

STATES OF JERSEY

OFFICIAL REPORT

TUESDAY, 4th DECEMBER 2007

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

QUESTIONS

1. Written Questions

1.1 TO THE MINISTER FOR HEALTH AND SOCIAL SERVICES BY DEPUTY S.S.P.A. POWER OF ST. BRELADE REGARDING COST OF MRI SCANS:

Would the Minister explain to Members how the MRI scanner is funded and what proportion of a scan's charge is devoted to consultant/staff/premises costs? How much profit has been made from the 8,332 private scans charged at £650 per scan and what proportion has been set aside to fund a replacement MRI scanner?

Answer

The new MRI scanner, which will become operational later this month, was purchased with funds made available from the States of Jersey Capital Programme.

The cost to the public purse of an MRI scan is £176.00, which is calculated thus -

consultant = £27
other Staff = £58
non staff consumables = £30
premises / overheads = £61.

Over the past eight years, £1.6m has been generated from private scans. As with all private income, it is reinvested back into public health and social care.

Under the existing rules which govern how the States of Jersey's public capital is accounted for, there is no requirement – nor any accounting methodology - to use fees to accrue the resources necessary to replace the MRI scanner in future years.

1.2 TO THE CHIEF MINISTER BY DEPUTY P.V.F. LE CLAIRE OF ST. HELIER REGARDING CLIMATE CHANGE:

Question

Following recent publication of a new report by the official Intergovernmental Panel on Climate Change (IPCC) -

- (a) what are the Island's current environmental commitments in terms of international agreements, how are they applied in Jersey and are they voluntary or legally binding?
- (b) What penalties, if any, could the Island face if it failed to maintain any of these agreements?
- (c) What are Jersey's current emissions by category as they are contained and identified in these agreements for the last three years?
- (d) What targets, if any, are we legally bound to achieve in any of these categories?
- (e) What intentions does the Minister have, if any, for committing Jersey to carbon reductions in the future?
- (f) Would the Minister consider an even greater cut than the United Kingdom's long term aim of a 60 per cent reduction in CO2 emissions by 2050?

- (g) Does the UK's decision to set legally binding limits have any impact on Jersey and has the Department sought legal advice in this regard?
- (h) What proposals does the Minister have to respond to the quickening pace of global warming?

Answer

- (a) Jersey is included in a number of Multi-Lateral Environmental Agreements by extension through the United Kingdom. The answer to this question has been restricted to the agreement that relates to Climate Change since that appears to be the area of interest identified by this question.

The Kyoto Protocol is a protocol to the international Framework Convention on Climate Change with the objective of reducing Greenhouse gases that cause climate change. Of the 172 parties that have ratified the protocol, 36 countries (plus the EU as a party in its own right) are required to reduce greenhouse gas emissions to the levels specified for each of them in the treaty.

A request was made to the UK Government in December 2006 to extend ratification of the Kyoto Protocol to Jersey and this was confirmed in May 2007. Jersey is included in the UK ratification and so our emissions are counted as part of the UK's 'carbon budget' and the Island has not been allocated a specific carbon emissions budget. Thus, because Jersey does not have an 'allocated amount' instead being included in the UK's quota, we do not have a separate enforceable binding target on emissions.

Nevertheless, the Island reports annually to the UK Government (via the Department for Environment, Food and Rural Affairs) which reviews our progress.

- (b) Although Jersey has obligations resulting from the extension of the Kyoto protocol, because there are no specific targets for Jersey there are no specific penalties that we would face as a result of the Convention. The commitments in international law lie with the United Kingdom as the state party. However, given that we report via the UK it is anticipated that should our emissions begin to rise significantly our performance would be challenged as this would contribute unfavourably to the UK's overall reduction targets.
- (c) A breakdown of carbon emissions by category from 2001 are given below as collated by the Statistics Unit. Note - Emissions from electricity generated at the energy from waste plant at Bellozanne are not included.

	Total road transport	Electricity Generation	Household and business	All	All less electricity generation
2001	34,799	17,072	59,718	111,588	94,516
2002	34,256	13,687	58,266	106,209	92,523
2003	33,576	2,392	57,159	93,127	90,735
2004	32,523	6,299	57,676	96,498	90,199
2005	32,074	2,606	54,675	89,354	86,748
2006	31,921	3,781	57,059	92,761	88,980

- (d) I refer the Deputy to the answer given in part (b).

- (e) Despite the lack of binding targets on the Island in respect of greenhouse gas emissions we recognise that Jersey has an important role to play in demonstrating global environmental responsibility. Therefore, I have set out a proposed approach in the Energy Policy Green Paper ‘Fuel for Thought?’ that is currently out for public consultation. Following the consultation process a White Paper will be formulated with firm proposals which the States will be asked to support.

The proposals in the Energy Policy Green Paper aim to achieve ‘secure, affordable and sustainable’ energy for Jersey into the future. I would refer the Deputy to Chapter 4 which proposes an ‘Energy Hierarchy’. The first and most important step of the hierarchy is to reduce energy use whilst the second step is to use low carbon fuels. Achieving the aims of both levels will contribute to a reduction in emissions as a result of energy use in Jersey.

The policy puts forward a policy and legislative framework to achieve these aims, including:

- Increasing the performance of the built environment comprising the domestic, governmental and industrial sectors to reach a target of a 20% reduction in energy use (Chapter 5);
 - Reducing reliance on fossil fuel powered transport in parallel with the aims of the Integrated Travel and Transport Plan (Chapter 6);
 - Implementing sustainable energy choices at the utility scale (Chapter 7) and at the community level via microgeneration (Chapter 10) and further exploiting energy recovery from waste (Chapter 8)
- (f) Jersey already performs well in terms of carbon emissions when measured against the agreed baseline 1990 performance. Since 1990, the Island’s emissions have fallen by 32% as a result of the switch from on-island oil-fired electricity generation to imported nuclear-generated electricity from France. However, we know that Jersey must demonstrate a global commitment to best practice and the proposals put forward in the Energy Policy Green Paper are that we reduce carbon emissions by 64% on the baseline year by 2050 - which is slightly ahead of the UK target of 60%.
- (g) The legally binding targets to which the Deputy refers are not applicable to Jersey but I reiterate that the intention is that they will be surpassed following the success of the policies and legislative improvements put forward in the Energy Policy Green Paper. As UK legislation does not extend to Jersey, except on the explicit request of the Island authorities, the Department has not considered it necessary to seek legal advice as to the enforceability of the UK’s targets. The Island has had an exchange of correspondence with the UK in preparation for the extension of the Kyoto treaty which gives assurance that binding targets will not be extended to Jersey.
- (h) Climate Change presents a variety of challenges to the Island as well as some opportunities. The Energy Policy Green Paper explores many of these in Part 4 – ‘Planning and Adapting for Climate Change’. It is intended that Jersey will play its part to reduce the on-Island contributions to greenhouse gases through the measures I have described above.

However, the Island must also prepare for the effects of climate change and in particular the green paper highlights the need for preparation by those industries most likely to be first affected by climate change (agriculture, fisheries and to some extent, tourism – Chapter 11). In addition, there will be impacts of a changing climate on local biodiversity and resources and it is highlighted in the consultation paper that this must form part of future planning.

The Energy Policy Green Paper also identifies some of the opportunities presented by climate change. An example would be in the expansion of the compliance market or possibilities in international carbon trading arising from the Island's expertise in the financial sector.

1.3 TO THE MINISTER FOR PLANNING AND ENVIRONMENT BY DEPUTY P.V.F. LE CLAIRE OF ST. HELIER REGARDING SHARED EQUITY SCHEMES FOR JERSEY:

Question

In relation to the proposals on shared equity being brought forward in conjunction with the Minister for Housing, would the Minister advise –

- (a) what progress, if any, has been made in bringing forward for debate a shared equity scheme or schemes for Jersey?
- (b) whether any difficulties have been identified and, if so, when does the Minister expect that they will be resolved?
- (c) what work has been done, if any, in comparing existing U.K. schemes with the proposals for Jersey?
- (d) whether legal advice has been sought on the proposals and, if so, what legal difficulties, if any, have been identified?

Answer

- (a) I can confirm that significant progress has been made in recent weeks towards bringing forward a proposition relating to 'shared equity' homes.

It is important that I first clarify the Deputy's use of the term 'shared equity', which can mean different things to different people. For most it suggests a form of partial or shared ownership with only part of the property being sold and the remainder held by a landlord who receives rent from the occupier on the retained share. Many of the schemes in the UK are based on this model. However, the Law Officers' Department has advised that it is likely to prove difficult in Jersey to raise a secured loan on a shared ownership property, making it difficult or impossible to operate this model.

Fortunately, there is another option available to meet the aim of providing affordable homes for first time buyers. In the Social Housing Property Plan P6.2007 approved by this Assembly on 17th July this year, the Housing Minister brought forward a deferred payment scheme for States Tenants to enable them to buy former States rental homes, with up to 25% of the first time buyer value being deferred until the next onward conveyance. This scheme is similar to a scheme operating in the UK and known commonly as 'HomeBuy'.

The potential to replicate this model on rezoned sites is currently being examined closely by my officers, in collaboration with the Housing Department. Any proposal for such a scheme would need to be put out to consultation under Article 3(3) of the Planning and Building Law 2002, before being brought to the States for approval, as it involves an amendment to the Island Plan;

- (b) as indicated in my answer to part (a), work is ongoing and I expect the outstanding issues to be resolved in the near future;

- (c) a number of UK schemes were set out in the aforementioned Social Housing Property Plan and have been subsequently discussed between the Housing and Planning Departments. However, as I mentioned in my response to the first part of this question, these are not necessarily suitable for application in Jersey;
- (d) advice of the Law Officers' Department has been sought on specific aspects of these proposals and outstanding matters are currently being addressed as a priority consideration.

1.4 TO THE MINISTER FOR HOUSING BY DEPUTY P.V.F. LE CLAIRE OF ST. HELIER REGARDING SHARED EQUITY SCHEMES FOR JERSEY:

Question

In relation to the proposals on shared equity being brought forward in conjunction with the Minister for Planning and Environment would the Minister advise members whether it is proposed that the schemes which will be introduced will allow for private sector tenants to have access to them?

Answer

The Minister for Planning and Environment has already dealt with the issue of the terminology being used so I will not reiterate that point, save to confirm that we are proposing that in the interests of clarity the Jersey scheme be known as 'Jersey Homebuy'. That scheme will operate in relation to the development of rezoned sites and therefore, yes it will be accessible to all first time buyers who meet the criteria for affordable housing.

1.5 TO THE MINISTER FOR SOCIAL SECURITY BY DEPUTY G.P. SOUTHERN OF ST HELIER REGARDING THE PROMOTION OF INDEPENDENCE AS PART OF THE SOCIAL POLICY FRAMEWORK:

Question

Given that the first Key Principle of the Social Policy Framework is that of 'Promoting Independence', and that the Framework also states that all major policy initiatives should be assessed against the Aim and Key Principles of the Framework, what assessment, if any, has been made of the Minister's decision to take control of rental payments to the Housing Department away from tenants and how does this decision rate in terms of 'Promoting Independence'?

Answer

The principles of The Income Support system were developed some time before the publication of the Social Policy Framework in May 2007 but the aims and principles of the Framework are very closely aligned to the aims and principles of Income Support.

Rent abatement currently provides a benefit to tenants of the Housing Department by reducing the amount of rent that they pay. All tenants receiving rent abatement currently pay a discounted rent and are not in "control" of their full rental payment.

The Income Support system requires that payments of Income Support should be made in the best interests of the claimant's household. As existing Housing Department tenants are accustomed to paying a discounted rent under the present system and the provision of housing is a basic necessity of life, it is considered reasonable to make direct payments to the Housing Department, in respect of rental for Housing tenants. Tenants remain responsible for any balance of rental payment, depending on their household circumstances and income.

Over 3,500 households have been informed of the new arrangements and have been given the opportunity to comment on the on the amount of benefit that will be paid direct to housing. Approximately 10 individuals have responded to the Department requesting some alteration in the proposed arrangements. These requests will be dealt with on an individual basis.

The principle of promoting independence, as set out in the Social Policy Framework relates to providing individuals with tools and skills to enable them to make choices during their lifetimes to help them achieve independence. These include helping individuals make healthy lifestyle choices and encouraging people to undertake education and training so that they can find employment at a level to provide financial independence.

The direct payment of rent is more closely aligned with the other two principles within the Social Policy Framework, namely “supporting those at risk” and “protecting those in need”. By ensuring that families who need support are provided with decent accommodation and are less likely to face the problems associated with rent arrears, Income Support will play an important role in helping families, so that they can become independent in the future.

1.6 TO THE MINISTER FOR HOUSING BY DEPUTY G.P. SOUTHERN OF ST. HELIER REGARDING PROPORTION OF STATES SOCIAL RENTING TENANTS PAYING BY DIRECT DEBIT:

Question

Will the Minister inform members what proportion of States social renting tenants currently have agreed to have their rents paid directly from their income source (employer, Social Security or welfare departments) and what proportion does he anticipate will do so under the Income Support Scheme?

Answer

The Housing Department presently operates the rent abatement scheme which provides rental assistance for 71% of its own tenants. Rent abatement is paid internally from source and credited against each individual rent account. This 71% of tenants then have their net rent to pay (after abatement has been paid) and 7% of tenants have elected to pay their net rent by way of wage deduction or direct from the Social Security or Parish Welfare Departments. Therefore, at least 71% of tenants pay either their entire rent or part of it direct from one of the sources mentioned.

Under the Income Support scheme it is the total rent rather than the net rent (after abatement) which will be charged and we anticipate that due to the transitional arrangements put in place for Income Support the numbers of States Tenants receiving a rental subsidy will not change. It is likely therefore that 29% of tenants (those presently paying maximum rent) will continue to pay by their normal method, and of the 71% remaining they will continue to pay at least a proportion of their rent from source albeit that the source will have changed from the Housing Department to the Social Security Department.

1.7 TO THE MINISTER FOR TREASURY AND RESOURCES BY DEPUTY G.P. SOUTHERN OF ST. HELIER REGARDING SPECIAL PAYMENTS FOR THOSE FALLING BETWEEN INCOME SUPPORT AND INCOME TAX THRESHOLDS:

Question

- (a) Will the Minister estimate how many households/individuals fall into the 'gap' identified between Income Support and Income Tax thresholds and who will be able to receive the type of special payment announced in the Assembly at the last meeting?
- (b) Will the Minister explain when and how such numbers were identified and when and how the sums of money required were calculated?
- (c) Will the Minister advise members how this policy 'creates and supports independence' in line with the first key principle of the Social Policy Framework and is not simply a 'quick fix' which is identified as a fault of current social policy in the Framework?

Answer

- (a) It is not possible to accurately estimate at present how many households will neither receive income support nor pay income tax. Indications are, however, that it is likely to be less than half a household income quintile i.e. less than 3,500 households. A detailed scheme is being developed, including the criteria to receive the special payment. This scheme will be brought to the Assembly for approval.
- (b) As stated above, such numbers have not been accurately identified as yet, but based on it being less than the 3,500 households the sum of money required for the refunds could be in the region of £300,000.
- (c) The prime purpose of this policy was to avoid a tax giveaway of over £2m to the highest earners in society, incur more than £0.5m in administration, and increase businesses costs and complexity, in order to provide only £300,000 in benefit to some of the less well off, through the zero rating of food. Accordingly its prime purpose was not to 'create and support independence'. Its purpose was simply to provide a simpler and fairer solution to the effect of imposing GST on food on the same basis as the U.K.

1.8 TO THE CHAIRMAN, COMITÉ DES CONNÉTABLES BY DEPUTY G.P. SOUTHERN OF ST. HELIER REGARDING THE ELECTORAL REGISTER:

Question

Given that the St. Helier electoral register for the coming election for Connétable contains only around 14,000 names, will the Chairman advise the Assembly what actions, if any the Connétables will be taking to ensure improved registers in all parishes in time for the October/November 2008 elections?

Answer

The Public Elections (Jersey) Law 2002 requires the Connétable to write to every unit of dwelling accommodation each year to ascertain the names of those who are eligible under the law to be registered to vote in public elections. If no response is received, a further two reminders are sent to the address. The Connétables will be undertaking this exercise in spring 2008 and envisage that publicity will be undertaken at this time to remind all persons of the autumn 2008 elections.

The number of persons registered will vary on a daily basis as a person has a duty to register once they satisfy the eligibility criteria. New 3-year registers started in July 2006 and we expect the numbers registered to gradually increase during the life of the registers.

The Judicial Greffe advertises, four times a year in accordance with the law, the requirement for people to register as electors. A high profile campaign was funded by the States during the summer 2005 to encourage more persons to register prior to the elections and this helped to boost the number on the registers. I do not know if the States intend to repeat this exercise in 2008.

1.9 TO THE MINISTER FOR HOME AFFAIRS BY DEPUTY S.S.P.A. POWER OF ST BRELADE REGARDING THE DEPORTATION OF DRUG TRAFFICKING OFFENDERS:

Question

- (a) Following the recent Criminal Justice policy debate, will the Minister clarify for members whether a drugs offender or drug trafficker, having been arrested on arrival in Jersey and sentenced to lengthy custodial sentence in Jersey, is also deemed to have committed an offence at the airport or port outside the Island that the he or she departed from?
- (b) Would the Minister inform members why any such drug trafficker/offender cannot be deported back to that departing airport or port before the end of any sentence imposed in Jersey and then banned from entering Jersey again for that undischarged portion of his or her sentence?

Answer

- (a) If a person imports controlled drugs into Jersey, they have committed one, or probably more than one, offence in the Island. As they would have exported the drugs from another jurisdiction they would, probably also have committed one or more than one offence in the other jurisdiction.
- (b) There are a number of points raised in part (b) of the question which I will deal with in turn.

Deportation of foreign nationals

Persons who are not British nationals and who are convicted for serious offences can be, and quite often are, recommended by the courts for deportation at the end of their sentences. The Lieutenant Governor is responsible for ordering the deportations and he will usually follow the court's recommendation though he is not obliged to do so. This is provided for under the Immigration Act 1971, as extended to Jersey.

Deportation before the end of the sentence

Persons recommended by the courts for deportation can be deported before the end of their sentence where arrangements are made for them to serve part of their sentence in the United Kingdom. In these circumstances the Lieutenant Governor will order the deportation immediately prior to the persons removal from the Island.

Although Jersey does not yet have a repatriation of offenders law, the United Kingdom Prison Services treat us as if we did in relation to prisoners from the UK. This means that if a prisoner from the UK (principally England and Wales) requests to transfer to a prison in that jurisdiction and if they can provide supporting evidence of a link and confirmation that they would receive visits from close family if they were transferred then the Prison Service of England and Wales will accept them at zero cost.

We also have an agreement that England and Wales will take any of our prisoners, even if they do not wish to be transferred. This option will incur significant cost to Jersey.

Deportation of British Nationals

British Nationals cannot be deported under Immigration legislation, and there is no other legislation that allows any person, including British nationals, to be forcibly removed from the Island and banned from returning.

Sending persons back for prosecution

The answer to this is given in section 9.41 of the CJP which succinctly explains the position.

“..... the legal position appears to be that there is no existing legal power for the States of Jersey Police or Customs and Immigration to return suspects to their point of departure. Furthermore, to create such a power might cause legal difficulties with the Common Travel Area (CTA) concept. Since most drug importations originate from the U.K., it is doubtful whether any controls that might be possible would be effective. British nationals arriving from and returning to the U.K. could subsequently arrive from abroad (i.e. outside the CTA) but could not be returned abroad. It could also be argued that law enforcement agencies have a duty to detect and prosecute crime where it occurs. Returning suspects to their point of departure goes against this principle and could cause political difficulties with neighbouring jurisdictions. The international legal position in which Jersey exists prohibits –

- the introduction of immigration or border controls in relation to U.K., EEA and certain Commonwealth citizens;
- taking measures which would amount to control over the rights of such citizens to come and live in the Island;
- the Island from treating U.K. citizens differently from citizens of other EU states and EEA citizens – in relation to their rights to establish themselves in the Island, and;
- taking actions which might not be consistent with the U.K. Immigration Act as extended to Jersey, Article 4 of Protocol 3 and European Court judgments relating thereto.”

1.10 TO THE MINISTER FOR HOME AFFAIRS BY DEPUTY S.S.P.A. POWER OF ST. BRELADE REGARDING THE REMOVAL OF DAMAGED VEHICLES FROM THE SCENE OF ROAD TRAFFIC ACCIDENTS:

Question

Following the recent advertisement placed in the Jersey Gazette for interested parties to tender for the removal of damaged vehicles from the scene of road traffic accidents for and on behalf of the States of Jersey Police, can the Minister confirm that a fair and equitable process based on cost, efficiency, experience, availability, qualification and suitability of the recovery vehicles will be undertaken to assess tenders submitted?

Answer

Following a full and comprehensive review of the States of Jersey Police (SoJP) vehicle recovery practices by a senior UK police officer from Sussex police, a number of recommendations were made including: devising a contractual agreement with recovery operators based on best practice in the UK. Superintendent Morrison of the Sussex police Roads Policing Unit, also recommended the SoJP rota should consist of up to a maximum of three operators. The number of service providers who might tender is not restricted by the recommended maximum number of operators.

The States of Jersey Police has developed a 'Service Level Agreement' to be used as the basis of any contractual arrangements between SOJP and prospective vehicle recovery companies. This is based on the Association of Chief Police Officers (ACPO) specification which encompasses all of the above criteria mentioned in the question except for experience; it is not wished to discourage new businesses so previous experience has not been made a pre-requisite.

The processes in place to select vehicle recovery operators for its police vehicle recovery rota are robust and will provide the States with an efficient service and value for money. The States Director of Procurement has been consulted throughout the tendering process.

1.11 TO THE MINISTER FOR HEALTH AND SOCIAL SERVICES BY DEPUTY G.C.L. BAUDAINS OF ST CLEMENT REGARDING THE PREVENTION OF INFLUENZA:

Question

- (a) In view of recent media coverage relating to influenza prevention and treatment that some may have found confusing would the Minister clarify the situation by informing members whether –
- (i) Tamiflu and Relenza are antivirals, not vaccines, and need to be taken within 48 hours of the start of the illness to be of any use?
 - (ii) Tamiflu and Relenza are primarily for use against Influenza type A and B, and whether their efficacy against avian 'flu has been quantified?
 - (iii) a vaccine to protect against avian 'flu is currently available?
- (b) Given that drugs which fight the influenza virus, such as Tamiflu and Relenza, need to be taken at the onset of symptoms in order to be effective, would the Minister agree to implement Dr. Laver's (the 'flu vaccine co-founder) advice and make the anti-virals available 'over the counter' in the event of a major outbreak locally, thereby saving valuable time otherwise lost whilst patients wait for a doctor's appointment to get a prescription?

Answer

It strikes me that there may be some confusion in the minds of the lay public about the three different types of flu which have been topical in recent times: seasonal flu, avian flu and pandemic flu. I have added definitions at the end of this answer for ease of reference.

- (a) (i) I can confirm that Tamiflu and Relenza are antiviral drugs and not vaccines. These drugs must be taken within 48 hours of the onset of flu symptoms if they are to have an effect. The Medical Officer of Health, Dr Geller, has advised me that for antiviral drugs to be optimally effective, for treating pandemic flu, she would like to see patients taking Tamiflu within hours and the sooner the better.
- (ii) Avian influenza is a type A influenza virus (H5N1). Tamiflu and Relenza are considered effective if given early. They reduce the severity of the illness and can prevent death in this, the most severe form of flu ever seen in man. We have stockpiled Tamiflu for use against pandemic flu which is likely to be a variant of the H5N1 avian flu virus.
- (iii) A human vaccine has been manufactured which protects against avian flu. The potential of this vaccine to save lives, however, is that it is predicted to offer some protection against any H5 variety of flu. The World Health Organisation is currently on pandemic alert as bird flu has passed into humans and they predict it is only a matter of time before this

H5N1 virus variety can pass between people easily through coughs, sneezes and secretions, thus causing a worldwide flu pandemic.

- (b) Dr. Laver made his comments in the light of a seasonal flu outbreak in Australia. Our stock of Tamiflu is largely reserved for treating the more severe - pandemic flu. There remain some concerns about inappropriate use and side effects if available over the counter. I would also be concerned about drug resistance and therefore that the drugs could become less effective for when we really need them: **in a pandemic**.

NB In answering the above questions, I have restricted my answers to the role of Tamiflu in the event of a flu pandemic. There are three types of flu that people frequently refer to. Each of these have different implications for individuals, populations and health care planning -

- (i) **Seasonal Flu** - we see this every winter. It can cause varying degrees of illness in either a few individuals or in large numbers depending on the year. Currently we help to protect ourselves against this with the annual season-specific influenza jab for people over 65 and those with a chronic health problem.
- (ii) **Avian Flu** - this is a flu that affects birds. There are many different types but at the moment people usually use this term to refer to the H5N1 strain that is affecting birds around the world and that can be highly pathogenic to poultry. It is rarely transmitted to man with just some 300 cases noted in the last 10 years. However when man acquires this infection he develops a severe illness and this is what makes this type of flu a matter of particular concern.
- (iii) **Pandemic Flu** -this is a severe flu due to a new virus to which no one has immunity and which can spread rapidly from person to person- hence the term pandemic - an epidemic that effects the whole world. There have been three pandemics in the last 100 years in 1918, 1957 and 1968. We are therefore due another one at any time. While we cannot be certain which viral strain will cause this pandemic, H5N1 avian flu looks likely. Experts predict that if it is an H5N1 derived strain that it will cause a more severe illness and higher death rate than that seen during the last three pandemics.

1.12 TO THE MINISTER FOR PLANNING AND ENVIRONMENT BY DEPUTY G.C.L. BAUDAINS OF ST CLEMENT REGARDING THE PERCENTAGE FOR ART POLICY:

Question

With regard to the 'Percentage for Art' policy would the Minister –

- (a) advise why it was necessary to advertise for personnel to administer this, and what precisely the person engaged will do;
- (b) confirm that the situation as per the 2002 Island Plan still pertains, namely that the Percentage for Art contribution is entirely voluntary;
- (c) inform members whether the contributions are mainly for on-site works integral to the development and that the contributions, when offered, will not exceed 0.75% of construction cost;

- (d) assure members that, despite the reference to ‘strong encouragement’ on page 1 of the Interim Supplementary Planning Guidance Advice Note 3 of December 2006, no pressure will be applied to developers;
- (e) advise whether he intends to undertake further consultation and debate on this new initiative before its full implementation to ascertain whether, given the Island’s financial position, the public may prefer this new levy to fund basic infrastructure rather than art?

Answer

- (a) To help realise the provision of public art through the planning process in Jersey, there is a need to secure the provision of professional advice, both to the Minister for Planning and Environment and to the development industry about the application of funds generated by a Percentage for Art policy and the procurement of public art.

The main role of this service provider will be to -

- (i) provide advice to the Minister for Planning and Environment and his department about the application of funds generated by the Percentage for Art policy in respect of individual planning applications specifically in relation to the critical appraisal of public art proposals - including public art briefs; selection and commission processes; form and nature of the public art; and methodologies for procurement, project management and integration/ installation;
- (ii) liaise with the Department for Education, Sport and Culture’s Percentage for Art Panel, to facilitate the provision of advice to the Minister for Planning and Environment about the application of funds generated by the Percentage for Art policy from a local cultural development perspective, in respect of individual planning applications;
- (iii) provide advice to the development industry about all aspects of the procurement of public art – to include advice about; the development of a public art brief for a site; the selection and commissioning of an artist; the integration and/or installation of public art into a development project; and public art project management and maintenance, as appropriate;
- (iv) provide advice to the Minister for Planning and Environment relative to the satisfactory discharging of any conditions or obligations related to Percentage for Art.

It is envisaged that these services would be provided on a retained consultancy basis, to be funded from Percentage for Art contributions from the development industry.

- (b) Percentage for Art is an internationally recognised funding mechanism where developers are *encouraged* to allocate a percentage of the capital costs of any new building(s), refurbishment or landscaping scheme towards the provision of public art. The policy framework for the operation of this mechanism is provided by Policy BE12 of the 2002 Island Plan which states that -

The Planning and Environment Committee will seek to negotiate the voluntary allocation of an appropriate percentage of design and development costs to the provision of public art. Agreements will be sought where it is considered that;

- *both the scale and location of a new development are appropriate for the inclusion of public art; and*
- *the provision of public art would enhance the public's enjoyment of the building or space.*

The policy clearly states that any allocation of development costs towards the provision of public art is through the *negotiation of a voluntary allocation*. This approach is re-iterated in the supplementary planning guidance (SPG: Planning Advice Note 3: *Percentage for Art (December 2006)*) which supports this policy and which states that -

In development schemes, where it is felt that the inclusion of art will be of public benefit, a contribution to public art of up to 0.75 percent of the total construction cost of the development will be encouraged.

In general, and in common with best practice elsewhere this is likely to be applied to development projects of a more significant scale. On this basis, the following development thresholds will be used to determine where Percentage for Art will be strongly encouraged as an element of a development project.

- *residential development of 5 or more dwellings;*
- *residential development of 0.25ha (0.6 acres or 1.4 verges) or more;*
- *non-residential development of 500sq.m or more;*
- *non-residential development on a site of 1ha (2.5 acres or 5.6 verges) or more.*

- (c) As stated in the supplementary planning guidance, it is envisaged that the majority of Percentage for Art contributions will be on-site and integral to the development of that site.

Developers will be encouraged to provide up to 0.75% of the total construction cost of a development, where it is of a significant scale, for public art: this relates to the physical cost of developing the site and includes the cost of building and the provision of infrastructure. This figure or level of contribution is not, however, prescriptive and the level of contribution will be determined on a site by site basis through negotiation and agreement.

Because the notion of Percentage for Art is based on the voluntary principle, it is clearly up to the developer as to whether any public art budget exceeds the value of 0.75% of construction costs.

In discussing the level of contribution towards public art as part of a development project regard may be had to the extent of other costs that might be associated with infrastructure that is essential to the development.

- (d) see response to (b) above;
- (e) Percentage for Art is an internationally recognised funding mechanism where developers are encouraged to allocate a percentage of the capital costs of any new building(s), refurbishment or landscaping scheme towards the provision of public art: it is based on a voluntary allocation of funds and is only encouraged for developments of a certain scale and cannot, thus, be considered to be a levy.

As stated above, the Minister will have regard to the level of infrastructure that is required to be provided as an integral element of a development as part of the negotiations and discussion about any contribution towards public art. It is not, therefore, a question of ‘infrastructure or art’: developments which do not provide the requisite level of basic infrastructure required to sustain them will not be approved, irrespective of whether they include public art.

The policy framework to enable the provision of public art is provided by Policy BE12 of the 2002 Island Plan which was the subject of extensive consultation and which was approved by the States.

The supplementary planning guidance which supports this policy was adopted in December 2006 following a consultation process which was open to the public and which engaged stakeholders from both the Island’s art community and the development industry, as well as States Members, including the Environment Scrutiny Panel.

On the basis of the fact that the policy and guidance has already been through a process of consultation, scrutiny and review, the Minister does not intend to hold any further consultation on the mechanism presently but is issuing new guidance which will provide more information about the operation of the mechanism for the development industry.

The operation and effectiveness of the policy and guidance will, however, be monitored and assessed over time.

1.13 TO THE MINISTER FOR TRANSPORT AND TECHNICAL SERVICES BY DEPUTY S. PITMAN OF ST. HELIER REGARDING INCREASES IN PUBLIC TRANSPORT SERVICES SINCE LIBERATION STATION WAS OPENED:

Question

Would the Minister inform States members whether or not public transport services have increased since the opening of the new Liberation Bus Station, and if so, state what new services have been put in place?

Answer

No new services have been put in place since the opening of Liberation Station. The opening coincided with the start of the winter timetable although the Island Explorer routes were maintained through until the end of the school half term holidays (3rd November 2007). Passenger numbers continue to show increases over the same period last year – for the first three weeks of service from the new facility, there were over 10% more passengers compared to last year. However, as mentioned above, the Island Explorer was still running at this time and probably accounts for some of this increase.

There will be enhanced Sunday services running on the four Sundays leading up to Christmas in December to support the Fete de Noue festivities. These will provide a circular route to cover St. Ouen, St. Mary and St. Lawrence and another to cover St. John and Trinity.

2. Oral Questions

The Bailiff:

2.1 Deputy G.P. Southern of St. Helier of the Minister for Economic Development regarding protection of the Island's skills and training base following the privatisation of Jersey Telecom:

With respect to the telecommunications industry, could the Minister inform Members whether he will use the provisions of the Regulations of Undertakings Law to protect the Island's skills and training base following the privatisation of Jersey Telecom?

Senator P.F.C. Ozouf (The Minister for Economic Development):

Ensuring local people have jobs and receive training is always a key consideration when applying the Regulations of Undertakings Law whether in respect of Jersey Telecom, any other telecommunications company or, indeed, any other business. This was clearly set out in the report and proposition lodged by the Treasury and Resources Minister in respect of the sale of Jersey Telecom.

2.1.1 Deputy G.P. Southern:

Could the Minister explain to Members how he proposes to use R.U.D.L. (Regulations of Undertakings Law)?

Senator P.F.C. Ozouf:

I can explain how we currently use R.U.D.L. in respect of all businesses in the Island. As the Deputy will know, when considering staff applications and staff changes, numbers and dealing with 3-year job licences, one is always looking for employers to show that they are training their staff, that they are minimising the applications for incoming new workers. Jersey Telecom will be dealt with in no different circumstances than any other industry or any other businesses applying to the department.

2.1.2 Deputy G.P. Southern:

So any company making a bid for Jersey Telecom, following privatisation, would be aware that there would be these conditions attached, that they must maintain the skills base and the apprenticeship schemes that they already run for technical operatives?

Senator P.F.C. Ozouf:

Jersey Telecom will not be, and is currently not, treated any different to any other organisation. The new telco companies were treated in exactly the same way in respect of the requirements of employing local people and we demand, and indeed are, raising the bar in terms of skills. At the launch yesterday of the Skills Executive with my colleagues, the Minister for Education and Social Security, clearly indicates that we are looking for all companies in Jersey and Jersey Telecom to train their staff to maintain a high skilled, productive based work force.

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

Could the Minister inform the House how many staff under the Regulations of Undertakings Law the other 2 operators with telecoms have; broken down into front office staff and skilled telecommunications staff?

Senator P.F.C. Ozouf:

The Deputy will be aware that I never discuss, by matter of convention and indeed for confidentiality reasons, the Regulation of Undertakings licences of other entities. I am happy to be scrutinised by the panel in private session but I am afraid I am not prepared to reveal the individual job licences for any organisation in the Island including Jersey Telecom.

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

I noted this week that there was some suggestion that the tourism employees might have to reapply for their jobs when that transfers over into a different structure. Is that going to have any bearing on the way that Jersey Telecom will also operate in the future?

Senator P.F.C. Ozouf:

With respect, I do not think that has anything to do with the issue of Jersey Telecom at all. In respect of Jersey Tourism let me, for the avoidance of doubt, say that I think the Jersey Tourism staff do an absolutely great job and we are going to be working with those staff and the industry to find a better way to deal with the marketing of Jersey. This has nothing to do with Jersey Telecom.

