

STATES OF JERSEY

OFFICIAL REPORT

WEDNESDAY, 9th DECEMBER 2009

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

PUBLIC BUSINESS – RESUMPTION

1. Budget Statement 2010 (P.179/2009): second amendment (P.179/2009 Amd.(2)) - resumption

The Greffier of the States (in the Chair):

Very well, the debate resumes on the budget and the Assembly is considering the second amendment in the name of Deputy Power.

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

It is often said that we spend far too much time in here and not enough time out of the Chamber getting things done. I do not disagree that the need to repeat speeches is clearly laid out in Standing Orders but sometimes adding nuances to what has already been said in different ways gives strength to the argument and helps formulate policy and therefore it should not be discouraged when we are talking about debating an important amendment such as this that might have an impact of £4 million a year for the budget. Certainly if the States could sit in this House and get £4 million in or out one way or the other then we should be in here all the time. I think we have been faced with a difficult amendment because of the fact that as so many Members have said they would have preferred it to have been split up and I understand that that was not possible, or was not done, or no other Members sought to do that so, as the old adage says, we are where we are. It was interesting to listen to Senator Perchard's speech yesterday because like myself he finds the dichotomy of trying to tackle the number one killer in our Island a little strange when we are promoting the sale of it at the airport. So, what are we going to do? Well, I think I know what I would like to do, and I am going to stick to my guns, and that is what I sought to do when I first tackled the tobacco issue on the Health Committee in 1999 when the Medical Officer of Health brought to our attention that it was killing 200 people a year in Jersey and, as the Island's number one killer, we needed to do something about it. Senator Shenton, then the President of the committee, not this current Senator Shenton, the previous Senator Shenton, tasked me during a heated exchange between myself and other members of the committee to do something with the officers to bring forward a strategy. Quite a lot of the voices on the committee at the time were satisfied with the warning on the side of a packet of cigarettes and were a bit annoyed about the fact that the Medical Officer of Health had been telling the public what was good for them. So, I went off and I began to work with the officers on the tobacco strategy and it was completed and it sat on the shelf for about 3 years before Senator Syvret brought it. Much to my amazement it sat on the shelf because there was no way on God's earth that we would let somebody walk around our community killing 200 people a year and not hunt them down and get them off the streets. That is exactly what we are talking about. We are talking about killing 200 people a year. We are not talking about making 200 people sick a year; we are talking about killing 200 people a year. Making sick hundreds, if not thousands of others, some of whom have become sick because of others' habits; second hand smoking. Not to mention the damage that is caused by cigarette fires, litter and other issues in relation to tobacco. So, when we talk about whether or not this is an increase that is beyond the average individual, or middle Jersey, and we should somehow be looking after their best interests in this time of change, I wonder how we looked after them when it came to the G.S.T. (Goods and Services Tax) vote and who supported that. I do not remember if Deputy Power voted against that but I am certain there are Members that have spoken at this increase as being too much when they support G.S.T. The increase I do not believe is too much. In fact, if anything it is right on the money. The tobacco strategy hangs by a series of threads, not just one individual item, and that was the first message that I got on that morning that the tobacco strategy was handed to me, because I immediately wanted to stop smoking in the workplace and asked the committee to consider that as a first step. I was rightly chastised and then educated that you do not do things in half measures. You bring forwards comprehensive strategies that will tackle the issue in the round. Now, we have heard

from the Minister for Health and Social Services. We have heard from the Medical Officer of Health and we have heard from the Smoking Cessation and the Health Promotion Unit about what a good job the smoking strategy is doing. Part of that smoking strategy is an agreed States strategy, not just the Health and Social Services Department, an agreed States strategy, that involves an important element of increasing impôt duties above inflation year on year. I would like to read from a letter from the President of a Finance and Economics Committee of 15th October 2001. This was not Senator Le Sueur, this was not Senator Shenton, and this was not Senator Ozouf: "Thank you for the proposals of the Health and Social Services Committee that are made regarding levels of duty and alcohol today. The Finance and Economics Committee has endorsed these recommendations in its proposals for increases in alcohol duty in the 2002 budget. Further to our telephone conversation last week I look forward with similar interest to your committee's forthcoming tobacco strategy which I would presume will also contain recommendations regarding levels of taxation. In advance of receiving any new proposals from your committee my committee is proposing to continue the policy from the previous tobacco strategy by adding 25 pence to the duty on a standard packet of cigarettes in this year's budget, an increase of 15.6 per cent. I write to seek your confirmation that this increase will receive the support of the Health and Social Services Committee." As rightly pointed out there were times when the Minister for Finance of the day did not bring forward increases to impôt duties and that was the first box that every independent member of committee ticked to raise more revenue. Some Members have spoken in this debate to say that the rise in tobacco and impôts duty has nothing to do with health. It has absolutely everything to do with health and if we are selling cigarettes at the airport then that is the next step we need to take. We need to stop selling cigarettes at the airport. We do not need to make it easier for other people to sell cigarettes. We need to look at how we can further stop and reduce the harm to this community from cigarettes because the more medical science advances and the more medicines become available the greater the ability is to treat these diseases and the greater the cost is to the community. Deputy Tadier mentioned yesterday if we could analyse and do a cost benefit analysis of what the harm reduction would be in relation to the procedures that we have, well, they would change on a month to month basis because the drugs for treating these diseases are not only in increasing demand around the world and are being sold in decreasing supply to those with the most money, but they are also becoming more and more in harmony with procedures in a surgical sense. So, I am very, very much against this amendment, predominantly because of the smoking strategy. I have some sympathy for the amendments and I believe Deputy Power will argue that it is not a populist proposal and I do not believe that trying to ease the burden on middle Jersey is populist, and I also agree with him. I do not believe this amendment is populist because I do not think if it gets through it is going to be the right thing to do and I do not think it is going to be very popular to send out a signal to the community that the States are going easy now on the number one killer in our community when now is the time when we are seeing evidence of it turning around that we need to stick to our guns and we need to take further steps. We need to reduce cigarettes and the harm that they do to our community in more ways than we are now and it may not be good news to the reporters that smoke and it may not be good news to the States Members who smoke. It certainly was not good news to my mother who said she would never vote for me again. She was right; she died, before she had the chance to not vote for me again, from smoking. So, I know what I am talking about. I have been a smoker and I have stopped smoking and I have been a smoker again and I have stopped smoking, and I have been a smoker again and I have stopped smoking, and once you are a smoker it is an ongoing struggle throughout your life to stay away from them. The reduction that we have driven into this community in terms of harm reduction on this issue is only the first step. We need to remove smoking from children's playgrounds, we need to get out of the business of selling cigarettes and trying to derive income from them, and we need to acknowledge, as quite rightly pointed out by Deputy Tadier, that that there are costs associated with this activity that we are incurring upon ourselves, not to mention what middle Jersey really wants to hear is a reduction in the waiting times at the hospital. They want to hear reduction in the waiting times at the hospital but there will not be a reduction in the waiting times at the hospital while the

beds are full of people who have been smoking all their lives. So, let us look at the bigger picture. Everyone has had a long debate; I think I have vented my fury on that one. I will move on to fuel. I have some sympathy, but because the amendment has not been split up I cannot vote for this. Fuel, and the increases to fuel need to be set alongside a comprehensive transport strategy that we have been waiting since 1999 for. Senator Le Main is saying yes. The Constable of St. Helier has probably running through his mind how many versions of the transport strategy he has written himself that he has not been able to bring forward for one reason or another and we now have the Constable of St. Brelade who is faced with an ever-challenging situation in terms of the increased traffic on the roads and the decrease in availability of parking and also, most importantly, the effect of the quality of life for people in the town. The noise, the smoke, the congestion, the fear of accidents are visited upon the people of St. Helier on a 24-hour basis. It only gets worse during daylight hours, except on Sundays when that is not a bank holiday or Christmas Eve. Fuel increases though, and let us try and be focused on this if I can, are the right thing to do and why are they the right thing to do? They are the right thing to do because environmentally the car manufacturers will not introduce the technologies that they have at their disposal until they get to the point that the government has taxed them into changing their manufacturing processes. We are starting to see the hybrid on the road. We certainly could see in the near future, 10 years or so away, readily accessible hydrogen vehicles. We are seeing strides in that direction. Regular, not quaint, but regular car manufacturers in the Far East now are producing standard cars that run on electricity. The reason why they are not growing in popularity is because the investment that the oil industry will need to make in providing the fuel stations to keep those cars on the road. At the moment they are being a little bit like the alcohol lobby were before we started to tackle them. They are doing very nicely please. Do not rock the boat. They are very powerful. They make a lot of money but they also need to invest. They need to invest for a number of reasons. Copenhagen spells out a number of those reasons, as did the Deputy of St. Mary, so I cannot support no increase on duty for fuel, although if it had been broken up I might have had some sympathy and been persuaded by, no doubt, the brilliant speech we are going to hear from Deputy Power when he sums up. Nevertheless I cannot because it is not delinked. The same also goes to say for the third part, which is alcohol. After I had tabled the smoking strategy, which was accepted by the Health Committee in 2002/2003 I think Senator Le Main and Deputy Hill were on that committee with me, they will recall that I then volunteered to go off and undertake to do the next body of work on the alcohol strategy and I was assigned that role with Deputy Hill to do it at that time; 2002/2003 and Deputy Hill will bear me out if that is not true. We were both assigned to go off and look at the Licensing Law and the alcohol issues, but once again we have another powerful lobby, another powerful group of businesses that do not necessarily want to move with the times. The Licensing Law had to be reviewed, which it is now being reviewed. It was being reviewed then as well. Deputy Le Hérissier has reminded me, because he was on the committee as well, it is also noticed, and quite rightly noticed, and a very good suggestion by Senator Perchard, a measure of alcohol should be a measure of alcohol, and yes, we should get out of that business too and if we had user pays principles for the police, how much would the alcohol industry be paying for the police, and the magistrates and the court system and the probation system? We had a number of options that we could have gone to and should be going through in the near future when we see the alcohol strategy; another long awaited strategy.

Deputy M. Tadier of St. Brelade:

Could I have clarification from the speaker? Just that when the speaker says that we should get out of the business, be it with cigarettes or alcohol, is he suggesting that we do not tax that then? Because we are benefiting directly from impôts.

Deputy P.V.F. Le Claire:

Well, it is only my opinion, but I do not believe that we should be encouraging the facilitation of sales of alcohol and cigarettes at States owned premises like the airport and the harbours, for

example. If the private industry wants to sell those products and if they are selling them responsibly as they are, and they are moaning about the fact that we are facilitating the sale of them, then that is another matter. But ultimately I think we do need to move away from this culture that we have to have a cigarette and we have to have a drink in order to have some form of entertainment stuck in one room together because it is nonsense and there should be ways for people to derive an income, be they businesses or inn keepers, such as food and entertainment, other than alcohol and tobacco. We now do not see cigarette smoking in these establishments and we now see reductions in alcohol consumption with the encouragement of meals, *et cetera*, and play zones for children and the inclusion of children in extension of hours but some of the key elements that we suggested at that time, which still have not been included yet, are the extensions of alcohol licenses until 3.00 a.m. in the morning so that soft drinks could be sold from 2.00 a.m. and alcoholic drinks would stop being sold at about 1.30 a.m. so that people would have an opportunity to stay in their surroundings but to sober up, and in conjunction with that we spoke about late opening hours for fast food outlets or restaurants, some of which we are starting to see. We should also facilitate an orderly withdrawal from the community into the available taxis that there were, and possibly still are, limited numbers of at key points in time. We would also see a decrease in the number of violence-related issues and we also suggested that perhaps in some of these bars where we have seen only recently in Russia, for example, where there is one exit, 100 people died in a disco because of the trample on the way out and the smoke that engulfed them. Too many of these places, some of which have had their licences opposed recently, have large numbers of people standing up and drinking in them. I used to work on the door in a number of these institutions so I know what the habits and the activities of these people are. I thought it was a very good speech from the Constable of St. Mary who said that she had the opportunity of observing the community because she did not drink. When I was on the door for a number of years I did not drink either and I was able to observe what was going on both in the clubs, on the streets, and to and from my house in Garden Lane on the way to work and on the way from work.

The Greffier of the States (in the Chair):

Let us try to get back to duty levels.

Deputy P.V.F. Le Claire:

Duty levels should be increased on alcohol because as an overall party to an alcohol strategy it marries in with those elements that I have been speaking about to reduce harm and change behaviour. The other element that I was going to finish on, and I will if you beg my leave, was that we needed to have waiting services so that the individual serving the drink to the table knew who was receiving the drink, rather than the barman giving one person 10 drinks. There is a duty of care as well because those individuals then go into the community in an unsafe state for themselves and others. So, an increase in alcohol duty in relation to those strands makes sense in terms of a strategy. I would have had some sympathy for Deputy Power, had this been separated as well because we still do not have an alcohol strategy. So, my message is not so much for Deputy Power, because I am sure he has heard enough from me as it is, but it is to the Ministers that are responsible for the transport strategy and the alcohol strategy and that is, get your fingers out, or get your officers' fingers out and bring to the table the strategies that are long overdue. In the meantime, one last thing I would like to ask of the Minister for Economic Development, if there are margins in these businesses, would he please undertake a body of work to identify what those margins are, what those selling monopolies are. When these little pubs are crying that they are going out of business, are they forced to purchase their beer from monopolies while their next door neighbours are free to purchase it where they want? Surely monopolies should not make their income based upon the fact that they own the property; they should make their income based upon the fact that they have a better product. Why are people forced to purchase a product? It is a cartel. How do people become so wealthy in our community unless we look at these issues? While the ordinary individual, the ordinary bar keeper, the ordinary publican that wants to go along and enter

into the business and maintain a healthy life for himself and their families, they have not got a chance. They have not got a chance because they are forced to purchase their product from one supplier, or the majority of their purchase from one supplier. That is surely anti-competitive. I urge the Minister for Economic Development to undertake this body of work without delay. I also urge Senator Perchard to not support Deputy Power because of the fact that he has a problem with the fact that we are selling cigarettes at the airport. I would urge him with me, and he has a lot more persuasion than me in this Assembly, nobody would doubt that, to use his persuasion on the Ministers, Economic Development and otherwise, to look at what we are doing. We are in a business that kills 200 people a year or facilitating businesses that kill 200 people a year. Let us get out of this business.

1.1.1 Senator A.J.H. Maclean:

How apt that I stand immediately after I have been asked a specific question. I will start briefly with the subject of margins and I will also end, which I had intended to do, on the same subject. I can assure Deputy Le Claire that this matter is a matter that does concern me greatly and it is a matter that I will be discussing not only with the J.C.R.A. (Jersey Competition Regulatory Authority) but I will also be discussing with Senator Breckon who raised the point yesterday and the Consumer Council. I think the issue of margins with regard to alcohol, with regard specifically to tobacco and fuel, is an issue that we do need to attend to and we need to attend to soon and I will come back to that, if I may, later. Where do I sit on this particular amendment of Deputy Power? One might call him a Santa Claus Power perhaps, but where do I sit? I sit uncomfortably, like I suspect most Members in the Assembly do. It is difficult. It is a question of more tax on the luxuries of life; alcohol, tobacco and fuel and, of course, in that regard it is a highly emotive subject. How could anybody consider raising more taxes on these particular items? From my point of view as the Minister for Economic Development my role is to support business and businesses clearly do not like tax and it must be bad for tourism. It was a point that Deputy Green raised yesterday, but of course there are some conflicting views, and I will come back to those in a moment. I do recall though on the subject briefly listening to an eminent tour operator from the north of England speaking on the subject a few years ago in relation to tax increases and the effect they would have on various holiday jurisdictions. His view was that small amounts of tax increases have very little effect on the decision-making of holidaymakers and certainly are not detrimental and he was speaking, I must add, specifically about Jersey and it was at the time specifically about the issue of G.S.T. But it is not that simple. There is of course a much bigger picture. There is the longer term view. Referring back to Deputy Green, I just happened to look at him so it is easy to recall some of the things that he said yesterday, he talked about, and he asked the question: "Is the proposal from the Minister for Treasury and Resources about changing behaviour or raising money?" Well, the answer, I think, is quite simple. It is about both. It has to be about both. Alcohol consumption in Jersey is a big problem. There is no doubt about that, especially with the young. The facts are clear and they are, in my view, stark. We have heard some of them mentioned yesterday; 42 premature deaths each year from alcohol, 75 per cent of all night time street violence is alcohol related. Now, only yesterday the Deputy of St. Martin was urging me to raise licensing fees. Today he has the opportunity to reject this proposition. He has the opportunity to help raise much needed revenue from the Treasury, but only yesterday he expressed concerns about the fact that licensing fees were in fact far too low and he is right. Turning to tobacco, the facts are equally stark; 150 people die in Jersey each year through smoking-related illnesses. That is 20 per cent of those who die in the Island each year die because of smoking. Price increases alone, and I think we all accept this point, will not solve the problem but it is a community problem that needs a co-ordinated and joined up approach in order to address. I would also add that even with the proposed increases in duty the prices of the items mentioned, certainly tobacco and alcohol, will still be comparable to our nearest jurisdictions. As Minister for Economic Development my remit, as I have already mentioned, is about supporting business but in this instance I have to consider the bigger picture and the bigger picture is not only the health issues that

I have briefly touched on and many other Members have as well, but it is also about long term fiscal sustainability. The need to balance budgets is critical. We face budget deficits in 2011 and 2012 and the likelihood of structural deficits beyond that, if effective action is not taken now. Raising taxes, impôts, is only part of the solution albeit a difficult but important part. A package of measures is needed to build on the £16 million of savings already identified for 2010. The Minister for Treasury and Resources has talked about the comprehensive spending review, an important review, a review that will properly look at the way in which we deal with our public finances. It will look in particular at addressing cultural and process issues that will help to drive genuine savings in the future. But there is a need, there is a very, very strong need that we win public confidence in this particular process. If this amendment succeeds the Treasury will lose in excess of £4 million of targeted revenue. How will that revenue be replaced? Quite simply, other taxes will have to rise to compensate. Some have suggested that Senator Breckon's amendment to increase the company registration charge is an answer. He did touch on that yesterday and quite rightly tried to divorce the 2, and I fully appreciate that, but his proposal - although I accept it has merits - does, in my view, have to be properly reviewed before we consider introducing it as what is undoubtedly somewhat of an eleventh hour amendment. How can we possibly look at an introduction of such an increase without appropriate consultation? It could do considerable damage to the finance industry; damage at a time when we cannot afford to do anything that is going to put us at a competitive disadvantage. Deputy Green, reverting back to him if I may, made a highly emotional speech about supporting this amendment on the basis that it was about supporting tourism. Sadly, most of what he said was factually incorrect and I would like to just address a number of those points. Staying leisure visitors, he quite rightly pointed out, are down in 2009 by nearly 6 per cent, but we should put that into fair comparison. Most other destinations are down by between 15 per cent and 20 per cent. Jersey has performed, in numbers, quite well in extremely difficult market conditions. Deputy Green was wrong, we did not cut the tourism budget in 2009, we increased it working together with the industry and by investment from the Tourism Development Fund we put an extra £750,000 into **[Interruption]** ... I think the Deputy has had his say yesterday, Sir.

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

But you have quoted me incorrectly because what I said was ...

The Greffier of the States (in the Chair):

Deputy, the Senator was not giving way. You cannot interrupt, I am afraid.

