoke also directly with the Minister for Treasury and Resources and said: “Maybe we need to get really clear communication, and if communication does not work, to simplify the system because I completely understand the sentiment.” You see 26 per cent, this is the first thing that it is coming; some people are paying 28 per cent because this is not paid, and we need to sit down and break it into the maths. These are several things that I have picked up, but the cash-poor/assets-rich is something that needs to be looked at because these people are really being stopped to access anything within the Income Support if they have a property.

The Bailiff:

Does any other Member wish to speak on this debate? If no Member wishes to speak, then I close the debate and call upon Deputy Ward to sum-up.

1.1.15 Deputy B. Ward:

Bear with me while summing-up but, first of all, can I just say a huge thank you to Members for standing and speaking, and also it is about bringing different views, different aspects. It has opened up the debate about the older person which we are all going to face that at some point. We are putting everything into the younger person but we must remember that part of our society, our important part of society, that has brought us to where we are, to the life that we enjoy, is by the older person and we should not forget them. The thing that has come through is about the communication to everybody, when they will get that tax form and how it is applied. I look forward to the Minister for Treasury and Resources and the Comptroller of Income Tax and their departments to really have a look and see how we can improve that, and I think that is a positive that has come out of this debate. I thank the Connétable of St. Saviour for saying if we had a proposition he would support me. Thank you. I am pleased for the Minister, Deputy Mézec, about that support, about working with Ben Shenton and the older persons. I think we should take on board and maybe have some dialogue to sit down and see if we can work something out, taking on those things that will help the aged. I think we need to work on that and I would welcome a seat on that committee if I may. The people’s proposition, it would be lovely if through the discussions with the States Greffe and with P.P.C. that we could have that for consideration because 5,000 votes is a lot of votes out of our population, of the over-18s. It would be wonderful to give people their voice. We want to be transparent, we want to be open and we want to engage with our Islanders and this is a really good area that we can do that

via a people's proposition, so I await guidance on that. I do not want us to be here for too long and I think I have summarised it as best I can, but a huge thank you, if I may through the Chair, to Paul and to Allan who I know feel very passionate about this. I know that we are not meant to discuss that but I wanted to say thank you anyway.

The Bailiff:

No, I am afraid one really should not be playing to the public gallery, Deputy Ward, if I may put it that way.

Deputy B. Ward:

I apologise, Sir. I apologise. I think that is it and thank you very much indeed. We have opened up something which hopefully we can build on. Thank you very much, Members. **[Approbation]**

The Bailiff:

That concludes the in-committee debate. The one item of business which we have left is the statement to be issued by Deputy Morel. I understand it has come through electronically; I do not know if we have it in hard copy. I would like it in hard copy because I will use it to note, if that is possible.

[11:30]

Deputy Morel is not yet in the Chamber. Do I see him outside?

Deputy L.J. Farnham:

Deputy Morel is about to come into the Chamber to make the statement.

The Bailiff:

He is, indeed. **[Laughter]** As if by magic. Has everyone access to the statement on their machines?

The Greffier of the States:

No, it has just been circulated.

The Bailiff:

No, a number do not yet have that. It is literally just this second been sent. I am afraid I do not have access to it at this point.

Deputy L.J. Farnham:

Would a very short recess be permissible, Sir?

The Bailiff:

Yes. I think given that we have made excellent time in this morning's work, can I make the suggestion to States Members that we adjourn for perhaps 10 minutes and return afterwards? Does anyone wish to make that proposition for 10 minutes?

Deputy P.F.C. Ozouf:

I make the proposition to adjourn for 15 minutes.

The Bailiff:

For 15 minutes? Is that seconded? **[Seconded]** Does any Member wish to speak upon that? Those in favour of adjourning for 15 minutes, kindly show. Those against? Very well, we stand adjourned for 15 minutes. We shall be back in at 11.45 a.m.

[11:31]

ADJOURNMENT

[11:48]