2.2. Senator L. Norman of the Minister for Economic Development regarding the timetable for the introduction of Price Marking Regulations:

Would the Minister inform the Assembly of his proposed timetable for the introduction of Price Marking Regulations and will he confirm that he plans to have the regulations in place with effect from 1st May 2008?

Senator P.F.C. Ozouf (The Minister for Economic Development):

Members will recall that the decision was made on 7th November 2007 and the States voted in large majority to impose G.S.T. (Goods and Services Tax) inclusive price marking. Retailers now have the clarity on what price marking system will be in use in dealing with consumers. If inclusive pricing controls are not in place when G.S.T. begins in May 2008 there is, in my opinion, potential for chaos. Senator Norman gave some excellent examples of the problems of when there would not be inclusive and exclusive prices in the recent debate. I therefore propose to consult on the regulations in early January and then lodge those regulations in the earliest possible course in January or February of next year, with a commencement date for inclusive pricing on 1st May 2008. Of course, any Member is free to lodge amendments and so it will ultimately be this Assembly to decide exactly the date of implementation, but I will be proposing 1st May 2008.

2.2.1 Senator L. Norman:

Does the Minister accept that implementation of the regulations and the introduction of G.S.T. have to be simultaneous to avoid confusion and complications?

Senator P.F.C. Ozouf:

That has been my position right the way through this difficult debate and I think that Members themselves have come to their own conclusions about the importance of inclusive versus exclusive pricing. I think the Scrutiny Panel report was very clear in relation to the issue of chaos and certainly it will be for this Assembly to decide whether or not inclusive pricing is to happen on 1st May but that is what I will propose.

2.2.2 Deputy J.A. Martin:

The Minister has just said it is for any Member of this House to bring amendments. I am sure that I was assured by the Minister on the price marking debate that they would be bringing amendments on inclusive pricing but that the amount of G.S.T. would be shown on a till receipt. Is he going to honour this promise?

Senator P.F.C. Ozouf:

I would say 2 things to the Deputy. First of all, it is absolutely clear that I will consult with the Scrutiny Panel on the detail of the regulations - that is the first thing. As soon as we have a draft of those regulations I will certainly communicate with the Scrutiny Panel. In respect of this issue of a till receipt, we have been doing some further research and looking at the arrangements of till receipts and the rights of having a till receipt in other jurisdictions. I am happy to share that position and share that research with the Scrutiny Panel. My position remains that it is desirable to

have a till receipt with the G.S.T. broken down in that. How we achieve that is why we have to have some discussions. It is not as easy as I thought it was going to be.

2.2.3 Deputy G.P. Southern:

Will the Minister commit himself to bringing such an amendment to introduce a till receipt showing the amount of G.S.T. paid and in what timescale will he do so, and is he aware that in order to do so he has to amend the G.S.T. law itself?

Senator P.F.C. Ozouf:

I will be progressing the issue of the price marking legislation, and it is for the Treasury Minister to propose amendments to the G.S.T. law. We will work together in the earliest possible course to provide a solution. What is clear, and I am sure that the Scrutiny Panel and other Members will agree, is that good practice is available from other jurisdictions where till receipts are generally available but not on a 100 per cent basis, particularly for small purchases. It is that area that we need to continue to discuss and I am happy to engage with both the Corporate Affairs Scrutiny Panel and the Economic Affairs Scrutiny Panel, and with the Treasury Minister to find an acceptable solution which is in the interests of consumers.

Deputy G.P. Southern:

In what timescale?

Senator P.F.C. Ozouf:

The timescale is absolutely clear. G.S.T. will commence on 1st May 2008. My position is that inclusive pricing should also happen on 1st May 2008 subject to States' approval so it must be dealt with in the earliest possible course early next year to give retailers and consumers certainty.

Deputy G.P. Southern:

And receipting?

Senator P.F.C. Ozouf:

I cannot go any further except to say that my position on receipts is the same as the Scrutiny Panel's. If we can achieve it within the laws that we have then we will achieve it and we need to take best practice from other jurisdictions. I do not think there is much between us in what we are trying to achieve.

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

Has the Minister reached a tentative conclusion in respect of labelling very small imported items like newspapers?

Senator P.F.C. Ozouf:

There are discussions going on with retailers both with my Trading Standards officials and indeed Treasury officials in respect of our implementation of inclusive pricing. I have further meetings with retailers this week. The Chief Trading Standards Officer met the Chamber of Commerce at the end of last week and we seek to try and avoid any difficulties with retailers and some pragmatic solutions will have to be taken.

2.2.5 Deputy J.A. Martin:

Is the Minister telling the House he is bringing a proposition before 1st May 2008, that we will have to decide when G.S.T. comes in on 1st May 2008 that it will be compulsory that all retailers are up and running with inclusive pricing, albeit that it needs to be a States' debate? I think a lot of retailers out there will be very scared at the moment because they have been given an assurance they would have a year to comply.

Senator P.F.C. Ozouf:

This Assembly considered a proposition by Senator Norman in respect of inclusive pricing. This Assembly then considered the inclusive pricing bill and has effectively set a clear signal that we are moving towards inclusive pricing. I believe that I need to bring regulations to confirm the position of inclusive pricing and I think that I need to take the clear view of the Assembly that that should be in place at 1st May 2008. In respect of retailers and their views, we need to give retailers certainty. Retailers need to buy one system that they can then use for a period of years. Those systems, we are clearly saying, should be on an inclusive pricing basis.

2.3 Deputy K.C. Lewis of St. Saviour of the Minister for Transport and Technical Services regarding consultation to review restart of the hopper bus service:

Now that the new transportation centre is fully operational, will the Minister be consulting with his States and Parish colleagues regarding the possible recommencement of the hopper bus service and if not, why not?

Deputy G.W.J. de Faye of St. Helier (The Minister for Transport and Technical Services):

The response to the Deputy is that, of course, I am very happy to consult with any Members and discuss the issue of the hopper bus. However, the view of the department as a whole, and this is a view that was expressed principally under the former committee, is that the hopper bus did not directly solve transport management issues around town. It was a very expensive service to run and was very much a non-viable, heavily subsidised operation. An analysis of what performance it was providing showed that while it was indeed carrying members of the public around town on a fixed route it was not doing what most of our public services are trying to resolve, and that is stop people using their cars. It was realistically providing services to people around town who otherwise might have walked or taken a bicycle. Therefore, while I am happy to discuss it, obviously it is not the highest priority among the public bus transport issues.

2.3.1 Deputy K.C. Lewis:

A supplementary, Sir? Following the recent decision to implement G.S.T. the people of Jersey have been encouraged to shop around. Without the hopper bus service this will be impossible for a large number of young mothers and senior citizens. Does the Minister not agree?

Deputy G.W.J. de Faye:

I am perfectly happy to support the concept of shoppers being able to shop around. However, that does not imply, I believe, that I should provide necessarily personal services to shoppers to facilitate their shopping around all the various retail outlets of St. Helier and the new retail outlets that will be created at the waterfront. I think that there are alternative and far more practical solutions to transport around the inner confines of the St. Helier ring road than a fixed route hopper bus, and indeed if we were to bring a hopper bus back I think it would be far better addressing the geography of St. Helier which is a flat bowl surrounded by significant hillside. To my knowledge, and as a result of my own experience living at the top of the hill up Queens Road, a hopper bus service would provide far more value to the residents of St. Helier if it was routed so that it would take people to the top of the hill saving them the walk up the hill, and for those who live half way up the hill they would at least have the opportunity to walk downhill rather than uphill.

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

Does the Minister accept that the hopper bus service experiment was a very much welcomed service for shoppers? Some just used it to return with heavy bags to their homes. Some people did use the hopper bus service as a means of getting out of town for an hour and the social benefit of that service was immense. I would like to know if the Minister really does realise the value of that regular service.

Deputy G.W.J. de Faye:

I really do realise the value of that service but I also do realise the cost of that service. I am extremely sympathetic with shoppers in St. Helier, particularly the elderly. I do understand that the hopper service was seen as a very valuable, additional service to elderly shoppers but then so would be a butler, so would be a chauffeur driven limousine and so would be numerous other things that would be seen as absolutely wonderful accoutrement. The trouble is all this stuff comes with added expense and we have to fit it into our priorities, and as the Chamber well knows you have not given me anymore money lately and that is the seat of the problem.

2.3.3 Deputy R.G. Le Hérissier:

Would the Minister not concede that the service could well be recast to link parts of town like, for example, St. Saviours Road which are a long way from his much welcomed bus station? Would he not concede that if he was to do a proper route recasting, which has yet to be properly done, that there could be money and that in a sense he has ended up with enormous financial obligations like the Albert Pier parking situation, and so forth and so on; the running round of the number 19 to Elizabeth Terminal largely empty, which are really taking away funds which he could devote to a recasting of this service?

Deputy G.W.J. de Faye:

I do not disagree with the Deputy's analysis. Quite clearly a brand new bus station such as Liberation Station costs a lot of money to fit out and will cost significant sums to run. Circumstances have conspired to ensure that plans of relocating the Connex canteen and rest facilities were not able to go to La Collette so there is additional expense incurred at Albert Pier. There is no question that with the benefit of hindsight it may well be that one would have preferred to devote the money to more services. I would say that I think if we look at Liberation Station and contrast that to the pretty meagre facilities that were on offer down the Weighbridge it really is about time, and I think Liberation Station reflects a change of attitude - I certainly hope it does - that we treat it, those of us who rely on buses, with a bit more care and attention. I certainly have no wish to diminish that but, as I remind Members, it costs money to run these services. I can only work within the Budget I have. With reference to the number 19, that does provide a quasi-shuttle service, admittedly not round the worthy Deputy's end of town where his constituents are but it certainly serves the La Pouquelaye area very well, and I know a lot of elderly people do use it a lot and, indeed, I have seen passengers down at the Elizabeth Terminal as well, just to affirm to the Deputy it is not a lost affair down there.

2.3.4 Deputy C.J. Scott Warren:

Does the Minister accept that the hopper bus service was not only used by the elderly? I knew people who ran a guest house and had to get a lot of shopping in and they used to take the hopper bus back, and they certainly are not elderly.

Deputy G.W.J. de Faye:

I accept that the hopper bus service was well used but I think that States Members must understand it is part of my role to get value for money out of public transport systems and the hopper bus service was conducted with a very low fare and came at a reasonably high cost. One simply has to put that in context with other services. I have made it very clear that I think the level of service that we currently provide the Island is the bare minimum and that we should take every step to improve it, but where is the money? What have States Members done to allow me to proceed? In fact, all my department has been faced with over the last couple of years is consistent cuts to provide money to other projects that States have approved.

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

As far as hopper buses, community buses, call them whatever you like, Pioneer - before it was bought out - came up with a shamrock route that went all the way to St. Saviours and covered the top of Mont Conchon, and was really a service that I perceived was for the people and stopped off

in Halkett Place, right into the centre - did not require any depots - and was able to bring people in. Certainly, this was part of the last election campaign and Deputies such as myself are asking people would they use such a service and would it save them bringing cars in, et cetera. The vast majority of them said yes, they would, it would release them from being trapped. Can I ask the Minister if he would kindly arrange for a meeting and allow not just the St. Helier Deputies but the Deputies in the urban areas that are affected, if we could sit around the table and discuss this further? I appreciate the limitations as to his financial budgets at the moment but I think the Council of Ministers, in particular, would want to hear of something that is practical that provides long term support for the parishioners, et cetera, and that is the question I would ask.

Deputy G.W.J. de Faye:

I am happy to reiterate the very first thing I said, which is I am only too pleased to discuss the hopper bus service around St. Helier or any other aspects of the Draft Integrated Travel and Transport Strategy with Members. I would suggest that we wait until the Integrated Travel and Transport Strategy is published, which is due reasonably imminently, and following on from that I think I would be only too happy to hold a meeting at which everybody can voice their concerns and opinions, and I would be happy to have a meeting specifically on the hopper bus if Members would value that.

2.4 Deputy R.G. Le Hérissier of the Minister for Home Affairs regarding succession planning within the departments under Home Affairs:

Does the Minister have a formal policy regarding succession planning within the department for which she is responsible?

Deputy A.D. Lewis of St. John (Assistant Minister for Home Affairs - rapporteur):

I can assure the Deputy that the policy of the department is that every division of Home Affairs must have a succession plan. Each department within Home Affairs deals differently with succession planning and it is the responsibility of the head of department to implement a succession planning process within the department. All operational services within Home Affairs have staff development processes in place so that staff can become eligible for senior positions. Members will appreciate, however, that individual services are different, have different training needs and development needs. Moreover, ours are small unitary services by U.K. standards. Consequently, factors such as the age profile of senior staff and resourcing assume great significance when assessing eligibility. As all divisions are essential services and, in many cases, require highly specialist staff, it is therefore essential that only the most qualified and experienced candidates form part of any succession planning.

2.4.1 Deputy R.G. Le Hérissier:

I wonder if the rapporteur could indicate what was achieved in terms of succession planning in the police service during the current chief's first contract and what additional work has been achieved in terms of succession planning in the addition that was made to that contract largely, of course, to achieve that particular aim?

The Deputy of St. John:

Much progress has been made on this very point. In fact, this year we have appointed a superintendent where the post was previously held by somebody from the U.K. and that was very much a local candidate. The other candidates for that position were all local candidates. That lays the foundations for future succession within that particular division of Home Affairs. I would, however, stress that with the issue of the chief officer of the States of Jersey Police, as indeed is the case in most forces in the U.K., it is not policy to necessarily recruit locally for that post. In fact, in the U.K. it is deemed as illegal to do so and there is a good reason for doing that. However, there are senior officers living in the U.K. working for U.K. forces that are originally from Jersey and clearly they will be targeted as part of the succession plan.

2.4.2 Deputy J.B. Fox:

Would the Assistant Minister recognise that the way he portrays his communication on this subject, if I was a police officer looking to be a future chief officer in the States of Jersey Police, I do not think I would bother because there are too many negatives and I would be required to spend considerable amounts of time out of the Island away from my family and, when it is quite clear from the words that are being said, that there is no intention of succession planning for a deputy chief officer or a chief officer? Could he give me some reassurance that is not the case?

The Deputy of St. John:

In the case of the deputy chief officer that is certainly not the case, not at all. In fact, I did indicate that by the fact that we have in recent times appointed a superintendent from the force locally. However, it is normal practice that that person should be at least in post for 2 years in that rank before progressing to the next rank, and that would be the same in many other industries and public sector jobs as well. With the chief officer's position, as I said, there are opportunities for local candidates who have got the right experience. They would have to have gone to senior command school, for example, and there is nobody in the force currently who has done that; that opportunity does exist. I do think, and it is general policy at the moment across most U.K. forces - in fact enshrined in law - that you do not appoint somebody to that top position from the local force. I do not believe it is best practice. I would strongly encourage many people from the Island to seek experience outside the Island. Indeed, many of our officers do, both through secondment, short term and long term, and end up coming back to the force most enriched by the experience and offering much greater managerial capacity to do the jobs that come up.

2.4.3 Deputy S. Power of St. Brelade:

Could the Assistant Minister confirm the status of the selection process for the succession of the governor at La Moye Prison and would he acknowledge to the Assembly the gratitude of his department to the professional and hard work of the outgoing governor?

The Deputy of St. John:

In answer to the last part of the Deputy's question, absolutely and my Minister has said as much so far. We are indebted to him for bringing the prison further forward and managing a couple of projects that have been going on there to the benefit of that service recently. As far as the rest of the issue is concerned, I assume that the Deputy is concerned about succession planning in regard to that post. As Members will realise it is a highly specialist post. It is unlikely that people would have been working in another prison in Jersey because we clearly only have one and it is very refreshing to have people in that particular capacity coming in from much more demanding facilities in the U.K. to help run that prison. However, there is no reason why, in the future, senior officers in that prison should not be considered for the governor's job and local applicants were invited on this occasion and considered.

2.4.4 Deputy P.V.F. Le Claire:

I would like to challenge the logic of the chief officer of the police force with the Assistant Minister. Surely if one looks at the logic of the United Kingdom in not appointing a local officer, one is looking in the context of the United Kingdom. Jersey is not in the United Kingdom. Is the Chief Minister saying in future we should adopt policies whereby heads of departments, for example the Attorney General or other people in positions of authority in law, should come from outside of this jurisdiction?

The Deputy of St. John:

Thank you for the promotion, firstly, Deputy. No, I have to disagree with the Deputy. There is very good reason for that type of practice occurring in law enforcement circles and it is not peculiar to the U.K. whatsoever. It is peculiar particularly to small jurisdictions where clearly by having somebody from outside it avoids any possible accusations of ... I hate to use the word "corruption"

but that is one of the reasons why it is not occurring in other countries because you simply do not have somebody that is too close to the people heading up that position. We have that already in Jersey through the Honorary Police Service. That service is very close to the public and that works extremely well. I think the chief officer distancing himself to a certain extent from that is invaluable. If you want community policing, if you want the service to be close to the people, the honorary service do that very well and the lower ranks do that very well. I think it is very important at a senior level that there is never an opportunity to have a finger pointed at that candidate for being in any way inward looking.

2.4.5 Deputy J.J. Huet of St. Helier:

Is the Assistant Minister aware that, in polite words, it is called knowing where the bodies are buried?

The Deputy of St. John:

Perhaps I could take the Deputy off line on that one and have it explained to me because I really do not understand the question.

Deputy J.J. Huet:

What it means bluntly is if you have always lived in Jersey and you have always been in the police force you know where the bodies are buried so that is why you have somebody from outside the Island to be the head of the police.

The Deputy of St. John:

I think the analogy has some legs and yes, that is my understanding, that having that oversight from somebody who has no axes to grind, has no history necessarily in the Island, I think has some benefit. Clearly, by having somebody else that is senior in the ranks as a deputy or superintendent has its benefits too and that is the aim of the succession plan.

2.4.6 Deputy S.C. Ferguson of St. Brelade:

Yes, but would it not be better in the context of police officers and chief of police to look for people with relevant experience to work in the Island? I really am a little confused as to why a central city experience or Northern Ireland experience is relevant to policing in Jersey. Surely one of the more shire type of approach is more appropriate?

The Deputy of St. John:

When you are commanding over 250 men and women, whether it be in Jersey, the Isle of Man, Guernsey or anywhere in the U.K., the management process is the same. What we endeavour to do is select the best candidate for the job. That person would need to have gone to senior command school, would have had managerial responsibility at various levels before succeeding to a chief constable position. The object of succession planning is to appoint the best person, man or woman, to the post. That is done by an independent selection process so that we endeavour to get the best person for the job regardless of where they come from. However, it is at the moment, in our minds, desirable to have that post filled from outside the Island but it is not enshrined in law in Jersey.

2.4.7 Deputy R.G. Le Hérisier:

Could the Assistant Minister confirm that, as Deputy Fox intimated, the total mixed messages that are going out to people essentially make a mockery of local succession planning? Secondly, could he confirm that the chief's mandate to prepare a succession plan over a very lengthy period has again proved a hollow charade?

The Deputy of St. John:

In answer to the last part of the Deputy's question, absolutely not. The succession planning is working. We have just appointed a superintendent who is from the Island. We have other senior

officers, chief inspectors, who are currently undertaking degrees, for example, in criminology and other off-line training and secondments to other forces in the U.K. All this is aimed at preparing them for senior management roles. Those are, of course, superintendent, deputy chief and we would not rule out the chief officer completely at all. Like I say, it would be the best person for the job. It is not enshrined in law that we cannot appoint a chief officer from a local candidate. It would be highly desirable to have somebody, for example, that has a past connection to the Island and indeed they do exist in the U.K. at the moment working for other forces. That type of enrichment through career development by leaving the Island and going to another force would be invaluable to Jersey. That is the sort of candidate that we would hope would apply for such a post.

2.5 Deputy K.C. Lewis of the Minister for Treasury and Resources regarding the cost of clothing a child:

Given that during the debate on my amendment to P.169/2007 the Minister stated that the cost of clothing a child is £150 per year, would he inform Members how this figure was reached?

Senator T.A. Le Sueur (The Minister for Treasury and Resources):

I am pleased to be able to answer this question since my comments 2 weeks ago appear to have been misunderstood by some people. When I spoke 2 weeks ago in replying to that amendment I chose my words carefully. What I said was, and I quote: "According to the Jersey Household Expenditure Survey the average household spends about £150 per annum on children's clothing." Those figures were produced independently by the Statistics Unit based on surveys of over 1,000 local households. However, I must point out they do not include children's footwear which was not analysed separately. I have subsequently asked the Statistics Unit and they estimate that children's footwear would have added a further £50 to that total. The major problem is this is the average of all households, including those without children, so that while statistically correct it is not the average spend on clothing per child. The best indication of this is to look at the spend by household type and where there is a couple with one or more children the total average spend on clothing is about £411 per annum. On the other hand, the average figure and the spend of people on low incomes will be less than that. I have to say, in conclusion, that even on £500 per annum the effect of G.S.T. at 3 per cent would be an additional 30 pence per week. I would remind Members that the increases in child tax allowance and the increases in income tax exemption thresholds, together with the further relief that we are going to give, proposed for those neither eligible for income support or liable for tax will be of far greater benefit.

2.5.1 Deputy R.G. Le Hérissier:

Would the Minister not concede in the light of his revelation, and his very careful use of words, that the way we are putting statistics forward is capable of being considerably misleading?

Senator T.A. Le Sueur:

No, the statistics speak for themselves. How Members interpret them is up to them. [Laughter]

2.5.2 Deputy R.G. Le Hérissier:

Does he not think it is Monty Pythonesque to give an average based on families, in part, with no children?

Senator T.A. Le Sueur:

I was merely making a point, and I made my point very clearly, and that is what the household expenditure said was the average for all people, for all families. I have elaborated on that, Sir, but the point at issue was that there are better ways of dealing with G.S.T. on children's clothing.

2.5.3 Deputy G.P. Southern:

The Minister suggested that how people interpret figures is not the question. Surely it is how Ministers present the figures which is the vital point.

Senator T.A. Le Sueur:

The figures are not presented by me. They are presented by the Statistics Unit. They are presented to all Members independently.

2.6 Deputy J.G. Reed of St. Ouen of the Minister for Economic Development regarding number portability between mobile phone operators:

Could the Minister inform Members when he expects the issue of telephone number portability between mobile phone operators to be resolved?

Senator P.F.C. Ozouf (The Minister for Economic Development):

As Members will be aware, the issue of number portability is now subject to an appeal before the Royal Court and therefore it is not really appropriate for me to discuss the particulars of the case. What I can say is that I understand the court has allocated 2 and a half days to hear the case at the end of December. I can also say that if the Royal Court rejects Jersey Telecom's appeal, that the J.C.R.A.'s (Jersey Competition Regulatory Authority) decision requires the 3 operators to implement M.M.P. (Mobile Multimedia Platform) within 5 months, if it is upheld then the J.C.R.A., and possibly in consultation with myself, will have to consider an alternative course of action. What I can also say is that I have asked my chief officer to hold discussions with the parties in an attempt to avoid the court proceedings. I am hopeful that a solution can still be found before the Royal Court hears the case. My political position is that number portability is a prerequisite for a competitive mobile market.

2.6.1 The Deputy of St. Ouen:

Could the Minister inform this Assembly whether a similar problem exists in Guernsey and, if so, might this have any bearing on the situation locally?

Senator P.F.C. Ozouf:

My position on the regulation of telecoms is clear. I would like a Channel Island solution and certainly there is an attempt, as I understand it, by the regulator in Guernsey to also have number portability. I can also tell Members that I learnt yesterday that Ofcom in the U.K. made an adjudication on number portability in the United Kingdom that requires operators to deal with number portability down from 5 days to 2 hours, therefore highlighting the importance of number portability as a prerequisite for a competitive market and Jersey needs the same.

2.6.2 Deputy J.A. Martin:

The Minister has informed the House that the number portability is now under an appeal at the Royal Court. Would the Minister inform the House of the cost of these proceedings and is it to come from the J.C.R.A.'s regulatory budget or its competition budget - one of those is States' money - and has he discussed this with the Authority?

Senator P.F.C. Ozouf:

As I understand it, the court case is being paid for by Jersey Telecom on the one side and the J.C.R.A. in respect of the funds that they get from telecommunications regulation costs. Of course, the States, and my department, has a responsibility to ensure that the J.C.R.A., and indeed other bodies such as the J.F.S.C. (Jersey Financial Services Commission), has sufficient resources in order to deal with their responsibilities.

2.6.3 Deputy G.P. Southern:

If the J.C.R.A. has to go to court over such a minor issue as number portability what are the chances of a far more extended court case with a larger company, a multinational company, in the future over various aspects of regulation or competition?

Senator P.F.C. Ozouf:

I think the Deputy overplays his remarks. He is effectively saying that the J.C.R.A. is not capable of dealing with the regulations of a global entity. How is the regulator dealing with Cable & Wireless, a company well versed in dealing with regulators and other jurisdictions and has a ferocious reputation in various places of dealing with regulation. The J.C.R.A. is quite capable of dealing with Cable & Wireless and I have full faith in the J.C.R.A. to deal with this. This is an important case. It is the first hearing under the Telecom law but I have to say I have faith in the J.C.R.A. and they have my full support.

2.6.4 Deputy G.P. Southern:

The J.C.R.A. is currently acting in favour of Cable & Wireless. What would happen if they were acting against Cable & Wireless following a take-over of Jersey Telecom?

Senator P.F.C. Ozouf:

It has got nothing to do with whether or not it is Cable & Wireless or Jersey Telecom. The J.C.R.A. is proving itself perfectly capable of regulating and dealing with competitive issues whether they be local businesses, whether they be small businesses or large multinationals. It matters not.

2.6.5 Deputy J.A. Martin:

It is really back to the Budget. The Minister says the J.C.R.A. has his full backing. Under this, the cost supposedly will be paid out of the licence fees but we only have 3 operators and the licence is not that large so the monies are not that big. Will the Minister not agree that the problem will come if one of the current operators wants to take over Jersey Telecom and it is an issue of competition? Is he saying it is an open-ended cheque book because that will be from his budget or the States' budget to fund a court case under competition law?

Senator P.F.C. Ozouf:

The first thing I would say is on the issue of the sale of Jersey Telecom, the J.C.R.A. will need to make a decision about that sale irrespective of the process that this Assembly agrees. The J.C.R.A. will consider under the competition law the issue of whether there is a substantial lessening of competition in the market. I think, therefore, it is clear that if one of the existing operators were to be interested in Jersey Telecom then arrangements would need to be made in order to not reduce the competition in the marketplace, perhaps divesting a mobile operator or something. I think that is speculation. The fact is the J.C.R.A., in my view, is perfectly fit for purpose in dealing with the issues of telecoms regulation and I would remind the Deputy - and we are going on to ask another question - that there is going to be a review of the J.C.R.A. and a strengthening of their powers in respect of findings, et cetera.

2.7 Deputy R.G. Le Hérissier of the Minister for Health and Social Services regarding value for money in respect of nursing care purchased from the private sector:

Would the Minister state whether his department is receiving value for money in respect of nursing care purchased from the private sector?

Senator B.E. Shenton (The Minister for Health and Social Services):

I am content that my department is obtaining value for money from private sector nursing care. The Health and Social Services Department purchases a wide variety of services from the private and charitable sectors. The officers, some of whom are health and social care professionals in their own right, understand the market very well and apply their expertise accordingly. However, this is not just about value for money; it is about maintaining standards and raising standards and ensuring that our elderly are nursed with quality and dignity.

2.7.1 Deputy R.G. Le Hérissier:

Could the Minister tell us how the measurement of value for money is carried out within his department?

Senator B.E. Shenton:

At the moment we use a process of benchmarking against what is available. However, we are working towards, in conjunction with the Social Security Department and the Jersey Care Federation, a more transparent means of purchasing which links fees to the dependency of the individual residents and clients.

2.7.2 Deputy R.G. Le Hérissier:

Could the Minister inform us whether the rates currently being paid to private providers for nursing care match the rates, bearing in mind the cost of living variations, charged by these providers in other comparable jurisdictions?

Senator B.E. Shenton:

I am content that they do match the rates but you also have to bear in mind there is a differential in the quality of services. What we are trying to do is raise the bar in all nursing care.

2.7.3 Deputy A.E. Pryke of Trinity:

Could the Minister say how many patients are being funded in the private sector and how many patients are still in McKinstry Ward awaiting relocation in nursing care?

Senator B.E. Shenton:

I do not have those figures with me today but I will happily get back to the Deputy with them.

2.7.4 Deputy R.G. Le Hérissier:

Could the Minister state the cost per week to retain people in private care and how much this compares to the cost per week within his own facilities?

Senator B.E. Shenton:

I assume the Deputy would like the figures on a per head basis rather than a gross figure and again, I can get back to him with those figures.

Deputy R.G. Le Hérissier:

Can that information be sent to all States Members?

Senator B.E. Shenton:

There will be no problem with doing that.

2.8 Deputy D.W. Mezbourian of St. Lawrence of the Chief Minister regarding the current industrial dispute involving ambulance crews:

I believe this question is to be addressed to the Chief Minister. Will the Chief Minister advise the Assembly what progress has been made in resolving the current industrial dispute involving ambulance crews?

Senator F.H. Walker (The Chief Minister):

The answer to the question is that I can advise the Deputy and the House that we, “we” being the States Employment Board, have accepted a request from the Ambulance Staff Association to invite J.A.C.S. (Jersey Advisory and Conciliation Services) to mediate in the dispute. J.A.C.S. has agreed to do so and therefore any threats of industrial action have been withdrawn at this stage.

2.8.1 Deputy D.W. Mezbourian:

Supplementary, Sir. I understand from media reports that a mistake was made in grading civil servants who answer telephone calls to thereby earn more than paramedics and that this has therefore sparked the current industrial dispute. Will the Chief Minister confirm whether this is indeed the case and, if so, who is accountable?

Senator F.H. Walker:

A mistake was made in terms of a grading. It was identified some time ago and has already been rectified and I do not believe it lies at the heart of any potential dispute with the ambulance association.

2.8.2 Deputy D.W. Mezbourian:

Further supplementary, Sir. Will the Chief Minister advise whether anyone was held accountable for making the error?

Senator F.H. Walker:

Yes, they were but it was a minor administrative slip which was identified very quickly and rectified immediately and we should not overstate the importance of it in my view.

2.8.3 Deputy R.G. Le Hérissier

How was the matter rectified? Could the Chief Minister, for example, confirm whether these people were demoted?

Senator F.H. Walker:

No, you cannot demote people but a limited number of people were recruited at the wrong grade, the higher grade, but that was stopped and since then all new recruits have been appointed at the lower grade.

2.9 Deputy J.A. Martin of the Minister for Economic Development regarding the terms of reference for the review of the Jersey Competition Regulatory Authority:

Would the Minister advise the Assembly whether the terms of reference for the review of the Jersey Competition Regulatory Authority by the National Audit Office have been finalised, and if so, what they are, when the review is due to start and when the States can expect to receive the findings?

Senator P.F.C. Ozouf (The Minister for Economic Development):

The terms of reference are about to be finalised following discussions with both the J.C.R.A. and the Scrutiny Panel. The draft terms of reference and which were reported in P.153/2007 were designed to fill a broad spectrum analysis and in the light of correspondence from the Economic Affairs Scrutiny Panel it is obviously imperative, in our joint view, that the terms of reference concentrate on telecommunications regulations and the J.C.R.A.'s level and range of resources and legislation available to regulate that sector. I expect the revised terms of reference to be agreed before Christmas and the final report to be delivered in the earliest possible course in 2008.

2.9.1 Deputy G.P. Southern:

When the Minister refers to agreeing the terms of reference, does he include the Economic Affairs Scrutiny Panel in that agreement?

Senator P.F.C. Ozouf:

I am happy to go as far as to consult with the Economic Affairs Scrutiny Panel but my understanding is that ultimately it is for me to decide on what the terms of reference of the review are to be but I am happy to consult with the panel.

2.9.2 Deputy S.C. Ferguson:

Is the House to assume that this report was commissioned by the Minister for Economic Development? Would he perhaps like to tell us who is paying, whether it has been costed and how much it will cost?

Senator P.F.C. Ozouf:

I can advise that the review of the J.C.R.A. was catalysed by the discussion concerning the future of the Jersey Telecom entity in whether or not that was going to be sold by the States and I think that Members wish to have assurance that the J.C.R.A. is fit for purpose with the necessary legislative instruments in order to carry out proper regulations, but the responsibility of dealing with Telecom matters falls to the Minister for Economic Development so, therefore, I have to sign off on the terms of reference. In respect of costs, no, they have not been agreed and I have to also say that I have not made the final decision of whether or not the National Audit Office is to be the entity which is carrying out the review.

2.9.3 Deputy J.A. Martin:

Well, if it is going to be the National Audit Office, Sir, can the Minister assure us that he takes the information there personally by courier? **[Laughter]**. But my question is, Sir, that in the last answer the Minister said that the report, if it goes ahead and by whom, will be delivered some time, I think, he said late January. Is the Minister, after what he has just said, the House, the States, the people of the Island need reassurances about the J.C.R.A., is he still in agreement with the Treasury Minister that we have the debate on the selling off of Telecom on 15th January? Thank you, Sir.

Senator P.F.C. Ozouf:

I regard the J.C.R.A. as fit for purpose, however, all organisations should be subject to a review after a suitable period of time and it is perfectly appropriate that we look again at the telecoms law, we look at the resources of the J.C.R.A. and we ensure that they are fit for purpose. I would frankly be doing this in any event after a number of years of the successful operation of the telecommunications law and I think what I did say is, as early as possible in 2008. I am getting on with the job that I am charged with in dealing with telecommunications regulations and the States will make their decision in respect of J.T. (Jersey Telecom), no doubt having regard to the views that they have in respect of the J.C.R.A.

2.9.4 Deputy G.P. Southern:

Does the Minister not consider that it is absolutely essential to have the national audit of this report on J.C.R.A. and its powers before us before we debate the Telecom sale because otherwise we shall be debating it blind, and does he believe an adequate report can be produced in the timescale to allow that before 15th January?

Senator P.F.C. Ozouf:

I believe the States can make decisions in respect to the future ownership of J.T. knowing what they know now in respect of the J.C.R.A., which is an organisation which is fit for purpose. The Deputy will also be aware, I am sure, that I have also asked for law drafting to be made available and, indeed, that is currently going on in respect of giving the J.C.R.A. fining powers. So, irrespective of a report, and whether or not it is from the National Audit Office, we are continuing with the work to reviewing the powers of the J.C.R.A. and improving them, where necessary.

2.9.5 Deputy J.A. Martin:

Sorry, Sir, I obviously did not get a straight answer about the collaboration between the Ministers but the Minister does keep assuring this House he is absolutely fine with the powers and the regulations that the J.C.R.A. already have. It was reported on the report from O.X.E.R.A. (Oxford Economics Research Associates) that there are quite a few things that need to be addressed and that would be addressed hopefully when they are looked at by the National Audit Office. So, I do not

think the House, Sir, I am asking the Minister, is in a full position until we are as assured, as he is assured, by an outside body, be it the National Audit Office or not.