Senator A.J.H. Maclean:

As I was saying, we have put significant additional resources into supporting tourism during 2009, and that is absolutely the right thing to have done. We have a discretionary element in our budget at Economic Development; we have to respond as conditions change and I think Members would agree that at the beginning of this year, at the end of 2008, there was a dramatic change in the economic landscape. We were also able to leverage that extra spend in tourism by being able to buy more media coverage and that was because of the weak media conditions, the weak market conditions. We were able to be more effective and more targeted in the way in which we delivered the promotion of this Island and that is the way in the future that we need to deal with the marketing of Jersey. Value for money. It is about impact, not necessarily just about the headline spend levels. Increasing alcohol, tobacco and fuel duty will not affect visitor numbers. I do not know a single holiday destination in the world that includes the price of cigarettes and alcohol in their holiday brochures as their unique selling point. The Deputy of St. Mary was spot on, and I have to say I do not often say that, **[Laughter]** when he said that people decide to holiday in Jersey because of the environment, because of the beaches, because of its beauty, and because of its facilities, and he is absolutely right about that. The facts are that they do and that a few pence on a glass of wine or beer will not change that issue, not to mention of course the currency differentials

where Europe is significantly more expensive in sterling terms from our donor market in the U.K. I would also add that tourism does have access to stimulus funding. That access is quite properly through the Jersey Enterprise function at Economic Development. I would also say that the Tourism Development Fund does have money. It still has about £450,000 available at the moment for projects that qualify and are related to tourism. But Deputy Green is right, it does need support and we do need more funding into the Tourism Development Fund. What I would say to him is that if he wants to support tourism and if he wants more money into the Tourism Development Fund then he should be thinking about rejecting this particular amendment because it limits the ability for the Minister for Treasury and Resources and for Economic Development to have the funds necessary to put into areas like the Tourism Development Fund. We need more money in there and, quite frankly, this £4 million will need to be found from somewhere. Some budgets are going to be hit; it could well be Economic Development and I would not like to see that being the particular outcome. I would like to comment on the Deputy of St. Ouen. I did not know this particular point. I was not in the States at the time, but he talked about a former Minister for Treasury and Resources acting as Santa Claus and the rapturous applause as duty was frozen and everybody thought this was going to be a wonderful Christmas. It goes back and drives right to the heart of the margin issue because it was not consumers who benefited. So, if we decide to support Deputy Power and the £4.25 million does not go to the Treasury to be distributed among departments to support essential services and so on, is it going to get to the consumer? I am not sure it will. History says it did not in the past, so why do we think it is necessarily going to do so this time around? Today's would-be Santa Claus, Deputy Power, rarely has brought forward a proposition, an amendment, which I can understand the appeal of, but I would hope to not encourage perhaps but just comment on the fact that retailers have the discretion to absorb some of the duty increases should they go through and I would certainly hope, on the subject of margins which I have touched on, that that could be a possible outcome. I would like to just correct, if I may, an error that was mentioned yesterday and that was in relation to the R.P.I. (Retail Price Index) effect of the proposed impôts increase. It was mentioned yesterday that the R.P.I. effect would be between 0.5 per cent and 1 per cent. In fact, having checked the figures, it is 0.27 per cent, so considerably less than was indicated yesterday. In summary, Deputy Power made no convincing argument about the alternative ways to pay for this particular amendment and to pay for the lost revenue to the Treasury. Most importantly, and I might add most disappointingly from my point of view, he did not pitch a middle ground. It is either no duty, or we have the Minister for Treasury and Resources' option. Now, some Members may think the Minister for Treasury and Resources has been hard in this, hard on consumers, particularly in this current climate, and I can understand that but the option that Deputy Power has raised really is, in my view, too severe. It is just a step too far. I think if he had gone half way down the line I think enough Members probably might have supported him but that, unfortunately, is not where we are. As I have said, raising duty is about changing behaviour and about raising much needed tax. There are questions about margins being charged specifically in tobacco, but also in alcohol and fuel and I will, as I said right at the beginning, give an undertaking to Members that I will speak to the J.C.R.A. about this matter. I will be speaking to Senator Breckon and the Consumer Council as well. I think a joined-up approach is necessary to just understand, and if necessary resolve the issue of unreasonable margins that we think may exist in life's luxuries. As difficult as it is, I do urge Members to reject this amendment and I really do hope that Members can take that on board.

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

Can I ask a point of clarification, Sir? Was that a definite commitment that the J.C.R.A. will investigate these margins?

Senator A.J.H. Maclean:

What I can say is that I will certainly speak to the J.C.R.A. about the matter. I will do it in conjunction with Senator Breckon, who has also raised these issues in the past, and if necessary then they will investigate, yes. We think there is an issue with ...

The Deputy of St. Mary:

My understanding was the Minister could instruct the J.C.R.A.

Senator J.L. Perchard:

Could I raise a point of order on the previous speaker? I was a little bit confused by the argument made by the Minister. Perhaps he could explain. He seems to say that by putting up the price of alcohol and tobacco it will discourage people from using it and yet he also said that he was hoping the retailers would absorb the cost of the price rise. Which is it?

Senator A.J.H. Maclean:

It would depend on what Members decide to do, but I would certainly hope that if Members reject this particular amendment and there is an increase in duty on these particular items that retailers might consider that option of absorbing part, or indeed all of the increase. If I may also just clarify, because I am not sure the Deputy of St. Mary was necessarily appreciating what I was saying. Yes, we will ask or instruct the J.C.R.A to look at these matters if there is a case, but we need to get preliminary information first. I think there is an issue and I think that, yes, we will need to instruct them to do so, but we need to have the conversation with the J.C.R.A. first and we need to do it in conjunction with the Consumer Council, who I believe have some additional information with regard to margins as well.

Deputy D.J. De Sousa of St. Helier:

Sir, I think it is a point of clarification. The Minister made much play in his speech on the fact that this amendment would take money away from all departments. I understood, and I think most Members did, that this money was to raise money to pay for health, not E.D.D. (Economic Development Department).

Senator A.J.H. Maclean:

Yes, that is absolutely right, but if this particular amendment succeeds then of course there is going to be a revenue shortfall, is there not?

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

I will be brief. I do feel the need to speak just briefly because of being an Assistant Minister for Health and Social Services and I have not been told which way to vote. I was asked by the other Assistant Minister. I have somewhere else I really needed to be this morning but I know the States must come first but he asked me to be here anyway, not knowing which way I am going to vote. That is where we are. I would just like to say about smoking, and I think Deputy Le Claire really did sort of hammer the nail home. What we do have at Health and Education we are really trying to run an education and even the people like me, if I call myself an anti-social smoker now, and I know it is wrong for me. We are dealing with an age of people who smoked 20, 30, 40 years ago who have seriously debilitating illnesses and we have to make their life as comfortable as possible. That is millions of pounds. Now, we need the education now, I agree, and I think we are getting through to the children and I am under no illusion that sometimes taxing those, they will pay the extra 5p or 10p on a packet, but a smoker can give up and I know hard bitten 60 a day men and women who went: "Right, that 5p, that 10p has just broken the camel's back and I have given up" and kids, well, a lot of kids now that is well out of their range and they are getting education. So, I think smoking, we are really getting there and I do say to Treasury: "So, start looking for somewhere ..." because we are going to be successful at Health. Start looking somewhere else for your money because I am committed, and I should be committed because I am one of the people who do know the harm and I still have the occasional cigarette and I hold my hands up, but the

money, will it stop my habit? Hopefully it will. **[Laughter]** Well, 10 quid, I might have smoked one packet a month instead, but I do know and I now have the proof, when I was younger there was not the proof, I do know there is not a safe level of smoking. The only safe level of smoking is not smoking. There is a safe level, supposedly, of drinking and I do believe that. So, that is fine. I cannot support the smoking because we are at Health picking up the people who are very ill. I do have a problem with the comments in the budget. It starts at page 24, and I am going into alcohol now. We will need some anyway. It says: "The Minister for Treasury and Resources will also be supporting the Minister for Health and Social Services in responding to health concerns relating to alcohol by developing strategies that are at the same time to consider a policy - and this is what I am concerned about - which would seek to bring duty and tax on alcohol in line with U.K. (United Kingdom) levels over the next 3 to 4 years." Well, they have it right there, have they not? No, they have not. They have more drunks on their streets by purchasing cheap alcohol from the supermarkets, so I totally agree with what the Constable of St. Ouen said yesterday, this should be a warning. We have heard all the things that should be being done and I have been here long enough to say that it is very nice of Senator Maclean to say he is going to ask the J.C.R.A. to look at the margins. Well, I remember a very young fresh-faced Senator, who was a Deputy, who came in on that banner: "I am going to cut out the margin" and I think it was on fuel that was the biggest one, that really was his bug-bear, 10 years down the line nothing has been done and I am not blaming them. There are a lot of back-benchers here who could do a lot more work. I mean, Scrutiny managed to do a fantastic - and I was on that Scrutiny Panel **[Laughter]** - long term health care, and it has been taken on; it has been picked up by Social Security. The ground work was done by back-benchers and Scrutiny and people who were co-opted on. So do not all look around for ... we have made the body of people smaller and the body of work is still as big, so we all need to be working together and we all have to get over this, it is us and them. There are some very good brains in some very good places that you want these solutions, please go to them and ask because they know where they are. Tackle the big ones. So, we cannot keep following. If this sort of amendment came next year with a bit more reason and a bit more of where the money would come from, I am sorry, Minister for Treasury and Resources, I will be supporting it and I think you can only get away with it this year when there are so many other things to be done. There are other amendments to come and you will talk about that - sorry, the Deputy of St. Mary is insisting on speaking to me while I am trying to speak - and there is another big issue. I asked the Deputy of St. Martin yesterday, because I know it is his passion, and we are waiting for licensing laws and he told me, and I knew it was around the very small mark, the supermarket's licence to sell alcohol is £114 a year. Do you know that if you go down Checkers or Safeways this Friday, Saturday, or over the weekend, you have more litres of alcohol flowing out of there than you are all going to put in your cars in the whole of Jersey over the next 2 months for £114. Something is very, very wrong. You have to find a way, and we might be the first to do it, but you cannot let all this cheap booze going out of there, as the Constable of St. Mary said, killing the pubs, and I have sympathy with the country pubs but in St. Helier with all the bedsit land it is their actual social life. They do not go once a week, they go every night and not necessarily have a drink problem. They go there because they are going home to a one-room, cold, damp and no company and they may be female and it might be male and their little family, their community, is the little old pub down the road and 9 out of 10 of these pubs are closing down in St. Helier. The working man's pub. I do not see any problem with the massive place down at the Weighbridge being queuing up where it is £5 a glass of wine; £5. There is no problem. There are queues there every night of the week. Probably middle Jersey people or middle Jersey children's people, whatever. So, there is not a problem for some. I am coming to the end because I have to just make a comment on the comments on the financial and manpower implications that Deputy Power makes: "The Jersey economy is robust. The finance industry is key to this and we must accept, as States Members, that this Island revolves around taxpaying and income earning ability of middle income Jersey. To risk penalising any further this hugely important sector of the economy is folly." Now, to me a middle earner comes somewhere around the teacher, a nurse, someone in these other professions they have trained. Would the

Deputy not have helped them much more if he had let them negotiate their own pay rise? Not whether they pay 6 pence or 7 pence on a glass of wine or a bottle of beer. So, to me his argument totally falls down. Just on the point that we may be under £4.25 million, he does not say, we could lose more than £4.25 million if, on health reason, people do stop spending their money on cigarettes and alcohol we will lose the money. Just finally, I did not hear and I do not like having a go at people, but only yesterday we had a proposition lodged and they asked Health to give away nearly £1 million to charities in Jersey to help vulnerable children. Now, Health is going to be doing a lot of this anyway, but if this is on top, or it has to come out of the Health budget, if we cannot get the money to do what we are doing, let alone new things we need to do, and I go back to where I started, looking after very sick people who have abused their bodies with cigarettes mainly, sometimes over a long term, alcohol as well. We have to look after them. It is the age that they are getting to, 60 and 65, they are needing the operations, they are needing the rebuilding ... I am getting there myself. It just does not wash. As I say, I do have sympathy for the Deputy, only to the point where sometimes it is a good thing to help these people one day a week. On the other day, when you are asking which way to vote, he cannot help these people. That is as far as my sympathy goes, but I do have really real concerns and I do say to the Minister for Treasury and Resources and the other Ministers, get some of these outstanding things sorted. I am willing to work on anything. If it is not directly connected with Health and I think it would have an impact, and there is a lot of back-benchers, or people who are in maybe Scrutiny or not in Scrutiny, or not in the ministry, who have the knowledge, should be encouraged to work and look at these issues because, as I say, absolutely disgusted that there are going to be thousands and thousands and thousands of pounds sold in our large supermarkets and we get £114 a year and your poor publican up the road who has hardly any people in has to be up to £400 or £500 a year. It is ridiculous and it has to stop. I will not be supporting the amendment.

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

One of the things that I have learned since I entered the States is that many of the policies that are being pursued by Ministers are lacking in detailed research or adequate data. Take, for example, our understanding of the economy, the recession that we believe we have entered, and the economic stimulus package. We have very little quantitative data that tells us what is really going on in the economy and Ministers are largely relying on anecdotal evidence, which is less conclusive and is largely unverifiable. We have no quantitative data, for example, on the real level of unemployment because people are not required to register the fact that they are out of work with the Social Security Department. We have no information on the level of bank lending in the Jersey economy, the terms and conditions in which it is being lent, or any information as to whether firms are being starved of the money they need to stay in business let alone expand, or of the various multipliers and leakages from the Jersey economy and by that I mean, what level of additional spending is being generated by the £44 million discretionary spending in the economic stimulus package? Or how much is being lost because some money is leaking from the Island and going overseas. Nor do we have any economic data, or any other data, to support the Minister's claim that the proposed impôts duties will achieve the desired changes in alcoholic consumption or smoking behaviour that they want to achieve. Economists analyse the price elasticity of demand for goods and services to determine the sensitivity of consumer demand to changes in price but where is this information? To give you a little bit of background on this, goods which are price elastic in demand are goods that when the price is put up will have a more than proportional reduction in demand so that, for example, a 10 per cent rise in price leads to a reduction in demand of 20 per cent: that is price elastic. Goods which are price inelastic in demand are goods and services that when the price is put up have a less than proportionate reduction in demand so that, for example, a 10 per cent rise in price leads to a 2 or 3 per cent reduction in demand. In other words, if you want to raise revenue you hope that the goods and services that you propose to tax are inelastic in demand because consumers could continue buying them even though the price has gone up and there would only be a marginal fall in demand. If you want to change behaviour, you hope the goods and services you

are proposing to tax are elastic in demand, so as the price goes up there will be an even greater fall in consumer demand. Now what type of goods are we talking about? Petrol and diesel, cigarettes, wine, beer and spirits, now these are all items that are price inelastic in demand which means that pushing up their prices through tax increases will affect behaviour only at the margin but they will raise considerable revenue. This is because of the addictive nature in the case of cigarettes or, for many people, alcohol, and the essential nature of petrol for cars because of the lack of alternative transport. So although Ministers are wrapping up these tax rises in health and environmental cloaks, they are primarily revenue-raising measures which is why governments around the world target them, along with other items such as airline passenger taxes. If they really want to reduce smoking or alcohol, they should use other measures which may be far more effective. The example that Deputy Martin gave about putting up the fee on supermarkets is one example that might have an effect on the alcohol; far more effective. I would also like to make some other observations. The Chief Minister yesterday said that their environmental objectives can only be achieved through increases in fuel duties, yet as the Minister for Treasury and Resources said in his opening speech he will not change the duty-free status on marine fuel. Surely this is inconsistent. Nor is the Minister for Treasury and Resources' assertion that he is doing so because of the contribution the marine sector makes to the economy backed by any evidence. He said in his speech only that he believes it to be considerable. He also said that in order to do this, not putting the duty up, he is requiring the Harbours Department to provide an extra £200,000 in revenue in 2010, a third of which he thinks we are losing by not taxing this fuel. Where is this £200,000 likely to come from? The proposed increase in harbour duties proposed by the Minister for Economic Development, charges that no doubt will be passed on to every man, woman and child in this Island in the form of higher prices for the goods that enter the Island through the harbour. He is also recorded as stating - this is the Minister for Treasury and Resources - that he is prepared to make G.S.T. exemptions on super yachts moored in the harbour. I believe that the Minister for Treasury and Resources and the Council of Ministers are constantly making concessions to the well-off or business interests at the expense of the ordinary man in the street. An example of this is the extra £2.5 million to Jersey Finance, which is obviously being paid for out of this, so it is not just going to Health, and therefore I shall be supporting the amendment and urge Members to do so also.

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

Very briefly, because many Members have spoken, I wanted to answer a specific question from the Minister for Economic Development who asked: "Will a freeze on impôts at the current levels get through to the consumer?" My answer to him is that we will never know unless we do place a freeze on impôts. All kinds of reasons, environmental, health and others, have been given in the debate for opposing the amendment. The amendment has been criticised for being all or nothing and not allowing Members to distinguish between the different products attracting impôts. But it seems to me that one could equally criticise the Minister for Treasury and Resources for bringing forward such high increases in impôts at a time of recession. For me, it really boils down to a balancing act. We all share the health and environmental objectives set out in our Strategic Plan and in other documents issued by Ministers, and the shroud-waving we have had from some of them saying that we are not going to do these things unless we have this impôts is absolutely wrong and can be put right by the operation of Scrutiny and by the operation of individual Back-Benchers in the coming year. So I do not for a minute believe that if we support this amendment we are going to see an end to loft insulation for those who cannot afford it, we are going to see an end to recycling of paper and cardboard. I do not believe those shrouds that are being waved. I believe it is a simple matter of do we believe that in a recession it is right to make such larger than R.P.I. increases in products which is going to put up R.P.I.? It is going to have a knock-on effect, not only on the hospitality industry, not only on the transport sector but it is going to have a knock-on effect on everybody. So my answer to the question: will a freeze on impôts get through to the consumer, is; it will not if we do not support the amendment. If we support the amendment and we freeze impôts, we send out a very strong message. Certainly, it will make it very difficult for any

business to put up their prices against a background of almost zero inflation, no increase on impôts, how is any business going to justify putting up their prices in the current year? So I urge Members, certainly from my point of view, in a recession you do not impose such large increases on the consumer and I will be supporting the amendment.

1.1.5 Connétable G.F. Butcher of St. John:

I follow very much on a similar vein. I wonder what message this Assembly is sending out to the general public when there are many people out there that have had no pay rises; I have members of my family that have not had a pay rise for 2 years because of the type of business they are in. We have just refused to give the States, all the public sector workers, a pay rise, and we want to slam them with such a high rate on this at the moment. I do not believe in my own mind that these rises will have any effect on health. I appreciate that Health do need funding, as well as various areas that need funding. It will not change people's habits, it will drive them home and they will end up drinking more at home because most of us, when we pour a measure at home, it is way, way bigger than we are likely to get in the pub, so I do not think that is going to help. One thing that is being funded is recycling. In my own Parish we spearheaded recycling many years ago prior to my time, and our contract is just up for renewal. The contractor is looking for a near 700 per cent increase in the charges on recycling. Now I am wondering at this stage as to whether my parishioners are going to accept that. That will be their decision come April, May-time. That is a substantial increase; it was experimental when they started. Now they have analysed the costs and it is going to be a phenomenal amount of money. It may be that recycling might slow down. I hope not, I am all for recycling, but it was a very, very big increase. Many of you all know from the emails that I have sent out that I think the Minister for Treasury and Resources really does need to wake up and smell the coffee where taxing is concerned and we need a much fairer tax system. Unlike Deputy Martin, I do not believe he should be let off the hook this year; I think we should support Deputy Power's amendment in this case. There is funding available, there are other propositions coming up that could raise some funding; I am not saying they will raise it all. I would certainly be supportive on a one year basis only of using some money out of the Consolidated Fund or even the fiscal stimulus to cover these expenses this year and this year only. But all I would say is put some of your energy that you have boundless amounts of, Minister, into getting ...

The Bailiff:

Through the Chair, please, Connétable.

The Connétable of St. John:

Sorry. I think that is about it. Thank you.

Senator P.F.C. Ozouf:

May I just make a point of clarification? Just to point out to the Connétable, we are already taking out up to £112 million from the Consolidated and Stabilisation Funds, in addition, putting the discretionary fiscal stimulus. I do not think that he can say we are not putting money into the economy; we are putting millions.

The Connétable of St. John:

That is not what I said. I said if we needed a little extra that it could come out of that fund on a one year only basis.