STATEMENTS ON A MATTER OF OFFICIAL RESPONSIBILITY

2. The Minister for Sustainable Economic Development will make a statement regarding the update on the Ferry procurement

2.1 Deputy K.F. Morel of St. John, St. Lawrence and Trinity (The Minister for Sustainable Economic Development):

Sir, I would like to thank you and Members for giving me the opportunity to deliver a statement at short notice and I apologise for not being able to provide the text much in advance. As Members will appreciate, this is a fast-moving situation but I think it is important, given the significance of our sea links, that I provide this update today. There has been a great deal of media coverage from both Jersey and Guernsey in recent weeks providing commentary on the ferry procurement process and the future of our sea links. In answering the media's questions and putting out public statements, we have had to take great care not to divulge commercially-sensitive information or to prejudice the outcome of the procurement process. I regret that this has left only a small part of the picture in the public domain and it is important that Members have a full context to provide reassurance in our current position. In addressing the Assembly today I want to give an overview of Jersey's decision-making process to date, and I am mindful that parliamentary privilege allows me to do so. In terms of context, I must first refer to the financial implications I mentioned earlier this week and have mentioned many times in the media. Members are aware that last year I received 2 requests for financial support from Condor Ferries. The first was for an €80 million guarantee and the second for €40 million, with €10 million needed urgently. Condor's insolvency was ultimately prevented without the need for public funds from Jersey but we decided with Guernsey to protect our lifeline services by engaging contingency at a cost so far of approximately £3 million to each island. This contingency option is not a decision we have taken lightly, however, given what we knew about Condor's financial position, it would have been simply irresponsible not to put arrangements in place to ensure our supply chain remained secure. Failure to do so would have presented unacceptable risk, not only to our economy but our ability to get essential food and medicine into the Island. This was the prudent thing to do to protect the Island's supply lines. I give this context because it helps explain why I have been so focused on Condor's finances, something which I have made very clear to both Guernsey and Brittany Ferries throughout the past year. I have repeatedly sought reassurance from Condor Ferries and their shareholders that the company will improve its financial position and be able to complete its contractual obligations under the current operating agreement. I am yet to receive these reassurances. Instead I received notice from the chair of the board of Condor Ferries on 11th September stating that: "In the event that Condor Ferries was unsuccessful in securing the future operating agreement, the firm could not guarantee that it will be able to continue trading for the remainder of the operating agreement until March 2025." The letter made it clear that Condor Ferries would likely require funding from the Government of Jersey of up to £36 million in order to see out its contractual obligations. I replied to the chair on 23rd September expressing my concern that Condor Ferries may be unable to deliver on its contractual obligations inherent within the operating agreement and asked for further assurances and an update on future shareholder support and intent. Despite further correspondence, these assurances have not been forthcoming. Guernsey have made it clear that they were going to award to Brittany Ferries but I was not in a position to make this award because of my concerns about their financial situation, and that is the Condor Ferries' financial situation for clarity. This was also because Condor Ferries continued to fail in the Jersey scoring, both on a binary yes/no point about the age of their fleet and on their financial situation. I should clarify at this point that since Guernsey's announcement that Brittany Ferries is their preferred bidder, we have sought clarification as to whether a new operating agreement would be signed by Condor Ferries or Brittany Ferries. The C.E.O. (chief executive officer) of Brittany Ferries has confirmed that any agreement would be signed by Condor Ferries only as the operating company and not with Brittany Ferries, as the parent company. As of this year or as of a new contract being signed, I believe, Brittany Ferries will hold a 51 per cent ownership share of Condor Ferries but Condor's financials, as the operating company, remain in a distressed position. The future

operating agreement would, therefore, be delivered by Condor Ferries and not by Brittany Ferries, therefore, I have to regard this bid as being from Condor Ferries. Part of this was because our analysis of Condor's business plan included growth plans that were deemed to be unlikely to deliver, as they were overly optimistic, given the high levels of debt in the company, which has been a promise of restructure, continues to remain at a very high level and, most importantly, their promises of future fleet investment are wholly dependent on successful refinancing in 3½ years' time. Therefore, there is no guarantee of there ever being future fleet investment. Importantly, despite repeated requests for financial guarantees, these have not been forthcoming and I am yet to receive adequate reassurance. As Minister, I firmly believe that I cannot ignore these concerns or warnings from our officers. Members may well be asking: "Well, why not go with the DFDS?" I can tell Members that by any common-sense reading of the 2 bids it is clearly the better of the 2, promising more fleet investment more quickly and with a more stable corporation, which is over 40 per cent owned by a long-established charitable foundation for mariners. However, DFDS's bid failed on a technical legal point, one which I could not personally fathom because the legal element was still to be negotiated but which I accepted. However, their elimination did not mean that I could easily jump towards Condor Ferries for all the reasons I have just stated. I have said many times that Ministers are the first line of scrutiny and that includes scrutiny of processes. Ultimately, any decision is a political decision. I believe I have been elected to bring common sense and judgment to decision making. Islanders are fed up with being dictated to by process, particularly when the process does not deliver what I would consider a sensible result. As I have moved through the situation, I have liaised with the Council of Ministers and Scrutiny. I have always asked - and I believe Members can attest to this - am I seeing this wrong? Please tell me if I am. The response from all has been a resounding support and, as recently as last Friday, the Council of Ministers voted informally but by a very large majority to put into action our current plan, which is to abandon the previous process because I could not award to either bidder and embark on a new rapid process to confirm the new ferry company for Jersey. That process is short and simple. We are inviting both companies to provide details on what services they can offer. Meetings with the companies will be held next week. Independent valuers will assess the bids. Officers will provide a preferred bidder recommendation by the end of this month. I will then seek Council of Ministers' support for the recommendation and we will then announce the winner, also by the end of this month. All of this is aimed at starting services at the end of March. There are strong reasons why we have taken longer than Guernsey, which I have outlined. We need to ensure financial sustainability of a 15-year contract and we need to ensure investment in vessels. We need to ensure our freight aims are met and that means delivering a flat-rate card, as required by the tender process, something, which I have to add, Condor has failed to deliver so far. We must ensure that this is right for Jersey. We cannot be forced into a decision which we believe is wrong for Jersey and the joint process, in my opinion, was on the cusp of delivering just that, a service that delivered uncertainty and risk for the Islanders of Jersey. This new and fast process will allow us to make the right decision for Jersey's future lifeline ferry services.