Senator P.F.C. Ozouf:

The O.X.E.R.A. report gave some very helpful conclusions in respect of telecommunications and in respect of issues such as fining. I agree with that. I have said my position in respect of both telecommunications law and the competition law is that they are evolving bits of legislation which will have more teeth in due course. There is a fine example of putting more teeth in the powers of the J.C.R.A. and giving them a fining provision. That is all part of the process that is the natural evolution of the regulatory framework and I believe that this Assembly should have confidence that that is being done and the J.C.R.A. with the powers that they currently have, is doing a good job.

The Bailiff:

Final supplementary, Deputy, please.

2.9.6 Deputy G.P. Southern:

Does the Minister accept the findings of the Scrutiny report which stated that the powers of the J.C.R.A. must be amended before the sale of Jersey Telecom and is he, in fact, going to come to the House saying: "Trust my judgment and sell Jersey Telecom"?

Senator P.F.C. Ozouf:

I would remind the Deputy that the proposition before the Assembly in respect of the sale of J.T. is a 2-stage process. The first one is to agree the principles and then the Treasury Minister, if that is agreed, needs to come back with the detail. So, in fact, the Assembly has a number of months in order to then consider the interim bits of legislation which I will be proposing in respect of fining to receive whatever outside body report we have on the J.C.R.A. so that final decision can be made with full confidence.

2.10 Deputy S. Power of the Minister for Economic Development regarding the Alber Pier parking facilities:

Is the Minister aware that since Connex buses have started to be parked on the Albert Pier, specifically at the Albert Terminal and at the end of the pier, a number of public parking spaces have been extinguished, and if so, will he undertake to provide alternative parking for the local rod fishermen who have traditionally accessed and fished at the end of the Albert Pier?

Senator P.F.C. Ozouf (The Minister for Economic Development):

May I ask my Assistant Minister to be Rapporteur for this item please?

Deputy A.J.H. Maclean of St. Helier (Assistant Minister, Economic Development - Rapporteur):

With the relocation of the bus station from the Weighbridge, Jersey Harbours were asked to assist in finding spaces to accommodate a canteen for Connex and 18 buses. These facilities were due to be located at La Collette. However, this was not possible due to planning restrictions in the area in anticipation of the Buncefield report affecting the type of businesses which can be located close to fuel facilities. An area at the end of the Albert Terminal was identified for the canteen with parking in the same vicinity. At the end of the Albert Pier there used to be 2 disabled and 6 pay and display parking spaces. Only 3 of the pay and display spaces have been lost although one is still to be marked up. We are currently working with Connex to maximise the parking area we can offer looking at several different layouts. Bays will then be parked up and public parking areas will be more clearly marked. Further parking is available at the Elizabeth Terminal which can be accessed through the tunnel and a wall further down the Albert Pier and in the waterfront car park as well. As part of our 2008 Business Plan, we will be looking to build on the improvements we have made this year to the Albert Terminal building itself by developing the whole pier between the Albert and

the lifeboat station. This will improve the safety of the pier for cars and pedestrians and provide a more fitting welcome to the increasing number of visitors to the Island who are arriving through the Albert Terminal.

2.10.1 Deputy S. Power:

My question was largely related to accessibility to the end of the Albert Pier and my question related to parking. My understanding, and I visited it twice, is that there is one handicapped space and no other spaces down there. Is the Minister aware that a lot of residents of St. Helier, particularly those who are retired, mostly men, young chaps on bikes, people in motorised wheelchairs, sometimes go and fish down at the Albert, the end of the Victoria and all get some fresh air and the recent parking of buses has made access to the end of that pier difficult. What does he intend to do about it?

Deputy A.J.H. Maclean:

The access to the end of the pier, at the moment, is more difficult than it has been although there are still 2 disabled parking spaces and indeed, 3 other parking spaces available. Only 3 spaces have, in fact, been lost although the accessibility is certainly more problematical. It is an issue that we are continuing to work on and the Deputy would be interested to know that I have a jolly nice colour picture of what the pier looks like and plans that we have for the future in terms of improving both the accessibility and the number of parking spaces as the Albert Pier becomes more and more used with the increase in passenger numbers through the Albert Pier. I am more than happy to share the drawing with him.

2.10.2 Deputy S. Power:

Is the Assistant Minister also aware that much as parking has arbitrarily been extinguished adjacent to the Elizabeth Terminal, the perception of the public in relation to the extinguishing of this parking at the end of the Albert Pier is regarded as summary and abrupt and will he undertake to come back to this Assembly as soon as possible with an alternative in terms of parking at the end of the Albert Pier and can he circulate that drawing to all States Members?

Deputy A.J.H. Maclean:

I am more than happy for all States Members to have a look at the drawing. That is no problem at all. I am also very happy to bring forward suggestions in the way in which we are going to improve the parking facilities at the end of the Albert Terminal. It is, and I am sure Members will appreciate, an extremely difficult situation at the harbour in total, not just the area of the Albert Terminal. Parking is at an absolute premium. There is a shortage of parking. We have a number of constraints around the harbour as a whole that we are attempting to deal with.

2.10.3 Deputy S. Power:

Would the Assistant Minister not agree with me that it would be far easier if there were not 18 buses to park?

Deputy A.J.H. Maclean:

The Deputy must surely realise that we are simply being neighbourly to the Transport and Technical Services Department in assisting them with the difficulties in locating their buses. There is parking difficulties around St. Helier as a whole. It is not just at the harbour and clearly, in due course, we hope that we will be able to reach an agreement with the T.T.S. (Transport and Technical Services) that they can move their buses to La Collette or some other location, but for the moment, we are merely assisting them.

2.11 The Deputy of St. Martin of the Minister for Treasury and Resources regarding Clos due Feuvre, St. Martin and access to Field 690A:

Would the Minister advise why the cul de sac at Clos du Feuvre at Maufant Village has been opened to allow access to Field 690A without ensuring that the promised parking provision for the residents is available and will he further advise when the promised re-instatement of the village's footpaths and roads will begin and indicate whether Property Holdings has sufficient revenue to cover the total cost of the re-instatement?

Senator T.A. Le Sueur (Minister for Treasury and Resources):

Can I ask my Assistant Minister, Deputy Le Fondre, to deal with this?

Deputy J.A.N. Le Fondré of St. Lawrence (Assistant Minister, Treasury and Resources - rapporteur):

I will try and deal with it in 2 parts effectively and just to clarify, Sir, when I visited the site yesterday morning, as of 9.30 a.m. the cul de sac had not been opened to allow access to take place but work is in progress to allow services to be installed and there is a distinction. The proposed parking provisions, the 12 parking spaces which are for the residents of Clos du Feuvre, are located immediately adjacent to the proposed new access but on Field 690A. So, as far as Property Holdings are concerned and aware, when the development is finished and the new access is in place, the promised car parking spaces will be made available for use. Therefore, access has not occurred yet and I understand that the parking provision will be available but I must emphasise that the provision of those parking spaces was not part of the contract for sale of the rights of access. It was a planning condition and, as such, any matters relating to future enforcement of that should be more properly addressed to the Minister for Planning and Environment. I am not trying to dodge the issue. It is just making it quite clear as to where the responsibilities fall. In relation to when; we would hope to be in a position to start work in the spring of 2008. As to how much; well, as the Deputy is aware, with the exception of certain private access routes, a lot of the footpaths and roads are publicly owned but the actual cost of maintaining those is also the responsibility of the householders. However, the background to all this is that the proceeds that were obtained from selling the right of access to the developer, which is a fairly substantial sum, has been put into a pot to go towards the repairs of that estate. As to whether there are sufficient funds available, I cannot give a precise answer at the moment and the reason I am phrasing it that way is because we are about to go out to tender. I do not want to prejudice the tender process because we want to get the best price we can get on the deal. It is only when we receive and accept a tender that we will know the accurate position. Finally, if we were to find out that we did not have sufficient funds, then we would have to consider the best way forward and that would have to be, and I would certainly commit to that, if that position arises, we would want to seek the views both of the Maufant Village Association and obviously the 2 parishes, the Connétables and the Deputy. Thank you, Sir.

2.11.1 The Deputy of St. Martin:

I have got to accept, and I am sure the rapporteur will as well, that the rapporteur has found himself in a bit of a can of worms, been handed over something which really should have been sorted out way back before we even got Field 690 underway and if, indeed, had Planning not reneged on a promise that had been made by the Vice President about 3 years ago that nothing would happen until everything had been sorted out, we may not be in the mess we are now. Could I ask in the first supplementary, 2 parts to this question really, is that would the rapporteur accept that he has received a letter this morning, which I got this morning, which makes it quite clear that the road was supposed to be opened up on Thursday of last week and the reason it has not been opened up is probably because I have asked the question for today.

Deputy J.A.N. Le Fondré:

I was just looking at the letter. The letter says: "We expect to hand over these houses on Thursday, 29th November with access to these properties through Clos de Feuvre." But it also says that we have one remaining service connection to make and this will be undertaken during the week

commencing 26th November and, therefore, the point is that the services can be put in with 14 days notice. The letter is dated 12th November. Work started 26th November. They complied with that part of the agreement. The access cannot take place until, as I understand it, Building Control sign off. However, Building Control only have to sign off on one house for the legal right of access to be granted. I am not aware as yet whether Building Control have done so. When that happens, then the right of access becomes available.

2.11.2 The Deputy of St. Martin:

On the other side of the question, has the rapporteur any idea at all about the cost of re-instatement because I gather initially we were looking at about £250,000 and there was going to be some money left over from the right of way. Has he any idea now, has the cost accelerated and, if so, by how much?

Deputy J.A.N. Le Fondré:

As of this stage, Sir, I have not been given any sums at all. I do know the sum of money in the pot is substantially more than the sum the Deputy just quoted but, as I said, I would like to keep reasonably quiet on the matter until we have had a tender because I hope we would get a decent price for it.

2.12 The Deputy of St. Martin of the Minister for Home Affairs regarding formal procedures to allay sense of grievance:

Would the Minister advise Members what formal written arrangements, if any, the States of Jersey police have in place to allay a sense of grievance from people who have been detained and/or questioned and then subsequently exonerated from unsubstantiated allegations of crimes?

The Deputy of St. John (Assistant Minister, Home Affairs - rapporteur):

I thank the Deputy for his continued interest in Home Affairs. **[Laughter]** The States of Jersey police comply with the requirements of the Police (Complaints and Discipline Procedure) (Jersey) Order 2000 and the Police (Complaints and Discipline) (Jersey) Law 1999, both of which set out clearly the process for an individual to make formal complaint against the police and how such matters must be dealt with. Complaints against the police are also independently overseen by the Jersey Complaints Authority. In cases where the complainant also includes alleged criminality, the file is then passed to the Attorney General's office for consideration for criminal charges. Thank you, Sir.

2.12.1 The Deputy of St. Martin:

I am glad I do maintain an interest in Home Affairs because I have not got the answer of the question I posed and thought by posing a question at least 5 days ago I may have had an answer. The Assistant Minister has talked about complaints against police. What the question I was asking was, what actual arrangements are in hand to apologise to people who have been exonerated from inquiries? Are there any steps to allay that sense of grievance? Is there any written criteria? Because the answer the rapporteur has given is completely different from the question I asked.

The Deputy of St. John:

The Deputy seems to be suggesting that if the police have occasion to arrest somebody and they are then exonerated of all charges that some kind of apology should be sought. That should only happen if the arrest and the interrogation, if there is such a thing, is not conducted in an appropriate manner. It is a very distressing thing if somebody is arrested for anything whether they be innocent or guilty, so consequently the police are trained to deal with that situation so the person is dealt with very sympathetically. But it is still quite a traumatic happening for anybody. That is why it is dealt with very sympathetically. If those people feel it has not been, and that is what the Deputy is suggesting, then they have recourse through the Complaints Authority, but I have every confidence that our officers deal with all these cases very sympathetically because it is a very traumatic

experience for anybody whether they be witnesses, whether they be suspects, whether they be charged or not. Thank you, Sir.

2.12.2 Deputy S.C. Ferguson:

I think, like the Deputy of St. Martin, Sir, that the rapporteur has missed the point. If you are examined on the basis of an allegation and if you are cleared of any wrongdoing, what formal written arrangements are there for the police to confirm that you are innocent and perhaps apologise for any inconvenience to which you have been put.

The Deputy of St. John:

All such cases are followed up by the police and there is a post case procedure whereby witnesses are thanked for their co-operation and they are told the outcome of the investigation. Indeed that is not always entirely possible because of perhaps latter criminal proceedings, but all cases are followed up, Sir, and documented to the effect that any witness statement that is given becomes part of a case, so I do not quite understand what the Deputy is concerned about. My understanding is that he is concerned that people feel upset and aggrieved that they have been, in some cases, arrested for normal police investigations. Well, that suggests that we should never arrest anybody just in case they are innocent which would be an absolute mockery of the law enforcement agencies. What is important is that those people are dealt with appropriately and afterwards a follow up is done, and I assure the Deputy that there is a follow up, and that those people are thanked for their co-operation and that if, indeed, they have any concerns about the way that was dealt with, then they have recourse to the Police Complaints Authority.

2.12.3 Deputy R.G. Le Hérisier:

In a case where an arrest is carried out perhaps inadvertently in the glare of publicity and considerable damage is done to a person, what is the redress other than having to go to the very formal process of making a formal complaint? What other redresses or mechanisms exist in the system in order that that person's life will not be entirely undermined by that episode?

The Deputy of St. John:

Unfortunately, to uphold criminal justice in the Island, these cases need to be investigated and as long as they are investigated appropriately, that is what the public want us to do. Now, unfortunately, occasionally cases do not go quite to plan and you do not necessarily get the correct witness first time round. As long as that person is treated appropriately and assist the police with their inquiries, then I cannot see a problem. The Deputy seems to be suggesting that we should never ever detain anybody because they might not be proved guilty. So, I am really struggling with what the Deputy is trying to get at. If he is concerned as to the way people are dealt with while in custody or while giving witness statement then that I am very happy to look at further and if somebody has a complaint to make, then there is a process to go through. But I think also the Deputy ... there have been some high profile cases, not so much here but certainly in the U.K. where people's lives have been damaged by investigations and they have been proved innocent afterwards. Unfortunately that is an unintended consequence of our judicial process which would be very difficult to change. What is important is that those people are dealt with appropriately, there is a wash up afterwards and that there is follow through, they are thanked for their input into the case and that they are dealt with entirely appropriately. Thank you, Sir.

2.12.4 Deputy J.A. Martin:

Yes, there seems to be some confusion. I think what we want to hear from the rapporteur is, is there or is there not any formal, written or otherwise, arrangements in place for somebody who is then found to be completely not guilty? I think the answer we should be receiving is a just straightforward no.

The Deputy of St. John:

There is a formal policy and process of following up all cases and it is done diligently by all the officers when their case is brought before them. So, yes, there is a policy and process in place at the moment that is used to follow up such cases.

2.12.5 The Deputy of St. Martin:

I think it would be helpful if all Members of the House were given a copy of those instructions that the rapporteur has just referred to because, quite clearly, I think we need to see to ensure that what the rapporteur is saying is in agreement with what the question was put. With that, the rapporteur must follow on that this question really arises from what the questions were asked 2 weeks ago regarding the customs officers where the Assistant Minister said there was no need to apologise to those officers because the police were doing their job. Has any arrangements been made now to ensure those officers that were exonerated from an unsubstantiated allegation have now been properly advised and apologised to?

The Deputy of St. John:

I answered this question last time. They have been thanked for their co-operation. They have been told about the outcome of the investigation. An internal investigation is now going on to ensure that all procedures and process was followed correctly by those officers. If, as a result of that investigation, it is established that the police acted improperly in any way or form, then action will be taken. Very firm action will be taken, against any officers that have overstepped the mark, as some people may be suggesting, but that cannot be discussed in this House and cannot be discussed until the internal investigation has been completed and if it turns out that that allegation that has been made is substantiated, action will be taken. Thank you, Sir.

2.13 Senator L. Norman of the Minister for Economic Development regarding the resolution of the fishing dispute with Guernsey:

Would the Minister inform the Assembly if he has made any progress on the resolution of the fishing dispute with Guernsey?

Senator P.F.C. Ozouf (The Minister for Economic Development):

Arrangements, as Members will recall, were made to meet with Guernsey on 29th October to discuss a management agreement between Jersey and Guernsey. Unfortunately Guernsey called off this meeting, replying to me in a letter saying that Guernsey is not in a position to have any substantive discussions or any meaningful preliminary discussions with Jersey at the present time. I replied offering a further 4 dates on which I could meet my counterpart before Christmas. I received a reply dated 13th November, again declining to meet and suggesting that it would not be before the end of the first quarter of 2008 that we would meet. I have to say to Members that I am concerned about this. We want to talk and we want to find an agreement. While Jersey fishermen's rights in Guernsey waters are currently protected, it is unsatisfactory that there is a free for all. What I can say to the Assembly is that my understanding is that the Chief Minister met the Minister of State at the Department of Justice yesterday and got an undertaking that Her Majesty's Government will not conclude an agreement with Guernsey until the interests of our fishermen and others are protected.

2.14 Deputy S. Power of the Minister for Economic Development regarding the number of people travelling to and from Heathrow on British Midland Airways:

Can the Minister inform the Assembly how many people have travelled on the Jersey-Heathrow service operated by B.M.I. (British Midland Airways) on both the outbound and inbound legs since the inception of the service on 26th March 2007, and if the service will continue as a twice a day service on certain days?

Senator P.F.C. Ozouf (The Minister for Economic Development):

May I ask my Assistant Minister to be the Rapporteur again?

Deputy A.J.H. Maclean (Assistant Minister, Economic Development - rapporteur):

I am pleased to inform the Assembly that since the B.M.I. Heathrow service commenced some 61,300 passengers have used it up until the end of October. Despite the loss of 12,600 passengers when we lost Stansted last year, we have succeeded in growing the total London market by 67,000 in 2007. **[Laughter]** Is that all? Just a ripple, just a ripple. A significant contributor has been the re-establishment of the Heathrow route. This dramatic growth demonstrates the commitment to actively supporting the Heathrow services is already proving to be a good decision and furthermore it is a demonstration that the combined approach by Economic Development and the airport is delivering tangible economic and social benefits to Jersey. Responding to the question about frequency of the Heathrow service, I am advised that consideration is being given to additional frequency. This, however, is subject of ongoing assessment by the airline. In the meantime, we have not been advised of any further adjustments to the twice-daily frequency that is currently operated. Thank you, Sir.

2.14.1 The Deputy of St. Martin:

I did not stamp too hard with the news that we have got an increase at Heathrow but could I ask the Assistant Minister, has the gain at Heathrow been at the cost of the Gatwick? Have the Gatwick figures dropped?

Deputy A.J.H. Maclean:

The total London market has grown by 67,000. Specifically, with regard to Gatwick, there has been a loss at Gatwick which amounts to around about 12,000 but, in consideration of the dynamics of that particular move, what we have seen is a shift between the 2 airlines that currently operate the Gatwick route. There has been significant shift there between one and the other. The route is down about 12,000 but overall, and this is the important measure, London in total is up 67,000 so there has been a net gain.

2.14.2 Deputy S. Power:

I wonder if the Assistant Minister could confirm to the Assembly that on the 60,000-odd people that he confirmed have travelled outbound and inbound on the Heathrow services, does he know what this figure is as a percentage of the load capability of the airline?

Deputy A.J.H. Maclean:

The load factors that B.M.I. are currently operating to are approximately 58 per cent although clearly it does fluctuate but that is the year to date figure.

2.14.3 The Deputy of St. John:

I wonder if the Assistant Minister could answer a similar question concerning how this successful route will affect other routes. He answered recently that London Luton will become served by a new operator and perhaps with some increased frequency. He is suggesting that there may be some increased frequency on Heathrow as well which is excellent but how will this, does he think, affect the Gatwick route which is serviced of course currently by a prolific operator to Jersey that will probably find that as their flagship route if you like. Is he concerned as to how these 2 routes may affect that relationship with Gatwick and indeed that flagship operator? Thank you, Sir.

Deputy A.J.H. Maclean:

No, Sir, I am not overly concerned at this stage about an effect on Gatwick. Yes, we have seen a modest fall in passenger numbers but, of course, this year we have seen growth in Luton. It has been operated currently by Thomson. They have an increase of 30,000 passengers and I think we will be looking to recapture that when easyJet start their services. I would not be expecting to see a dramatic change in the numbers at Gatwick but the most important figure that we are interested in is London as an overall. With all the airports that are served, there is London City, there is Gatwick, there is Heathrow, there is Luton, it is a good network into the city and we are

concentrating on the fact that we are seeing increased numbers over the entire network. Thank you, Sir.

2.14.4 The Deputy of St. John:

Gatwick, as many of you will know, currently has 2 operators, both Flybe and British Airways. British Airways is a very important interline route into London and having that capacity on Gatwick and then having capacity on Heathrow as well, is he not at all concerned that we may lose that Gatwick link as supplied currently by British Airways?

Deputy A.J.H. Maclean:

I am certainly not concerned that we are likely to lose British Airways. British Airways are delighted with the way in which Gatwick is performing. In fact, their figures are up significantly as far as Gatwick is concerned.

2.14.5 Deputy R.G. Le Hérisier:

Would the Assistant Minister comment on whether the momentum established on the Heathrow route will be sustained on, for example, the Doncaster route or is that likely, after a very good start, to deteriorate?

Deputy A.J.H. Maclean:

We are delighted with the way in which the Heathrow route has performed to date. Members should recall that it was a standing start when B.M.I. took on this particular route. Normally there is a lead in period for airlines as we are seeing with easyJet who have just announced their new services. They have a number of months in which to promote the route. When B.M.I. started on Heathrow, it started almost immediately from a standing start. We were anticipating, and part of our modelling included, the figures that were previously achieved by British Airways when they ceased the service in 2000. We were targeting 90,000 and we are certainly on target for that and we would certainly hope that the figures would be increased and indeed built upon, and B.M.I. are sharing our view on this, which is very positive.

Deputy R.G. Le Hérisier:

Sorry, Sir, a misunderstanding. Will that success be repeated on the Doncaster route?

Deputy A.J.H. Maclean:

I would certainly hope so. We work very hard with airlines to ensure that all the routes that are operated to and from the Island are maintained. We spend a great deal of time looking at the statistics and analysing them. We are prepared to and have, to date, been working with airlines where we have seen numbers falling in certain areas, but we would be very hopeful that Doncaster will be a strong performer into the future.

2.14.6 Deputy S. Power:

Could the Assistant Minister confirm whether British Midland have expressed any concern about a 58 per cent load factor and whether they have expressed any concern about the amount of freight they have carried?

Deputy A.J.H. Maclean:

I am not aware of any concerns. I mean, clearly airlines are wanting to increase the load factor although it is an interesting balance because some while ago there were conversations held with airlines where we were trying to get the load factors increased but when they get to a certain level they are very happy. It is all about net return. It is not necessarily having aircraft absolutely full. Clearly from B.M.I.'s perspective they are keen to develop the business element of the loads and they have been working quite hard in terms of marketing to that particular market segment and I believe they are achieving some success in that regard. Thank you.

2.15 The Deputy of St. Ouen of the Minister for Treasury and Resources regarding pensioners monthly telephone rental:

Given that pensioners can currently benefit from very low monthly line rental and cheap local calls under Jersey Telecom's Prime Talk tariff, would the Minister undertake, as part of the sale process, to put in place measures to protect such a valuable service for pensioners after the sale, if approved by the States?

Senator T.A. Le Sueur (The Minister for Treasury and Resources):

Irrespective of whether the company is sold or not, it is not my role, nor that of the Board of Jersey Telecom, to put in place measures to protect a section of the community. As set out in the sale proposals, it is the role of the Jersey Competition Regulatory Authority to ensure that all current and future demands of telecommunication services are met. Specifically, under the provisions of the telecommunications law, the J.C.R.A. must, when ensuring current and future demands are met by the telecom industry as a whole, have regard to the special needs of customers who have limited financial resources. It is in this way that pensioners and, indeed, any other person with limited financial resources can be protected.

2.15.1 The Deputy of St. Ouen:

My colleague and next door neighbour, the Deputy of Grouville, in December 2004 brought a proposition to the States regarding special carriage for senior citizens. In that proposition were a number of points but one was that there was a request that the Economic Development Committee at the time should consult with the J.C.R.A. on the general subject of cost subsidisation and come back to the States to enable the States as policy makers to consider the policy with regard to provision of subsidised telephony services in the Island. To my knowledge, I do not believe this has happened. Perhaps the Minister would care to elaborate on whether the States have considered this policy and if not, why not.

Senator T.A. Le Sueur:

That is a matter which needs to be discussed by the Economic Development Minister and the J.C.R.A., but as far as I am concerned that proposition, brought by the Deputy of Grouville, alleged to an outcome which was satisfactory to all parties and I think, on the basis of that, the pressure to produce that report has maybe lessened somewhat and, at the time, I think there were probably other things to be done but I cannot expand further on that for the Deputy's benefit, I am afraid.

The Deputy of St. Ouen:

I would like to remind the Minister that the comments that I read from were made by the Finance and Economics Committee of the day, which I believe he was President of.

Senator T.A. Le Sueur:

That is indeed the case, Sir. It was a request for the Economic Development Committee to consult with the J.C.R.A.

2.15.2 Deputy J.A. Martin:

It is interesting, Sir, that the Minister says that it is a job of the J.C.R.A. to protect the less well-off and to make sure they are not financially disadvantaged. Why is then the J.C.R.A, Sir, not looking into the Jersey Gas Company who only allow people who pay on debit direct to have a cheap unit of gas rate and the less advantaged, who get paid weekly and have a meter or monthly bills, have to pay a higher tariff. Why are the J.C.R.A. not intervening in this practice?

Senator T.A. Le Sueur:

I made it clear in my original answer that it was under the telecommunications law that the J.C.R.A. look after the needs of the consumer. The gas law may need review in due course but that is a separate issue.

2.15.3 Deputy G.P. Southern:

Is it not the case that when the pensioners' tariff was under threat recently it was the fact that the States of Jersey, through the Treasury and Resources Minister as the shareholder in Jersey Telecom, enabled a swift resolution to the issue? Does the Minister not feel that in future once J.T. is sold off these matters will be very much more difficult to resolve and that, in fact, this will end up in pensioners' rates, pensioners' tariffs being scrapped.

Senator T.A. Le Sueur:

The solution which we came up with in the case of the pensioners' tariffs some time ago was not necessarily the ideal long term solution. It was a pragmatic solution at the time. We have a law in place which has the appropriate mechanism and that is the route we should be using in the future.

2.15.4 Deputy G.P. Southern:

Is it not the case that were a company running J.T. in future to claim that such tariffs were completely uneconomic and that he wished to scrap them, that they could be allowed to do so?

Senator T.A. Le Sueur:

Yes, I said in my answer that it was the requirement of the J.C.R.A. to look after the needs of the telecoms industry as a whole and that no one operator should be necessarily prejudiced in relation to others in dealing with such requirements.

The Bailiff:

That brings us to the end of Questions.

Senator S. Syvret:

Is it possible for me to ask the 2 questions I had down? I apologise for being late but I was taking an important phone call from yet another victim.

The Bailiff:

I am afraid we have exhausted the one and a half hours of Standing Orders allowed but you do have an opportunity in questioning of the Chief Minister in Questions without Notice, Senator, so I suggest that you put the questions at that time. We come to the first question period without notice. The question period is the Minister for Social Security.

3. Questions to Ministers Without Notice - The Minister for Social Security

3.1 Deputy J.A. Martin:

Would the Minister now admit that basing the medical component on the average doctor's visits for the Island population at 4 visits a year was completely wrong, as his department, for all those on H.I.E. (Health Insurance Exception) at the moment, are giving families £2.66 per week for their medical component but asking them to save £3.92? For a family of 4, this is £260 a year more than they are getting in and if it is 12 times, we are talking nearly £500. So, will the Minister now admit he got this one wrong?

Senator P.F. Routier (The Minister for Social Security):

I will certainly not admit that I have got that wrong at all. The average person goes to the doctor 4 times a year. People who need to go to the doctor more than that will be assessed by their medical practitioner, their G.P. (General Practitioner), and there is a mechanism for them to seamlessly go to their doctor and to receive the medical service that they require. The medical accounts, which are being established for each person, will be put in place at appropriate levels according to each person's financial circumstances. The H.I.E. people who are transferring, who are currently of H.I.E, do transfer over to the new system with more than 4. They transfer to 8 because that is per year or depending on their personal needs, it could be 12 or it could even be more. It really

depends on the person's medical needs and that is a negotiation which is had between the G.P., who does advise the patient themselves.

3.1.1 Deputy J.A. Martin:

Sorry, Sir, I really must have a supplementary. I am here with an email from one of his officers dated this morning and they are telling me that, without any extra medical costs, a person is being given £2.66 a week but asked to save £3.92 in their medical account. Eight visits a year, family of 4, £260 more out than they are getting in. Is he denying this, sir?

Senator P.F. Routier:

I have not had sight of the email so I cannot really comment on it.

3.2 Deputy G.P. Southern:

Again, continuing on income support which is going to sort of cause lots of trouble throughout the coming year, is the Minister aware that a person on attendance allowance, cared for by her husband on carer's allowance, is due to lose £108 per week, £432 per month, from her benefit which is protected for a year at £202 per week? It will go down to £94 a week. Is this the intention behind income support that someone on attendance allowance, severely ill, should lose this amount of money?

Senator P.F. Routier:

I think the whole House is very aware of what income support does. If someone has their own financial resources which are now taken into consideration, those sort of circumstances which the Deputy outlined, it is possible that someone who has those sort of financial circumstances and those needs will be affected in that way. It really does depend on their own income which is coming into their house and the House has approved the introduction of income support in the full knowledge there will be redistribution of the funds to those people who are in financial need.

3.2.1 Deputy G.P. Southern:

Supplementary, Sir. The Minister should be made aware that the carer in this case earns £500 a month, the maximum a carer can earn. If he were to leave work and say that I will stop working all together and care fulltime, he would, in fact, only lose £100. He would end up with income support topped up to £400. If he were to work more to try and make up for whatever reduction he is going to suffer, he will not gain anything because every pound he earns will be taken off his income support. In fact, what the Minister has created is a disincentive for this man to work or to work fulltime, and to hand this person and his wife over to a fulltime carer which would cost the State far, far more. Does he realise that the income support system he has set up produces these end results?

Senator P.F. Routier:

The income support system is there to support people and that is what it will do. The mechanism for caring for people has to be appropriate to the needs of each individual and that is what has been put in place. The circumstances of individuals obviously is very difficult to respond to immediately over the floor of the House and I think that the circumstances as talked about, that if somebody tried to help themselves, they would not see any benefit at all, the income system although we had the big debate about incentives and all the rest of it, which at the time I -- the Deputy is shaking his head, but what we had was a discussion about the effectiveness of incentives. The Deputy has just said just now that a pound would be taken away for every pound he earns. Well, that is not the case. I mean, we know that there is a small incentive and I said during the debate I would like that incentive to be greater, but the funds that we have available to us do not enable that.

3.3 Senator S. Syvret:

I was wondering whether the Minister, Senator Routier, could explain his amazing conversion. This is a man who has rabidly opposed such things as G.S.T. exemptions on food because this was not a targeted benefit and it would benefit those as well who did not need it, yet he is scrapping prescription charges which will also be of benefit to those who do not need it. Could he also inform the Assembly, did he discuss this in detail with the team working on the New Directions health strategy, because his decision is an incompetent decision, because any surpluses within the health insurance fund are far, far more importantly directed at the development of the expansion and the scale of primary care than some kind of stable remuneration system for G.P.s?

Senator P.F. Routier:

Thank you, Senator, for the opportunity to discuss this matter. Certainly with regard to his understanding of what the health insurance fund is about, every person who has worked in this Island has contributed towards the health insurance fund, and the money from that is distributed to anybody who has contributed to that scheme. The analogy he uses as appropriate for wealthy people to have a benefit of that is very similar to sort of saying that all wealthy people should not benefit from the pension system. Everybody has contributed to the health insurance fund. It is totally different to targeting of other States funded benefits. The insurance fund is contributed to by everybody and everybody is entitled to benefit from it. It is an insurance scheme which is appropriate for them to benefit from. With regard to the consultation with the New Directions team, my department have been working with the New Directions team, obviously quite closely, and when we had early discussions last year, with regard to the possible use of the health insurance fund for New Directions funding, I made it known at that time, and my department made it known at that time, that they were very supportive of that and that is still possible. The amount of money which has been directed to free prescriptions is £2.5 million. At the time when we made the decision to work together with New Directions and using some of the health funds, we had an annual surplus of about £8 million. The decision to scrap prescription charges is made in the knowledge that we now have an annual £10 million surplus. So, we can still help with New Directions and are committed to do that.

3.3.1 Senator S. Syvret:

Sir, supplementary. I understand perfectly the cost, the purpose and the legal status of the health insurance fund. My question really is did the Senator and his department carry out a detailed written cost benefit analysis of this usage of a surplus portion of the monies from the fund when the benefit might well have been far better targeted at the development of primary care services for the community? Was a detailed written cost benefit analysis of this particular election year gimmick actually undertaken?

Senator P.F. Routier:

We obviously had a detailed paper, which I presented to the Council of Ministers, before I decided to make the decision. With regard to comparing it to the benefits of New Directions, as we know we are still awaiting the final outcome of what the House will decide with regard to New Directions. As I said earlier, the status of the fund is very healthy and we are still in a position to help with the New Directions policies and I really look forward to being able to do that. I have to say I am truly amazed at some of the negative spin which Members are trying to put on to this very welcome -- the amount of reaction I have had from the public has been amazing and it is not a political spin. If I had wanted it to be a political spin, I would have waited until next year. I am absolutely dumbfounded by some of the reaction of Members and some of the negative comments that have been had. This is not a political spin. The public can benefit from an economy which is doing really well and we are getting tremendous reaction, better resources brought into the health fund and we are able to redistribute it to the sick and the elderly.

3.4 Deputy C.F. Labey of Grouville:

I do not see how the Minister can be dumbfounded and I will use another example other than G.S.T. exemptions. I will use the winter fuel allowance as an example. The Minister has, in other debates, used the scattergun approach, those are his words, to giving exemptions and giving allowances so how can he justify the same scattergun approach which he has spoken against to free prescriptions for all?

Senator P.F. Routier:

I think I answered that previously with regard to the purpose of the health insurance fund. It is an insurance scheme which everybody has paid into and, as I said earlier, everybody is entitled to benefit from the health insurance fund. The social security fund generally is an insurance based thing for pensions. I certainly would not be suggesting that we would be means testing the State pension because it is the same principle and I would not encourage that from any Member. I believe it is an appropriate use of the fund.

3.5 Deputy C.J. Scott Warren:

While the provision of free prescription from February next year has certainly allayed a lot of fears for those who are currently on H.I.E., does the Minister appreciate that there is still much anxiety regarding the number of allowed visits to a doctor from the onset of income support which is worrying people who do not necessarily fall in the average number of visits per year?

Senator P.F. Routier:

I hope that anybody who has any concerns with regard to the number of visits that they are allowed to go to the doctor, they do get in touch with the department because there is a seamless mechanism for people to be assessed by their doctors, to receive the appropriate care that they need, and that will be funded through the income support system.

