

STATES OF JERSEY

OFFICIAL REPORT

FRIDAY, 16th SEPTEMBER 2011

ARRANGEMENT OF PUBLIC BUSINESS	4
Connétable J. Gallichan of St. Mary:.....	4
PUBLIC BUSINESS - resumption	7
1. Goods and Services Tax: exemption or zero-rating for health foods (P.81/2011) - as amended	7
1.1 Deputy S. Pitman:.....	8
1.1.1 Senator P.F.C. Ozouf:.....	11
1.1.2 Deputy R.C. Duhamel of St. Saviour:	14
1.1.3 Deputy A.E. Pryke of Trinity:.....	15
1.1.4 Senator F.E. Cohen:.....	16
1.1.5 Deputy G.P. Southern:.....	16
1.1.6 Deputy S. Power:.....	17
1.1.7 Deputy M. Tadier of St. Brelade:	18
1.1.8 The Deputy of St. John:	20
1.1.9 Deputy T.M. Pitman of St. Helier:	21
1.1.10 Deputy D.J.A. Wimberley of St. Mary:	23
1.1.11 Senator F. du H. Le Gresley:	26
1.1.12 Deputy J.A. Martin of St. Helier:.....	27
1.1.13 Senator S.C. Ferguson:.....	28
1.1.14 Deputy J.G. Reed of St. Ouen:	29
1.1.15 Connétable J.M. Refault of St. Peter:.....	30
1.1.16 Senator T.A. Le Sueur:.....	30
1.1.17 The Connétable of St. Mary:	30
1.1.18 Deputy I.J. Gorst of St. Clement:.....	31
1.1.19 Connétable M.K. Jackson of St. Brelade:	32
1.1.20 Deputy E.J. Noel of St. Lawrence:	32
1.1.21 Deputy J.A.N. Le Fondré:	33
1.1.22 Deputy S. Pitman:	36
LUNCHEON ADJOURNMENT PROPOSED	39
LUNCHEON ADJOURNMENT	39
COMMUNICATIONS BY THE PRESIDING OFFICER	39
PUBLIC BUSINESS - resumption	39
2. States of Jersey Property Holdings and the States of Jersey Development Company Limited: structures, operations, protocols and controls (P.127/2011)	39
2.1 Senator S.C. Ferguson:	40

2.1.1 Deputy J.M. Maçon of St. Saviour:	40
2.1.2 Senator A. Breckon:	40
2.1.3 The Connétable of St. Mary:	40
2.1.4 Senator P.F.C. Ozouf:	40
2.1.5 Senator F.E. Cohen:	41
2.1.6 Deputy A.E. Jeune:	42
2.1.7 Deputy T.A. Vallois of St. Saviour:	42
2.1.8 The Deputy of St. Mary:	42
2.1.9 Senator S.C. Ferguson:	43
3. 1(1)(k) Category Residents: referendum (P.130/2011)	44
3.1 Deputy T.M. Pitman:	45
3.1.1 Senator P.F.C. Ozouf:	47
3.1.2 Connétable L. Norman of St. Clement:	48
3.1.3 The Deputy of St. John:	49
3.1.4 The Deputy of St. Mary:	49
3.1.5 Connétable A.S. Crowcroft of St. Helier:	52
3.1.6 Deputy M. Tadier:	52
3.1.7 Deputy M.R. Higgins of St. Helier:	54
3.1.8 Deputy E.J. Noel:	54
3.1.9 Senator F. du H. Le Gresley:	54
3.1.10 Senator F.E. Cohen:	55
3.1.11 Deputy J.M. Maçon:	56
3.1.12 Deputy S. Power:	56
3.1.13 The Connétable of St. Mary:	57
3.1.14 Deputy A.K.F. Green of St. Helier:	57
3.1.15 Deputy J.B. Fox of St. Helier:	58
3.1.16 Deputy T.M. Pitman:	58
4. Pan-Island Data Protection Commissioner (P.133/2011)	62
4.1 Senator T.A. Le Sueur (The Chief Minister):	62
4.1.1 Senator S.C. Ferguson:	62
4.1.2 Deputy S. Power:	62
4.1.3 Deputy A.E. Jeune:	63
4.1.4 Deputy G.P. Southern:	63
4.1.5 Deputy M.R. Higgins:	63
4.1.6 The Deputy of St. Mary:	63
4.1.7 Senator P.F.C. Ozouf:	64
4.1.8 Deputy F.J. Hill of St. Martin:	64
4.1.9 Deputy T.A. Vallois:	65
4.1.10 Senator T.A. Le Sueur:	65
5. Ratification of the Agreement for the Exchange of Information Relating to Tax Matters between the Government of Jersey and the Government of the Argentine Republic (P.137/2011)	67
Senator T.A. Le Sueur (The Chief Minister):	67
5.1 Senator F.E. Cohen (Assistant Chief Minister - rapporteur):	68
5.1.1 The Deputy of St. Mary:	69
5.1.2 Deputy R.G. Le Hérisier:	69
5.1.3 Deputy J.B. Fox:	70
5.1.4 Deputy M.R. Higgins:	70
5.1.5 Deputy M. Tadier:	71

5.1.6 Senator P.F.C. Ozouf:.....	71
5.1.7 Senator S.C. Ferguson:	72
5.1.8 Senator F.E. Cohen:.....	72
ARRANGEMENT OF PUBLIC BUSINESS FOR FUTURE MEETINGS	74
6. The Connétable of St. Mary (Chairman, Privileges and Procedures Committee):	74
ADJOURNMENT.....	75

[9:30]

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

ARRANGEMENT OF PUBLIC BUSINESS

Connétable J. Gallichan of St. Mary:

I just wonder if I might at this stage make an observation on the business, I think it might be helpful. I think that it is quite achievable to finish the business that we have set down for this particular sitting during the course of today. I wonder first of all whether the Assembly might agree to sit until the business is concluded and have that done today. Secondly, my suggestion for forthcoming business, given we have a number which Members will appreciate could not be debated at this current meeting, would be to bring the 8th November sitting forward to 1st November and to have the full sitting then with questions, et cetera, and a continuation of that sitting on 8th November to do the budget business. I would make that recommendation.

The Bailiff:

Do Standing Orders not say though that the Budget has to be the first item on the Order Paper, Greffier? Would that be on the basis that if there is a continuation the Budget starts on Tuesday, 8th November and any other business then has to fall behind it?

The Connétable of St. Mary:

Yes, Sir, that would be my idea.

Senator A. Breckon:

I wonder if I could ask of the Chair; what is the procedure, does the Budget not have to be lodged so many weeks before you can debate it? Therefore, will it be considered to being debated on 1st November and not 8th November?

The Bailiff:

Normally the debate is the date of debate, which is why very often matters can be debated say on the Thursday but not on the Tuesday. So, I would imagine the same is true in relation to the Budget. All periods of lodging are counted until the day of debate normally. Yes, it is the date of debate.

Deputy S. Power of St. Brelade:

If the Chairman of P.P.C. (Privileges and Procedures Committee) proposes bringing it forward a month, I have a long-standing 8 month commitment to a charity on 30th October for 5 days in Romania. I will be défaut.

The Bailiff:

Clearly some Members if we now sit on 1st November, which we were not going to, may not be able to attend.

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

Sorry, just as a minor point, picking up on Deputy Power's comment, in the past when we have changed the weeks around there has kind of been an acceptance at the time that Members would consider making those Members défaut excusé? I was just wondering if we could bear that in mind.

The Bailiff:

We will consider that at the time, yes. Well now, what is proposed? I think we have 2 separate proposals, Chairman. The first matter is that we should sit this evening until business is concluded, obviously subject to any decision at 10.00 p.m. to change that. Do Members agree to do that?

Very well. The second one - and it would be sensible to agree it now - is therefore that what is proposed, it should now be a full sitting of the States on 1st November at which therefore questions may be asked and we will start in the usual way. A continuation sitting on 8th November; at the continuation hearing on 8th November the first item of business would be the Budget, but anything left over at that stage from the agenda of 1st November would fall behind the Budget. That is what is proposed.

The Connétable of St. Mary:

That was my intention.

The Bailiff:

Yes.

Senator P.F.C. Ozouf:

I am very grateful for Members sorting out the Budget issues. Are we agreeing that we will sit on the 1st, 2nd, 3rd November and continue to deal with all of the business in the week of 1st November where the object will be to have all business completed so that we just have the Budget on 8th November? Is that the objective, Sir?

The Bailiff:

Thank you for that. The Chairman had better clarify which days she is suggesting we should sit in the week of 1st November.

The Connétable of St. Mary:

A number of Members have suggested to me that they would be happy to move business and so the list has grown for 8th November. I think it would be prudent to sit until that is concluded, to just have the matter of business being the budget on 8th November. So, certainly ...

The Bailiff:

So you are proposing to sit on Tuesday, 1st November and Wednesday, Thursday and Friday of that week if necessary?

The Connétable of St. Mary:

If necessary.

The Bailiff:

In order to conclude all the business except the Budget. Then we will do the Budget on 8th November and that hopefully would be the only item of business. If there were any items still outstanding they would have to fall in behind the Budget.

The Connétable of St. Mary:

Yes, I think that is sensible.

The Bailiff:

Very well. Is that proposition seconded? **[Seconded]** Does any Member wish to say anything about that proposition? Very well. Yes?

Deputy P.J. Rondel of St. John:

I am aware that my own Scrutiny Panel have a meeting that week and we know there is a Chairmen's Committee meeting midway through. Taking up the Friday as well, we cannot even juggle our dates around, because that week and the following week will be full. We need some time in that week to be able to carry out other business of this House. By taking up the 3 days, the 1st, 2nd and 3rd, and then the following week with the Budget we are not going to have any time to

finish some of our other work. We have reports still to put out prior to the end of this particular House.

The Bailiff:

I am reminded by the Greffier that there is nothing on the previous week. So, that will be the week after the elections, but the week before 1st November. So, that is available for meetings.

The Deputy of St. John:

I appreciate that, the Members - some of these things have been scheduled to try - ask our officers to bring things forward, especially when it comes to the reports, it is going to be rather difficult for them. Because the House have not been able to get their act together and sort out next week properly, which we should have been sitting, they are turning everything on its head.

The Bailiff:

Very well. Does any other Member wish to say anything?

Deputy R.G. Le Hérisier of St. Saviour:

The only compromise I would suggest would be to keep everything within the constraints of Tuesday, Wednesday and Thursday, to avoid the inevitable Parkinson's Law to which we are always susceptible.

The Bailiff:

At the moment the proposal is to sit for the Tuesday, Wednesday, Thursday and the Friday if necessary, in order to try and complete all the business but the Budget. Very well. That is the proposition. All those in favour kindly show. The appel is called for then. If you wish to proceed in that way you will vote pour, if you wish to proceed in some other way you will vote contre and then we will hear any other alternative propositions afterwards. So, I invite Members to return to their seats. The Greffier will open the voting.

POUR: 37

Senator T.A. Le Sueur
Senator P.F. Routier
Senator P.F.C. Ozouf
Senator B.E. Shenton
Senator A. Breckon
Senator S.C. Ferguson
Senator A.J.H. Maclean
Senator B.I. Le Marquand
Senator F. du H. Le Gresley
Connétable of St. Ouen
Connétable of St. Martin
Connétable of St. Saviour
Connétable of St. Clement
Connétable of St. Peter
Connétable of St. Lawrence
Connétable of St. Mary
Deputy R.C. Duhamel (S)
Deputy of St. Martin
Deputy R.G. Le Hérisier (S)
Deputy J.B. Fox (H)
Deputy J.A. Martin (H)
Deputy of St. Ouen
Deputy of Grouville
Deputy P.V.F. Le Claire (H)
Deputy J.A.N. Le Fondré (L)

CONTRE: 7

Connétable of Trinity
Connétable of Grouville
Connétable of St. Brelade
Deputy of St. Peter
Deputy S.S.P.A. Power (B)
Deputy of St. John
Deputy T.A. Vallois (S)

ABSTAIN: 0

Deputy of Trinity
Deputy S. Pitman (H)
Deputy K.C. Lewis (S)
Deputy I.J. Gorst (C)
Deputy M. Tadier (B)
Deputy A.E. Jeune (B)
Deputy T.M. Pitman (H)
Deputy E.J. Noel (L)
Deputy M.R. Higgins (H)
Deputy A.K.F. Green (H)
Deputy D.J. De Sousa (H)
Deputy J.M. Maçon (S)

PUBLIC BUSINESS - resumption

1. Goods and Services Tax: exemption or zero-rating for health foods (P.81/2011) - as amended

The Bailiff:

Very well. Now we come back to the business today. The Assembly agreed that the next matter to be taken will be Projet 81 - Goods and Services Tax: exemption or zero-rating for health foods. Deputy Shona Pitman you were not here yesterday. Are you happy to proceed with the first item of business?

Deputy S. Pitman of St. Helier:

Yes, Sir.

The Bailiff:

Very well. I am going to invite the Greffier to read the ...

Deputy S. Pitman:

Sir, may I just wait for the table to come? I do not have my glasses and I cannot read from this distance.

[9:45]

The Bailiff:

Is the table on its way? I gather Deputy Pitman is also asking the usher to circulate various papers, which although they do not all have your name on they do all come from you, Deputy?

Deputy S. Pitman:

Yes, Sir.

The Bailiff:

Deputy, the other matter is, do you agree we should take your proposition as amended? You have changed the dates from your original proposition. Do you agree that the proposition should be agreed in its amended form? Yes. So, I will ask the Greffier to read the proposition in its amended form.

The Greffier of the States:

The States are asked to decide whether they are of opinion; (a) to request the Minister for Health and Social Services to present to the Assembly within 12 months a report listing those foodstuffs that can be defined as "healthy foods"; and (b) to agree that the healthy foods as listed by the Minister for Health and Social Services should be exempted or zero-rated for the purposes of G.S.T. (Goods and Services Tax) from 1st January 2013 and to request the Minister for Treasury

and Resources to bring forward for approval the necessary legislation as part of the Budget 2013 proposals to give effect to the decision.

1.1 Deputy S. Pitman:

I apologise to Members for the lateness of the documents that are about to be handed out. One in 5 of all Islanders die younger than 65. The big killers are lung, breast and bowel cancers, heart and liver disease and suicides. The main causes of the Island's burden of ill-health are tobacco, untreated high blood pressure, alcohol and poor diet. This statement from the Annual Report of the Medical Officer of Health 2009/2010 gives a picture of the stark reality of the very serious health issues that Jersey is facing today. This is why I feel so strongly that we, the Government, have a duty to do everything we can to enable every person in Jersey the choice to live a healthy lifestyle. I am not purporting that exempting G.S.T. from healthy food is the only answer to tackling unhealthy eating and illnesses caused by it. Indeed there are, as I will outline later, excellent programmes that the Health and Education Departments, which are very successful in informing and supporting people to live healthier lives. What I am arguing, however, is that we need to take a strong multi-agency approach on this big problem, which is now so prevalent in the western world and is fast becoming a huge burden on health services, including our own. Is it too difficult and what are the potential burdens? Will the apparent certainty of ongoing legal actions against the States arising from the complexities in defining G.S.T.-exempt foods become a reality? We have heard much about the plethora of legal challenges that without doubt will rise if G.S.T. exemptions are introduced from the Minister for Treasury and Resources, the Chamber of Commerce and tax experts in Jersey. This is what the Corporate Services Scrutiny Panel, who were advised by the Chief Executive and Retail Controller of the Co-op had to say about it in their report in 2006. They felt that it would be extremely unlikely for companies on the Island to legally contest the definition of zero-rated items. Challenges in the U.K. (United Kingdom) predominantly came from manufacturers and as the zero-ratings would predominantly affect the Island's retailers rather than the manufacturers, who are mainly based in the U.K., this was not thought to be a potential problem. The sub-panel's adviser, who is a senior lecturer in Tax Law at Bournemouth University and a freelance tax consultant and writer, after reviewing recent V.A.T. (Value Added Tax) cases in the U.K. to see how many are caused by the various zero-ratings, informed the panel that there was not much evidence of food being a major complication. Furthermore, this same argument of legal challenges could also be applied to the so-called fat taxes on unhealthy food and drinks other countries, like Denmark, Hungary and Finland now have. Have these countries faced huge expensive legal challenges? No, they have not. What is the cost to Jersey businesses? I will start with the cost to the food retailers' I.T. (Information Technology) systems. In the Corporate Services Scrutiny Panel report entitled *Goods and Services Tax Review* a computer services professional was asked to comment on G.S.T. exemptions on basic foodstuffs. He advised that from an I.T. perspective the additional cost of implementing systems which catered for the zero-rating of basic foodstuffs would be negligible given that businesses would need new or updated systems to cater for the introduction of G.S.T. Mr. Shead from the Chamber of Commerce also gave evidence. He agreed that the issue of adapting to zero-ratings after initial software adjustments distinguish between items that should be charged G.S.T. or zero-rated in the shops would be relatively straightforward. Furthermore, I recently spoke to an executive member of Sandpiper who own Checkers. He told me that although he did not agree with G.S.T. exemptions because of what he saw as the impracticalities in implementing the policy, there would be no technical problems at the checkout if a definitive list of exemptions were introduced. In their conclusion, the Scrutiny Panel said the compliance cost of zero-rating as an issue is grossly overstated, particularly in the context of the huge increase in compliance costs associated with the introduction of G.S.T. However, there will of course be other costs for businesses in implementing the revised legislation. Cost to the States: in an answer to a question from Senator Perchard on 3rd May about costs of zero-rating food and fuel, the Minister for Treasury and Resources wrote with reference to his department: "A reasonable approximation of the additional tax officer's

administrative costs, based on the U.K. and international experience, is that 3 additional staff would be required and the extra pay role, social security, I.T., accommodation and other costs would be approximately £200,000 to £300,000.” G.S.T. revenue will also decrease subsequent to those foods that will be exempt if my proposition is successful. In terms of lost revenue to the Treasury in compliance; this is what the same Scrutiny Panel, Corporate Services, reported. In making these calculations the panel only included business dealing with the retailing of basic foodstuff and therefore did not incorporate trading in the restaurant and takeaway industries, as their produce would not be subject to zero-rating. The sub-panel estimated that 4 companies make up approximately the majority of the Island’s food retailing businesses. At the time that was C.I. Traders, the Channel Islands Co-operative Society, ‘R’ Stores and Spar. The Retail Controller of the Co-op calculated that if the initial focus on policing the boundaries between zero-rated and non zero-rated foods was focused on these 4 companies, the total tax revenue at risk if there were to be 100 per cent non-compliance by the remaining 41 businesses representing 10 per cent of the food retailing sales over 12 months would be approximately £300,000. A more likely scenario would be 10 per cent non-compliance in the remaining 90 per cent of the food retailing. This would imply an initial potential revenue loss of £30,000 per annum until policing efforts caught up. But let us just consider here that G.S.T. revenue from the consumption of all foods and non-alcoholic drinks in 2010 was approximately £4.5 million so the actual loss of G.S.T. revenue would be considerably less with exemptions on health foods only. There are, as we know, other costs, present and future, to the Health and Social Services in treatment and support, Social Security, in their financial support for people who are sick or cannot work and the Housing Department for the very same reasons. In addition, there will be implications for other States departments such as the Law Officers’ Department in drafting further legislation; and Customs, who are already much stretched. However, there are other means for raising tax revenue, such as land development tax, increasing 1(1)(k) contributions, taxing non-local registered companies, charging G.S.T. to finance and insurance companies. One may even be the raising of tax on junk foods as it is currently being mooted in the U.K. and the U.S. (United States), if Members would like to look, if they have the sheets entitled “Fat Tax to hit McDonalds in Essex”. As I said earlier it is already practised in several Scandinavian countries. So I would ask the Minister for Treasury and Resources if he is serious about making substantial future savings for taxpayers, please seriously consider the associated costs of the States not taking a multi-agency approach and doing everything it can to reduce the epidemic of ill-health associated with poor diets compared with the rapidly increasing costs for the States. At this point I think it pertinent to highlight some specific costs incurred related to poor diets to the States and the economy. Members might want to look at the “Costs of Obesity” sheet. In an answer to a question from the Deputy of St. Mary on 5th April 2011, the Minister for Health and Social Services presented estimated figures for 2002 of £1.5 million for direct costs of treating obesity only and £4 million in indirect costs. In 2006 the Medical Officer of Health, in her annual report, estimated that excessive weight alone costs the States and other employers around £7.4 million a year, a rise in 4 years by £2 million. I will repeat here the G.S.T. revenue from the consumption of all foods in 2010 was approximately £4.5 million, far less than the £7.4 million. Also I know a little about the cost of obesity on the Health Department because I have a family member who was morbidly obese. She had a gastric band fitted and medical costs since have run in excess or run near to the £2 million mark. Diabetes is also another serious complaint and it is very expensive to treat. The H.S.S.D.’s (Health and Social Services Department) Diabetes Centre has seen significant increases in caseload over recent years and it is expected that by 2016 it will be providing services to 7,500 patients, 8 per cent of the population compared to 500 in 1990. To add, other health conditions and illnesses caused by obesity or overweight that I have already mentioned such as heart disease, cancers, high blood pressure and depression caused by low self esteem of the condition, have their costs too.

[10:00]

Furthermore, there is the cost of premature tooth decay. Members should have a sheet demonstrating the increased cost to children receiving treatment. Let us now look at Jersey's health today in the context of unhealthy diets. In the Jersey Annual Social Survey of 2010, a survey that asks members of the public to self-assess their health rating, it found that overall two-thirds of people - that is 66 per cent - eat less than the recommended daily amount. Similar proportions were found in J.A.S.S. (Jersey Annual Social Survey) of 2008, 65 per cent; and J.A.S.S. 2007, 59 per cent. We are all aware that we should be eating the recommended 5 portions of fruit and vegetables a day. Sadly, J.A.S.S. reported that in 2010 over two-thirds of people - that is 66 per cent - eat less. I am repeating that. Sorry about that. J.A.S.S. figures also estimated that 19 per cent of men and 17 per cent of women are now obese, which is a body mass index of 30 or more. This is an increase on 2008 when 11 per cent of men and 12 per cent of women were found to be obese. One to 2 per cent of adult Islanders - that is over 1,000 people - have a B.M.I. (Body Mass Index) of 40 or more and around one in 5 men and one in 5 women have a waist size at a level associated with very high risk of cardiovascular disease. In the 5 years up to 2008 the main causes of death under 65 were 38 per cent cancer, 19 per cent circulatory, 8 per cent digestive diseases. The main cause of death over 65 is 24 per cent cancer, 36 per cent circulatory, 4 per cent digestive diseases. These figures come from the Medical Officer of Health 2009/2010. There are, however, other medical conditions and illnesses that can benefit better from nutrition. I consulted a friend recently who is a nutritional therapist about this. She cited such illnesses/medical conditions and these are: digestive disorders, depression, acne, infertility, stress and anxiety, insomnia, M.E. (Myalgic Encephalomyelitis), migraines, arthritis, menopause osteoporosis and asthma. So it is not just people who have diabetes and obesity that could benefit from cheaper healthy food. But problems caused by unhealthy eating are recognised and being addressed by the States. This is one area in which I think Government departments are working very well together. The following is just a few initiatives that are underway. For children and young people there is the healthy food reward ensuring healthy food and exercise is part of the curriculum, setting health food standards in school canteens, asking parents to provide their children with healthy lunches and a Youth Service, informal method of education of diet and nutrition through their various activities, yet we tax the very foods that we ask parents to put in their children's lunch boxes. For adults there is the exercise referral scheme, piloting a weight-watchers referral scheme, and of course there is the medical treatment and support from dieticians and psychologists. There is lots of work going on which is a good thing, but is it enough? These initiatives, however, may be ... however; there is a responsibility on behalf of parents ensuring that their children are eating well but if people cannot afford a healthy lifestyle these initiatives may go to pot because if people cannot afford it they will not do it. These initiatives, however, may be unsuccessful if the price of healthy foods is not affordable. It is well known that social disadvantage and poor health tend to go together. This is a well-recorded fact. In her annual report of 2007 the Medical Officer of Health stated that Jersey's poorer communities tend to live in town, which should focus our attention to improve healthcare. The high cost of living in Jersey means that ordinary people struggle with the cost of being healthy. The introduction of G.S.T. in Jersey at the rate of 3 per cent contributed 1.9 and 2.1 percentage points to the annual rates of R.P.I. (Retail Price Index) and R.P.I.X. (Retail Price Index excluding mortgage interest payments) respectively in June 2008. These contributions from G.S.T. remained in the annual increase of these indices for 4 quarters up to and including March 2009. The increase of G.S.T. in Jersey from 3 per cent to 5 per cent contributed 1.3 and 1.4 percentage points to the annual rates of increase of R.P.I. and R.P.I.X. respectively in June 2011. These contributions from G.S.T. will remain in the annual increases of these indices for 4 quarters up to and including March 2012. During the 12 months to June 2011 R.P.I. increased by 4.5 per cent. This information came from the Jersey Retail Prices Index Statistics Unit. With regard to food, over the last 6 years food prices have increased by 38 per cent in Jersey. The effects of the introduction and increase in the rate of G.S.T. in Jersey in May 2008 and then in 2009 respectively are clearly apparent. The rate of inflation for food in Jersey has risen over the last 12 months to June 2011 by 6 per cent. Comparing Jersey and U.K. prices for some healthy food gives us an idea of how expensive food

really is in the Island. Cereals, during the 12 months to June 2011, the price rose by 20 per cent in Jersey and 7 per cent in the U.K., on average 4 per cent more expensive than the U.K. Fresh fish, during the 12 months to June 2011, the price rose by 10 per cent in Jersey and 15 per cent in the U.K., on average 4 per cent more expensive than the U.K. Milk, during the 12 months to June 2011, prices rose by 6 per cent in Jersey and 2 per cent in the U.K., on average 39 per cent more expensive than the U.K. Fresh fruit, since June 2005, prices rose by, on average, 33 per cent and in the U.K. 17 per cent, on average 34 per cent more expensive than the U.K. figures at June 2011. Lastly, fresh vegetables, since June 2005 prices have risen, on average, by 35 per cent and in the U.K. by 36 per cent. On average we are 33 per cent more expensive than the U.K. on figures at June 2011. These figures were extrapolated from the Statistics Unit report of June 2011. In conclusion the problem of unhealthy diets is not just a financial one for the Health Department but it is for Social Security and the Housing Department. There are also substantial costs for the economy and social costs. This is what the Medical Officer of Health said about it in her annual report of 2007, and this was about tackling unhealthy eating: "Reflecting on the successes we have already had with our strategies to reduce smoking, alcohol consumption and drug misuse I have concluded that we need to tackle obesity on all fronts simultaneously; mount a large scale comprehensive cross-government campaign and ensure that economic policy works to reduce obesity including food marketing, to change buying behaviour." This is what we said in our Strategic Plan of 2009 to 2014: "A major shift in health and social care policy is needed if we are to improve Islander's health and social well-being enough to head off the projected increases in healthcare costs. We need to put the emphasis on prevention rather than cure and make the healthy choice the easy choice." Then it goes on: "In the light of the ageing population we must ensure that people stay healthier and remain living independently for longer. This will improve the quality of life for the individual and be less costly. If we do not health and social care costs will overwhelm our resources." This is exactly what I am saying. I make the proposition.

The Bailiff:

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

1.1.1 Senator P.F.C. Ozouf:

I rise to speak. I think this is the ninth debate that we have had on G.S.T. amendments or exemptions. This proposition has some elements of similarity compared to other propositions, including a proposition that we debated only some 4 months ago. My main question to the Assembly is what really has changed since we made the decision on 18th May this year when all of the arguments were rehearsed, the principal arguments in relation to exemptions? So I do not propose to rehash the 9 speeches that I have given previously on G.S.T. amendments. I am not going to speak for very long because I think that those Members who are committed to a simple system of G.S.T. are very much aware of those arguments. Obviously, there are other Members who have wanted to put exemptions in place for various different motivations. I will address the motivations that are at the heart - the well-intentioned motivations that are at the heart - of Deputy Pitman's propositions. I would like to thank, if I may, the Deputy for recognising that the timescale included in her original proposition was impossible for the Treasury. The later debate, no criticism, of this meant that that was going to be even trickier with the Budget debate just a very short time ago. However, notwithstanding the fact that we are now dealing with a longer timescale the task, I will represent, still remains, I am afraid, impossible. The fact is that there is no definition of a healthy food. The healthiness of a food has much to do with how it is prepared as to the food itself. A potato, I think, can be healthy if it is boiled or steamed and eaten in moderation. That same potato if taken home and deep fried and turned into chips, depending on the type of the fat that you use, is certainly going to be unhealthy. Vegetables that are deep fried and turned into fritters are, probably, unhealthy. Milk mixed with sugar and then frozen to become ice cream is no longer healthy if milk was healthy in the start depending on its fat content. I would ask Members how our Health Department can possibly legislate for such post-purchase actions.