The Bailiff:

There is now a period of 15 minutes available for questions to the Minister.

2.1.1 Deputy J. Renouf of St. Brelade:

Can I thank very much the Minister for that statement, which I think will come as a huge relief to the Island, to finally hear some of the arguments put out in the open in such a clear and forthright terms? Can I ask him about one particular aspect of the previous bids? It was mentioned a lot in the media, which has not yet been addressed, which is Guernsey's opposite number to the Minister said that the DFDS bid, the reason they did not go with the DFDS bid was because DFDS did not have a ferry fleet available. Can he comment on whether that is also his understanding?

Deputy K.F. Morel:

I have to admit, and because I really do not want to end up in a tit-for-tat with Guernsey, that is not my desire here at all. I have refrained from speaking on that point. But I do know that in the DFDS

bid they named a fleet as their primary mobilisation fleet, which was not based on Condor Ferries' vessels. It was based on a fleet, part of which they own, part of which would be chartered but they were able to provide letters of charter, intent to charter, as proof that they have access to those vessels. That start-up fleet is an entirely viable start-up fleet. It was legally underpinned in terms of those letters of charter where the vessels were not owned by them but by DFDS themselves. From my perspective, I have never had any concern about the ability for DFDS to create that mobilisation fleet, not using Condor's fleet.

2.1.2 The Connétable K.C. Lewis of St. Saviour:

It is just a few points of clarity I would like from the Minister. My understanding is that Brittany Ferries owns 51 per cent of Condor; I am not sure if that was correct, but they are running it as a completely separate entity with regards to financing. I apologise if I misheard, did the Minister say that Guernsey have signed with Brittany Ferries or with Condor?

Deputy K.F. Morel:

Obviously I am not in a position to confirm one way or the other who Guernsey has signed anything with; I just am not there, I cannot know. One of the questions that we had throughout the bids was: who is this bid with? This is where I understand that the media were asking me: "Surely you knew, surely you knew." No, over 9 months we still had a lack of clarity over who this contract is with. The bid was made in the name of Brittany Ferries; that was the tender bid, it was made in Brittany Ferries' name. We finally got confirmation of this a week last Friday in a direct email from the Chief Minister, I believe, to Brittany Ferries' C.E.O. It was one of the clarification questions and it was given with that simple yes/no answer at the end: "Will we be signing a contract with Brittany Ferries? Yes/No." The answer came back: "No, you will be signing a contract with Condor Ferries." It was at that point that we finally had real clarity. I know in the tender documents it does mention it in places Condor Ferries, et cetera, et cetera, but until a week last Friday we were not 100 per cent sure who we would be signing the contract with. We then received that answer and it gave us that clarity finally, that we would be signing a contract with Condor Ferries.

2.1.3 Deputy R.S. Kovacs of St. Saviour:

With both Condor and DFDS failing to meet key requirements, is the Minister confident that a new reliable ferry service can be secured in time to meet Jersey's needs, especially considering the tight timeline for a new agreement by March?

[12:00]

Deputy K.F. Morel:

Yes, with either bidder I have no doubt that 1st March and 31st March they will be able to deliver a service of sorts. Sorry, not of sorts; with either bidder they can deliver that service. Condor, in theory, would carry on with what they have got and DFDS have named a fleet that they would bring into action and they are able to do that. I have no concerns there in that respect.