4. Questions to Ministers Without Notice - The Chief Minister

4.1 Deputy P.J.D. Ryan of St. Helier:

Would the Chief Minister be prepared to consider extending by 2 months the current consultation period for the 2035 migration debate on the funding of the ageing population, bearing in mind that he is unable to meet my Scrutiny Panel to discuss it until February 2008?

Senator F.H. Walker (The Chief Minister):

I will certainly consider that and I would be more than prepared to sit down with Deputy Ryan to discuss it. I doubt that there is a particular problem in this respect other than, of course, it will cause delay to any necessary implementation, but I will gladly talk to the Deputy on that matter.

4.2 Senator S. Syvret:

Would the Chief Minister give the Assembly an undertaking that any person remunerated from public funds who is shown to have committed child abuse, failed to prevent child abuse and in a position to do so, failed to report instances of child abuse, helped to conceal instances of child abuse or failed to ensure that any person in the above categories received appropriate punishment, will be dismissed?

Senator F.H. Walker:

If any such allegations are to be, or were to be, substantiated, appropriate disciplinary action would indeed and, of course, be taken but that disciplinary action would depend on the scale of the offence and the circumstances of the case. Dismissal would most certainly apply in cases of proven gross misconduct.

4.3 Senator T.J. Le Main:

Can the Chief Minister advise this Assembly that if it is found that any States Member has been found to be even remotely involved with any kind of bad behaviour or abuse of their position of

trust with children or young people, will he bring a proposition to the States to have he or she dismissed?

Senator F.H. Walker:

I do not believe that is a matter for the Chief Minister. That is much more a matter for the Privileges and Procedures Committee.

4.4 Deputy S. Power:

I draw the Chief Minister's attention to the recent document, Image Jersey 2035. A large part of this document is to deal with the population of the Island ageing and changing. The number of elderly people is growing fast and there are a fewer number of people of working age. Would the Chief Minister agree with me that the emphasis in the document is very much cost and accountancy and there is a perception among those who are elderly on the Island that they are a problem and that this document does not give them credit for the number of years they have worked on the Island and the amount of taxes that they have paid? There is a perception among the elderly that this is a hard document on them.

Senator F.H. Walker:

It is most certainly not intended to be a hard document on them, anything but. It is though a factual document which does outline the projected changes in our population profile which, in our view, are absolutely inescapable. We do, I think, take care of our elderly very well in other respects and the free prescriptions recently announced is a very good example of that. The elderly are in no way a problem, but the underlying position is that inevitably elderly people require more care, generally speaking, than do younger people and tend not to contribute to tax revenues to the extent that younger people do. Now, that is a fact which we have to be aware of, which we have to address and that's what we are doing, but I would be very regretful if any elderly person in Jersey thought this was in any way an attack on them, a sleight on them, a suggestion that they are a problem, or a suggestion that they are not very welcome members of our society, because they most certainly are.

4.5 Senator S. Syvret:

In the event that any person remunerated from public funds is referred to the States Employment Board for disciplinary reasons related to child abuse, could the Chief Minister inform the Assembly what definitions of child abuse will be used by the board in determining whether any disciplinary offence has been committed?

Senator F.H. Walker:

The Solicitor General has confirmed to me that there is no legal definition of child abuse. As such, in the event of any possible disciplinary actions, then these must and will be dealt with according to the States disciplinary proceedings.

4.5.1 Senator S. Syvret:

Does the Chief Minister acknowledge that many respected national organisations working in this sphere of child protection do in fact publish definitions and guidance? While these may not be in our legislation, nevertheless guidance is available for professionals working in the field.

Senator F.H. Walker:

That may be true, I have not seen it, but I wonder if the Senator is aware of *Children: The Modern Law* where it says that the area of greatest difficulty in recent years, i.e. to define, is child abuse.

4.5.2 Senator S. Syvret:

I was aware of that but I am simply seeking from the Senator, rather than these evasions, a simple declaration that he will regard such actions as mental cruelty, psychological cruelty, the infliction

of psychological harm, neglect, failure to educate properly, things of that nature, does he accept that these are included within the definition of child abuse?

Senator F.H. Walker:

They very well can be, and if it is shown that any allegation against any individual employed from public funds is maintained, and withheld, and is proven, then any such definitions could be taken into account. The position will, of course, depend on individual circumstances and on the particular charge laid at any particular time.

4.6 Deputy G.P. Southern:

Are there any particular or specific reasons, economic or otherwise, which dictate the original timescale for the imagined Jersey to 2035 consultation process?

Senator F.H. Walker:

Not particularly, Sir, and I think this really goes back to the question put to me by Deputy Ryan.

4.7 Deputy R.G. Le Hérisier:

In respect of child abuse allegations, would the Chief Minister say whether a mechanism exists, either within or without the Williamson Inquiry to deal with politicians who may have been found wanting in their pursuance of these particular matters?

Senator F.H. Walker:

I understood the question to relate to politicians only, so I repeat that the Chief Minister has no powers to deal with politicians. That is something, if it sits anywhere, sits with the Privileges and Procedures Committee. I have no powers to deal with Members of this Assembly whatsoever.

4.8 The Deputy of St. John:

I would like to draw the attention of the Chief Minister to an article that was published in the *Sunday Times* this Sunday. America has told Britain that it can kidnap British citizens if they are wanted for crimes in the United States. A senior lawyer from the American Government has told the Court of Appeal in London that kidnapping foreign citizens is permissible under American law because the U.S. Supreme Court has sanctioned it. The admission has alarmed, of course, local business people. [Laughter] The extradition issue, as people will know, has been a hot topic in recent times.

Senator S. Syvret:

It is so rare to hear the truth spoken in this Assembly.

The Deputy of St. John:

Is the Chief Minister concerned about this? Does he believe it is acceptable that the U.S. Government should have this somewhat one-sided agreement with the U.K. and would the Chief Minister be prepared to take this matter up with the Ministry of Justice?

Senator F.H. Walker:

I understand the Deputy's concern. I saw the same article myself and I have to say I think it is unbelievable that an allegedly civilised, democratic state, such as the U.S.A., believes that kidnapping is an appropriate way of going about their legal business, and it certainly is something that I would wish to discuss with the Attorney General. However, we should not necessarily jump to the conclusion that this is official U.S. Government policy. This was the opinion of a lawyer, as I understand it, but I certainly will be taking it up with the Attorney General in the very near future.

The Deputy of St. John:

If I could just clarify something for the Chief Minister. The American Government has, for the first time, made it clear in a British court that this is their legislation; they are permitted to do that.

Senator F.H. Walker:

I am not sure about that. That is not necessarily the interpretation I would put upon the article, but I have already said to the Deputy I will be taking this up further and indeed I shall.

4.9 Deputy G.P. Southern:

In discussions of the Millennium Town Park project, can the Minister clarify how much has been allocated to fund the town park currently and from where these funds are coming and when those funds will be delivered.

Senator F.H. Walker:

I think the Deputy full well knows the answer to his own question, but nevertheless the Deputy is, I am sure, aware, or he should be as the Deputy of St. Helier for that part of St. Helier, that over £4 million is available through the now somewhat historic Millennium Fund. He should also be aware that the cost of decontamination is very considerably higher than was originally anticipated, but that is now a fact of life, and he will be aware of the statement, the commitment made by the Council of Ministers last week, which Deputy Hilton put into the public arena, that the money will be found in 2010 and 2011, subject to the express wishes of this House, of course, to fund the entire town park, including all the remediation work.

Deputy G.P. Southern:

Where will that money be coming from?

Senator F.H. Walker:

Subject to the wishes of this House, my guess is that it will come, and the proposal I believe, will be that it will come from the capital programme.

4.10 Deputy S.C. Ferguson:

Given that by 2010/2011, we shall be heading into a structural deficit position, how can the Chief Minister justify that this money will be available?

Senator F.H. Walker:

I said it would come from the capital programme. I did not say it would add to the capital programme. There is of course a significant difference and I would remind the Deputy that the structural deficit that our forecast suggested we would be faced with in 2010 and 2011, although still existing, is very much smaller, very much smaller, than it looked a year ago because the economic development policies have been so successful. I anticipate more of the same in enabling us to deal with the structural deficit as and when it materialises, but I would re-emphasise the Council of Minister's commitment to the point that there will not be a structural deficit.

4.11 Deputy G.P. Southern:

The progress in the Millennium Town Park project will depend upon the provision of sufficient car parking spaces in the environs. What consultation has taken place with the residents in No. 2 and 1 districts of St. Helier over the proposal to build a car park on Ann Place?

Senator F.H. Walker:

I am not aware that any consultation has taken place, but I would accept the thrust behind the Deputy's question that it should. Nevertheless, I think the Deputy would also have to agree that if we need a town park, and I assume that as the Deputy of St. Helier No. 2 he fully supports that, then we have to find alternative parking provision in that part of town. Wherever it goes, there will be neighbours affected. Consultation is important, but at the end of the day we have got to make

sure that we do provide the park, we do provide the parking, and we do so in the most acceptable way. I believe that the current plan, as it stands on the table, does just that.

4.12 Deputy J.A. Martin:

Could the Chief Minister inform us why, after what he has just said, the town park and the alternative parking have already been, let us say, discussed to the point of consultation as to design and we do not yet have ... could he not push his Minister for Transport and Technical Services to bring together a transport policy for the whole of the Island, especially St. Helier, before we decide on exactly if, where and when we need more parking. There may be other solutions and, as Chief Minister, I think it is his job to co-ordinate his Ministers correctly.

Senator F.H. Walker:

I absolutely agree and so no problem at all that the Transport and Technical Services Minister will be bringing forward a fully co-ordinated transportation plan some time before final decisions have to be taken on the size, the design or whatever it may be, of the proposed new car park.

4.13 Deputy R.G. Le Hérissier:

Building on my earlier question, would the Chief Minister confirm whether or not Mr. Williamson, or anyone else investigating has, as part of their remit, to discover whether the political system failed as well as the administrative system in respect of child protection?

Senator F.H. Walker:

I am sure that Mr. Williamson will be reporting on where the political system has failed. The question the Deputy asked me earlier is what action I would take against politicians on the back of it, and I have no powers to do that. I would certainly use every power at my disposal to ensure that any such recommendations - well, I would not need to in fact because Mr. Williamson would do it himself - that any politician exposed for misconduct of any form in this respect, that that would be fully publicly aired and I would assume fully and very aggressively, if that is the right word, followed up in the appropriate way.

The Bailiff:

That concludes the second question period and we come now to statements on matters of official responsibility. I have given leave to the Minister for Transport and Technical Services to make a statement on the grounds that it is urgent, but the first statement is by the Chief Minister.

STATEMENTS ON A MATTER OF OFFICIAL RESPONSIBILITY

5. Statement by the Chief Minister regarding the relocation of Mr. Andrew Williamson to the States Greffe Offices

5.1 Senator F.H. Walker (The Chief Minister):

The Assembly will know that Mr. Andrew Williamson is undertaking an independent review of the current child protection arrangements in Jersey. As of yesterday, Mr. Williamson's administrative support is being provided by the Greffier of the States and can I say, Sir, I am very grateful to the Greffier and his team for agreeing that this should happen. But, for the avoidance of any doubt, let me state here and now that Mr. Williamson is carrying out a fully independent review. There has never been, nor will there be, any interference in his work. He is a man of considerable experience, and incidentally I confirmed that with the Ministry of Justice yesterday, and standing who would not countenance anyone trying to influence him. It is too important to the vulnerable children of our Island for the outcome of this review to be the subject of any form of unfair political prevarication. I confirm that Mr. Williamson has agreed to this change of location.

5.1.1 Senator S. Syvret:

Can I just take this opportunity to thank the Chief Minister for recognising the importance of the appearance of objectivity in this inquiry. It would have been preferable had he recognised this 2

weeks ago, but nevertheless he has now recognised it and I would therefore ask to withdraw the proposition I had listed for debate today.

The Bailiff:

Are there any questions for the Chief Minister? No? Well then Senator Syvret has asked that his proposition be withdrawn and that will be completed accordingly by the Greffier. We come next to a statement, which I understand has been circulated to Ministers, to be made by the Minister for Transport and Technical Services.

6. Statement by the Minister for Transport and Technical Services regarding the incinerator at Bellozanne

6.1 Deputy G.W.J. de Faye (The Minister for Transport and Technical Services):

I am grateful to you for allowing me to make this statement. I would like to apologise both to you and to the Assembly for the fact that the statement was not included on the agenda and that printed copies have only just arrived in Members' hands. This is due to an unfortunate administrative oversight at the Transport and Technical Services Department and I am sorry that happened. Nevertheless, I do think this is an important issue for Members to be aware of. I would like to update Members on the current state of the Bellozanne incinerator and the corrective action I have authorised the department to take to ensure the Island has waste disposal facilities until a replacement for the Bellozanne incinerator is commissioned. Throughout 2007 a number of major component failures within the plant have required major repair and replacement, which not only uses up the allocated budget but results in considerable downtime for the plant. The knock-on effect is to reduce the throughput of the plant to the extent that by the end of 2007 there will be a backlog of about 8,000 tonnes of material stockpiled in pits at La Collette. In the last few weeks, the level of repair and the number of outages at the plant have increased significantly and by Saturday, 17th November the entire plant was out of service. All 3 streams were incapacitated due to leaks in the boilers and the overhead crane system had suffered from a major structural failure of its supporting steelwork. Repairs on 2 boilers were completed by Saturday, 24th November, but the number one boiler suffered from a major failure and is still not operating. Given the unreliable nature of the plant, it is becoming highly unlikely that all 3 streams will be available for continuous operation to clear the backlog, as further breakdowns can be anticipated. The overhead crane system, which suffered a major structural failure of a large supporting steel I-beam, has been temporarily repaired. The evidence indicates a fatigue failure of the structure and is of a similar type to 2 others that have occurred. The department has accordingly advised the States' insurers of the failure and has also called in a structural expert to assess the condition of the steelwork and advise whether it remains fit for continued operation. Initial assessments point to further repairs being required over the coming weeks. The severity and nature of recent breakdowns show that the outage situation will continue or deteriorate over the next 3 to 4 years until the new plant is commissioned and the old one is shut down. As there is only limited space at La Collette, it will not be possible to safely store waste there for a further 3 to 4 years. To accommodate further outages at the plant, contingency plans have been drawn up that are robust and acknowledge the space limitations at La Colette. They will meet the needs of the regulatory authorities and, above all, will provide the Island with a safe and environmentally acceptable solution to cope with any surpluses. The department is working closely with the Waste Regulator and Planning Department and has devised the following emergency contingency plan; waste disposal off-Island. To consider the export of waste under international convention, the Island has to demonstrate to relevant authorities that it has considered and applied best practicable environmental options before a licence will be granted for the export of waste. While satisfactory and safe on-Island storage facilities exist, it is unlikely that such a licence would be granted unless an emergency condition applied to the Island. However the Waste Regulator has agreed to commence negotiations with U.K. authorities to establish and put in place the protocols required for the Island to be granted a licence in short order in the event of a major problem with the storage of waste. In respect of waste

storage on the Island, the current system of storing crushed, bulky waste in pits at La Colette is effective, although expensive in terms of manpower, vehicles and machinery to transfer the waste from Bellozanne to La Collette. Consideration has been given to the availability of space at La Collette and continuation of all the current operations there. There is therefore limited space available for any large scale waste storage facility. In addition, given the proximity of the fuel farm, the Fire and Rescue Service is concerned about the storage of large quantities of combustible waste at La Colette. Although very difficult to quantify, by 2011 there could be a requirement to store in the order of 20,000 tonnes of baled waste. This would be bulky, crushed waste that does not have any putrescible or rotting element in it. Apart from La Collette, the department, in conjunction with planning officers, identified a number of sites in States ownership that could be used for storage purposes. Depending on location, the site or sites might require lining. However, if only non-putrescible baled and wrapped waste is to be stored, this reduces the likelihood of requiring an expensive geotech-style liner. Recommended sites will be brought forward for approval in the next 2 weeks and will be fully evaluated with the Planning and Environment Department as well as Health Protection. It is evident that large quantities of waste might have to be baled in the next 3 to 4 years. The department has a baler that is over 30 years old and, while operational and used for baling small quantities of waste, it does not have a wrapping facility and if used to bale several thousand tonnes of waste, it is unlikely to cope. To ensure the Island has a strategic backup, I have approved the purchase of a new baler, fitted with shrink wrap facility. This cost of new equipment is approximately £600,000. Sir, in summary, I believe the actions I have sanctioned must be considered as essential if the Island is to maintain a safe and acceptable storage route for its waste until the new plant is commissioned. The total cost of the baling equipment, repairs to the cranes, site selection and preparation and managing the transport logistics to move the waste around the Island are in the order of £1.3 million. I am discussing this level of expenditure with the Treasury Minister, but in order to place the requisite orders for the baler, I have instructed my department to place a hold on the 2008 infrastructure capital vote of £4.5 million. This means that unless alternative funding routes can be found, the amount of repair work undertaken on the Island's highways, sea defences and drains will be severely cut back for 2008. I hope Members will accept that the remedial action I have authorised is essential and the requirement to replace the Bellozanne incinerator with a modern plant is now critical.

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

I have a number of questions but I will ask them individually as the time arises. The first one, Sir, to the Minister is how come, in preparing his department's capital expenditure requirements, or indeed revenue expenditure requirements for the coming year, that no strategic looking ahead monies were put into the budget in order to pay for this capital sum?

Deputy G.W.J. de Faye:

The amounts of money devoted to the Bellozanne incinerator have, in fact, been increased in the future budgets. Up to now we have been getting by on the maintenance budget of roughly £300,000 a year and that had been put up to £500,000. However, what was not anticipated at all, was the fact that is emerging that it appears that not only do we have problems with the boilers, but the building itself is undergoing some form of structural failure. Clearly, in the case of the crane support beams, this appears to be metal fatigue. This is something that largely came out of the blue and therefore it was not foreseen, which is why I have had to bring the matter to the States as a matter of urgency.

6.1.2 Deputy R.C. Duhamel:

Is it not the case that for most departments who do have expenditure on capital equipment to take into account, the normal practice for the shrewd operator is to allow yourself or the department to have contingency sums to cover all eventualities, should they arise? There is an element of risk, the risk is insured and these things can be worked out ahead of the time.

Deputy G.W.J. de Faye:

That would appear, on the face of it, to be an entirely reasonable practice, but that simply is not how the States budgets and funding work. What has happened here is that something completely unexpected has happened, and that is that we are facing structural failure of the Bellozanne incinerator building. It is something that will have to be addressed.

6.1.3 Deputy P.V.F. Le Claire:

Could I ask 2 questions please in relation to this development? The first is in relation to the Environment Scrutiny Panel public hearing that was held on Monday, 17th September, the Chief Officer said, and I quote: "I will take you for a guided tour of Bellozanne and La Collette. One, I will show you at Bellozanne the plant is falling apart, but 2, I will take you to La Collette and I will show you 3,000 tonnes of waste for storing in pits." How is it then that on 17th September 2007 a projected storage capacity of 3,000 tonnes being held at La Collette can amplify to 8,000 tonnes in this statement and yet, within the same statement there is by 2011 a prediction of 20,000 tonnes. How can the department go from 3 to 8 in 3 months, reaching 11 and only go to 9,000 tonnes from the end of this year to 2011? That is the first question. The second question is, given the space that is at a premium at Bellozanne Valley, why have residents been written to suggesting this week that a meeting will take place, or can he confirm that a meeting will take place on Monday to discuss moving the green waste that is being held at La Collette to Bellozanne Valley?

Deputy G.W.J. de Faye:

I will deal with those issues separately. In respect of the tonnage, I have no reason to question the estimate of my Chief Officer given to the Scrutiny Panel last week and I am sure that there currently are 3,000 tonnes, or thereabouts, of waste stockpiled at La Collette. If the Deputy would care to read the second paragraph of the statement a little more closely, he will see that it says that the backlog refers to the end of 2007. That is, the 8,000 tonne figure is a projected figure and the reason it will simply jump from 3,000 potentially to 8,000 tonnes is because the plant has broken down and we cannot process the waste at a speed that we normally would. Therefore, the backlog is building up at a much greater speed. The 8,000 tonnes refers to what we expect and anticipate roughly by the end of this year. The 20,000 tonne figure, of course, is a figure that has grown up over an extended period of time. With regard to the green waste composting, as I am sure the Deputy is well aware, as he is the Deputy who brought forward the original concerns over the Buncefield situation in the United Kingdom, a new set of priorities is having to be applied to the whole of La Collette due to our precautionary approach over the likely reallocation of hazard zones around the depot. This has not happened yet, as a matter of fixed law, but we are anticipating what we believe is likely to happen, and that simply means that we can no longer encourage large numbers of the public to go down and deposit their green waste at the existing green waste composting site. It has to be said, that is a major blow. Relocation of that public facility will cost a substantial amount of money. We simply do not have the funds available at the moment and we have to make the best of the sites available, and that is why we are considering a yard at the top end of the existing sewerage works in the Bellozanne Valley and I think, quite rightly, we will be holding a public meeting so appropriate consultation can take place on that matter.

6.1.4 Deputy P.N. Troy of St. Brelade:

In the section headed number one, Waste Disposal Off-Island, it states that we will begin negotiations with the U.K. authorities in the event that we need to dispose of waste off-Island. Can I just confirm that those negotiations would cover any possible disposal of waste to France because, with our proximity to the French coast, it might be easier to export waste to France rather than the U.K. and I would ask the Minister's thoughts on that issue.

Deputy G.W.J. de Faye:

I am grateful to the Deputy for that question because it may indicate that we might have another possible route, should the Island find itself in severe difficulty. My understanding of the situation though is that, under the Basel convention, Jersey and the Channel Islands are effectively classified as being within the U.K. allowance, as it were, for international disposals of waste, therefore it is extremely important that we satisfy ourselves and the U.K. authorities on a mutually agreed position before we start transferring waste, because my understanding is that whenever we do it counts against, as it were, for every tonne that the Island may wish to export elsewhere, albeit to the U.K. or not, it may well count against the U.K.'s ability to export waste from the U.K., should the U.K. wish to. Therefore, it is important that we get the position right and that the protocol is established with the United Kingdom authorities before we go any further.

6.1.5 Deputy R.C. Duhamel:

The operation of the Bellozanne yard has changed somewhat in the last few months by the swapping out of what used to be a storage capacity for crushed, bulky waste in favour of an Island-wide reception centre for the public to bring recyclables. Bearing in mind that there now appear only to be some 500 tonnes, we were told by the Chief Officer at the last inspection that the Scrutiny Panel made of the site, of crushed, bulky material at the site, does the move of the storage facilities of crushed, bulky waste to La Collette in exchange for the Island-wide reception centre for recyclables, represent good long term planning when perhaps better sites might be available which would not have required materials to be double handled?

Deputy G.W.J. de Faye:

I have to say that in the face of the current fallout from the hazards review being carried out with reference to the fuel depot, long-term planning in regards to our operations is becoming increasingly difficult. With respect to the brand new recycling facility, this is of immense importance to the waste disposal system and has proved extremely popular and useful with the public. I have no wish to interfere with that at the current state of play. The amount of recycling taking place down there is of immense benefit and it relieves from the load that we have to place on the incinerator itself. The fact of the matter is that we are having to adopt and react to situations as we find them and not everything would be ideally as I would have it, but one has to make do with the situation as it stands.

PUBLIC BUSINESS

7. Budget 2008 (P.164/2007)

The Bailiff:

That completes the period allowed for the questioning of the Minister on his statement. We come now to public business and the first item on the Order Paper is the Budget proposition. Can I ask the Greffier to read the proposition?

The Greffier of the States:

The States are asked to decide whether they are of the option (a) to approve the extra total taxation revenue in 2008 of £570,020,000 set out in summary table A on page 30 of the Budget Statement, with the sum to be raised through existing taxation measures and the proposed changes to income tax, impôts duty, stamp duty and share transfer property tax for 2008, as set out in the Budget Statement; and (b) to agree the sum of £25 million should be transferred from the Consolidated Fund to the Stabilisation Fund in 2008 as soon as appropriate amendments to the Public Finances (Jersey) Bill 2005 to allow the transfer to take place are in force.

The Bailiff:

In accordance with Article 17 of the Public Finances Law, the debate on the 2008 Budget begins with the consideration of the Budget proposition and the associated Budget Statement and I call upon the Minister to propose paragraph 1(b) of the proposition.

7.1 Senator T.A. Le Sueur (The Minister for Treasury and Resources):

I am pleased, as Minister for Treasury and Resources, to present in this Budget what I consider to be the most favourable economic position for several years. This Budget comes at the end of possibly the most difficult and challenging period in my time as Minister, or indeed formerly as the president. A period in which we have seen the States confirm the final stages of policies that I believe will see the Island through the challenges of the next 5 years and many more to come. Throughout this period the States has been robust and consistent in pursuing the policies I have proposed which, in turn, have withstood the proper political and public scrutiny. The policies were never going to be popular. New taxes seldom are. But I am sure that the benefits we can already see in the thriving economy and our improving finances derive from a confidence borne of the certainty that our approach has provided. The stable economic environment and the business and consumer confidence this brings is key to our future success and competitive edge in the international marketplace and all Islanders will reap the benefit of that success. Our approach, initially conceived in fiscal strategy and extended in the Strategic Plan, has been built around sustainable investment in the future of the Island, a diversification of the tax base and, equally important, the protection of those Islanders who are less well off, through a new income support system. This approach and these policies are working. The planned economic growth to date has far exceeded our expectations and, as seen in much publicised financial forecasts, this growth has translated into additional tax revenues. Perhaps most significantly though, and a fact often overlooked by commentators, is that all this has been achieved without the past trend of associative increases in inflation and potential impact on spending, which were often a feature of previous growth in Jersey. We are now in the position that we planned for at the outset of fiscal strategy. To have financial surpluses in place, as all the measures in our fiscal strategy kick in ahead of the new Zero/Ten corporate structure in 2010. As required by the Public Finances law, the States has approved the spending limits within the Business Plan for 2008 and this will enable our strategic objectives and essential public services to the Island to be delivered. This level of investment in our services and infrastructure can be sustainable if we adhere to those spending limits and now that the new tax measures are in place. This Budget proposes the specific measures for 2008 within that overall financial framework. In a moment, Sir, I will look at Jersey's tremendous economic performance over the last year, but first we need to set that against the global background. The global credit crunch, precipitated by developments in the U.S. sub-prime market, mean that there is uncertainty in the global economic outlook greater today than in any of my previous budgets in recent years. However, this uncertainty must be put into context. Nobody is yet forecasting that the world economic growth will evaporate and that the world economy will go into recession. Global economic growth is forecast by the National Institute of Economic and Social Research to exceed 5 per cent in real terms in 2007 and to be above 4.5 per cent in 2008 and 2009. It is slightly lower than the rate of 5.4 per cent last year, but it is still above the average for the last 10 years. The I.M.F. (International Monetary Fund) are forecasting a similar outlook, despite the significant slowdown in the U.S. That said, we still do not know how the credit crunch will play out. The world economy has risen through many financial crises unscathed, but it is too soon to say whether that will be the outcome this time. The key area of uncertainty is how the U.S. economy will fare and whether it will slow down still further. If it does, will other countries, like Japan and China or India, be able to take up the running? The price of oil poses another serious risk for the global outlook as it has risen to a new peak, though O.P.E.C. (Organisation of the Petroleum Exporting Countries) has recently announced a production increase, which may ease supply pressure slightly. Rising oil prices will also hinder the Central Bank's ability to respond to the credit crunch. Looking closer to home, developments in our main export markets remain encouraging, though the impact of the recent turmoil in international credit markets has not yet been fully felt. Growth in the U.K. is expected to be 3.1 per cent this year, falling to just under 2.5 percent in 2008 and 2009. For the European zone as a whole the position is very similar. As ever, the fortunes of the Jersey economy will be determined by how things play out on the global stage, but our policies must continue to focus on containing inflation and improving efficiency and productivity to maximise

our competitiveness. Turning now to the Jersey economy, I am delighted to say that there have been a number of positive developments to report to build on the improvements we already saw last year. In my last Budget speech, I mentioned that the economy saw real economic growth of about 3 per cent in 2005, the first year of growth since the year 2000. I am pleased to report that the economy continues to enjoy real economic growth at nearly 7 per cent in 2006 and the overall level of G.V.A., or Gross Value Added, has now almost recovered in real terms close to the previous peak of the year 2000. It is also encouraging to see that once again growth is not confined simply to the financial sector, though it did play a major part. In the non-finance sector, construction showed the strongest performance, with hotels, restaurants and bars, wholesale and retail, and agriculture, being some other sectors, showing improvement. The biggest contributor is, of course, the financial services sector, which makes up over 50 per cent of our economy. The financial institutions' survey showed that companies in this sector saw profits rise once again, this time by 21 per cent for 2006, supporting that picture of strong economic growth. There is more good news. Expectations recorded at the time of the survey, conducted in April and May this year, show significant optimism with over 80 per cent of financial firms expecting profits to rise yet again this year. That survey reflected the expectations before the recent financial market troubles and, of course, they may now be a bit more uncertain, but the latest anecdotal evidence I get, and that is all it is at this stage, is that the industry locally has not been too seriously affected overall. It is clear that we need to be cautious in forming our own expectations and planning for the future as there is still a lot of uncertainty about how the issues affecting the global financial markets will resolve themselves over the next couple of years. Even with a degree of caution, our forecasts are still likely to reflect a certain amount of volatility and, although that volatility has been positive this year, it could well be negative next year. Another key indicator that can tell us how the Jersey economy is progressing is the level of employment. Manpower returns show that the total employment stood at 1,210 higher in June this year compared with last year, which itself saw an increase of 1,650. This is the third year of employment growth and was made up of an increase of 1,020 people in the private sector and 190 in the public sector. The positive news here is that local people have benefited from the increased employment opportunities as almost three quarters of that total increase was made up of locally qualified persons. In addition, 90 per cent of the increase in public sector staff related to Health and Social Services and the Home Affairs Department, who deliver frontline public services. Despite this current surge in employment growth, the average over the last 5 years has still been only 0.6 per cent per annum, which is within our Strategic Plan objective of one per cent over the 5 years. Improved productivity is at the heart of the Economic Growth Plan and a vital ingredient if Jersey businesses are to improve competitiveness and be successful, both at home and in export markets. For the last 2 years now, economic growth has been largely as a result of improved productivity and, in particular, we have seen an Island-wide improvement in labour productivity for the third year in a row. There have also been some positive performances in other sectors of our economy. In tourism the total number of visitors this year is expected to increase by about 3.5 per cent, with staying leisure visitors expected to be up by about 2 per cent, and business and conference visitors up by about 20 per cent each. Jersey has benefited in its, so to speak, stronger economic performance in recent years and also that of its tourist markets. The Island has benefited from the development of air routes, for example to Heathrow, and extra capacity on sea routes. Jersey is also in a great position to make the most of the growing short-stay leisure and business visitor markets, with large scale investments in hotel accommodation we have seen this year with 2 major new hotels opening. The agriculture industry has seen a second year of real growth with the value of potatoes and tomatoes exported increasing, and that is despite a fall in volume. There is also greater evidence of diversification into other agricultural products within the industry. The construction industry continued to show strong growth in 2006, while the employment growth levelled off in 2007. Development on the waterfront has been a key factor in the growth in this sector and is expected to maintain a high level of activity in coming years. Two years on and the States Economic Growth Plan has continued to make good progress. The support service for the small business development has been expanded and over 500

local companies have been provided with business support or advice. Legislative reform has continued in the areas of intellectual property, finance, disaster recovery and aviation and these are likely to provide opportunities for further economic growth in low footprint, high value added activities. The strategy for development of skills is taking shape, with the recent agreement to create a Skills Executive whose purpose is to achieve a better alignment between the skills need of businesses and the requirements of the people of Jersey. As I have said, economic growth has exceeded our target once again in 2006. The focus of the Economic Growth Plan continues to be to deliver economic growth through boosting productivity and competitiveness in our industries. Another key part of the Economic Growth Plan is to create more stable economic conditions over the longer term and I am pleased to advise of the establishment of the fiscal framework and the Fiscal Policy Panel this year, which I will come back to later. As I said, maintaining low inflation in the coming years will play a crucial part in securing the economic stability which is needed to sustain economic growth. All of our exporters, whether they are in finance, agriculture, tourism or fulfilment, will suffer a loss of competitiveness if inflation is not kept in check and that would undermine our recent economic growth. The underlying rate of inflation, R.P.I.X. (Retail Price Index excluding mortgage interest payments), has remained both low and steady for the past few years and within 0.5 per cent of its base target of 2.5 per cent for 10 out of the last 11 quarters, and that is a significant achievement. It is currently at a rate of 2.2 per cent. The all items R.P.I. (Retail Price Index), which does include the cost of house purchase, has only been slightly higher and more volatile in the last 18 months, but that is because of the upward trend in bank rates imposed by the Bank of England, particularly on mortgage interest repayments. Our strong economic performance in the last couple of years means that we are at a crucial stage in the economic cycle. In the past, a growing Jersey economy has often been accompanied by rising inflation, particularly as a result of a pickup in wages, salaries and other costs. I am pleased that, so far, this has not been the case this time and I will talk in more detail in a moment about how we can ensure that we continue to succeed in keeping inflation under control. It is perhaps not surprising that against this background house prices in the September quarter showed an increase of 18 per cent over 2006. However, the trend over the last 5 years is more stable, at slightly under 5 per cent per annum, and the recent surge has been driven by a number of factors, both within the Island and outside. Reasonably low interest rates, more lax lending conditions, better employment, earnings growth, strong economic growth and rising profitability all feed through to increased confidence and housing demand, and that we have seen both in Jersey and in the U.K., and in France even where they too have had double digit increases. However, the latest forecasts for the U.K. suggest that house prices are now levelling off. We must recognise that there are winners and losers when house prices increase at the rate they have done and it is our responsibility to try to keep a balance between supply and demand. This must be of primary consideration for the new Island plan. We can also work together to encourage home ownership and I am pleased that the Minister of Housing and the Minister of Planning are working together to bring forward proposals for some form of shared equity policies for first time buyers. Average earnings, at 4.7 per cent, have grown a little faster than R.P.I. in the last few years, but they seem to be reflected in improvements in profitability. It is very important that in future our earnings growth continues to reflect productivity improvements, otherwise keeping inflation in check would be much more difficult. I turn now to the fiscal framework and although there has been some uncertainty about the global economic climate outlook and a credit crunch, the current situation in Jersey is very good and perhaps, as I say, the most pleasing thing is the current rate of inflation. As an example, we can look back to the year 2000 when the economy was growing at 5 per cent and yet the R.P.I.X. was nearly twice what it is today. Yet, now that growth in the economy has been achieved, while our R.P.I.X. has remained not just on our target but lower than the U.K. for 7 of the last 10 quarters, one of the things that we need to bear in mind when trying to manage inflation, is the fact this can quickly and easily combine to knock inflation off course. We cannot afford to be complacent, we must look ahead. That is why I am particularly pleased that the States agreed, as part of the fiscal framework, to appoint 3 leading economists to the Fiscal Policy Panel in September. They will provide an