[10:15]

What about processed foods? Are tinned peas, to take one example at random, healthy? Possibly, but a lot will depend on the process that they have gone through. If salt or sugar is added to the tinned peas in the preserving process or treated with chemicals, are they still healthy? I would ask the Deputy, if she is genuinely asking the Health Department to have arrangements in place, to check the content, the label of every item of tinned, frozen or processed, of food that is sold in Jersey. It clearly would be impossible. Members know of the challenges that the Health Department has. We are all aware of them, they are significant and they are very time-consuming if we are going to improve the healthiness of the society which Deputy Pitman, rightfully, brings our attention to in terms of obesity. But do we really want to deploy our officials' time in an almost impossible path to identify foods which are healthy or otherwise? I think that their time is better spent, rather than trying to legislate on - while it may be emotive but it is quite realistic - what brand of baked beans is better for us than others. The practicalities apart, we must ask whether in adopting this proposition, we would be really genuinely making a difference to the lifestyle or eating habits of our community. In particular, the particular groups which Deputy Pitman is concerned about, the vulnerable and certainly the low income groups, which the evidence suggests, that there certainly are issues in the material that she has circulated. The answer and the advice that we have had from our health professionals is "no" and this view is also supported by international experience. There are a number of reasons for this. Inquiries into the reasons why healthy people do not make healthier food choices do suggest that price is a factor, almost as important is the length of time required to prepare healthy food as opposed to highly-processed food. Lack of knowledge about how to prepare healthy foods is an important factor and it is perhaps a reflection of modern society and busy lives that increasingly the traditional skills of preparing food - and I am as guilty of this as anybody - are being lost. There is a section of our community, not necessarily in one income group or more, particularly that has problems in relation to the decisions of how they buy food. It is not simply low income groups that are buying unhealthy foods. Frankly, a tiny reduction, and it is a relatively small reduction in the price of a healthy food, an onion, to take an example, will not have an impact on people who do not have the skills to prepare a meal in a healthy way. Other important factors, which people say prevents them from buying healthy foods include information, a lack of willpower, a lack of healthy foods in restaurants and poor choices of healthy foods in shops. I am afraid that none of these real issues, the underlying issues, why people are not buying, consuming and preparing healthy foods. None of these issues will be affected if we adopt the proposition before us. For those reasons there is no evidence that just reducing the price of healthy foods for every person will lead to individuals making healthy choice. Indeed, what is more likely is that if we do reduce the prices for people who would have made the healthy choices anyway without affecting those who would not have bought the healthy food, we are not achieving anything. It is clear that obesity and poor nutrition is a growing problem in our society and I agree with the Deputy that there is a really big issue that we have to deal with in Jersey. It is one that we know is being tackled by the Health Department and is something that the Minister for Health and Social Services has addressed this Assembly on in the past. The Medical Officer of Health and our health professionals have spent many hours investigating how we can encourage Jersey people to take better care of themselves. It is at the heart of the Green Paper that we have recently concluded debating and consulting on. What our health professionals have found is that the international evidence is that unless we educate our community into how to make healthy choice and how to prepare and cook healthy ingredients, changing price will make very little difference to the people that need healthy foods and healthy lifestyles the most. I am trying to be, perhaps, a Minister for Health in this debate and perhaps I should not because I am the Minister for Treasury and Resources. I would say that the money we collect through charging G.S.T. on food however is better spent by the Health Department by Education and Social Security and raising awareness of how to eat better, how to prepare food better instead of giving a tax rebate, a tax advantage, to those who are already making healthy choices. It is a difficult argument but I am sure that Members can

understand that it has a great degree of truth in it. The difficulty – impossibility - of simply defining healthy foods is one set of the arguments. The rest of the argument on exemption in terms of G.S.T., which has been rehearsed in this Assembly on many occasions and succeeded; still stands in relation to this proposition. We decided a number of years ago to adopt best practice, the most modern G.S.T. system in its introduction. We chose to base our G.S.T. system on the New Zealand model which is internationally recognised as one of the best models of G.S.T. anywhere in the world. The New Zealand model - and the Jersey model - is based on the principle of having a simple low rate, low cost administrative system. The alternative is a move in a direction of the U.K. system which many Members will be aware is highly complicated with a high tax and high collection costs and high avoidance and other mechanisms in it. Indeed, Members may have been reading the media in the last few days with the final report of Sir James Mirrlees, in his report which recommended again, unequivocally, the fact that a G.S.T. or V.A.T. system should be simple and it should not have exemptions. That is a highly regarded group of highly informed experts that have been advising the U.K. Government in relation to the simplification of the tax system. The U.K. has, again, been recommended to look again at its systems of exemptions and we, today, are being asked to take a step in the direction, not simply lifting the U.K. list which would be, perhaps, more simple even though it would be very complicated. We are being asked to take a step into the further complex unknown which would have, in my view, detrimental consequences to the ability of collecting G.S.T. in a simple and easy way. Members do not need, I am sure, to be reminded that we do have - while it is controversial - we do have a low rate of G.S.T. At 5 per cent it is still, and I hope will remain, one of the lowest in the world. It is low because our system is based upon the presumption that we should have as broad a tax base as possible and keep it simple. So what I can say is that an almost identical Bill to that which Deputy Shona Pitman has brought forward was proposed and debated in the New Zealand Parliament in 2010. That Bill was defeated by a combination of cross-party support; both left and right came to the conclusion that this simply was not possible. The research and debate in New Zealand is a recent and relevant example. While we do not have the institutions of a larger country, such as New Zealand, in order to advise us in terms of universities and others, that debate and the conclusion of that debate is, I hope, important background, important evidence to Members which should inform this debate. The New Zealand Parliament was not convinced that any potential benefits to taxpayers and consumers of zero-rating healthy food outweighed the damage to their G.S.T. system in terms of its simplicity and efficiency. This was on the basis of a G.S.T. rate which was 15 per cent so the potential price saving there was 3 times as great as Jersey and therefore was potentially even of greater benefit. If they did not conclude that it worked at 15 per cent in New Zealand, then it would be even more unlikely to have the desired effect of 5 per cent in Jersey. Members will agree that there is a worldwide problem with health-related lifestyles and we do need to put in place measures to reduce the rates of avoidable disease by education. I can understand the sentiment behind this proposition and I agree with it, fundamentally, in terms of educating and improving healthy lives, we all do. But will this proposition be effective in changing lifestyle on eating habits. Would the potential reduction in G.S.T. of 5 per cent in the pound really persuade people to buy healthy foods? Of course, there is no guarantee that the tax content, if it were to be reduced, would even be passed on to consumers. Although, of course, some retailers would, there is absolutely no evidence at all that reducing and zero-rating gets passed on to consumers. I understand the comments that Deputy Pitman makes in relation to the price of food. If anything, I am encouraged to see the evidence that our food market is becoming more competitive as opposed to less competitive over the last few years. We need to continue to ensure that we have a competitive retail market in order to check the unacceptable increase in food that we saw throughout the early 2000s. Things have got better in relation to the price comparison in some areas in terms of imported food than it was a few years ago and I think that is a relevant and important issue. When we last debated G.S.T. on food in May the Treasury was unable to find any examples, internationally, that reducing G.S.T. rates on food would be routinely passed on to consumers in the form of lower prices. This has been debated by numerous parliaments around the world and I think it is an important issue. In Jersey we both have Income

Support and the G.S.T. bonus which both provide a targeted way of protecting the less well-off against the cost of G.S.T. I will maintain that our income support system and G.S.T. bonus system are the best way of giving targeted relief to those in our community who really need it. I would urge Members to carefully consider whether there is any evidence that those people who really need to be encouraged to buy healthier foods will do so if we reduce G.S.T. in the way that Deputy Pitman is proposing. I would urge them to weigh-up these arguments against the damage that could be done to our G.S.T. model, which will be enormously complex if we adopt this proposition. The Health Department cannot be expected to draft the list of healthy foods. It has not been done anywhere else and it will not be possible to deal with it here. There will be arguments of what is healthy and what is not, quite apart from the issue that even if you buy the healthy food that has been miraculously documented in terms of a list that it will be maintained as being healthy after the processing of it. It is well-intentioned but I am afraid it will not work. That is the experience and that is the evidence; that is the research, not only by our Health Department here, by health departments in other places and particularly in the jurisdiction that is most relevant to us, which is New Zealand. I understand the principles and the sentiments behind this proposition. We want to do something about healthy lives but this, I am afraid, is not the way to achieve that and on those arguments I would urge Members to vote against the proposition.

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

I think, unfortunately, the proposal of Deputy Pitman is flawed. She requests under item (a) that the Minister for Health and Social Services present to the Assembly within 3 months a report listing those foodstuffs that can be defined as healthy foods. But we have ... sorry? Yes, that is the amendment. [Aside] orry. The technical point that I am referring to is that if indeed the Minister for Health and Social Services is unable to list any foodstuffs that could be designated as healthy foods she would still be discharging what this House would have decided upon in bringing forward a list that would have no items on it. If indeed that happened then, presumably, (b) could not be complied with, or would be complied with, because there would be no exemptions because there would be no items on the list. I think one of the problems which have already been identified by the Minister for Treasury and Resources is that we appear to be mixing 2 items, 2 issues.

[10:30]

One is about the general desire of the community to eat more healthily and to undertake more healthy lives and I think everybody would sign up to that one. But the second point is the extent to which taxation on foods, on foodstuffs, or any other items, is a moral or ethical issue and whether or not there is a direct correlation to suggest that if indeed items could be exempted with a basic healthy food list whether or not that would encourage more people to eat those products. I think the better way is to move in the direction which has been suggested by a number of jurisdictions to begin to bring in specific taxes - green taxes, environmental taxes if you like- but things which discourage the eating of unhealthy foods, we could set out quite a good argument. I think that we have already begun to do this in terms of the duties that we raise on alcohol and tobacco and the way those monies are recycled back into the health system in order to discourage the over participation in those 2 products. In the same way I think we could begin to consider, as I mentioned earlier, as other jurisdictions are beginning to do, perhaps to overtaxing or raising extra tax revenue on foodstuffs which contain too much sugar, too much salt, too many preservatives or chemical colourings or E-numbers and then recycle those monies back to those who should be most encouraged to move to healthier lifestyles, the low income families through the low income support schemes or indeed whether a greater programme, pursued by the Health Department, for the re-education of the public into the benefits of leading healthier lives through healthier eating and exercise and what have you. I think there is an integrated approach that is required but at the moment I think the proposition falls because there is a technicality which could be played, which would take us no further. I think, notwithstanding that, that the Minister for Health and Social Services should try and come forward with an enhanced programme for healthy eating in

conjunction with other bodies. I am hearing that that is already being done in schools. We have had the other school milk debate, *ad nauseam*. All these issues are related and I think, really, it is incumbent upon the Minister for Health and Social Services to try to do a little bit more in this area, as I am sure that she is willing to do. But making the simple link that G.S.T. taken off a small number of food items I do not think is going to provide the encouragement that all of us would wish to see happen to ensure that our younger stock, if you like, do achieve old bones and healthy bones into the future. So on that basis although I probably could support (a) I think it would probably not be right if, indeed, the Minister for Health and Social Services was not able to put anything on the list so I shall vote accordingly.

1.1.3 Deputy A.E. Pryke of Trinity:

First of all I would like to thank the proposer for highlighting the issues that the Island faces and she has mentioned obesity, drug and alcohol, et cetera, but also to reiterate that this is true not only to our Island but other jurisdictions as well. As Minister for Health and Social Services I would always give my support to initiatives that have measurable positive effects on people's health. However, I do not believe this proposition will achieve that and I urge you all to reject it despite the good intentions. There is no available definition of what constitutes a healthy food. One thing is certain, whatever definition is put forward it will be disputed. Nobody in any jurisdiction has managed to define what healthy food is. If it could have been done, it would have been done by now. The concept means different things to different people. Is it food that helps prevent obesity, lowers cholesterol or is it high in fibre and prevents bowel cancer? The Minister for Treasury and Resources mentioned about the Jersey Royals and, being a good Jersey girl, I like my Jersey Royals, especially the organic ones grown from my Health and Social Services farm, they are good, healthy, but it is what I do with them that makes them unhealthy. I like them fried in butter with chives, both of which are unhealthy if eaten in excess. The definition of healthy is a minefield of complexity, one of which has been around many times before in States debates. Another one is the closer foods are to their natural state the healthier they are. We can all understand that. Whole wheat is a whole grain and packs nutrients in, high fibre, all very good for you, very good for our system. I think everyone would agree. But on the other hand highly processed white flour has lost much of its fibre and consists of just simple carbohydrates. Does that mean we should just exempt brown flour and not white? Just another example of healthy; nuts, some say they are very healthy but there is so much conflicting evidence. Some say it is good for our diet and the fat content but others say it is high in calories. So what are they? Probably both, so where do those fit on the list? If G.S.T. exemptions were introduced the people who would benefit most would be those on diets that were healthier. Research tells us that these people are in the higher income groups. Those with lower incomes, whose diets tend to include more saturated fats, sugars and salt would receive relatively little relief from any G.S.T. exemptions. A 5 per cent reduction would obviously make healthier foods 5 per cent cheaper than they currently are but it would not be sufficient to bring the cost of healthier foodstuffs down to the same price as less healthy options. For those on a budget health foods would still do not represent value for money. It is highly unlikely that a 5 per cent exemption would result in any noticeable shift in people's shopping behaviour. It is well recognised that these changes in taxation alone do not get people to change their habits. We know this from the work that has been done in relation to alcohol and tobacco consumption. It would be unrealistic to expect much change in eating habits because of small changes in taxation. How can we influence the people's choice to a healthy lifestyle? I think the most important thing is educating our children about healthier, delicious and nutritious food. That work is beginning and continuing with our Healthy Schools Programme and that is where we should direct our resources. We should be looking at extending that across all schools. The schools: they are the next generation. We need to make sure that whatever education that we give about healthy diets will be sustainable and will be for their lifetime. This Assembly has previously rejected G.S.T. food exemptions on the ground that they will place a considerable burden on businesses. I would argue that if benefits to health and wellbeing outweigh that burden then exemptions should be considered

but there is no evidence to suggest that this would be the case. The time and resources needed to put together a list, and I would remind everybody that one across the world has not been put together. I would rather put that resource, those limited resources, into education programmes not only for schools but across the whole Island. There is much to learn from other countries. The Government in New Zealand, which is often lauded for its progressive G.S.T. system, recently rejected a private member's Bill on a similar nature. Despite the very good intentions of the Deputy, I cannot support this proposition.

1.1.4 Senator F.E. Cohen:

I am going to differ from my old friends ... from the good old days when I was on the Council of Ministers. I am also sorry that my dear friend, Senator Ozouf, does not like chips. I, on the other hand, as Members can clearly see for themselves, am a glutton for chips. My position is not about criticising the Chief Minister, the Minister for Treasury and Resources or the Minister for Health and Social Services, all of whom I hold in the very highest regard and all serve the Island with great distinction. My position is about doing what I believe is right for Jersey. Members will know that I have favoured the healthy food exemption or zero-rating option for some years and indeed proposed it on a number of occasions at the Council of Ministers. In fact, in this case I was beaten to lodging a proposition by Deputy Pitman. It can be done and it can be done quite simply on the basis of unprocessed fresh produce. Unlike New Zealand we are in the fortunate position of around 75 per cent of our food being sold by 3 companies. It is easy for them to implement such a system on their computer systems. We already have exemptions anyway. So it is not a case that this would break the mould. One of those exemptions in which I am pleased I played a small part was exemptions for medical supplies. New Zealand did all the work and despite the fact that their Bill was not approved by the New Zealand Parliament much of the work has been done by them. While I am not suggesting we crib it, it could be a jolly good guide to assist us in bringing forward proposals. Zero-rating or exempting healthy foods is about giving a signal. It is about allowing changes of behaviour. It is about promoting good produce and good food and it is about giving a message of effectively penalising unhealthy food. It rewards the consumer for making the healthy choice. It is not about money because the amounts of money involved are relatively small, particularly if the field is narrow. It is about sending the right message. It is, in fact, pretty much the same as the plastic bag initiative that the Deputy of Trinity and I introduced some years ago. This was enormously successful. By giving a simple signal to the community the number of plastic bags sold in the Island by supermarkets and stores dropped in one month by in excess of 90 per cent. In fact, we were told that it had dropped by in excess of 95 per cent, but I find that so unbelievable that I tend to use the lower figure of 90 per cent, but what an amazing achievement that Islanders were so enthusiastic to participate that plastic bag sales fell by such a spectacular amount. It was that people wanted to do it. They wanted to receive the signal. They wanted to participate and feel good about participating and the converse was they felt bad when they were not able to participate. I, like many others, feel bad when I forget to take my bag to the supermarket and am forced to buy bags. I always look around to see who is looking at me. So in summary this is not about taking a position against anyone. This is about doing the right thing for Islanders. We lead the world in financial services; let us lead the world in healthy eating. **[Approbation]**

1.1.5 Deputy G.P. Southern:

How refreshing it is to stand up following a speech by Senator Cohen and completely agree with it. What a refreshing fount of common sense and logic he has just shown. Of course, he has put to the sword the argument that we could not possibly make up a list because it is so complex and so difficult to do that it would be impossible and we would be doing it for ever.

[10:45]

The fact is, as the good Senator has pointed out, New Zealand has already done it and laid essentially the ground work for that. So, in particular, for that point ... reasons not to do it, in that

argument, dead in the water. It is has been done, it can be done; we have got a model waiting for us to pick up. Then we have a whole variety of specious arguments, (1) that we have got the income support system and G.S.T. bonus system which means that we take the tax off one set of people and we employ some civil servants to give it back to certain people and therefore that is the way to do things. That is really efficient, is it not? Hardly, so let us make that a little more difficult and change the numbers. It makes no difference whatsoever. If we have set up that system - it might not be the right system, I do not think it is, never was - but changing the numbers a little bit, by the odd fraction of a per cent here or there, will make no difference to that effort either, so that is not an argument. So hang on, that is (1) and (2), and then we have the absolutely scandalous accusation from the Minister for Treasury and Resources that, of course, retailers will not pass it on. They are all scoundrels, apparently, according to the Minister for Treasury and Resources; they are just scamming us and taking the maximum profit they can, and if we reduce the tax they will not pass it on. What a way to talk about our retailers. Some of them, some of them, it just may be possible, may be as honest as the day is long and would pass it on, and some more. It could be possible. So let us dismiss that, and it is scurrilous. Then we have the argument, of course, 5 per cent difference in the price of healthy food will make no difference at all, it is not significant enough. What is the end point of this logic? Wait for it: so let us wait for it to be 10 per cent - and it will be sooner or later - or 15 per cent, when it might make a difference, and we will do it then. Specious nonsense; illogical, irrational; it makes no sense at all. Then there is the argument which is often repeated by any Minister, and I believe there have already been negotiations about this matter, as to how long it would take to do. I believe the proposer has already moved the target to its current place of the beginning of 2013 because there was an argument: "We cannot do it quickly, give us some time to do it", and that was agreed by the G.S.T. controller, that that was a reasonable timescale and could be done if we want. But no, here we are, man the barricades, the Minister for Treasury and Resources is coming and saying: "No, we cannot possibly do it in that time", despite having agreed with the relevant officers with the expertise, with the proposer, that that is a reasonable timescale. But no, let us throw that one into the pot as well, probably not true, but never mind. No can do, that is that one and that is that one. Right, and here is the only argument that makes any sense whatsoever, in my belief. If we take the step here of removing G.S.T. from healthy food, what we do is we lift the pressure a little bit on the demand to take it off all essentials, like food and heating fuel. Now there will be moves in the new House to remove G.S.T. from all essentials. Acting now to support this takes a little bit of that pressure off, and if your argument is, we do not want to make the tax position any worse, even by this relatively moderate amount, we could make it a little worse by this moderate amount and take the pressure off the demand that will come", because I have spoken to candidates who are doing their door-knocking like good ones, and they are saying: "That G.S.T., they really feel strongly about that, do they not?" They want it off essentials, at a very minimum. Yes, they do, and that pressure will not go away. Ease the pressure a little bit by voting for this measure and maybe, maybe, we do not create a bigger hole later on when, as I believe we will sooner or later, we take G.S.T. off food and essentials. So bear that in mind, because that does make sense, for those of you who are maybe swithering about this position. It will save us some money in the long run.

1.1.6 Deputy S. Power:

I do not intend to speak for long. When I first voted on G.S.T. I voted against G.S.T. Since then I have said I will be consistent and I will always vote against exemptions. This morning, I want to explain why I do not think this is going to work, and I do not think it is going to take very long for me. I compliment Deputy Shona Pitman for doing this. I think it is gutsy and I think it is a mark of my colleague that she believes strongly in this area, and my view on this does not take anything away from her. My problem is the list of healthy foods that we would come up with if we could agree on it. Given the trouble we have in agreeing dates for debates and stuff like that, I doubt this Assembly would ever agree whether a carrot or an onion was higher in order of healthiness. That is my first point, that it would be mission impossible to agree the list. If we were to agree a list on

some basic foodstuffs that we would all agree to be healthy, such as an egg or a piece of fish or a piece of chicken, that is fine. It leaves the supermarket in a healthy state, but what happens when it gets to the frying pan? What happens when it gets to the process in the house? It then becomes unhealthy. An egg is healthy if it is boiled or poached; it is unhealthy if it is fried. Likewise, a fresh piece of fish; you cannot control what someone will do to it to make it unhealthy; likewise, chicken. So we have a list of healthy foods, and then for whatever reason, people will take it and do what they want to do to it to make it to their taste, and then that piece of food becomes unhealthy. So therefore, trying to make a list of healthy foods and then not following through. To me, it seems that the message that we must get across is the way we deal and process the food. Senator Cohen talked about his plastic bag initiative, and that was a very good exercise, it was very successful. It followed many countries in the world. I remember reading that in South Africa, the national flower of South Africa was the plastic bag because there were so many of them stuck to trees and bushes around the countryside. So Senator Cohen and the Deputy of Trinity's initiative was good. I would like to see a frying pan initiative. I would like to see maybe the Minister for Environment and Minister for Transport and Technical Services having some sort of tax break for people to hand in their frying pans so that they would stop frying food, and therefore we would have ... people would be boiling or poaching or grilling or doing whatever. Maybe we could have a tax break for people to buy grillers to replace the frying pans. Somehow, I do not think it is going to happen. So the point I would like to make is, we can have the finest list of healthiest foods, send it down to New Zealand and say: "This is what we are doing, guys, maybe you should adopt our Jersey healthy list," with the Jersey logo, the Jersey Fresh logo. We do not know whether it is a banana or an egg, but it is yellow. My view is that we will never agree the list and if we did agree the list, then we cannot stop people doing what they do to the food. Senator Ozouf made a relevant point in that good, fresh, healthy food takes time and money to get on to the plate. Now there is a trend in the Channel Islands, in the U.K., in Ireland and to a lesser extent in other European countries where busy mums and busy dads buy semi-processed food. Food in a box is what I call it; it is the food that is surrounded by 2 to 3 layers of packaging, and that food is full of sugar, fat and salt. That is the food where, you cannot criticise busy working mums, you cannot criticise busy working dads, you cannot criticise busy working parents for buying this food, but the point is that it is not as healthy as a fresh piece of food that is prepared simply in a kitchen, without ever seeing a box, or without ever seeing a supermarket such as the 2 big groups we have. So we are where we are today. It is 10 out of 10 to Deputy Shona Pitman for bringing this one. Unfortunately, I think it is an incomplete report and proposition. I do agree with Senator Ozouf, I disagree with Senator Cohen, and I disagree with Deputy Shona Pitman and I shall be voting very much against it.

1.1.7 Deputy M. Tadier of St. Brelade:

I think the previous speaker has raised a lot of very good points. I think, to bring this back into context, no Member should be under the illusion that this proposition in itself is going to solve all the problems surrounding (a) the healthy consumption of food and (b) the reduction in prices for the acquisition of healthy foods. Nonetheless, I think it is a necessary condition on a step towards getting to a place where we want to be, encouraging and changing behaviour in society. I will explain in due course the 3 reasons why I think we can be supporting this proposition, even though it is not the perfect and single way to address the issue. Similarly, I am very pleased to have heard Senator Cohen speaking in support and I hope that this time he stays for the vote, unlike yesterday when he spoke in favour of the secret ballot and then he was not present for the vote. So he might even choose to vote.

Senator F.E. Cohen:

If the Deputy would give way, I was absent yesterday because I had to attend the I.O.D. (Institute of Directors) debate.

Deputy M. Tadier:

I am glad that the I.O.D. benefited from the Senator's presence, when we could have done with him possibly, in this vote. But in the end it was okay because it was a comfortable margin of 2. Nonetheless, I am also pleased to know about his plastic bag initiative, which reminds me of Al Gore, who allegedly invented the internet, as well, but we will leave those 2 little digs aside for now because essentially Senator Cohen is on our side for this one, and he is not the problem. There are also, I think, let us call them specious arguments about the impossibility of producing a list, because apparently now, in spite of what we tell people in school, in spite of this healthy food pyramid, there is not such a thing as healthy food. So 2 arguments, one from Senator Ozouf saying, if you take a potato, stick it in a deep fryer, it becomes unhealthy, you take some pineapples - I think it was pineapples - batter them, put them in a deep fryer, they become unhealthy. Yes, that is right Senator Ozouf, but the clue is in the deep fat fryer. It is not the potato which is unhealthy, or the pineapple, it is the fat. So what you would do is, you do not put fat on the list for healthy foods, but you can quite happily put bananas, pineapples and potatoes. Let us start now producing lists, and quite rightly, Senator Cohen said, let us start with unprocessed fruit and vegetables. We can do you a list now. We can do carrots, unprocessed peas, bananas, oranges, orange juice, mangetout, petits pois. The list can go on, and I think we could all agree to those things. So a list is not out of anyone's reach. I am sure we have experts who work in the Health Department who it is quite within their grasp to produce a list which could either be a cautious list or which could be more inclusive. Also, Deputy Power said that, how can you classify whether a carrot, I think, is more healthy than a pea, something to that effect. We do not need to put these in order, we do not need to say a carrot is more healthy than a pea or *vice versa*. We just produce a list of what we consider to be healthy foods. So I think that argument can be reasonably shelved. We know that, for example, nobody has ever died - I do not think, in Jersey anyway - or have been admitted to the hospital for overeating on a bag of Cox's Pippins or eating too many carrots, but they may, and I am sure many people have ended up in hospital, because they have had a lifetime of eating McDonald's hamburgers or something similar. So the first argument I think to support this is that it does set the ball rolling. Deputy Duhamel is quite right, we need to be looking at other initiatives because the ultimate problem is that unhealthy foods are usually cheaper than healthy foods. Processed foods and the likes of things that they sell at Iceland or other things which are in the packet, which you peel back the film, which usually does not peel back from those kind of places because they are so cheaply done, they are full of sugar and fat. You can buy them for a pound, but one should be immediately sceptical when you can buy a ready meal, a curry with rice or whatever, for £1, but people are buying these things people because people do not necessarily have the money. And so I think the next argument is that I think we should not be putting barriers in the way of people who want to eat healthy foods. Taxation can be seen as a barrier. Now we know that taxation can be used for 2 purposes, either to raise revenue or to change behaviour.

[11:00]

Often it can change behaviour even when it is not intended to do that. So we should not be putting barriers in front of people who want to buy healthy foods. I think the same arguments have applied in the past.

The Bailiff:

We have just gone inquorate. Usher, please summon back Members. Now we are quorate. Please continue then, Deputy.