2.1.4 Deputy R.S. Kovacs:

If it will not be for any reason for the already mentioned companies to meet the requirements, is the Minister aware of any other ferry services provider having any interest and capacity of serving Jersey?

Deputy K.F. Morel:

We know there was a third bidder but that third bidder was eliminated at the first stage of the process. I will not go into the reasons here, that is not fair but there was a third bidder, whether they would be interested again I do not know. At the moment I do not think there is value in going out to the wider market again; that would just add time to the process, so we work with the 2 bids we have.

2.1.5 Deputy I. Gardiner of St. Helier North:

Thank you, Minister, for the statement. I had a bit more clarity with some of the questions that were asked. My question, how and why the Minister is confident now that in 2 weeks' time we will finalise the process? Because the Government did not manage to finalise the process from January, so it was 7 months of the process. Why does the Minister think that 2 weeks will be enough to announce the bidder?

Deputy K.F. Morel:

The officer team has been working with the Procurement Department. We absolutely expect bids that come back in to be based in large part on the original bids, changed for the circumstances. Having worked through that, we believe it is possible to absolutely deliver, given that they do not have to do a lot of work on the bids themselves. They will have to change them according to the circumstances; that we believe it is possible to do that within the next couple of weeks. That is not something we are concerned about and my officers and the procurement team are comfortable with that.

2.1.6 Deputy I. Gardiner:

Would the Minister advise if it will be his decision or it will be a vote at the Council of Ministers?

Deputy K.F. Morel:

From a legal perspective I am the decision maker, so in that sense it is my decision. But I absolutely want this to be backed by the Council of Ministers and I do not have big objections to the States Assembly, but I do think it is a lot more difficult only in terms of the States Assembly when you are talking through procurement processes you can go down a lot of rabbit holes of detail and so I think it becomes difficult. My preference would be to seek Council of Ministers' support for an officer recommendation following that process and to go with the Council of Ministers' support; that would be my preference.

2.1.7 Deputy C.D. Curtis of St. Helier Central:

Can the Minister explain how inter-island travel would work if we end up with separate companies involved? Would both companies be allowed to dock in both islands and does the Minister expect any difficulties in this area?

Deputy K.F. Morel:

Both companies would be allowed to provide inter-island travel. The exclusive part would be on the U.K. to Jersey, St. Malo to Jersey part, not on the bits between the islands. In that sense I do not see any issues with that. There would be no benefit in us refusing in some way boats arriving from Guernsey. It would just be that, for instance, freight would have to come directly from the U.K. or from France.

2.1.8 Deputy D.J. Warr of St. Helier South:

My first question is obviously we knew last year that Condor had financial difficulties because of their requirement for support. How was it that Condor were allowed, therefore, to put a bid into this if we already knew they were in financial viability? Did that not breach some of the entry criteria for putting a bid in?

Deputy K.F. Morel:

Obviously as the incumbent it has been really important to make sure that we have a free and open tender process and also that we do not want to disrupt existing supply routes. I cannot go into any detail about decisions made within the procurement process around that. I was not there for all of those decisions. But Condor were able to enter the bidding process and I have to take assurance from the assessors that that was a reasonable thing to do.

2.1.9 Deputy D.J. Warr:

Just to carry on this, there are issues around volume. One of the big issues in all of these routes is around capital versus volume of turnover. Ships are very expensive to run. We obviously have a finite number of people who can use those routes. It begs the question, are the routes genuinely viable for a new operator? That is probably one of the major questions. Is this model sustainable, as the way the bidding process is going? The other question is in terms of interest, you talked about interest liability of Condor, what is the scale of interest that they are paying away which is not being reinvested in the fleet? Can you give us some indications on that?

Deputy K.F. Morel:

Just starting with the last bit, I do not want to go into the intimate financial situations around any one company in any more detail than I feel I have to. I would not concentrate on interest rates beyond the main bank debt I think is what I would call a reasonable interest rate. But there is another element after restructuring which attracts some very eye-watering interest rates. But those rates do not have to be paid on a regular basis, so in that sense would not immediately hit cash flow. But when I have learned about some of those more eye-watering interest rates, what I can say is that they also confirmed to me - in fact you might call them coupon rates, rather than interest rates - that this is a distressed asset because the numbers around them were in the land of this is only asked when there is distress of such an asset.

Deputy D.J. Warr:

I do not think the first bit was answered.

Deputy K.F. Morel:

I am sorry.

Deputy D.J. Warr:

Okay, so that was about the viability of the routes and the model. Does the Minister believe that this is a model that is viable? I do not know whether routes are growing or the numbers are falling. I do not know where he is at with all those questions but that is in the general area.