1.1.6 Senator B.E. Shenton:

This is a very short speech. Ultimately this is a debate about raising money to pay for services, it is about raising money to educate our children, to ensure our streets are safe and to make sure that we operate as a socially-responsible society. I am a taxpayer like everyone else in the Chamber and Deputy Power quite rightly talks very much about middle Jersey. But this middle Jersey wants a first class health service, a strong education system and they also want protection from those that

are incapable of obeying the law. They do not want to waste their taxes on bungled currency hedging and overspends, non-core services, absent politicians or benefit fraudsters. Most would willingly pay more tax if they knew that it was targeted towards those that require it. How many of this middle Jersey group would consider alcohol or cigarettes as an essential? How many would decry this extra revenue if it was going to worthy causes? We all know that the charity on this Island is breathtaking because we are ultimately a caring society and I believe that this is the crux of the matter. It is how we spend the taxpayers' money that is the problem, not how the revenue is raised. Credit where credit is due, I believe that the Minister for Treasury and Resources made an excellent budget speech. It was clear, concise and one that did not play down the gravity of the economic situation. During the speech he pointed to the solution, the need to ensure that every last penny is spent in the most appropriate way and in speaking of a fiscal review, he admitted that we are going to have to look carefully at the source of our income in future years. There is no doubt that everyone will have to contribute more in the future and as an Assembly we have to make sure we get it right. I have just taken up a case that requires funding and it would be wrong of me to always take up cases that require funding without admitting that this money has to come from somewhere. This is a case that I do not believe any car-driving, alcohol-drinking, cigarette-smoking member of middle Jersey would object to. It concerns the provision of further education to a young man that is partially blind in order that he may attend a specialist school. Yet Education and Social Security cannot help and, in fact, Social Security has advised that if he goes off-Island for education all his benefits will be cut. Despite being a wealthy Island, he has had to secure funding from charity because Education, unfortunately, prefer to provide free childcare to millionaires than a young person that they have a duty of care over. So I ask the Assembly to reject the amendment of Deputy Power and I believe that we should all work together to make sure that money is better utilised in the future and to make sure that we do the job that we are elected to do because it is how we spend the money that is the problem, not how we raise it.

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

Yesterday the Constable of St. Ouen warned about shots across the bows and talked about having attended previous budgets. Well he and I have probably attended 15, I think this is my sixteenth budget, and they are very much the same. At the end of the day we keep looking to find ways of which to raise and increase taxes, yet without addressing any of the problems they say they are going to address because it is too easy to raise tax on alcohol, smoking and fuel. So easy. Yet, at the same time we are then told: "Well it is all for health reasons" yet, at the same time, we know that that revenue is not going to go directly to address the issues which we are supposed to be raising the money for. We heard from Deputy Le Claire, quite rightly. I was involved with him - and I can see 2 or 3 other Members in the House here who were members of the Health and Social Services Committee way back - when we looked at a strategy for health on alcohol and also smoking. In effect, they have been put there but how effective are they and how much time and money and effort are we putting to address the alcohol strategy which we have all agreed to? Again, the raising of the funds today is not going to address that because we have heard what is going to do that: money is going to go somewhere else on health. Only last week we heard about a social responsibility fund being raised by E.D.D. for those people who gamble and, yet, is any of this money today going to go towards a social responsibility fund for those who drink? Without a doubt, the greatest concern on the street, I think at the moment, are people who are drinking too much. We talk about middle Jersey, those people who like their drink and who have to pay more because the money is needed somewhere else, but I just find it so difficult and so frustrating that every year we come here, being asked to raise more money, and where is it going to? I think Deputy Le Hérissier was quite right, he talked about looking at ways we could be raising money somewhere else and he raised the issue about me taking a proposition 5 years ago to get share transfer sorted out. That should not have been my job, that should have been the job of the Ministers. It should not be back-benchers doing it. Anything that is unpopular that may affect those people who are in the know, those people who seem to have a lot of money, we must not

touch. Even though the States agreed to it - some 4 years ago I think they approved share transfer - it is only now coming to the States. Is all very well Senator Ozouf shaking his head but the whole reason he did not bring it forward was because it would affect the house prices. Well surely if we want a way to slow house prices down, we should be looking for increased taxation in fairness and equality. That is what the interest of share transfer was: for equality. Deputy Martin quite rightly raised the issue of licence fees and she checked with me yesterday. She could not believe that large supermarkets are still only paying £114 a year and yet, without a doubt, the Constable of St. Mary quite rightly said about the blunt instruments. The people are drinking outside the pubs and then coming in for a bit of comfort and not spending the money in the pubs, simply because alcohol is so much cheaper from the large supermarkets, yet that has not been addressed. It was in 1995 that I carried out a review of the Licensing Law and we said then there should be a new Licensing Law and we made a number of recommendations, including looking at the cost of the licence fees. Fourteen years on we still do not have a new Licensing Law and only yesterday I raised the question of the Minister for E.D.D. asking when are we going to have the licence fees being addressed? We are told that is going to come on. So, if we are looking for efficiencies, again, I am sorry if I am going to have a go at the E.D.D. but because this is so recent, only last week we heard that you need 4 officers looking after 29 betting clubs. Now you are going to employ 3 commissioners, again, for 29 betting shops. I received answers yesterday to a written question. We have 3 officers employed in Licensing for liquor licensing fees. So, are we efficient? We are going to look here to give money to Health and yet we all know, because I have been personally involved, how much money - how many thousands, in fact, millions of pounds now - have been spent on mismanagement at the hospital through the suspensions? If we are looking to tax middle Jersey, I think middle Jersey is quite entitled to say: "What are we doing within our own management?" Also, earlier this year - I did not want to - but I did support the pay freeze but I made it clear it is no good anyone coming back to the House asking me to give consent, give my support, to pay rises because the argument was we have a pay freeze because if we give a pay rise, we will have inflation. It must follow if we cannot give a pay rise then, quite clearly, we cannot ask to increase taxes because it is inflationary. Quite clearly there will be a knock-on effect. We are asking people to tighten their belts, we are not giving them pay rises, so therefore we should not be asking them to pay more tax, so let us cut our costs accordingly. I will be supporting Deputy Power.

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

I come from a world of prevention, and prevention, it also means alternatives. This year we have an alternative which is the amendment that is being proposed at this moment in time. It is an important amendment because it goes against the establishment and the established way that we have always thought we do need to raise taxes in a positive way in order to improve and maintain the quality of life and enhance life, *et cetera*. But this has been a very difficult time and a very difficult year. Senator Shenton has prompted me to stand up to emphasise, but in a different way, that there are problems and he quotes an individual case. I can probably quote a dozen individual cases that I have dealt with in the last 12 months and so have all of you, I suspect. But it does not mean to say that we have to say yes to the established proposal because of that. In a preventive world we look at the best way of preventing something or reducing the effects of something that will happen, or could happen, during the foreseeable future. In this case, we have Green Papers, we have White Papers and we have all sorts of things on different subjects. But they usually, in principle, contain things that the departments or the ministries or whoever want you to vote for or support; that is the way they are written. They usually do not have the things that are written from the silent people or the silent majorities. At the moment we are talking about roughly £4 million going to Health and we have been talking about money going to go towards green taxes. But none of it is ring-fenced. That particular money we are raising now will go to that. For years, I, and others, at budget-times have said: "We want things ring-fenced so we know where the money goes to." But the Treasury - and I can understand the reasons why - want to be able to keep control and they are required, on occasions, to find extra resources and that we all understand. We have

Deputy Le Claire referring to licensing for the last hour, to have another hour open and then they would drink soft drinks. We have seen this in other places in the world, it is a wonderful suggestion but the outcome is that you need a whole load more policemen and a whole load more people in casualty departments to operate at higher profile for longer to be able to do this. You then get, as the Deputy quite rightly says, the residents of where he lives, that affects him and also a lot of other people, that are then kept up longer to open longer. So then we really need some more policemen, whether they are States Police, Honorary Police or Community Parish Wardens or whatever you want to call them and this is all a cost to society and it is all a cost to the quality of life. You can keep raising money but sometimes you need a year where there is a check and a balance. Some people say: "Are you part of the establishment or are you part of the other side?" or what not. I am an independent, like all of us in here. Some of us have different views to the other; that makes equality of this States Assembly. But this year we have asked a lot of people to bear with us, not ask for a pay rise, or not get a pay rise, a lot of people have lost their jobs or they are having a reduction in their pay, they cannot go out or they need extra medical support or whatever. I am not going to go through a whole load of individuals. But this is a year that I, for one, will vote for this amendment. I shall be Mr. Unpopular, I appreciate that, but I want people in this House and this civil service that support them and back them up, and any manual workers or anybody else to think: "We have to find a way where we can steer the resources we have." It is not our money; it is the people's money. But what I think we are asking them this year, it is too much and it is too much all at once. Yes, the Minister for Treasury and Resources will say: "Well why did you not put an amendment?" He has already said that to me. It is not my job to put up an amendment every time because in the end you will get bored with amendments and we will be spending hours and hours longer. It is for people like me and you to say to the Minister for Treasury and Resources and others that we do not think that this is the best way forward. We talk to them individually, whether it is verbally or through the various pro formas that come out asking for suggestions or whatever, but I think this year the message that I have been trying to get over for the last few years has come to a head. I, for one this year, am going to put a stop in my deliberations to say: "This is enough. We have to have a check and a balance." We still, through our committees and ministries, have to be able to find a way through. It might not be part of a rule, a law, a regulation or whatever, but we are also human beings as well. If an individual has an education problem and a health problem - I am working on one at the moment as well - through, not just me, but other Deputies and other ministries we are finding a way forward to get through the problems for the benefit of the individual and for the benefit of the family and for others. Yes, it has a resource issue, we accept that, but that is what we are in the business for: it is looking for the priorities. Not just saying it is middle Jersey that is the ... that is true, middle Jersey is the one that basically takes the can for everything and is usually the one that does not cost society everything but we also have a duty for those less fortunate. The Deputy of St. Martin was quite right, we are setting up funds which we have just voted for through a Gambling Commission for assisting those that have a problem but we do not have a separate fund that does the same for all sorts of other things. That does not mean to say we are not doing anything, because we are. We are doing a tremendous lot to support people with problems but I think that the situation this year is that we need a check, we need to send a message that we cannot carry on with the same old way of doing things. We have to think in this time for finding something that we can still move forward, we can still provide that what we need but we cannot just say: "Well, we need another £5 million to police late-night opening and other policing issues." We cannot find another extra £19 million, I think the Minister for Health and Social Services was saying, for Health. We are going to find ways of utilising our resources better than what we have done up to now.

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

I was quite struck by the speeches made by the Minister for Health and Social Services and also by the Minister for Home Affairs yesterday and I hope that Members have reflected on their comments and will be supportive on the issues that they are trying to tackle. I reiterate a couple of comments

that have been made, yesterday and today, including by Deputy Le Claire. I have also lost count of how many people I know who have died from smoking-related illnesses, and to think that this represents the cause of 20 per cent of all deaths on the Island is horrifying. Does Deputy Power seriously expect me to agree with any argument that says we should not continue to tax cigarettes and to follow States policy laid down by this Assembly many years ago, i.e. to continue to disincentivise this particularly unpleasant habit, to have greater than inflation increases? That is what our policy presently is. As regards alcohol, we are talking 2 pence a pint. These increases are not remotely as swingeing as Deputy Power and others would like to make out and, again, like other Members, I have been out with the police and viewed some of the problems they face and, more importantly, members of both family and friends who have direct and repeated experience of the various problems that occur within the Island but mainly in town. There will be many facets to a solution on this but this is one facet of that solution. Reference has been made to middle Jersey; I am not going to go too far to that. All I am going to do is endorse the comments of Deputy Martin and her comments about the people who do consume the alcohol in town. If continuing to increase duty is one way of continuing to improve on this issue, then I think middle Jersey would be supportive provided there are tangible and demonstrable results. As for fuel, we have voted for environmental improvements in the Business Plan. These need to be paid for and do not forget that these do include the very practical issues or measures of improving insulation and such like for lower income families. Those are in place. People will say it is shroud-waving but if you do not have the funding for it, and it was made very clear in the Business Plan that there was a link - and I will come back to that - what do we do about funding those issues in the future? That is where I feel there is an inconsistency in approach. Not 3 months ago this Assembly debated and voted upon the Business Plan for next year. It was made very clear in that debate that the environmental measures in that plan were dependent upon a line of income being approved in this Budget. That part of the plan was approved by 32 Members pour and 8 contre. Those voting for the Business Plan, including this principle, included Senator Ferguson, the Connétable of St. Clement, the Deputy of St. Martin, Deputy Le Hérissier, Deputy Fox, the Deputy of Grouville, Deputy Hilton and Deputy Power. It is here that I find the inconsistency. If people voted for the Business Plan and thereby implicitly accepted the environmental measures, why are they changing their minds now about how, or even whether, these should be funded? We cannot keep doing this. We have to act responsibly and think for the longer term, not just for quick political wins or great sound bites. These measures are relatively small but they are a step towards the problems that we are facing for the structural deficit. So this is a step but we have a far bigger hurdle ahead and that is what we need to focus on. Deputy Power will be delighted to know that I am not going to particularly respond to the comments he made when he mentioned Property Holdings specifically. All I am going to say is, come and have a talk with us before making a public comment on those matters. But think about the structural deficit. This is still forecasted to be in the order of £40 to £50 million from 2012, assuming this amendment is rejected, otherwise it is likely to be worse. The easy way to resolve the matter would be to significantly raise taxes, far more than what we are talking about today. We do have to look at revenue-raising measures and that is being done and that is a prudent way of doing things for preparing for the worst, and I am talking about the wider picture here. The way I do agree with a number of Members is in relation to taking a tough look at expenditure and the Minister has already stated that there will be a comprehensive spending review, that it will be subject to external oversight and challenge and I think we as an Assembly need to remain focussed on that and keep the pressure on. As an Assistant Minister for Treasury and Resources - and I am sure the Minister for Treasury and Resources and the Council of Ministers - I would welcome that. But that does mean, for example, the Council of Ministers needs to ensure it does not bring new "nice to have" stuff to this Assembly. It means the Assembly itself needs to look very closely at every proposition that comes before it to consider the financial impact on the structural deficit. In particular, and this is why I wanted to say this, it means all the chief officers need to look at potential Ministerial decisions and departmental decisions, procedures and activities, to question: is there a cheaper way of doing things? Or whether we should be doing certain things at all. An

alternative way may not give 100 per cent of the solution but would 80 per cent be acceptable i.e. can we provide services in a different and more effective way? Most importantly, I would be extremely disappointed if the Corporate Management Board, made up of our very professional chief civil servants, do not embrace this review and seize the opportunity to demonstrate their capabilities in this area, to act corporately and in the interests of the taxpayer. If this C.S.R. (Comprehensive Spending Review) does not produce significant options, and I do not just mean politically unacceptable options or shroud-waving, I mean practical solutions to reduce expenditure, then I think we as an Assembly would be very justified in being extremely disappointed in their output. That is where we as an Assembly can help the Minister and where P.A.C. (Public Accounts Committee) and all the rest of Scrutiny can play strong and important roles in holding departments to account. If we as an Assembly can actively concentrate on this for a year, possibly 2 years, firstly, we can say to the electorate: "Yes, we have made a difference" and, secondly, we will all have acted in the clear interests of this Island. With the will it can be done but there may well be very tough choices ahead and I think we do not need to look at the wider context at what is happening in the world. In fact, there was an article in the *Financial Times* on Monday about the U.K. financial position and what they are going to have to do but it also quoted certain examples of other countries. Finland: primary expenditure by 14 per cent of national income; Sweden: 16 per cent. Canada is probably one of the best examples. They went to huge lengths to explain the problem to the public. Fierce expenditure cuts ranged from 50 to 60 per cent in certain areas with central departments reduced by 20 per cent. The result was an 11 per cent reduction overall and that was to sort out their structural deficits. Interestingly enough, integration of services improved and, overall, employment picked up and that is the type of tough scrutiny of expenditure and the type of options I expect our civil service to produce but that is going to take time. I have no problem with "spend to save" initiatives if they are genuine but I want to see a "can do" challenging approach to one of the biggest problems that this Island is facing. It does require a change in attitude, a change in culture, a change in approach and a realisation that matters have to be prioritised and speeded up. We are in a time of change and we need different approaches and a realisation that a status quo is unlikely to be acceptable to us or to the electorate. Now, to return to the detail of the proposition, I would again remind Members that it is States policy to increase duty on alcohol and tobacco by more than inflation. If someone wants to change that policy, then let us have that debate, but this is policy on the hoof. Deputy Power has not identified specific alternative measures to offset this money; he has just said: "Let us get into greater debt." Equally, there have been a number of comments made by Members which focus on the duty increase of alcohol and which ignore the other aspects of this amendment. There seems to be some sympathy for a freeze of alcohol duty but I will say that I will agree with a lot of the comments that have been made by the Deputy of St. Mary and by Senator Maclean, but either way there is no separation in the amendment. There is no separate vote on each of these items, so we cannot separate out a vote not to increase alcohol and still vote for tobacco increases. Now, I have an issue with that but I think Members need to remember that because, certainly yesterday, I rather felt it was almost being ignored by certain Members in their speeches. They were only focusing on one part of the debate and ignoring the rest of it. Now, to go back to prices, those Members who are concerned about a 2 pence increase in the price of a £2.90 pint of beer; that is not even 1 per cent of the price. Or the 7 pence increase in a bottle of wine; that is between 1 and 2 per cent of the price. I think they really need to re-examine their argument about using this as a swingeing tax increase. I was delighted to receive the Consumer Council's magazine yesterday which came through, because it is asking the question again: why is there such a price difference between Jersey and the U.K. after taxes have been deducted? I think Senator Maclean has addressed that, so let us not blow things out of proportion here. Again, in that same newsletter it talked about the insulation measures and the grants that are available and that is what I have always understood that some of these rises are funding. So, is it shroud-waving; what is our priority? Not increasing the duty on cancer-causing cigarettes or do we carry on assisting the elderly or those on lower incomes to get their homes warmer for winter? We have a problem ahead. This budget is a very small step in assisting

measures towards that overall problem. It is being financially responsible; it is not about being popular. It is trying to look at the long-term financial position of this Island. This is that first step. Therefore, I think we should be rejecting this amendment. We need to strongly assist the Minister and the Council of Ministers, ensuring that the C.S.R. is robust, rigorous and produces tangible, practical results. I trust that this Corporate Management Board will take note of that. But that is where our focus needs to be during the next 12 months, not this next day, and I again urge Members to reject the amendment.

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

I, as an Assistant Minister for both Treasury and Resources and Health and Social Services, have a foot firmly in both camps and it is at such times as these that I would like 2 votes, both of which would be 'contre'. I find it difficult to believe that in a few months those who seek to increase public expenditure are also seeking to reduce revenues from what is effectively the only source available in the timeframe that we have had to work in. The proposed increases on impôts duties are not material; 7 pence on a bottle of wine and 2 pence on a bottle of beer, these are not material increases and will not be the final nail in the coffin of the country pub. The effect of these impôts increases is 0.27 per cent increase on the R.P.I. and not the 0.5 to 1 per cent that was inferred yesterday. Although we have a piece of work to do with the providers of alcohol and tobacco to realign what appears to be excessive margins and the way that they add impôts duty rises to their prices at the till, I am confident that between the Treasury team and the E.D.D. team, we will finally address these issues. Let us be realistic here, let us be strong, let us match our income to our expenditure and let us keep the proposed impôts duties in perspective. These are, in effect, consumption taxes, almost user pays if you take the health considerations into account. Islanders have a choice: they can consume alcohol and tobacco and pay the increased duties or they have a choice - and it is a real choice - they can reduce their consumption. So wearing my Health and Social Services hat, I would say choose the latter. As Assistant Minister for Treasury and Resources, the proposed increases in duty will counteract the reduction in consumption and will help - yes, just help a little bit but any bit matters - in maintaining our levels of revenue. Let us be honest here, we need these increases. Not a "nice to have" but we need the additional revenues to help close the gap between our expenditure and our income. The Fiscal Strategy Review will look at all possible new taxes - and I repeat all possible new taxes - but for 2010 we simply did not have time to review, to consult and to draft new taxes. Introducing any new taxes takes time, and rightfully so. The Minister for Treasury and Resources and I want to have a broader representation on the Fiscal Strategy Review and Members will have a say on who those individuals will be. In my relatively short time as an Assistant Minister for Health and Social Services, I am 100 per cent convinced that the correlation between the cost of alcohol and tobacco is linked to levels of consumption, and the levels of consumption to the health of our population. We in Treasury are trying to raise revenues to bridge the gap to our expenditure and to reduce the structural deficit we are facing in 2012 but we are doing so in a way that assists new directions, albeit in a modest way. We have an excellent Public Health Department and I for one am happy to be guided by their advice which is, among other things, to increase the cost of alcohol and tobacco, to encourage reduction in consumption and hopefully in the next 2 to 3 years to introduce a minimum price for alcohol, no matter where it is sold in the Island. I would like to quote from Monday's editorial in the *J.E.P. (Jersey Evening Post)* just briefly: "It is generally understood that this is an Island that collectively drinks to excess and where smoking leads to too much sickness and death. Can the budget be too wide off the mark if it helps to address these issues of vital importance as well as making economic sense?" Wearing both my hats, I can, hand on heart, oppose this amendment with a clear conscience and I encourage Members to do likewise.