Deputy M. Tadier:

I think I should have been more circumspect at the beginning and not had a go at Senator Cohen, because probably we would have been graced with his presence. I must learn. So where was I? I think I was saying about how healthy foods, and the fact that we need to encourage people as often as possible and not put any barriers in people's way in order to stop them from doing what is right. That does not mean we cannot do other initiatives. I think we do need to be looking to put higher

taxation or probably some kind of other taxation to dissuade people from and to dissuade shops from stocking and selling things which contain inherently harmful ingredients. I asked a question about hydrogenated fat, which is inherently bad for people - arguably even more than saturated fats, because they remain in the body - and Senator Ferguson was shaking her head, but clearly you would not let somebody sell a product with glass in it. That goes without saying so on the sliding scale of logic, if you were putting other things into food which were harmful to people and provably harmful, simply because it is more financially expedient for those who are doing it so they can capitalise on it, I think that their behaviour does need to be taken to task. I know that the Senator does not like taxation to change behaviour but I think we should not be dogmatic about these issues, that there is a place for that kind of mechanism which a Government can use in the right places. The third argument, I think, why I am happy to support this is because it damages G.S.T. I am not a fan of G.S.T. I am certainly not a fan of G.S.T. in its current form without any exemptions on the basics of food and drink, electricity, fuel and things that nobody can do without. Essentially this is what this proposition is doing; it is drilling down from that and saying: "Okay, we might all differ on what we think are the essentials in life but surely healthy food is what one needs to provide for one's family, especially for youngsters." I think those are the 3 reasons I have given. Of course this needs to be set into a context of the fact that Jersey, for various reasons, does have expensive food prices because it is an Island. It is not uncommon for Islands to have expensive food, obviously due to the process of having to bring things into the Island. But there are other issues we need to look at, for example, in her handout, Deputy Shona Pitman has talked about milk being on average 39 per cent more expensive than in the U.K. That is fine. I am going to support this proposition. If we take it off milk it will be 5 per cent cheaper, but essentially I still do not understand in Jersey why we have this draconian kind of communist regulation surrounding milk. Why is it that we cannot buy English or French milk in Jersey; ostensibly to protect the Jersey cow, of course. Do we have similar measures in place to protect Jersey Royal Potatoes, saying that you can only sell Jersey potatoes in your shops, you can only buy jumpers which have been knitted in Jersey ...

The Bailiff:

Deputy, I am very sorry, this may be an interesting topic but I do not see it to be relevant to whether to put G.S.T. ...

Deputy M. Tadier:

All right, Sir, it is my final point and it is just to set the context, although we should be mindful to support Deputy Pitman's proposition, there are other things which we need to do to tackle the same issue which the Deputy is trying to address. In order to be holistic we do need to look at the fundamental issues of the policies and restrictions we have in Jersey and other mechanisms to reduce the price of food and to encourage health food consumption. I will leave it there. I think we can support this. There have been some arguments which have been made which, I think, are just looking for reasons not to support this when it is a step in the right direction and it is one thing that we need to be doing and looking for other measures to introduce as well.

Deputy A.E. Jeune of St. Brelade:

May I ask a point of clarity of the previous speaker? The previous speaker made reference to, among others, carrots do not cause harm. Would the Deputy not accept that there is case history of excessive intake of carrot does cause harm?

Deputy M. Tadier:

I suspect that there have been admissions to A. and E. (Accident and Emergency) units to do with carrots but it also depends how the carrot is consumed.

1.1.8 The Deputy of St. John:

Fresh fruit, fresh vegetables and the like ... and I have been a person who has been opposed to tax on food, G.S.T. on food. I have been opposed to it all along. I think it is wrong but I do wonder if we are coming from the right angle here. Fresh food produced on the Island, I can support but if it is being imported ... we see on a daily basis, if I go into any of the supermarkets, strawberries any time of the year, raspberries and other products, any time of the year. We know if it is January that they have not been produced in Jersey. We know there is, shall we say, an audit trail all the way down from Brazil or wherever to bring it here and the expense of it as well as the damage being done to the environment - wearing my chairman's hat as the Environment Scrutiny Chairman - in bringing all that from the other side of the world. So, there are 2 things here which need answering by the proposer of this proposition before I decide which way I am going to vote. That is a real problem. The other thing I need answering; one man's or one lady's fresh fruit, et cetera, fresh vegetables and the like, can be a poison to somebody else. I know there is a Member in this house who cannot eat certain products. Therefore, there is another issue there that needs answering. Other people have allergies to milk products and there is another issue there that needs answering. So, where is the balance in between? I think this needs to be answered. As I say, I am supportive of no tax on food, I have been all along but I really need to know from the proposer how we are going to get over the irradiated food that is being brought in as fresh fruit, fresh vegetables from other parts of the world, because there is a big impact on the environment on these products being brought across. So, if, when she is summing up, she could cover those areas, please, because that will give me the where and why for or which way I should be voting, if she can convince me that that is still acceptable environmentally.

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

I often think it is a shame where we get propositions that are non-Ministerial propositions and the sort of excuses that come out often are like: "We are trying to make that Member the expert" and we are always hearing that we cannot be the judge on police matters, we cannot be the judge on taxation matters, et cetera; we listen to the experts and I think that is ... it is not a fair excuse not to vote for something like this because, after all, we are asking the experts to do it. When I was in education we used to have posters up and one of the ones that always stuck in my mind said: "If you tell the truth you do not have to worry about remembering what you said." I mention that, not to cast aspersions on anyone, but when I hear Ministers say that it basically cannot be done where only a few months ago I spoke to that Minister - and the conversation was witnessed fortunately - and the G.S.T. Director had said that, yes, this could be done and now apparently it cannot. What has happened in that time? What has happened in that time? Has somebody been leant on? I think that is what really makes the general public so angry about this. We can have our views on anything and we can argue the pros and cons but it is when we get these silly red herrings - they are not silly because they are very serious - how is it that our G.S.T. Director who we employed can say to a Minister that, yes, this could be done ... the reason is they did not want to do it. It is fact, so how did it change? Some of these red herrings; it is impossible to do a list. Well, I believe a list was worked on but maybe we will hear more of that. How difficult is it to work out a list of healthy food? It is obviously very difficult. I went on the internet and I found a foundation of 12 million followers who have promoted one. It is a non-profit organisation and I have got the document here. It is interesting when we hear, even Ministers for Health saying: "We cannot do this" yet we are all agreed that apparently we can define what an unhealthy food is. So, I cannot really get my head around that one. If we can say what is not healthy, we should be able to say what is healthy. There is something very funny going on. So, we can work out - and this country is moving to taxes on junk food - and the way they define them, it is on fat content and salt content. What a great leap into the dark it would be to start defining what is healthy then. It is a nonsense argument. I am sorry but the argument with the Minister for Treasury and Resources and some of his other Ministers, like the Minister for Health and Social Services, there is absolutely no basis in fact, I am afraid. As I say, it is what makes people very, very angry. If the Council of Ministers do not want to do this, as with anything else because of the political perspective they have, the ideology,

doctrine, call it what you will, fine but let us tell people that. Let us not come up with this nonsense that we are all going to be sued, that it could not be done it is too difficult, because that is just, as I say, a nonsense. If you can do fat taxes you can do it the other way round. I am interested in this subject because I was and still am officially a qualified fitness instructor although I no longer look one - I have obviously been following Senator Cohen with too many chips - but I am interested and have always been interested. Some research I was doing, this is in Seattle - I did not go there unfortunately - the Obesity Research Centre at the university and, as they point out, it is absolutely no surprise that people on a very low income opt for cheap food - cheap high-calorific food - because if you have not got 2 cents, over there it would be, I suppose to rub together, what are you going to do? You are not going to be going around the market looking at the nice glistening bananas; you are going to be off to the equivalent of Iceland and you are going to buy the cheapest, biggest pizza you can get. I wonder if any other Members have watched *Supersize Me*; I challenge anyone to watch that documentary and say that there is no impact on getting people to change their eating habits. There is a big impact; it is a life and death one and it can be effective in a very, very short time. I was really, really surprised at what the Minister for Health and Social Services said in her speech because she seemed to be worrying that if we did this we would be helping the people who are already very wealthy. Well, so what? That is one area in which I do not care if I am helping someone to be healthier still. If I am helping the people at the bottom then that is great. That argument has got no weight either. There also seems to be the red herring being put about, and I have to suspect that it is deliberate, that somehow the proposer is trying to say that this is the only answer. Well, of course it is not the only answer. It is very rare that any of the problems that we get faced with in the House have one, simple, snap your fingers and it is done. You must educate. You must make the education available. You must make what we are promoting affordable. It has got to be the great irony, as the proposer said, that we are hammering home to parents, look after your kiddies and yet we tax those very foods we want them to eat. If ever there was not joined-up thinking in Government, I think that is a great example. I am also hearing this crazy - if I can say that - argument that somehow we should not do this because I might buy a nice healthy carrot, it is healthy when I get it but when I get it home because I am a bit daft I stick it in my eye.

[11:15]

Well, that is my fault; the Government cannot legislate for that. I should not have sharpened it, should I, in the first place? But what is this argument about. I can buy a nice kitchen knife and that is very useful for what it was intended for. If I start throwing it around the house, bouncing it off the walls and it sticks in the wife, it is not the Government's fault. So, let us stick to a coherent and a factual argument. We hear all the time and again, it is another thing that gets the people so annoyed, we say: "We want to do this" and we all know it then we get the "buts" and the "however's" or the "not now's". I can remember standing here a short time ago and I heard passionate speeches from the Minister for Treasury and Resources and the Chief Minister: "We must have an Electoral Commission". About a month later, suddenly, they were speaking against it. They did not want it because it did not suit their particular political purposes. If we are going to tell people that we are serious about issues, and surely, surely all of us are desperately committed to wanting to do the right thing in terms of people's health - not just the children's but the elderly, ourselves - surely we are going to act on something like this. It is something you cannot let ideology get in the way of. Healthy food surely, to use the term I do not often use about being a no-brainer, if you can see someone eating and you can make them see that it is healthy to eat a particular food, if you can make it more affordable for them, you can get into their subconscious so that when they are out in the shops they think: "Yes, I will buy those apples. I will not buy that toasted, battered Mars bar", then it is going to be a good thing that we would all wish to pursue and support it. The proposer also talked about pricing and, again, I was doing some research and when you look into America, I was stunned to see - and this throws up the question about the whole way we live our lives in society - in America since 1983 healthy food, fresh fruit and vegetables, has

increased apparently 200 per cent since 1983 and that is 3 times greater than the price increases of rubbish; sugary, fat stuff that we basically would not want people to eat. You have got to ask why - because Government has got a big part in allowing this to happen - Governments, and not just ours, are allowing this to happen. If we are serious about the long-term health this proposal makes sense. No one, I believe, can argue that if a child from birth really is given healthy food then that is not going to save us money long-term by avoiding those knock-on effects of where they are becoming obese, picking up other illnesses, the time off work, the extra costs on to income support, not being productive in the community. It is the other tax payers who pay that money, Government have to pay that money. So, it just makes no sense. I know Senator Ozouf says all the arguments have been rehearsed. Well, I do not like that term. It is fine to have your views but it is not rehearsing it when you believe and you know that something is right. I would just urge Members to think with a mixture of head and heart, healthy food is good for us. Anything we can do to promote that is going to have dividends long term down the road. Lawyers love to tell us this is going to happen and that is going to happen and you will get a lovely big bill for it and we do get lovely big bills for it but you cannot be intimidated by what might be. The evidence that the proposer has brought up is that that has not been the case to a good extent. I am glad the Constable of St. Clement is here because I am hoping he is going to do his Rum Baba speech because I always enjoy it. But I am afraid it is a distraction. It is not relevant. We cannot be distracted about whether you are going to cover your onions in butter and whatever else when you get home. We are talking about what the Government can do. They can make healthy food, good quality food, maybe Jersey food - who knows - affordable. They can encourage people to buy it. Otherwise we get scenarios like the "Think Twice, Buy Local" and people think: "Yes, great idea", then they learn what a big scam that was; that all the promotional material was bought outside the Island. Immediately that has lost all its impact. We are putting out this mantra - and I am going to end here - we are putting out this mantra that we want to do something about obesity and ill health and yet we have a chance to do it, one part of it, it is not the whole answer, and we are getting these silly arguments just based on people's political ideology. I do not think that is the right way to go. I do not think that is the best way forward for our people and I do not think it is fair on our people. I do care passionately about young people. I care passionately about old people. I even like a few in the middle. I am saying I will support this; it is not the whole answer but it is a good start in the right direction.

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

I was going to say something about the Rum Baba speech, which we cannot have this time unfortunately because it would be completely irrelevant, would it not? But I gather that nobody has yet said that this proposition is about sticks and carrots, so I will say woooo. No, okay. I listened to the speech of the proposer and I do not think more needs to be said about the scale of the problem of the health issues that this proposition is seeking to address, so I will not repeat what she said. Just to remind Members of a couple of things that I wanted to pick out, just to remind people. She said that it is predicted, in a do-nothing scenario, that 7,500 people will be seeking help in terms of diabetes. That is an astonishing number for a community of 90,000 people. I think we do have to ask ourselves that if we do not do this, what do we do? If nothing else this debate serves to raise the profile of the whole issue of diet and health. That is the first point I want to make and it will come back at the end. The second point I want to make is this issue of the feasibility and the practicality and so on. I well remember the Chief Minister in a previous debate on G.S.T. - I cannot remember which one - pointing out to Members that over 100 countries had G.S.T. systems - in fact it is way over 100 - and I think he said something to the effect that few countries had exemptions because that particular debate was about exemptions. But, in fact, food exemptions are quite common across the world and it is important to remember that because the argument often runs - and I am sure it has been used - that this is somehow terribly difficult and will cause a lot of problems. I have a couple of sheets here which I am afraid I have not been able to circulate - I might do it later - drawn from KPMG's *Corporate and Indirect Tax Survey 2010*. They do this every year and it is a way of allowing people in the field to compare all the countries of the world,

more or less. What I did was, when I went to the section on G.S.T. and they have a section within that on food, I simply did a search on the notes, because the notes explained country by country how countries approach their G.S.T. systems and what their G.S.T. systems contained and what the exemptions were. I just searched on the word “food”, which I think is a reasonable way of proceeding. I would have picked up every mention of the word food for nearly all the countries of the world in relation to their G.S.T. systems. What I did was I just listed on a spreadsheet the countries in alphabetical order and I gave up at Malta. Australia, Austria, Bangladesh, Barbados, Belgium, Botswana, Colombia, Costa Rica, Cyprus, Czech Republic, Ecuador, Fiji, Finland, France, Germany, Honduras, Iceland, Ireland, Italy, Korea, Luxembourg, Macedonia, Malaysia and Malta. I did it in one breath, just. All those countries as far as Malta - then I stopped; I just thought there is no point producing more data - have an exemption on either food, some food or certain food. Then I split it by category, I just sorted them, and 9 or 10 countries had an exemption basically on food. Most food was 3 countries, basic food, which obviously would have to be defined by each country, 7 countries out of that list and I will just read the definitions: “Basic food items, certain food products not mixed with other products, basic food items for human consumption, unprocessed foodstuffs [that is Korea, it probably means rice] and certain food.” Six countries have defined the kinds of food they wanted exempted. Bangladesh: “Certain food items such as meat, fish, potatoes, vegetable and fruits.” Ecuador: “Natural food products, milk and certain industrialised food products for human consumption.” Fiji: “Some basic food items such as rice, flour, tea, edible oil, tinned fish and powdered milk.” Italy: “Certain foods.” So, it is being done. It is being done, so I think that lays to rest perhaps the main argument about this, which is that it cannot be done. The Foreign Assistant Minister has spoken in favour of this proposition and he did circulate to Members some time ago the background paper done by organisations in New Zealand about the removal of G.S.T. from healthy food, which was a Bill introduced into the New Zealand Parliament. They produced a background paper and the group of organisations that commissioned the research were the National Heart Foundation, The Cancer Society, The Stroke Foundation, Diabetes NZ and an organisation which ends with the word Maori, and I am not going to attempt to pronounce it. But it is interesting that those organisations teamed up to produce a paper called *Removal of G.S.T. from Healthy Food*. The Minister for Treasury and Resources’ comments refer to that background paper and rightly so because it is an extremely thorough and well-written report and it looks at all sides of the question. It is not a propaganda exercise by any means. It looks at the cost to business, it looks at ... the scope of the research is really quite comprehensive and, as I say, it is thorough, it has got proper references, and so on. First of all, the reason I am citing this is that this is the best research that, as far as I know, is available and it covers the entire country. Their opening paragraphs talk about the importance of public health, nutrition and in supporting healthy food choices. “Healthy food is often perceived as more expensive than less healthy food. Ideally healthy food would cost the same or less than unhealthy food in order to support healthy choices.” They give a figure that: “A healthy food basket would cost 7 per cent more per week than an unhealthy food basket or than a less healthy food basket. The intent is to make healthy food more affordable, remove the barrier of a price differential and thus encourage consumption.” So that is the starting point, because they recognise the importance of the issue. On scale, which I mentioned right at the beginning, just how big is this problem? Their figures are quite startling and these come from proper research papers, but I will not give the actual references because this would go on too long if I did. But: “Inadequate fruit and vegetable intake alone [and this is New Zealand, which has a population of only a few million] contributed to 1,600 deaths (1,559 deaths). It was predicted that a 40 gram a day (a medium-sized mandarin), increase in fruit and vegetable intake could prevent 334 deaths a year by 2011.” Now, of course statistics like that are always a bit ... one would have to read the whole paper and peer review it oneself and then see and so on and so on. But it comes from a paper written in the *Australia and New Zealand Journal of Public Health 2006*; so it is a proper research paper.

[11:30]

That gives an idea of the scale of this issue. The second thing I want to point Members' attention to is their discussion of the effect of price reductions on healthy food. That obviously is the key because I think people have been saying: "Well, would it really" and "Would it not really" and so on. It is quite interesting because this paper cites a number of studies which look at the modelled impact and, in a sense, work out what would happen. They quote French, U.S., Canadian studies on that basis. The only study that is done that looked at what people did was the S.H.O.P. (Supermarket Healthy Options Project) study. I will now quote this because it is basically the nub of this debate. "The S.H.O.P. study suggests that removing G.S.T. from fruit and vegetables does increase consumption [a 10 per cent increase for a 12.5 per cent discount]. S.H.O.P. was a randomised, controlled trial of the effects of tailored nutrition education and price discounts on supermarket food purchases. It involved 1,104 participants in the lower North Island; 23 per cent were Maori, 9 per cent Pacific. 12.5 per cent price discount increased fruit and vegetable purchases." So, it was randomised, it was controlled and it was real. That is what they found and that is the only piece of research that they could find that was actual; that gave the discount, ran the public education programmes and saw the result. It is interesting that the 2 things were bracketed together. Tailored nutrition education and the discount, and that obviously raises the point of whether this can be a stand alone measure. I am sure it is not the intention of the proposer that this be a stand alone measure. There are obviously, if the Government in Jersey were to go down this route in any shape or form ... because it is up to the Health Department to define this and they will define it in a way that is feasible because they will talk to Treasury and they will produce a list that is feasible in terms of tax. I am sure that that would happen. Of course, that discussion, bringing that into the public domain, would be electric in a community the size of Jersey. It would have an instant P.R. (Public Relations) impact. Gosh, if I go down to the shop today or in a year's time then all the fresh fruit and vegetables I buy will be 5 per cent cheaper assuming that the shopkeepers do not pocket it, then that would have quite a big impact and there would be a roaring debate about whether the shopkeepers would pocket it or not, and so on. It would raise the profile of healthy eating and on the back of that of course all the discussions in schools, the education of the children and in the youth clubs, would all take off because we had made this first step. The point about this is not stand alone; it would lead on a whole raft of other measures. It would be, if you like, the prompt to real action which is so badly needed in this area. If this proposition were not to be accepted today, then I have no doubt that a modified version might return. I have already written the modified version for the benefit of anyone who might wish to take it up after November. I was going to lodge this proposition; it says: "Draft proposition to be lodged by the Deputy of St. Mary" but I did not because Deputy Pitman had beaten me to it and I thought it would muddy the waters really. My proposition was wider and it gave, in a sense, more leeway to the Ministers of how they would approach this issue. My proposition asked the Minister for Treasury and Resources to bring forward one of the following options, or rather exemptions on food using one of the following formulae: (1) All food and drink defined as everything consumed by humans, which was a way around the G.S.T. problems of how do you define: is this food and is that not food. If it was consumed by humans, if it went down here and out the other end then it was food; (2) All food and drink defined as everything consumed by humans but excluding the food sold by any catering outlet, so that got rid of the whole argument about should G.S.T. apply to restaurants and cafés and people spending oodles of money at La Capannina; (3) All food on a specified list of non-processed foods, which is similar to what we have today; (4) All food produced in Jersey. Is there an option for having a G.S.T. barrier at the harbour, in a sense? That would include the whole agenda of Genuine Jersey, of encouraging people to buy the milk that we produce, the vegetables that come out of the ground in Jersey, the fish that comes out of the sea in Jersey. I think there are very strong arguments for that. The arguments against are again feasibility; is it possible to have, in effect, a tariff wall against goods coming in from outside. That would be something that would be looked at but I just included it as a very important option, because I think this issue of food miles and self-reliance and food security is of vital importance. So, I think that should be on the table; (5) Any variation on the above. Then, following the criteria of fairness, ease of administration and other

benefits including the health of our population and the promotion of our Island's economy and identity. If you reject this proposition, it will come back and it will come back possibly in some form similar to that which I have just outlined, which is comprehensive and gives plenty of leeway for different options. Coming back to the proposition as we have it, I would say to Members that it asks the Minister for Health to draw up a list of healthy foods. As I have said, she will not bring up a list of foods that cannot be easily policed, that cannot be easily administered in terms of tax. She will consult because the end purpose is that that is the list that will become the G.S.T. exempt list, so she will produce a list that is feasible in terms of tax. It is very likely on the basis of this New Zealand paper that the easiest option is fruit and vegetables - just fruit and vegetables - because that is fairly easy to define. We have heard a lot about the difficulty of defining what this might be and the New Zealand paper helpfully covers this issue; which foods should be eligible to be G.S.T.-free: "There are 3 options: one is fruit and veg; (2) a basket of specific staple foods [or needs as opposed to wants and there is a reference for that]; and (3) healthy/healthier foods as identified by a rigorous nutrient profiling system, for example, the F.S.A.N.Z. (Food Standards Australia New Zealand) Health Claims Calculator." There are ways of doing this. "Of these options, the most straightforward and least contentious would be fruit and veg." They do not say "fruit and veg"; they say "fruit and vegetables". "There is also a clear need to increase intake of fruit and veg across all income groups. It was the only food group in the S.H.O.P. study to respond to a price discount." The Health and Social Services Department are not blind, they can read. They will read this document if they are entrusted with this task and they will come up with something that could work and that is really all that needs to be said and I hope Members support this proposition as a prod, as a move to get this thing happening and I rely on the Ministers to come up with something that does make sense.

1.1.11 Senator F. du H. Le Gresley:

So far in debates in this House on G.S.T. exemptions I have been convinced by the arguments that if we were to remove G.S.T. on certain items the impact on some of the measures that we put into place to look after low-income households would be affected, and I was not prepared to sign up to anything that would take benefits away from people on income support, remove the G.S.T. food bonus, et cetera. So, I have resolutely stuck with that view until I was convinced to the contrary. I am about now to break my manifesto, which has already been circulated, because I did say in there I had to be convinced that there was a reason to allow exemptions. I think that the way this proposition is worded by Deputy Pitman, I can break what I have always stuck to so far, because it is a very simple proposition. It just merely says to request the Minister to present to the Assembly within 12 months a report listing those foodstuffs that can be defined as healthy foods. I have no problem personally with fresh fruit and vegetables being exempt from G.S.T. I do not have a problem with that. So, if that is the only thing on the list - and I think that Senator Cohen made the same point - if the Minister comes back and the only thing on that list is fresh fruit and vegetables, I could support those items being exempt from G.S.T. The only reason, going back to my earlier point why I could support it, and it is in the comments from the Minister for Treasury, is because he has given us an illustration of what the financial impact would be of exempting fresh fruit and vegetables and the cost is £1.5 million. I would say to Members I would trust that the Minister for Treasury and Resources would not expect to go and recoup £1.5 million or a percentage of that from low income households by reducing their income support, by taking away the G.S.T. food bonus, so I would suggest to Members that it is most unlikely that that £1.5 million would be attempted to be recouped from those groups in any shape or form. Certainly, if I am still in the House, I would definitely fight against that happening. I think what we have here ... and I commend Deputy Pitman on this because if you look back at previous debates, the issue of food exemptions, the vote has been very close and she only needs to persuade about 3 or 4 Members to change their vote, and I am about to change my vote. So I suspect that the Pitmans - if you will excuse the use of that word - will have another victory today, because I do believe that she has got the right proposition here. We are not going into the unknown. We can produce a list and it could

just be, as I said before, basic fruit and vegetable, which is a big bonus. As the Deputy for St. Mary said, we have got this Genuine Jersey slogan, we are trying to encourage our rural industries and this is going to give them a boost. I do not buy into all the comments we have had before about this will improve healthy eating. I do not buy into that. I just think fundamentally fresh fruit and vegetables I have no problem with; I do not think we should charge G.S.T. on it. I hope Members will consider that that could just be the only thing on the list and therefore there is no problem with supporting this proposition.

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

I do not have much more to say because a lot of it has been said but I would just like to comment that it always surprises me when somebody like the Deputy of St. Mary, Deputy Pitman and even Senator Cohen today, are the only 3 people who have done some research on the subject. People are not in the House and the ones that are in the House their eyes are just glazing over because they have already made their minds up. The Minister's tack is do not give them an inch, they will take a mile, and to say - and I am the other Assistant Minister for Health - that we at Health cannot produce a healthy food list. What are we saying? It needs education. It needs education on board. We are an Island 9 by 5 with 80,000 or 90,000 people. We need to go back to basics. If we cannot stop obesity here, the rest of the world has not got a chance, so why is it ... we have come up with every argument. What is healthy food? I listened to Senator Ozouf; is it a pea in this way or a pea in that way? **[Laughter]** Sorry, an edible pea. Anyway, of course you have got every reason that it cannot be, that what is a healthy food? As Senator Le Gresley has just said, basic fruit and veg. has got to be healthy. We have to encourage more. If that is all that Health can come back with ... there is also the argument - I have heard it said by different people in the House today - would the less well-off spend the money on healthy food?

[11:45]

According to the Minister for Treasury and Resources he knows they will because he is going to lose £1.5 million. If they are not going to spend it on that, they are not going to lose the money, are they? They will just buy the same. So, that does not really add up. It is all about it is fundamentally political that we are not going to have exemptions on food. That is the starting point and they will come up with any argument to stop it. Even the Health Department cannot produce a healthy food list. It amazes me, and it does amaze me that people like Deputy Wimberley, Deputy Pitman and Senator Cohen have done the extra research. I did not need to do the research because I think it is fundamental that we do have food and it is giving the inch, and we will take the mile. You keep putting the G.S.T. up and it is morally wrong; we will come back for other foods, of course we will. As the Deputy of St. Mary has just said, there are options. The one about the shopkeepers not passing it on; well, if you have got shopkeepers who are in competition, I would go out there advertising my loss-leader not only the 5 per cent off but my loss-leader would be fruit and veg. If that was your starting point, why would they not? They are in competition with each other. I know people who will not go to certain shops to buy their local paper because it has G.S.T. on. They will walk the extra 100 yards to ... they will not buy it. So, the consumer will go to the shops that they know. They are not stupid; they know what the price of fruit and veg. is and they will know who is taking the 5 per cent off and that is where they will shop. But it does go back to the hat that should be also worn today, is that of the Minister for Education, Sport and Culture, whoever they are in the next House, needs to go back to 3, 4, 5 year-olds who are in nursery school, primary school and bring it back. The children are teaching their parents about the environment, they are teaching their parents about recycling, and the children are the ones who will have to teach this middle generation how to go back to basics and cook. Cheap ready meals are not always the best. I can buy a packet of frozen vegetables for £1 in Iceland and I can just add a bit of stock and onions and I can make a lovely vegetable soup out of it. It would feed a family of 5. Now, a tin of soup is 80 or 90 pence and some are over £1, so if you are shown how to do it and it is not rocket science, it is very easy, you let the vegetables melt and then you just cook it. It is so simple, and

they do have peas in them as well, frozen vegetables, and they are quite healthy. We do have a massive obesity problem over here. The only way we are tackling it at the moment and not very successfully, is to offer, on a long waiting list, a gastric band operation. How sad is that? How sad is that? Jersey can lead the way. Working together with Education, working together with Health; we know what the problem is, everybody knows what healthy food is, how it is prepared ... I listened in the coffee rooms - I was down there, I had to answer an email - to a frying pan debate. Well, some of you all need hitting over the head with a frying pan and it might knock some sense into you. I am sorry, my frying pan I do stir fries in with boiling water, no fat takes it at all, I poach my eggs in a frying pan and there is not fat in it; absolutely no fat. This argument about people who are well-off and people who are in Iceland; the fat in a Marks and Spencers ready meal is as bad for you as the fat in an Iceland meal. **[Approbation]** The meat might be a bit better but the fat is still the same bad fat and the same bad salt and the same bad sugar. So, as to giving it to the rich and the poor; I am only interested across the board, we are eating very, very unhealthily at the moment. We need to educate the whole of the population and we need to start, as I reiterate, with our children who can pass it on. This might just be a debate about taking G.S.T. off healthy food but it is a much wider debate and this is a start. We should be doing it in here and for once we should be not siding with the party line and it has got to be kept simple. This is a bigger, bigger, bigger debate and a real big problem and we can start by tackling it in here and I support wholeheartedly the research that the Deputy has done, and there are only another 2 who have bothered to do any research. The rest have come in, made their minds up and I hope, like Senator Le Gresley does, that at least enough have heard that there is a problem out there. We need to start tackling it and we start today by supporting Deputy Shona Pitman's proposition; take G.S.T. ... well, she is not even asking that. She is asking the Health Department of Jersey to go away and define healthy foods. If they come back with just apple, oranges and carrots ... carrots; yes, death by carrot, according to the Deputy of St. Brelade. Well, not many, I doubt. Not many; more deaths by McDonalds and saturated fat. You have to defend your vote somehow, so when you go to your electorate you can tell them that you know somebody who died of overeating carrots so you could not possibly take G.S.T. off of healthy foods. Why would you? It is a killer. How many rabbits do you know that are dying? **[Laughter]** They are nibbling away quite happily on their unfried carrot and they are living a long and healthy life. Sorry, I cannot go on.