The Bailiff:

I think the question has been asked.

Deputy K.F. Morel:

Yes, I need to be careful. Obviously I do not want to prejudice the current new process in any way. It is absolutely viable. I have spoken to, in this case, particularly the newer company, DFDS: "Would you be interested in the Jersey-only route?" The answer is: "Yes, absolutely." They are modelling their bid on obviously what they had already provided and adjusting it to a Jersey-only route. Their potential advantage is for a Jersey-only route, shorter freight times because the freight could come directly to the Island. From the perspective of Jersey's amount of freight and passengers, it is an entirely financially-viable option, believe me. Certainly as the new bidder, DFDS would not be interested in bidding if they did not think it was viable. I have no concerns about viability and I think we could benefit as an Island from shorter sailing times.

The Bailiff:

I have 11 Members still wishing to ask questions and 2 minutes left. I am going to assume that the Assembly would wish to extend by 15 minutes, which is permissible.

Deputy P.F.C. Ozouf of St. Saviour:

Sir, can I move that proposition too? It is quite ...

The Bailiff:

Yes, I was not even going to take it as a proposition, I was just going to accept that that would be the case and that is what we will do.

2.1.10 Connétable ~~D. Johnson~~R.D. Johnson of St. Mary:

I thank the Minister for clarification on a number of points. My question relates to the paragraph in his statement, which says: "I have repeatedly sought reassurance from Condor Ferries and their shareholders that the company will improve its financial position and be able to complete their obligations", et cetera, and concludes: "I am yet to receive those reassurances." It is not unusual in any commercial operation for a smaller company to seek the backing of its parent in a situation. The question I have, therefore, is has the Minister had direct contact with Brittany Ferries and have they given any assurance or have they declined to answer or does he still hope that some form of assurance might be given by way of backing or guarantee?

Deputy K.F. Morel:

These sorts of assurances are exactly the sorts of assurances that I have been seeking, some of my Ministerial colleagues have been seeking and I know officers were seeking beforehand. I will say Brittany Ferries in their initial bid, which is now dead in the sense that that process is finished, did say they would provide performance guarantees for Condor's service. In itself that sounds fine on the surface of it but a performance guarantee is about saying we will make sure those boats will sail, we will make sure we will have the right frequency, we will have the right amount of vessels, et cetera. What that does not deal with is a situation in which Condor, if it were to go into administration, which has been my concern throughout, what would happen then? Because Condor's vessels would end up in administration, they are owned by Condor, they are not owned by Brittany Ferries. Once Condor's vessels are put into administration, what can then be done for them? That is the point, this is why wanting financial guarantee and even financial guarantees are a concern because they can be talked around, let us say. But a performance guarantee is not enough because it does not deal with that situation in which Condor has gone into administration. For me, from my perspective such a guarantee was not sufficient.

2.1.11 The Connétable of St. Mary:

I was just simply wondering whether the initial reassurances given by Brittany Ferries could be extended to include the administration or the going into administration of Condor Ferries should that happen; has that been attempted?

Deputy K.F. Morel:

What I can say is I cannot say specifically if that specific question has been put. I do not know. But what I do know is we have asked continually for financial reassurance, financial guarantees, et cetera. "How will you make sure that Condor does not go into administration in the future?" But on top of that there is the issue of the fleet investment and for me the fleet investment ... I have read and read and I just cannot understand how I, as Minister, can be assured on fleet investments when that fleet investment is entirely dependent on future refinancing. That future refinancing has uncertainty around it. Firstly, it may not happen and, secondly, the interest rates surrounding financing because of changes in the world. At the end of the day we know the world is currently going through a volatile period. We do not know where those interest rates for refinancing, should they be successful, would end up. If they were more stringent than they are today it may be that Condor is not in a position to invest in the number of vessels that it originally says it would invest in and it might have to invest in fewer or none at all. There is that uncertainty around the future refinancing and the entire fleet reinvestment being around that, being tied to that refinancing; that again provided the level of uncertainty that I just found was too large for me, as Minister, to accept on behalf of the Island.

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

The Minister has told us that DFDS was clearly the better of the bids or put in the best of the bids, promising more fleet investment, which he is concerned about, more quickly and with a more stable

corporation. However, it failed, the bid failed on a technical legal point, 3 words, technical legal point. What did the Minister do to mitigate that technical legal point?