The Deputy of St. Mary:

Can I ask for a point of clarification of the speaker, please? I did not want to interrupt but I was a bit puzzled, the speaker said that the Ministers want to have a broader representation on the Fiscal Review Panel; my understanding was the members had already been selected. Could he clarify?

Deputy E.J. Noel:

Members have been approached but the Minister and I believe that it is for the full membership of this House to have a final say on who should sit on that panel.

1.1.11 Connétable L. Norman of St. Clement:

Just 2 lines, the Assistant Minister for Treasury and Resources said that we should be looking to match our income with our expenditure. He is so, so wrong. What we should be doing is matching our expenditure with our income. **[Approbation]** That is one of the main reasons why I shall be supporting the amendment.

The Bailiff:

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

1.1.12 Deputy S. Power of St. Brelade:

When I lodged this amendment I was not quite sure what I started but I will try and be as brief as possible. I will refer to the speeches of 3 Members in particular but if Members will forgive me, I do not intend to go through a blow-by-blow account of what everyone said **[Approbation]** because looking by my log of the time, we are now almost 5 hours into discussing this and I think it would be better if I was briefer. The first thing I asked the Usher to do was to distribute some email correspondence between myself and the Minister for Treasury and Resources, through the Greffe, between 30th November and 2 days ago. I asked the Minister for Treasury and Resources at the end of November if he would allow me to lodge an (a), (b) and (c) in terms of alcohol, tobacco and fuel. I made a mistake in that I misunderstood in lodging amendments that the normal lodging period does not apply to the Annual Business Plan or the budget and it is the Minister for Treasury and Resources who has the discretion to accept an amendment to an amendment. I wrote to him asking him if he would accept breaking it down into 3 votes (a) but cutting the request in half. So I was saying, instead of the percentage that he was suggesting, I was suggesting that perhaps we would agree to take it to 3 separate votes with half the proposals suggested. He rejected that, so we are where we are today. **[Interruption]** I do not really want to give way because I really want to summarise and keep going and if Members would bear with me ...

Senator B.E. Shenton:

I just wanted to know who had passed us these pieces of paper the Deputy is referring to.

Deputy S. Power:

It was my correspondence to the Minister for Treasury and Resources.

Senator B.E. Shenton:

I do not think it is right to pass out information on a debate at the very end of a debate when people do not have a chance to go back on any of the issues.

Deputy S. Power:

It is not going to take very long to read. Anyway, I am going to have to carry on.

Senator B.E. Shenton:

Can I say it is very bad practice to do this sort of thing in the future?

The Bailiff:

It is a matter for the Member, I think.

Deputy S. Power:

I did check with the Greffe and I did ask the Greffe's permission and the Greffe was copied in on this correspondence between 30th November and 5th December. I do not want to go into any more detail. I want to respond specifically to the speech of Senator Maclean where he said that his department were going to be looking at margins and that he was unhappy with margins within the distribution of alcohol and the supply of alcohol and/or tobacco. All I would say to Members is that Senator Maclean has been in post a year and his predecessor was in post 3 years before that and we still have had nothing to do with any part of Economic Development looking at margins. So I just want to put that one down as a marker. I also want to say that my swingometer is telling me that this ... Sir, I cannot continue if Senator Shenton keeps muttering away to my right.
[Interruption]

The Bailiff:

Could I ask the senatorial benches, please, to be quiet while the speaker is speaking?

Deputy S. Power:

I would not do it to anyone else, it is distracting. This amendment is not just about alcohol, tobacco or fuel. This amendment is how we approach the business of running Jersey. This amendment is about how the Minister for Treasury and Resources funds the spending and expenditure in Jersey. I think one of the most effective speeches I have heard was the 2-liner from the Constable of St. Clement a few minutes ago where we have to tackle expenditure. I have been accused of being populist; this was not an easy amendment to lodge. This is not a popular place to be right now and I have half the Council of Ministers breathing negative fumes at me. It is not an easy thing to do to lodge an amendment and to challenge the Minister for Treasury and Resources, who happens to be very a strong-minded person, in Senator Ozouf. Irrespective of how this vote comes out in the next few minutes, I believe that the Minister for Treasury and Resources has a particular responsibility in this Assembly but everyone of us has responsibilities in this Assembly and it is how we deal with these responsibilities. I expect this Minister for Treasury and Resources to become innovative because he talks all the time about new, about modern, **[Approbation]** about reform, about all sorts of different things. Well this is my challenge to the Minister for Treasury and Resources: if you want to get the support for your budget you are going to have to come up with some innovative ideas because from what I see in this budget, there is nothing innovative in this budget, absolutely nothing. **[Approbation]** We have heard lots of warnings and dire statistics on the effect smoking and alcohol has on the life of this Island. We have this classic trick whereby we raise taxes on the basis that it changes behaviour, as you heard the speech of Deputy Andrew Green yesterday. We heard Deputy Le Hérissier refer to his interpretation of this type of budgeting as a supposedly change agent. The truth is - the truth is - that our Minister for Treasury and Resources wants us to drink and he wants us to smoke for very simple reasons: that it is a very nice earner, thank you very much, for Treasury. A very nice earner. The Minister and Treasury and Resources cannot have their cake and eat it and dictate to us whether a cigarette is 17 pence, 34 pence or 51 pence. The problem is the Minister for Treasury and Resources, the Treasury Department and other aspects of States department have lost touch with the way we do business. There are men and women on this Island who have succumbed to nicotine addiction, it is an addictive personality. As you heard Deputy Le Claire say there are people in this Chamber who smoke and are ex-smokers. Deputy Le Claire said he struggled with giving up smoking, he talked about his mother's smoking; I am an ex-smoker. I gave it up in 1984 and I had no trouble giving it up. It was a simple case of: I have had enough, I am sick of the taste, I am sick of the smell, I am sick of it in my hair and that was it and I gave it up and that was it. But there are people out there who have addictive personalities, they cannot give it up, once they start at 15, 16 or 17. That is part of the alcohol, the drug and the nicotine, tobacco thing. However, we can deal with it in 2 ways: we can either make it expensive where it reduces to a certain extent and there was an economic incentive or we can ban it. But we do not want to ban it because that would not be a good thing for Jersey; it would not be a good

thing for Treasury either. We could ban tobacco and we could possibly ban alcohol but we are back to the prohibition of the 1920s in the United States. How many colleagues have visited a Parish pub or a town pub recently? Well I did. I did some market research. **[Laughter]** I did some visiting of town pubs and in actual fact I was accompanied by Deputy Hilton and we did not do any drinking. We visited some licensed premises mid-week to see how many people were in these pubs and I have to say that the pubs were empty. I have since gone to the trouble of talking to people in the licensed trade and they do all their business now on a Friday and a Saturday night and they do very, very little business during the week. That applies to town centre pubs, the ones that Deputy Martin referred to and all the other ones out around the Island: the Royal St. Martin, the Trinity Arms, the St. John's, the Prince of Wales, St. Mary's Country Pub, the Farmers, the St. Peter's, Horse and Hounds, the Tenby, the Britannia, **[Laughter]** all the way around to the Five Oaks.

Deputy J.A. Martin:

Did he miss any pubs on his travels? **[Laughter]**

The Bailiff:

I think Members are very impressed with the depth of your research. **[Laughter]**

Deputy S. Power:

I have taken particular trouble in the last 27 years. The point is that these pubs are struggling now and I was incredulous at the comments of Senator Maclean and Senator Ozouf when they said that they had tremendous concerns for the hospitality industry, tremendous concerns for our tourism industry: "But we are whacking up the price of everything." I was on a plane from Liverpool on Monday and I happened to be sitting in the departure lounge with a woman who is the head of corporate marketing for one of the large banks in Jersey - a large group - and she had been to a meeting in London and she was doing something else. She was hauled into her group office in London not so long ago and she was told: "As and from 1st January 2010 your marketing budget is cut by 40 per cent." That is her marketing budget to represent this Jersey bank across the globe. She asked her chairman or her managing director: "How do I deal with this?" and he said to her "Be innovative." I would say we cannot deal with cuts of 40 per cent within the States system, within this machinery of government system, but I can say to the Minister for Treasury and Resources and to the Minister for Economic Development and other Ministers: you can be innovative, you have to come up with some really good ideas and we will support you but right now, kicking middle Jersey and sticking this on them is not acceptable. How serious is the Island about controlling the consumption of alcohol and tobacco? I mentioned earlier we could ban it but that is not very acceptable because it is too extreme and everyone would say it is too extreme. However, there are ways of controlling, similar to what Deputy Judy Martin said, and that is we could control the distribution in a different way. I draw Members' attention to the fact that I spent 6 years in Virginia and Maryland in the U.S. (United States) and in the State of Virginia, which is a very large state, they control completely the distribution of alcohol through what is called the Virginia A.B.C. (Alcohol and Beverage Control) and every store, every retail that sells alcohol and tobacco is controlled by the State of Virginia. Now we could possibly do that. Perhaps Senator Maclean could do that, perhaps Senator Ozouf could do that; it means that we take the profit. What it also means is they monitor and log all court jurisdictional issues right across the State of Virginia and they have very accurate statistics and it is well worth looking at. I might also tell Members that I looked at the statistics for alcohol and drug abuse in Virginia, bearing in mind in the U.S. it is 21 before you are allowed to buy alcohol and, again, it is not sold in supermarkets; it is sold in these specific stores. Their statistics are worse than ours and it is more heavily controlled, so when we are told our statistics and our mortality rates for alcohol consumption and the knock-on effect on health as well as tobacco effect, in terms of heavily-controlled states such as Virginia, and they do the same thing in Maryland, we are not doing so badly. I will also say that Saudi Arabia and

Kuwait are dry countries; they are dry states. Yet, they have deaths due to alcohol consumption where it is smuggled in. Again, they are now dealing with the importation of alcohol illegally and the illegal consumption of alcohol and they have mortality rates. Tobacco consumption and the illnesses affecting people in continental Europe, especially the Mediterranean countries, is far, far higher than it is here but it is much more a cultural issue. So we could ban alcohol, we could ban tobacco but how would we do that? Well, we would certainly create immediately a niche market in smuggling. I obtained some figures from Economic Development, the Harbours Department, there were 98,000 freight movements through the Port of St. Helier in 2007 and these were composed of trucks, articulated trailers, vans and smaller combinations. How many did Customs open? They opened 19. So we have a manning issue if we start really restricting and encouraging people to smuggle. I did not lobby anyone, I have not contacted anyone in this Assembly about supporting this amendment or whatever, I just feel strongly about it. I feel strongly about kicking middle Jersey. I want to refer specifically to a speech that the Deputy of St. Mary made yesterday where he questioned some of the figures I said about the Housing Department. I want to clarify Housing's finances very, very briefly. The Housing Department has a rent roll of £35 million of which £22-23 million is returned to central funds. That allows the Housing Department about £10 million to renovate property which is totally inadequate. What has happened is, going back to 1992 to something called rent rebate and rent abatement, the Housing Department has been returning huge amounts of money since 1992 and as a result it fell behind in its maintenance and repairs and that is why a huge accelerated programme of maintenance is going on. It is not related to this but I am answering a specific question and I am happy to fill the Deputy of St. Mary in after this debate. **[Laughter]** I am not going to remind Members of what I said yesterday. I tried to keep this speech as simple as possible, I feel very passionate about these swingeing increases, I do not agree at all with Deputy Le Fondré; this will hurt middle Jersey. I heard references a few times yesterday to the Deputy of St. Brelade. There are 3 Deputies in St. Brelade, I am happy to confirm: myself, Deputy Tadier and Deputy Jeune. I run the risk now of going into too much detail. I think most Members know where they are with regard to this debate. It is a fairly easy decision. You have an amendment which you can either vote for or vote against. I did try and have it split down and the amounts reduced. I am sorry that Senator Shenton feels aerated about that but he does. It was correspondence between myself and the Minister for Treasury and Resources. I do not think it is a populist move. This was a difficult thing to do. I do not like taking on the Treasury Department, I do not like taking on the Minister for Treasury and Resources. I think he is a very nice man **[Laughter]** but sometimes I find him intensely irritating, but there it is. **[Laughter]** I think I have said as much as I have wanted to say. It is now 11.25 a.m. I am very happy that Members have spoken for as long as they have. I have pages and pages of stuff here that could possibly reinforce some of my messages, but I am not going to do it so I would like to finish by saying that I hope Members have thought long and hard about this amendment. It is a challenge to the Minister for Treasury and Resources and the Treasury Department and I ask for the appel.

Deputy M. Tadier:

Sorry to interrupt, I wanted to seek clarification but did not want to interrupt the Deputy. It is generally regarding these 2 pieces of paper which have been circulated. It may not have come out, Members may not have all read it, and also for the benefit of people at home listening, could the Deputy just summarise exactly what the nature of this **[Members: Oh!] ...**

The Bailiff:

I think, Deputy, it is a matter entirely for Deputy Power as to what he says in his speech or not. Can I just say in relation to that, because Senator Shenton did raise a point, it is undoubtedly incumbent upon Members to circulate all the material they intend to rely upon before they make their proposition, or at the time they make their proposition; not to produce it in reply. On the other hand, if some new point comes up raised by a Member on which something is necessary, then it is

in order for a Member to produce something in reply. So just to be clear, I assume, because I was not in the Chamber yesterday, that this arose out of something that some other Member said.

Deputy S. Power:

If I may clarify that, it arose as a number of Members asked me as to why this could not be taken in 3 different votes. The reason it could not be taken in 3 different votes is (a) under the lodging period for amendments and amendments to amendments, the normal lodging period is excluded when it comes to the Business Plan and the budget. I then wrote to the Minister for Treasury and Resources asking him if he would consider and his reply is there for Members to see that he refused and I thought it was necessary to clarify that.

Senator P.F.C. Ozouf:

This must not be an argument but he did not ask me to split it; he asked me to do something else and the email exchange is very clear on that.

The Bailiff:

Very well, but just to reiterate it is incumbent upon Members to put all the material they wish to rely upon in advance, or at the time they make their proposition, not to pop up with new information in reply because that is obviously very unfair on other Members unless it is something which could not have been foreseen and which arose during the debate. Now, the matter before the Assembly therefore is the amendment lodged by Deputy Power. I invite Members to return to their seats, the Greffier will open the voting.

POUR: 28		CONTRE: 23		ABSTAIN: 1
Senator J.L. Perchard		Senator T.A. Le Sueur		Deputy of St. Mary
Senator A. Breckon		Senator P.F. Routier		
Senator S.C. Ferguson		Senator P.F.C. Ozouf		
Connétable of St. Helier		Senator T.J. Le Main		
Connétable of Grouville		Senator B.E. Shenton		
Connétable of St. Martin		Senator F.E. Cohen		
Connétable of St. John		Senator A.J.D. Maclean		
Connétable of St. Clement		Senator B.I. Le Marquand		
Connétable of St. Lawrence		Connétable of St. Ouen		
Connétable of St. Mary		Connétable of Trinity		
Deputy of St. Martin		Connétable of St. Brelade		
Deputy R.G. Le Hérisssier (S)		Connétable of St. Saviour		
Deputy J.B. Fox (H)		Connétable of St. Peter		
Deputy G.P. Southern (H)		Deputy R.C. Duhamel (S)		
Deputy of Grouville		Deputy J.A. Martin (H)		
Deputy of St. Peter		Deputy of St. Ouen		
Deputy J.A. Hilton (H)		Deputy P.V.F. Le Claire (H)		
Deputy S.S.P.A. Power (B)		Deputy J.A.N. Le Fondré (L)		
Deputy S. Pitman (H)		Deputy of Trinity		
Deputy K.C. Lewis (S)		Deputy I.J. Gorst (C)		
Deputy of St. John		Deputy A.E. Jeune (B)		
Deputy M. Tadier (B)		Deputy A.T. Dupré (C)		
Deputy T.M. Pitman (H)		Deputy E.J. Noel (L)		
Deputy T.A. Vallois (S)				
Deputy M.R. Higgins (H)				
Deputy A.K.F. Green (H)				
Deputy D. De Sousa (H)				
Deputy J.M. Maçon (S)				

1.2 Budget Statement 2010 (P.179/2009): amendment (P.179/2009 Amd.)

The Bailiff:

Very well, we move on to the next amendment which is that lodged by Senator Le Main and I will ask the Greffier to read the amendment.

The Deputy Greffier of the States:

Page 2, paragraph (a), after the words “as set out in the Budget Statement” insert the words “except that the estimate of total taxation revenue for 2010 shall be increased by £0.9 million by the replacement of the vehicle emissions duty proposed by the Minister for Treasury and Resources in the Budget Statement by a new annual environmental emission tax on all vehicles registered in Jersey from September 2010 based on engine sizes as follows (i) private vehicles up to 1,200cc no annual tax, (ii) private vehicles between 1,200cc and 2,000cc £75 annual tax, (iii) private vehicles between 2,001cc and 3,000cc £150 annual tax, (iv) private vehicles over 3,000cc £250 annual tax, (v) commercial vehicles up to 1,600cc £100 annual tax, (vi) commercial vehicles over 1,600cc £150 annual tax provided that the Minister for Treasury and Resources shall have discretion to exempt certain categories of vehicle from the tax, including those used by charitable organisations, classic cars, vehicles used by essential services and hire cars imported for short periods.”