The Bailiff:

It is probably just as well, Deputy. We have had a number of contributions; I hope Members will think whether they have something new to say about it.

1.1.13 Senator S.C. Ferguson:

I was thinking very hard about it. Speaking as somebody who is losing weight without a gastric band ... anyway, for Deputy Tadier, there is a significant difference between the prevention of the inclusion of harmful products in foods and the use of taxation to change behaviour. It is the underlying principles of this debate that are worrying me. What is the purpose of taxation? I do not believe that we should be using taxation to change behaviour, because this is implying that we are making choices for the population and do we really have all the answers? Should we be dictating? What happened to freedom of choice? Why do we assume that Governments should do everything? Should we be dictating lifestyles? The Deputy of St. Mary included promotions by supermarkets. Supermarkets are not stupid. Organics were the last fad that they promoted and healthy foods are the new marketing tool. The Deputy particularly mentioned the promotions for B.O.G.O.F.s (buy one, get one free). It is a technical term. Is the buying trend going to continue when the promotion finishes or will we be on to the next marketing trend? The Deputy also mentioned; "Wonderful, 5 per cent off." Well, with great respect, removing G.S.T. from anything is actually 4.76 per cent off and the small shops do have problems. There is evidence also that the reduction in G.S.T. in the U.K. ... what was it; last year or the year before? There is evidence that that was not reduced in the shops. The problem is that the definition is subjective. What other

goods that are said to be good for us will be included that are healthy? Mind you, you have got those who say cut down on your drinking and those who say a modicum of red wine is good for you. There are studies which say chocolate is good for you but only dark chocolate. So, how are we going to deal with the taxation problem of mixed chocolates in a gift box? Are we going to just tax half of it? I do not know. We talk about potatoes being full of carbohydrates but they are a healthy vegetable; so, healthy or unhealthy? Milk is good for you but the research is that, in fact, there are strong arguments that giving cows' milk to children is doing more harm than good. All of the nutrients in cows' milk can be found elsewhere in a balanced diet. There has also been research work that milk could be linked to diabetes. There is strong evidence in Finland, which has the highest incidence of Type 1 Diabetes, and there are links with that and the highest per capita milk consumption in the world. Cows' milk has also been linked to Type 2 Adult-onset Diabetes for the same reason that it is associated with heart disease; the sheer amount of energy in the liquid. It is jolly good for calves but there are doubts as to whether vast consumption of it is good for humans in the same proportion. A vegetarian might say that meat is not good for you but an omnivore will say: "Rubbish." The problem is that it depends on the definition and it depends on who does the defining and for what purpose you want a particular type of food. Are you on a special diet? Are you training, in which case if you are training for marathon running and so on you are eating what everybody else would call unhealthy food? You are loading-up with pasta and stuff like that which is technically unhealthy. How do you account for the fact that people have different rates of metabolism? I know people who can eat junk food until the cows come home and never put on a pound. So, why should they be penalised because of the rest of us? Will this vary because of the weather? Extra carbohydrates are needed in freezing cold weather and carbohydrates are, by some definitions, not healthy but they are of great benefit to the elderly in the winter. So, are we going to change the G.S.T. rate depending on the weather? This is an excellent example of the nanny state. It is not for us to dictate to people what they should eat, which is what this proposition is effectively proposing. The things we should be doing are what the Minister for Health and Social Services has talked about; to provide education and advice and support; education both in tastes with children and with cooking, as Deputy Martin said, although I am not sure about her recipe for pea soup. Not convinced, but anyway ... I was going to say that we should use more carrot and less stick but I am not sure that that is probably quite the right phrase. Those sorts of preventative measures, this idea of using taxation to change behaviour is not good for a democratic society. I really must ask people to vote against this proposition.

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

First of all I have to absolutely agree with Deputy Shona Pitman and others. The multi-agency approach is essential to address a number of the health issues that we know exist in our Island. I also thank the Deputy for drawing attention to the fact that education plays a very active and proactive part in promoting healthy eating and a healthy lifestyle and she cited a couple of examples. The question is though; will this proposal make a difference? There is no doubt that food is more expensive in Jersey and, in fact, Deputy Shona Pitman provided us with a list and some information on Jersey food prices in comparison with the U.K. that identify that milk, fresh fruit and fresh vegetables cost significantly more on the Island than in the U.K.

[12:00]

But the issue is that first of all there is no guarantee that removing G.S.T. on healthy foods will reduce the costs. It is an issue of affordability. Although prices are less in the U.K. - and, as I say, I refer Members to the document entitled Jersey Food Prices in Comparison with the U.K. - let us not forget that all food is exempt from V.A.T. in the U.K. and you have got to ask yourself, has that helped the health issues and dealing with health issues in the U.K.? No, it has not. Again, Deputy Shona Pitman has kindly provided us with information on the cost of obesity to health in the U.K. and it shows on that sheet the cost in 1998 and the cost in 2002. Now, bearing in mind food exemptions for V.A.T. were introduced far before the 1998 date, there are significant increases in

the costs attributed to obesity. So I believe that the argument that just reducing or removing G.S.T. from healthy foods will not address the issues that I know the Deputy and others in this Assembly wish to do. Equally, I know that this Assembly has made commitments over many years to protect those on the lowest incomes from the impact of G.S.T. not just on food but across the whole spectrum. I think that it is important that we continue to do that as the best method of supporting those people, providing that important safety net. We do need to continue investing in promoting not just healthy eating but a healthy lifestyle because we do know that even within the school curriculum that activities are getting squeezed-out as we try to introduce and accommodate other issues within the school curriculum but activity is an essential part, and I think that if this Chamber is committed to promoting a healthy lifestyle then our efforts need to be focused on those areas rather than a knee-jerk reaction of trying to introduce or reducing G.S.T. from healthy foods.

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

Very briefly, I will not say very much because the Minister for Education, Sport and Culture has taken most of the comments I was going to make and I wholeheartedly agree with him. This is as much about education. In fact, in my belief, it is more about education than taxation and just merely to say that I will support part (a) because I think it is useful to highlight what are healthy foods if that is possible but I will not be supporting part (b).

1.1.16 Senator T.A. Le Sueur:

Yes, for all the reasons mentioned earlier today, I will not be supporting this proposition. It is bad enough trying to find a list parallel to the U.K. to create our own list. It is going to be a nightmare. I wanted to touch on a new point that has not been mentioned in this debate and that is the way that this proposition has been worded. Part (a) requires the Minister for Health and Social Services to present a report of those foodstuffs that can be defined as healthy foods. That is a very subjective proposition. Meat can be defined as healthy foods, dark chocolate can be defined as healthy foods, all sorts of things can be defined as healthy foods. So we give the Minister for Health and Social Services a surprising degree of latitude on what might or might not be healthy foods and perhaps some of us may disagree with that list of healthy foods. If we do disagree with it, then I think part (b) of the proposition gives us a real problem because part (b) says that the healthy foods as listed by the Minister for Health should be zero-rated for tax purposes. In other words, we are having tax policy dictated by the Minister for Health and Social Services and that strikes me as being a total change from the normal way ahead. The proposition does not say a list agreed by Members of this House. It is a list agreed by the Minister for Health and Social Services. So it gives the Minister for Health and Social Services a surprising degree of power in setting tax policy. [Aside] The Deputy may cite it but my interpretation of the proposition is that that list is not there for debate; it is there for presentation. On that basis, as well as all the other reasons, I think the House would be very foolish to adopt a proposition worded in this way.

1.1.17 The Connétable of St. Mary:

Very briefly, the reasons why I cannot support this proposition were given largely when I spoke in an earlier debate so I have no intention of reiterating them. I just would like to make a couple of points that are fairly new to this particular proposition. Echoing for different reasons what the Chief Minister just said and also, strangely, the Constable of St. Peter because we seemed to all sit up together, part (a) does not give me a problem. As a point of interest, I would be very interested to know what the Minister for Health and Social Services would define as healthy foods so it would be very interesting to me. If she has the time to do that, I would be grateful to receive it. But for different reasons, I could not accept part (b) because I need to make up my own mind about what my reaction to her proposals would be and this does not allow scope for that. Just to illustrate, there seem to be very obvious things that are healthy, that we could all agree on, for example, fruit; people talk about apples and things like that. I think it may have been mentioned but if not, I am mentioning it now, speak to someone who eats a lot of fruit and who becomes a diabetic and has to

drastically cut that fruit down because the fructose level in the fruit cannot be overestimated. It must be built-in. But something I was prompted to mention following Senator Cohen's speech because he said something which sounds pretty simple and pretty obvious. Unprocessed food is healthy so you are saying that processed food is not healthy. Well, that may be the case in a lot of processed foods but it is not the case across the board and you could not simply say unprocessed because, for example, I am quite a good example really. I do a lot of very, very healthy cooking and look at me. I just eat too much of it. It is not what I cook, it is what I eat basically, and the fact that I have to say that sitting in here for the length of time we have had to sit for the last couple of years has done nothing at all for my healthy lifestyle. But seriously, I do a lot of cooking and some quite exotic. One of my favourite things is couscous; I love couscous. I make it with very healthy fresh aubergines, courgettes, peppers, tomatoes. I do use tinned tomatoes but they are not processed. But I have thought about it, I have never seen ... somebody can probably correct me but what on earth does a chickpea look like when it does not come out of a can? I have absolutely no idea. I have never seen a fresh chickpea. So that is something that is integral to a lot of healthy cooking, it adds the bulk to it; I do not know where it comes from. More importantly from my point of view, I use a lot of red kidney beans which are incredibly good for you. They are a very good source of a lot of things that you need. They have something in them that actively reduces cholesterol. They are very, very good for you but only if you have processed them correctly. You can use a can of red kidney beans, which most of us I think do straight way, put it into whatever you want and you can eat it even raw in a salad. You eat raw kidney beans or kidney beans that have not been boiled for an absolute minimum of 10 minutes at an absolute minimum of 100 degrees, and most people say do it for an hour, and they have something in them that is incredibly toxic although rather worryingly, Senator Cohen also looked it up and said that it is something aphrodisiac as well but we will not go into that. **[Laughter]** Perhaps we are too elite. But there are processed foods that are better for you or no worse for you than the raw state and in the modern world that we all live in, are better for you to use because they allow you to get those nutrients and those cholesterol-busting things into your diet easily. So all I am saying is let us have a list of healthy foods if Members want that but let us not just say it is simply a matter of saying it is not processed. It has to be a little bit more subtle than that. It has to be a bit better thought out because if it was that simple, it would be being done universally and it is not. I think there is much that has been said previously by the speakers about legislating what we eat. It is not what we eat. It is educating people to eat the right amount of the right things and not to go overboard. Let us have the odd McDonalds or the odd portion of chips but it does not matter as long as the rest of the time you are doing what you should be doing and getting out there and having the exercise and everything else. It is a big picture. The way to do that is to change lifestyle through education. The fractions of pennies that you will get off an onion really will not make that difference and I am worried conversely that they might remove money because we will be removing other things as well to compensate whatever because the structure will have to be put in place. We will take away some of the budget that allows us to educate. So for that reason, I will not be supporting this. If it gets through, I will be interested to see what the Minister's list is but there is no way that I will be told and I will support it, I will adopt it. No, I will look at it and I will make my own judgment on that.

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

I shall try to be short. Over the last 3 years, I think none of us can doubt that this Assembly has unfortunately from time to time been divided. There have been very few issues that we have been able to build unanimity and consensus upon and there have been some issues that we have been sharply divided upon and it seems to me that this particular debate is one of those and, to some extent, it has shown us in our worst light. There has been no compromise it seems on those who wish to have a straightforward low rate of consumption tax and those that would like to see everyday necessities exempted. That has been, in my view, most unfortunate. I think on balance most of us would like to see this tax off food if we could find a mechanism that was easy to

administer, that was relatively cheap and straightforward and our arguments, however, have become polarised along the lines of why we cannot do it or why we morally should do it rather than trying to build a consensus around what we can do and finding a way forward. I have in the past voted in favour of exempting food. I have in the past abstained from exempting food because, as every Member knows, we have put millions of pounds into income support to alleviate the lowest income members of our community. We have put hundreds of thousands of pounds into the G.S.T. bonus to do that and the States made a decision at the point that it did that, that should food ever be exempted, then those monies should be removed. I cannot agree with that but I am also of the opinion that unless we lance this boil, it will continually come back to this Assembly and perhaps it shows us in a very poor light that we perhaps as a Council of Ministers and as Members working together, have not been able to recognise that in the way that we should. There is a strong feeling on both sides within our community about this issue and I perhaps hope that today we can move forward. Why do I say that? I say it because part (a) of this proposition would allow for the Minister for Health and Social Services to go away and consider whether a list of healthy foods could be drawn up. Members may not wish to vote for part (b) because they might see that that is committing themselves a step too far, but I really do believe that we should make a first step towards building a consensus in a direction that I believe the majority of our community wishes to go but we have not been able to get to. We know that in New Zealand they have done a lot of work. They had evidence presented and in the end they did not go for a healthy foods option. That might be what this Assembly would decide but we should at least try to work together. We should at least try to build a consensus within this Assembly because we certainly cannot go on in the divided way that we have been and this is one of those issues that we really must now address. Therefore, I am prepared to fully support part (a). I do not know if the proposer is going to divide them or not; she may not. Then I will have to decide how I will vote but that is disappointing because I believe that it requires those on either side of the argument to come together and to find a way forward and that perhaps was one of those ways forward.

[12:15]

1.1.19 Connétable M.K. Jackson of St. Brelade:

I empathise with what the previous speaker has just said with regard to the separation of part (a) and (b) and I did take the opportunity to speak to the Minister for Health and Social Services just now with regard to the process of doing that. But, of course, there is a resource issue and I suppose the difficulty is there is not a clear answer at the end of it, what are we going to end up with, and I think that is a concern. I do not think that part (b) can be voted upon. I could not vote on part (b). I could not accept part (b) without certain knowledge of a result from part (a), so I would be interested to hear Deputy Pitman's response to that. I am going to focus a little bit more on the argument with regard to pricing and the effect of pricing on the community. I think the whole debate has missed the point with regard to margins. Margins are the difference between what a retailer pays and what he sells it for and that is a very variable moving feast and that depends on market demand and the price and the availability on the day. I think that is an area where I think as an Island we need to focus, we need to put more pressure, so that healthy foods are made more readily available to the public. Effectively, the reason why we get a lot of the less healthy foods is because the margins tend to be better so they would be more attractive to the retailer and it is absolutely vital that this point is taken into consideration in making these decisions. I think generally we are very naïve to this and I would like to think that this will form part of Members' decision-making process. I look forward to hearing the Deputy's response with regard to part (a) and how she feels the report would look because I think it is very important. A previous document I read in the past few days told me that red wine and dark chocolate were good for my health so that may not lie terribly well with the Deputy's proposals.

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

Yesterday, one of those very rare events took place, an event that perhaps only occurs once or twice every 3 years. Yesterday I voted in favour of a Pitman proposition. We all know that lightning in theory can strike twice in the same place but the odds are against us. To clarify, I would like to remind Members that the New Zealand proposed legislation on healthy foods was a high level document with little detail and we simply, as Deputy Southern would suggest, cannot lift it and bring it into our own legislation. The Deputy of St. Mary said that there is no point in voting against this proposition because, in one form or another, it will come back for debate. That is not a valid reason to support the proposition. The supporters of this proposition are trying to achieve 2 main objectives. The first is to reduce the cost of a basket of healthy goods. The second is to change behaviour to get more people to eat more healthily. Using Senator Cohen's definition of a healthy food, being simply fresh food and vegetables, now we use the humble cucumber as an example: a healthy food, albeit when served as a crudite with a lovely saturated fat cheesy dip, perhaps less. I choose a cucumber because I find that retailers are charging around the £1 mark for such items, so I believe it is a reasonable example to use. At best, Members may be using rose-tinted glasses, or at worst be naïve if they believe that a cucumber today costing £1.05p having G.S.T. removed will stay at £1 tomorrow. One or 2 of the major retailers may, in fact, reduce their prices down to £1 but over time, those prices will creep up to £1.05p and that is because that is the price that consumers have already proven they are willing to pay and all that retailers will do, as they are bound to do to get the best value for their shareholders, is to increase their margins and they will do just that. If we reduce the G.S.T. on healthy foods, will we buy more cucumbers? Surely a 5 per cent reduction in the price will simply not change our consumer habits. Will we not buy and consume more? It simply will not translate into healthier diets. Deputy Martin, my fellow Assistant Minister for Health and Social Services, talked about giving an inch and taking miles. Those keeping G.S.T. on all types of food keep G.S.T. low. I believe it does because without it, it makes it far easier to increase G.S.T. in the future. All the removal of G.S.T. will mean that we will have less tax to spend on front line services, definitely, yes. Will it, if hypothecated, mean that we have less money for Health provision services? Definitely, yes. Will the removal of G.S.T. on healthy foods result in a sustainable reduction in food prices? Almost certainly no. Will the removal of G.S.T. on healthy foods mean a change in our behaviour, encouraging people to eat more healthily? No, it will not, not on its own. Will I be voting for a Pitman proposition twice in 2 days? No, I will not.

1.1.21 Deputy J.A.N. Le Fondré:

Yes, well, it is good to follow my fellow Deputy and I am glad we are both on the same side of the argument today as opposed to yesterday. It will also come as no surprise that I am not supporting this proposition. It fundamentally comes back to let us start by asking Members, do we know precisely what we are signing-up to because part (b) commits us to something and I do not like going into something that we do not know what it is we are signing-up to. Politically, very attractive but I have to say the electorates, in my view, are looking for candidates who understand the issue and how difficult certain things are rather than the smooth, persuasive, beguiling voice of the consummate politician that we have heard earlier and, on that note, I am going to deal with Senator Cohen. We already have exemptions is what he said but these are items that are very, very easy to define and most of them relate to services or to areas that are very clearly defined by law. So, as a principle, please do not pick me up on the detail because this is a memory thing, but as a principle it is very easy to define opticians because they are covered under the Opticians (Registration) (Jersey) Law of 1962 but trying to define whether a cake or a biscuit or something should be exempt as we know is an absolute nightmare. What I have done... 2 issues. One is to address something that Senator Le Gresley raised, which is that we have previously agreed that if we introduce further exemptions the money will be taken back. That is already in the understanding. Secondly, as to the reference that has been made to New Zealand on a number of occasions and I thought, being the very sad person that I am, I have dug out what that debate was about. In their definitions, and it is a very, very short proposition, between my 2 fingers, as people

can see, is what they were debating. So I think the argument all the work has been done is a little bit spurious. What it says, it is talking about inserting a definition of healthy food and it says: "Healthy food means fruit and vegetables." In this definition, they include canned fruit and vegetables so tinned peaches, for examples, sugar syrup? Does not sound particularly healthy to me. Breads and cereals including all bread. White presumably? Milk and milk products including cheese, yoghurt, et cetera. So I think yoghurt, I seem to remember on one programme on the amount of sugar in yoghurt is quite incredible. Lean meat, poultry, seafood, eggs and eggs to me immediately brings to mind cholesterol. Very briefly as well to touch further on some of Senator Cohen's arguments, if one goes back to Hansard. I know Senator Cohen said over here we have got, I think, it is 75 per cent of food is allowed by 3 suppliers. Well, to quote from Hansard in New Zealand, they say: "One of the key drivers of the high cost of fruit and vegetables is the supermarket duopoly in New Zealand" which implies they have got a very similar problem here. So, in other words, the arguments that were being applied about the whole issue of healthy foods in New Zealand are relevant to here and it was not adopted over there. So the argument: "Oh, it is easy to do in Jersey because we have only got a limited number of suppliers" well, obviously New Zealand did not go for that one either and according to this, they have a limited number of suppliers. Interestingly enough in here, they talk about when the rate was first introduced in New Zealand at a low rate of 10 per cent. Obviously, it has now gone up higher. That is what has been quoted in here of the learned Members. So I rather think that some of the arguments that are being used are somewhat spurious if we look at that other country. What I will just go on to say, we have talked about in the past the consequences of exemptions and it is applied to the wider issue about food exemptions but we do not know that we will not go into that area if we are talking about healthy food, especially if you say we are not going to include takeaway. We already know that exempting food causes distortions and very, very simplistically as a principle because it depends, the impact of this is lawyers on lobster lunches will probably not pay G.S.T. but someone buying a sandwich would potentially continue to do so. I say it depends because we know the rules are horrendous, it depends whether food is served hot or cold, served on the premises, taken away, and even more recently, and this is addressing the argument about that food exemptions are not a problem, they do not bring litigation through and all this type of thing. In the European courts there was an argument as to whether the food is eaten standing up or sitting down; okay, so I do not know what happens if you hop. So talking about healthy foods, the potential adoption of the U.K. system was a nightmare but now what we are talking about is the potential of adoption of a system which, as far as I am aware, is not applied anywhere else in the world. So now we could turn around... and I accept there is an attraction of part (a) but I have to say I am personally not going there. We could turn around and say we are just going to do it on an extremely limited amount of food types, brown rice not white rice probably sold in packets. Probably not potatoes, potentially. Probably not eggs; and probably not dairy products; and almost certainly no tinned products. Almost certainly raw and frozen vegetables... but hang on, I just said potatoes probably would not be included because I think it is starch and all that sort of stuff. Presumably not red meat. Let us just also go to an extreme argument here, somebody has always said to me... and I always like to bring a Mars Bar but anyway this is a very small one: for a diabetic under certain circumstances that could be healthy. For Deputy Gorst, as we know, it is always healthy and for possibly the Connétable of St. Mary, it might not be. **[Members: Oh!]** I was using her own argument even though she is a very good cook. But going back to dairy products, one of the arguments put forward in the school milk debates was that milk is not necessarily healthy. So in the Island home of the Jersey cow, you are going to tell me you are not going to exempt milk? So I can already see that coming in and I can already see that very defined list suddenly starting to widen. Again, as soon as we get into the definitional issues, it will add significant cost to both the state and the private sector and bearing in mind what I have said previously, it will leave people worse off because money will have to be recouped back from G.S.T. bonus, from income support, from the tax allowances or the tax exemption limits. What I would also say, the comment had been made about the Mirrlees Review and I do not know what it is because every time we seem to have a

debate on this, there seems to be this review coming along. But anyway the press release for that review states: "The U.K. applies a zero rate for V.A.T. to far more goods and services than most other countries. Reduced and zero rates of V.A.T., for example, on food, are often justified as a way of helping people on low incomes but this is an expensive and highly inefficient way of doing so." Now, we recognise this. We recognised this - what is it - 5 years ago now? I cannot remember now how many years ago it was and we have done something about it and that is the point: keeping the system simple. If people need further help or further encouragement, you build round that system. You do not just take a wrecking hammer to it.

[12:30]

In their recommendations that: "V.A.T. should be extended to nearly all spending, the money raised can be spent on cutting income taxes and raising benefits in a way that is broadly distributionally neutral and that protects work incentives." So yet again, the logical approach is the one we have already followed. It is not sexy, it is not always politically popular, although I have to say I have campaigned on this twice, but it is the right way of doing things. There was a letter which always stuck in my mind. It was sent previously to us from a small business. This is on one of the last food exemption debates. "It is a waste of money, brains and time or W.O.M.B.A.T. for short." So, and unfortunately Senator Cohen is not here, I am going to say are Members going to wombats, and I am going to look in his direction or where his seat is or are they prepared to take the decisions that are tough and are not quick political fixes which ultimately do take us down the line of costs being unsustainable and I am afraid I am going to pick on Senator Le Gresley again: "It is only £1 million" I think was what he said. "If it is only £1 million, I am going to fight it being taken back from the people we have given it to already." Well, sorry: with that kind of thought process, if you keep accumulating that all the way down, that is where a number of people have ended up in a lot of problems as we are seeing in the news at the moment and I mean a number of countries. I keep going back; it is about definitions. It is about work. It is about if we have a simple system and it works and it is getting the benefit to the right people, why do we change it? But I also remember another letter we had from a small business which concluded in asking us not to support exemptions as a principle. "I ask you, please, do not take several retrograde steps increasing further my workload and shackling Jersey with a cumbersome, unnecessarily complex system. Please do not increase the stress of my business role and do not take my 4 year-old daughter's mother away from her for further precious time." The point about that, that is an impact we do not always consider. It is the impact upon the small businesses, on the individuals who are already doing a lot of work. They are doing it, they have their working hours, they then have their evening hours when they are trying to catch up on the paperwork that we as a Government impose on them and it is not always an issue that we think about. So just coming to a conclusion, people seem to be using the debate on food exemptions as a means of expressing their grievance against the general system and it is almost about accepting they are making something worse just because they do not like it and that is not a good way of arriving at a decision on this. To comment briefly on food prices, I am sure there would be a short-term drop on certain prices and products at certain outlets and it is certainly true that the large supermarkets have the systems in place to deal with this. But I always find it interesting that Sandpiper, we have heard, support the *status quo*. They do not like exemptions. But I also know from speaking to someone involved with one of the supermarket chains in pricing that they price food on something like a weekly basis. So food prices will go up or go down on certain items potentially every week. So even if that full 5 per cent is passed on on healthy foods, and bearing in mind that is not all food, nowhere near, how long before that drop in price, that short-term drop, is swallowed up in the next increase and the impact of this proposition means that there will be no mechanism to offset that because we will have recouped the money. It will be like a sandcastle in the face of the oncoming tide. Very pretty to look at initially, great at election time, but soon there will be not one trace of it left. So, we do not know what we are signing up to. We do not know how to fund it and there will be significant consequences and on

that basis, I am not supporting the entire proposition. I categorically urge people not to support part (b).