important check and balance in ensuring that we get a combination of tax and spending policies that aid us in the fight against inflation. We need to lock in the gains we have made in lowering inflation in recent years. In those 3 people, we have 3 leading economists that bring a wealth of experience to the Island. I am delighted that they have a mix of academic excellence, business experience and policy making expertise. Jersey is leading the way in this aspect of economic policy by bringing independent economic advice into the fiscal policy framework. The advisors tell me that Jersey is the first place in the world that has done this in the way that it is being done here. This innovation will bring a new level of transparency into policy making, it will help us to continue to build credibility and develop long-term successful economic policy. The new fiscal framework, considered by the States last year, agreed to establish a Stabilisation Fund and to make fiscal policy more countercyclical and a suitable target for that fund is 15 or 20 per cent of States' expenditure, equivalent in today's money to £80-100 million a year. The balance of the fund at the present time is £32 million, and I intend to propose a further transfer today. While this is undoubtedly the right time to put money away, equally Members should be in no doubt that I will not have any hesitation in using the Stabilisation Fund when I am advised by the panel that the time is right. Members will be aware another key component of the new fiscal framework is the policy of the Strategic Reserve, that is that the Strategic Reserve is completely put on to one side and the capital value only used in exceptional circumstances to insulate the Island from major severe structural decline, such as a sudden collapse of a major industry or a major natural disaster. Over the medium and longer term, the intention is to continue to grow strategic reserves through reinvesting the return on the reserve and, where possible, paying in part or all of the fiscal surpluses arising from the Consolidated Fund as well as any one of exceptional receipts. Before concluding this discussion of inflation, I think it is worth spending a little more time considering the impact of the introduction of G.S.T. next year. There is, clearly, a danger in any economy, and particularly in Jersey, that people respond to the increase in the R.P.I., brought about by the introduction of G.S.T. by demanding higher wages. If this is the result, then we risk entering into an inflationary spiral which will undermine the Island's competitiveness and put the Island and Island jobs at risk. The whole point of the fiscal strategy is in accepting the fact that Islanders will have to pay slightly more tax now, but by doing so secure the future for the Island of the financial services industry and the large tax revenue and high quality public services that that generates. Sir, if Islanders try to avoid the impact of G.S.T. by seeking higher pay awards, it undermines the fiscal strategy and risks the danger of an inflationary spiral. For the December quarter, our Statistics Unit will be producing 3 new measures of inflation in addition to the 2 traditional ones of R.P.I. and R.P.I.X. Two of these measures are aimed specifically at monetary inflation for the potentially most vulnerable members of our society, pensioners and those on lower incomes. The third new measure, R.P.I.Y. (Retail Price Index excluding mortgage interest payments) and indirect taxes, will provide a greater understand of underlying inflation in the Island by excluding mortgage interest and indirect taxes. This latter measure should be the focus of future wage agreements because it excludes the impact of G.S.T. and can therefore reduce the risk of an inflationary spiral. It is critical that all Islanders respond in a responsible manner to the introduction of G.S.T. when setting both prices and wage increases, and the new index will help to monitor this. Another key factor that will help us in our fight against inflation is competition. Greater competition between businesses in Jersey will be important in delivering both economic growth and low inflation. It is a key pillar of the Economic Growth Plan as competition can drive efficiency improvements across the economy and encourage productivity gains that can generate economic growth but also keep inflation in check. The success we have had in lowering inflation in recent years illustrates very well the benefits the competition has brought. We see a number of taxes now working together. A new competition law, allowing a number of investigations by the J.C.R.A., a successful fair play campaign by the *Jersey Evening Post*, price comparisons by the Consumer Council, increased competition from use of the internet and a retail strategy focused on allowing competition between retailers. All these factors would have had some part in lowering inflation in the Island and show how competition can keep inflation down. This benefits all businesses, but particularly those who are exporters such as finance,

tourism, agriculture and fulfilment. We continue to keep Jersey open for business and make sure that our costs and our prices remain competitive. Sir, I now turn to work on the international scene and it has been another positive year but with some interesting new developments that need to be looked at closely. I should highlight the signing of the international identify framework, signed in May by the then Secretary of State for Constitutional Affairs, Lord Falconer. This was a significant step forward in the development of Jersey's international identity. Separately, the entrustment process, agreed in early 2007, has allowed the programme of signing international tax information exchange agreements (T.I.E.A.s) to be restarted. This has included the signing of an agreement with the Kingdom of the Netherlands in June 2007, before coming into force during 2008, and which is likely to be followed shortly by further agreements with other leading O.E.C.D. nations. Negotiations with the U.K. are also continuing. The E.U. (European Union) Savings Tax Directive continues to operate effectively but with the minimal impact on the Island's business base that had been forecast. Money taken from investors in the form of withholding or retention tax was slightly more than expected at £7.4 million in respect of 2006. This year the revenue may again be slightly higher, although the exact out-turn may vary in anticipation of the change in the withholding rate to 20 per cent from next July. The returns in Jersey appear to compare favourably with sums reported by other jurisdictions. It remains to be seen how the E.U. reacts to what is generally perceived overall as a disappointing yield from that source. An expert group is conducting the 3-year review, anticipated by the directive. This is not expected until 2008 and Jersey will have the opportunity to contribute to the findings before that report is finalised. The other major E.U. dossier of significance to the Island is of course the E.U. Code of Conduct on Business Taxation. In terms of Jersey's commitments given in November 2002 to meet the Code of Conduct criteria on non-discriminatory corporate taxation, our continuing discussions and arrangements with the U.K. and the E.U., matters are now drawing to a conclusion. While the Isle of Man has recently received a setback in terms of their proposals regarding a distributable profits charge, this was never part of Jersey's original proposals, which have been shared informally with U.K. officials and, as a result, we believe they are fully E.U. code compliant. More recently, on a different issue, there has been activity by the U.K. tax authorities, which will need to be monitored closely. This includes, despite its relatively limited impact on deposit levels, further activity in respect of customer data held in the U.K. by U.K. banks, as well as new initiatives in respect of U.K. non-domiciled individuals on tax residents and trust businesses and new consultation on proposals in respect of the taxation of foreign profits of companies. On our general international competitiveness, with certainly our rise within the financial services field over the past 12 months, there appears to be no let up in the continuing drive by competitors, generally to bolster their fiscal or regulatory appeal, to existing and potential investments. While there seems to have been little in the way of targeted financial and fiscal initiatives, Guernsey and the Isle of Man have both unveiled regulatory and marketing initiatives respectively targeted at boosting their funds businesses. Switzerland and Singapore continue to compete aggressively on all fronts and the attraction of the Irish corporation tax rate of 12.5 per cent has contributed to its leadership in fund administration, and Dubai, an international financial centre, continues to receive major investments. All of these developments indicate that recent successes cannot be taken for granted or relied upon to continue without careful nurturing and detailed consideration of the competitive environment. We must build on the positive worldwide marketing initiatives by Jersey Finance and ensure that Jersey continues to establish its profile as a responsible, co-operative, independent player in the world market of international services, building on Jersey's unique strengths. I turn now to the fiscal strategy where this time last year I outlined to the Assembly how the main work streams would be implemented and rolled out in June 2007. It was clear to me then that 2007 would be a crucial year to ensure that we implemented these remaining fiscal measures on time and I am pleased to confirm that substantial progress on these measures has been made through a proper process and we are on track to deliver a reformed tax structure which will ensure the Island's prosperity and benefit all Islanders, present and future. It is important that all those measures be fully and properly implemented because the aim has always been that the package should be progressive but inclusive. First, I am pleased to

say that the main provisions for the Zero/Ten corporate structure were approved this year. Secondly, I.T.I.S. (Income Tax Instalment System) was introduced at the beginning of 2006 and has exceeded our expectations in terms of both additional taxpayers and additional tax revenue. The 20 means 20 measures began this year and they will continue to be phased in over a 5-year period. We should remember that it is this part of the package that makes the overall package progressive. Last, and by no means least, we have made considerable progress towards implementation of a Goods and Services Tax through the sterling work undertaken by the Director of G.S.T. and his team at the Income Tax Office. Members are reminded that this measure ensures that the package is inclusive in parallel with our new income support system to protect those less well off. During the recent exemptions debate I also gave a commitment to provide more targeted relief to those on low and middle incomes outside the income support system - and I will confirm that later. Make no mistake; G.S.T. has been a major milestone in the reform of the Island's tax structure. History will show in years to come that it was this Assembly that took the brave decisions to put in place the measures to broaden the Island's tax base and to ensure our future economic and financial stability and prosperity. However, alongside all this focus on G.S.T. we must not forget another significant achievement and a very important part of the overall package. That is the fact that the States have agreed before G.S.T. comes in a new income support scheme should be introduced; and the detailed work has been done. The legislation has been passed. Regulations and Orders are worked through and, as promised, that revised income support scheme will be implemented as from January 2008 ahead of the introduction of G.S.T. in May next year; thus helping to protect most effectively those in need from the effects of G.S.T. when it comes in. Jersey's golden rule is to maintain balanced budgets and no structural deficits over the economic cycle. It is true that in order to avoid a structural deficit we are introducing G.S.T., but this is a prudent approach. On our current predictions I am satisfied that the rate of G.S.T. can remain at 3 per cent until at least 2015. Our solution is a long-term solution. We have no intention of raiding our savings. To conclude on the progress of the fiscal strategy I turn briefly to environmental taxes. When the Assembly approved in P.44/2005 I was tasked with undertaking further detailed research on possible environmental taxes relating to energy, transport and waste that may be appropriate for the Island. I was also tasked with investigating a land development levy. While such economic instruments may not generate any significant additional tax revenue, they could make a substantial contribution to achieving our strategic environmental aims. I have not forgotten or neglected this task. Detailed research was carried out earlier this year and a public consultation exercise was involved with the Planning and Environment Minister and me. This consultation revealed that a majority of respondents would support environmental taxes if their proceeds were used directly to benefit schemes aimed at increasing recycling, encouraging energy efficiency and promoting sustainable travel. The Council of Ministers was encouraged by this response and has now held discussions with the Minister of Planning and Environment with a view to publishing a report and proposition on possible high level options early in the new year. I am confident that these proposals will include an acceptable environmental alternative to vehicle registration duty, which I have committed to replace before the introduction of G.S.T. in May 2008. I have done what the States have asked me to do in terms of comprehensive analysis and research on a tax and spending framework, together with the most extensive consultation process this Island has ever seen. The States have taken the difficult decisions it needed and now it is crucial that the implementation of the tax and spending framework continues to be delivered. In terms of the fiscal strategy, I believe I have delivered what I set out to do and importantly what the States approved. It has been a difficult task and I am sure there will be further challenges ahead, but the main milestones are now in place and we need to keep pushing ahead to implement those measures which still remain outstanding. A delivery of the fiscal strategy is a key part of the overall financial framework, which requires us to keep balanced budgets over the 5-year planning cycle. The improvement in our position since the last Business Plan shows that those policies are working. As I described earlier economic growth has exceeded our expectations. The planned surpluses for 2007, 2008 and 2009 are part of the original strategy, which aims to phase in new tax measures early ahead of the

introduction of the Zero/Ten Corporate Structure and the loss of company tax. These surpluses and the reduced deficits from 2010 onwards mean that we are able, at least up until now, to pledge no increase in G.S.T. and indeed maintain that, as I say, to beyond 2015. I must reiterate that our forecasts are based on the premise that the approved spending limits are maintained and the States do not allow the creeping increases of previous years. In this regard, I was comforted to hear the volume of support for keeping spending increases down or even cutting States' expenditure at the time of the recent Business Plan debate. I sincerely hope that the tide of spending increases has now turned. We do need to invest in our future and the Strategic Plan in our vision laid out that principle, but that investment must be at a sustainable level. The recent Business Plan debate and the figures in this Budget suggest that that level of investments - and a strategy to spending limits - have been reached. Any further increase in spending will move us away from the manageable deficits that we comfortably see beyond 2010 to a position that would require more urgent action. I was particularly concerned recently to hear that the manual workers' union would be claiming pay awards of at least 3 per cent of R.P.I. apparently in respect of G.S.T. This is neither appropriate nor affordable. We must be robust in our defence of our position to contain public sector pay awards if we are to have any chance of containing and controlling States' expenditure and not allow inflationary spiral that would make us all worse off. I stress again it is critical that all Islanders respond in a responsible manner to the introduction of G.S.T., both when setting prices and agreeing to future wage increases. We must stick to our spending limits. We must stick to our pay provisions and we must encourage the private sector to do likewise. However, what we have committed to do - and put aside the funding to deliver - is to provide increased benefits within the new income support scheme to protect those who are less well off. So, how have the financial forecasts improved since the last Business Plan? Quite simply, the income tax assessments for the current year are now complete and consequently we can estimate with more certainty what tax revenues will be collected. Until now we could only speculate what the well-publicised performance of the financial industry would translate to in terms of extra tax revenues. Secondly, the number of additional taxpayers that have been registered as a result of I.T.I.S. has been far greater than expected. As the assessment has been completed an additional 8,000 to 9,000 taxpayers have contributed to tax revenue; far exceeding our estimates of the impact of I.T.I.S. Together the improvements in company tax and taxable earnings - and those increased numbers - have increased the projected surplus for 2007 from the £40 million we saw in the Business Plan to the £38 million in the Budget. Similarly, for the first 6 months of 2007 - which will generate our 2008 tax revenues - they look healthy with further growth appearing ... at least they were until the credit crunch came along. I would like to say that we have a good handle on our financial forecasting but unfortunately, the fact is that we cannot be certain. As a result, our financial forecasts going forward are cautious. They anticipate a trend to growth rather than reflecting the significant real term growth we have seen in 2007. However, it is still possible that we may be over-optimistic and that the credit crunch may have a greater affect than we anticipate. We are also obviously still estimating the effect that Zero/Ten will have on the tax revenues and we are continually reviewing both estimates. The recent increase we saw in tax revenues has had the converse effect of increasing the size of the fiscal deficit by a further £10 million. Members may wish to note that our midpoint forecast for that fiscal deficit - or black hole - is now to lose £96 million by 2013. The effect of our approved spending plans and current income forecasts of the Budget proposals leave us with a significant surplus of over £50 million in 2008. This provides the healthy position that was originally planned for in the fiscal strategy ahead of the move to Zero/Ten and against which this year's tax proposals can be assessed. Though there is no doubt that we still need G.S.T. I am including in this year's Budget certain tax proposals that aim to reduce the impact of G.S.T. on low to middle income earners, particularly those with families. Recognising our healthy current financial position I will be announcing relief to those taxpayers on lower incomes, tax credits for those in poverty gap, tax relief for parents with children and extended discounts of stamp duty for first time buyers. Fundamentally though, this year's proposals are based on the same principles and policies that have served the States well in recent years. Those being

consistency, certainty and the phasing in of the new measures from the fiscal strategy to lessen their impact. We are also continuing to improve equity and close loopholes, and a new share transfer provisions - which I will detail shortly - address those particular principles. I turn first to the proposal for income tax. It is within these proposals that I am focussing on giving some relief to those affected by the wider tax and spending measures. For those families with children I am increasing by 20 per cent both the basic child tax allowance and the higher tax allowance for those parents with children in further education. This will mean that the basic tax allowance in 2008 increase for each child from £2,500 to £3,000 a year and the higher tax allowance for children at university from £5,000 to £6,000 a year. I particularly recognise the pressures on families with children, especially those looking for nursery provision or with children at university, and hope that these proposals will provide some relief. As part of the 20 means 20 packages last year I announced at that time an increase of 2.5 per cent in the Income Tax Exemption Limits. For this year I was originally proposing that the increase for 2008 and 2009 be increased to 3 per cent. This would keep more of those on lower incomes out of income tax and also provide some gain to some middle income taxpayers. As Members know, I have committed during the recent G.S.T. debate to increase that percentage to 6.5 per cent for the year assessment 2008 and, although there is a cost to these proposals and those increases in child allowances in terms of reduced income tax revenues, that would be about £6.5 million a year. As an example of the effect the proposal would have on a married couple, both working, with 2 children, one at university and with mortgage interest payments of £7,500 they would not pay income tax until their family income reaches over £40,000 a year. During the recent debate on zero rating of food I did indicate that the Social Security Minister and I would be working on ways in which we could reduce the burden of G.S.T. on food for those households just above the income support threshold. Although we have not yet had time to prepare the details of that and agree them, I shall ensure that they are in place in time for next year. On a totally different matter I have been pushing for some time that we need simpler and more wide-ranging pension benefit provision for those individuals wanting to invest in private pension schemes. I am pleased to announce that the Comptroller of Income Tax in conjunction with the Pension Professionals and me has identified a solution, which I am pleased to be able to endorse. The proposal provides for a new trust vehicle, which will offer greater choice and a more cost-effective flexible and transparent pension option. The pension's provisions in this year's Budget are a major step forward but we are not stopping there. I am pleased to announce that the Comptroller of Income Tax and I are prepared to undertake a root and branch review of all tax legislation in relation to pensions that will start next year. I am also pleased to be able to announce that from January 2010 self-assessment and submission of all personal tax returns will also be available with the income tax electronic online service which is currently catered for I.T.I.S. payments from employers and European Union Savings Directive payments Jersey tax paying agents. As an incentive to Jersey taxpayers, a £20 credit will be given to all people who file their tax returns and self-assess electronically. Further information and detailed guidance will be available well in advance of this welcome new initiative. Legislation will be promulgated next year to ensure the necessary changes to the income tax law. Finally, as part of the proposals on income tax, I am taking the opportunity to propose an increase next year in the number of Commissions of Appeal from 8 to 12. This is in anticipation of possible additional appeals as a result of the Goods and Services Tax from next year. Finally, in respect of income tax and as a further initiative to help those parents with young children, I will be instructing the Comptroller of Income Tax to consider proposals in next year's Budget to introduce child care tax relief for the services of nannies registered through the Jersey Child Care Trust. Sir, I have another 10 pages. Shall I stop here or shall I continue?

The Bailiff:

It is a matter for Members. My calculations are the Minister will finish at about 1.05 p.m. if he continues with his speech and Members may wish to adjourn before then.

LUNCHEON ADJOURNMENT PROPOSED

The Bailiff:

Members agree to adjourn until 2.15 pm.

ADJOURNMENT

PUBLIC BUSINESS - continued

7. Budget 2008 (P.164/2007) - continued

7.1 Senator T.A. Le Sueur:

I will continue now where I left off. I was going to turn next to indirect taxes and impôt duties. As far as impôt duties are concerned I want to maintain the policies of previous years for duty increases, which are inconsistent with getting enough revenue in but also achieving the objectives set out in the Tobacco and Alcohol Strategies. Impôt duties are based not on the value but on the volume of imports. They do not have anything to do with the price at which the commodities are charged. To collect the appropriate level of duty we need to have increases at or above the level of inflation. Members will see that for alcohol with the rate of inflation being 3.9 per cent I am proposing an increase in alcohol duty of 4 per cent, which is just marginally above the R.P.I. As for tobacco, again consistent with the tobacco strategy where I am proposing increases which are above R.P.I. increase of 4.5 per cent as against 3.9 per cent. I am advised by the Health and Services Department that this policy of high duty increases on tobacco is having some success in reducing the level of smoking and increasing people's desire to give up smoking. On the other hand, I am also aware that it does encourage people to buy cigarettes off-Island and that may have a converse affect on the revenue, which we are trying to collect. Evidence to date suggests that that is being done in terms of personal consumption rather than any commercial smuggling going on in any large scale. The effect of those duty increases is to add about 0.1 per cent to the R.P.I., that is roughly the same as we had a year ago. In cash terms, as the budget book shows, it is about 24 pence on a litre of spirits, 4 pence on a bottle of wine, a penny on a pint of beer and 13 pence on 20 cigarettes. For motor fuel, again we have seen the environmental impact on that. I am proposing an increase of 1.6 pence a litre, which I think is not within the bounds of possibility for the market to accept, even granted the increase in prices there have been globally in recent times. At this rate we are still comparing quite favourably with levels of duty and tax in the U.K. As I said earlier, my intention about V.R.D. (Vehicle Registration Duty) is that it will be replaced before the introduction of G.S.T. in May 2008. However, I am aware that a further report on environmental taxes will be considered by the Council of Ministers early next year and in the meantime V.R.D. remains in place. I turn now to stamp duty. Over the last few years we have been trying to get better equity in stamp duty and cut out some of the loopholes that previously existed. This year, in response to a supposed proposition of the Deputy of St. Martin, I am pleased finally to be able to bring forward proposals for a tax which is equivalent to the stamp duty that is charged on the share transfer property transactions. It has been quite difficult, especially to find a mechanism that reflects the stamp duty charged on freehold transfers, but we believe we have finally come up with a workable solution. It has proved quite difficult and complex and my objective has been to try, nonetheless, to make the complexity as little as possible. After considerable research and advice I think we have come up with a fair solution. I would like to thank the parties who have given a lot of time to this, the Solicitor General, the law draftsmen and officers of the Judicial Greffe, the Housing Department and the Treasury. The proposals are that the tax, to be known as a Land Transaction Tax or L.T.T., will be assessed on the purchaser of relevant shares. Taxable transfers will relate to Jersey property only but will include both residential and commercial properties. The occupation of the property will be incidental with a change in the ownership of the shares becoming the trigger for tax becoming payable. The tax would be assessed exactly equal to that which would have been paid as stamp duty on the equivalent freehold property transaction. The draft law, which Members now have on their desks, provides that the transfer of shares that constitutes a property

transaction cannot be legally registered by a company unless the requisite tax has been paid and evidence of payment produced. It is intended that the administration on the part of the States is limited primarily just to issuing of those tax receipts. All the details are contained in P.185/2007 on Members' desks. If the principles are approved I would hope to debate the law early in 2008 after it has been through a process of consultation and scrutiny. It is a new law, it is breaking totally new ground, and it is only fair that we give a reasonable amount of time for proper consideration before we debate it. As there is no requirement to register share transfer transactions at present it is difficult to estimate what revenue we will get in the future, but we have provided a provisional figure of £1 million for next year in our forecasts. The second proposal in terms of stamp duties, welcome news for first time buyers, as part of the concessions and reliefs given in this year's Budget I am proposing a 20 per cent increase in the value of property to which the first time buyers' discount will apply, raising that level from £250,000 to £300,000. This will mean that on the purchase of a property at or above £300,000 a first time buyer will save nearly £2,000 in stamp duty. I am sure that with recent increases in interest rates and property prices that will provide some measure of relief. In advance of G.S.T. and other fiscal measures being phased in I am not proposing any other tax changes to stamp duty. However, Members will be aware that there are amendments in the name of Deputy Breckon to which I have some concerns, and I have raised them with the Deputy; I suggested that we need to have some research and consultation before we consider those in detail. When it comes to the amendments later on in the afternoon I will be opposing those amendments and suggesting that the States reject them. I believe that these ad hoc changes are no way to build up confidence in the Government, nor will they help encourage investment from outside the Island. My final proposal, and more good news, is with the surplus we are almost certainly going to achieve this year, I am confident that we should transfer some money into the Stabilisation Fund. I have taken advice from our economic advisor ahead of the Fiscal Policy Panel's first report and I am sure this proposal will certainly be welcomed, particularly by the business community. I spoke earlier about the purpose of the Stabilisation Fund, which I think Members now will appreciate. I am proposing that £25 million be transferred to the Stabilisation Fund in 2008 to reflect the likely out turn for 2007 after taking into account the £10 million transferred to Strategic Reserve, which we agreed in last year's Budget. I would also like to alert Members that if the forecast surpluses for 2008 do materialise then I will be proposing a further transfer to the funds in next year's Budget. I recognise that the Deputy of St. Ouen would like me to transfer a bit more money now but with the uncertainty of the credit crunch I am more inclined to keep that money for the time being on the Consolidated Funds but if those surpluses do materialise we can make a bigger transfer next year. We will debate that in due course. Sir, I have come to the end of this year's proposals, which will have some very good effects, I believe. It will see households able to earn over £40,000 a year in some cases, before paying any income tax at all. Families with 2 children, one at university, will gain by £300. Respective homeowners can save up to £2,000 on their first property. Many householders, as a result of this, will still likely to be better off even when G.S.T. comes in as a result of those improvements. I would just like to finish that section by reiterating my commitment to maintain G.S.T. at the very low rate of 3 per cent, not for 3 years, not even until 2015 but even beyond that date on the basis of this forecast. I think the time is now coming when we must prepare for the second phase of our longer term fiscal strategy. We now have the time in which to consider that and phase in any measures that may be necessary for longer term planning. Today is not the time to talk about that but just to say we have some good foundations on which we can build in the future thinking beyond 2015. I believe it is because we have planned ahead, provided certainty and been consistent in our delivery that we have seen the business and consumer confidence, on both the Island and internationally, that has driven much of our economic growth and success. We must continue to foster that confidence, not step back; we must not become complacent with spending or rest on our laurels in any way. We must continue to move forward and ensure that our competitors do not regain the initiative. We must also be sure to communicate our policies and proposals better so that the States Members and the general public feel involved and informed. If there is one lesson for me this year it has been learning from the

experience of G.S.T. where, despite all the consultation, certain key messages have still not been properly understood. I am determined to involve States Members even more and we have already agreed improvements with the Chairman's Committee in terms of the scrutiny of next year's Business Plan and next year's Budget process. This Budget is a very positive record of achievement and progress that could not have been delivered and achieved without the support of many people. Firstly, I must thank the senior officers in my department, the Treasurer of the States, the Comptroller of Income Tax, the Director of Customs and Excise and the excellent teams of professionals who support them. I should make special mention of the Director of Goods and Services Tax for the tremendous work that has seen us through to the final stages of implementation of G.S.T. I must thank the office of the Chief Minister's Department, particularly the States Economic Advisor, and our Chief Executive. In respect of income support, I must thank the Chief Officer of Social Security and his team, and also the Director of Environment, without whom the whole package of fiscal strategy would be incomplete. I would also like to thank my fellow States Members who quite properly in this democratic process have the final say. Members took the brave decisions to put in place the measures that were brought before this House, which showed that they too believe that this Island is going in the right direction. Finally, I must thank the Chief Minister and the Council of Ministers for their continuing support and belief in our policies and for the strong corporate approach that has been maintained throughout this difficult and challenging year. In conclusion, this has been a very significant year. Possibly a year that will be looked at in time to come as something of a landmark with the final decisions to introduce a G.S.T. and broaden our tax base. That is not all that we have achieved over the last 4 or 5 years. I believe that our record as Treasury Minister, and previously as the Finance and Economic Committee, is quite impressive. We have seen recovery from the last recession and real economic growth for the last 2 years - reaching 7 per cent last year. In turn, this growth has generated additional tax revenues that are forecast to grow by over 10 per cent next year. We have improved our international identity and also our competitiveness. We have achieved stable, low inflation at or below our target rate of 2.5 per cent for R.P.I.X for 10 of the last 11 quarters and even below the U.K. for most of that time. We have near full employment, which is growing in line with our strategic objective and providing well-paid jobs for local people. We have eliminated budget deficits and delivered improvements to States' reserves so that we are better placed to withstand future challenges. We have also provided substantial capital investment in our infrastructure; spending £35 million on schools, £27 million on the health service, £20 million on the prison, £25 million on roads, sewers and sea defences and £90 million at the airport and the harbour. In addition we delivered a massive £140 million investment in additional social rented housing through partnership with housing trusts and a further £80 million planned in the future through the Social Housing Plan which we have already agreed. We have achieved £35 million in efficiency savings to establish reductions. These savings have been re-prioritised to provide the growth in essential services: £15 million additional money for health, to give 2 per cent for the last 5 years. A 60 per cent increase in the prison budget over the last 5 years from £5 million to £8 million and a further increase recently announced. £14 million in social benefits culminating in the new income support system and a further £22 million in transition relief for those initially worse off as a result of that scheme. A 60 per cent increase in overseas aid over the last 5 years and most recently £2 million increase in higher education funding, investment in skills and other growth initiatives. All of this, as I say, has been achieved over the last few years and there are more initiatives in place for the future. There is a review led by P.A.C. (Public Accounts Committee) to see how further savings can be achieved; proposals for new environmental taxes; a major strategic report on new directions for healthcare; the introduction of generally accepted accounting principles for commercial accounting; a new fiscal framework; the first report to the Fiscal Policy Panel; and the aim of adding to the Stabilisation Fund. That, I suggest to you Sir, and to Members, is an impressive list and all this has been achieved with a level of taxation that even after G.S.T. will still be one of the lowest in the developed world. Our policies have delivered high economic growth with low inflation. We have managed a challenging loss of £100 million tax revenues by designing

a more diverse and competitive tax base focussing our new measures on those who can afford it and increasing support to the less well-off in the process. These policies may not be popular but they have provided us with surplus in the short term and, more importantly, a sound economic and financial framework that should give us all confidence for the future. Sir, I commend this Budget to the Assembly.

The Bailiff:

Is the proposition seconded? **[Seconded]** There are a number of amendments to the Budget and the first for consideration is in fact the amendment number 4 in the name of the Minister for Treasury and Resources. Before the Minister can move that amendment, in fact, because it was lodged late, the Minister needs to obtain the approval of the Assembly for the amendment to be lodged.

7.2 Budget 2008 (P.164/2007): fourth amendment (P.164/2007) Amd.(4)

7.2.1 Senator T.A. Le Sueur:

Indeed, Sir, I lodged this amendment only on 3rd December and clearly we have not had the requisite notice officially, although the notice has been given unofficially in that I mentioned this when we debated G.S.T. 2 weeks ago. I think it comes as no surprise to Members I am proposing that we increase the rate of tax increase on tax thresholds by 6.5 per cent rather than 3 per cent. That is the effect of the amendment, but for the moment I propose that we allow the suspension of Standing Orders to debate that in less than 2 weeks' notice.

The Bailiff:

Are Members content to allow the Minister for Treasury and Resources to propose this amendment? Very well.

The Greffier of the States:

At the end of paragraph (a) after the words: "as set out in the Budget Statement" insert the words: "accept that all income tax exemptions for the year of assessment 2008 shall be increased by 6.5 per cent instead of the 3 per cent increase originally proposed in the Budget Statement."

Senator T.A. Le Sueur:

The intention of raising income tax thresholds is to remove some people from the income tax net and to allow those on lower and middle incomes who pay tax to pay a lower tax bill. This is in mitigation of the effect that G.S.T. will have on those middle income families. As a result of the healthy financial position we currently find ourselves in I am prepared - after consultation with my colleagues - to propose the increase rather than 3 per cent for next year, the figure should be 6.5 per cent as set out in the proposals. The effect of that is to remove about £3 million potential revenue from the States' coffers, on the other hand we will redistribute that £3 million to lower and middle income families who I think next year may well feel the need for it. I hope Members will appreciate the move of raising that threshold by 6.5 per cent rather than 3 per cent and I propose the amendment.

The Bailiff:

Does any Member wish to second it? **[Seconded]** Does any Member wish to speak on the amendment?

7.2.2 The Deputy of St. Ouen:

I will just be brief. I firmly believe ... I think I said before in this Assembly that if we are to re-address and help those who have low incomes and who need support we really must start targeting those individuals. I believe that in part what the Minister is proposing helps to do that. I am well aware that until we see the income support scheme in full flow, if you like, from January onwards we will not fully understand how effective that will be. I suppose there is the warning there,

perhaps, that we will need to pay attention to that particular area and see how the funding develops. But certainly I believe that this is a very good way of helping perhaps those that probably will fall outside or above that income support level at present.

7.2.3 Deputy P.J.D. Ryan:

First of all, I think it must be said that the Treasury Minister's proposal to increase allowances in the way that he is suggesting is a good one. It is subtle in some ways, and I am obviously referring back to the debate on the zero rating of food that we had 2 weeks ago. I am nevertheless - at the risk of being a little bit of a party pooper on this one - a little bit worried that there does not appear to be any commitment from the Treasury Minister that the extra increase of 3.5 per cent on allowances will effectively be ring-fenced into the future and inflation proofed. I refer not only to the income tax extra exemptions but also to the other £300,000 that he seems to be suggesting would be paid through the social security system to those who are not taxpayers. I note that he thinks it is about £300,000 but, again, will that indeed be index linked? Will this be ring-fenced into the future? Because I would point out to Members, and to the Minister, although I am sure he is aware of it, the effect of zero rating food is almost ... it is self-inflation proofing because as food inflation goes up, of course, you are never paying any tax on it, you are still paying the extra for extra food but tax on it you will not. I would just ask the Treasury Minister whether ... or to confirm that his obviously very well-founded and well-intentioned proposals ... whether he believes that they can be ring-fenced into the future? Because I think there would be many people that would otherwise feel that, well, that is okay for the next couple of years, but what happens after that?