1.2.1 Senator T.J. Le Main:

I will be making a very short speech. Over a period of time and while a Member of the Executive, the Council of Ministers have been working up the 2010 budget proposals. Included in those proposals has been the funding of environmental initiatives as part of the fiscal strategy debate which took place in 2005 with P.44. The States agreed at that time to the investigation of potential environmental taxes on waste, motor transport and energy. Subsequently, in addition, the Minister for Planning and Environment was asked to advise on an environmental tax that could replace vehicle registration duty. A proposal for the V.E.D. (Vehicle Emission Duty) was brought before the States in May 2008 alongside the introduction of G.S.T. and the promised withdrawal of V.R.D. (Vehicle Registration Duty). But at that point the States decided not to introduce these proposals. The States requested that progress be made on a package of environmental tax and spend initiatives. In discussions and while investigating new initiatives, *et cetera*, to raise meaningful environmental taxes on an ongoing annual basis, I wanted to offer States Members the opportunity of a different point of view and the opportunity that a very real alternative could be considered by Members of this Assembly. I do consider that the current Minister for Treasury and Resources' proposals do affect many ordinary people whereby those who choose to own a very small vehicle should not be penalised by increasing fuel prices again in a rising market - probably reduced a little bit in the last day or so - but it would encourage car drivers to downsize. Whatever is said about my proposal in regard to raising annual environmental taxes, the proposals by the Treasury only raises taxes on new or vehicles first registered in Jersey. There is a great uncertainty about the future annual income that can be generated by the Treasury proposals. My proposal, I submit, will assist in a very real, positive environmental way. It will encourage people to use more public transport and buses and my ultimate aim is to seek support from Members that here is a real opportunity to provide ongoing annual funding to provide a one-off opportunity and, in particular, for a permanent town hopper bus service. Please remember that, in particular, the town Deputies, the Connétables and those who represent, or have represented our capital, St. Helier, have always supported a well-funded and reliable town hopper commuter resident bus service. Proper funding from an annual environmental tax from these huge vehicles will achieve that aim. Everyone I have spoken to from the traders, the supermarket operators, Age Concern, residents and even existing town Deputies, all say that St. Helier needs a town hopper commuting service. For years I have had complaints that persons living in parts of St. Helier, the likes of Mont Cochon, parts of Longueville, Bagot, Georgetown, parts of the north of St. Helier and in certain built-up areas cannot easily access public transport and buses. Only recently Deputy Martin was quite rightly very concerned at

the lack of public transport up Pier Road to assist the very many elderly residents now living up on top of the hill. I have also had requests for Pier Road myself. Of course, I am not that foolish, though, to not understand this is an easy way to raise taxes by increasing fuel, G.S.T., beer, spirits, *et cetera*, but I am well aware that those who will oppose my amendment will no doubt be very convincing and, of course, the Minister for Treasury and Resources will also make an excellent case for simplicity. These proposals from the Treasury will be well made and I really am not totally opposed to all of them, but I would like to think that the Minister for Treasury and Resources would welcome my proposals as it gives Members, I say, a real choice and an alternative choice. The current proposals by the Minister for Treasury and Resources, apart from the fuel tax, as I say, do not guarantee an annual income - estimates on sales and imports - but no guaranteed annual income. As I have explained, any approval or support for my proposals, or part proposals - because mine can be voted separately upon - will be targeted to specific environmental gains and projects which would be approved by Members of this Assembly, so the Minister for Treasury and Resources would go away and come up with acceptable proposals for well-researched, hopefully, no public manpower implications, *et cetera*. The public will see for themselves where their environmental usage taxes are being spent. If enough funding approved from within my proposal the Minister for Treasury and Resources, as I say, will come back to the Assembly after consultation from Members, from the public, to fund firstly, I believe, the much-needed town hopper bus service for 2011 or 2012. I would explain again and reiterate, there are some real environmental gains to be made which remain unfunded and will never be funded the way we are going. There have been years and years and years we have been talking about getting large vehicles out of the town areas and funding a town hopper bus service which is now needed more than ever in the town areas. Only this week I read that the Rural Strategy Group involved in tree planting were upset at the loss of £20,000 from their budget. There is the Home Insulation Scheme, again under-funded. I know that Connétable Crowcroft and other Connétales could make a real difference in environmental initiatives in their Parishes. In fact, off the cuff, just speaking, if funding my proposals could be identified, then I would suggest one of our first ports of call would be the Connétable of St. Helier who could be offered the opportunity of collecting any environmental taxes - or involvement in the collection of environmental taxes for vehicles - from my proposals, the Parish generating an income from the collection, *et cetera*, allowing the Connétable to champion the town hopper bus service with the Deputies and the Parish officials and the Connétable having access to some of the environmental taxes if that is what this Assembly would direct the Minister for Treasury and Resources to do. There are some real environmental gains that could make a real difference to the people living in St. Helier and perhaps other Parishes. As I say, this was just an idea as I was preparing myself for today. I have not even discussed it with Connétable Crowcroft and he might have a bit of a surprise but it is worth pursuing. The Connétable and the Parish, in conjunction with T.T.S. (Transport and Technical Services), have made some real environmental gains in St. Helier in the last few years. You only have to look around Lloyds Bank in Broad Street and other areas, there was huge opposition from taxi drivers and other people. Look at those areas now up by the Town Hall and all those areas. There are some real gains taking place but they need funding. I now see the possible problems of collecting your progressive environmental taxes from insurers as highlighted by the Treasury in their initial discussions with the insured. But it is still an option to pursue. As in the U.K., insurers already collect an annual premium insurance; tax for the government. My funding proposal would also include that of all commercial vehicles, not only paying an environmental tax, but be subject to a bi-annual M.O.T. (Ministry of Transport) style inspection. My ultimate aim is importantly, all commercial vehicles, particularly over the small white van size, be required to be part of a licensed commercial operator scheme in which the owners have to have approved parking for such vehicles. My proposals, by providing funding, could make a huge difference to the residents in some parts of St. Helier who have had to put up with large commercials parked in the streets in front of their windows, homes, evenings, weekends, *et cetera*. Just see the small streets during the weekend, you will see the problem. I just cannot believe that in this day and age we still allow P30 vehicles to

drive up town to go up Beresford Street to turn into Don Street and to service areas like the back of British Home Stores. I saw one some time ago climb over the pavements, people had to scuttle out of the way, because they could not take the bend opposite the market where the vehicles had parked on the left-hand to go in towards Don Street. I believe that with my proposals to provide some real funding on an annual basis that the residents of St. Helier could have some real good environmental gains. I submit that raising again the tax on fuel is grossly unfair to those owners, the elderly and the poor, who run small cars below 1200cc. They continue to pay more and it gives us nothing to deter very large vehicle owners who continue to take up spaces in road streets and car parks. I often hear arguments for reasons why persons need these very large vehicles and trucks, some are very sensible. But quite honestly some of the reasons given to me were quite ridiculous. Members will see in my report the quotes from the Minister for Transport and Technical Services., his sustainable transport policy vision. Well, I have to concur with Deputy Le Claire, I have been hearing the same vision proposals from the last 5 or 6 Ministers for Transport and Technical Services in the last 30 years that I have been a Member of this Assembly. It is absolutely getting nowhere. They are all excellent words and I am a great supporter and I am a great ally of the Minister for Transport and Technical Services, but by gosh he is going to have a heck of a job to get anything through if it comes through. We have been waiting and waiting for a real sustainable transport policy that will be well funded that will encourage people to downsize, that will encourage people to use some of the great bus services at the moment and to allow some funding to go towards more public transport in areas where people just do not want to drive in St. Helier, but would like to have the opportunity of using a bus. I ask Members of this Assembly, do you really believe we will or have a real sustainable transport policy for the 21st century? We have been waiting, as I say, since 1999 for some proposal to come forward and nothing has come through. If you think we are going to get one in the next year or 2, you better stop dreaming because it will never happen. Because any proposals that curtail car ownership is very unpopular with the public and is not a vote catcher. The only way you are going to be able to make some real sustainable environmental gains, you have to look at the cheap car parking in St. Helier, you have to make people want to come into St. Helier by encouraging them to come on a very short term to do their shopping. The general consensus of the people that I speak to say there are so many people driving into town, parking all down and working where they should be other alternatives put to them. I would go as far as to say that for some of the cars circulating the town there should be a ring around the parts of the town where private vehicles, unless they are residents, should not be travelling through the town areas and parking up in areas. I know that my proposals do not see eye to eye with lots of people probably. I have had several calls from people disagreeing with me. Not a lot, I must admit. But I offer today, as I say, a real opportunity for Members to be able to have a say on what is being proposed by the Minister for Treasury and Resources, to have a look and consider what I consider is a very, very important point. I understand from the correspondence I have received from T.T.S. that extra funding on recycling initiatives is required. They tell me they need another £500,000 per annum from environmental taxes. If we are going to reach our 36 per cent recycling targets then an additional £500,000 would be required. I note the Environmental Scrutiny Panel under the Deputy of St. John, who are saying, I think, that perhaps we should not be doing so much recycling because of costs and because of other issues. I am afraid that I do not agree with that. I think that we should be making all efforts in a sustainable way to have more recycling, *et cetera*. Let me explain the extraordinary response I have had from the Deputy of St. John and his Environmental Scrutiny Panel. After my visit to try to explain my proposals, and willing, I was not dragged there, I was invited by the Deputy of St. John to try and explain my proposals. I have to say I was very much welcomed and treated with much sympathy for my proposals on what my aims and ambitions were in regard to my proposals. I was very clear to explain that I was unable to argue or debate CO2 emissions, that I did not really fully understand the implications or whatever, I made it quite clear. I know that there is an amendment from the Minister for Treasury and Resources on my proposals, but the issue is quite clear. I listened to a programme on the radio this morning on the BBC world radio and there was a very good article there, I do not know if anybody

picked it up, but it was absolutely fabulous. This professor was talking about the CO2 emissions and the world provenance with all the global warming and I had to say there are so many points on both sides of this that is really very difficult for me to understand that. I was asked by the chairman, Deputy Rondel: "Well", he said: "I thought you had been a car salesman." "Well, yes", I said: "I was, but that was 40 years ago when CO2 emissions were unheard of." Most of the car driving public today do not understand CO2 emissions. They go out and they buy a car and they buy a little car, they like the car, but I would submit that 90 per cent of the public as they go out are not interested in the CO2 emissions of the vehicles. They go out and they like the car, they make a deal and that is the way they deal with it.

Deputy C.H. Egré of St. Peter:

Could I just have a point of clarification, please? Is this the Senator's short speech?

Senator T.J. Le Main:

I normally like to wake up about this time **[Laughter]**, but the Deputy of St. Peter is just about ready for his lunch. The response from Scrutiny in opposing my proposals were as follows, that my progressive environment tax raising proposals were expected to raise more than the proposal by the Minister for Treasury and Resources in the budget to allow for additional expenditure on various items such as a town hopper bus service. The panel were also concerned that my proposals would raise more in environmental taxes than proposed in the budget unless I had a clear agenda for their spend. I just found that quite amazing. They were a nice bunch of people, but I had been quite clear to them that any environmental taxes collected would be used and should be spent on importantly a town hopper bus service from 2011 to 2012. After the Report and Proposition was agreed by this Assembly and any initiatives would be agreed by the Ministers for Treasury and Resources and Planning and Environment and/or an agreed group of Members to advise on such spend. I just believe that the town of St. Helier, unless we really make an effort, is going to really continue to suffer with the horrendous traffic. I think that the motorists, those who choose to drive and own huge vehicles, somehow along the line should contribute to the initiatives of environmental gain. Secondly, the panel could not see any identified clear environment benefits to my proposal. I just could not understand that when I read that. I do not know who wrote that report. It probably was the Deputy of St. John. **[Laughter]** But I ask, did they not listen to me; did they not read my report? For instance raising recycling initiative to 36 per cent by extra funding, town hopper bus service and M.O.T large smoking awful commercials and the regulating where commercials could park legally, all this would have a huge environmental gain. Just ask Deputy Le Claire about the traffic outside Garden Lane and the commercials that fly down those roads making life very unbearable for residents in parts of town. Please let me explain, not only to the Scrutiny Panel members, but to all Members, you may not like my proposals, they may be unpopular to those affected, but it is an alternative for you to consider. Without my amendment you will not get an ongoing guaranteed annual income and you will not get this town hopper bus service that many town residents now require. You will continue to isolate residents in built-up areas of St. Helier who cannot now access public transport. A town hopper bus service will not reach everyone, but it could make a real environmental gain. I have got to say this again and again; an improvement and it is truly identified as a gain. The Minister for Treasury and Resources, if you agree, would come back, after consultation with all of you, and in particular the Connétable of St. Helier and the Deputies of St. Helier, and advise what progressive environmental gains could be achieved particularly, as I say, in St. Helier and issues like the Deputy of Grouville with her pathway which absolutely could bring tremendous gains; this footpath, this track, from St. Helier walking back to Gorey, a huge amount of housing in St. Clement that could join that path back into St. Helier. So there are huge gains to be made and huge opportunities with some proper annual guaranteed funding, it would happen. Can I make myself very clear, although I have been speaking for a little while now, I do not want a long debate on this **[Approbation]** ... I have not finished yet. **[Laughter]** I do not want a long debate on the CO2 emissions versus my proposals. Having now

understood the Minister for Treasury and Resources' amendment to mine, this amendment raises similar amounts in environmental taxes and it is quite clear that my friend the Minister for Treasury and Resources has had a rethink since I put in my proposal. The amendment to mine has been brought about by the Minister for Treasury and Resources because he thought about it after my proposals. He probably does not like my proposals, but he had to rethink about it and, working with the Minister for Treasury and Resources, we have come up with ... did I agree with the amendment and I am happy for him to come forward with it. But I very much welcome working with the Minister for Treasury and Resources, because at the end of the day my proposal will bring in funding. As I say, when Members are going to be responding I have no intention of spending 2 hours after noting down what everybody has said. So you can have your say, you can speak as long as you like, but when I finally respond I am going to be on for about 2 minutes flat. I therefore have pleasure in submitting my alternative proposals and amendment for Members to consider. As I say, I urge you now, in view of the Minister for Treasury and Resources' amendment, to consider those in line with mine and to decide accordingly, but to please remember that I have identified real environmental gains by assisting St. Helier parishioners in reducing traffic, providing commuter transport and an attempt to get rid of commercials off our St. Helier streets and give Members a different perspective of environmental gains and importantly an opportunity for Members to input a future environmental funding for which the Minister for Treasury and Resources will return to this House for approval. I have put it, as I say, that Members can ... I can take approval from the Greffier that I can take my individual in ... voted separately. As I say, I do not want loads and loads of questions from people. **[Laughter]** I am not going to answer them. I think I have put the case that there is a good alternative for you to consider and, in principle, you could agree to my proposals and send the Minister for Treasury and Resources away to come forward after consultation with Members in the future. I make the amendment.

The Bailiff:

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

Connétable M.K. Jackson of St. Brelade:

On a point of clarification from the Minister **[Laughter]** he said he would take items separately, could he just clarify what he means by that?

Senator T.J. Le Main:

If for instance, the Assembly wanted to just take part 6 of my proposal for funding, the £150 annual tax on commercial vehicles then I am advised, and I have sought this advice from the Greffier, that that could be taken and the others could be rejected, as separate.

The Connétable of St. Brelade:

I thank the Minister.

The Bailiff:

I want to discuss that. It is not entirely clear to me that that is proper, but we will come to that in a minute. Very well, that has been seconded. Now, there is an amendment to the amendment of Senator Le Main, which has been lodged by the Minister under Article 23. Minister, I think you require the States agreement to debate this on the basis it has been lodged for less than the 14 days.

Senator P.F.C. Ozouf:

And I so ask.

The Bailiff:

Very well, do Members agree to take the ... yes. The appel is called for then in relation to whether to take the Minister's amendment to the amendment. I invite Members to return to their seats. This is whether to take the Minister's amendment. Normally under the Public Finances Law

amendments have to be lodged for 14 days before the debate, but there is a special exemption for the Minister for Treasury and Resources, for perfectly understandable reasons, in that sometimes as a result of an amendment lodged 14 days before he has less than 14 days in which to respond and make any counter-proposal of his own. So that is the statute. So that is why it is in there, but it is for Members to decide whether to agree that he should be able to bring the amendment.

Deputy M. Tadier:

So we have full information and so we can make an informed decision, can I ask when the amendment was lodged and after how many days the further amendment was lodged?

The Bailiff:

If you look at it, Deputy, it will say. It was lodged on the 20th November and the Minister's was lodged on the 1st December. If he wanted to meet the 14 days I think he would have had to have lodged within 4 days of Senator Le Main's amendment. Very well, the Greffier will open the voting then on whether to allow the Minister's amendment to be debated.

POUR: 32	CONTRE: 3	ABSTAIN: 0
Senator P.F.C. Ozouf	Deputy of St. Martin	
Senator T.J. Le Main	Deputy of St. John	
Senator B.E. Shenton	Deputy D. De Sousa (H)	
Senator F.E. Cohen		
Senator J.L. Perchard		
Senator A. Breckon		
Senator S.C. Ferguson		
Senator A.J.D. Maclean		
Senator B.I. Le Marquand		
Connétable of St. Helier		
Connétable of St. Brelade		
Connétable of St. Saviour		
Connétable of St. Peter		
Connétable of St. Lawrence		
Connétable of St. Mary		
Deputy R.C. Duhamel (S)		
Deputy R.G. Le Hérisssier (S)		
Deputy of St. Ouen		
Deputy of Grouville		
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 M. Tadier (B)		
Deputy A.E. Jeune (B)		
Deputy of St. Mary		
Deputy T.M. Pitman (H)		
Deputy A.T. Dupré (C)		
Deputy E.J. Noel (L)		
Deputy A.K.F. Green (H)		

1.3 Budget Statement 2010 (P.179/2009): amendment (P.179/2009 Amd.) - amendment

The Bailiff:

Very well, then I will ask the Greffier to read the amendment.

The Deputy Greffier of the States:

Page 3: for the words “engine sizes” substitute the words “CO2 emissions” and for the table setting out the amounts of the tax substitute the following table: (i) Vehicles up to 120 grams (that is CO2 grams per kilometre) - no annual tax; (ii) Vehicles between 121 grams and 185 grams - £75 annual tax; (iii) Vehicles between 186 grams and 250 grams - £150 annual tax; (iv) Vehicles over 251 grams - £250 annual tax; and (2) on page 3 after the words “from September 2010: insert the words in parenthesis “or the earliest possible date thereafter.”

Senator J.L. Perchard:

Just before the Minister starts I wonder if he would mind if I ... I need your guidance. I am the owner of many vehicles, [**Members: Oh!**] but not necessarily cars but tractors, lorries and I would definitely have an interest in the outcome of this debate.

The Bailiff:

All right. I think in one sense everyone would; everyone who owns a car would presumably have some involvement. So I do not think you are in any different a position to any other Member.

Senator J.L. Perchard:

Thank you, Sir. I just wanted to declare an interest in that case.

The Bailiff:

I think it is of a general nature.

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

Of course, there are some of us that have more cars than others, so it will be dependent on that. I undertook to work with any Member and any Minister that would bring forward proposals to raise revenue. Senator Le Main prefers an annual tax as opposed to an import duty on new cars and second-hand cars. I am not in favour today of agreeing for the annual levy. I have done a lot of research on the issue to see whether or not it could be brought in. While I think there is merit in the arguments, potentially after considering in the F.S.R. (Fiscal Strategy Review) process the annual levy, I will not be supporting it. However, I did think that it was important, and as Members will be aware and have heard, I am the only person that can bring forward an amendment to the budget proposals. I have to say, I was quite surprised that there was not an amendment to this proposal which brought Senator Le Main’s proposal on a CO2 emission basis. His proposal is on a cc basis, where the underlying proposition which he wishes to strike down is on a CO2 emission basis. I will not duck the issue, I do think we now have serious issues in relation to public finances and I am going to have to consider options of how to deal with that. Senator Le Main’s proposal does raise some revenue, but I think that we should have a debate on the basis that it should be on an equal like for like basis of a CO2 emission. There has been no, I have to say, particular science applied to the CO2 emission banding; it is simply to get a clear steer on a like for like basis for a CO2 emission basis versus a cc basis. I do not think I need to say any more than that. We will come to the substantive proposition.

The Bailiff:

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

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

There is no doubt that this has generated a lot of interest among the public and in a way it is because they are suffering from, what is called in jargon, a severe case of cognitive dissonance. They are trying to reconcile themselves to the fact that Senator Le Main has become an environmental champion. I get 2 sets of comments. One is: “Look, we have a very simple system

already. The more fuel you use, therefore the bigger engine capacity you have [maybe]. The more fuel you use the more tax you pay.” The other one is: “This could well lead to the creation of another bureaucracy. It was a smart move to get rid of the Chelsea Hotel bureaucracy a few years ago. Why are we trying to bring it back?” Those are the 2 sets of comments I hear. The other one is the third one ... I am afraid the Senator cannot duck the issue and the Minister quite rightly has brought it up. Those who are reading about global warming, those who are reading about emissions are saying: “Given that there is data already on motor vehicles and there is very exact data from the U.K., for example, [that the Minister would doubtless use if this were to go through] so why on earth are we not using emissions as the indicator rather than cc size?” Those are the comments from the public. Their view would be well meaning, excellent it is being linked to things like the hopper, but essentially the wrong move, the wrong kind of tax. Rather like the debate we have just had in a way. Again, I think we will be faced, particularly if we do not approve the Minister for Treasury and Resources’ amendment, with a similar discussion about how we spend money as opposed to whether we need to raise money to spend.

The Bailiff:

Deputy, I think this is a case where debate can be very closely confined to the amendment, first of all. We are on the amendment and the amendment simply says: “Do we replace engine size by carbon emissions?” So I think I must ask Members to speak for that at the moment.

Deputy R.G. Le Hérisier:

I am very grateful for that clarification. My view is we should and I support the amendment.

1.3.3 Deputy J.B. Fox:

Just on the amendment, one can support it because it does mean that it is more akin to the subject in question. But in the overall things, the answer is no, unless someone can guarantee that you are going to have a hopper bus service. I know it is against your principles, but it saves me speaking next time.

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

Just in comparison, in the report of Senator Le Main there is a very useful table which the Minister for Treasury and Resources has not replicated. What has been presented in Senator Le Main’s table is an estimate of numbers of the brackets in which each car will fall into. In the amendment by the Minister for Treasury and Resources we do not know how many cars fall into which band. In which case I question how he can make an informed decision, because I would like to know how many people, how many cars this would affect. I do not believe we have that information before us. If that could be clarified I would be most grateful.