The Bailiff:

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

1.1.22 Deputy S. Pitman:

I would just like to say again to Deputy Le Fondré that this proposition was nothing to do about an election ploy. I would also like to remind Members that the problem of exempting food is not to their concern but is the concern of the health professionals and that is what I am asking for. I am not asking this Chamber to decide what foods should go in this list. Also, I certainly believe that if this proposition today is not successful, then it will come back like others have said. It will come back and come back. Firstly, Senator Ozouf responded and he said that this has been about the ninth time for such a debate and I would like to tell him that my concern is not about his not being happy with another debate, and neither am I concerned for any other Members. What I am concerned for is the public, the people who elected me, because I know this is what they want because I do keep in touch with a lot of them. He also asked what has changed. Well, what has changed is that his categoric promise of 3 per cent went up to 5 per cent. He said that this is not possible, that it could not possibly be done and he is totally contrary to what he said on BT Radio in May with me that, okay, this could not be done in 3 months but it could possibly be done in a longer time and now we have in 12 months and it is still excuses that he cannot support this. He also said that there is no evidence in proving G.S.T. exemptions would change people's habits. Well, this proposition is about enabling people the choice to live a healthier life. He also mentioned that I am asking for tiny reductions and he gave the example of one onion being bought. Well, I am sorry, but a mother who has 3 kids and a husband will not go into a supermarket and buy one onion. She will go into the supermarket and buy several onions and apples and a bunch or 2 of bananas, pears, vegetables, fish and she may have to go in again 2 or 3 times to the supermarket, and this all accumulates for people who are at the lower end of the spectrum of income and also for middle earners as well now. Deputy Duhamel said that a list was not possible and what if the Minister for Health and Social Security could not get a list? Well, that is totally contrary to what he has said to myself in person that a list had been done and it was done years ago with the Medical Officer of Health. This was quoted in the *J.E.P. (Jersey Evening Post)*. He was quoted in the *J.E.P.* for saying this I believe and last time I brought this proposition, he spoke up in favour of it and he voted for it and I wonder now what has happened? Well, I suspect he is now part of the Council of Ministers. The Minister for Health and Social Services said no one jurisdiction has a definition of healthy foods. Well, I am afraid that is wrong because Denmark, Hungary and Finland have already defined what unhealthy foods are. I cannot believe that she is going against the recommendations of a former Medical Health Officer who gave the same advice in every report from 2006 to 2010 and that advice was, and I will read it again: "To tackle obesity on all fronts simultaneously, mount a large-scale comprehensive cross-governmental campaign, ensure that economic policy works to reduce obesity, including food marketing to change buying behaviour." Senator Ferguson said why do we have tax? Why should Government do everything? Well, firstly, I said in the speech that individuals have to also take responsibility, so I said no such thing that we were dictating. I think the Senator is missing the point. I am requesting that the States take a multi-agency approach to discourage behaviour that will cause the exponential growth of Health budgets. The Senator is so often concerned with cutting costs and efficiency. I do not understand that if we the Government throw everything we can at this social problem... as we have done with smoking and alcohol consumption, through education in schools, Health Department campaigns and taxing, which have proven to be highly successful. Deputy Le Fondré said that the public wants politicians who understand the cost of things. Well, I think that the Minister for Social Security and the Minister for Housing could vouch for the fact that I have worked with many people who are struggling with their finances and know the cost of everything because they have a

tight budget to live by, and also he is no expert on what is and is not healthy food. He also said that we should think about small businesses and I remind Members that any business earning less than £300,000 does not pay G.S.T.

The Connétable of St. Brelade:

Could I just ask the Deputy to clarify? Does she mean with under a £300,000 turnover rather than earning?

Deputy S. Pitman:

Probably, yes. For those Members who spoke in favour of my proposition and, as Deputy Southern said, it is refreshing to see a Minister on the Council of Ministers break away from the party and tell us how he feels, and he made some really pertinent points. He said that this will allow change of behaviour. It is the message of penalising unhealthy foods and rewarding consumers by enabling them the choice. He also said people wanted to receive positive signals from Government as they did with the plastic bags initiative. Deputy Southern pointed out that the G.S.T. officer had confirmed that a list could be put together in a specific time span and, indeed, a list was compiled by the former Medical Officer of Health in 2006 and I will read that to Members. “In general terms, healthy foods would be fresh fruit and vegetables, including potatoes, natural fruit juices and smoothies, skimmed and semi-skimmed milk, low fat cheeses, bread of all types, fresh and dried pasta, breakfast cereals with no added sugar or salt, rice, fresh and tinned fish, poultry, lean meat, pulses and fresh eggs.” So that just proves that it has been done. This is all about the will to do it, I am afraid, and the Council of Ministers sticking to their guns. Lastly, the Deputy of St. Mary who highlighted by a survey in 2010 that exemptions to healthy foods are in place in about 9 or 10 countries and, as I said earlier, fat taxes - the definition of which is unhealthy foods - is currently in place in Denmark, Finland, Hungary and New Zealand as we have heard. So I ask Members why are healthy foods a problem? I would just like to conclude and say that it does not make sense with the huge problem of unhealthy eating and future associated costs to this Government and the economy that we tax junk foods at the same rate as healthy foods.

[12:45]

The Bailiff:

Very well. You maintain the proposition. Do you ask for the appel? Yes, the appel is asked for then.

Senator P.F. Routier:

Could I ask the Deputy whether she would be prepared to split the votes?

Deputy S. Pitman:

Yes.

The Bailiff:

You would be prepared? So you will take them separately? Very well. So the matter before the Assembly is paragraph (a) and then paragraph (b) of Deputy Shona Pitman’s proposition. I invite Members to return to their seats and the first vote will be on paragraph (a) and the Greffier will open the voting.

POUR: 34		CONTRE: 10		ABSTAIN: 1
Senator P.F. Routier		Senator T.A. Le Sueur		Connétable of St. Mary
Senator F.E. Cohen		Senator P.F.C. Ozouf		
Senator A. Breckon		Senator S.C. Ferguson		
Senator F. du H. Le Gresley		Senator A.J.H. Maclean		
Connétable of St. Helier		Connétable of Grouville		
Connétable of Trinity		Connétable of St. Martin		

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

The Bailiff:

Then we move to paragraph (b) and the Greffier will open the voting.

POUR: 20		CONTRE: 24		ABSTAIN: 0
Senator F.E. Cohen		Senator T.A. Le Sueur		
Senator A. Breckon		Senator P.F. Routier		
Senator F. du H. Le Gresley		Senator P.F.C. Ozouf		
Deputy R.C. Duhamel (S)		Senator S.C. Ferguson		
Deputy of St. Martin		Senator A.J.H. Maclean		
Deputy R.G. Le Hérisssier (S)		Connétable of St. Helier		
Deputy J.A. Martin (H)		Connétable of Trinity		
Deputy G.P. Southern (H)		Connétable of Grouville		
Deputy P.V.F. Le Claire (H)		Connétable of St. Brelade		
Deputy S. Pitman (H)		Connétable of St. Martin		
Deputy K.C. Lewis (S)		Connétable of St. Saviour		
Deputy I.J. Gorst (C)		Connétable of St. Clement		
Deputy M. Tadier (B)		Connétable of St. Peter		
Deputy of St. Mary		Connétable of St. Lawrence		
Deputy T.M. Pitman (H)		Connétable of St. Mary		
Deputy T.A. Vallois (S)		Deputy J.B. Fox (H)		
Deputy M.R. Higgins (H)		Deputy of St. Ouen		
Deputy A.K.F. Green (H)		Deputy of Grouville		
Deputy D.J. De Sousa (H)		Deputy J.A.N. Le Fondré (L)		
Deputy J.M. Maçon (S)		Deputy of Trinity		
		Deputy S.S.P.A. Power (B)		

		Deputy A.E. Jeune (B)		
		Deputy A.T. Dupré (C)		
		Deputy E.J. Noel (L)		

LUNCHEON ADJOURNMENT PROPOSED

The Bailiff:

So is the adjournment proposed? The Assembly will reconvene at 2.15 p.m.

[12:48]

LUNCHEON ADJOURNMENT

[14:15]

COMMUNICATIONS BY THE PRESIDING OFFICER

The Bailiff:

Before we continue with Public Business, I would take this opportunity, with Members' approval, to make a short announcement. Members will recall that on 5th April, I announced to the Assembly the launch of a Royal Wedding Jersey Charity Appeal on the occasion of the marriage of His Royal Highness Prince William and Miss Catherine Middleton in accordance with their wishes to receive donations in support of their preferred charities in lieu of more traditional wedding gifts. Following approval from the Royal Household, the appeal was launched in support of 3 Jersey charities which met the charitable themes chosen by the Royal couple - in particular assisting those injured while serving their country in the Armed Forces, helping young people in the community and helping the elderly. So the 3 charities chosen were Holidays for Heroes Jersey, Brighter Futures and the Jersey Association of Carers Incorporated. I am pleased to inform the Assembly the appeal has raised a total sum of £15,286, which will be divided equally between the 3 charities concerned. I will be writing to the Royal Household on behalf of the Island to advise of the outcome of the appeal and I am sure Members would wish to acknowledge the generosity of the public supporting the appeal. **[Approbation]**

PUBLIC BUSINESS - resumption

2. States of Jersey Property Holdings and the States of Jersey Development Company Limited: structures, operations, protocols and controls (P.127/2011)

The Bailiff:

So now we move to the next item on the Order Paper, which is the States of Jersey Property Holdings and the States of Jersey Development Company Limited: structures, operations, protocols and controls - Projet 127 - lodged by Senator Ferguson and I will ask the Greffier to read the proposition.

The Greffier of the States:

The States are asked to decide whether they are of opinion to request the Minister for Treasury and Resources to (a) make no changes to the approved areas of responsibility, internal structures and reporting lines of Jersey Property Holdings (as laid down in the Report and Proposition P.73/2005) or the States of Jersey Development Company Limited (as laid down in the Report and Proposition P.93/2010) without referring any proposed changes to the States for prior approval; and (b) to ensure that the protocols and controls covering the transfer of property from Jersey Property Holdings to the States of Jersey Development Company Limited as set out in the proposition "Property and Infrastructure Regeneration: the States of Jersey Development Company Limited" (P.73/2010) adopted by the States on 13th October 2010 (an extract of which is reproduced at Appendix 1 of the attached report) will be implemented consistently with that proposition.

2.1 Senator S.C. Ferguson:

I do not think that this should take very long [Aside] or perhaps that is tempting providence because basically it is all a matter of principle. It just happens to be attached to Jersey Property Holdings and S.o.J.D.C. (States of Jersey Development Company) but forget those. We are dealing with the principle. Before we start with that, perhaps I should take Members back a step. What is the duty of a Minister? As I understand it, it is to deal with policy and give political cover and advice to his officers. Now, my amendment to the Business Plan was on the question of political decisions, i.e., if a decision is made by the States, then changes should be brought back to the States for their consideration. I did point out in the Business Plan that there had been significant changes to States decisions without them being highlighted or brought back to the States in an overt manner. My concern in this case is the same. Now, at the end of his comments, the Minister says that he accepts this proposition. On that basis, I am not going to say any more but I do have a caveat for Members. This is not a discussion of Jersey Property Holdings and S.o.J.D.C. This is a debate on reminding Ministers, with the greatest respect, that changes to States decisions should be brought back to the States before they are effected. Now, if we stick to the principles, we can have a more mature debate, even perhaps a shorter debate, and may I request the President to keep us on the straight and narrow.

The Bailiff:

Well, I shall do my best, Senator, but it is not always as easy as one might think. [Laughter] Is the proposition seconded? [Seconded] Does any Member wish to speak?

2.1.1 Deputy J.M. Maçon of St. Saviour:

Yes, just a question for the proposer. In the Minister's comments, the next line: "In summary, the Minister considers this proposition as a whole would have no effect, as no fundamental changes to agreed States Policy will be proposed." As such, based on his interpretation as outlined above, he is minded to accept both parts, does the Senator concur that her interpretation is the same as the Minister's interpretation and has she considered this and would she care to comment in her summing up?

2.1.2 Senator A. Breckon:

Just a comment. We have got the comments of the Minister for Treasury and Resources on our desks today and I just wonder if the Constable of St. Mary, who is Chairman of P.P.C., has fallen asleep because yesterday she was fairly critical of the Deputy of St. Mary by doing virtually the same thing that he used and went through, it was a good sort of *aide mémoire* to what he was doing but up to date, she has not commented about this. The other thing, there were lots of other comments attached to the Business Plan that came fairly late and this has been lodged for 6 or 7 weeks and this just came today. [Aside] [Approbation] I wonder if she might care to comment.

2.1.3 The Connétable of St. Mary:

Yes, I am happy to answer that. The reason I stood so promptly yesterday was because, of course, it was not comments, it was an addendum. We have put in process a method of lodging comments and a way they would be lodged properly and there is an exception policy which means they cannot be lodged without some sort of disclaimer as to why they are late, whether we accept that or not. But, yes, the rules hold for everybody, Senator Breckon would be pleased to hear, and I can only repeat what I have said before. The more time we have to consider documentation, the more credence and the more respect it will receive when the Assembly is for.

2.1.4 Senator P.F.C. Ozouf:

I apologise that the comments were late. I will simply say in mitigation 2 things, that the Treasury staff and I have been fully engaged with the Business Plan, which I am delighted we have finished with, and then as soon as having finished the Business Plan I have been launched straight into the

review of Lime Grove House. I was not expecting the proposition to be held and I circulated my comments. I was hoping that I would have the benefit of the Scrutiny Panel report on Lime Grove House to see whether there were any other issues because while Senator Ferguson has not gone into the details - and I understand that, it is absolutely fair - I think the Senator would agree that her concerns about this are also because there is a review going on in Property Holdings in order to ensure that Property Holdings is going to be able to serve departments in an appropriate way in the future, lessons learned, et cetera, and the Senator was concerned that in that review there could be some changes made. I do not know where some of the communication has gone through. I know that one of the issues that she was concerned about was the issue of procurement of maintenance and the suggestion that T.T.S. (Transport and Technical Services) would be involved. The fact is that T.T.S. may well be involved but the procurement systems will be maintained within Property Holdings. The Senator has also, over a long period of time, held a strong view about the need for a strong Property Holdings and not for there to be some of Property Holdings' activities carried out by S.o.J.D.C., and so she is asserting her strongly held views in this regard. I read the proposition. I discussed it with officials, discussed it with my Assistant Minister, and we see no reason why we cannot accept it and I have explained why, and Deputy Maçon is right to say that I have explained my interpretation of that. I will just say one very short final thing in 2 parts. First of all, we are on the way to looking at Property Holdings and sorting that out and some changes are going to have to be made but it does not in any way in my view irritate or require any approval to be sought for changing the original proposition for Property Holdings, which was a good proposition. It was a good proposition and was well-intentioned and well-designed and we do need a strong Property Holdings Department. That is going to happen and I am happy to accept the proposition and I hope Members wish my Assistant Ministers and I well in trying to solve some of the issues that exist with getting property matters across the whole organisation efficiently used for the interests of those departments for the users and for taxpayers. I accept the proposition.

2.1.5 Senator F.E. Cohen:

As Members will know, I am a great admirer of Senator Ferguson [**Laughter**] and, on occasions, she has inferred that the feelings are mutual. But in this case I am afraid that I am somewhat struggling with the proposition. Property Holdings - and I have had some peripheral involvement as a result of my previous role as Minister for Environment and Planning - is a classic case of great people operating within a flawed structure. We now have Property Holdings. We had the Waterfront Enterprise Board and we now have S.o.J.D.C. but what we need is a structure that cuts through all the acronyms and gets on and delivers what we need from our property investments. I am concerned that the delays that will occur as a result of this proposal because it prevents active transfer could be an impediment to the fast delivery of solutions to our property needs. I believe that some of this is linked to a particular transaction, the Lime Grove House transaction, and I wish to make it clear that I am aware of the circumstances around that particular transaction - in summary not in the greatest detail - and it is my view that the Minister for Treasury and Resources did exactly the right thing. It is my view that he ...

The Bailiff:

Senator, I cannot at the moment see that the rights and wrongs of the Lime Grove House matter are relevant to this debate. [**Approbation**]

Senator F.E. Cohen:

Well, I think you are probably right, Sir. I was just supporting the Minister for Treasury and Resources. [**Laughter**] To conclude, I think it may ...

The Bailiff:

If you support him, then there will be others who want to say that he got it wrong and we will be ...

Senator F.E. Cohen:

To conclude, I have now recorded my view that he made exactly the right decision. However, reverting to the core of the proposition, I would like to hear more of the effects that this proposition is likely to result in and the possible delays to implementation of the speedy delivery of changes and much needed changes within our property structure.

Deputy J.A.N. Le Fondré:

Can I seek a point of clarification from the previous speaker? It is just he made a comment about preventing or potentially preventing active transfer of properties. Could he clarify what he means by that?

Senator F.E. Cohen:

Active transfer of activities.

Deputy J.A.N. Le Fondré:

That does not enlighten me very much. Could he clarify that?

Senator F.E. Cohen:

The proposition is quite clear, to request the Minister for Treasury and Resources to make no changes to approved area of responsibility, internal structures and reporting lines. So I am concerned that by preventing the Minister for Treasury and Resources from making those changes speedily and without further reference, that getting on with the delivery of an efficient property service may become a problem and may cause additional delay and I just wish to hear more details. I have not said that I am against the proposition. I am struggling with it.

2.1.6 Deputy A.E. Jeune:

The Minister for Treasury and Resources when he spoke said he was sorry he did not have the Scrutiny Report, but I seem to recall being present at a Scrutiny hearing as an observer only a week ago today and I think it is only fair that a Scrutiny Report is not before us as yet. I think this is Scrutiny doing its job. They have been looking at an issue and have noted a matter which gives them some concern and has resulted in this proposition being brought forward, to remind us what this Assembly has agreed and I believe that is a role for Scrutiny.

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

Sorry, I think I just need to have to clear up what the last speaker was saying. This is a proposition from Senator Ferguson as a private member of the Assembly. This is not a proposition of any Scrutiny Panel and I would like to rectify what Senator Cohen was saying.

[14:30]

In actual fact, I believe this proposition has been lodged before the review even begun by Scrutiny so I think it is very unfair to pre-empt exactly what is going to come up and I would certainly suggest that people read transcripts and look at it in a balanced view rather than taking a side from whichever side of the curtain they choose to take from. This proposition is exactly what it states. Senator Ferguson is asking us to approve what the States Assembly have previously approved and I am more than happy to vote for Senator Ferguson.

2.1.8 The Deputy of St. Mary:

I just want to refer Members to the comments of the Minister for Treasury and Resources where, in the second paragraph, he talks about how Property Holdings were basically under-funded because the transfers of property and the resources that went with them ... it was very difficult to achieve the appropriate budgets from departments where those cash limits were previously held and the departments just did not, in some cases, cough up. Anyway, there were issues around that which he states there and then he says: "Not enough progress has been made." So his comments are talking about the issues around Property Holdings and he says: "There is a review of J.P.H. (Jersey

Property Holdings) currently happening which is designed to ensure that the right structures and management are in place to deliver fully upon the original aspirations.” So if it is not broken, do not fix it; but the Minister’s view is that it is broken, so it needs fixing. All that is in comments that arrived this morning and, as Senator Breckon pointed out, no rap on the knuckles, even though this has been extant for a long time and it is a substantial comment. But I just raise those issues because I just have a niggle in the back of my mind that this has come to the Assembly a week before it would otherwise have come. It was moved forward from the next sitting and we know that the review has happened into the Lime Grove House affair, which the Senator - the previous Minister for Planning and Environment - has just referred to. Maybe it would have affected the way that Members saw this debate ... I can see a member of panel shaking her head negatively, so maybe I am completely barking up the wrong tree or completely barking. **[Laughter]** Completely barking: it is wonderful what you can do if you just excise words and take things out of context, is it not? You just have to leave out a few words and the whole thing changes. In fact, we can see instances of that in one of the transcripts because last night I was reading a couple of the transcripts of those hearings and I am just intrigued that this was brought forward by a week; that we are discussing this matter, which is about the relationships between Property Holdings and States of Jersey Development Company, before Members have a chance to read what the Corporate Services Sub-Panel will report. I am just a little bit wary and I hope that Members will read that report when it comes out because certainly the transcripts are fairly exciting reading, even at 1.00 a.m. So I just leave it there. I am suspicious of what we are doing. I am sure that the Senator is right. It has been accepted anyway, but I am not happy. I smell a rat. That is what I am saying, basically, in very short English. I am not happy about the whole area of Property, particularly having read those transcripts.

The Bailiff:

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

2.1.9 Senator S.C. Ferguson:

Deputy Maçon wondered about whether the interpretation of the Minister for Treasury and Resources was the same as mine. I think he is getting to it, with respect. Senator Ozouf mentioned a review of Jersey Property Holdings and this is for the Deputy of St. Mary as well. My particular interest and concerns about the whole set-up started well before we thought we were even going to do a review on Lime Grove. I started with trying to get questions into the States something like the second week in July. So this was well before Lime Grove House even hove on the horizon. Skipping a bit, I would remind the Deputy of St. Mary that I brought an amendment to the Business Plan, which took us back to 2009. So this is a principle that I have been really pushing for. It is not about the details. It is about the principle. Now, Senator Cohen seemed to be in a bit of a fog. **[Aside]** Yes, I will not go there. Basically, I had email correspondence with the Minister for Treasury and Resources when he confirmed that they were looking at the working arrangements ... I am not quoting verbatim. From memory, he said that they were looking at the working arrangements between J.P.H. and S.o.J.D.C. I was concerned because the transfers between the States and S.o.J.D.C. were carefully crafted and set out in Appendix 7 of the proposition to ensure maximum value for the States. To remind Members, we have the regeneration zones. We have the Regeneration Steering Group, which will work with J.P.H. and Planning to produce overall schemes either to planning permission level or to development brief level. The project will then, under specific valuation arrangements to get the best value for the States, go to S.o.J.D.C. I was concerned that those were going to be changed because there was a lot of work that went into those. I served on the Scrutiny Panel with the Deputy of St. Peter, who was the chairman, and we know something of the hard work that went into that, and I did not feel that it was something that could be changed without bringing it back to the States. So basically it is the principle and perhaps, in the rush and flurry of information that flows around, we sometimes forget the underlying rules and it is

perhaps just a reminder to Ministers that we can bite when necessary. I will not bite this time and I thank the Minister for accepting this.

The Bailiff:

All those in favour of adopting the proposition kindly show. The appel is called for in relation to the proposition of Senator Ferguson. I invite Members to return to their seats and the Greffier will open the voting.

POUR: 42	CONTRE: 0	ABSTAIN: 1
Senator T.A. Le Sueur		Connétable of St. Peter
Senator P.F. Routier		
Senator P.F.C. Ozouf		
Senator F.E. Cohen		
Senator A. Breckon		
Senator S.C. Ferguson		
Senator A.J.H. Maclean		
Senator B.I. Le Marquand		
Senator F. du H. Le Gresley		
Connétable of St. Ouen		
Connétable of Trinity		
Connétable of Grouville		
Connétable of St. Brelade		
Connétable of St. Saviour		
Connétable of St. Clement		
Connétable of St. Lawrence		
Connétable of St. Mary		
Deputy R.C. Duhamel (S)		
Deputy of St. Martin		
Deputy R.G. Le Hérisssier (S)		
Deputy J.B. Fox (H)		
Deputy of St. Ouen		
Deputy of Grouville		
Deputy of St. Peter		
Deputy P.V.F. Le Claire (H)		
Deputy J.A.N. Le Fondré (L)		
Deputy of Trinity		
Deputy S.S.P.A. Power (B)		
Deputy S. Pitman (H)		
Deputy K.C. Lewis (S)		
Deputy I.J. Gorst (C)		
Deputy of St. John		
Deputy M. Tadier (B)		
Deputy A.E. Jeune (B)		
Deputy of St. Mary		
Deputy A.T. Dupré (C)		
Deputy E.J. Noel (L)		
Deputy T.A. Vallois (S)		
Deputy M.R. Higgins (H)		
Deputy A.K.F. Green (H)		
Deputy D.J. De Sousa (H)		
Deputy J.M. Maçon (S)		

3. 1(1)(k) Category Residents: referendum (P.130/2011)

The Bailiff:

We move next to Projet 130, 1(1)(k) Category Residents: referendum, lodged by Deputy Pitman and I will ask the Greffier to read the proposition.

The Greffier of the States:

The States are asked to decide whether they are of opinion (a) to agree that a referendum in accordance with the Referendum (Jersey) Law 2002 should be held on the issue of whether or not the current preferential tax rates offered to new 1(1)(k) category residents should be abolished and be replaced with a flat taxation rate for all; (b) to agree that the text of the question should be: "Do you agree that preferential taxation rates at one per cent for any earnings over £650,000 for wealthy immigrants should be abolished? Yes/No"; (c) to request the Chief Minister to take the necessary steps to implement the referendum.

3.1 Deputy T.M. Pitman:

Thank you, Sir, he said breathlessly. Many Members will say: "Why should we look at this when we discussed it a few weeks ago?" We could say that with many propositions that come to this House. Hopefully this will not come back as many times as G.S.T., but who knows. I brought this because the decision of the House - which, of course, I have to accept; I did not agree with it - I believe was wrong and, speaking to my constituents, to the public widely, as most of us try to do, the opinion seems to be very firmly held that the decision of the House was wrong. Now, we hear or we read, certainly in the press statements made by the Minister, or was it the Chief Minister, that to allow the public a say on this would be ... was it a corruption of democracy? Well, perhaps the person who said that will explain during the course of the debate why we cannot ask ordinary people if they are quite happy that another group of people in the Island should be allowed to pay far less tax in real terms than them for no other reason - and let us be honest, we cannot argue this because this is fact - the only reason they are paying less tax in real terms is because they are very, very wealthy. How does that fit in with strategic plans and promises to fairness and equality? It does not. Now, really I do not want to stray into the whole debate about the issues because, again, I feel I won the argument hands down last time and, again, all the feedback has been the same. But, of course, we get arguments from the Ministers, Senator Cohen for one who I respect a lot said: "We do not have to consider the morality issue. It has already been decided." No, that is not good enough, I am afraid, Senator. We cannot look at the way we develop policy in that manner. How do we sell this to the public? People who are born in Jersey, who have worked all their lives in Jersey, contributed all their lives, yet they are effectively being discriminated. Now, we hear lots of red herrings: "If we increase the 1(1)(k) contributions they would all leave." It is easily demonstrable those are utter rubbish. The rates have increased over the years several times and they did not all leave. Perhaps that has got something to do with lots of deals being done that apparently never happened because their rates did not go up. The Minister cannot have it both ways. I do accept that this has been a policy for many years, but it has been a wrong policy for many years. When has the public ever been asked? The Ministers are so confident that the public are with them. Well, I challenge them on that. Let us ask the public. We will hear the arguments against supporting this: "Well, there is an awful lot of money they pay." Well, until my questioning revealed the truth we were always told - and I used to hear it on the radio, see it in the paper, see it on T.V. (television) all the time - all 1(1)(k)s paid at least £100,000. Now, this was completely untrue. Many of them paid less tax than their gardeners. They paid less tax than their cleaners. Generally speaking, we have always got about 20 who pay less than £10,000 tax and around 10 to a dozen who pay less than £5,000. We are still happy to reduce that. With what Senator Ozouf, the Minister for Treasury and Resources, brought last time, we offered to let them have even more preferential rates at a time when we are squeezing ordinary people more and more and more. 1 per cent now for new 1(1)(k)s over £625,000; the potential, as I used the case last time, for someone to make £100 million deal and paid 1 per cent on almost all of it. That is moral, is it? Not in my book and not in the public's book, I believe. We have seen reports which frankly, like many other reports, were not worth the paper they are written on. Reports apparently justifying

what 1(1)(k)s contribute produced by firms whose business is promoting those interests of the 1(1)(k)s; worthless, in effect. I think it comes down how we view democracy and how we view equality. Are they just words on strategic plans? Is that all they mean?

[14:45]

Otherwise how can we go to someone who earns £30,000 and expect them to pay their tax, which is a lot of money to them, and then for someone else who might have no ... let us be honest. Why do they come? Why do they come to Jersey? It is not just because of the lovely beaches. They are coming because they are getting a nice benefit with their tax and, as I have said before, you cannot blame them for that. It is the system that is wrong. But why, why, why is it a corruption of the democratic process to ask the people? I know why that has been said; because the Minister in question knows that the public do not support this at all. We always see the spin put on: "Well, they contribute £13.5 million. We would have to put up G.S.T. if they were not here." Well, we could put G.S.T. down if they paid what they should. It is this mindset and Jersey is not the only place to have it. It is this spin and the Deputy of St. Mary did a brilliant job yesterday when he dismantled the Council of Ministers' facts. We have been spun this myth, like most of the western world, for 30 years: "Got to give the wealthiest the biggest slice of the pie. Yes, they will get richer because of it but so will everyone else."

The Bailiff:

Deputy, I appreciate this is a fine line but Standing Orders say one cannot reopen discussion of a matter which has already been decided in the last 3 months. Now, I appreciate ...

Deputy T.M. Pitman:

Well, I have to justify it, Sir, to be fair.

The Bailiff:

I know; it is a tricky one. All I am saying is that we do not want a simple rehash of the last debate because that has been debated. This debate is as to why one should go to a referendum. Now, I appreciate the 2 are closely linked but we cannot simply have a rehash of the last debate because that is prohibited.