7.2.4 Deputy G.P. Southern:

Members I am sure would expect me to speak on this particular amendment. It is along the lines of that which I have been proposing for the benefit of those low to middle earners who are taxpayers for a number of years now, in fact since 2002 if my memory serves me correctly. At last it appears the Treasury and Resources Minister has started to listen. I find it deeply ironic that while 2 years ago certainly - and certainly beyond that - he was arguing vehemently, and his predecessor was vehemently against this as being the devil's way, he has suddenly been converted to indexing and abandoning the devious practice of imposing stealth taxes by simple fiscal drag through the years. In that sense it is indeed to be welcomed. It does do something for those low and middle taxpayers. There is a vague ripple that knocks on for higher up as well, I believe, when you convert to 20 means 20. But, I have to say that I find it deeply ironic that the Minister was criticising Deputy Breckon for bringing something ad hoc and at the last minute when in fact that, it appears, is increasingly becoming his own practice. This package that we have just had a request to consider, but last minute, is so at the last minute it was not within timescales - even the minimal timescales - that we suggest for ourselves for lodging amendments. Such was the Minister's panic, I believe that is what I saw in his eyes, anic at the prospect that somebody might derail, there was a vague chance he was going to lose a vote and somebody might derail his beloved baby G.S.T. G.S.T., that dream of all Treasury Ministers, the perfect tax that you can adjust and tweak and put it here and put it there and lower it here and raise it there, usually raising it here, there and everywhere to your heart's content. But all brought ad hoc at the last minute to save a debate. So, a welcome of sorts to the, at last, a practice that I have been proposing for some time. However, let us recognise that what is proposed does not do half enough to mend the damage that G.S.T. is going to do to individuals. If we take, for example, the pensioner couple, not a rich pensioner couple, not the poorest pensioner couple, the average pensioner couple, they are going to be paying something of the order of £600 a year on their expenditure in the coming year. £600 a year. That is what the figures say. That is excluding their rent or the housing cost. On their expenditure, around £600. The measures here for the married couple aged 63, give them back some of that, £365. So it is a measure. Even with the new souped-up indexing of the exemptions, £365, a little over half of the extra costs, the extra hurt that it is going to cause to the average pensioner couple. Of course, we

do not know what is going to happen to the inflation rate next year. What we do know is 3 per cent G.S.T. will start to make its impact and will start to be felt in people's pockets, and not surprisingly they will respond with pay demands that are certainly larger this year, and are likely to be whatever the inflation figure is, because there will be an impact in 2008/2009 on inflation, and the response will be increased demand for wage rises to match that. Nobody in their own self interest is going to let themselves quietly have their living standards drop, if they can possibly help it. It is not in their interest. As we know, market forces work like that, the demand will be there. So how much damage is done next year, we do not quite know. Hopefully, this goes some way to alleviate some of that damage. But let us not look at it. It has been described as this giveaway budget, this bonus budget; I would describe it, this election budget, because that, I believe, is what it is. It is a good news budget in the old fashioned U.K. Chancellor's style that says in an election year, and it is an election year, when you push through deeply unpopular measures, like G.S.T., like income support, as it will become, because the problems are only just now starting to surface. The real crunch time on income support will be towards the middle of next year and into October when the transition support fades away, or the first tranche of it fades away, then people are going to hurt again. So it will be noticed -- and I would be grateful if the Housing Minister would let me finish my speech and I will let him finish his, when it is his turn. **[Interruption]** As I say, Sir, I am sure the Housing Minister will enjoy his turn, and I will let him finish his speech. To continue, and to round off, I was describing it as a giveaway budget and possibly an election budget, and that is what sparked a little reaction from the far side of the House. But, not a giveaway budget; if you look at the figures it is a give back budget because, as I have said, since 2002, apart from one year when we got a little bit of partial indexation, it was something like 2.5 per cent when the inflation rate was 3.5 per cent, one year of a little indexation, if you examine 2002 inflation and not only the R.P.I. but the average earnings index, you will find that due to fiscal drag over 2002 to 2006, over that sort of period, we are looking at a 21 per cent increase of people's earnings. Without any indexation, so that is being slowly clawed into taxation and then into increased taxation by the mere process of the Minister sitting on his hands and doing nothing. Fiscal drag works like that. So we have had something like 21 per cent over just that short time period and fiscal drag has been going on longer than that, but let us just consider that. If we take the package that is being offered, the 3.5, the 6.5 and the 3 per cent next year which is, we are promised, then we have a total package of around 12 per cent. So we are giving back to these low to middle taxpayers some of what has been taken from them over the past few years. So it is not a giveaway, it is a give back, which had the Minister been doing what he ought to, which is indexing, to ensure that people do not end up earning more and being worse off, indexing properly, then he would be giving 21 per cent back, at least. But, no. Let us not quibble over minor details like 9 per cent of somebody's earnings, being 9 per cent relatively worse off in taxation purposes than you were 6 years ago. Some welcome, but a welcome with reservations, and like the previous speaker, Deputy Ryan, what is important is that we get something in place so that people know where they are. People need to know where they are, and we have had that hammered home to us time and time again by the Minister. A little bit of indexing last year, some double-indexing this year because the Minister's hand was forced, some indexing next year. Then it does not take long if we have 2 years of fiscal drag, 2 years without indexation, 3 years, all gone again. Oops, I know we gave you that back then, it was convenient at the time but we have clawed it back since. That is the joy of fiscal drag. Sit on your hands, do nothing, smile at the nice man, show your teeth, and people end up worse off. That is the way it works. So what is needed is a package, I would suggest, for the next 3 years. If the economy is still going soundly then yes, let us index. So, it is not appropriate to amend this Budget to index for the next 3 years but a nice little standalone guaranteeing people that we will get some indexing at inflation rates, because who knows what that is going to do, not at 3 per cent, just to show willing, but at whatever is R.P.I., whatever is the cost of living increase, that is what we ought to be having, and that is what I think I will probably bring in response to this Budget in the relatively near future because we need some certainty, we need some security for those in the low to middle taxpayers --

The Bailiff:

Deputy, you are beginning to stray, I think, are you not, a little bit from the amendment which we are debating at the moment?

Deputy G.P. Southern:

I am on this, I am talking about indexation which we are debating, I believe, double-indexation and why we need not just it for one year but we need it for a stable length of time, Sir. I believe that is relevant, and I was on the point of sitting down, but nonetheless ... So that is what I suggest is an appropriate response and a response I will be giving as soon as I can in the New Year. That is what I believe we need. I thank the Minister for bringing along indexation, I criticise him for the way he has done it, at the ad hoc last minute way he has done it, and I beg of him to give us some stability and to support my standalone proposition when I bring it early in the year.

7.2.5 Deputy A. Breckon of St. Saviour:

I was trying to remember, I think it was the good old bad old days when an amendment like this could be brought virtually on the hoof, and I think it was the then Senator Qu  r  e that did exactly that for indexing things. I cannot remember how the process worked but somebody out the back used to work out what the implications were and we used to get the message back in, but I am certain, Sir, and I cannot remember how the chair used to accept amendments to the Budget, but my recollection was you could virtually stand up and do it, but now we have a modern process whereby the Treasury Minister, himself, has to seek permission to do something with just a little bit more notice.

The Bailiff:

It was much more fun then, Deputy. **[Laughter]**

Deputy A. Breckon:

It was indeed, Sir, and of course linked to that is then presidents used to have to work for their budgets in that their budgets could be amended as well, whereas as I think, Sir, we have pre-empted that particular debate as well? The Treasury Minister did say that many more people or individuals have come into the tax net and that is probably due, for 2 reasons. One he mentioned is I.T.I.S. and the other is because the thresholds have not been indexed or increased or index-linked or whatever process, and there are 2 questions I have for the Minister, Sir, I would ask if he could respond to in summing up. When were they last increased? Deputy Southern has said perhaps we are just giving people not quite their money back here or we are not quite getting to where they would have been if they had of been indexed. Related to that, Sir, if the Minister could say when the practice of index-linking did cease because my understanding is that process did apply and the idea was to keep people out of the tax net, and I believe that figures show that we brought a lot more people in and more individuals are paying tax. I think the figures are something like  148 million as opposed to  100 million 6 years ago, or something like that. That is just off the top of my head, Sir. So if the Minister could respond to that in summing up.

7.2.6 Senator F.H. Walker:

I really rise to respond to Deputy Southern's speech, but not entirely. I was pleased that he was able, because that in itself is tremendous progress, that he was able to offer qualified support to the Treasury and Resources Minister for proposals he has put to this House. But it really was quite a miserly sort of support, although he said he supported that part of it, he just missed the very real advance that these proposals represent as being an election ploy. Well, it seems a bit strange, a bit sad to me, that any bad news that comes out of the Council of Ministers is avidly seized upon by Deputy Southern and others of proof of our incompetence and any good news is avidly seized upon as proof of the fact that all we are doing is playing to the electorate. It seems to me there is a very much stronger argument for a middle, sensible and prudent road. Of course, the Deputy said at last the Treasury and Resources Minister has started to listen. It is not a question of listening at last, it

is a question of financial prudence for which the Treasury and Resources Minister has a very enviable and very considerable record. The Treasury and Resources Minister would not be recommending to this House giving money back if we did not have the money to give back, and that is absolutely the point. That because of the economic success we have enjoyed for the last 2 years our tax receipts have gone up very considerably faster than the forecast originally suggested. So, what do we want to do, what does the Treasury and Resources Minister want to do? He wants to share some of that success with the people of Jersey in the most effective way, and that is exactly what he is proposing. I dread to think what would happen if the States follows Deputy Southern's fiscal beliefs and fiscal policy. I would argue that probably in years one and 2 we would have the land of milk and honey and in year 3 we would be bankrupt. But hopefully, Sir, we will never find out. One of the things that I have to say disappoints me is that the very considerable increase in allowances of the Treasury and Resources Minister has proposed, a 20 per cent increase in child allowance and now the 6.5 per cent increase in threshold, has been completely overshadowed by the G.S.T. argument. I think most people in Jersey are unaware, even now, of what a benefit these proposals will prove to be to them. I was speaking to a lady, I am sure she will forgive me for saying so, a pensioner at lunchtime who has done her sums and she will be better off, even after G.S.T. on the back of these proposals than she is today, and many, many other people, pensioners, parents, will be in exactly the same boat. So, Sir, this is good news, it should be warmly welcomed by the House and warmly welcomed by the Island.

7.2.7 Deputy C.J. Scott Warren:

I welcome this percentage increase in the income tax exemptions, which in my opinion is a very necessary provision in view of G.S.T. remaining on food and other essential items from next May, and also, Sir, in view of the fact that our economy is, at present, doing so well. I look forward to hearing further details of the financial help to be given to those above the income support level but below the income tax threshold. Sir, I think this strays slightly from the amendment, but as a previous speaker did so, I also welcome the help with the raising of allowances for families with children and for those families with children in higher education. I will always believe, Sir, that G.S.T. on essential items is fundamentally wrong, but these new measures do provide some help to those families, as I have just said, and so therefore I am pleased to support the amendment.

The Bailiff:

I call upon the Minister to reply.

7.2.8 Senator T.A. Le Sueur:

I suppose it is always a temptation to stray into other areas at the time of an amendment and G.S.T. was bound to come in sooner or later. But taking the comments of those who have spoken, the Deputy of St. Ouen: yes, the good thing about this amendment, it does target a particular group. It gives no benefit to those paying under the 20 means 20 rules, and that was part of the objectives. Of all the tax measures that I can propose most tax measures will affect everybody who are low incomes, middle incomes and top incomes. It is only a measure like this which affects middle incomes only, and not the top incomes, and that is why I have targeted this particular benefit for attack. Deputy Ryan asks if this could be ring-fenced and is the 6.5 per cent guaranteed? Clearly, we review these allowances every year and thresholds every year, but I would say to him that ever since I have been born, and even before then, I have never seen a tax threshold go down. They have sometimes stayed still for some years, as Deputy Southern says, they never go down. So I think we can take some reassurance from that that having put up the 6.5 per cent this year, it will stay at that level or higher in terms of the actual figure in years to come. Then, of course, we come to Deputy Southern, who I think has already been referred to by Senator Walker, it is a role reversal I think. In year's past I was known as the miser and maybe some other people regarded as Santa Claus. Now it seems as though I am Santa Claus and Deputy Southern today sounded as if he was a little bit unhappy that we were giving money away. He could not say so, but he thinks I have

pinched his idea. No, Sir, I have not pinched his idea. We look at tax thresholds every year and we review them in the light of the financial position, and not just a position for that year but a position looking forward 5 years, and unless I can see a balanced picture over that 5 year period and beyond I am reluctant to give anything away on the basis of indexation or any other reason. We have to deliver as one of our fundamental principles to stay with that balanced budget over the period. Having seen the improvement this year, I was able to propose an increase in the threshold and having then had a discussion about G.S.T. and food, I said, not today or not this week, but 3 weeks ago before the G.S.T. debate, that if this House was wise enough to reject the amendment on zero rating of food I would increase the tax thresholds instead as being a better way of spending £3 million to target people better. That is the principle which the States agreed 2 weeks ago with respect to food, which I am now honouring from my side in this Budget debate. Deputy Southern suggested a pensioner is going to be worse off, they are going to pay £600 in G.S.T. but only recover £365. Well, of course, I do not know which sort of pensioner he is talking about but if we assume that G.S.T. will account for between half and two-thirds of someone spending, then if they are paying £600 in G.S.T. they have got an income, I calculate, well in excess of £25,000 maybe as much as £30-35,000 a year. Now, if that is his average pensioner I would say they are doing quite well, but certainly they are not the sort of pensioners that we are calculating when I was looking at my tax examples. Deputy Southern also said he does not know what next year will bring, and I am afraid none of us know what next year will bring. But I suspect if our policies are maintained they will bring continued economic growth, continued confidence, continued rise in income tax receipts, continued rise in indexation of pensioners and other benefits, but G.S.T. will remain at 3 per cent for next year and the year after, and the year after that. So, I think, that is something which ought to be a matter of pleasure, not being miserable. He also wondered if this is not only a good news budget but an election year budget. If we could time elections to coincide with the economic cycle and only have elections at good economic times we would be doing pretty well, but I just would not know how long this House might be in this present constitution. It could be 3 years or it could be 10 years. I do not think that is the way one runs elections. Finally, Sir, just in a sort of slight throwaway to Deputy Southern, I suspect that if I had not proposed an increase in tax thresholds he would have been lodging an amendment himself to the Budget to increase by a similar amount but because someone else has done it he feels a little bit peeved. I am not going to get too worried about that, Sir. I think it is the right thing to do, given the present situation, given that we have a fiscal policy which enables us to do this because we have found alternative tax measures as well. Deputy Breckon raised a couple of questions to me about these thresholds and when they were last increased and when did index linking cease? I would remind the Deputy and those Members who maybe were not in the House at the time, that it used to be common place 20 years ago, 15 years ago, for large giveaways whenever a budget turned out quite well. What that showed was they were fine in the good days but then when the economy went into recession we had no way of covering it. So, I think, what I would say to the Deputy and to the House, is that we learned from our mistakes in those days, and what I want to do is to avoid repeating the mistakes we made years ago. So, I do not want to index in good times and then go backwards in bad times or find we cannot go backwards in bad times. Can we maintain indexing and can we maintain increase in tax thresholds? We can, so long as this House also can miss the other side of the bargain. The other side of the bargain is we can cut our spending as well. As long as States' spending does not go up I can make sure that the increased tax receipts are converted into increased tax allowances, but while our spending goes up I want to make sure we keep those balanced budgets over the next 5 years and therefore I want to make sure that tax receipts match that amount. I thank Senator Walker for his comments. Yes, I do have a policy of being prudent. I do have a policy of being responsible, but where I see grounds for being able to share some of our improved economic benefits with the community I also believe that that is a duty to be done. He says that some people seem unaware of the benefits of this Budget, I think that may be true. We have been so focussed on G.S.T. that we have not perhaps looked at the wider picture. I welcome Deputy Scott-Warren's comments. She asked about those in the gap between income support and this, this measure clearly cannot help

them, and that is why Senator Routier and I are working on alternative measures which we will be coming forward with later. Meanwhile, Sir, as I say, this is a chance to give a little bit more to reflect to the general public the benefit that we have seen in the economy and I am proud to propose the amendment, Sir.

The Bailiff:

I put the amendment. I ask Members who wish to vote who are in the precinct to return to their seats. I ask the Greffier to open the voting which is for or against the amendment of the Treasury Minister.

POUR: 37	CONTRE: 0	ABSTAIN: 0
Senator L. Norman		
Senator F.H. Walker		
Senator T.A. Le Sueur		
Senator P.F. Routier		
Senator P.F.C. Ozouf		
Senator T.J. Le Main		
Connétable of St. Mary		
Connétable of Trinity		
Connétable of Grouville		
Connétable of St. Martin		
Connétable of St. John		
Connétable of St. Saviour		
Deputy R.C. Duhamel (S)		
Deputy A. Breckon (S)		
Deputy J.J. Huet (H)		
Deputy of St. Martin		
Deputy P.N. Troy (B)		
Deputy C.J. Scott Warren (S)		
Deputy R.G. Le Hérisier (S)		
Deputy J.A. Martin (H)		
Deputy G.P. Southern (H)		
Deputy S.C. Ferguson (B)		
Deputy of St. Ouen		
Deputy P.J.D. Ryan (H)		
Deputy of Grouville		
Deputy of St. Peter		
Deputy J.A. Hilton (H)		
Deputy G.W.J. de Faye (H)		
Deputy P.V.F. Le Claire (H)		
Deputy J.A.N. Le Fondré (L)		
Deputy D.W. Mezbourian (L)		
Deputy of Trinity		
Deputy S.S.P.A. Power (B)		
Deputy S. Pitman (H)		
Deputy A.J.D. Maclean (H)		
Deputy of St. John		
Deputy I.J. Gorst (C)		

7.3 Budget 2008 (P.164/2007): amendment (P.164/2007) Amd.

The Bailiff:

We now come to the next amendment which is in the name of Deputy Breckon to increase stamp duty and I ask the Greffier to read the amendment.

The Greffier of the States:

At the end of paragraph (a) after the words “as set out in the Budget Statement” insert the words “except that the estimate of total taxation revenue shall be increased by £3.5 million by increasing the rates of stamp duty shown on page 25 of the Budget Statement for properties valued over £1,000,001 as follows: £1,000,001 to £2 million duty rate 4 per cent; over £2,000,001 duty rate 5 per cent.

Senator P.F.C. Ozouf:

May I declare an interest in this matter? I have exchanged a note with you declaring an interest and withdraw from the Assembly?

The Bailiff:

Yes, Senator Ozouf declares an interest and withdraws.

Senator F.H. Walker:

May I just seek clarification on a point? I am currently involved in a domestic property transaction, should I therefore declare an interest and withdraw as well? I am the seller rather than the buyer if that helps?

The Bailiff:

I am just slightly troubled that Senator Ozouf might have declared an interest in relation to the wrong amendment, as a matter of fact. **[Laughter]** This is the amendment, Senator, which deals with stamp duty on the sales of property not on the registration of wills of immovable property.

Senator P.F.C. Ozouf:

I believe the stamp duty charges are the same on any registration of a contract in the court. The stamp duty arrangements were changed by the Finance and Economics Committee a number of years ago for it to be the same schedule of charges.

The Bailiff:

But the first amendment of Deputy Breckon deals with, if I have it correctly, the Attorney General will correct me if I am wrong, but simply deals with *inter vivos* transactions between living individuals. It does not deal with the registration of a will of immovable property, that is the next amendment, the second amendment. I thought that was the amendment with which you were troubled.

Senator P.F.C. Ozouf:

That is right, Sir, but I am taking the order of debate that the Greffier helpfully circulated which said that the second amendment we were taking was that - I have his note here - the second item is the increase in stamp duty on property transactions. If I have that incorrectly then I ...

The Bailiff:

I think you probably are right, Senator. The matter to which Senator Ozouf drew my attention was the registration of a will of immovable property which might affect the Senator if the amendment of Deputy Breckon is adopted, and therefore Senator Ozouf quite properly declared an interest in that respect and was going to withdraw. Your request, Senator Walker, is a different one, I think. It is in relation to the transaction involving the sale of land? I mean, in principle, it seems to me that there must be numbers of Members of the Assembly who might be on the point of buying or selling land and that is a matter which affects a whole class of the population, it is not individually affecting a particular Member of the States

Deputy A.J.H. Maclean:

Just one question, if I could have clarification. I have an interest in a property business which is involved obviously in selling property. I do not know whether you would feel that there is conflict there. Clearly, if the amendment were to succeed it could have an adverse effect. It is a fairly tenuous link, I accept, but I would just like your ruling, Sir.

Deputy P.N. Troy:

Of course, I too as a **[Laughter]** builder/developer purchase land and build houses and then sell the houses, so I probably too should declare an interest.

The Bailiff:

What Standing Order 106(1)(b) provides, that if a Member of the States has a direct financial interest, that is one immediately affecting him personally, he should declare the interest and withdraw. Paragraph (b) says: "If it is not a direct financial interest but a financial interest which is general, indirect or shared with a large class of persons, declare the interest but the Member need not withdraw from the Assembly and may take part in the debate." It seems to me that the Deputies who have asked questions of the chair ought to declare the interest but that they are permitted to remain and take part in the debate if they think it appropriate to do so.

Deputy A.J.H. Maclean:

That is fine, thank you, Sir, I declare my interest.

Deputy P.N. Troy:

I too, Sir, also declare an interest as I buy and sell properties on a regular basis. It is part of my business. That was the thing more so than other Members. I do not just sell one house, I would be selling 3 or 4 or 5 or 6.

The Bailiff:

I cannot help you on that, Deputy. I mean that is what the Standing Order says. Members make up their mind whether they feel that they are compromised.

Deputy P.N. Troy:

I think I will declare an interest, Sir, and probably better, on this one, if I leave the Chamber.

The Deputy of St. John:

I declare an interest as well. In my declaration of interest I have a property company which is involved in transaction properties.

7.3.1 Deputy A. Breckon:

This amendment is as straightforward as the last one, I should tell Members, so hopefully it will not be contentious, now that we have got there. The report and the figures attached are fairly straightforward. Presently property over £700,000 attracts a stamp duty of 3 per cent and that becomes unlimited to whatever a property may transact for. My proposals, Sir, are that from £1,000,001 that would increase to 4 per cent up to £2 million and over £2,000,001 it would increase to 5 per cent from the present 3 per cent. Also, Sir, I have indicated there that may also apply to the share transfer provisions which at the moment are unknown. So although the estimates are - and I must thank the Treasury officers and the officers of the Judicial Greffe for working on the figures to put some substance to that - it is, Sir, unknown in the share transfer area but the 3.5 is probably the bottom end of what this would raise. I have not embroidered that in any way Sir, because I do not think it is appropriate to do that because it does depend as well on the market and what is transacted and at what price. The other thing I should say is that other people have mentioned the seasonality but I have not proposed to do anything with the money. So it is not a case of raise money of a heating allowance, or anything else allowance, it is to go to general revenue. The reason I have done that, Sir, is that there were noises that said we have looked at everything, we cannot raise

money anywhere and without going too high up the tree, just looking at the low fruit, these are things that, to me, were doable. Members may well ask: "Well, why do it?" But we have been in some of these situations before and when I was listening to the Transport and Technical Services Minister this morning I thought if we had Environmental taxes on certain things perhaps he would not have so much rubbish to deal with. So if we had done things that change people's habit and lifestyle, perhaps in some areas, we would not be in such a mess. So it is not just about taxing people. It is about changing lifestyles, and this is perhaps another area where, if we look at taxation charges and duties, and we consider things perhaps when we do not have to then we do not have a problem in a crisis and we can deal with things in a more rationale way perhaps. Why I think it is worth debating this amendment, Sir, I think it is important to air the issue - if Members do not agree then I do not have a problem with that - but sometimes if we go round about the houses literally then perhaps we do not hear the issues and I think that is part of the problem that happened with the things that were perhaps taken off a list, that some of us never looked at, about what was palatable for tax increases or charges or whatever else. I do not think we are all party to that. I would just like, for a moment, Sir, to refer to the comments of the Treasury Minister in response to my proposition. On page 2 at the fifth paragraph he says: "Given the current strength of the housing market it is important that any policy change that impacts on the housing market is fully thought through." Well, I would contend that this will have very little or, indeed, no effect on the housing market. What has perhaps affected the housing market is granting the right to buy to (j) category employees who are here for 3 or 5 years. Now the question I would ask them is, that is a policy change and where was the consultation on that about what it would do to the market. I think that statement alone shows a certain degree of insensitivity to the actual situation. Also, in the comments at the bottom paragraph it says: "The Minister for Treasury and Resources would recommend that a process of research and consultation be undertaken" blah blah blah. But I would suggest that we should have a handle on the housing market. We should know what it is. We should know how many properties there are, what they are, what is happening. Then we have something that measures it on a quarterly basis but I thought some of the options had been considered. Well, have they, or indeed have they not? Where is the research on the housing market that supports that statement, and I do not think it is there, Sir. What I am proposing, Sir, I believe is some combined measures that will have some cumulative effect. £3 million here and there is not a lot in our global financial budgetary terms but it is something, and it is a measure that is there. Unlike some of the legislation that comes back about putting another 30p on a harbour charge or something like that, this would be there, I believe, on an amount of money in percentage terms that would stand the test of time, and we would not need to look at it again and again. It would be there. That is why I think it is worth me asking Members to support doing it. I believe we can live with it and rarely will we need to review it. Along with my other amendment, Sir, it is a way of raising money, and I suggest that it is a prudent choice of what we can do. It will affect some people, there is no doubt about that, if they are transacting in that level of property. But I do not think there will be any howls of protest. I do not think it affects the general population in a way that is to their detriment. As I said before, Sir, I have not identified any way of spending it. Having said that, Sir, if this does raise money then perhaps, as the Treasury Minister has already said, he is able to give some relief to first time buyers. But having said that, the threshold now perhaps we need to be going up to £400,000. I heard the other day that Goose Green properties, £399,000 first time buyer. So although we might be talking about increasing the threshold that is perhaps the level that we may need to go to, so my suggestion, Sir, is that perhaps, not next year but the year after, if this does yield a few million pounds then that is what we could do but that is a matter for another day. I would like to just conclude, Sir, by thanking the officers of the Treasury, the Judicial Greffe and the Greffe for the background research and information that we were able to put. They asked me what the idea was and went away and worked on this with some speed and a great deal of professionalism. So I would thank them for that, Sir, and there was not attempt to scupper it. It was a case of what would you like to do, and they came forward with some straightforward

information. So, with that, Sir, I would like to propose the amendment and I will be pleased to answer any questions.

The Bailiff:

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

7.3.2 Deputy J.A.N. Le Fondré:

I suppose as an owner of property I should declare an interest as well, of the wider sense. At this stage you will probably be delighted to know I only intend to speak once on both this amendment and hopefully the next one, neither of which I shall be supporting. To me, Sir, at present we have got a buoyant economy, we do have - and I think rampant is probably the right word for house prices - but we also have uncertainty ahead of us. Members will have also noted, although mainly applicable to the second amendment, the comments from the various parts of the finance industry over these changes. While they are related to the second amendment, a lot of them, I think they are also applicable to this one as well. In essence, we as a Government and as an Island have always prided ourselves on fiscal certainty and stability without sudden surprises generally. We also do need just to remember that we have always got to remain competitive, and that is pretty key. I am slightly curious on a couple of comments that Deputy Breckon has made about behavioural changes, and I am not too sure how increasing the rates of stamp duty achieves change of behaviour. To bounce something back to the Deputy, Sir, I would like to know where Deputy Breckon's research is that says that this will not have an impact on the housing market. Maybe that is a slightly off remark, but anyway. Certainly I am concerned about the potential of increasing the pressure on house prices by generally soaking things up and changing the bandings and all that type of thing. At this stage, Sir, I cannot support something which has the potential, I would say unintended consequences - and I am speaking about both amendments obviously - but which will place us in an uncompetitive position versus other finance centres, or has the potential to worsen the course of housing in this Island at a time when we do not want to see housing prices going up any further if we could. So I will not be supporting either this amendment or the next amendment.

7.3.2 Deputy C.J. Scott Warren:

I declare that I am a co-owner of property. I have a problem with these amendments. For instance, I cannot support £100 stamp duty on a personal estate of £1,000. **[Interruption]** Are we not debating the second amendment first?

The Bailiff:

We are debating the first amendment of Deputy Breckon, increasing the stamp duty on property.

Deputy C.J. Scott Warren:

I apologise for that, but I would like to say, Sir, because I think it applies to both amendments that there may well be a case for looking at the rates of our stamp duty and I think Deputy Breckon has raised an issue that probably does need to be looked at further. It is just that I would like to see it thoroughly examined first.

7.3.3 Deputy G.W.J. de Faye:

Until today I had been happy to accept the advice of the Treasury Minister and clearly vote against this amendment, rejected out of hand. But now I discover that Deputy Breckon feels that the £3.5 million should be devoted largely to the Transport and Technical Services Department **[Laughter]** I feel I really have to have another look at this. Clearly, there is some appeal to this amendment because while the rates at the lower prices of property are being maintained, this is clearly aimed at, in broad terms, hitting the rich. As we know, our fiscal policies, among others, are directed at attracting more vibrant, wealthy rich people to come service our burgeoning financial services industry, hedge fund managers and the like, all people who earn £1.5 million a year and then £2.5 million Christmas bonus. It seems reasonable, at some stage in proceedings, especially as we have

been kind enough to grant them (j) category status, that perhaps we should look at whether we claw some money back via stamp duty on the enormous estates of the Island that they are buying as their personal property. I do understand that this, though, has a knock-on value to immovable property as dealt with under probate, so clearly there is potential for unintended consequences here. I need to inform the Minister for Treasury that I am wavering at this point, and I would seek - because I am sure he will rise to speak in due course - I would like his assurance that if we do reject this today Deputy Breckon's worthy general principle will not simply sink without trace, never to be seen again, but will indeed be studied for its merits and also a fuller analysis of what the real knock-on effects are because it seems to me that this is an area that we do need to review and understand more fully than we do now. If I can look forward, I think, to what the Treasury Minister has to say in terms of the words he has indicated in his comments: "proper public consultation, scrutiny, informed debate." I look forward to that.

7.3.4 The Deputy of St. John:

What interested me about Deputy Breckon's commencing speech really was that he did not know what the money was going to be used for. Now, I have been tapped on the shoulder by a number of parishioners recently of late with cries of: "Hang on a minute, you want to drop prescription charges but you want to introduce G.S.T. You want to raise taxes but we are in a surplus." They are very, very confused out there, I can promise you. This sends out the wrong signal again. We want to raise some more tax here through this process but we do not know what we want to spend it on. I assure the Deputy I can find money to spend it on at Home Affairs as could the T.T.S. Minister find money to spend it on in his department. But that is not the point of this. I think Deputy Breckon's intentions are honourable. I can understand why he wants to do this, but he must not and Members must not allow this to be disguised in any way. The fact is, that it will have an effect on the entire housing market. That is undisputable. We currently have a log jam in Jersey at the top end of the market ...

The Bailiff:

May I ask you to pause please, Deputy, while I send out a plea to the outer reaches of the building for Members to make us quorate.

The Deputy of St. John:

I think what I was explaining was what is perceived as unintended consequences of a perfectly understandable plea by the Deputy to insist that the rich pay a bit more, and it is sentiment that is articulated by many. I can understand that, but it will have a detrimental effect on the entire housing market. We currently have a log jam at the top end of the market, partly because we do not build very many houses of very high value, we are quite good at building houses at the lower end of the chain, clearly we do need more of them anyway, but we must not be fooled, Sir, that this will not have an effect on the housing market because it most certainly will. People will simply not move up the chain so consequently those at the bottom end will find it more and more difficult to get on the chain unless we build a lot more houses. I know this issue is also fuelled by the simple issue of supply and demand too. I am not suggesting that is the only reason. But this will have an effect on the housing market. We have had price fixing in the past which had a detrimental effect on the housing market. Whenever you fiddle anything fiscally with the housing market it affects all levels of the housing market, so please do not have the wool pulled over your eyes by this issue that it will not affect the poor in our community. Not so much the poor but the lower end of the housing market because it most definitely will. I like the idea, I like the sentiments that Deputy Breckon has here, but I am afraid that they are misguided and I would urge Members to vote against this amendment for all the reasons that I have stated, it would affect the entire housing market.

7.3.5 Deputy P.V.F. Le Claire:

I thought Deputy de Faye's speech helped bring some clarity to where I am in all of this and many other people like me who do not own our own homes and probably are unlikely to because we earn just a little bit too much to be able to access the shared equity scheme that is coming, and just a little bit too much to be eligible for assistance but yet not enough for the ever increasing costs of the housing market. With the introduction of G.S.T. people like me in our income bracket are going to be affected a little bit, not overly, but a little bit, and people below our income bracket are going to be affected more. There is this talk about parity and the distribution of responsibility and the sharing of the tax base and the widening of the tax base. Today we are hearing about moves to introduce mechanisms to tax share transfer property for the first time, or in a proper way so it is identifiable. Something I have been asking recently for clarity on, and I am very pleased to hear that we are going to be doing it. All these words of share transfer, shared equity, shared opportunity, equal opportunity, and home ownership, does not bring home ownership to the people that are like me...

The Bailiff:

Deputy, I have to ask you to pause while again I send a plea for Members to return to the Chamber so that we can become quorate.

Deputy P.V.F. Le Claire:

I may not have something that everybody likes to hear but there are many people like me that are in this bracket, and we have been promised shared equity schemes to help us and they are not coming to help us. Deputy Breckon is bringing a proposition today that is being flagged as something that will cripple the finance industry, while we are being told that we must accept G.S.T. to keep it. We must give over our waterfront to ensure that it stays and we must like it and lump it, and be pleased about it. Well, hip hip hip hooray, is it not such a wonderful day. Some of us are not going home, some of us are going back to our rented properties. Perhaps Deputy Breckon's proposition needs to be brought back and separated from the immovable property issue. But there definitely needs to be a fresh look at the way the States of Jersey is providing for ordinary men and women in the Island. Do not bother to retrain us, do not bother to reskill us, if you cannot house us. Just do not bother wasting the money.

7.3.6 Senator T.J. Le Main:

I feel very sorry for Deputy Le Claire and others who want to aspire to home ownership. But the reality, Sir, is that not everyone is going to be able to aspire to home ownership because there are so many people in this Island still that do not just quite earn enough, and the similar happens in Ireland, the U.K. and other areas. But I can give an assurance to Deputy Le Claire and others that the Planning Minister and his assistant and my department are working very hard to produce a home ownership scheme that will try to address some of the issues in relation to what Deputy Le Claire was talking about.

Deputy P.V.F. Le Claire:

Can I ask the Senator to give way for a second, Sir? This might be a new commitment by the Senator and if it is I certainly do welcome it wholeheartedly, together with his written answer this morning. But I was informed by the Planning and Environment Minister today that my household income approaching £55,000 a year is too much to allow any shared equity access and if this is a new commitment by the Senator then I will be very happy, but if it is just a repeat of what is already happening, it will not suit us.

Senator T.J. Le Main:

Let me just give an assurance to Deputy Le Claire. The Planning Minister is the person who will find the land for the Housing Department and the Housing ministry. It is the Housing Minister that will be doing the allocations and I can give an assurance to the likes of Deputy Le Claire on £55,000 that shared equity is an ideal vehicle for him to aspire to home ownership with that sort of

income. No question about it. It is not a high income when you are trying to raise a family, but I can give him a categorical assurance, as far as I am still the Minister, then Deputy Le Clare will have an opportunity to aspire to home ownership. Let me just say, Sir, I would like to start from the speech made by Deputy Breckon, and again this criticism of (j) cats affecting the housing market. Can I say, Sir, how many times do we have to say that 93 per cent of the property sold in Jersey are sold to qualified local people. Only a small amount, 7-8 per cent, in that sort of region go to (j) cats. Can I remind the Assembly again that the majority of the (j) cats are in the public sector, a vast majority. Many of them not earning £30,000 a year by being highly qualified nurses and educationalists and an allied trade association with that. Quite honestly when I see some of the other professions, when I hear some of the complaints in the public sector about the salaries they are not getting, when you think a highly qualified staff nurse is earning less than a police officer just joining the police force, is an absolute disgrace. So I want to defend these people that are coming into Jersey on very low salaries and to try to give them an opportunity like all of us. Where would we be without the nurses and the teachers, and those allied trades in this Island had we not been able to tap other countries who have trained them and we just poach them. We have got to be able to assist these people and if some of them are managing to buy, I do not know how they are going to be able to manage because there has to be 2 in a household really in today's employment to be able to afford it. But I would like to say, Sir, that I just want to remind Members again that it is quite erroneous to say that (j) cats are causing all sorts of problems in relation to price in Jersey. Yes, there are some (j) cats on 3 and 5 years that do buy. A very, very few, and they can buy through a company, but at the end of their (j) cat licence after 3 or 5 years the property has to be sold out of the company back into the qualified market. It has to be sold and they have to remove themselves from that accommodation. But whether they buy them for 3 or 5 years, they would be leasing them anyway because they are entitled to lease a property under the (j) cat licence. So they are not taking properties out of the market, they are still occupying them. I would like to add my comments to Deputy Lewis who was absolutely right. By interfering in the market currently without any proper analysis of the issues, whenever Jersey has interfered in the housing market, be it price control, other issues, without a proper long term look analysis, it distorts the market and causes all sorts of problems. So I urge Members today to really ... and I know the intentions of Deputy Breckon are very admirable because some years ago I thought exactly the same as he was talking about, before I was heavily involved in housing. I wanted to do exactly the same and I think the Minister for Treasury and Resources will know that not even that long ago I was feeling the same way as Deputy Breckon and, in fact, I think I threatened the Minister for Treasury and Resources with doing exactly what Deputy Breckon has done today. But, having looked at the issues, having discussed it with officers and departments and looked back on the issues, it would be quite wrong to follow this course of action. I have great admiration for Deputy Breckon. I work quite a lot with Deputy Breckon on housing issues, housing matters, but I urge Deputy Breckon to tread with caution and Members, if they want to have this as something that will be looked on again it should be professionally looked upon and investigated. But to support it today would be a wrong move.