1.3.5 Senator S.C. Ferguson:

I must say I did prefer the Minister for Treasury and Resources’ version, exhaust emissions are a much better measure of engine efficiency than engine size, but I would have preferred total emissions, including all pollution rather than just carbon dioxide. However, I am led to believe that a certain Senator’s 4x4 is vastly more efficient than the Trabant, engine size about a 1000cc, which trundles around St. Aubin. Perhaps the Minister for Treasury and Resources could quantify the approximate tax take on this. I ask this because Senator Le Main talks about 67,000 vehicles, while the Statistics Unit in Jersey figures talks of 111,000 vehicles on the road. I have not decided on the main proposition yet.

The Bailiff:

Can I perhaps for the assistance of Members, although it is not directly relevant now, but Senator Le Main did say that he would, when the time came, want to have separate votes. That came as somewhat a surprise to me looking at the text of the proposition. The Greffier sent a message saying that the discussion he had was on an earlier set of amendments which were rather different.

I have to say sorry, Senator, I do not think we can take them separately. Yours is a package that says you want to raise £0.9 million by the following provisions. I think that the vote on your amendment must be taken as a package; the same, of course, for the Minister's amendment.

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

While it is no doubt true that possibly a better basis for taxation is on carbon dioxide emissions, because that is the effect that we are trying to curtail, the actual proposals do not really achieve it. We have more than one variable that has to be taken into account. It is not just the engine size, it is the fuel it is run on, it is the speed that you run at, it is the number of times that you use your car, so to just come forward with a blanket tax if you own a particular car that puts you into a particular category for carbon emissions done on an average basis, it seems to be rather a blunt instrument. The second point I would like to make is that this move would introduce the vehicle emission duties, as indeed the Minister for Treasury and Resources was considering bringing in in 2010, presumably after some of these issues had been further contemplated. This pushes the schedule ahead of time, again, as a taxation measure to raise monies to be spent in different areas or not, as the case may be. I think on that basis, it does seem to be a little bit muddled and premature.

1.3.7 Connétable J. Gallichan of St. Mary:

I would like to echo the comments of the previous speaker and also Deputy Le Hérissier; it saves me repeating them. I would like to ask the Minister for Treasury and Resources a specific question. His proposal says that where figures are not available then the engine size will be used. I would like to know is he referring to the engine size as quoted in the main amendment? Because the main category I am concerned about in sustainable transport we are looking at encouraging alternative use, such as motorcycles, *et cetera*. I know that for a great many motorcycles, there is no CO2 emission provided. It is certainly not uncommon these days to have a motorcycle of 1200cc or greater. In particular the American ones - I was with some dealers at the weekend checking this out - do not have emission statements and they would presumably fall into quite a moderate or even a heavy banding, whereas, of course, for other environmental reasons and for congestion reasons, we are encouraging people to use such motorcycles. I would like to know exactly what the alternative proposals would be.

1.3.8 The Connétable of St. Brelade:

Just briefly on this. While I support the concept of using CO2 as a measurement, it does raise the spectre of policing administration of it. I think Members will need to consider in order to do this it would mean some form of incorporation in an M.O.T. or such like. Now, once again, we have a differentiation, shall we say, between private vehicles and commercial vehicles and I can support, perhaps, a M.O.T. system for commercial vehicles. I think, at this stage, it would not be appropriate for private vehicles, in view of the costs and implications involved.

1.3.9 Deputy A.E. Jeune of St. Brelade:

Very much on the vein of the Connétable of St. Brelade, how does one identify the vehicle emissions? Okay, we know when we buy our car they will tell us what the emissions are anticipated to be, but as the Connétable of St. Mary says that does not necessarily apply to the motorcycles. But how will we check that annually? Because presumably a well kept car will put out less emissions than a car that was low emissions when you brought it, but if you do not care for it it is going to start chucking out more rubbish. So, how do we check it? We are going to have to staff all that. I am concerned about the sort of costs, *et cetera*, that will be ongoing.

1.3.10 Deputy P.J. Rondel of St. John:

My panel, even at short notice, have been able to give a report, a comment sheet, which I hope many of you have in front of you. In fairness to the Minister, his proposal overcomes the first major objective of the main proposer by transferring the basis from engine size to exhaust emissions. This is agreed by the panel. But the key difference between the Minister's original

budget proposal is that the amendment effectively proposes an annual tax on ownership rather than a one-off purchase tax. There are a number of bullet points which I will mention, the tax burden to the individual over time would be significantly greater and this promises more revenue to the States, but at the cost to increase hardship to many people. Another bullet point; currently fuel duty includes an amount which replaces the previous annual road tax. This would therefore be duplicated by a new annual tax on ownership. Third bullet point, the effect of such a tax would fall much more heavily on poorer sections of the community. The Minister's original proposition would have less of an aggressive effect as only those in a position to consider the purchase of a new car would be affected. The amendment would catch everyone who owns a car; believed to be over 80 per cent of all householders, rich and poor. The panel strongly believes that tax of the use of vehicles though fuel duty is a far more equitable way of addressing the environmental harm caused by cars.

The Bailiff:

Deputy, can I remind you we are just on the amendment.

The Deputy of St. John:

Yes, these are our comments to the amendment.

The Bailiff:

It seems to be comments on both, are they not?

The Deputy of St. John:

They cover both, but I have a separate comment sheet on Senator Le Main's. We have done our homework, I hope, in the very short period of time that we had. Given the limitations of the existing bus service, many people have no practical alternative to using a car to get to work, go shopping, visit family or simply get out and about. Sustainable transport plan targets include reducing peak hour car journeys by 15 per cent. Even if this is not successful, many thousands of people will still need their cars to get to work everyday. I will skip one or 2 of the others, but the panel believe that a better solution would be to apply a tax to every purchase of both new and second-hand vehicles; advantages to which would include an increased number of taxable transactions over the Minister's original proposition to tax new cars only, thus increase revenue. I will cut to the last bullet point, collection of an annual tax would involve increased administration and costs. The Senator's amendment suggests the insurance companies might perform this task, but there is no information as to how this might work or what it would cost. So the panel believe that there is a need to review the position of heavy goods and large commercial vehicle emissions from such vehicles are considerably higher. Emissions from these vehicles are considerably higher than from cars. They are frequently in near constant use. We see big vehicles up and down and around the ring road of this town on a daily basis and on many, many return runs. On a hot day in the summer if you are going on the ring road in the area of Stopford Road, which my father lives in, we will see the fumes sitting in that area. There is a health hazard. Regarding the financial implications of the proposed amendment; the panel note that it is not possible to assess this with any accuracy without further information. However, it seems likely that to achieve an equal return, the proposal in the Senator's amendment would involve similarly higher rates of tax on middle-market family-sized cars, which constitute by far the biggest number of vehicles on the road. This suggests that the family and middle-income earners may bear the brunt of any new tax. The panel questions whether ordinary taxpayers who are already struggling to cope with G.S.T., I.T.I.S. (Income Tax Instalment Scheme) 20 means 20 and attempting to weather the global economic crisis can reasonably be expected to find the extra £6 million to fund environmental measures, however worthwhile they may be. They are some of the views of my panel. Hopefully one or 2 other panel members will pick up on other areas within that if they stand up to speak. Therefore, I could not support the amendment.

1.3.11 Deputy K.C. Lewis of St. Saviour:

A lot of what I was going to say has already been said, so I shall be very brief, but I will speak on the main proposition. My warning lights have just come on when the dreaded words “M.O.T.” were mentioned. If this amendment were to go through, there would be a yearly cost for servicing the vehicle, there would be a yearly cost for M.O.T. style certificates for the vehicle and a yearly cost if the vehicle is over a certain cc or carbon density. I think people with large vehicles will be lucky to get £1,000 bill for this, I think more closely £1,200 just to get their car through this particular system. I will be opposing.

The Deputy of St. Mary:

Can I ask for clarification: was the Deputy saying that if this amendment to the Minister for Treasury and Resources’ amendment goes through, that there would inevitably be M.O.T.s, because that does not follow from the amendment to the amendment?

Deputy K.C. Lewis:

M.O.T. style I was referring to. If you are checking carbon emissions then that would probably be, as it has been alluded to, a style of M.O.T.

1.3.12 Deputy D.J. De Sousa:

The problem I have with this amendment to the amendment, apart from the late time that it was brought, but accepted when the previous amendment to an amendment was rejected, and in light of the past vote probably would have benefited Treasury to have accepted that, but my concern, as many have stipulated, is that it would probably cost more to implement and police than will return to the Treasury in taxes.

1.3.13 Senator J.L. Perchard:

I wonder if the Minister when summing up could just explain a couple of issues I have. I have already informed Members that I own many vehicles. They are not luxury vehicles, they are tractors and lorries and vans, *et cetera*, as a part of my shareholding in agricultural businesses. So I do have a little problem with a conflict here, but I do need to ask the question because by nature a lorry or a tractor will have a bigger engine and will exhaust higher levels of CO₂. I do notice that our Economic Development Department have been silent on this and fail to represent the agricultural industry and the commercial industry with diggers and lorries. I think that is unfortunate, because I suspect we will hear them talking vehemently against the proposition being made by Senator Breckon shortly to raise company registration fees. I do wonder if our Economic Development Department really do represent all interests of economic developments and not just one. I find that unfortunate. So, when the Minister does sum up, can he tell me that if a large tractor or a truck will be subject to £250 per annum CO₂ tax, can he live with that?

1.3.14 The Deputy of St. Martin:

I think the way of describing this is as a back of a packet of fags proposition equally with a back of a packet of fags amendment. **[Approbation]** How could we be coming along discussing something here ... maybe I missed something, but in Senator Le Main’s proposition, in his report, he says: “The Minister for Transport and Technical Services says in his introduction to the *Sustainable Transport Policy: Making Greener Travel Choices* consultation document.” I have heard so little, really, support for it from environmentalists and also from Transport and Technical Services. I have listened to Deputy Lewis in front of me and I quite agree with him. Also, I feel a bit disappointed and sorry for the Deputy of St. John. I think he was pleading really for the members of his Environmental Scrutiny Panel to come out and explain even more that which is in his report. I think his report is a very good report, particularly if one draws attention to page 3. It says: “The panel believes this could be a dangerous precedent, particularly at the time when States finances are under considerable pressure for new taxes to be posed in somewhat piecemeal

fashion.” What we have here is a proposition which is piecemeal, along with an amendment which is piecemeal, so if you are not going to go for one surely we are wasting our time spending too much time on the amendment. In the summary gained from the Environmental Panel, it says: “By comparison with the Minister’s proposition the Senator’s amendment offers no significant environmental benefits and its rationale is confused and problematic.” Need I say more? I will not be supporting the amendment, nor will I be supporting the main proposition.

1.3.15 The Deputy of St. Mary:

I will be brief and confine myself only to the amendment. The original proposition, as the previous speaker has said, is a bit of a disaster and the problem, of course, we are faced with is do you amend the disaster to make it less disastrous. That is the problem. But on the grounds that one must try to make the best possible disaster, because otherwise it is even worse, I will just make the point which has not been mentioned before about the gas guzzlers and the giant vehicles. Now, the Scrutiny Panel did quiz the Senator who kindly came along voluntarily to our den and there were 3 things really that were problematic with the notion that his original amendment tackles the issue of gas guzzlers. The first was that most of the tax that he would propose if we do not amend his proposal would fall on middle Jersey. If you look at his table on page 5, and I have to speak to that because I am justifying why we have to vote for the Minister for Treasury and Resources’ amendment, you will see that of the £6 million-odd that this would raise £3 million, half of it, comes from private 1200cc to 2000cc vehicles, which is you and me. It is the average vehicle. It is middle Jersey. A further million comes from 2 litre to 3 litre vehicles and you are left with the gas guzzlers over 3 litres at £0.8 million. So of his total of £6 million, a small percentage falls on the gas guzzlers that he claims to be targeting and was in the paper saying that that is what his proposition was about. The second thing that came out clearly in our examination of this proposal was that this tax would only put pressure on poor owners of gas guzzlers. There are people who have large vehicles for some reason or another and they would indeed be taxed out of their ownership of these vehicles. But the wealthy owners of gas guzzlers would remain with their gas guzzlers and simply pay the £250 he asks for. The third point that we established was that in spite of his claims that he was taxing emissions he was not, of course; he was taxing ownership. His original proposal taxes ownership, not use, and therefore it could not be termed an emissions tax in any shape or form. So for those reasons we have to go with the Minister unless we believe in making it worse, so that we can vote it out altogether.

The Bailiff:

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

1.3.16 Senator P.F.C. Ozouf:

Sometimes the Assembly is quite an unpredictable place. **[Laughter]** The Minister for Treasury and Resources is in a difficult position, criticised if we do and criticised if we do not. If I would have amended the last proposition to make it slightly more palatable it might have got through. This time, I have an underlying proposition which is unpalatable and I have tried to put in amendment to make it slightly less unpalatable and we are criticised. It seems that we cannot win. But nevertheless I will carry on. The issue really that Members have raised, I do not sense a mood in the Assembly for the introduction of an annual tax. **[Approbation]** Maybe we could just dispatch the whole of this off before the lunchtime adjournment. **[Approbation]** All I have tried to do is tried to sort it out if the Assembly did want an annual tax to put it on a more justifiable basis. I have been asked a couple of questions, I will very quickly respond to them. To the Connétable of St. Mary, if there is no CO2 emission it goes to the schedule of the cc. To Deputy Maçon, the revenue is the same. I have not got the numbers of vehicles. There are issues about registered vehicles versus vehicles that are insured, which is the difference that another speaker raised. The Deputy of St. Martin was critical. Deputy De Sousa, the amount will raise exactly the same amount of money and that is why I did it. I am not sure the underlying proposition is going to

get through. If Members really do not like it they should vote against this amendment and the underlying amendment, but at least we have a decent chance of having a debate on something that is realistic. I move the amendment. It is up to Members.

The Deputy of St. Mary:

Could I ask for clarification? That would be helpful to Members, I believe. The question of annual testing of vehicles was raised and, in fact as I understand it, the principle underlying this, if it did go through, would be manufacturers CO2 emission specification, as on page 31 of the original budget report. Therefore, I do not think that is relevant. Would he care to comment on that?

Senator P.F.C. Ozouf:

I am more than happy to look at the issue of an annual road tax within the context of the F.S.R. where all of these issues can be properly discussed. It is quite difficult to make agreements in principle. The Assembly has already made decisions on spending and then not put the income line forward. I am very concerned about this, being an agreement in principle, with absolutely no guarantee that there is money. Members will understand that I am going to be much more cautious about all of these things going forward. I need guaranteed revenue to match public expenditure.

The Bailiff:

The appel is called for then in relation to the amendment lodged by the Minister for Treasury and Resources to the amendment of Senator Le Main. I invite Members to return to their seats. The Greffier will open the voting. Have all Members had an opportunity of voting? The Greffier will close the voting.

POUR: 21	CONTRE: 25	ABSTAIN: 0
Senator T.A. Le Sueur	Senator B.E. Shenton	
Senator P.F. Routier	Senator J.L. Perchard	
Senator P.F.C. Ozouf	Senator A. Breckon	
Senator T.J. Le Main	Connétable of St. Ouen	
Senator F.E. Cohen	Connétable of Grouville	
Senator S.C. Ferguson	Connétable of St. John	
Senator A.J.D. Maclean	Connétable of St. Lawrence	
Senator B.I. Le Marquand	Deputy R.C. Duhamel (S)	
Connétable of St. Brelade	Deputy of St. Martin	
Connétable of St. Saviour	Deputy J.B. Fox (H)	
Connétable of St. Peter	Deputy J.A. Martin (H)	
Connétable of St. Mary	Deputy G.P. Southern (H)	
Deputy R.G. Le Hérisier (S)	Deputy of St. Ouen	
Deputy of Grouville	Deputy of St. Peter	
Deputy J.A. Hilton (H)	Deputy P.V.F. Le Claire (H)	
Deputy J.A.N. Le Fondré (L)	Deputy of Trinity	
Deputy I.J. Gorst (C)	Deputy S.S.P.A. Power (B)	
Deputy M. Tadier (B)	Deputy S. Pitman (H)	
Deputy of St. Mary	Deputy K.C. Lewis (S)	
Deputy A.T. Dupré (C)	Deputy of St. John	
Deputy E.J. Noel (L)	Deputy A.E. Jeune (B)	
	Deputy M.R. Higgins (H)	
	Deputy A.K.F. Green (H)	
	Deputy D. De Sousa (H)	
	Deputy J.M. Maçon (S)	

1.4 Budget Statement 2010 (P.179/2009): amendment (P.179/2009 Amd.) - resumption

The Bailiff:

Then we return to the debate upon the amendment of Senator Le Main. Does any Member wish to speak?

1.4.1 Deputy P.V.F. Le Claire:

Very briefly. I would like to thank Senator Le Main for having come along to the Environmental Scrutiny Panel and put forward his proposition of which there are a number of initiatives that he would like to see funded from. However, as has been pointed out, some of the issues in relation to raising the revenue or the premise for raising the revenue has not been thought through perhaps as well as it might be. I would like to agree with Senator Le Main that the issue about cars driving around town, especially Garden Lane and the difficulties people face when they come out of that area, which the Minister for Transport and Technical Services is well aware of. The other is a town where people have to endure not only the noise, but the emissions of these vehicles is not going to be helped by the fact that we did not do anything to increase the duty on fuel, which will do nothing to stopping them driving their cars around the block 10 more times. So, if we want environmental taxes to be introduced to Jersey I think we need to do it on a much more level playing field where everybody understands what they are going to be used for, what the money is going to be used for, ring fencing of funds and also a clear targeted programme of initiatives they are going to be used for. I would like to congratulate Senator Le Main on bringing forward something at least. I think he did a very good job in putting forward a sound set of arguments, but unfortunately I do not think that the mechanism which he is proposing is workable. He did say in his opening speech that it could be voted upon independently, but I do not see how that can be done. It has been ruled against. Therefore I was going to say there were possibly some areas, but I am afraid to say ... I really do congratulate Senator Le Main. There is a need for a hopper bus service in town. There is a need to deal with the heavy emissions that come out of some of the more polluting vehicles. There certainly is a need to tackle the traffic in St. Helier and improve the lot of those who live there and work there and visit there, but unfortunately and I regret to say, I am unable to support Senator Le Main's amendment.

1.4.2 Senator P.F.C. Ozouf:

As I said, I wanted to give a fair chance to Senator Le Main's proposal to be on a like for like basis. We now have not got that opportunity. I suspect I take the last vote as being an indication that Members simply do not want at this stage to pay for the environmental measures that we agreed in the Business Plan by an annual tax and that they would prefer the underlying purchase V.E.D. tax. I have to vote against this proposal for 2 reasons. First of all, it does not give the Treasury the required guarantee of income, because the legislation would have to be worked up and it would have to come back to this Assembly for approval. Members will understand why I am cautious about that after recent votes. Secondly, there is a lot more work to be done on this and I am afraid I cannot warrant to the Assembly that the annual road tax brought in as a levy, perhaps on insurance companies, could be done. I have engaged in extensive consultation with insurance companies over the last weeks and, while it is not impossible, there certainly is going to have to be a lot more research carried on to it. I think this Assembly would be sending out, frankly, the wrong message for an annual tax, which is not justified on environmental grounds on a cc basis where we are worried about CO2. So I hope we are not going to have a massive job on this. I think Members have to vote against the amendment. But what I will do, I will undertake, as far as the F.S.R. review is, to look at this annual tax to see if it can be worked up in terms of some sort of workable detail. Perhaps as an alternative to raising V.E.D. levels at a future time, which I know and I would just point out to Members that the underlying proposition it seeks to replace not all of the revenue which was lost by V.R.D. but only a proportion of it. Members are aware though of a structural deficit. They will be aware, and I need to be honest about the fact, that V.E.D. could raise in future. It might be an alternative to bring in an annual road tax instead of raising V.E.D. levels over and above the introductory level which is in the budget that we are going to consider later.