Deputy T.M. Pitman:

I do not think we are, but I always bow to your wisdom, Sir. I will do my best. It is hard, as you say. Why should we not go to the public? Why should we not ask people who are being discriminated against if they agree with what our Chief Minister and our Minister for Treasury and Resources says they all support? What is the problem? Nothing to fear; nothing to lose, surely? Now, I am being criticised for the wording. I requested advice on the wording in line with what was happening in Switzerland. I was promised that from Statistics, where I was advised to go for the wording, and then suddenly all the correspondence stopped. I cannot imagine why that happened but it did. So I had to come to the wording I did in discussion with the Greffier's Office, and I appreciate their help. I had, in the original, put my alternative. I was advised not to do that because it would complicate the matter and, for a referendum, it had to be simple. That is why we are where we are. So really, Ministers and the objectors, you cannot have it both ways. They cannot have it both ways. It is quite simple. I want to ask the ordinary people who have been discriminated against, the people who have been born and work in Jersey, pay their tax, struggle to make ends meet, I want them to be allowed to be asked and give their opinion to either say: "No, Deputy Pitman, you are wrong. It is fine that these multimillionaires can pay less tax than us", or I want them to say: "No, Council of Ministers, you are wrong" because whatever answer came out, it can put an end to the matter. We can either make me sit down and shut up, which I am sure a lot of people would - there are a lot of people out there who want to shut me up, as I have learned - or we can say: "Well, no, the public do not support this at all." I really think it is time Jersey took a lead, as is being moved in countries like Switzerland. It is still ongoing; there are various areas looking

at it. Ironically, without wanting to stray back in there, a big and very surprising part of the driver for this move is coming from Swiss millionaires, home-grown millionaires who say: "No, it is wrong. Why should I pay more tax than people who just come into my country just for the tax breaks?" That surprised all the parties in Switzerland, speaking to someone over there the other day, and that is what I believe we should be asking. It is morally wrong and no one can argue otherwise. The Assistant Minister did have to acknowledge it was an immoral system. So I would like us to test this out with the people and say: "Do we support our Government in supporting immorality? Do we believe in double-standards? Do we believe in discriminating against our own people?" I am happy to abide by whatever that answer is. I believe I have got the people with me. I am happy to take that chance and if I am wrong I will hold up my hands and I will never raise the issue again. Has the Council of Ministers got that confidence, because if what they are saying is true then I really expect them to be saying: "Okay, Deputy Pitman; we have got different political perspectives but we will ask the people. We will listen to the people." At the moment it is the tail wagging the dog. The people are Jersey, not this Government, and it is completely wrong to discriminate against people who work hard but will never get to be millionaires: the nurses, the teachers, the road sweepers, whatever. It does not mean they are any less of a person. It does not reduce their humanity. Surely it should not reduce their value to the community, yet they are discriminated against and that is what this Government, this Council of Ministers ... and that is why I get so hung up about being talked of as "the Government" when I oppose these things so much. Please, Council of Ministers, support this. Let us let the people speak, just as they do in elections, and we will see who is right and who is wrong. I will leave it there. It all comes down to democracy. It is about equality and whether those are just words to us or whether it is a genuine commitment. I know where my commitment is and I make the proposition and I hope someone will second it.

The Bailiff:

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

3.1.1 Senator P.F.C. Ozouf:

I am sure that Deputy Pitman would agree that he is fairly forthright in a number of the views that he expresses in debates. His remarks and views on 1(1)(k)s have been at the most forthright end of the remarks that he has made and I certainly would distance myself from some of the observations that he has said about 1(1)(k)s in the previous debates, and indeed in the manner in which he has explained his arguments in favour of this proposition today. I do not believe that it is appropriate to use public referendums to set tax policy. They should only be used for constitutional matters and, with one exception, of British summertime, that has generally been the way in which we make decisions in Jersey. The people of Jersey elect, as they will in a few weeks' time, the majority of Members; not some of us on the Senatorial benches and not those that have already been confirmed, but effectively the people of Jersey elect people to represent them in this Assembly to make policy matters on their behalf. I recall that Deputy Pitman himself has spoken against referring questions to the public that have been previously decided by the States. I recall that in the proposition on the reduction in the numbers of Senators, in P.198 of 2010 on 19th January this year, he said that those in favour had to choose between democracy to be cherished or democracy just to be chosen when you want it because we do not like the decision we reached. That is interesting because there is obviously one set of arguments that he thought was important for constitutional matters - you could argue that the reduction of Senators was a constitutional issue - and now he is using different arguments for tax policy. Perhaps he would explain why he has got a change in decision in relation to that. The 1(1)(k) changes that were made before the summer recess were designed to make Jersey more competitive for wealthy immigrants. The States sent a clear message that Jersey welcomes individuals and the benefits that these individuals bring to the economy as a whole. I would be asking for Members to send a similar message to those individuals who are now actively being taken through the application process for wealthy immigrant status and the new tax

arrangements. I would want this Assembly to send a message out that we continue to welcome those individuals and I will come on to say something in a moment about that. Deputy Pitman says that few of the people who voted in favour of the 1(1)(k) tax changes in July spoke during the debate. Fourteen out of the 35 Members who voted in favour of the principles of P.113 spoke, while 7 out of 10 Members who voted against spoke. There were 6 electronic votes and, not surprisingly, the speakers reduced as the long debate on the day wore on. I think that we have a debate about this issue. We are elected representatives of Jersey and we have made a decision. If I may say, the proposition itself is also, I am afraid, flawed because it makes reference to a £650,000 figure. I do not know quite where Deputy Pitman got that number from but it is an incorrect number. It is in fact at £625,000 that the 1 per cent kicks in and, if endorsed, it would mean that 1(1)(k)s would be taxed at 20 per cent to £625,000 and 1 per cent on the next £25,000 and 20 per cent on the remaining income. So it is completely at odds with the proposition that we have had and it is important that detail is correct. I welcome 1(1)(k)s to the Island - that is why we brought the original legislation to the Island - and the very valuable contribution that they make. I can report that the changes have been well received by the marketplace and, as I said earlier, we have got a number of individuals, as I understand it, that have been attracted and their application process is effectively, probably, I think, going to be put on hold or indeed questioned if this matter is put to a referendum. We certainly would not get the economic benefit and the injection of capital, of intellectual capacity, of business into the Island if we did not do that and I think that would be a shame. Since we debated these issues earlier on, clearly the economic outlook is more challenging. I am confident about Jersey. We have had some fantastic news this week about Zero/Ten because it gives a message of certainty. **[Members: Oh!]** Members may remonstrate but it gives the message of certainty on our tax systems. This is not a mutual appreciation society but there has been a lot of work done in relation to that issue and it is because we have communicated, we have got the right result and we have now got certainty, subject to the Ecofin decision, on our taxation system. The period of time of uncertainty in relation to Zero/Ten has caused difficulties for us. Also, if we continue to have uncertainty in relation to the tax policy and the tax decisions that we have on wealthy immigrants that will cause uncertainty. We have now got certainty in all aspects of our taxation system. We have confirmed 20 per cent rate of tax, we have now got certainty in relation to Zero/Ten thanks to Senator Cohen's actions and we have now also got, I thought in the summer break, certainty in relation to wealthy residents. We are set on a course of actual confidence in the economy, economic growth, jobs and prosperity for Jersey in a world that is certainly a difficult world and I want to maximise on that message of certainty and stability. It is not appropriate to have a referendum on one aspect of our taxation system. This is an attempt at reopening a debate that we have already had and I am sorry and I regret that issue. So I think that we should not be deciding tax policy by referendum and Members should vote against this proposition.

3.1.2 Connétable L. Norman of St. Clement:

I have been trying to make sense of this proposition and, I have to confess, I have failed totally. The proposition says: "To agree that a referendum in accordance with the Referendum (Jersey) Law should be held on the issue of whether or not the current preferential tax rates offered to new 1(1)(k) category residents should be abolished and be replaced with a flat taxation rate for all." Now, that is there. That is in black and white and it is clear: "A flat taxation rate for all." So if this gets adopted and approved then everyone - because it says "all" - whether you have an income of £5,000, £10,000 or £100,000 a year, will pay a flat rate of tax. No concessions, no allowances: a flat taxation rate for all. That is what Deputy Pitman wants. That is what he says in his proposition.

[15:00]

Now, that is fair because, proportionately and relatively, everybody will be paying the same amount of tax. The person who has an income of £10,000 a year will pay 20 per cent and be left, after

taxation, with £8,000 a year. The person with earnings or income of £100,000 a year will also pay 20 per cent tax and be left with £80,000 to spend. Is that fair? Is that moral? Not in my book, but that is exactly what Deputy Pitman wants to achieve. Now, the Minister for Treasury and Resources said the question is flawed. I say it is worse than that. I think the question is devious because it does not mention what is in the first paragraph of the proposition, of the 1(1)(k) benefits being replaced with a flat rate of tax for all. So if we went along with this and put this in a referendum we will be hiding, particularly from the lower income individuals, the fact that if they say yes to this proposition that they are going to be lumbered with a flat rate of tax if they vote yes. That is totally unfair and it is totally devious. Deputy Pitman should realise the immorality of this proposition, the deviousness of this proposition and withdraw it before we waste more time this afternoon.

Deputy T.M. Pitman:

I do not think “devious” is not very appropriate, I am sorry.

The Bailiff:

Certainly, if he called you devious that would be unacceptable, he came very close to it, I hope you...

The Connétable of St. Clement:

Well, I certainly did not intend ... I did not call the Deputy devious. What I am trying to say is the proposition and the impact of the proposition would be devious if we were to adopt it. What I am saying is it would be misleading the public who are being asked to vote.

The Bailiff:

Misleading is perhaps a better word than devious.

The Connétable of St. Clement:

Certainly.

3.1.3 The Deputy of St. John:

I am appalled by this proposition, totally appalled. We are being asked to single out one area of our Island residents in a referendum. This cannot be right. I believe everybody in this Island has equal rights. The proposer may laugh, but we have put laws in place to help the Island through difficult times over many years. The proposer, over a number of debates now in this House has singled out this group of people, and I cannot say that it is a very pleasant thing to hear coming from this House. It brings the Government of Jersey into total disrepute. We have the haves and have nots, you have that in every society, but to single out one particular group of people for a referendum in my book is that step too far, it is a step too far. We have had all the debates over the last several years in this particular area and before that, and I cannot accept what the proposer is trying to do and if the Chair will allow I would like to ask that we move on to the next item.

The Bailiff:

No, I am not going to allow it, Deputy. This matter has been on the agenda for some time. Not many people have spoken yet. I am not willing to agree to that. Deputy of St. Mary?

3.1.4 The Deputy of St. Mary:

First, just a point in response to what the Minister for Treasury and Resources said dragging in the successful outcome of Zero/Ten and how the right result has been achieved and we now have stability, whereas in fact the result achieved is the opposite of what he has been trying to achieve along with his Chief Minister for years and we have now been shown to have gone, in fact, barking up the wrong tree. So it is very curious that this is being presented and successfully presented in the media as a success story. It is a resolution of the issue, but to present it as success when you

have achieved the opposite of what you have set out to achieve is very curious use of the English language. But that is the way our media and our Government operate and it is a sad state of affairs. That is just by the by, but the Minister mentioned it. The one important issue, I am going to make 3 points, the first issue of course is the one of the proposition, the wording of it and, yes, there are problems with it and I kick myself for not having given this enough attention earlier. But it is interesting, is it not, that the Minister for Treasury and Resources can stand up and say: "You have got the wrong figure. It should not be £650,000, it should be £625,000." Well, all you have to do was send an email and it is interesting that exactly the same happened to my proposition on land tax where 2012 was an impossible timescale; all the Minister for Treasury and Resources had to do was send me an email. It is interesting, is it not, then I could have amended my own proposition, he could have amended it and I refer Members, they will not have it, of course, but I refer Members to P.120 where Deputy Southern proposed an amendment to the minimum lodging period for the Medium-Term Financial Plan, he referred to the law and he wanted it changed to 12 weeks. Now the Minister for Treasury and Resources could have waited, bided his time, ambushed this proposition and said: "Impossible - 12 weeks - we have got to have a shorter timescale because it does not fit with this, that and the other." But, in fact he lodged an amendment and he said: "Not 12 weeks, 9 weeks." My understanding is that Deputy Southern accepted that amendment. With all the rush we have been having I cannot even remember whether we have debated this or not but the fact is that an amendment was made to a faulty proposition by the Minister for Treasury and Resources. He picked up on it, he read it, he said: "Oops, Mr. Southern you cannot do 12 weeks, I think 9 weeks would be more appropriate." He amended it and my understanding is that Deputy Southern has accepted that amendment. So the point is that if there are flaws and that is a flaw, it appears to me anyway on a quick reading of the Minister's comments, then that could have been resolved earlier, could have been sorted with, as I say, an email. Likewise, paragraph (a). Now paragraph (a) does present problems with this flat taxation rate for all I think that is, if you like, a drafting error. Someone should have picked up on it, nobody has, but the point is that in paragraph (a) the main thing we are agreeing is that there be a referendum and it is just unfortunate, and the proposer will have to make the best fist of explaining that last phrase to us all and how he can mean that and how we can vote for that. But really what paragraph (a) is about is, yes, we will have a referendum on this issue. Paragraph (b) is the action. That is the action, that is the one that really matters if there is a drafting error in that ... oh dear, and Members can then legitimately say: "Well we cannot accept that question." That is the action that the proposer wants. He wants a referendum with this text. I see someone has their light on?

Deputy G.P. Southern:

If I may as a point of clarification to the speaker; as far as I am aware, (a) there is no fundamental defect with the proposition ...

The Bailiff:

This is not seeking clarification, you seem to be making a point.

Deputy G.P. Southern:

And (b) I have not accepted that proposition or done the amendments and it has not been yet debated.

The Bailiff:

Thank you.

Deputy G.P. Southern:

That is a fact.

The Deputy of St. Mary:

The clarification was about his own proposition, which I now understand. Deputy Southern was interjecting on P.120. Okay. So on this, the action part is (b) - or (b) and (c) in fact - and that is really where Members' mind should be focused on but clearly the proposer has a little job with relation to paragraph (a). So I hope I have cleared that up and I hope I have shown Members that the £650,000 should and could have been amended one way or another with a friendly email. The second issue I want to address is referendums in general, and the Minister for Treasury and Resources and I think this is probably the heart of the debate, referenda should only be for constitutional matters and I have to say I disagree totally with that and I will explain why. At the moment, we have just seen 11 people re-elected to this Chamber with no mandate, no manifesto, no election, so how ... what can the public do about having a handle on what happens when a fifth of the membership has already been elected, as I say, with no contest and no chance to find out what those people think. So that is the first problem. The second problem which we have had, of course, for decades is that the people of this Island have no say in who ends up as the Government...**[Interruption]** These people from St. Mary, earlier this morning I got it right as well, I was challenged on the same matter and I had counted also correctly; so them in St. Mary can count which is good to know. Yes, the second issue is that the people that have been silent for decades have had no say in who ends up as the Government. That has not mattered so much under the committee system because in effect the power was spread out, the involvement was quite spread out. But now with the Ministerial system there is a real democratic deficit. How can a member of the public know what is going to happen in the field of transport or health, which way the system is going to move, which way the Government is going to move when they have no say at all in that process of who ends up being Ministers. That is a serious matter. It will of course be addressed by the Electoral Commission; hopefully they will come up with a resolution of that problem along with all the other problems of fairness in our voting system. But at the present moment we have a serious democratic deficit. One way round that is the referendum and one of the possible suggestions for the Commission to look at is this issue of referenda. If they cannot resolve the matter of the relationship between the voters and Ministers it is going to be difficult in our funny system without any parties; it is going to be difficult and one possible way is to promote referenda as the method by which the public with a certain number of signatures collected can order a referendum. The ceiling could be ... the threshold could be as high as £10,000 but if we - if anyone - if any member of the public or group felt strongly enough that a particular issue was being ignored or sidelined ...

The Bailiff:

Deputy, these are interesting issues but the question is whether this particular issue should be referred to a referendum under the existing system.

The Deputy of St. Mary:

Yes. Yes, I am making these ... I accept that. We are under the existing system but I do think that there is a deficit and that referenda are a way round that and I think this issue will re-emerge. But on this particular question the point is that to say that referenda should be limited to constitutional questions, I do not think it stacks up. It is a way in our curious, curious voting system and constitutional arrangements; it is a way of the public having a direct say which otherwise is systematically denied them. The third point that I wish to make is where the proposer in the fifth paragraph of his pleasantly short report, talks about the global situation about attitudes to wealth, attitudes to people being able to avoid the tax that they should pay. He writes: "Anger at such discriminatory taxation processes against local and less wealthy people is growing in many places around the world." Somebody, I forget who, in this debate, has already said that there is a curious difference between the home-grown millionaire who would end up paying a normal tax rate, Jersey tax rate, and an imported millionaire who has flown in on a helicopter, metaphorically speaking, and they pay this incredible concessionary rate and there is an issue around that. It is linked to the issue of corporations paying less tax worldwide and in Jersey dramatically so; something like over

80 per cent of income tax is now paid by individuals, by individual members of the public. The difference between corporations and individuals is that corporations are mobile, they can move and they will threaten to move, and you, me and the gardener cannot move. It is the same issue here. We are told by the Minister for Treasury and Resources that if we alter or muck about with the taxation regime for 1(1)(k)s they will move. That is always the threat. This issue about the fact that wealth can move whereas the ordinary punter, the man and woman in the street, cannot move, that is a global issue now.

[15:15]

This unfairness, it is a world that has gone wrong and the question is do we in Jersey want to play our little part in addressing the world that has gone wrong or are we going to go along with it? On today's front page we read of a classic example of the world that has gone wrong, on the front page of today's *Independent* there is the story of a rogue trader in UBS who has cost the bank, according to reports, £1.2 billion. It has gone mad, where anybody can run up that kind of mistake by playing on the markets and that is again part of this system. The question - and I am going to close here - is are we going to offer our residents the opportunity to vote on these issues? Will they have the opportunity to say whether they want Jersey to be part of the solution to this global question that wealth can evade tax and the rest of us cannot, or will Jersey remain as part of the problem?

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

I just would like to make a brief point of clarification to the wide-ranging remarks by the previous speaker. In referring to a number of Members who have recently been re-elected, he said that they had no mandate, no manifesto and no election and I wish to draw to his attention and to those who share his view that whether or not the candidate has had a manifesto depended on the nomination speeches that were made about them and their policies and indeed on their ability to publish manifestos after the nomination meeting, but it is absolutely wrong to say that Members who were returned at the nomination meetings because they were not opposed are unelected. They have been elected and therefore they do have a mandate.

3.1.6 Deputy M. Tadier:

Just like the big guns are holding their fire, for now, apart from the Deputy of St. Mary, of course and the proposer. I will stick to the proposition because this ... the underlying principles of 1(1)(k) and the differentials in rates have been robustly debated and that is good, that is fine. So we are here to debate the principle of this particular referendum. I do have some points to make, of course, that are peripheral but nonetheless pertinent. The first one is to contextualise what we are debating here is that the great work which has been going on, I think, since the last set of elections to do with the great web site vote.je, the real campaign that has been seen, I think BBC have to take a lot of the credit for this, but also the States Greffe, we have also seen a video. The whole point of this is to try and encourage the public to have their say. I have finally got around to watching the Hedley Le Maistre video, it is probably about a month after it was circulated because the irony of course is that nobody on the States network could view the video from the States network, they had to wait until they got home because of course you cannot be watching that kind of stuff when you are a States Member or a States employee. But anyway, that is beside the point. The point I am making is that we are doing all we can to encourage people to have their say in Jersey. The underlying problem, and I completely concur with the Deputy of St. Mary, is a point I was going to make and I will make briefer because he has made it, is that referendums should not be simply limited to constitutional matters. I think it is a flawed concept anyway, but also more in the Jersey context. I think the public, as we have heard, and I have heard people say, going through the endless constitutional debates that we have about the composition of the Chamber, et cetera. Most of the public, I suspect, are less concerned about the make-up of the Chamber rather than the debates and the policy direction and the underlying principles of those debates and they feel that they would like to have their say and direct input in those, and that is why the hustings will be certainly well

attended in my particular district, as they always are, and people will be wanting to get to grips with the issues. So the point of this is that we are not simply, as Senator Ozouf suggested, having a referendum to decide tax issues. Now that may not even be ... the idea that we should not use referendums to decide tax is open to debate anyway but, even if that were true, it is not the case here that we are using a referendum to decide tax policy. What we are doing is using a referendum to decide the underlying principles of fairness, equity that all States Members should be using and going back to the public to ask their opinion on what those issues should be. It is already accepted that the current proposals for taxing one group of individuals who are not native to the Island, different first of all from those who are native to the Island who earn different amounts, and also those who have the same wealth but were not from outside of the Island, is controversial. In Deputy Pitman's report he quotes the Assistant Minister for Treasury and Resources, Deputy Noel, saying that of course the 1(1)(k) regime is immoral. I think we also heard Senator Cohen say that of course it is not fair and the concerns, both the support and the opposition to 1(1)(k)s, is qualified because those who support it realise that there is an issue of morality, of fairness, which is inherent in the discrimination that takes place and those who oppose the 1(1)(k) regime, as it currently is, also recognise that there is an element of pragmatism involved in the sense that it does certainly bring in revenue to the Island which may or may not be there if it were removed. So there is an argument that needs to be had and it would be very interesting to let the public have their say on this. The fundamental point is what is the big issue about going to the public and asking them what their opinion is? The implication is, I think I have made the case, that there is a certain amount of doubt concerning the morality and whether or not the policy is the correct one to have. Whether or not the public would support it, I think, is also unknown at the moment, but we certainly know that there are many in society who do feel uneasy about it as we do as States Members. It is a great risk if as an Assembly we are putting through policies which do not have the endorsement of society. Normally laws, whether it is to do with murder, to do with stealing, have been entrenched in society because they are accepted norms and these are laws because society accepts that it is wrong to kill under most circumstances and it is wrong to steal other people's property under most circumstances. Unfortunately we do not have a clear handle. In fact we suspect that we may have reason to believe that most or many people in society do have strong qualms about the policy that we currently have in place, so there is definitely a case for putting it towards a referendum. I think the ultimate question or the underlying problem here is not so much that we do not want to ask the public because they may say: "No, we do not agree with this." I think it is more fundamental than that, in that we do not want to have the debate which surrounds this because we have decided... not even we, it is a policy which has been in existence for a long time which we will all admit that other countries do use in different ways, but we have not instigated it and nor have the public, so it is there without anybody's approval. So let us simply have a referendum, let us ask the people what they think. I am sure that there will be some arguments now as to why we should not be putting this to a referendum. I suspect that they will not necessarily stand up to scrutiny. The last point I will make is to do with (a). Of course, I did not draft this question here, I may have drafted it in a different way. I think that we are looking for reasons to reject this and the objections which are raised during question (a) to do with a flat taxation rate for all, I do not think that they stack up. The flat taxation rate does not mention exemption rates. It does not say that exemptions should be changed, it simply says that there should be a flat rate of tax. We do have 20 Means 20 already, so that is really not an argument. It does not necessarily say that there cannot be an exemption rate of, let us say, £5,000, £10,000, £15,000, £20,000 to allow people a minimum to live of non-disposable income which they can spend. So I think we are looking for flaws in this which do not exist, the question is very simply, do we want to consult the public on an issue that they are not able to otherwise speak out on and endorse the States policy, because ultimately we are here to represent the views of the people and we should not be taking through policies if there is at all a reasonable risk that those policies and the principles that underlie those policies are not shared by the public at large?

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

During the debate on P.114/2011, I voted against the proposed changes to the draft Income Tax Law. Why? Because I do not believe in giving tax concessions to people simply because they are wealthy, especially when ordinary people are facing much higher tax burdens resulting from the shift away from company tax to personal tax under Zero/Ten. I, personally, however, would be prepared to give tax concessions to encourage wealthy entrepreneurs to the Island if they invested in the Island; not in property, which pushes up house and rental prices, but if they invest in new productive industries and businesses which would enable us to diversify our economy away from financial services and to other areas and to help us rebalance our economy and to create new jobs for those who do not want to work in or do not have the skills or qualifications to work in the financial services industry. Now at the present time the financial services industry is in the doldrums and is likely to achieve low growth rates for some years to come and we need to find new industries and businesses to supplement what we have and if necessary to replace the financial services industry which may well be in decline. So, I do also happen to believe that I would like to see more consultation with the public and I would certainly like to see this whole question examined, but I have to say I am not convinced at the present time, by the wording of the proposition and I am going to have to be convinced whether to adopt this here. So, I am not being against wealthy people, I want people coming in here investing in jobs and new forms of business to get away from what we have at the present time and to secure the future of the Island.

3.1.8 Deputy E.J. Noel:

Just to pick up a quick point that Deputy Higgins made. Our current 1(1)(k) regime does do exactly what he asks, the new arrangements do encourage individuals to bring their businesses here and to invest in local businesses and does exactly what he asks. To a point that Deputy Tadier made, we already do have 2 rates of tax, we have the marginal rate at 27 per cent and we have the standard rate at 20 per cent. If I may return back to the proposition, I am surprised that we are having this debate today, especially when we did not appear to have the appetite to have a referendum on the reduction of sentences, a subject matter that I believe warranted a referendum. I do not consider that this particular subject is suitable for referendum. We are asking the Island to have a referendum on a small minority, some 130 families, on how they should be taxed. That simply cannot be right. In his speech, Deputy Pitman keeps mentioning a £100 million deal that one of our Island residents purportedly has carried out in the last year or so, that it has not been taxed. Well, there is probably a very simple and logical reason for that, it would have been a capital transaction and we do not have capital taxes in the Island and therefore how could we possibly tax it under our income tax rules? Deputy Pitman purports in his report to his proposition, as highlighted by Deputy Tadier, a quote that I have made in a meeting. I would like to pass a warning to all States Members that it is ... to quote someone out of context can be very dangerous. I believe that Deputy Pitman took this quote from a conversation that he, Senator Cohen and I had in a computer room some months before the summer recess. During that conversation Senator Cohen suggested that for 1(1)(k) residents we should have a fixed, flat annual fee for such residents and I can now quote verbatim that Deputy Pitman said: "I could live with that." However, I will be fair and tell you the rest of what he said providing and again I quote verbatim: "Providing that the amount is high enough". I believe that Deputy Pitman promotes a progressive tax system. Well, on one hand to promote a progressive tax system and on the other to accept a proposal where people's tax will be capped seems contradictory.

[15:30]

To go back to the proposition, it is not a suitable subject to have a referendum on a taxation of some 130 families is not right.

3.1.9 Senator F. du H. Le Gresley:

Unfortunately, I would like to support this because my views on the 1(1)(k) tax regime I think are well known in this House, but I do have problems with the wording. I am not blaming the Deputy in any way for this, but as States Members we cannot really approve propositions that unfortunately are not correctly worded. The issue about the £650,000 and the £625,000 has already been made, but the Deputy of St. John ...

The Greffier of the States (in the Chair):

I am sorry, Senator, we have become inquorate again. The usher has gone to get further Members. Well, I think enough time has gone by, we will call an appel. We are now going to be complete. Very well, we will not call the appel after all. Just for those who have just come in, I was about to call an appel and if the appel had not been sufficient I would have suspended the sitting for a while. Senator Le Gresley.

Senator F. du H. Le Gresley:

I was about to talk about the Deputy of St. John, who I am pleased has returned to the Chamber. He alerted me to a potential problem that has not been discussed about the proposition. Because part (a) makes reference to new 1(1)(k) category residents, but the actual wording of the proposed referendum does not mention the word “new”. So what I am wondering is was the intention of Deputy Pitman that if this referendum resoundingly said that people did not agree, would we be changing the tax or needing to look at changing the tax arrangements for existing 1(1)(k)s, which I think was the concern of the Deputy of St. John. In one sense, we are talking about new, but then the wording of the question to be posed does not use the word “new” at all. It leaves me in some doubt as to what would be the outcome. That said, as I say, my views on the 1(1)(k) tax regime are quite known. Not that it is going to help anybody, but I am putting out 30,000 manifestos and in there I say I do not support the 1(1)(k) tax regime. If we see I get re-elected, it may be an indication of whether people believe that the 1(1)(k) tax regime is something that we should retain. I would also comment that the Government in the U.K. has been looking at whether they should be reducing the top tax rate of 50 per cent for earnings over £150,000. This has been a big dilemma because they are worried that people are arranging their tax affairs so that they do not have to pay this higher rate. But what is stopping that Government changing is the people. The people of the U.K. have gone through really hard times with higher V.A.T. and higher costs and no pay rises. It is not politically acceptable to change the tax arrangements in the U.K. The indications are that if anything is to change to stimulate the economy and get people to start spending money again would be to take 0.5 or 1 per cent off their V.A.T. rate and not to prefer a very small section of high earners. That is a lesson that we need to learn in Jersey. In the hard times for people of Jersey we have decided to look at the tax arrangements for new 1(1)(k)s entering Jersey, make it easier for them, let them pay less tax. Instead, we should be saying as soon as our economy improves let us take 0.5 per cent off G.S.T. I think we are getting this completely the wrong way around. I think the idea of going to the people and getting their opinion is absolutely correct, and I think some States Members would be quite shocked at the outcome of that. We would have to, I think, take due note of the response. Unfortunately, I think the Deputy has the wording wrong and it is something that needs to be brought back perhaps in the next Chamber.