Deputy K.F. Morel:

There is not a lot I could do because they were eliminated as a result of that. The position was that they are not involved in that sense anymore. But I say I could not fathom that because what was being asked for was, effectively, something which would be negotiated at the next stage. What happened - and I know I am going into detail - was both parties were provided with a concession agreement, effectively, as a contract and said: "Please mark up where you would like to negotiate potential changes to this agreement." DFDS came back with a list of things that it wanted to negotiate and it was at that point though that it was marked and it was deemed that the areas they wanted to negotiate, I guess they were saying: "So severe that we could not go ahead with it." But I did not understand that because, firstly, I felt the area they wanted to negotiate made sense and, secondly, the negotiation has not taken place. How can we know what their final position will be? We could not. That is why I could not fathom it because if the negotiation has not taken place, why is it being written off at this stage? That was something that I just could not understand. But - and it is important - I accepted it and so I said: "Fine, DFDS are eliminated on that point. But that still does not mean that I can just immediately turn around and say: "That is okay, we will sign a contract with Condor/Brittany Ferries." One of the reasons for that was ...

The Bailiff:

Could I ask you to bring your answer to a close, please?

Deputy K.F. Morel:

Sorry. Because in the Jersey scoring they had failed in 2 areas, 2 mandatory fails on the Jersey scoring; that was not reflected in the Guernsey scoring. But I had to look at that and I am here to stand up for Jersey.

2.1.13 The Connétable of St. Lawrence:

But the legal element was still to be negotiated, why did the Minister not allow that process?

Deputy K.F. Morel:

That was not something that was in my hands at that point. Again, I do not want to get into tit-for-tat, Guernsey said: "DFDS have been eliminated, therefore, we are negotiating with Condor/Brittany Ferries, end of story."

[12:15]

That did not give me any room within that joint process to enter into those negotiations. That is one of the reasons why we, ultimately, had to bring a joint process.

2.1.14 Deputy K.M. Wilson of St. Clement:

Just to inform the Assembly, as a member of the Scrutiny Panel that we will obviously be scrutinising more on this. If I could ask the Minister to explain, did he consider withdrawing from the joint procurement process, given what he and the Guernsey Government knew about the financial position of Condor Ferries? Why did he, therefore, continue to engage in the process when surrounded by so much financial uncertainty which has led us to this point?

Deputy K.F. Morel:

Obviously this is an area of legality, this is an area of where you turn to advice and officers' advice in a big way. I had been suggesting some days in advance of the actual abandonment decision that we needed to exit from this process. There were various reasons, including the protections that the existing process gave us to operate within. That meant that we stayed within the process for perhaps a few more days longer than I personally would have thought. But, again, because I am not an officer,

I do not have all of the technical expertise to know exactly when is the appropriate time to exit from the process. I took the advice, which was to remain within the process until the point at which we did.

2.1.15 Deputy K.M. Wilson:

The Minister made reference to the fact that he was the decision maker, so there are still some questions as to why he did not make that decision, irrespective of the advice given to him. The question is really about if DFDS was his preferred provider, what has the Minister received from DFDS that gives him more assurance that this is the more preferable operator?

Deputy K.F. Morel:

I think it is really important to say that I do not stand here saying the preferable operator. What I stand here saying is that I was looking at these bids and I was looking at the process and what I could read in the bids did not match what has come out of the process. That was the real problem from my perspective; the 2 were at odds with each other. In itself you could, potentially, overlook that if I had those reassurances around the financial stability that I was asking for. Because there is no world in which I wanted to be in this position today; I did not want this to happen. I would have loved to have been able to say to Guernsey: "Yes, let us go. There are reasons why the other bids can still work, let us go with that." But because those financial questions that remained at large, I did not feel able to say: "Yes, therefore, because of the elimination I will move with the other one." It was that simple. I could not sign up in my heart to a 15-year contract when I was not reassured. I know other parties will - to use a colloquialism - pour shade on my lack of reassurance in the finances but that is why I am here as Minister. Honestly, I have run this past many, many Members of the States and many Members of the States, including the Council of Ministers, have come to the same conclusions as I have, that it was not possible to move and to ...

The Bailiff:

Again, Minister, I must ask you to bring your answer to a close, as many want to ask questions.

2.1.16 Deputy H.L. Jeune of St. John, St. Lawrence and Trinity:

I suppose the Minister has touched on this before about the viability of the route but it was mainly in relation to getting people on and off the Island. But of course, as we have been discussing earlier, the cost of living in Jersey has been going up and that is related of course to bringing in goods to Jersey, as 99 per cent of our goods come in via freight. I just would like the Minister maybe to explain a little bit more about a point that he made that he felt the viability of the route was supported if we had U.K. direct to Jersey or Jersey direct to France. What kind of mechanisms are put in place to ensure that that does not creep up and there is not an increase in the cost of living or cost of goods to Jersey because of that direct route?