1.4.3 Deputy J.A.N. Le Fondré:

It is going to go right up to lunch by the looks of things. I am going to start and say that I have an enormous amount of respect for my good friend Senator Le Main, but unfortunately, and I hope he will not be terribly upset when I say this is not one of those times when I am going to agree with what he normally says. I cannot support the amendment for a number of reasons. I was slightly disappointed that it came to this Assembly. The reason I was disappointed, because as far as I am concerned, the public will conceive it as a road tax. It does not matter how it is dressed up. In fact, if you look at the *J.E.P.* very recently: "Senator Proposes New Road Tax" is the headline. There was a lovely little cartoon by Al Thomas in which part of the comment is: "I hope they remember our road tax is still included in fuel prices." The reason I start there is historical in terms of how we got to that decision. It was back at 12th March 1991, the States Assembly on a standing vote approved the in principle proposition by F. and E. (Finance and Economics) of the day to abolish motor vehicle duty and replace it by increasing fuel duty. In that Assembly of the day, and I assume because it was a standing vote, they were present, there was a young Senator Le Main, there was a youthful Deputy Le Sueur and the actual law, as I said, was approved on the standing vote in 1993. I assume they all voted for it. I have always considered that to be, what I call, a good Jersey solution. The revenue stayed the same, the bureaucracy in the course of collection was reduced. It was a win-win scenario. I will even go as far to say it was better, simpler, cheaper and in those terms it worked. This amendment, as far as I am concerned, goes completely against those principles and if we ignore what was done in the past, it will be perceived that we are effectively taxing car users twice for almost exactly the same thing. Now, I know the Senator has stated he thinks there is a real opportunity to make in-roads into worthwhile environmental policies. That sounds great. But even if the amendment by Treasury had been approved, this is not an environmental tax. Being a very sad person, some article came through in the some accountancy magazine or other and environmental taxes apparently should create incentives for behavioural change. Well, that sounds logical and that is per the Chartered Institute of Taxation. This is not going to do that. This is, as has been said before, a tax on ownership not usage. We, in Jersey, I think, should be challenging car usage. One of the most effective ways of doing that has got to be putting it on the price of fuel. It is not like introducing a fixed annual charge. To be honest, once people incorporate it into their lifestyle it has no impact on behaviour. In fact somebody rang me to say they thought it had had the adverse effect of potentially encouraging people to operate their cars, because once they had a fixed cost they do not care, they use the car once or 20 times or 200 times, it is the same price. The Senator has talked about ridding the Island of huge gas guzzlers. I am afraid I did do a bit of preparation on this because I just felt again I did not agree with argument. A Range Rover Sport 2.7 TDV6, which is what I would call a gas guzzler would under these proposals be charged, I think, £150 per year. That is peanuts for a car that is going to cost at least £40,000. A Ferrari is over £100,000 and its CO2 emissions are completely off the scale. Is £250 a year going to make any difference to that owner? A Porsche Boxster, £150. Depending on where you are, I think, a Ford Galaxy, which is a family car is falling into the same bandings, if I remember correctly, depending on whether you choose the diesel or the petrol. So family cars and Porsches could potentially, depending on how you do this, are treated the same. So I am not convinced there is any impact from the use of the gas guzzler. I keep coming back to behaviour, and surely the better way is to charge on usage and that is to me why fuel duty is perfect for this. It is also about the cost of collection and the fact that the bureaucracy involved is so much lower. If one decides to put up fuel duty it does not cost anything in terms of increased bureaucracy. Incidentally, I have to say, I have never had a problem with the one-off V.E.D. charge or V.R.D. charge, because the computer systems already exist. It is just another cheque that is collected at the time of registration. It is not an annual collection charge with the associated costs. I will just address the point about insurance companies, because originally that sounded like quite a bright idea. But they will not do this for free. So there will be again some form of cost of collection, plus you are going to have the bureaucratic input of checking that what the insurance companies have done is correct. Thirdly, it appears that the insurance companies are not interested and there was a comment that some might even consider withdrawing from the market because the increased costs

for a very, very small Island. I will not go in to CO2, because we have ditched that, so that is fine. But the Senator talks about not penalising the elderly or the poor. I have to say I do not think that is justified either. What sprung to mind is an elderly person might have a car in the garage that they use 2 or 3 times a week, i.e. not every day. Under these proposals they will pay exactly the same amount as someone who uses their car on daily basis, if it is based on fuel then the car that uses the less amount of fuel, whether it is because it is more efficient or because it is used less, will pay less than the car that pollutes more. That has got to be where it is all going. I have had a number of contacts from parishioners on this, oddly enough ... in fact I have no comments about the previous amendment, but I have had more contacts about this one than on anything else for quite a while. I will not read the whole email, but it says: "Dear John, please oppose the amendments to tax vehicles according to engine size. This tax would bear no relationship on the amount of pollution caused, because a vehicle used daily would be charged the same tax as the one that sits in the garage all year." They like the current road tax because it is proportionate to road usage and omissions. Oddly enough, and Senator Perchard might be sympathetic to this, he says: "My old tractor would cost me £150 annual, despite having run for only 45 hours since I bought it in 2006. I am sure that that has created far less pollution than a 1.2 litre car in daily use for those 3 and a half years. Yet Senator Le Main proposes that such a car will pay no tax at all." That is just one of the comments. Then I think we do need to go back to the public. If you look at what Planning and Environment have done, and he did it in conjunction with the Treasury which is why I do get quite worked up about this thing, in 2007 Planning and Environment issued some consultation and the summary of consultation responses from the consultation they did on environmental taxes. Those clearly state that the majority of respondents felt environmental tax should be based on use not ownership. They very firmly came out that they were happy with putting it on fuel duty. The conclusion of the response was that the Minister for Planning and Environment indicated soon after the closure of consultation that as a result of the consultation exercise he was minded to pursue the option of annual emission duty, because there was a strongly expressed preference for a tax related to the use of the vehicle not ownership. In fact, although the following consultation that came out very recently was slightly less clear if you amalgamate 2 of the responses, because they have been split but they are very, very similar, the same theme comes through. So I reiterate the points, the public have consistently said they do not want an annual tax they said they would prefer it to go on fuel. I think we should listen to them. The system being proposed by the Minister for Treasury and Resources in the budget, I think, is a balanced solution and I think is a fairer solution. It is a model tax and it is a fuel duty. It is a combination. That increases revenue with the minimum bureaucracy, our course of collection is efficient, we are taxing usage not ownership, surely that is the way to go and it starts influencing behaviour. I am going to be rejecting the amendment. So I am proposing the adjournment for lunch.

LUNCHEON ADJOURNMENT PROPOSED

The Bailiff:

Very well, the adjournment is proposed. Just before we adjourn can I inform Members of the presentation of a report from the Minister for Treasury and Resources entitled Land Transactions under Standing Order 168(3), Marine Leisure Business Park, La Collette, St. Helier leases that has been presented to Members. We will now adjourn until 2.15 p.m.

LUNCHEON ADJOURNMENT

PUBLIC BUSINESS - resumption

The Bailiff:

We were debating the amendment of Senator Le Main and I have seen next Deputy Southern.

The Connétable of St. John:

Before we start I wonder if I could say a few words. Given Senator Le Main's vast experience in reading this Assembly I wonder whether I could ask him, through the Chair, as to whether he would withdraw this proposition. Or at least, if he allows it go to the full length of debate, we get a chance to vote rather than withdrawing it at the last minute.

Senator T.J. Le Main:

With Senator Le Main's vast experience, he took some time to explain to the Constable of St. John that the Senator would like to speak before making up his mind.

1.4.4 Deputy G.P. Southern of St. Helier:

Well, on we go into the afternoon. I am surprised to be rising to my feet this afternoon, I thought we would have been done with this, this morning. If this were a dog or a horse you would have it put down out of mercy. That was the worst presented and worst argued presentation of a proposition I have seen in my time, which is 8 years, in this House and in fact I have not seen anything more incompetent elsewhere. Please let us kill this off.

1.4.5 Deputy A.K.F. Green:

As a town Deputy I want to see a reduction of cars in town but this proposition will not achieve it. It is ill conceived, unfair, and will not do what it says on the label. I think it was Deputy Le Fondré earlier that said we need incentives to bring about changes in behaviour. Changes in behaviour, in this case, would have an environmental benefit. But it will not bring about change in behaviour. We need carrot and stick and more carrot than stick, this is all stick - this system. As I said before, the amendment is unfair. It is unfair because it will hit the occasional user the hardest, it will hit those people who live in the country and have no choice but to use a car, for whom a car is not a luxury, but essential. If we are going to do anything what we need to do is improve the transport system so that people have a real choice and then look about perhaps incentivising people to go on to the bus. Will this amendment reduce a number of cars in town? No, I think it might increase the number of vehicles in town as commercial vehicles go from the larger vehicles, perhaps, to a slightly smaller one and clog up the town with even more vehicles. The Senator implied, if he did not use these words, that a vote against this is a vote against the hopper bus. Well I want to see a hopper bus service. I want a hopper bus service that works. I want a hopper bus service that can move around town and, above all, I want a tax system that is fair and this is not.

1.4.6 Deputy A.E. Jeune:

Deputy Le Fondré has basically said everything that I wanted to say so I will not repeat it other than to say I believe that this proposition is a retrograde step.

1.4.7 The Deputy of St. John:

On this occasion the Minister for Housing was acting as a back-bencher and as a back-bencher he has a right to be heard. At the same time I do hope that he will, when he does sum up, keep it nice and short. That said, but within his proposition that he came and saw us with, there was very little for people that he represents across the Island. He represents the whole 12 Parishes as Senator but, in fact, in his opening and on his remarks he covered the Parish of St. Helier and the Parish of St. Clement, and I think that is totally unjust to the other 10 Parishes that he is here to represent. Those people, and I can see a lady in the gallery at the moment who relies on a bus - and there is not one after 6.20 p.m. in the evenings, or on a Sunday in our part of the world. Therefore, he should have been looking at putting something in place in his programme for the whole island. That said, I do respect him for having taken the trouble to come and see the Scrutiny Panel with this and I will just read out the summary of the report. It is a different report to the previous one, as we did do our homework and I think we are probably the only panel that have submitted any comments on the budget whatsoever. The summary: "By comparison with the Minister's proposition, the Senator's amendment offers no significant environmental benefits and its rationale is confused and problematic. The absence of a coherent plan for collection of the taxes is also noted. What seems

certain is that the Senator's proposal will be more expensive to collect than the original proposal of the Minister for Treasury and Resources. The panel has not been able to consider all possible consequences of the amendment, but there might well be additional or detrimental effects on the motor trade as well as the potential consequences for the value of private owned cars which could cause more hardship to those without the means to change their existing vehicles. While the promise of enhanced revenue return from this amendment may be superficially attractive, they would only be achieved out of the course of substantial perceived inequities to large sections of the community. Failing to accept carbon emissions as a logical starting point for a tax that aims to benefit environmental causes might also suggest that Jersey was out of step, not just with its European neighbours, but also with the rest of the world. As soon to be represented and is being represented at the Copenhagen Summit, the panel is therefore, unable to support the amendment." That is all I will say, we are unable to support the amendment and I sincerely hope we can keep this debate now short.

1.4.8 Deputy D.J. De Sousa:

I will again be very brief. First of all, what we really need is the long awaited sustainable transport policy. We were emailed, as town Deputies, a little while ago by the Senator asking us - including our Connétable - if we would support a hopper bus. Of course we would, as town Deputies we would be silly not to. But we were not told that this was the way it was going to be proposed. Now, Deputy Le Fondré in his speech, at great length, pointed out the Senator's arguments do not stack up and for this reason I will not be supporting this amendment and I hope that the 28 that voted for Deputy Power will also show continuity and reject this as well.

1.4.9 The Connétable of St. Brelade:

I feel that while this amendment is perhaps well meaning, it is simply not workable. The administrations of the proposals just do not bear thinking about in my view and the concept that the insurance companies will collect it, I think, is somewhat ambitious. My department gives concessions to small, efficient vehicles by charging much reduced car parking fees and I think perhaps there is room for a development of that concept to embrace, perhaps, a larger range of vehicles by increasing the parameters somewhat. The town hopper bus though is certainly a nice to have and my department would be delighted to incorporate this into the present system, or certainly have a service that ran parallel to the existing system. It needs to be an integral service so that it can give the better value to the public and I certainly support the concept. I think Members need to realise that a town hopper service is not going to be self financing by any stretch of the imagination. In fact, I would not expect there to be a charge at all. In order to get people on and off they have to be able to do exactly that, hop on and hop off and having a small charge is only going to slow up the process. The consultants tell us that generally they are expected to run free of charge, so it is a net cost with no offsetting income. So I cannot really see this working. My Green Paper on the sustainable transport policy was launched in September and has received considerable input from the general public and I am quite surprised that with some 1,200 responses from the public so far that to hear from ... well, for Deputy Le Claire, Senator Le Main and now Deputy De Sousa, it appears to have passed them by and I would urge them to join those members of the public that have already responded with their comments and observations, and I am sure it would be much appreciated.

1.4.10 The Connétable of St. Helier:

I was happy to second this amendment by Senator Le Main for a couple of reasons. One, I think it has very usefully highlighted the failure of any concrete proposals to come before the Assembly in the last 10 or more years, addressing the need for ring fenced funding from the vehicles which have the biggest impact in our society to apply that money towards the kind of improvements that the Senator is eager to see in the Island. It is not just about St. Helier, I heard the chairman of the Scrutiny Panel suggesting that it was unfair to only think about the urban Parishes. This is about

everyone who lives in Jersey who needs to make journeys into the town centre, and I think that applies to most Islanders. We are all aware of the numerous ways in which that can be improved and we are not going to have a transport debate, we hope. But just to add to a couple: sound insulation for residents who happen to live on the most heavily trafficked roads in Jersey, not just on the ring road, though that is one of the worse places in terms of sound pollutions. I know many people who live in expensive houses in the countryside who suffer enormously from noise pollution because they are on a main road with a nice high speed limit. So, we are all agreed there are numerous initiatives which require funding, which under current proposals are never going to get funding, so I say bravo to Senator Le Main for bringing forward a proposal which really sought to achieve, in short order, possibly leaving a lot of work to be done, but sought to achieve that kind of ring fenced funding. I share his frustration. I mean, it is interesting to hear from the new Minister for Transport and Technical Services about the new Green Paper. Just to remind Members, the 1999 Sustainable Transport Policy which in a previous debate Deputy Le Claire credited me with writing, I certainly had a lot to do with it with the officers at the Public Services Department of the day. That policy is still in force and I have to say an awful lot of initiatives suggested in that policy have not happened, not for lack of cash but for lack of courage. It will be very interesting next year when the new policy comes forward to see whether, 11 years later, the States are willing to take tough decisions about how we allow unrestricted use of cars to dominate our lives and to, in many cases, create a real deterioration in the quality of life of people who happen to live in heavily trafficked areas of the Island. So, there is a great deal of frustration in the Senator that the hopper bus has not been funded, has not been rolled out, all kinds of initiatives have not happened and I believe that is why he has brought the proposals forward. It is also clear, I think, that this is not going anywhere and what I would like to suggest to the Senator, and I was interested to listen to the Minister for Transport and Technical Services giving his support to the concept of a free hopper bus service - what I would like to suggest is that really Senator Le Main needs to sit down with the Minister for Transport and Technical Services and, I would suggest, with myself. We need to sit down together and come up, possibly with the assistance of the Minister for Treasury and Resources, with a proposal to ring fence funding for sustainable transport improvements that can be brought forward at the same time as the policy comes forward to a debate. Because I have real worries that however many people have been on to the website and contributed to the new policy, that we are just going to have another repeat, we are going to finally, probably, adopt a lot of green initiatives for transport, we will be told there is no funding for them and, as happened in 1999, nothing will happen. The courageous decisions will not be taken because the alternatives will not be in place. The alternatives will not be in place because there is no money for the alternatives. So, I really think it would be perhaps much more constructive than this proposal only receiving a few votes in the budget debate, for the Senator to withdraw it. I would certainly be quite happy to facilitate a working group to work up realistic proposals that will have the backing of the Minister for Treasury and Resources and hopefully that could be brought to this House in the New Year to provide cash for much needed initiatives.

1.4.11 Deputy K.C. Lewis:

I think a hopper bus service is something that the whole Assembly would like to see so working; from that point I am sure it would be achievable if we all put our heads together. So, I look forward to being on the first hopper bus in the present series going around town. Large vehicles: many people need large vehicles, especially in the country. Vehicles to transport farm goods, towing trailers, possibly a horse box. People do not need to be reminded that large vehicles use more fuel, they already know. Many people are trying to downsize if it is possible, but this could have the opposite effect if this amendment was accepted because if you look in a lot of garage forecourts you will see many large vehicles, including 4 x 4s, for sale at very low prices because of the fuel of course. We should be encouraging the use of smaller vehicles, but I think hitting people with this would be a retrograde step so I will oppose it. Jersey sometimes leads and does not necessarily follow. Deputy Le Hérissier mentioned the Chelsea Hotel earlier on and I remember queuing up

there for a while myself until somebody came up with the wonderful idea of putting it on fuel, so car tax was abolished. But we now have the fuel tax which comprises 4 elements. You have the cost of the fuel, you have the impôt duty, the car tax, and G.S.T. So, I would definitely not like to see another car tax on top of that. I mentioned previously that M.O.T.s are something that I personally would not like to see in the foreseeable future. We are looking at D.V.S. (Driver and Vehicle Standards) at the large commercial vehicles, which needs a closer look at. Public service vehicles already go in for a yearly test, that is perfectly okay. But, the cost of servicing vehicles is quite high, we certainly do not want an M.O.T. charge on that and we certainly do not want a service charge for 3,000cc vehicles on top of that. That would be totally extortionate. I will be opposing.

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

Just really quickly, I think it is rather refreshing that Senator Le Main has had the courage to bring forward this package today. It is quite clear, I think, on the mood of the Chamber that he is not going to be successful but I think one thing he has been very successful at is identifying the link between what he wants and how he would like to try and pay for it. So, I think it would be nice for the Assembly to recognise that he has not got it all wrong, because he has got it right about finding funding streams for the things he would like to put in place.

1.4.13 The Deputy of St. Mary:

I hope we all agree with the environmental goals of the Senator and I think that is an important aspect of him bringing this amendment and there are so many. At some points it sounds like a proposition for a hopper bus. But the sustainable transport policy, yes, we have been waiting and waiting, home insulation - there is no argument about those things. But I just would like to add one little bit before I come on to the package bit of what I am going to say, which is very brief. That is that the traffic problems in the Island are not just in the urban areas, or what are commonly thought of as the urban areas. I know from my constituents, that traffic in St. Mary's is a problem, they want to see less of it, so as long as we grasp that fact in the Chamber that it is not only about commuters going in and out of St. Helier and the need to limit that, it is also about the general level of traffic throughout the Island and the need for a policy which addresses all traffic. My last point is to support totally what the Constable of St. Helier said, I thought that was very apposite. We need to look at this in terms of a package, particularly in the field of transport and just a note of caution ... a package in the sense that the funding and the results have to be looked at together and I do have to say I disagree with Deputy Green when he spoke of: "We have to have a decent sustainable transport system and then produce the money to pay for it." I am sorry, they have to go together because, I mean, it is obviously a refinement of what he said, but you have to have the whole thing brought forward together in a coherent way and that, I think, was what the Constable of St. Helier was saying. There is just one sidelight, if we have a Hopper bus the Minister for T.T.S. has said it would probably be free, that it would not be a paying service and, therefore, it would lose money effectively. But we do have to look outside that box, we do have to realise that when someone makes a trip on a bus they are not making it by some other mode, probably a car, and that there are savings there. There are savings in pollution, carbon, and health and those savings have to be put into the budget somehow and that has to be recognised that when we are dealing with transport there are savings as well as costs and we have to bear those in mind. But clearly the amendment, as it stands, cannot be supported. But I do look forward to the day that we do have a package that does the job.

1.4.14 Deputy J.A. Martin:

Well, the Senator might be feeling a bit lonely but let me start by saying I will be supporting it for the simple reason that I can feel his frustration. We have been waiting for this big package for so, so long that this is something that I think has got to be done in piecemeal. I mean, I was not going to speak but the Senator did mention this morning, it is not rocket science, there is 3 buses an hour

that go round a loop and I told the Assistant Minister for Transport and Technical Services to sort out a meeting, I will tell Connex where they can go [Laughter] and it will be done. I still have not had the meeting. That bus goes around on the hour, 20 past and 20 to and from 10.00 a.m. to 4.00 a.m. in the morning it does not go anywhere near Mount Bingham where all the housing property, and Pier Road up the top, are full of elderly people. So, piecemeal? Yes. Sorting out a bus strategy? We are many, many moons away. So, I will support the Senator and I challenge the Assistant Minister to get me this meeting with Connex and get this bus going in the next 6 months or there will be some more weird and wonderful propositions coming, I can assure.