3.1.10 Senator F.E. Cohen:

The issue of 1(1)(k)s, wealthy immigrants and the moral issues surrounding them are very complex indeed. They can be argued convincingly both ways. The fact is that wealthy people and newcomers into any community do provide certain functions, and one of those is taxation. It is up to the community to decide whether or not they wish to allow those newcomers to have a privileged tax regime. The main purpose of any privileged tax regime usually comes out of necessity, and that is a reality in the marketplace that in order to attract wealthy people to any community, one needs to take account of the competitive nature of other jurisdictions. In our case, there is a competitive position in Guernsey, our near neighbour, and a wealthy person is able to go and live in Guernsey

very easily by buying an open market home and their taxation is effectively capped at £100,000 a year. That is the context of attracting wealthy people. In my view, the concept of the 1 per cent above £625,000 is rather a nonsense. I do not believe that it attracts very much taxation revenue anyway. I think ...

The Bailiff:

Senator, I have indicated to one or 2 other speakers that while obviously one has to touch upon the 1(1)(k) situation and the merits of the policy, this is a debate as to whether to have a referendum. It is not a rehash of the arguments for or against what the States decided last time. Now, I appreciate it is a fine margin because you have to touch upon those to explain perhaps the relevance to a referendum, but this is not a full debate on the merits or otherwise of the policy.

Senator F.E. Cohen:

Quite so, and I shall return if I can just complete the sentence. My view is that the concept of a 1 per cent taxation is a nonsense because I do not believe it delivers very much anyway. The question would be much better worded to the electorate, should we go down the referendum route: "Would a fixed rate of such and such", whatever that would happen to be: "be something that the electorate would support or not?" But in my view, the referendum itself would be better tuned towards whether or not we should create a new class, as we have debated in principle before and discussed in debates, and that is a class of new incomers who represent economic value to the Island, who are able to set up and improve business in the Island and able to contribute towards providing employment for the nearly 1,500 unemployed in the Island. That is more important. I cannot support the concept of this referendum, but I think that there are questions to be asked over our tax regime generally and I believe we would be better to tune our tax regime in relation to new incomers to delivering economic direct benefit to the Island.

3.1.11 Deputy J.M. Maçon:

I shall be very brief. Unlike some, I do think that any area of government policy is something which should be discussed, should go out to the Islanders. However, when one is putting a referendum question to the public one has to be able to say that the response that they get back is valid. My problem is not with this being an area we should not be discussing; I think it is an area of government policy, yes, it should be discussed. I do not have a problem with that. I appreciate this will go to referendum. But part (b), about the question, which I see all this proposition sitting together as one thing, is: "Do you agree that the preferential taxation rates for any earnings over £650,000 for wealthy individuals should be abolished, yes or no?" What happens if people say yes? Do you agree? I agree it should be abolished. Abolished because it is not enough? Abolished because it is too much? Where does it lead us? What do we get from this? All you will know is there is some level of discontent but you will not know where to go after that. I do not believe it will produce a valid result which would be useful to this Assembly. It is for that reason that I will not be supporting this proposition, though I accept that any area of government policy is something which should go out to the public.

3.1.12 Deputy S. Power:

I too will be brief. I have a real issue when an electoral college or an Assembly such as this ... I think Deputy Noel summed it up fairly accurately saying when we are discussing a very small group of people in our society. The fact that these people are for the most part highly successful business people in another jurisdiction and they have chosen to come here and pay their personal taxes here is in my view laudable. The question as to whether we should be putting out to a referendum a debate on part of our tax policy, to me singling out a very small group of people - I think Deputy Noel said 130 or 140 heads of household - is not acceptable to me. I think the bigger debate has to be had on whether this Assembly would want to treat high net worth individuals differently. That is a debate for another day and certainly I think the timing of this debate today is

another reason why I will not support it. The other reason I will not support it is because there are obviously errors of content in the way the proposition has been put together. We are very close... we are on a countdown to an election, and I think the message that we must give out to the public out there is one of consistency. Suddenly bringing in reports and propositions like this in my view is inappropriate at this particular time in weeks before an election. So I do not think it is appropriate that we have a referendum on this.

3.1.13 The Connétable of St. Mary:

I will hopefully be equally brief. I regret now that I did not give more detailed consideration to the wording because I already knew my own feeling on the referendum issue on this in that I do not believe this is what should go for a referendum. It is because I have been elected - and I have been elected; the Deputy of St. Mary may not like it but I have been elected - to make the decisions and I did that. This decision has been made. I have nothing to go back on. I do not need to go to a referendum. I am capable of making that decision. I will stand or fall on that, on the decisions that I make in this Assembly. I am fairly confident that among the ordinary people of St. Mary I would stand on that decision because while I am sure that the vast majority of 1(1)(k) residents are fabulous people, they bring a lot to the Island, that is not the issue here. Every single penny that those incomers to the Island pay in tax is a penny that my local taxpayers do not have to pay. It is as simple as that. In any marketplace, whatever you are doing - and Senator Cohen referred to this - you have to entice. If I was going to buy a car, I would go to the place that gave me the best deal. To many of these 1(1)(k)s, who can be as transient as they like, Jersey is simply their vehicle for the moment. They will trade us up for a newer, better model if the opportunity arises. I would like to think that many of them would not because I think this is a fabulous place to live for everybody and I am sure many of them settle here, but there are some that would, especially those that have come more recently and have not yet developed that allegiance to our fabulous Island. For those reasons, I am quite convinced that this is not the subject matter to go to a referendum. For that reason, I did not pay enough attention perhaps to the detail because quite obviously there is a very great lack of detail and consistency between paragraphs (a) and (b). Paragraph (b) could simply mean that we do not tax them anything over and above that limit, which I am sure is not what the proposer means. But my real question on this, and this is something I really would appreciate the proposer's response on, who would fund the information campaign that would be necessary to give enough background to enable this not to be an emotive response to the question but a fact-based response?

[15:45]

Because the costing of the referendum, as far as I can see that is covered in the financial and manpower implications, would only go so far as to cover the actual physical holding of the referendum. As we know, when there is a referendum issue normally there are 2 lobby groups who have a driving force, who have private funding, et cetera, but we are asking ... as I see it, it would have to come from our Treasury and Resources Department who are responsible for our taxation policy, and that is not costed. I would like to know where that would come from should this proposition be accepted, which I sincerely hope for the reasons I have given that it is not.

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

I am delighted to follow the Constable of St. Mary because she covered some of the points that I was going to cover and a couple I would like to expand on. I am fundamentally opposed to using referendums like this because I was elected to make my decisions. I put out a challenge to the electorate: if they do not like my decisions do not re-elect me. We have that referendum coming up. Having said that, why not have a referendum on whether people want to pay G.S.T.? Why not? Because it would not work. The other thing I would like to ask is building on the Constable of St. Mary's comment, why not as part of the referendum say: "Where the money falls away, would you like to pay more G.S.T. or would you like to pay more income tax" – middle-Jersey that

is already suffering because those at the bottom end will not suffer - “or would you like the following services cut?” Because if you have no income you have to do one or the other, it is as simple as that. The other point I would like to make, and I will stay with the referendum but just picking up on Senator Cohen’s point, since I have been Minister for Housing the people applying to come in are moving towards the type of person that you are asking for. They are not all now the type of person that comes here, very good though they are, with their capital and sit on it until they retire. No one would argue that Jersey is any the worse off. He was not a 1(1)(k) but he was a wealthy resident that moved to Jersey, but was Jersey better off for the input of Lord Trent, the Boots, living in Jersey? Look at what he did for Jersey. Look at the legacy he left us. Okay, he was not a 1(1)(k), he was a wealthy immigrant as they were in those days. These people coming with their capital have done a good job for us, but those coming today are bringing employment. They are not just sitting on their money. They are entrepreneurs. They are here to make money. They are bringing their offices here and they are expanding and investing in Jersey. I do not believe that the things we do, unless we are very silly about it, drive people out, but what it does do is stop us attracting the right person. For that reason, I will not be supporting this proposition.

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

Regardless of the faults in the preparation of this particular proposition, no, I would not support a referendum on small isolated things like this because, quite simply, we have to look at the overall support for the Island, the wealth of the Island, et cetera. I have known a lot of people in this world that put a lot into this Island. Some of them are 1(1)(k)s that have put £50 million in while they have been in this Island, anonymously. That is without what they put in that is known. There are a lot that support their Parishes and support the purchase of new homes or the running of institutions, et cetera, which saves the taxpayer or the ratepayer or whatever. We have to remember this is a whole package. Other people come in who are celebrities, well known, et cetera. They also come in and praise the Island; they live in the Island; they bring people with them, all of which benefit the Island. Some of us pay much more tax than what others do, but others are putting their wealth in different ways. Some people do not have any wealth, but they are putting into the Island a tremendous amount of work and support. They too are valuable to the Island. It is not just about money, it is about the whole thing, the community we live in, the persons that come here, the quality of life as a result. It is that combination that makes it work. I am afraid I will not be supporting this particular proposition.

The Greffier of the States (in the Chair):

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

3.1.16 Deputy T.M. Pitman:

I am really looking forward to this. It is always great to be proven right. I will dismantle some of the errors. In fact, I have so many notes about all the errors it makes the typo on the proposition look rather trivial. I never like criticising the Greffier’s Office because they are absolutely brilliant. Everyone respects the Greffier and his team and rightly so because they are absolutely brilliant. However, the typo is not in my original. I have to hold my hands up and say I did not notice it on this one. That is no problem. I am pleased for the Greffier to point out that it is nothing like the problem that ... I nearly used the word “devious” from some of the comments, as if this would completely flaw the proposition, which of course it does not. (b) needs (a) to go with it and it does not do what the Constable said. It does not do anything about exemptions, et cetera. It does not rule those out or eradicate them, a complete nonsense but we do get used to this sort of response in the House. As for (b), I am informed by the Greffier that it would be very simple if this was accepted that when it came back the Chief Minister would just correct that and make sure it is right. So, again, a mountain out of a molehill. It is amazing how we find them. I do have to ask, as another Member did, if someone else had noticed this typo before why not flag it up. Why leave it to the day? I would bring it to someone’s attention, but then I am an upfront guy. I am very

forthright, as the Minister for Treasury and Resources said. But let us start with Senator Ozouf. He was telling us what I said. Well, I will tell you what I really said. I made the point that very few of his supporters on his very deeply flawed policies spoke to defend them. That is the point I made. The point was because I quoted figures, facts, World Bank data which he could not challenge because they were facts. They were not nonsense. They were not spin. They were not just red herrings. Now, the Minister I know, and it is his right, he supports what I would call greed appeasement. That is, you move to a process where we give the rich the biggest slice of the pie, as I said, in the hope that the pie will then grow and we will all be much better off. As I pointed out to the Minister and I should perhaps give him a tutorial, the facts I am afraid with the World Bank data - and this is what none of his supporters were able to challenge - is that when the world moved to these policies over 30 years, the facts speak for themselves: it does not work. In the 1960s and 1970s the global economy grew roughly per capita 3 per cent. Since we moved over the 1980s, 1990s and 2000s to this being bullied by the rich, this greed appeasement, it has slowed down to about 1.4 per cent. As Chang points out to us, yes, the rich got richer but not many of us did, did we? Now, that is fact. The Minister can stand up and he can tear that to shreds if he wants or any of his supporters, Deputy Noel can tear that to shreds if he wants, but of course he cannot. It is fact. No disputing it. So I do have to correct that, and as I say this is World Bank data. It is not mumbo-jumbo made up by some envious leftie or whatever. I did have to hammer that home. We must not have a referendum other than on constitutional matters. We can have one on British summertime. I think what is more important to the people, being hammered on tax or seeing if we are going to link up with the time in France or whatever? What is more important? That really sends out the message of the Ministerial years. It is we will entrust the people to give their opinions on total irrelevancies but because 2 Council of Ministers now have utter contempt for the ordinary people we will not allow them to vote on things that impact on their lives. We certainly will not do this because this is important. When I listen to the Deputy of St. John, I am sorry, we are discriminating against a little group. How has he managed to turn that, with due respect? Discriminating? What is a discrimination against the majority by giving preferential tax rates to a tiny number, how is that discrimination? I really do not know where the Deputy is coming from sometimes. Absolutely ludicrous, I have to say. It is a nonsense. Right, where am I next? The Constable of St. Clement pointed out some awful red herrings. The typo I have apologised for. It was not mine. As we see and the Greffier has pointed out, the other things are not problems at all. This probably happens quite often and I suppose it is a condemnation of us as an Assembly when you hear so many people say: "Oh, I should have given this more attention." Well, I suppose we are all guilty of that sometimes. Deputy Tadier pointed out that really we should go and ask people. Why not? I suppose he is like me there, he feels that words like equality and fairness should be more than just words. Deputy Higgins said that he really did not believe in giving tax breaks to the wealthy just because they were wealthy, and he also made another interesting point about how they do not invest at present. That is completely true and it is a fact that again the Council of Ministers have been trying to spin another way. If you speak to the former economics adviser he will tell you exactly that. Something that Chang also points out, and if only the Minister for Treasury and Resources would buy himself a copy and read, he would see that what Chang points out is that unless you put regulation in place to make sure that people invest these huge sums trickle down will always be next to meaningless. It is a fact. Just because they are going to turn up over here allegedly being a hugely wealthy person, it does not mean much at all. If we say to a gentleman: "Oh, yes, you are going to have your £100 million, love to see you, of course we would, but you are going to have to agree to invest a certain amount" I could support that, but the Minister did not go there. He does not want to go there. His colleagues do not want to go there. Why? If this is something that is meant to benefit us all, that is what would have been done. I would not be standing up here now and there would not be this dissatisfaction with it. Again, the Minister's policy is deeply flawed. Also said why we cannot go to the public. Well, why can the Swiss public be asked? Are the Swiss people any better than Jersey people? Are they more intelligent? Are they more grown up? Are they to be trusted? Again, contempt from some Members for the public,

contempt from the Ministers. Senator Le Gresley did not like the 1(1)(k) system. I know he does not and I salute him for putting that in his manifesto. Listening to our other colleague, Deputy Green, who I am a good friend of, I look forward to seeing him put it into his manifesto: "I support tax discrimination against Jersey people" and I will be really interested to see if his vote goes up or down.

Deputy A.K.F. Green:

I will put the truth in there, that I support money coming in to support normal people.

Deputy T.M. Pitman:

Well, as I say to the Deputy, I have huge respect for him. I do hope he puts the whole truth, that without regulations that money will not do very much at all. It will just benefit those wealthy people because that is the truth. Who else have we got here? Deputy Noel, well, rather like his liege lord the Minister for Treasury and Resources, he tried to make some sort of link between inconsistency with our Senators. I think I could point out to both Members that generally on the referendum for Senators the general public really were not bothered at all. There was talk of a really tiny little petition which allegedly had 2,000 signatures. Never saw it in the end, never materialised. I bet that if I put this into my campaign, which I will do, I bet I can get more people in my district to sign a petition on this issue. That is the difference. Really, the fact was that most of the public did not care about saving the seats of people when we had Senators snoring in the back seats, one who was never here and is never here now. People did not care. The majority of people did not care, but they do care about the tax. They do care about the inequality that this Government goes along with time after time after time. Again, to be fair to Deputy Noel, I know he has different views. He supports a 2-tier society. I do not. I cannot support that.

[16:00]

Who else spoke? Deputy Maçon, what did he say? Again, my writing disintegrates. He would not support me. It is probably why I did not want to read it, but there we go. I am forthright, but he did think we should go to the public on wider issues and get their opinions. I think that is what he said. What else do we have? Deputy Fox talked about an isolated group. Well, I can agree with one thing that Deputy Fox said. He pointed out how there are many people in this Island who contribute hugely. All we hear about are these wonderful, very wealthy people. In my life, obviously with the previous career I had, you relied a lot on some very ordinary people but who were actually very extraordinary. They are paying highest rents normally in housing accommodation, did not have 2 brass farthings to rub together, but they went that extra mile again and again and again. I have used the example before, one lady in the project I ran, 80 young people, 15 to 18 years old of an evening, and without her that never would have opened. She was not paid at all. I wonder if she would get any tax breaks from the Minister for Treasury and Resources or from his Assistant, from these apologists for greed. Where is her tax break? She had no links to those young people there but she gave that time, sometimes 5 nights a week. Where is her tax break? Does anyone not feel strongly about that? Does the Deputy of St. John not feel strongly about that? I do not want to pick on the Deputy particularly but he did make the point about discrimination.

The Deputy of St. John:

Would the speaker give way a second?

Deputy T.M. Pitman:

Certainly, of course I will.

The Deputy of St. John:

If he is drawing me into answering a question it is quite simple. I gave many years to this Island without getting any remuneration whatsoever, and I thoroughly am pleased to have done my 40-odd years.

Deputy T.M. Pitman:

Fully support that; I have done the same myself and I do not begrudge any of it, any of that free time at all, but let us have consistency. Who else spoke? I do not want to leave any of the excellent comments out. I think it all comes down at the end of the day to whether we want equality and we want fairness. I would not mind so much if some Members stood up and said: "No, we do not want that" but I would just wish that they would not try to spin this to the public: "Oh, if we lose all our 1(1)(k)s we should be asking the public in a referendum" ... I think it was Deputy Green said it. We would be asking them: "Do you want to pay more tax or G.S.T.?" Well, perhaps we should also be asking them: "Do you think that it is fair that you have to pay 5 per cent tax now because our Council of Ministers are cosseting the wealthiest; they are allowing them to pay less in real terms?" Because that is the truth. I am afraid it comes down to morality. I believe in morality. I believe in equality. It is quite clear some Members do not and I cannot do much about that. I will make the proposition and call for the appel and I will just say to Members that this is not going to go away. Vote for whatever your reasons are, but at least be upfront about them. This regime is discriminatory. It is not fair against ordinary local people and in its present form it does not even work. The World Bank data proves that. It is a fact. When I hear people who I like otherwise - I like them as people - but when I hear them say that immorality in policies is okay, then I get really disheartened. I will keep fighting this and, as I have said before, maybe ultimately it is something to take to the Privy Council because this is an important issue other than the irrelevance of the 2 seats that nobody cared about. So, with that, I shall make the proposition, call for the appel and look forward to my 3 votes.

The Greffier of the States (in the Chair):

Very well, the appel is called for on the proposition of Deputy Trevor Pitman. If Members are in their seats, the Greffier will open the voting.

POUR: 5

Deputy G.P. Southern (H)
Deputy S. Pitman (H)
Deputy M. Tadier (B)
Deputy of St. Mary
Deputy T.M. Pitman (H)

CONTRE: 39

Senator T.A. Le Sueur
Senator P.F. Routier
Senator P.F.C. Ozouf
Senator F.E. Cohen
Senator A. Breckon
Senator S.C. Ferguson
Senator A.J.H. Maclean
Senator B.I. Le Marquand
Connétable of St. Ouen
Connétable of St. Helier
Connétable of Trinity
Connétable of Grouville
Connétable of St. Brelade
Connétable of St. Martin
Connétable of St. Saviour
Connétable of St. Clement
Connétable of St. Peter
Connétable of St. Lawrence
Connétable of St. Mary
Deputy R.C. Duhamel (S)
Deputy of St. Martin
Deputy R.G. Le Hérissier (S)
Deputy J.B. Fox (H)
Deputy of St. Ouen

ABSTAIN: 1

Senator F. du H. Le Gresley

Deputy of Grouville
Deputy of St. Peter
Deputy J.A.N. Le Fondré (L)
Deputy of Trinity
Deputy S.S.P.A. Power (B)
Deputy K.C. Lewis (S)
Deputy I.J. Gorst (C)
Deputy of St. John
Deputy A.E. Jeune (B)
Deputy A.T. Dupré (C)
Deputy E.J. Noel (L)
Deputy T.A. Vallois (S)
Deputy M.R. Higgins (H)
Deputy A.K.F. Green (H)
Deputy J.M. Maçon (S)

4. Pan-Island Data Protection Commissioner (P.133/2011)

The Greffier of the States (in the Chair):

Very well, we come now to the proposition of the Chief Minister, Pan-Island Data Protection Commissioner. I will ask the Greffier to read the proposition.

The Deputy Greffier of the States:

The States are asked to decide whether they are of opinion - (a) to approve the creation of a Pan-Island Data Protection Commissioner; (b) to amend the current terms and conditions of the Data Protection Commissioner for Jersey to allow engagement as the Data Protection Commissioner under the Data Protection (Bailiwick of Guernsey) Law 2001.

4.1 Senator T.A. Le Sueur (The Chief Minister):

Over the last few years we have been seeing where there are opportunities to work more closely with our sister Island in order that both Islands can benefit from that joined-up activity. Such an opportunity arises here where the Guernsey Data Protection Commissioner retires at the end of this month. Rather than appoint a new separate Data Protection Commissioner, talks have been held to see whether the Jersey Data Protection Commissioner would be able to cover both Islands. I pay tribute to the work done by Senator Routier here and Deputy Carla McNulty Bauer in Guernsey and the Home Department in Guernsey in coming forward and finalising these proposals. Each Island will continue to have its own law and the Data Protection Commissioner will work within the laws of those 2 Islands. But as the report says, there is a greater likelihood of consistency in decision-making, improvements in service, and development of codes of practice. All in all, it is a win/win situation and, furthermore, it means we also - both Islands - save money. On that basis, I propose the proposition.

The Bailiff:

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

4.1.1 Senator S.C. Ferguson:

It is proposed that when the Freedom of Information Law finally comes in that the Data Protection Commissioner will cover freedom of information as well. (a) Will she be able to do all 3 jobs at the same time; and (b) will she be expected to cover the freedom of information for Guernsey as well as Jersey?

4.1.2 Deputy S. Power:

Very, very briefly, I welcome this pan-Island move. I thank Senator Routier and his opposite number in Guernsey for seeing this through. I attended a Commonwealth Parliamentary Association Conference last year in the Isle of Man and it was extraordinary the respect with which Jersey's Data Protection Commissioner is held across the British Isles, Northern Ireland and Ireland. I for one am delighted that her abilities are recognised in this appointment to be a pan-Island Commissioner.

4.1.3 Deputy A.E. Jeune:

As somebody who feels that we ought to be doing an awful lot more of this, I fully agree with the proposition but I feel that we have probably missed an opportunity here in that in the process of making this a joint job we could have completely reviewed it and reviewed the salary at the same time. This is a very, very high salaried post and it may have been worth looking at.

4.1.4 Deputy G.P. Southern:

Oh dear, I have heard it all now, people making *ad hoc* cuts and reviewing salaries, let us start now and start with you, I can imagine it. Oh dear, we are just about to increase the load on the Data Protection Commissioner and here we are talking about cutting her salary or suggesting that we review it. Lovely modernisation word; comes straight out of the Blair diaries. [Laughter] It beggars belief increasingly. Never mind. What I was rising to my feet to ask was to ask the Chief Minister how closely aligned the 2 sets of regulations and laws are between Guernsey and Jersey and, if they are not nearly identical, whether there is a chance that in future they may diverge or that rules which apply in Guernsey and have been passed by the States of Guernsey are somehow made to apply to us, presumably. I want to know how easy it will be to stay aligned without any loss of sovereignty. I am concerned a little bit about the possibility that Guernsey might do something and we might be effectively forced to do something even though it is against our better judgment.

4.1.5 Deputy M.R. Higgins:

Listening to the Chief Minister, he appeared to be talking about "she", meaning the existing Data Protection Commissioner of Jersey, taking over the role in both Islands. I must admit that I certainly object to this, the reason being that the Data Protection Commissioner in Guernsey was a very proactive individual. In fact, I think far ahead of the Jersey Commissioner in terms of application of different things. No, you can shake your heads. I voted against her reappointment last time. The point is I believe if we are going to go to a Pan-Island Commissioner and we are going to have someone who is going to be looking after both jurisdictions with this very, very high salary, we should put it out to open competition and pick the very best candidate for the job. The other thing, too, is it also states here that Guernsey has not gone for the freedom of information route. We are. There is going to be a definite mismatch; I agree with the comments that have been made already. I think this has come forward rather quickly and I think that there should be far more discussion on this. I do feel very, very strongly. I have reservations about the way the Data Protection Commissioner has acted in this Island. I do believe, repeating myself, that the Guernsey Commissioner has been far better in his application and interpretation of data protection issues. I do believe with such very, very large salaries and with the differences between the Islands and freedom of information it should go out to ... I would not say tender but for an open competition and get the very best person possible.

4.1.6 The Deputy of St. Mary:

Just a brief comment really along similar lines to Deputy Southern but on a wider basis. Obviously, on the face of it this proposition is to be welcomed in the same way that the J.C.R.A. (Jersey Competition Regulatory Authority) is now the G. and J.C.R.A. because it is basically the same job for the 2 Islands. I do not have a problem with more close co-operation with the other Island. I simply do not have that mindset that says that they are all a bit strange in Guernsey or whatever, which some people have. So I do not have an issue on the principle but I do have

misgivings on the timing. The first paragraph of the report says that the Data Protection Commissioners of both Islands have developed the proposal further to the point that a joint Commissioner is being proposed to be in place on the retirement of the Guernsey Commissioner at the end of September 2011. I think that is 2 weeks away. We are being asked to approve this in the case that this person is going to retire in 2 weeks' time, and my question for the Chief Minister is to explain exactly the development process whereby all the wrinkles have been ironed-out. Now, Deputy Southern mentioned one wrinkle. He mentioned that Guernsey might have different rules which suddenly might apply to Jersey on the basis that the same rules have to apply. I think I am on a wider issue here, really. I just want to know that these arrangements are robust, that there are no banana skins in the corridors for us to fall over on. It just worries me that 2 weeks before the retirement we are being asked to approve what is in effect a huge promotion for somebody just like that, and also are all the wrinkles sorted out. I would echo also the comments of Deputy Higgins. Can the Chief Minister explain the process by which this has been worked through and assure us that there are not any problems that are unresolved and this will work?

4.1.7 Senator P.F.C. Ozouf:

Increased co-operation with Guernsey is a way that we can increase efficiency and save money. There have been a number of welcome co-operations in terms of the competition authority, the airport regulator, and this is now an important and exciting further development.

[16:15]

The Guernsey Chief Minister has confirmed in the last couple of days that it is likely or certainly he has indicated that he is likely to be favouring a retention of Zero/Ten in Guernsey. That deals with one major issue of not dispute but difference between the Islands and I think that we can look forward in the next 3 to 4 years to increased co-operation between the 2 Islands and maybe at some stage there will be an opportunity of there being not an Assembly but there may well be a place in which Channel Island politicians can debate things in one place, not a single Parliament. Now, this is an important step ...

The Bailiff:

Let us confine ourselves to the Data Commissioner for the moment.

Senator P.F.C. Ozouf:

Yes. It is an important step. We should be enthusiastically supporting this and certainly I take the opportunity, unlike Deputy Higgins, of placing my absolute confidence into the current post holder. I think that it is absolutely fantastic that she could be the Channel Island Data Protection Commissioner and I hope that Members are going to support it and give enthusiastic support to the proposition.

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

Again, I concur with Senator Ozouf. It is good that we are working with Guernsey, but what I would be looking for is greater efficiency and a saving. Other Members here will know that when you bring a report and proposition - and indeed the Greffier is very good at reminding us - we have to bring financial and manpower implications. They are the bane of the life of any Back-Bencher who is bringing forward a report and proposition to put these financial implications. I am really disappointed to see so little in the financial and manpower implications. I would like to have a breakdown, please, of the operating costs and indeed the salary costs. Because if we are going to look for efficiency, we are going to look for savings, I would hope that they will be in both Islands' interests. Just looking, just trying to work it out, I do not think it is very good, certainly not very clear. So while I would like to support it, what I would like to know, and I am sure other Members would as well, is what are the full operating costs? How many people are employed? Because we have no idea. It says "operating", it says "salary". Is that the salary for just the one person or is

that salary for other people who are assisting the Commissioner? Could Members have a breakdown of all those operating costs and the salary costs?