7.3.7 Deputy R.G. Le Hérisier:

Just a brief word, Sir. I have heard all these concerns, but of course we have one of the most highly controlled housing markets bar former Stalinist Russia and I have to ask, Sir, it would be nice to hear, although I do get the sentiment, it would be nice to hear, for example, from the Minister for Treasury and Resources, how this particular control or this particular charge will further distort the market. I think this is what we are all struggling with. I certainly can see it may have a deterrent effect on buying, but how will it precisely distort the market, given the very small number involved? I think the scare stories of Deputy Lewis that it will cascade all the way down the market to the very humble first time buyer is just that, a scare story. I think we have to get more precise evidence.

7.3.8 Senator T.A. Le Sueur:

It is a rare day when the Minister for Treasury and Resources is offered the chance of raising extra revenues and he questions the offer. But today, Sir, I do. I question it not simply because we do not have a use identified for the money, I question it because I think we need to give it more consideration. I tried in my comments to the amendment to give that suggestion to Deputy Breckon. It has been picked up by the Deputy of St. John and Deputy Le Claire and others, that this may be a good idea, but we do not yet know enough about the side effects. It was the Deputy of St. John who said that the effect could cascade down through the whole housing market. I made some preliminary inquiries of the Economic Advisor and to paraphrase his answer he said: "I cannot really tell you at the moment." But the fact is that if we have a limited supply of houses at all prices and you distort the price in one part of the market, it is almost certain that it will have some effect in other parts of the market as well. It is only if you have got a totally free market with unlimited supply that you can say that this would have no effect whatsoever. So, there, I think, is the danger and one reason why we should not rush into this. But a second reason is that I have just today lodged a Land Transaction Tax (Jersey) Law which will deal with the effect on share transfer properties and I think it would be a good idea, and that is why I am happy to make the suggestion or endorse the suggestion, that when that law has been debated and hopefully passed, we can then take a look at the whole issue of stamp duty generally on both freehold properties and share transfer properties and, if needs be, in the light of the advice that we get from there, either the Deputy can come back with his amendment next year or I can make a similar amendment in the Budget. But to do it today at this stage with the lack of information is, to me, not the right thing to do. I suspect that without wishing to impugn proper motives to the Deputy, he may have thought that this was a good way of compensating for a loss of G.S.T. on food, but that is not necessary in this case because we have found other ways of dealing with that one. This is purely dealing with stamp duty on the housing market and I think we need to look at the economic effects of that. Yes, we may even need, as a result, to look at the first time buyer threshold and I think that is something which was not in his amendment but it is certainly also worth looking at. Because, as Deputy Le Fondré said, what we need to do is to face the fact that we do have uncertain times ahead. Will this affect our competitiveness? Deputy de Faye, of course, would like to see some more money for T.T.S. and I am sure if this £3.5million, or whatever it raises, was in the kitty, he would be the first in a very long queue aiming to spend it. I have no doubts about that, and if he does not spend it then the Minister for Home Affairs will and the Minister for Education will and somebody else will. So I think that is not the way to go. Realistically, Sir, this is not a day for debating shared equity. It is not even, I think, a day for debating tinkering with stamp duty on freehold properties. This is a day for acknowledging that this is an issue which should not be buried, it is an issue which should be looked at in the mature light of day and if needs be come back in next year's Budget. But, for the meantime, Sir, I would urge Members to reject this amendment at this time.

7.3.9 Deputy J.A. Martin:

Just very briefly, I am not sure which way I am going to vote on this yet, but I might support this amendment. It is just to say that I am disappointed with the comments on both of the amendments from the Minister for Treasury and Resources because we have been told over past debates, very recent past debates, that every stone had not been left unturned to raise money and I really think this is quite an easy one that could have been researched and should have been researched, and if dismissed for a lot better reasons that were in these comments. We should have already had this on the table. I may be persuaded to wait, but hopefully if I do not support this today, as it has already been said, we will come back with some serious research at least on the property stamp duty on over £1 million.

7.3.10 Deputy G.P. Southern:

What interesting gems one picks up in the course of what is a relatively ordinary debate about a Budget amendment. What I am picking up is a fundamental reason about why we have got such a

runaway house price market at the moment which is absolutely rampant, nobody can deny that. The average 3 beds are going around £450,000 at the moment, certainly my wife looks every week and says: "My God, is that £450,000? Look at it." It appears to be like this, you cannot possibly play with the market, tweak the market, distort the market with a tax at the top end because that will filter its way down through the market and everybody will get that uplift. Well, is that not what is happening? Is that not what is happening to our rampant house price market? I believe it is. Theory is just placed before us between the Minister for Treasury and Resources and the Deputy of St. John today. At the same time the Minister for Housing steps up and says: "I keep hearing that (j) cats are causing house price inflation." Well they only account for 7 per cent of house sales. They do. That seems like a relatively low number. But then there are only 2 per cent of the population; 2 percent by 7 per cent. Is that a distorting effect? I think it is. The evidence is there. In the course of an ordinary debate about charging a tax at the top end of the market, suddenly all is revealed. Yes, there is an impact, 2 per cent by 7 per cent of the houses they have chased too many people into the market. It is the market. Too many people chasing too few houses. Whole market ramping upwards daily. How very interesting. But, no, we cannot possibly tweak the top end of the market because we might reduce demand there. Well, that would be a shame, would it not? Were we to reduce the demand for housing on the Island in one sector or another, that would be absolute disaster. Deputy Breckon should be ashamed of himself. I do not think we are going to see house price deflation though, no matter how much we tweaked it, tweaked the top end of the market. Sir, I think I am tempted to support this.

7.3.11 Deputy A. Breckon:

I thank all Members who spoke for their comments. I would like to begin with Deputy Le Fondré. He was not in the House and perhaps he is even too young to remember when I brought a proposition to this House about capping mortgage relief. At the time that was, I think it was 1994, I was absolutely slated by the then Finance and Economics Committee. The housing market would collapse, first time buyers whatever. It is policy now. We have done that. I suggested at the time the level, I think, was £160,000. I think my memory serves me right now we allow tax relief up to £330,000 at the moment. But, I wish I had brought today, I had the comments of the Finance Committee of the day and the world really was going to stop turning if the House approved this. So can I say to Deputy Le Fondré, when he talks about interference with the market in possible things we do, we have introduced that as a policy and is that market interference? In the U.K. it does not exist at all. It was £30,000 and was abolished. So governments are known to move in and out of the market to affect it. He also mentioned, which is interesting, Sir, no surprises in tax. We have just had an amendment that was a surprise. We have had discussions about income support a couple of weeks ago, that was a surprise. But no surprises he said. He also mentioned, Sir, about me changing habits in the property market. I was talking about environmental taxes changing habits; carrier bags being a good example; 10p tax means you do not have so many floating in the hedgerows. That is what that was in reference to. The Minister for Transport and Technical Services then does not have to dispose of them. So that was an example I gave and I did not say, Sir, if I move on to Deputy de Faye, I did not promise if the House approve this, I did not promise him the money, Sir, I cannot do that. But I would say to any Member who is thinking of what they could do with £3.5 million, if they support this they will have this option, if they do not, they will not. So that is something that Members should consider. It is not a case of hitting the rich, it is a case of putting another tier into what I described earlier as percentages and money. You put a tier in that will stand the test of time. People know what the rules are, and I would suggest people buying property and selling property at this level are not really unduly concerned about levels of stamp duty. It is not a tax, it is a charge for something that is transacted. Deputy de Faye did say he was wavering, I am pleased to hear that he is wavering. I did say I could not promise him the money, Sir. The Deputy of St. John gave the impression that a lot of people in St. John are confused because of G.S.T. and prescriptions and whatever. He is not, but a lot of people are apparently in the Parish and he said I should have said what the money would be used for. Of

course other Members have done that in the past but he did say to me in the coffee room the other day, Sir, that they could, of course, use it at the prison. So again, you know, I did not suggest anything but he did. So if the Ministers and Assistant Ministers want to arm wrestle for any proceeds of this if the House do approve it, then I do not have a problem with that. Again, in my opinion, Sir, you get a bit of a convoluted view of what would happen to the housing market if you suggest that perhaps we should be building more mansions and there would be a trickle down and trickle up and whatever and this again came from “Confused of St. John”. Senator Le Main again touched on some general housing issues which were not necessarily related to stamp duty. But I am concerned, Sir, because he did say that he had tried to browbeat the Minister for Treasury and Resources and he had had the same ideas that were in his proposition but he had now changed his mind. He had, sort of, fallen by the wayside and that is perhaps the reason why we should have this debate and do it in open session rather than just be browbeaten by anybody and just, you know, at least get it in the public arena and have this discussion. Deputy Le Hérissier then mentioned about perhaps he was not sure how it would distort the market. Again he had been confused from St. John and he could not understand the logic of that. Really, I must ask the Minister for the Treasury, he said: “I cannot really refuse money but on this occasion I am going to have to.” Maybe the answer to that is maybe you should never look a gift horse in the mouth. He should accept it with the sentiment that it could be given and it is not to compensate for anything on food or anything else. The answer is this was done because I looked at what, for me, looked to be low level fruit that could be used as a way of raising revenue without spending it. So that was the idea of this and the other amendment to follow, Sir. Deputy Martin mentioned about the fact that perhaps nobody had looked, or we had not had the debate about areas that might raise taxes or charges of whatever and she perhaps felt that maybe we should have had some more research into this than we had, and it should not have been left perhaps to an individual Member. Deputy Southern touched again on house prices and how this would affect or indeed distort it in any way. I just conclude, Sir, by thanking those Members that have spoken. I believe it is worth raising this issue so that Members can express a view or an opinion. As I said at the start it will not, in my opinion, affect any property costing less than £1,000,001. It will increase the stamp duty on properties over that and the idea, the sentiment behind the amendment was that it would raise revenue, it would put a marker down, pounds in money linked to a percentage term that would stand the test of time and officers worked out the estimates of what that would be. I maintain the amendment, Sir, and I ask for the appel.

The Bailiff:

I ask any Members in the precinct who wish to vote to return to their seats. I ask the Greffier to open the voting which is for or against the amendment of Deputy Breckon.

POUR: 8		CONTRE: 31		ABSTAIN: 0
Connétable of St. John		Senator L. Norman		
Deputy R.C. Duhamel (S)		Senator F.H. Walker		
Deputy A. Breckon (S)		Senator T.A. Le Sueur		
Deputy R.G. Le Hérissier (S)		Senator P.F. Routier		
Deputy J.A. Martin (H)		Senator M.E. Vibert		
Deputy G.P. Southern (H)		Senator T.J. Le Main		
Deputy of St. Peter		Connétable of St. Ouen		
Deputy S. Pitman (H)		Connétable of St. Mary		
		Connétable of St. Clement		
		Connétable of Trinity		
		Connétable of Grouville		
		Connétable of St. Brelade		
		Connétable of St. Martin		
		Connétable of St. Saviour		
		Deputy J.J. Huet (H)		

	Deputy of St. Martin		
	Deputy C.J. Scott Warren (S)		
	Deputy J.B. Fox (H)		
	Deputy S.C. Ferguson (B)		
	Deputy of St. Ouen		
	Deputy J.A. Hilton (H)		
	Deputy G.W.J. de Faye (H)		
	Deputy P.V.F. Le Claire (H)		
	Deputy J.A.N. Le Fondré (L)		
	Deputy D.W. Mezbourian (L)		
	Deputy of Trinity		
	Deputy S.S.P.A. Power (B)		
	Deputy A.J.D. Maclean (H)		
	Deputy of St. John		
	Deputy I.J. Gorst (C)		
	Deputy of St. Mary		

7.4 Budget 2008 (P.164/2007): second amendment (P.164/2007) Amd.(2)

The Bailiff:

We come now to the second amendment of Deputy Breckon and I ask the Greffier to read the amendment.

The Greffier of the States:

At the end of paragraph (a) after the words “as set out in the Budget Statement” insert the words “except that the estimate of total taxation revenue shall be increased by £3 million by increasing the rates of stamp duty for probate or letters of administration as follows: if the net value of a personal estate is sworn not to exceed £10,000 proposed stamp duty £100; to be between £10,001 and £100,000, one per cent; to be between £100,001 and £500,000, 1.5 per cent; to be between £500,001 and £1 million, 2 per cent; to be between £1,000,001 and £5 million, 3 per cent; to be between £5,000,001 and £10 million, 4 per cent; to exceed £10,000,001, 5 per cent.”

7.4.1 Deputy A. Breckon:

First of all I would like to declare some sort of interest here and that is not a personal financial one. It is the fact that I was asked through some tragic circumstances to administer an estate just nearly 2 years ago and the reason I say that is, Sir, because I was impressed by the professionalism of the staff within the system and the Judicial Greffe in the way that they dealt with the matter and a fee was payable, Sir, but I would say that it was value and they do a tremendous job. Also I would like to say, Sir, at the start, I would again like to thank the officers of the Judicial Greffe, the Treasury and also the Greffier and the staff of the States Greffe for the information and support they provided to get the facts and figures together to do this. It looks fairly simple but it is simple because they have, in fact, been able to analyse the information. I did say there was a cost to it. There is a slight quirk in the system in that the actual stamp duty, you have to go and buy stamps and you buy them from Cyril Le Marquand House and then you have to stick them on papers and I understand that is in the process of change, but they are quite attractive stamps so it is stamps in the traditional terms. Members may well ask: “Where does this amendment come from?” Well, it came from a member of the public who is working in this area. Unlike others who have voiced an opinion against, the person working in this area felt in general terms it was unfair that, in view of some of the amounts involved, that the sum was capped at three-quarters of a percent, 0.75 of a percent, and in some instances it used to stop there so whatever the sum was it did not seem fair that Jersey had some value here but got little reward. That was their opinion not mine and that caused me to have a look at it. The reason they said that is if the general population had been asked to pay 3 per cent then should not some people in certain circumstances be asked to pay a little more than they are? When I looked at this, Sir, I found that there was no basic charge. Again, Sir, that is

why I have started at £100, that is sort of administration fee and I do not think anybody could object to that and there is professionalism behind that with the people involved. There is a small number of staff but they really do know what they are doing. They are friendly with the public, user friendly, and they make things happen and they come at it like: "How do we make it happen?" rather than: "How do we stop it?" bearing in mind that there is some safeguards in the system. Again, Sir, what I have done here is I have put in amounts of money and percentage changes and proposed that the amounts are stepped up. I understand that a couple of legal firms have voiced opinion and circulated stuff, well, that is well understandable if that is their specific area and they are making money on this administration and they see this perhaps as some sort of threat. I do not see it, as it has been quoted, as a threat to the survival of the finance industry; I think that is perhaps rather alarmist. Also I noticed Members have been sent a letter from Jersey Finance and again I would just remind Members that the night before the G.S.T. debate Jersey Finance sent a letter to the Minister for Treasury and Resources and, as a result of one letter, he then sought to withdraw I think it was Article 61 and 62. Now a lot of people have said things about G.S.T. and other things later but I think with any lobby that you get from any group, it needs to be given appropriate weight. Now, it is good and encouraging that people have a view and opinion and let us know that, but at the same time I think we need to give the due weight to whatever that is. What I am proposing, Sir, the amounts, the total percentage, the figures are in the report for 2005 and 2006, we are talking about £7.4 million and in 2006 it goes down to £5.1. Now that is nothing to do with me, that is circumstances, Sir, and it is dangerous to look at any one year, and obviously we do not have figures for 2007. But I see this again, Sir, as a progressive measure and I have noted the comments of the Minister for Treasury and Resources. This is not an inheritance tax. I believe inheritance taxes are at the rates of 40 per cent or above depending where you are. Sometimes you can have selective quotations as the fact that Guernsey do something, do Guernsey charge G.S.T? I do not think they do, Sir, not the last time, whatever. So, I mean, there are other issues as well that perhaps could make a difference to some of these things, Sir. When we quote something we must look at it in the round. Again it talks about further detailed consideration, something that Deputy Martin mentioned is: "Had we not looked at everything, were we not doing everything, everything had been considered as part of the fiscal policy and charges and whatever else? Has this and when?" I know this is something that other people have said to me. Well, this was considered by somebody or recommended by somebody years ago and nothing was done. Well, that was not known to me at the time, Sir, so again it is a matter of putting it on the table so that Members can decide. I do not have a problem if Members do not accept it, but it should be here for debate and not in - we cannot have smoke-filled rooms now - but in some back room where somebody says: "Well, do not do that" or "That is not part of it" and it is up to, indeed as it should be, Members to decide. I think, Sir, there are 2 basic rules when people are learning the ins and outs of the legal profession, and somebody said to me once, one, is get it in writing and the second one is do not write it down yourself. That is perhaps for good reason. The Minister for Treasury and Resources said: "There is a serious risk in off-the-cuff proposals." Like fiddling about with the tail end of income support or like having something on the thresholds. We just had an amendment earlier, these were off-the-cuff things that were done in the last 3 or 4 weeks. So maybe he would agree with me, or maybe it is a case of some off-the-cuff proposals can be okay if you like them and if you do not, they are not. So again, as I say, there is a danger of writing things down. I do not see, having said that, Sir, any particular danger signs in this thing. Somehow I think unfortunately it was linked to an article that said whatever it said about the finance industry, but I do not see it that way at all, Sir. I see it as a positive measure. It is a way of changing, it is not like putting 24p on a harbour charge or something like that, that we do now and again, perhaps every year. This is something where it sets down the framework, people know the rules and they pay a charge for this service and some of the surplus comes back to us which Ministers and others can decide how to spend. I believe it will add money to general funds, Sir. I do not believe there will be any undue dip, bearing in mind that it does depend on the number of transactions which can vary significantly from year to year. Again, Sir, I have not identified anywhere to spend it but, having said that, it can

accumulate and I do not think there is any harm in that. So, with that, Sir, I propose the amendment.

The Bailiff:

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

7.4.2 Senator T.A. Le Sueur:

A moment ago Deputy Breckon said: "I do not see any danger signs" and, Sir, I think that is the most damning comment on this amendment which we need to give. I would have hoped that the Deputy would have read my comments to his amendments. Unfortunately he was not able to discuss my comments with me because he was not here last week. But I do urge him and all Members who have any doubts about this proposition, this amendment, to consider very carefully the implications because, on the face of it, it does not seem perhaps too serious. The problem is what it does not say. What it does not say is that probate duty does not just apply to people dying in Jersey, it applies to people all over the world who happen to have assets in Jersey. Investments, in funds, in various financial instruments from which this Island derives most of its revenue. What he is suggesting is that people will come and set up funds in Jersey irrespective of the level of stamp duty here or anywhere else. I suggest to him and to Members, Sir, that they will not. I suggest that people in that business have a look at what the markets will do elsewhere in the world, because those fund managers can set up in Jersey, in Guernsey, in Luxemburg, in Cayman or anywhere else they want to, and customers will choose where they buy their investments and fund managers will choose where they set up their investments. So let us not be bemused by the idea this simply affects a few people who die every year in Jersey. This affects everyone potentially investing in products which our financial industry promotes; products which are essential to our future livelihood because when someone dies in one country and they own assets in another country they have to take out probate in that country. If you have ever dealt with an estate in Jersey where you have found that the person has got stocks and shares in an English company, you may well find you have to take out U.K. probate or find some way around that problem. Well, the answer is that international customers will not face that problem because they will not invest here. If they do not invest here we do not get the revenue from those fund managers and we may well lose far more than the extra revenue which this proposition might generate. I, therefore, Sir, make no apology for being quite dramatic about the serious effect which this proposition, innocent as it looks, could have to the Island. Because Deputy Breckon, in another of his comments, suggested we should not compare with Guernsey because Guernsey has not at the moment got a G.S.T. I suggest to him, Sir, and to other Members through you, that customers around the world will compare with Guernsey and with Luxemburg and with anywhere else and they will choose where to go. At the moment our rates add between 0.5 per cent and 0.75 per cent are, yes, a bit higher than Guernsey's but not enough to perhaps put them off too seriously. If you change that rate from 0.5 per cent or 0.75 per cent to 3, 4 or 5 per cent it will not take long before they move with their feet, they move with their cheque books. Then the promised extra revenue will disappear faster than you can say: "Fund". So, Sir, I suggest that in this case we should give those lobby groups appropriate weight because I think the finance industry does know what it is talking about. It does know its market. It does know its customers and they know that if we put up these rates at levels that have been proposed here it will be the end of the funds industry as we know it. It will not be the end of the financial services industry, no, but it will be the end of a significant contributor to the benefits which this Island has. If we do not have a diversified financial services industry we are all the poorer for that. So I can only urge Members in the strongest possible terms to reject this ill-conceived amendment.

The Bailiff:

I call upon Deputy Breckon to reply.

7.4.3 Deputy A. Breckon:

The figures I got from the Judicial Greffe do not support what the Minister for Treasury and Resources has just said. On page 4 if Members look, you will see that the bulk of the estates are in the band of £10,001 to £100,000. I would contend that is the average estate of many residents or non residents. If you look at the figure for 2005, it is nearly 1,400 out of a total of 2,000. So I do not think that supports what the Minister has just said. If you look at 2006 in the same price band, £10,001 to £100,000 the figure is nearly 1,300 from 2,000 and if you look and you draw the line at up to £500,000 in the top figure you have very few above that, you have something like about 78 out of 2,080; so you have 2,000 that would not be effected above £500,000, so what are high net worth individuals investing in for that, I am not quite sure, it does not stack up with what the Minister for Treasury and Resources has just said. If you look at the figures for 2006 above £500,000, again the figures are 86 above £500,000 out of a total of 2,000. So that does not square in my mind, Sir, with what the Minister for Treasury and Resources has just said. Those under £500,000 could include a property, could include a few shares but that is not a Trust industry it is not the business ...

Senator T.A. Le Sueur:

It could not include a property because properties are dealt with by wills of immovable estate.

Deputy A. Breckon:

Again, Sir, within that, those amounts do not substantiate with what the Minister for Treasury and Resources has said. I am afraid, Sir, that he has used that scare tactic into what I think is a sensible move. Options; again we have been told that other things had been looked at. What I propose, Sir, is a level of sums of money, percentages and I believe that is the right way to do it. There should be a minimum charge at the bottom of which there is not at the moment to cover the administration, and it is a rational way forward. I do not believe there has been any heavy lobbying against that. Jersey Finance, as they would, have sent the letter as they did with G.S.T. and that is something that which was perhaps given more priority than it should have been, and a number of legal firms. But, having said that, some people working in the industry believe that something like this is not out of order and they have that knowledge and they did not see, I discussed it with them, any adverse affects that the Minister has made. But of course only time will tell. If we do not do it, we will never know. I will maintain the amendment, Sir, and I would ask for the appel.

The Bailiff:

I ask any Members in the precinct who wish to vote to return to their seats. I ask the Greffier to open the voting which is for or against the amendment of Deputy Breckon.

POUR: 2		CONTRE: 39		ABSTAIN: 0
Deputy A. Breckon (S)		Senator L. Norman		
Deputy S. Pitman (H)		Senator F.H. Walker		
		Senator T.A. Le Sueur		
		Senator P.F. Routier		
		Senator M.E. Vibert		
		Senator P.F.C. Ozouf		
		Senator T.J. Le Main		
		Connétable of St. Ouen		
		Connétable of St. Mary		
		Connétable of St. Clement		
		Connétable of Trinity		
		Connétable of Grouville		
		Connétable of St. Brelade		
		Connétable of St. Martin		
		Connétable of St. Saviour		

	Deputy R.C. Duhamel (S)		
	Deputy J.J. Huet (H)		
	Deputy of St. Martin		
	Deputy P.N. Troy (B)		
	Deputy C.J. Scott Warren (S)		
	Deputy R.G. Le Hérisssier (S)		
	Deputy J.B. Fox (H)		
	Deputy J.A. Martin (H)		
	Deputy S.C. Ferguson (B)		
	Deputy of St. Ouen		
	Deputy P.J.D. Ryan (H)		
	Deputy of Grouville		
	Deputy of St. Peter		
	Deputy J.A. Hilton (H)		
	Deputy G.W.J. de Faye (H)		
	Deputy P.V.F. Le Claire (H)		
	Deputy J.A.N. Le Fondré (L)		
	Deputy D.W. Mezbourian (L)		
	Deputy of Trinity		
	Deputy S.S.P.A. Power (B)		
	Deputy A.J.D. Maclean (H)		
	Deputy of St. John		
	Deputy I.J. Gorst (C)		
	Deputy of St. Mary		

7.5 Budget 2008 (P.164/2007): third amendment (P.164/2007) Amd.(3)

The Bailiff:

Now we come to the third amendment in the name of the Deputy of St. Ouen and I ask the Greffier to read the amendment.

The Greffier of the States:

In paragraph (b) for the word: “£25 million” insert the word: “£38 million”.

7.5.1 The Deputy of St. Ouen:

I must admit I was listening very intently to the Minister for Treasury and Resources’ speech and at one point I thought he had been reading or had a first sight of the speech that I was about to make. The only difference is obviously he did not get to the end of my speech because he veered off towards the end and succumbed to promoting a smaller sum to be transferred to the Stabilisation Fund. During my speech I will be referring to some additional information that was set out earlier during the day. So if Members would like to access that they might find it useful. So, Sir, before the States consider how much money should be transferred into the Stabilisation Fund, I would first like to touch on why the fund was established. In July 2006 the States approved the creation of a Stabilisation Fund. The idea behind the fund was in times of economic growth budget surpluses would be paid into the fund and in times of a recession or downturn in the economy funds could be drawn out in order to avoid the boom or bust type of economy that the Island had experienced in the past. On 5th December of the same year the States approved the establishment of the fund and a policy for the Strategic Reserve. The report accompanying that proposition clearly spells out the rules governing the fund and how it should be used. The report warned of the risk of allowing the economy to grow too rapidly and the need to manage our economy in order to avoid high inflation and the consequences it brings. In Jersey, emphasis is being placed on a strong fiscal policy for 2 key reasons. Firstly, we are unable to adjust interest rates as we are part of a currency union where interest rates are set relative to the conditions in the U.K. Secondly, Jersey’s economy is dominated by the performance of the finance industry and the revenue it generates. This can mean that when

the finance industry is performing strongly there is a danger that the higher tax receipts can simply feed back into the economy which, in turn, drives demand through higher government expenditure thereby creating inflationary pressure. One only has to look back to 1998, 9 years ago, when the economy was growing strongly and inflation was above target. In that year the States withdrew £17 million from the Strategic Reserve, spending increased by 8 per cent, while overall income grew by 11 per cent allowing the States to run a small surplus of £13 million. The correct approach should have been to contain expenditure at a lower rate, allowing revenues to be put aside for harder times which followed 3 years later in 2001. If the States had followed this approach at the time, inflation would have been contained and economic growth may well have been sustained. Furthermore, if the States had followed this path perhaps some of the additional taxes introduced in recent years could have been avoided. Do Members recognise any similarities between 1998 and the situation we now find ourselves in? Does this Assembly really want to fall into the same trap again? The public recently have sent a clear message to the States to control expenditure and keep taxes to a minimum. Transferring surplus monies into a Stabilisation Fund now can help to meet some of those expectations. Some may ask: "Why not leave money in the Consolidated Fund rather than transfer money into the Stabilisation Fund?" Well, in simple terms, the Consolidated Fund should be considered in the same manner as your own current account, which is used to meet day-to-day expenses such as food, accommodation costs, clothes and so on. The majority of people base their spending around their income and budget according to their own circumstances and needs. One thing is quite clear, however, no one is able to sustain a lifestyle over and above that which they can afford. Furthermore, most people aim to save money, if they can, for a particular purpose, such as a deposit on a new home; to pay for their children's future education or wedding; or even provide for their eventual retirement. To do this, decisions are made to set aside part of one's income until it is required, which usually means removing certain funds from the current account and setting up a deposit account. The same principles can equally apply to the way the States finances should be managed. Instead of a current account we have a Consolidated Fund and the Stabilisation Fund can be classed as a deposit account. Members need to ask themselves whether it is prudent to keep large sums of money in the States' current account where there is a greater temptation to spend it, especially when those monies have not been expected and possibly will not be repeated. I would ask Members to look at the additional papers I have provided in order for me to help to demonstrate those changes. It is quite clear that the Treasury Minister had not anticipated that this year we would have a surplus of £38 million, instead of an expected deficit of £3 million. It is worth noting that in 12 months much has changed. If one looks at item one, the revised financial forecasts produced in October 2006, contained in the 2007 Budget, showed an estimated deficit of £3 million for 2007. The financial forecast contained in the 2008 Business Plan, item 2, debated this September, showed that that £3 million deficit had changed to a £14 million surplus. Members should note that the revised forecast showed surpluses in 2008 and 2009 with deficits forecast in 2010, 2011 and 2012. If one looks at the bottom line for the 5 year period, 2008 to 2012 and you add that line up, it comes to zero, or in other words, a balanced budget. Today, 3 months later, the figures contained in the 2008 Budget are now showing a surplus of £117 million for that same 5 year period. You can do your own sums on that if you look at the bottom line on item 3. Although it is clear that this surplus was not expected, we should all view the improvements as good news and something to be pleased about. There are many reasons for this latest forecast, but predominantly the improvement is based on higher than anticipated income, coupled with the States maintaining expenditure to approved overall expenditure levels during that time. The health warning, which the Minister gave this morning, is that any additional expenditure over and above that agreed will eat into the £117 million surplus over the period. Equally, if we increase expenditure, and at the same time do not achieve income estimates, this surplus could disappear entirely. So what lessons can we learn from this information? If we are to control States' expenditure and benefit from the projected surpluses we need to limit the money available in our current account while ensuring that there is sufficient to provide for budgeted expenditure. In a report accompanying the proposition to establish a Stabilisation Fund, this view is confirmed as we

are told that if one reduces money from the Consolidated Fund it would require the States to run a tighter fiscal policy. Is this not what the public and this Assembly are asking for, and expecting? Transferring this money will not affect other States' managed overall expenditure each year as part of the Annual Business Plan and Budget process. Indeed, it will be the States to ultimately decide on how and when the Stabilisation Fund is utilised following advice from the Minister and the newly formed Fiscal Policy Panel at each annual Budget debate. I accept that putting money aside will not guarantee delivery of the projected surpluses but it will help the States in future years to avoid possible additional taxes that an economic downturn may bring. Members need to be aware that at present States approved expenditure levels are being exceeded annually, as highlighted in the Comptroller and Auditor General's report on States aggregated expenditure issued in March of this year. This happens because unspent monies from the Consolidated Fund, including carry forwards, are used to supplement States agreed overall expenditure levels. Turning to the Minister's comments in more detail, the Minister suggests that he arrived at the figure of £25 million by deducting the £10 million transferred to the Strategic Reserve from the £38 million surplus. Members should be aware that this is misleading, because a £10 million transfer was agreed as part of last year's Budget to be deducted in 2007. This is clearly shown in summary table D on page 33 of this year's Budget under the heading 2007 Estimate, and it is item 5 on the papers that I have provided. What the States are being asked to consider today is not the 2007 Budget but the Budget for 2008. The proposed transfer of money to the Stabilisation Fund will take place next year, not this, and again I would ask Members to look at the same table D on page 33, item 5 on the paperwork. Members will see that under the column headed 2008 Estimate the transfer proposed by the Minister of £25 million is shown a year later than the transfer of the £10 million to the Strategic Reserve. Below that figure one will see the estimated unallocated balance in hand at 31st December 2008 totalling £111.5 million. One can clearly see that this total has been calculated after the £25 million has been deducted. I would therefore submit that even if the Minister chooses to maintain a balance of £50 million in the Consolidated Fund this can easily be achieved if Members support the transfer of £38 million rather than the £25 million proposed by the Minister as it will, firstly, not affect the amount of £78 million shown at the end of this year. Secondly, I am surprised by the Minister's argument regarding projected surpluses for 2008. I know that there is some uncertainty over the projected economic growth due to a number of reasons, but I would like to remind the Minister that greater uncertainty existed before the States recently approved the introduction of G.S.T. in May next year. I would also suggest that other income figures included in the estimates for 2008 are relatively conservative. I would ask the Minister, does he believe that G.S.T. will not deliver £30 million in 2008? Even if income tax remained at the same level as this year it would still leave over £78 million in the Consolidated Fund, taking into account the £38 million that I am proposing to transfer. Furthermore, the expenditure of the States for 2008 has already been approved by this Assembly, so that will not change and affect the anticipated surplus projected in 2008. Perhaps the Minister will explain his reasoning for such recent pessimism which is not, I hasten to add, shown in the forecasts presented to this Assembly just 6 weeks ago. Even one of the Fiscal Policy Panel members was reported in the *J.E.P. (Jersey Evening Post)* 4 days ago saying that although Jersey will not escape the credit crunch, the Island will fair better than the city and that the Island's financial institutions will have less to fear than other U.K. chains. Finally, an explanation should be required from the Minister as to why he wants to keep unallocated funds of at least £50 million in the Consolidated Fund? Is this the Minister's idea of a general reserve under a different guise? While maintaining surpluses in the Consolidated Fund could be deemed prudent to an extent it is worth noting that no provision for a general reserve contingency is allowed in the new Public Finances Law. The reason for this was to improve financial discipline across the whole of the States by requiring departments to work within their approved financial allocations while limiting access to additional funds. A year ago, with greater uncertainty, the Minister was happy to retain far less in the Consolidated Account; what a difference a year makes. I ask Members to acknowledge that the surplus of £38 million generated this year should be rightly classed as a windfall and the whole of the amount to be transferred to a Stabilisation Fund, for this is exactly the

purpose the fund was established for in the first place. It is clear that if the Stabilisation Fund is to be effective it will need to have sufficient funds to be able to offer some real insulation against an economic downturn. If Members approve my amendment the fund will total approximately £70 million. Although this is considered a minimum level, it would help to maintain valuable expenditure programmes or alleviate the need to raise taxes which could be required to offset some of the negative effects of a future economic slowdown. To achieve this goal, we must take advantage of the present surpluses and build up the funds while we are able. With this in mind, I hope Members will support my amendment.