Deputy K.F. Morel:

Thank you, Deputy, because the Deputy is absolutely correct in the sense that I have been assured that the route is viable. I believe that we will see bids very much based on accepting bids in terms of pricing and things like this. But until we see that through this new process I will not know. Obviously there is a period of negotiations, we will talk with both companies and I still talk with an open mind. I think it is really important for Members to understand that that was that process, we are now entering a new process. Should I have the right guarantees, the right satisfaction around financing? I am still prepared to work with either bidder; that does not concern me. But until we see the ink on the paper we will not know exactly in terms of pricing, that we are in a new process with new bids, it is that simple.

2.1.17 Deputy H.L. Jeune:

The Minister talked about that kind of freight cost component in the old bid that now, I assume, will be brought over to the new bidding process but could the Minister explain a little bit more how to

ensure that prices will not rise exponentially because of this new piece over the 15-year period and what kind of mechanisms are used for that?

Deputy K.F. Morel:

Yes, it would be perfectly normal and I believe this was part of the previous tender process as well, is to put limits on the amount of price rises, R.P.I. (retail price index) plus X, that sort of thing and I would expect that to be part of this new process.

2.1.18 Deputy P.F.C. Ozouf:

I am grateful for the Minister to making this statement but it is undoubtedly an extraordinary concerning situation. We are now hearing from the Minister, which is going to lead to my question about how to move forward. We are now dealing with a situation of a failed tender process and a need for a swift resolution to secure reliable ferry services. In time there is going to have to be lessons learned because I do not think we should be here, nobody would want to be here. How is the Minister going to ensure that what has not happened in the process so far that there is rigorous scrutiny and Back-Benchers can in private, as necessary, oversee what he is doing, ask questions, so that we can together act in this sort of spirit of this Assembly where we are supposed to be constructive scrutineers? On a point of detail, can the Minister clarify the specific legal point on which DFDS failed on the joint bid and whether he thinks that that issue can be dealt with in now the single as yet unknown tender process? I hope that is okay as a question, Sir.

The Bailiff:

I think it is, yes, Deputy.

Deputy K.F. Morel:

I think with regard to the first part of the Deputy's question, the Deputy referred to scrutineer; that is exactly what Scrutiny is here for. I am open to Scrutiny, et cetera. Yes, the vice-chair of the panel is sitting next to the Deputy and I will be happy to invite Scrutiny into that process to look at that process; I have nothing to hide. The new process is set up to be rapid, it is set up to be fair, it is set up to deliver a result by the end of this month because we need to give certainty to the Island. I think it is really important we have this plan, it is a clear plan, it is an executable plan and we are executing it at the moment. I am completely reassured by that and I would be happy for Scrutiny to look at that. I have genuinely nothing to hide. But what I am keen on is we need to move. Islanders want certainty, we need to move quickly to deliver that result at the end of it.

2.1.19 Deputy P.F.C. Ozouf:

The question about DFDS and the legal point that meant DFDS failed a joint tender indicates that there was an important issue where guarantees could not be given, has that been able to be resolved if it is important?

Deputy K.F. Morel:

I will not speak to exactly what the legal point is, that is not fair, I believe, on the tender bid. But in clarification questions we received the comfort that we required that that is an entirely negotiable point. We are happy with that and that was always my thing, is why is somebody being eliminated now when that is yet to be negotiated? Obviously if that element was not negotiated appropriately in the coming process, then it would not be appropriate to award it to them, that is fine but we need to have those discussions about it.

Deputy P.F.C. Ozouf:

Sir, that was a point of clarification on the question that I had answered but can ...

The Bailiff:

I am afraid you are out of time, in any event. We have now ...

Deputy P.F.C. Ozouf:

Were there any other Members who wanted to ask questions on this important matter, out of interest?

The Bailiff:

There are a number of other Members who wish to ask questions but I am afraid Standing Orders permit 2 segments of 15 minutes and nothing more.

Deputy P.F.C. Ozouf:

It is not possible to lift Standing Orders on this matter of public importance.

The Bailiff:

If you lift Standing Orders on this the Minister would have no right to make a statement anyway. The Standing Order is the Standing Order. I will double-check the position because I realise this is ... which Standing Order? "After the Member of the States has made the statement, the Presiding Officer will allow a period of up to 15 minutes for other Members to ask him questions. A Member of the States may propose without notice that the time allowed for questions regarding the contents of the statement is extended by up to 15 minutes." There is nothing more beyond that. That is the Standing Order under which the Minister takes his statement in the first place. An application to raise this Standing Order would simply bring this process to an end because there would be no context in which it was happening in accordance with States procedure.