4.1.9 Deputy T.A. Vallois:

It is just purely to support what the Deputy of St. Martin has just said because the Corporate Services Scrutiny Panel did do a review last year, I think it was. Within that review in 2009 - sorry, I have just been corrected - the review showed that the Data Protection Commissioner has come under some strain. In actual fact, she wanted to be more proactive than what she has been, but she has been under strain with a large amount of work and it has been difficult for her to do exactly what she would have liked to have done. That is how I have understood it and that is how I understood it from the review that we held. It does concern me the financial and manpower implications, like the Deputy of St. Martin has just said, just does not exactly identify whether she will be able to go ahead and just continue doing what exactly she has been doing over here and tying the knots together and doing what is required of her but not being able to be that little bit more proactive because she does not have the resource to do so. I would just like the Chief Minister to comment on that area, please.

The Bailiff:

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

4.1.10 Senator T.A. Le Sueur:

I thank those Members who have spoken. As far as Senator Ferguson is concerned, of course it may well be that in the fullness of time the Freedom of Information Law will be implemented and a Freedom of Information Commissioner appointed. But at the present stage that is looking like 2015 and by that stage who knows what else may have happened. Guernsey, as the report clearly says, has yet to decide on the implementation of a Freedom of Information Law. The purpose of the Commissioner there is just as the Commissioner. If I go on to Deputy Jeune and others who have spoken about the high salary for this post, I have to take exception to that, I am afraid. We have indeed a very efficient, cost effective data protection operation in Jersey already and this will make it even more so. As the financial and manpower implications show - and I on the contrary think that the report on the financial implications is very clear - the current total operating costs in Jersey are £292,000 including total salary costs of £227,000. Under the proposed new arrangements, the other overheads remain unchanged but the salary cost, because we are sharing a post, goes down in Jersey from £227,000 to £160,000, a saving of £67,000. That strikes me as being perfectly clear and perfectly sensible. If Members look further up the report at some of the other benefits, improvements in service coverage, coping with peaks, troughs and absences, long-term savings in the provision of I.T. support, a reduction by sharing travel costs, that will mean that additional resources, if those monies are saved, can be put into some of the areas which concern Deputy Vallois in terms of the workload already on the existing Commissioner. As far as Deputy Southern is concerned, no, there are 2 laws, one in Jersey, one in Guernsey, and they are pretty similar because data protection principles are the same throughout. But what a uniform Commissioner across both Islands is likely to achieve is that as and when either of those laws are reviewed they are likely to become even more closely aligned in the future, which can only be to the benefit of both Islands. Deputy Higgins has a personal view about the existing incumbent in Jersey and I am afraid he will have to have his view which I am afraid I do not share and I think it is a view not shared by the majority of States Members. **[Approbation]** Of course, her post in Jersey is not going to be affected by this. What this proposition allows is that she can also take on the post of the Data Protection Commissioner in Guernsey. Deputy Wimberley has misgivings on timing, if this was done at short notice. It has been happening and been discussed over several weeks and months, in fact, and it has come together with the understanding of officers in both Islands and departments in both Islands. I would point out to the Deputy that the proposition itself was lodged on 5th August this year. There has been ample time for any questions of that nature to be asked if

there were indeed any concerns. He asks are the arrangements robust. Yes, I am confident that they are robust. It is not a huge increase in salary. As the report shows, we are sharing an existing salary and finding a reduction in costs. To those who claim that there is not enough detail about the number of people involved and so on, I think the financial implications are quite clear and I maintain the proposition.

The Deputy of St. Martin:

I think it was unfair of the Chief Minister to accuse those who have questioned the salary because I certainly did not question the high salary - and I do not think anyone else did - of the Commissioner. What we were asking for, and indeed I am asking for and I do not have, is we have the total cost, which could well be £300,000, but what I was asking really was how many people were employed? Otherwise it looks as though the Commissioner is getting around £300,000, which quite clearly she is not. What we want to know is how many people are employed.

Senator T.A. Le Sueur:

I apologise to the Deputy. There are, in fact, 4 people in the Jersey office for a total salary of £227,000. I think that is very reasonable.

Deputy M.R. Higgins:

Could I just seek clarification as well because I was going on about it as well: why was it not put out that we try and recruit for both Islands? Why have they chosen this particular approach as opposed to going out and trying to get the best person for the job?

Senator T.A. Le Sueur:

Because, as I said, we already have an existing Data Commissioner in Jersey.

The Bailiff:

Very well, the appel has been called for, then, in relation to the proposition of the Chief Minister. I invite Members to return to their seats and the Greffier will open the voting.

POUR: 37		CONTRE: 2		ABSTAIN: 0
Senator T.A. Le Sueur		Deputy S. Pitman (H)		
Senator P.F. Routier		Deputy M.R. Higgins (H)		
Senator P.F.C. Ozouf				
Senator F.E. Cohen				
Senator A. Breckon				
Senator S.C. Ferguson				
Senator A.J.H. Maclean				
Senator B.I. Le Marquand				
Senator F. du H. Le Gresley				
Connétable of Trinity				
Connétable of Grouville				
Connétable of St. Brelade				
Connétable of St. Martin				
Connétable of St. Saviour				
Connétable of St. Clement				
Connétable of St. Peter				
Connétable of St. Mary				
Deputy R.C. Duhamel (S)				
Deputy of St. Martin				
Deputy R.G. Le Hérisier (S)				
Deputy J.B. Fox (H)				
Deputy G.P. Southern (H)				
Deputy of St. Ouen				

Deputy J.A.N. Le Fondré (L)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy K.C. Lewis (S)				
Deputy I.J. Gorst (C)				
Deputy of St. John				
Deputy M. Tadier (B)				
Deputy A.E. Jeune (B)				
Deputy of St. Mary				
Deputy A.T. Dupré (C)				
Deputy E.J. Noel (L)				
Deputy T.A. Vallois (S)				
Deputy A.K.F. Green (H)				
Deputy J.M. Maçon (S)				

5. Ratification of the Agreement for the Exchange of Information Relating to Tax Matters between the Government of Jersey and the Government of the Argentine Republic (P.137/2011)

The Bailiff:

Very well. Now, the next matter on the Order Paper is Projet 137, Ratification of the Agreement for the Exchange of Information Relating to Tax Matters between the Government of Jersey and the Government of the Argentine Republic. The Chief Minister I think requires the permission of the Assembly to reduce the lodging period. Chief Minister, would you like to explain why it is urgent?

Senator T.A. Le Sueur (The Chief Minister):

Indeed, yes. I hope that Members will agree to reduce the lodging period. This was due for debate next week so it is only a reduction of a couple of days. If Members turn to page 15 of the report and proposition, they will see that uniquely among other countries Argentina have already ratified this agreement. In most cases, we ratify it before the other countries do, but here Argentina have got ahead of us. It means that until we ratify it, firstly, the agreement is not in force and, secondly, we remain on a black list in the eyes of the Argentineans. For that reason, I believe it is important that we deal with this now rather than leave it until November, so I ask the leave of the House to debate this at short notice.

The Bailiff:

Is that seconded? **[Seconded]**

Deputy G.P. Southern:

Can I ask the Chair to read out the relevant condition under which we are allowed to?

The Bailiff:

It is 27: "The States may reduce a minimum lodging period if they are of the opinion that the proposition relates to a matter of such urgency and importance that it would be prejudicial to Jersey to delay its debate." Very well, all those in favour of allowing the Chief Minister to debate this? Yes, the appel is called for then in relation to the proposition of the Chief Minister. I invite Members to return to their seats.

Deputy M. Tadier:

After what has been read out, has the case been made that this is prejudicial to Jersey's interests?

The Bailiff:

The Chief Minister has made his statement. It is up to Members to assess whether they are satisfied with it. Very well, the Greffier will open the voting.

POUR: 31		CONTRE: 6		ABSTAIN: 0
Senator T.A. Le Sueur		Deputy R.G. Le Hérisssier (S)		
Senator P.F. Routier		Deputy G.P. Southern (H)		
Senator P.F.C. Ozouf		Deputy S. Pitman (H)		
Senator F.E. Cohen		Deputy M. Tadier (B)		
Senator A. Breckon		Deputy T.A. Vallois (S)		
Senator S.C. Ferguson		Deputy M.R. Higgins (H)		
Senator A.J.H. Maclean				
Senator B.I. Le Marquand				
Senator F. du H. Le Gresley				
Connétable of Trinity				
Connétable of St. Brelade				
Connétable of St. Martin				
Connétable of St. Saviour				
Connétable of St. Clement				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				
Deputy R.C. Duhamel (S)				
Deputy of St. Martin				
Deputy J.B. Fox (H)				
Deputy of St. Ouen				
Deputy J.A.N. Le Fondré (L)				
Deputy S.S.P.A. Power (B)				
Deputy K.C. Lewis (S)				
Deputy I.J. Gorst (C)				
Deputy of St. John				
Deputy A.E. Jeune (B)				
Deputy A.T. Dupré (C)				
Deputy E.J. Noel (L)				
Deputy A.K.F. Green (H)				
Deputy J.M. Maçon (S)				

The Bailiff:

I will ask the Greffier to read the proposition.

The Greffier of the States:

The States are asked to decide whether they are of opinion to ratify the agreement for the exchange of information relating to tax matters between the Government of Jersey and the Government of the Argentine Republic as set out in the Appendix to the Report of the Chief Minister dated 9th August 2011.

Senator T.A. Le Sueur:

This agreement was signed by Senator Cohen on my behalf and I would like him to act as rapporteur for this proposition.

5.1 Senator F.E. Cohen (Assistant Chief Minister - rapporteur):

I was honoured to have recently signed a tax information exchange agreement with the Argentinean Minister for the Economy at their Embassy in London. T.I.E.A.s (tax information exchange agreements) are the foundation stone of our internationally well-regarded financial services

industry and, of course, this industry has delivered much prosperity to our Island in recent years. It is essential that Jersey plays its part in the world and since the Ministry of Justice has suggested that we take greater direct responsibilities for our international affairs T.I.E.A.s have provided an opportunity to demonstrate our high regulatory and legislative systems on the international stage. Not only have we signed a T.I.E.A. but the Minister for the Economy uniquely handed me a letter confirming most significantly that once the T.I.E.A. is implemented and effective Jersey will be removed from the Argentinean blacklist. This is a hugely important matter and opens up tremendous opportunities for us to trade with Argentina and not just in financial services. Jersey has a long history of business with Argentina. Most particularly, we began exporting cows to Argentina in 1905 and there are now more than 10,000 Jersey cows in their dairy herd. We have now signed 24 T.I.E.A.s and 2 double-taxation agreements. As Argentina is a G20 country this means that we have now signed agreements with 17 of the 19 countries. I am pleased to propose the ratification of the tax information exchange agreement with Argentina.

The Bailiff:

Is the proposition seconded? **[Seconded]** Does any Member wish to speak on the proposition?
The Deputy of St. Mary.

5.1.1 The Deputy of St. Mary:

Yes, 2 questions for the Minister. One arises from what he just said and the other arises from the report. The first question is I struggle to understand the connection between the size of the Jersey herd in Argentina, which I am fully supportive of, I think it is fantastic that the Jersey cow makes its way all over the world for all the reasons which I know very well myself and others here, too, do. But I cannot understand why that appeared in a speech about tax information exchange agreements.

[16:30]

I would love the Assistant Minister, whatever, Chief Minister designate, to explain whether there is some kind of tax implication for farmers in Argentina buying Jersey cattle. The reason I mention that is it just seems to me to be a slight example of spin. I was listening last night to amuse myself after that long debate yesterday morning to a wonderful, wonderful comedy show about P.R. in Government circles and how the health service was going to be saved by Messrs. John Bird and someone else and I heartily recommend it, it was absolutely wonderful. So, I am very, very now tuned-in to that kind of thing and I think that Jersey cow mention might come under that category. Anyway, the second point is on page 4 of the report we are told that attached as an appendix to this report, it is paragraph 10(b), is the letter from the Argentine Minister of the Economy to the Minister for Treasury and Resources saying that Argentina will remove Jersey from blacklists once the agreement is in force and we are told that that is attached as an appendix to this report. So, I would just like the Minister to explain where it is.

The Bailiff:

It is in the addendum, Deputy.

The Deputy of St. Mary:

He does not have to answer that question then, thank you.

5.1.2 Deputy R.G. Le Hérissier:

I wonder if the Minister could give us a steer **[Laughter]** on the stake that Jersey has when he did meet the Ambassador. **[Laughter]**

The Bailiff:

You have been working on that one for a long time. **[Laughter]** Does anyone else wish to say anything?

5.1.3 Deputy J.B. Fox:

The Minister has just referred to the 24 information agreements of T.I.E.A. (Tax Information Exchange Agreement), *et cetera*, but this latest proposition, however, involving the Government of the Argentine Republic compels me to remind the States Assembly that the Falkland Islands are part of and under the British Protectorate and are also Members of the Commonwealth Parliamentary Association and, too, were subject to being occupied by the Argentine's military for 74 days - that is 2½ months, between April to June 1982 before regaining their freedom by the gallant British Task Force that travelled 8,000 miles, resulting in the deaths of 255 British military personnel and 650 Argentine military personnel. Unlike the 5 years that we were occupied by the Germans, who after our liberation subsequently became allies and a leading member of the European Union, the Falkland Islands - which will be celebrating their 30th anniversary next year - have endured continuous rhetoric from Buenos Aires. I had the honour of attending the Commonwealth Parliamentary Association 35th British Islands and Mediterranean Regions conference in the Falkland Islands in February 2004 where we learned first-hand of the Island Government's determination, together with its people, to pursue their right to self-determination in the face of continued adversity. These wholesale acts continue to this day. For example by harassing shipping such as refusing cruise liners, *et cetera*, scheduled to visit the Falkland Islands from refuelling in Argentina, by refusing to allow airlines to fly over Argentine airspace except under strict limited conditions, by preventing ships crews, and indeed passengers, from flying via Argentina to join their ships that pass through the Falkland Islands. These are just some examples. In June 2007 2 Members of the Legislative Assembly of the Falkland Islands addressed the United Nations Decolonisation Committee, which is known as C24, in New York. It is a group that convenes annually to discuss the future of non-independent territories. The M.O.A. (Memorandum of Agreement) representatives argued against Argentina's claim to the Falkland Islands and its calls for negotiations on sovereignty. The Chairman of the C24 at the time was invited to visit the Falkland Islands to see for himself the unique way of life and freedoms that the people of the Falkland Islands enjoy. The Chairman subsequently visited Argentina in 2010 but did not visit the Falkland Islands as invited. In June 2011 another 2 members of the Legislation Assembly attended an official visit to the United States and, indeed, Canada, for the primary reason to again address the annual United Nations Committee of 24 under its new chairman, this to reaffirm the Island's request for the Government of Argentina and the United Kingdom to resume negotiations for the Government and the people of the Falkland Islands for their right to self-determination. The new chairman was again invited to visit the Falkland Islands. If we go back one stage, returning to 2008, the British Foreign Affairs Select Committee report on the United Kingdom overseas territories had recommended that the then Prime Minister, Gordon Brown, should call for an end of the Argentine ban on flights to the Falkland Islands crossing its airspace. The report also recommended, among other things, that the Prime Minister should press the Argentine President to agree to the establishment of regional fisheries, management organisation for the south-west Atlantic and to reiterate the Island's right to develop hydro-carbon industry, namely drilling for oil and gas. Finally Argentina, like us, is in the process of having imminent elections. The Government is still challenging the British and Falkland Islanders' claims to sovereignty as an election issue utilising hostile words and acts to disrupt the peaceful co-existence that the Falkland Islanders are attempting to achieve for this South-Atlantic region. And if you see on the notice board there, there is a picture of a road sign, which is completely different from our road signs, which they clearly illustrate that they believe that the Falkland Islands still should belong to Argentina. I think it is important that I just bring this to the attention, for the record, that hostilities are still going on even though we are signing agreements with Argentina.

5.1.4 Deputy M.R. Higgins:

I would just like to ask the - whatever he is - the Minister or Assistant Minister for ... I am sorry, I am not trying to be flippant or anything, I really have difficulty trying to figure out what his title is. He is an Assistant Minister for Foreign Affairs, okay.

The Bailiff:

He is Assistant to the Chief Minister.

Deputy M.R. Higgins:

Okay, you can see my confusion, I am sorry. Anyway, in the letter that has been written from the Argentine Government to the Island I would like him to comment on the third paragraph: "In this context we hereby express the commitment that once the agreement enters into force [and then the key word is 'and'] and there is strong evidence of its effective application with respect to banking information the Government of the Argentine Republic will take the necessary steps to amend the law in our legal system so that all relevant black lists, including those in the decree to which they refer, do not have any effect of Jersey." So, this looks like a 2-stage process. Once the agreement comes into force and the Island has demonstrated that it is providing effective application with respect to banking information, is that correct? The impression we have been given is it is being lifted because we have signed the T.I.E.A. What is the correct situation, please?

5.1.5 Deputy M. Tadier:

I think I was slightly unfair on Senator Cohen earlier so just to redress the balance and also not to be outdone by Deputy Le Hérissier, we have to say that we have an Assistant Minister who deserves a pat on the back because he is not afraid to go out into the field and take the bull by the horns. **[Laughter]** He also says that Jersey has nothing to hide. We know that he is an Assistant Minister with great personal skills whose cup does overflow with the milk of human kindness and he flies in the face of adversity, and I am glad that the bovine relations between Jersey and Argentina will no longer be prejudiced by Jersey being on the Argentine blacklist.

5.1.6 Senator P.F.C. Ozouf:

The removal from Jersey, which will happen because I would remind Members that we have been party to a review in terms of our T.I.E.A. by the O.E.C.D. (Organisation for Economic Co-operation and Development) Jersey has a high regard and is regarded well by the international community of our ability and the seriousness in which we apply exchange of information. So, we are able to demonstrate from our relations with other countries that we exchange information in a timely and appropriate way. The removal of Jersey from the blacklist is extremely important and significant. This is the second T.I.E.A. that we are signing in Latin America, the first one was the United States of Mexico and this is the second, and it is important because Latin America will open up a new frontier of activity for our financial services industry and it is something that the Minister for Economic Development and I, with the Assistant Chief Minister, have been discussing. It is an important area, it is an important jurisdiction. There is £100 billion worth of assets which are held by Argentines, for entirely legitimate reasons, in other centres around the world. Traditionally the Latin American centres have favoured Switzerland, they have favoured also Caribbean jurisdictions. We are winning approval as being a well-regarded jurisdiction. Switzerland has had its difficulties and the Caribbean too. This is a good-quality market for Jersey. We can boost economic activity. There are certainly opportunities and it is going to be the next frontier of activity as we extend the geographic reach of our financial services industry and I warmly welcome the removal of the blacklist and the signing of this T.I.E.A.

The Deputy of St. Mary:

May I ask a point of clarification of the previous speaker, because he touched on something that troubles me all the time? He said, and I think he quoted - I am not quite sure, it was a very big figure - is held by Argentines already. They have legitimate reasons for holding assets outside Argentina and I assume that is corporations as well as individuals. Could he please explain to me and others what those legitimate reasons are?

The Bailiff:

That is not a point of clarification, but anyway.

Senator P.F.C. Ozouf:

For privacy, for their international ... these are high net worth individuals with activities and trading structures around the world that use legitimate offshore structures and compliance with tax regulations that deal with their taxation affairs in Argentina entirely properly. This is the mechanics of the global trading market and we have a role to play in it and we can benefit our community.

5.1.7 Senator S.C. Ferguson:

I just wondered what happens to agreements like this if the Argentines start invading the Falklands again?

The Bailiff:

Does anyone else wish to speak? Then I call the Assistant Minister to reply.

5.1.8 Senator F.E. Cohen:

Dealing with the Deputy of St. Mary's question first, why are cows relevant. Why are cows relevant? Because it shows that Jersey has a long trading relationship with Argentina and if the Deputy thinks that the export of Jersey cows is dead I suggest that he looks at the work that the Chief Minister and I conducted in China where the Chinese Government are so enthusiastic about the benefits of the Jersey cow, which is a highly-efficient machine that is able to deliver high butterfat content milk from relatively little fodder, he will understand the incredible opportunities that the Jersey cow presents for the Island, not just in the reputational area but also in real business.

[16:45]

The Chinese Government are seriously looking at using the Jersey cow to drive forward their ambitions to grow their dairy industry from 25 billion dollars per year to 75 billion dollars per year within 5 years, and the Jersey cow promises to play a part in that and a team of Chinese scientists are coming to Jersey very soon to take that forward. So, it is certainly not spin, it is real business and it shows that the opportunities for Jersey are not just in financial services, not just in wealth management, but in real business and it is my earnest hope that the efforts internationally will deliver real, physical new business in Jersey that will help provide new jobs for the nearly 1,500 unemployed that we now have in the Island. Referring to Deputy Le Hérisier, if I heard the Deputy correctly he was being unusually bullish and was clearly behind the fence **[Laughter]** again unusually. Deputy Higgins asked the question of the 2-stage process. It is in part a 2-stage process and it is true that the Argentine Government want to see that we really intend to implement the Tax Information Exchange Agreement and exchange information as the T.I.E.A. suggests. Once that is shown, and it will be shown undoubtedly because we are serious about Tax Information Exchange Agreements, the Deputy can have no doubt that the blacklist references will be lifted and, indeed, as far as I am aware the matter is being progressed at this moment. So, it will happen but it is not automatic on the ratification of the Tax Information Agreement. As far as the last point, which is perhaps the most important, raised by Deputy Fox; 30 years ago we were at war with Argentina. Since that time Britain and Argentina have been at peace. Reconciliation is the key to progress in the world and economic prosperity is often one of the tools of reconciliation. Seventy years ago we were at war with Germany. Indeed, we were occupied for 5 terrible years. Would we not want to sign further agreements with Germany because of their failures of the past? We still remember those who suffered and lost their lives but reconciliation and peace for our children is the best way to honour their memory. I commend the T.I.E.A. to the House.

Deputy M.R. Higgins:

Could I ask for clarification from the Minister? On the T.I.E.A. we talk about it being a 2-stage process and we know that we do not allow fishing expeditions into the Island and normally the only

time that they will ever be seeking information is if they bring a specific case which has to go through all the process. It could be many years, surely, if they do not have something that is under way at the moment, to determine whether we are complying with the agreement and therefore we get the blacklist lifted?

Senator F.E. Cohen:

As I have already explained, the work is underway at the moment. I commend the T.I.E.A. to the House.

The Deputy of St. Mary:

May I raise a point of order, Sir? I believe the Senator was misleading the House and I just want to point out that I did not say what he said I said. He said: "The Deputy [me] thinks that the export of Jersey cows is dead." I said absolutely no such thing and I can do as good a speech in favour of the Jersey cow, and have done many, many times in my guiding days, as he can. The Jersey cow is a wonderful export and I did not say that the export of the Jersey cow is dead and I cannot imagine why he would have said it.

Senator F.E. Cohen:

I did not suggest in any way that the Deputy had been derogatory and yet again the Deputy has gone off on one.

Deputy J.B. Fox:

Can I just bring a point of clarification? The Minister referred to the Argentine Government having reconciliation. The point of my speech was that it is not being reconciled, it is still continuing after 30 years, unlike our occupation. I just wanted to make the point.

The Bailiff:

The matter before the Assembly is the proposition of the Chief Minister. All those in favour kindly show. The appel is asked for in relation to the proposition of the Chief Minister. I ask the Members to return to their seats and the Greffier will open the voting.

POUR: 37		CONTRE: 2		ABSTAIN: 0
Senator T.A. Le Sueur		Deputy J.B. Fox (H)		
Senator P.F. Routier		Deputy M.R. Higgins (H)		
Senator P.F.C. Ozouf				
Senator F.E. Cohen				
Senator A. Breckon				
Senator S.C. Ferguson				
Senator B.I. Le Marquand				
Senator F. du H. Le Gresley				
Connétable of Trinity				
Connétable of Grouville				
Connétable of St. Brelade				
Connétable of St. Martin				
Connétable of St. Saviour				
Connétable of St. Clement				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				
Deputy R.C. Duhamel (S)				
Deputy of St. Martin				
Deputy R.G. Le Hérisser (S)				
Deputy of St. Ouen				
Deputy J.A.N. Le Fondré (L)				

Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy S. Pitman (H)				
Deputy K.C. Lewis (S)				
Deputy I.J. Gorst (C)				
Deputy of St. John				
Deputy M. Tadier (B)				
Deputy A.E. Jeune (B)				
Deputy of St. Mary				
Deputy A.T. Dupré (C)				
Deputy E.J. Noel (L)				
Deputy T.A. Vallois (S)				
Deputy A.K.F. Green (H)				
Deputy D.J. De Sousa (H)				
Deputy J.M. Maçon (S)				

The Bailiff:

Very well, so that completes Public Business. Now there simply remains the planning of Public Business for the future so, Chairman of P.P.C. if you wish to speak to this.

ARRANGEMENT OF PUBLIC BUSINESS FOR FUTURE MEETINGS

6. The Connétable of St. Mary (Chairman, Privileges and Procedures Committee):

If I could just say that if Members took as a starting point the additional sheet that the Greffe circulated during the week which is headed: “Remaining Public Business after completion” the business that is listed on that schedule for 8th November, the sitting itself is now moved forward to 1st November so the business is as listed with the following changes. The addition of Projet 121, Clos des Sables: further development - petition in the name of Deputy Tadier. The addition of Radon Gas Levels and Cancer Rates in Jersey - P.144 - in the name of Deputy Le Claire and the new Projet, Driving Licences: theory test - Projet 155 - lodged by the Comité des Connétables. That business is all listed for 1st November.

The Bailiff:

Where does it fit in for the Budget, then? There will obviously be the Budget to be listed as well.

The Connétable of St. Mary:

The Budget will be listed in due course, as soon as it is lodged. As we agreed this morning we will start on 1st November with this business and attempt to complete that business in that week, but with a continuation date for the next week, the first item of business then would be the Budget, and anything that is carried over would go to the end of that sitting.

The Deputy of St. Mary:

Can I ask 2 questions? The first is what has happened to P.142 as I seemed to have missed a trick there? The other question is I am really not happy that the House is right in this matter of the 1st and I heard the way we are managing the business between the 1st and the 8th, I heard what my Chairman on Scrutiny said this morning and I think that he has a serious point about us generating a new sitting, which nobody knew about, and now there is a new sitting starting on the 1st and yet the proposal is to run that sitting, if necessary, right the way through the week. I would propose that we do not sit on the Friday.

The Bailiff:

The Assembly has already voted on that.

The Deputy of St. Mary:

It is already sorted out. I was not sure how resolved that was.

The Bailiff:

The Assembly voted to run through up to the 4 days if necessary, that is what the Assembly voted on earlier today.

The Deputy of St. Mary:

That is amendable at the time, Sir?

The Bailiff:

Yes, the Assembly can always change its mind about when it is going to sit.

The Deputy of St. John:

What the P.P.C. Chairman did not tell the House this morning that I am given to understand since, it has come to my knowledge that it is half-term and some Members **[Interruption]** alright, I do stand to be corrected, but I was under the impression it was half-term that week and it would act on the young people.

The Bailiff:

Very well, the question from the Deputy of St. Mary about P.142, my understanding is that has been withdrawn. So, does that answer all your queries? Yes.

The Deputy of St. John:

That one having been withdrawn and the Connétable of St. Peter having been, well, how can I put it - pilloried in that report - has the Connétable a statement to make in response out of courtesy to both parties?

The Bailiff:

He did apply to me to make a personal statement but I declined leave. Personal statements are not in effect to rebut what is said in a proposition, even though the proposition is withdrawn. A personal statement is a personal matter. So, the Constable feels that there were incorrect things in the proposition and he has to find some other way to deal with it. Very well, does the Assembly agree to take the matters listed in the updated paper provided by the Greffe as amended just now by the Chairman of P.P.C. on 1st November? Very well, so that completes this sitting. Can I remind Members that the Assembly will have a special sitting at 9.30 a.m. on Tuesday, 27th September, that is to welcome the new Lieutenant Governor who will have been sworn in on the day before, and there is also a dinner for States Members on the evening of 27th September. So, subject to that, and then thereafter we will reconvene on Tuesday, 1st November. Very well, this sitting is closed.

ADJOURNMENT

[16:54]