The Bailiff:

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

7.5.2 Senator T.A. Le Sueur:

There is not a great deal of difference between the views of the Deputy of St. Ouen and myself. We both agree on the need for a Stabilisation Fund, we both agree that the fund needs to be increased to a level more like £100 million as soon as possible, and that we want to do it in the most suitable way. He is quite right to make the comparison between our Consolidated Fund, which is effectively our current account, and the Stabilisation Fund, which is like a short term savings deposit account. The only difference if Members want to get too pedantic is that we get as much interest on a Consolidated Fund as we do on a savings account because they are both invested at the same place. But that is by-the-by. Except that, rather like a deposit account, it is easier to withdraw money from the Consolidated Fund than it is to withdraw it from the Stabilisation Fund. Now, Members can take that in one of 2 ways. Maybe they can want to make it harder to withdraw those funds, in which case they should go with the amendment of the Deputy of St. Ouen, or they should make it a bit more flexible and not put too much in too soon, which is why I am suggesting a lesser figure. But, as I say, the general principles between that, we are not too far apart. It is really a question of why am I proposing £25 million when I could be proposing more? I think I would reply to that using the same table, summary table D and item 5 in the Deputy's comments that he used himself. The figure that I am proposing of £25 million is derived from the summary at the foot of that page where it says: "Forecast surplus for the year £38,150,000 less a transfer to Strategic Reserve £10 million." I think this "transfer to Strategic Reserve" which has confused the Deputy, confused me to start with as well, and can confuse a lot of people. Although it was approved in last year's Budget it comes out of the 2007 figures. So what we are left with as a net surplus for 2007 is effectively £28,150,000, or what I expect to be left with at the end of 2007: £38,150,000 less the £10 million. At this stage still only forecasted, but I would be confident that it is not going to be too far away from that figure. Given that £28,150,000 I stuck in a figure of £25 million as my proposed transfer to the fund for 2007. So there was a mathematical justification for that figure. There is also, I think, a practical justification for that figure, is that Members over the past few months have been questioning my ability to gaze into the crystal ball and see the future and said that my forecasts are not always spot on. While I would like to refute that, I have to admit that the evidence, maybe, is not overwhelming. One has to accept the fact that the 2008 figure is very much a forecast, and yes, we will get significant revenue from G.S.T., we will, I am sure, come up with a surplus, no matter how much of a downturn the financial industry may bring, but it is not, as yet, a realised forecast, whereas the 2007 figure, to all intents and purposes, is a realised forecast. Now, that is the reason why I would propose that £25 million or £28 million for this year, just as in the year to come, if there was a £58 million surplus and less £25 million transferred, I would be proposing £33 million next year. But that is mathematics and whether we transfer £38 million this year and a bit less next year or £25 million this year and a bit more next year, the effects on the Stabilisation Fund at the end of the period may not be very different. But I think what concerns me is the proposals, not for putting money into the Stabilisation Fund but for taking it out. That is why I wanted to make sure that there is an adequate balance left in the Consolidated Fund, because the principles with which we set up that Stabilisation Fund was that the money

should only be taken out at a time of economic downturn, not at a time when the States ran short of money but the economy was still doing well, but at the time of economic downturn. It could be that within 3 or 4 years time the States is suffering and in need of revenue but the economy is not in downturn, and at that stage it would not be appropriate under those rules to withdraw money from the Stabilisation Fund. That is why I wanted to make sure that there is enough retained in the Consolidated Fund, looking forward on our forecasts, however imperfect they may be, looking forward to meet what at present I see as deficits in 2011 and 2012. In other words, I want to make sure that we have got that cash available in the Consolidated Fund and that we do not withdraw it from the Stabilisation Fund for the wrong reason. Hence, my desire to leave something like £50 million in the Consolidated Fund. It is not there to encourage Members to go and spend £50 million. If I thought that was what was going to happen I would be right behind the Deputy of St. Ouen and seconding his proposition myself. I hope that this House has more backbone and more willpower than to simply see it as that money in the Consolidated Fund and wanting to spend it. I repeat to the Members my desire to look to longer term, to 5 years and beyond, and make sure we have enough in the current account to see us through that period and make sure we have enough in the Stabilisation Fund to cater for the downturn when it comes about. So, Sir, in summary, it is not a great showstopper as far as I am concerned. It is a matter of what is perhaps a more commonsense and a more structured way in which to proceed, and that is why I put in a figure of £25 million and I would stand by it. But I can see the reason for the Deputy of St. Ouen putting a different figure in. If Members want to have their hands tied still further, well, so be it.

7.5.3 Deputy P.V.F. Le Claire:

I do so much enjoy when the Shadow Chancellor of the States of Jersey, the Deputy of St. Ouen, proposes additional tough measures for the people of Jersey, and in his rigorous economic outlook suggests how we could be doing more to safeguard our future. In all seriousness, I do appreciate he has got a better grip of it than me. But I think in this instance I believe, along with the Minister for Treasury, that he is going to do something inadvertently here which I do not think we need to be doing. We have all been told a thousand times about confidence and the finance industry having confidence in Jersey, and the ability for Jersey to offer 3 tiers of a pyramid. One is the ability to offer a favourable tax, the other one is obviously the ability to have access to professional people, and the other one is a secure and stable government. The Stabilisation Fund has been set up, rightly or wrongly, to be used only at a time when we need to put the stabilisers on. If you think about the bicycle, the only time you use a stabiliser on a bicycle is when you are less confident and you are wobbling all over the place. I think to put money in and out of this account may send signals that could be misread about the stability and the planning and the certainty of Jersey's confidences in relation to its prospects in its future and the future of the rest of the offshore finance industry. So I will not be supporting the Deputy of St. Ouen, although some of the ideas that he has got about using money, putting money aside to save money, have got some merit. I would just track away though, before sitting down on this notion that we should put £50 million in a Consolidated Fund and never touch that either. We had a statement this morning from the Transport and Technical Services Minister who outlined quite clearly the impact for the future of 2008 upon the Island's highway, sea defences and drains. Now, the Deputy of St. Ouen has been a very loud advocate of the maintenance and extension of drains, maintenance of roads and sea defences, as everybody else has been, but he has been a loud voice in that sector. If next year there is no money to carry out the programmes that have been identified and money is shifted in the department's budget, as we have seen in evidence from Scrutiny it can be, then there may be a call from the Council of Ministers to access that Consolidated Fund to shore up the finances of the Transport and Technical Services Department. I personally do not think it is a bad idea to use that money in respect of putting in place alternatives that would not see us having our major infrastructure collapsing around our ears. Had we invested in some in-vessel technologies we could have tackled the Island's green waste situation with £3.2 million, and the job would have been out in the private sector, and would not be costing us £750,000 a year just to run it, let alone the £6 million for the loss of the land the £4

million for the loss of the shed. Now the interesting concept that we have got to move 30,000 tonnes of green waste to Bellozanne Valley, or a component of it. Why did we not take some money or why do we not take some money? You would have to ask the Council of Ministers. The Council of Ministers know, as does the Transport and Technical Services Minister, that the Island wants to recycle more, the Transport and Technical Services Minister has identified sites, has identified demand, he is identifying end sources with funds available for the resources and the only thing stopping it is they do not want to spend the money. They want to wait until the environmental taxes kick in. So it is penny wise pound stupid, the States have done it many times. But I think that Consolidated Fund needs to be accessed in limited means when we are presented with these types of challenges. Infrastructure in the major components of Bellozanne perhaps are collapsing because of what we have been feeding it for the last 20-30 years. We are still putting tyres in it. Not very environmentally friendly. There are alternatives, but I think in relation to this particular amendment on the Budget it is quite popular to tell the business community that you are going to try and stash away loads of money left, right and centre. But it does not look very sensible while the infrastructure is collapsing around our ears. So both to the Deputy of St. Ouen and the Minister, I think they are both wrong in that respect. However, I think that the Minister's comments in respect of only utilising a Stabilisation Fund when you are wobbling a little is quite apt and I think the finance industry will take a steer from us if we put too much money in and out of a reserve fund that the Treasury Minister tells us it is more difficult to access, but I think it will be seen as more of an uncertain government that is in and out of its reserve every 10 minutes.

7.5.4 Senator P.F.C. Ozouf:

I would just pick up Deputy Le Claire on a couple of points that he made. If I would have had the opportunity of questioning the Minister for Transport and Technical Services this morning, the Deputy says that we should be spending more money because of the problem with the incinerator. The fact is the responsibility of being in the position that we are in, I have to say, lies at his and other people in Scrutiny, we should not be in this position of having to have a Minister make an announcement in respect of problems at Bellozanne. It was entirely avoidable if we had made the decisions earlier. So, I am afraid to say the Deputy is not going to get away with simply suggesting that other people are responsible for the problems at T.T.S., that is not fair. The delay is Scrutiny's responsibility and the blame lies at their door. I am not going to give way, the Deputy has had his chance and I have had my chance to rebut the arguments. The fact is, the second difference opinion that the Deputy has from the Treasury Minister and the Deputy of St. Ouen, is spending more money. Neither the Deputy of St. Ouen or the Treasury Minister wishes to spend more money, but simply live within our means. I do not think there is a massive difference between the Deputy of St. Ouen and the Treasury Minister, as he has said, but I do think it is a source of quite enormous pride for this Assembly to be in the position of having such healthy balances on both our Consolidated Fund and the Stabilisation Fund and I would make the point that the sum total of these reserves, that we will have in our reserves by the end of next year, I have put at the back of an envelope calculation, is the total amount of money that Guernsey will be withdrawing from their Strategic Reserve over the same period. It is a substantially good situation. My view is that we should, however, keep the extra money in the Consolidated Fund just in case there could be issues concerning the credit crunch, which we do not know the full implications of that. We simply need the buffer for our income, certainly not spending any more money.

The Bailiff:

Not if it is a riposte to Senator Ozouf, Deputy, because ...

Deputy P.V.F. Le Claire:

I wonder if it was a point of order, Sir, the Senator accused me of being the person responsible ...

The Bailiff:

I do not think it is going to be a point of order, Deputy, with the best will in the world.

7.5.5 Deputy I.J. Gorst of St. Clement:

Accountants, unlike lawyers, are often considered to be boring, grey and cautious. Perhaps what separates us is the depth of our caution. I appreciate that my Minister is a cautious man. Today, however, I find that I seem to be more cautious. I will be supporting the Deputy of St. Ouen to put aside slightly more than my Minister is proposing. I appreciate the uncertainty of the credit crunch, however to my mind this proposition ensures that it will, in fact, be slightly more difficult for this Assembly to decide to spend it in the future, and therefore I support the Deputy of Ouen.

7.5.6 Deputy S.C. Ferguson:

I can sympathise with the Deputy of St. Ouen. Obviously if money is more difficult to access then this focuses the minds of Ministers to stay within their budgets. The implication from summary table B, is that this transfer will not be effected until 2008. It would be helpful perhaps for those who are a bit uncertain, if the Treasury Minister gave an assurance that the higher sum would be transferred if the forecasts be accurate. But there is another view. Unfortunately, as soon as we have a bit of extra money in the kitty off we go with a round of spending. I quoted, last September, extensively from the Treasurer who said because of decisions on spending there is now a structural deficit in future years because the level of expenditure is higher than anticipated. All I can do is tell politicians that if they spend at this level they will have structural deficits and they will need to raise taxes. I also explained how in the accounts the budgeted net revenue expenditure for the year 2006 started at £441 million and after a few additions here and there, it ended up at £466 million. All voted by us at different times but because of that, seen as authorised and therefore fair game for spending. What makes this House think that this year will be any better? As soon as an unexpected surplus is received off we go spending money. This proposal by the Deputy of St. Ouen should focus Ministers' minds on staying within their budgets, it would not be so easy to access the spare money. Frankly, it is not the time to spend lavishly. We do not know how far the sub-prime problems will spread. Even the Shanghai exchange has suffered a significant set back and the euro zone looks particularly exposed. It is not clear that our favourable progress will be maintained, I hope it will. I want Jersey to succeed, but I do not think we can assume anything. The lesson after the Business Plan was restrain spending and keep taxes low. We had the tax argument last week over the zero rating of food and chocolate body paint. I am quite content that the Treasury Minister should have some loose change in his back pocket for contingencies. Ten per cent of our net revenue expenditure or about £50 million seems about right. It is normal, prudent financial management, whether you be a housewife, a company chairman or the Minister for Treasury and Resources. However, if you receive a windfall it is prudent to put some away for a rainy day. This particular piece of prudence will fall in 2008. On the basis of the forecast for 2008 there will be a further surplus of £58 million. This proposition is merely asking that we put a further £13 million. That is all. We are not asking for a huge amount, just a further £13 million into the Stabilisation Fund in 2008, and I would ask Members to support this proposition by the Deputy of St. Ouen.

The Bailiff:

I call upon the Deputy to reply.

7.5.7 The Deputy of St. Ouen:

Just a number of points. First of all, I thank Members for their contributions and I am pleased that we have started to consider what a Stabilisation Fund is, and the consequences and numbers and amounts that we keep in our Consolidated Fund. Let us make it very, very clear, first things first. The Stabilisation Fund, as are all funds, are controlled by this Assembly - absolutely. There is no difference, the only difference is that the Consolidated Fund, Ministers, departments and others also have access to that fund, rightful access to draw out the amounts that we have allocated in the

Business Plan for the departments collectively to use. But we are, whatever we do, in full control. The talk of keeping money in the Consolidated Fund is the question, who is it easier to access that money? It is certainly not this Assembly because we have full control of both funds. Absolutely and utterly clear. The only thing that it is easier to do is possibly for the Ministers and departments to access those funds. Now, I absolutely approve of keeping an amount, and if it is £50 million that the Members believe should be kept in as a reserve in that Consolidated Fund, so be it. I would just like to highlight, as I think Deputy Ferguson did, that the proposal I am making ensures that there is a greater sum than the £50 million left in the Consolidated Fund. The Treasury Minister speaks about forecasts not spot on. I will tell you something, and it is prudent again, his forecasts are always conservative, hence the reason why, and I think if you look back over - I mean I have not gone back very far - 5 years, but certainly I am sure if you go back further forecasts are always exceeded because it is prudent to estimate forecasts and incomes lower than anticipated. Equally, just if you look at - I think it is item 4 or item 1 - anyway, on one of the papers, 2007 Budget, it showed monies at the end of the year that were supposed to be at £44 million and at the beginning of the next year it rose from £44 million to £50 million. That is because of the estimating process. So, in other words, although the estimate now is at £78.5 million, I am not a betting man, but I would certainly put money on the fact that at the end of the year the figure will be exceeded. The Ministers says there is not a lot of difference, 25 versus 38. Why, ask yourself, is he then so reluctant to take the windfall, and it is a windfall? I mean the Minister has even agreed and acknowledge it as such. Why then not take all that windfall and put it in a Stabilisation Fund? It is perfectly there and described as a Stabilisation Fund to be used to deal with an economic downturn. I pointed out and used the example of 1998. Members will decide, do they want to follow the 1998 model that the States followed then, accumulate the money, then think about ways of spending it? We have already perhaps heard some of the examples today, or do we leave sufficient for the necessary expenditure that might be round the corner we do not know about, but let us put some money away now while we can. We have the opportunity that has presented ourselves through good fortune to do it. Why avoid? Why miss the opportunity? Hands are tied still further: untrue, Deputy Le Claire. It is not that our hands are tied. As I said before, it is very clear, Public Finances Law, very clear that the States have full control over the accounts.

Deputy P.V.F. Le Claire:

Can I ask the Deputy to give way for a second please, Sir? The point of order I was going to make was I might be minded to change my speech after the intervention of Senator Ozouf, but is the Deputy of St. Ouen saying then, so that I can be clear, in the Stabilisation Fund expenditure is required with approval of the States and in the Consolidated Fund that is free reign for the Ministers to dip into?

The Deputy of St. Ouen:

No, Sir, I am not saying that necessarily. What I am saying is that both funds are in the control of this Assembly. What I am saying is that the Consolidated Fund, because it is a current account and it is used to pay for day-to-day items other people have access, rightly, to that current account. But the overall and arching control of both funds is totally down to us. One is not different to another. All I am saying is that there are 2 different purposes. It is the current account versus the deposit account. Do we want to save, do we not want to save? Do we want to provide for the future, do we not want to provide for the future? Do we want to prepare ourselves? Do we want to give us an option against avoiding increases in taxes or do we just want to go and spend it? You are right, certain Members have raised issues that need addressing. That is not what we are deciding today. We are deciding how to pay for, that is the budget process, how to pay for the over-expenditure that we approved in the Business Plan, and what we need for funding. We know what we have agreed for 2008, the Ministers have been told, the departments have accepted it. They have to deliver. Our position now is to decide how we fund that and what we do with any surpluses that are being shown to us now. What we are saying is, right, we have agreed the sum of money to be transferred

into and used in the Consolidated Fund, that is a net revenue expenditure that we approved in the Business Plan. What we are saying now is, okay, we acknowledge ... or in future we will be saying: “Okay, we acknowledge that our duties have to go up, this has to go up, this can be changed, that can be changed, and by the way, we will expect a certain sum of money to be put aside in case.” In case of what? In case next year or the year after or the year after that, the Treasury Minister will come along and say: “By the way, boys, I am going to introduce a whole load more taxes because the economic activity of the Island has gone down and we need more funds.” What we should be able to say is we have got an alternative, and the alternative is that Stabilisation Fund. Anyway, I am going to stop there, Sir. I hope that Members will choose to support my amendment and ask for the appel.

Deputy C.J. Scott Warren:

Could I seek, I think it is clarification? The Deputy of St. Ouen said that other people had access to the Consolidated Fund. Could he elaborate who else has access to that fund?

The Deputy of St. Ouen:

The accounting officers of each department have to access the current account to withdraw sums that have been allocated to them.

The Bailiff:

I ask all Members who wish to vote to return to their seats. I ask the Greffier to open the voting which is for or against the amendment of the Deputy of St. Ouen.

POUR: 25		CONTRE: 18		ABSTAIN: 0
Senator L. Norman		Senator F.H. Walker		
Connétable of St. Mary		Senator T.A. Le Sueur		
Connétable of St. Clement		Senator P.F. Routier		
Connétable of Grouville		Senator M.E. Vibert		
Connétable of St. Brelade		Senator P.F.C. Ozouf		
Connétable of St. Martin		Senator T.J. Le Main		
Connétable of St. John		Senator B.E. Shenton		
Connétable of St. Saviour		Connétable of Trinity		
Deputy R.C. Duhamel (S)		Deputy P.N. Troy (B)		
Deputy A. Breckon (S)		Deputy C.J. Scott Warren (S)		
Deputy J.J. Huet (H)		Deputy J.B. Fox (H)		
Deputy of St. Martin		Deputy G.P. Southern (H)		
Deputy R.G. Le Hérisssier (S)		Deputy P.J.D. Ryan (H)		
Deputy J.A. Martin (H)		Deputy of Grouville		
Deputy S.C. Ferguson (B)		Deputy of St. Peter		
Deputy of St. Ouen		Deputy J.A. Hilton (H)		
Deputy P.V.F. Le Claire (H)		Deputy G.W.J. de Faye (H)		
Deputy J.A.N. Le Fondré (L)		Deputy S.S.P.A. Power (B)		
Deputy D.W. Mezbourian (L)				
Deputy of Trinity				
Deputy A.J.D. Maclean (H)				
Deputy K.C. Lewis (S)				
Deputy of St. John				
Deputy I.J. Gorst (C)				
Deputy of St. Mary				

Senator P.F.C. Ozouf:

Just a point of clarification, the Deputy of St. Ouen said that the Consolidated Fund was accessible by accounting officers. We cannot allow a situation where people may think the Consolidated

Fund is a self-service buffet for accounting officers. [Laughter] It is only subject to this Assembly's allocation of elements of expenditures in budgets.

The Bailiff:

I was about to run back to my Chief Officer and tell him. [Laughter]

7.6 Budget 2008 (P.164.2007) continued

The Bailiff:

The debate returns to the debate on the proposition of the Treasury Minister, as amended by the amendment of the Deputy of St. Ouen. Does any Member wish to speak?

7.6.1 Deputy J.J. Huet:

Just a short question I would like to ask. It was music to my ears; the Minister mentioned the words "a land levy" I believe he said, and I would ask, could he please explain further exactly what this means, this land levy, i.e. land tax/land levy, and could I ask how much work has been done on this because we have been waiting for a long time for this, Sir, about 10 years? When will it come in front of the Assembly please?

7.6.2 Deputy P.J.D. Ryan:

When we first looked, and when I say "we" I mean Corporate Services first looked at the Deputy of St. Ouen's amendment we were fairly well-minded to be in favour of it but we carried out a certain amount of research and on balance, although it was a fine decision we felt that the amount of working capital, because that is what the Consolidated Fund is, the amount of working capital that the Treasury felt they needed to keep was about right. But that there were some surpluses and that we were assured by the Treasury Minister that when the States of Jersey accounts were finalised for 2007, which would happen about in May 2008, it might be possible then to review the amount of working capital that the States needed and make a further transfer or a further recommendation into the Stabilisation Fund. That is why I, and other members of Corporate Services, voted against the Deputy of St. Ouen, although we do understand his arguments. But what really worried me, I am afraid, Sir, was almost the closing sentence that he made in his summing up where he said that it was probably going to be okay, or the words to the effect that it was going to be okay for the Assembly to dip into the Stabilisation Fund because they were short of cash for some reason. I think there were words there, or at least there were some intimations that the use of the Stabilisation Fund, to my mind, was beginning already to be compromised by the Assembly. That was the way I understood it, and I believe that was the way, certainly, some States Members understood it and I am a little bit worried that some members of the public might understand it that way as well, and I see the Treasury Minister nodding in agreement. The fact is this, what on earth are we doing employing a Fiscal Policy Panel of 3 very clever, very experienced people to advise us on when there is an economic downturn and therefore it is the right time to use money from the Stabilisation Fund. What are we doing that for if we are, as an Assembly, going to decide that we are a bit short of money so we need to have £10 million or so back out of the Stabilisation Fund, at the moment, please. That to me is complete nonsense and, might I say, it flies in the face of previous States' decisions that we have made. I would remind Members about the economic growth plan which went into some detail about the Stabilisation Plan and what we agreed to do, which is to appoint an expert panel to tell us, to make a call, on what was happening in the global economy and what it was likely to affect in our local economy, and when it was right to take money in and out of the Stabilisation Fund. I am afraid that the decision that the States just made, to me, to some degree, compromises that previous decision that we made, and therefore that is why certainly I voted against it and why Corporate Services would not quite support the Deputy of St. Ouen. So, having explained that. I would like though to move to a very similar and linked area of the Consolidated Fund because I believe that there is an area where the Treasury Minister and the Treasury could provide a little bit more transparency. That is in the area of the other income. What is perhaps not

fully appreciated is that when there are extra funds in the Consolidated Fund, those funds are not just sitting in a current account or in cash somewhere in pound notes under a bed, those funds are invested, and they earn interest. I note that in the Budget Statement there is a very, very brief mention of extra income that is in the other income area of the Budget Statement. But it does not really say that something like ... if we just take the extra cash flow that I.T.I.S. alone has presented or given to the States, it is meant that as compared to prior to I.T.I.S. it is probably meant that something like £50 million for at least 6 to 7 to 8 months of the year, has been in States' coffers and earning interest when previously it would not have. So not only has I.T.I.S. given us or found an extra £5 million in tax from people that were not previously taxable or avoiding it, or perhaps seasonal people that now have monthly apportioned allowances that they would not have had otherwise, so not only have we found another £5 million-odd in tax but we have also found a further £3-5 million in interest on the cash flow of getting that tax earlier. What I would say to the Minister, is that I believe that if he transfers money, as the Deputy of St. Ouen has successfully done, into the Stabilisation Fund then any interest that accrues on that stays in the Stabilisation Fund, and similarly in the Strategic Reserve. Any transfers to that stay in the Strategic Reserve. So while there is a high balance in the Consolidated Fund there is going to be extra income on the Budget Statement. So that in itself will create more money on the income side of the Budget. I think it would be right for the Treasury Minister to accept the extra transparency needs to be in that area. I think this area of other income is a little bit hazy and I believe needs to be looked at a bit more carefully because, particularly with G.S.T., we all know that G.S.T. will be collected, or the first tranche of money from G.S.T. is likely to be collected certainly within the first month or 2 of its start. Certainly by June or July of next year the first tranche of G.S.T. money will be in our Consolidated Fund, and that will start earning interest. Of course, G.S.T. has a big advantage in that it is positive cash flow. So, again, there is interest. I would like to ask the Treasury Minister whether the forecasts take account of the interest on the tax. I think they do, but I would like him to be a little bit more transparent about that. So that is that particular area. In his speech this morning, the Treasury Minister talked about the international identity of Jersey and he mentioned tax information exchange agreements, and other things to do with how well the economy had been growing in the financial services side. This is an area that I would just like to touch on, particularly, Sir, as my panel are a little bit worried that Jersey's current position on T.I.E.A.s might need to be reviewed. We have had a statement from Jersey Finance - whether it was correctly reported in the evening paper or not, I am not sure - but there is a thought or there is some concern now that the Island is not quite getting the benefit out of T.I.E.A.s that we should have been getting, and my panel is therefore going to, as Members will know, we were about to report on something called the level playing field which was going to do an analysis of what was agreed, even years ago now, on level playing fields and things, and Zero/Tens to just try and clarify it in everybody's mind, but we have now decided that we are going to extend that, delay its publication to include a better and more in-depth analysis of T.I.E.A.s and the cost benefit to the Island of these agreements, and what we should be trying to get out of them. In case, Members were wondering where that particular report was, that is the reason for the delay, and we will be doing some more work on it, in that area. Let me just talk a little bit about G.S.T. and the projected incomes from G.S.T. next year. I would like to ask the Minister what exactly has happened to the G.S.T. treatment to the financial services industry? There were supposed to have been regulations, as I understand it, already in front of the States. We do not seem to have seen anything. I would like to ask the Minister exactly what is happening please on that one. Finally, Sir, with regard to the scrutiny of budgets and business plans the Minister did refer to an agreement and discussions that we have been having in the Chairmen's and Scrutiny Chairmen's Committee, he is quite right. I would just like to take the opportunity of announcing to the Assembly that Corporate Services will be shortly launching a Corporate Finance Sub-panel, and we will be employing an advisor specifically to assist us so that next year's Business Plan and, indeed, the Budget which follows on, we can produce a better and more detailed report than we have done either last year or this year. So, that is the way that we intend to go forward. Having said that, Sir, finally I would like to thank the Minister for listening

to us in many ways, in various places, to do with G.S.T. and other things and to congratulate him on a very well thought out Budget in the main. The only point I would make is that the increases to personal allowances, as Deputy Southern has said, were very, very late in the day and I would trust that he will not be doing that kind of trick very often in the future. I know he does not normally do so.

7.6.3 Deputy P.V.F. Le Claire:

As the Member that has been identified as having the responsibility for the delay in the delivery of our new incinerator I thought I might take it upon myself to clear the decks and remind Members about the Strategic Plan commitments that we made in 2006 and 2011 brought by the Council of Ministers, backed by the States. In those proposals, not held up by Scrutiny at all, the strategic measures agreed were to bring in the following areas: “2.10.2, bring forward a package of environmental tax and spend measures by 2007 that will replace vehicle registration duty by 2008 and fund key deliverables as outlined in the sustainable travel and transport plan. 4.4.3, bring forward for consultation and debate in 2007 a package of environmental tax and expenditure measures.” The Council of Ministers went on, conducted their consultation in regards to the Strategic Plan, had 103 responses from the public who said: “We want to see more recycling” but because it was deemed to be too sensitive around the introduction of G.S.T. the Council of Ministers decided to put it on the backburner until next year, but make a strong statement in the States during this Budget debate, which we have heard today. Moreover, they identified in the recycling section, quite apt for today, that until now the focus had been on the low cost tonnage material streams that the public had expected to be recycled. Without investment and additional collection infrastructure and recycling logistics from 2008, the current recycling improvements would stagnate or, worse, undermine public use through overcapacity issues, a problem regularly observed in the U.K., and each tonne of waste that was not removed from the waste stream from recycling initiatives was identified as placing additional demand on the existing energy from waste facility, which broke down yesterday. Currently requiring in excess of £1 million per annum in contingency maintenance costs alone.

The Bailiff:

You will not go too far down this road, I hope. We are addressing the Budget.

Deputy P.V.F. Le Claire:

It also said delay on these projects therefore will increase the longer term revenue costs and short term environmental impact on managing waste. Much more is available for those that care to look, but enough spin. It is not Scrutiny that is holding back progress. It is not Scrutiny that is messing up our infrastructure, it is the Executive. It is people like Senator Ozouf who has been in charge of those departments for years and done nothing but tinker around the edges. Go ahead, Nero.

The Bailiff:

I call upon Senator Le Sueur to reply.

7.6.4 Senator T.A. Le Sueur:

I will leave those for a moment while I think about a response to that, but meanwhile, picking up the point of Deputy Huet about land development tax. Yes, there has been a lot of work done that has been taken on now by the Environment Department whose responsibility for land tax is far more appropriate, and I would hope that we would see it early next year when the Minister for Environment brings to the Council of Ministers and then to the States a comprehensive package on the whole of environmental taxes. It has been a long time but hopefully it will see the light of day in that presentation early next year. To Deputy Ryan, I think we have to be quite clear about the Stabilisation Fund, and I am grateful to him for his clarification, because the intention of the Stabilisation Fund, for the benefit of Members who were not quite sure, the money would only be drawn out at a time of economic downturn. So, although the decision is for the States to make as a

whole, if the States are going to be true to the commitment they gave when they set up the fund, it is only to be withdrawn at the time of economic downturn, not because we happen to be short of money in the Consolidated Fund. If we are short of money in the Consolidated Fund, it may only require raising additional taxes, but that is a decision we will have to make at the time, or it may mean cutting our spending. He makes the reasonable point about other income, and although in their budget book on page 30 there is a summary of other income, it is perhaps not as detailed as he might have wished or others might have wished. I can reassure him that following the introduction of I.T.I.S., last year we raised another £2.1 million on cash balances from I.T.I.S. and this year we expect the figure to be £3 million. But I would also point out to him that when I.T.I.S. was proposed back in, whenever it was, 2004, I said that part of the money would come from additional tax receipts and the balance would come from interest on cash balances. I think the figure then was £3.5 million from tax and £1.5 million from cash balances, the £1.5 million has become £2.1 million and £3 million, so yes we have done better on the interest than I expected. We have also done better in the tax than I expected, so it has been a double bonus for us. If we can give further details in the future budget book I would be happy to do so, and in that context I welcome the comments of the Corporate Affairs Scrutiny Panel that they will be working even more closely in the scrutiny of the Business Plan and the Budget in order that all of us can have a better presentation and better understanding of next year's Business Plan and next year's Budget. He has a concern about whether T.I.E.A.s are as good as they are cracked up to be, or whether we are getting as much benefit as we had hoped to get out of them. I think maybe the debate should be held when we discuss the signing of those agreements. They are going to vary from country to country and clearly our objective is to get as much out of it as we can. But as I mentioned to a Minister last week, it is a 2-way benefit, partly in getting as much out of it as we can for the Island, but also minimising the downside risk of the Island collecting a bad reputation. So it may well be that it is not all tangible benefits but at least it is tangible non-disadvantage. He also makes a very good question, which I should have raised in my speech, about the G.S.T. treatment of the financial services industry. That was held up by a minor drafting glitch and I spoke to the Director G.S.T. and the Comptroller of Income Tax yesterday, there is no question about the funding and the cash coming in for those services, that is all on track. But there was a question which had been raised not locally but by London lawyers in terms of the G.S.T. law itself and the treatment of part 12 of the G.S.T. law. I have asked that that be discussed and any further changes discussed with the Scrutiny Panel in order that before I lodge that we can have full agreement as to the way ahead. I would aim that we would be able to lodge before Christmas, assuming we can fit in with the Scrutiny Panel's timetable.

Deputy P.J.D. Ryan:

Could I ask the Minister just to give way for a second? Is he happy that he has sufficient law drafting and extra resources available if he does need them for changes to the primary law?

Senator T.A. Le Sueur:

Yes, I have. These are very minor changes indeed. Minor, but important. I am pleased, as I say, that the future scrutiny of the Business Plan is well under way. So, now we come to Deputy Le Claire's concerns about environmental taxes, and I think I can understand his concerns about environmental taxes. I suspect that the Minister for Transport and Technical Services is even more concerned about the lack of progress in building the equipment of whatever sort we need in order to deal with our current backlog of waste. I do not think that this Budget is holding up any question of recycling. I do not think that the environmental taxes themselves will have an immediate effect on recycling, but if we are going to improve our recycling procedures, that will need to be raised in the context of the Business Plan next year. I think there is a general public commitment to recycling. We have to see to what extent that is translated into a public desire to pay more revenue, pay more environmental taxes, to pay for that recycling. We have seen good results from it on a trial basis in certain parishes, but that has been done to a certain degree of goodwill and benefits to

business in supporting recycling on a small scale. To do it on an Island-wide scale may be rather more difficult. I think, Sir, this has probably been the shortest summing up I have had to do in terms of a budget and it may be a reflection of the fact that we have got a Budget here which is really saying what we understood over the whole year. It is the culmination of a year's efforts into seeing a policy which set us in a good way for the future. I take it from the absence of questions from Members it is a general endorsement for the Budget policies, the States policies, of which I am very grateful and I am grateful to those Members who did speak and I am grateful to the others for holding their patience, and I maintain the proposition. Part (b) of the proposition has now been amended that the figure will be £38 million rather than £25 million. On the basis that that has already been agreed by the House, Sir, I suspect it may be simpler to take the proposition all together, so I propose the whole thing and ask for the appel.

The Bailiff:

May I ask any Member who wishes to vote who is in the precinct to return to his or her seat. I ask the Greffier to open the voting. The voting is for or against the proposition of the Minister for Treasury and Resources, as amended by the amendment of the Deputy of St. Ouen.

POUR: 40		CONTRE: 3		ABSTAIN: 0
Senator L. Norman		Deputy A. Breckon (S)		
Senator F.H. Walker		Deputy G.P. Southern (H)		
Senator T.A. Le Sueur		Deputy S. Pitman (H)		
Senator P.F. Routier				
Senator M.E. Vibert				
Senator P.F.C. Ozouf				
Senator T.J. Le Main				
Senator B.E. Shenton				
Connétable of St. Mary				
Connétable of St. Clement				
Connétable of Trinity				
Connétable of Grouville				
Connétable of St. Brelade				
Connétable of St. John				
Connétable of St. Saviour				
Deputy R.C. Duhamel (S)				
Deputy J.J. Huet (H)				
Deputy of St. Martin				
Deputy P.N. Troy (B)				
Deputy C.J. Scott Warren (S)				
Deputy R.G. Le Hérisseier (S)				
Deputy J.B. Fox (H)				
Deputy J.A. Martin (H)				
Deputy S.C. Ferguson (B)				
Deputy of St. Ouen				
Deputy P.J.D. Ryan (H)				
Deputy of Grouville				
Deputy of St. Peter				
Deputy J.A. Hilton (H)				
Deputy G.W.J. de Faye (H)				
Deputy P.V.F. Le Claire (H)				
Deputy J.A.N. Le Fondré (L)				
Deputy D.W. Mezbourian (L)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy A.J.D. Maclean (H)				

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

The Bailiff:

There are 3 things I have to announce from the chair. First of all, there have been 3 lodgings today. Projet 186, the Draft Employment Relations (Registration) (Jersey) Regulations by the Minister for Social Security; Projet 187, the establishment of a working party to examine the operation of third party planning appeals by Deputy Scott Warren; and an amendment to the Draft Connétables (Jersey) Law lodged by Deputy Gorst.

Senator M.E. Vibert:

I propose the adjournment.

The Bailiff:

The adjournment is proposed, if Members agree we adjourn until 9.15 a.m. tomorrow morning.

ADJOURNMENT