Deputy P.F.C. Ozouf:

I am troubled, Sir, because this is an issue of such public importance and I do not know whether you can guide ... there has been talk about an extraordinary States sitting to discuss this. There is huge public importance of this matter and this is the first time we are hearing about it. I do not know what to do, Sir, but this is a matter of ...

The Bailiff:

I am entirely sympathetic to the idea that there are Members who wish to ask question who have run out of time and we are simply not able to do it. There may be another mechanism but it is likely to be not until the next sitting of the Assembly, unless there is a requisition for an extraordinary sitting, which it would be open to Members to do. One would have to work out what the business process for that would be because otherwise you would be left with the same Standing Order, making a statement and 2 periods of 15 minutes. There would need to be some kind of debate topic which could be properly discussed but I do not think I am in a position to assist Members any further at this juncture.

Deputy L.J. Farnham:

If I may, Sir, and maybe repeat what the Minister is about to say but we have discussed this before and I am sure the Minister would be amenable and we would undertake to provide a private briefing for Members where questions could be answered as soon as possible.

The Bailiff:

It is an obvious answer it seems to me. Yes.

Deputy K.F. Morel:

Yes, Sir, I entirely support exactly what the Chief Minister said. I would also like to just quickly put on record my thanks to the Chief Minister, the Council of Ministers, Scrutiny and those States Members who I have spoken to. I apologise I will not be able to speak to all States Members. But I would like to thank all for their support in this. They understand that it is a really difficult situation that I am in and I am really grateful because through the difficult times in the past couple of weeks genuinely Members' support is one of the things that has kept me going. Thank you. **[Approbation]**

The Bailiff:

That concludes the in-committee debate.

ARRANGEMENT OF PUBLIC BUSINESS FOR FUTURE MEETINGS

The Bailiff:

We now move to the arrangement for future business.

3. ~~The~~ Connétable K. Shenton-Stone of St. Martin (Chair, Privileges and Procedures Committee):

Arrangement of public business, as we are all aware, our next sitting on 26th November has been scheduled to debate the Proposed Budget, the Government Plan. Bearing in mind this is a very long debate, I, therefore, would like to propose that, as happened last year, we sit on the Monday afternoon, which is 25th November at 2.15 p.m. to enable us to get through oral questions and questions without notice. If we agree to meet on Monday afternoon, 25th November, we can then commence the Government Plan, Proposed Budget afresh on Tuesday, 26th November. New items, in addition to the Consolidated Order Paper, are amendments 18 to 29, which are now being lodged and Draft Finance 2025 (Jersey) Law 202- P.72/2024 second amendment. These are for debate at the next sitting. P.66 has been deferred to the 10th, along with the Amendment to Standing Orders, P.80/2024, Amendment to Standing Orders - timeline for Ministerial appointments. I would like to propose that we commence the sitting for the Proposed Budget, the Government Plan, on Monday afternoon 25th November at 2.15 p.m. I make the proposition.

The Bailiff:

Is the proposition seconded? [**Seconded**] Does anyone wish to speak upon the proposition

3.1 Deputy P.F.C. Ozouf of St. Saviour:

I am not sure how many times we have had a Budget with 25 Budget amendments and it is going to take time. Members' patience is going to need to allow Members to hear, I have 4 amendments.

[12:30]

May I urge the Treasury and the Council of Ministers to engage in constructive discussions and to let Members know early whether they are going to have their amendments accepted, amended or whatever? On the repeated refrain throughout this process has been the lack of information from the Government. It is difficult to criticise but we need engagement early to avoid a lengthy debate that Members have to listen to turgid debates where we only get information at the last minute. I just urge the Government to meet with amenders and see if we can find a way forward. I have expressed that in the hope that this Assembly's time is not wasted.

3.1.1 Deputy L.J. Farnham:

I just want to, in response to Deputy Ozouf, the Council of Ministers are scheduled to meet tomorrow to start discussing the Budget amendments and we undertake to get back to Scrutiny and Members as soon as possible with our reaction to that. We are mindful of that position and undertake to work expediently.

The Bailiff:

Very well. Does any other Member wish to speak? Do you wish to respond at all, Connétable?

3.1.2 The Connétable of St. Martin:

No, thank you, Sir. As we have had no detractors, I would like to propose the arrangement of business and that we will all meet at 2.15 p.m. on Monday, 25th November.

The Bailiff:

Those in favour of adopting, kindly show. Those against? The Assembly will stand adjourned until 2.15 p.m. on 25th November.

ADJOURNMENT

[12:31]