1.4.15 Deputy J.B. Fox:

It is a pleasure to follow that one. I think I will support it now. [Laughter] For one simple reason is it might be this new alternative to traditional thinking and let us get the Constable's thing going, let us get talking around the table, and let us get a hopper bus service. Then we might get all the other things that we have been asking for for years. So, let us have a new one, let us say yes to it.

1.4.16 Deputy M. Tadier:

I will not be supporting the amendment in its amended form, even though I did opt to support the amended amendment, if that makes sense - getting my words out. I think the message we need to take away from today is first of all the environment is important and we do need a good bus service, and I think that is something that we can all support Senator Le Main on. Both a hopper bus service for town, but also an enhanced bus service and an improved bus service for the rest of the Island. There are several of us who are fortunate to live on a good bus route, we were just chatting on the back benches before lunch about if you live in St. Clement, Gorey, on the inner road at Beaumont at St. Brelade, you are fine really because we do have a pretty good bus service which runs frequently, both in the summer and the winter. If you live in St. Mary and if you want to go to the excellent pub that we heard about yesterday in St. Mary, you pretty much have to live in the area and walk there and there are 2 pubs, I have been informed, that are very good in St. Mary. But it is a shame that we cannot all enjoy those pubs because we know we cannot drive there and it is certainly too far for most people to walk, especially in this weather. So, maybe that is something that can be taken on board by the Minister for Transport and Technical Services. I do think that there is an argument to be had for emissions taxes, I do agree with the argument that we are being taxed already and therefore, the bigger cars, the bigger consumers, are already being taxed because they are buying more fuel. The argument there is whether they should be taxed again or maybe disproportionately. So, a car which uses twice as much petrol at the moment is paying twice as much tax. Should they be paying 4 or 8 times as much tax? There is definitely an argument to be had there. But I think, as has been said, it is an argument that needs to be had another day in a coherent and joined up fashion. It cannot just be done tagged on to the back of a budget like this. But really just to follow on from the comments of Deputy Le Fondré, I do not think it is an either or. I think that you can have the fuel tax and you can also tax on the size of the engine if necessary, or on the emissions, at the point of purchase or at the point of entry into the Island. Because on the one hand we do know that bigger cars consume more fuel, but we also want to change behaviour and if an increased taxation at the point of entry makes people think twice about whether they go for the big car or they go for the mini or the electric car, and that can only be a good thing. So, I do not think it is an either or but this does need to be viewed in the whole. Without wanting to propose something too radical, I know that certain countries, if what I have heard is correct, that in Thailand they have a 100 per cent tax on vehicles and that is partly to combat the pollution, the congestion, that anyone who has been to cities like Bangkok will see. I am not suggesting that we have that in Jersey, but certainly if you had a 100 per cent tax on a Ferrari, on a Porsche, on a Jeep, that would certainly make people think twice about using those kind of cars. So, I think the message today is that it is a good principle, we all support the hopper bus service. Hopefully when I come back with a proposition fairly soon to keep the bus station open longer, if not until the last bus, that will be supported because I think that we are sending out mixed messages to tell people to

get the bus but you have got to wait outside in the rain to do it, when we have got a perfectly good bus service. **[Approbation]** I think that is something that needs to be addressed and I hope for support when that comes back. It needs to be looked at once for and all in a holistic manner so, we agree with the principle of Senator Le Main and let us come back and do this properly, with dynamic and original thinking, very soon.

1.4.17 Deputy R.G. Le Hérisssier:

Since we seem to have moved to a hopper bus debate, just a very quick word, and this is a classic case of the innovative thinking which Deputy Power was seeking. We pay a massive subsidy based, it has to be said in the Minister for Transport and Technical Services, based on basically a faulty contract with Connex. We pour a lot of money, it is partly our fault because we basically allowed - other than changes at the edges - we allowed a system to be frozen in aspic and then we built upon this frozen type system. That means we pour a lot of money into an open ended contract and I am sure with an innovative approach, which I know the Minister for Transport and Technical Services wishes to pursue in remodelling that contract, there could easily, easily have been found money and we would never have had to go this route.

1.4.18 Deputy C.F. Labey of Grouville:

I have got a lot of sympathy with Senator Le Main's views and the reasons why he has brought this proposition forward. You have only got to look at the comments of the Transport and Technical Services Department. On the one hand there is a Priority 13 in the current Strategic Plan which includes commitments such as developing a sustainable internal transport infrastructure, persuading people out of cars - and this is it, this is the wording - by providing practical alternatives. Well, how are they providing practical alternatives? The hopper bus, as Senator Le Main said, has been chopped, how are they providing alternatives? The issue I have a particular interest in, as many will know, when we go on to the actual transport comments at the back they state that there will be no further funding beyond the £500,000 approved for 2010. Well, no further funding - they did not initiate or find any funding in the first place and likewise with the hopper bus. There is no further funding, there is no funding, so to have a commitment in the Strategic Plan stating that we are going to develop alternatives by providing these things, they are simply not providing them. So, I have a lot of understanding why Senator Le Main brought this proposition forward. However, he highlights these initiatives - the hopper bus, the cycle track, and he even says that there might be some monies left for the Deputy of St. John's mains drains. It is a very seductive proposition **[Aside] [Laughter]**, so I have sympathy. But unfortunately the Minister for Treasury and Resources, I am sure will confirm, that we simply cannot ring fence money. So, to say that the monies would be raised and will be for these initiatives is sort of a bit pie in the sky. I would have to agree with my colleague on my right here that the ownership is not the issue, it is the usage that will have the greatest impact on the environment and change the behaviour of people. Just one other observation, if this proposition went through it would have a huge impact on the agricultural industry. The Minister for Economic Development is not even in the Chamber, let alone makes a comment about it, and I find that is dismal. Where is the champion in this Chamber for the agricultural industry?

1.4.19 The Connétable of St. Mary:

I am glad to follow the last speaker, I agree with what she has said because it was obvious we were getting totally sidetracked on to a debate about something which is not in the amendment. I would just like to say that we have to decide, are we looking at just another revenue raising matter or are we looking at environmental issues and trying to change people's habits. Because if it is the latter, if it really is the latter, then this is not, surely, the way to do it because a tax on the fuel targets the usage, we already heard that. It is exactly the right user pays. People are quite capable of working out that their larger vehicles, if they use them a lot, cost them more to run therefore cost them more in tax than smaller ones. I mean, how far down the money state do you need to go? I agree we

should facilitate people using smaller vehicles and more efficient vehicles, but at the end of the day they will come to that conclusion themselves without any help from us. It is not about the kind of car you have, it is about how you use it and when you use it. Most cars these days have got a fuel computer on them telling you how many miles per gallon you get. I know there is a jolly good difference between when my husband drives the car and when I drive, and I promise to be better in future. **[Laughter]** But, it is true, it is the same car. Two different emissions because there is 2 different lots of fuel going through. I really feel this is the wrong way to do it. It is not justified. One little thing, Senator Le Main has been on the radio a few times, he said it in his introduction, about how he is thinking about the poor old elderly person who has got a small car they drive all the time. I know quite a few elderly people who - perhaps widowed, a couple of them are - who have their late husband's car in the garage. They would not dream of selling that car, it means the world to them, they have got all their memories from that car. They hardly ever drive it, they probably cannot drive it, maybe their son comes along and takes it out on a Sunday occasionally. But they will be paying the full tax, whereas let them pay for the few miles that they do in it. This does not help them, this is not what they want. I think it is just the wrong thing to do.

The Bailiff:

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

1.4.20 Senator T.J. Le Main:

I came here this morning full of hope. **[Laughter]** In fact I said to my darling wife: "Just get about 30 Christmas cards, all my friends are going to support me, at least 30 votes this afternoon." I have had to text her back to put them back in the cupboard. **[Laughter]** I do not know where your Christmas spirit is, but anyway. I would like to briefly explain that the issue that I brought up today was not an easy one and I did not think for one minute that I was going to get the support of the Assembly and get this through. But I wanted to do at this time, when we are talking about taxes and what have you, is raise the issue about some of the environmental gains that we are not doing anything about. The public, the people in St. Helier and those that come into St. Helier, would like some kind of policy where they are going to be able to move around the town area, they will be able to get in the town area, without using cars and cars and cars. I am also absolutely fed up to see P30s, P30 commercials driving through the town into the back streets of St. Helier to do deliveries. Also the large commercials that have bugged me for years and, in fact, we had a policy in the Housing Department that we will not allow large commercials in any of the housing estates now. Quite honestly, some of the people that are living in the backstreets of St. Helier, particularly No. 2, and the Deputies for No. 2 will know what it has been like. In Dorset Street, and all those back streets, where people are parked, vans with ladders on the top in front of their windows all weekend, every evening. In fact it is a common policy that they will park their car in front of that place, they will leave it there for the day, and return at night and replace their car with a commercial vehicle. I want some policy, I want to ... and coming forward today I knew in my own heart that I was not going to get very far with it, but at least now I have come out of it knowing that I have got the Connétable of St. Helier wanting to do something, I have got the Minister for Transport and Technical Services now saying to me: "Let us meet up and let us try and do something." I have got the Deputy of Grouville, I have got Deputy Fox and others that are now saying to me, and saying through this Assembly: "Something needs to be done." Where is the transport policy? I mean, I have got all the faith in the Minister for Transport and Technical Services, no problem, and I work very well with him and he is a dear friend of mine and I am going to give him all the support I can in achieving a sustainable transport policy. But we have been ... I have been waiting for that for 31 years. We have done nothing about transport in St. Helier. The Constable of St. Helier has been fire-fighting for years and years. Deputy Martin around Ann Court, the residents are up in arms with the traffic and the commercials and what have you. So, today I came forward with this proposition. I know it was difficult, there was no other way because I have got to work with the Minister for Treasury and Resources because I was not going to come

forward today with any proposals or any ideas which did not raise the kind of cash that the Minister for Treasury and Resources has in his budget. I have got to work with the Minister for Treasury and Resources because we need to have a balanced budget, a budget that is going to be able to meet the needs of Health and Education and others. So, I know it has not been easy. But, I listen to Deputy Southern, wow, the worst one in 8 years. Well I hear one from him every week, from Deputy Southern, which is just as bad as mine and in fact worse. Talk about a no hoper. I would have had a real difficulty in producing an argument, otherwise - and I felt this was my forum - to produce an argument, to produce an alternative. I am the only Member with my Assistant Minister that meets on a regular basis with the public with political and housing surgeries. I meet right in the centre of St. Helier once a month, we meet Age Concern and Communicare and every time there is issues about traffic, about people getting around, the elderly getting around, and I want something done about. I have got to say, it is important to me, it is important to the Minister for Transport and Technical Services, and it is important to everyone there listening, that at least now Members have been able to air their views. Okay, so my proposition is a load of rubbish, if that is what you want to say, fine. But at least you have been able to stand up today in the debate and argue against my proposition. But at least now the Minister for Transport and Technical Services can now go away and realise there is a great feeling for sustainable, commuter transport around St. Helier. That is one starter. There are other issues that can be addressed. So, I am not annoyed about it, the only thing is I did have a note from the chair of Privileges and she says to me: "Senator, we are looking into ways of speeding up the States efficiency. Go on, set a good example, give up." **[Laughter]** Sir, I would like to withdraw my amendment. **[Laughter]**

The Bailiff:

Well, the Assembly has to agree to allow the Senator to withdraw it. Does the Assembly agree to allow it to be withdrawn? The appel is called for then in relation to whether the Senator should be allowed to withdraw his proposition. I invite Members to return to their seats to vote on whether Senator Le Main should be allowed to withdraw his proposition. If you want him to be able to withdraw it you will vote pour, if you do not you vote contre. The Greffier will open the voting. Have all Members had an opportunity to vote? The Greffier will close the voting. There are 25 votes pour and 25 votes contre. **[Laughter]**

POUR: 25		CONTRE: 25		ABSTAIN: 0
Senator T.A. Le Sueur		Senator P.F. Routier		
Senator P.F.C. Ozouf		Senator A. Breckon		
Senator T.J. Le Main		Senator A.J.D. Maclean		
Senator F.E. Cohen		Senator B.I. Le Marquand		
Senator J.L. Perchard		Connétable of St. Ouen		
Senator S.C. Ferguson		Connétable of Trinity		
Connétable of St. Helier		Connétable of St. Brelade		
Connétable of Grouville		Connétable of St. John		
Connétable of St. Saviour		Connétable of St. Clement		
Connétable of St. Peter		Connétable of St. Lawrence		
Deputy R.C. Duhamel (S)		Connétable of St. Mary		
Deputy of St. Martin		Deputy J.A. Martin (H)		
Deputy R.G. Le Hérisssier (S)		Deputy G.P. Southern (H)		
Deputy J.B. Fox (H)		Deputy J.A.N. Le Fondré (L)		
Deputy of St. Ouen		Deputy S. Pitman (H)		
Deputy of Grouville		Deputy K.C. Lewis (S)		
Deputy of St. Peter		Deputy of St. John		
Deputy J.A. Hilton (H)		Deputy M. Tadier (B)		
Deputy P.V.F. Le Claire (H)		Deputy T.M. Pitman (H)		
Deputy of Trinity		Deputy E.J. Noel (L)		
Deputy S.S.P.A. Power (B)		Deputy T.A. Vallois (S)		

Deputy I.J. Gorst (C)		Deputy M.R. Higgins (H)		
Deputy A.E. Jeune (B)		Deputy A.K.F. Green (H)		
Deputy of St. Mary		Deputy D. De Sousa (H)		
Deputy A.T. Dupré (C)		Deputy J.M. Maçon (S)		

The Bailiff:

I think that means, because the proposition was that he should be allowed to withdraw it, therefore, the proposition has not been carried so he is not allowed to withdraw it. Therefore, we will now move straight through to the vote on his proposition. The appel is asked for. The Greffier will open the voting.

POUR: 7		CONTRE: 43		ABSTAIN: 0
Senator T.J. Le Main		Senator T.A. Le Sueur		
Connétable of St. Helier		Senator P.F. Routier		
Connétable of Trinity		Senator P.F.C. Ozouf		
Deputy J.B. Fox (H)		Senator F.E. Cohen		
Deputy J.A. Martin (H)		Senator J.L. Perchard		
Deputy J.A. Hilton (H)		Senator A. Breckon		
Deputy S.S.P.A. Power (B)		Senator S.C. Ferguson		
		Senator A.J.D. Maclean		
		Senator B.I. Le Marquand		
		Connétable of St. Ouen		
		Connétable of Grouville		
		Connétable of St. Brelade		
		Connétable of St. John		
		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 Hérisssier (S)		
		Deputy G.P. Southern (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. 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 T.M. Pitman (H)		
		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. De Sousa (H)		
		Deputy J.M. Maçon (S)		

Deputy A.E. Jeune:

If I might just, on a point of clarity, on something that the Minister for Housing did say in his summing up that his was the only department that met with the public on a regular basis. I, on behalf of Social Security, meet with the public once a month.

Senator T.J. Le Main:

I do apologise to the Deputy.

1.5 Budget Statement 2010 (P.179/2009): third amendment (P.179/2009 Amd. (3))

The Bailiff:

Very well. Then we move on next to the amendment lodged by Senator Breckon and I ask the Greffier to read the amendment.

The Greffier of the States:

Page 2, paragraph (a) after the words “as set out in the Budget statement” insert the words “except that in Summary Table A States income 2010, the estimate of total taxation revenue for 2010 shall be increased by £4.9 million by increasing the new company fees via the Financial Services Commission which shall be achieved by increasing the company annual return fee to £300 as follows: new company fees via Financial Services Commission £8,600,000.”

The Bailiff:

Just before asking the Senator to speak, I received a note from one or 2 Members asking whether anyone who is either a director or shareholder of a company needs to declare an interest. The answer is you should, in my judgment, declare an interest if you are a shareholder, not if you are simply a director because then you are simply an employee. But it is not one which requires you to withdraw, it falls within the second category which is the general type shared by many people. So, if you just declare it and then you can stay and speak and vote.

Deputy J.A.N. Le Fondré:

In which case may I join the throng of saying I am a shareholder in a company, Sir.

The Deputy of St. John:

Could I declare the same, shareholder of another company.

The Bailiff:

Very well, stand up so the Greffier can make a note.

Deputy I.J. Gorst of St. Clement:

Sir, I obviously appreciate your ruling but I want to declare for the record again that I am employed a financial services company that manages a number of these types of companies that make these annual returns.

1.5.1 Senator A. Breckon:

I do have a handout which the Usher has got now and I will refer to but I will not be referring it for a moment or 2. I would like to start just by thinking generally about the budget and I remember years ago I asked about the procedure for proposing amendments to raise money, and the Treasurer at the time and the Comptroller of Income Tax told me at the time that not many people had asked that question before. I should declare that I have done that a number of times with a limited amount of success. I proposed limiting mortgage relief many years ago when it got 6 votes and

now it is part of the policy and restricted to your principal place of residence. Also, quite recently, about stamp duties on estates and changing the level of percentage fees on that. So, I have proposed a number of amendments over the years. In this particular instance, when I looked at the budget book, on page 40, I noticed that the revenue contribution from the Financial Services Commission was going down by over 15 per cent from 2009 to 2010. It was going down from £4.4 million to £3.7 million. Now, against that background we have a desire, it would seem, to squeeze the maximum value from shareholdings that we have in companies. The States must get maximum efficiency money and whatever else, and I thought: "Well, hang on, if we have a possible cash cow here in the Financial Services Commission in the plum area, financial services, how come we are getting less money to the tune of about £750,000? Why is that?" When I looked at that I then started asking questions of the Financial Services Commission - I have a bundle of emails that went backwards and forwards - and the Comptroller of Income Tax to see what was going on here and I would like just to thank officers in those departments for their co-operation. Especially the Comptroller of Income Tax. In fact, I must have energised his mind so much so that the next day he sent me a letter to say that my I.T.I.S. had increased by 2 per cent. So he obviously thought if you are going to raise money I will ... I was just reminded of something but I am sure that was not related. Anyway, during that inquiry I established that the fee for annual returns had not risen since 1998, it was £150 then and it was £150 now so to me that suggested that if there had been various fiscal review groups and people looking at charges, it was an area they had missed or they had deliberately ignored it or the lobby was so powerful that they went away. Somebody said: "No, no, leave us alone. We are making shed loads, let us get on with it" and that might have been the case. However, of that fee the Financial Services Commission retain £35 and the contribution to the States works out £115 which is where the £3.7 million come from. Guernsey, incidentally, charge £250 and the Isle of Man charge £320. So when I looked at this it seemed reasonable to me to increase this fee, it would not cause any undue hardship, and perhaps it was justified in the sort of 10 or 11-year period. Just to give Members the background, there are about 33,000 companies registered and of those approximately the split is two-thirds, one-thirds. The two-thirds are tax exempt companies, that is to say that they are not domicile for tax purposes. Now, up until very recently they were paying £600 as a tax exempt fee and £115, so they were paying £715. They are now paying £150 and about 6 weeks ago somebody I knew from years ago was in the Island and they got a number of these companies and they contacted me and they were worried. They said: "We were happy, we operate, we do not have employees here but we do a certain amount of business, why has this happened? What is going to happen in the future? Why are we paying less?" They have a number of companies and were happy to pay it. The reason why is it is this equalisation, the E.U. (European Union) stuff and whatever else where we are all the same as we were. That is basically the reason but obviously it is a bit more complicated than that. But the effect of that is that £12 million of income from these fees, these £600-plus fees, has disappeared. This is the black hole, or part of it, that is appearing. Now, there has been moves or suggestions of a number of ways this hole might be filled and there was a report of the then Minister for Treasury and Resources, RC.80/2006 and what was said in there was that economically acceptable methods to raise some revenue contribution from other sources have not yet materialised. So, in other words, this is gone and some others who have gone are not yet paying a contribution. So, when I looked at this I thought: "Well, if companies were paying that then what I am proposing is less than half of what they are paying." The other thing that was said at the time - again, that was in that RC.80 - some Members may remember that another proposal that was put forward was using the Regulation and Undertakings Development Law to tax some on employees is another way of getting it, if you think of the High Street you will think of companies who are not resident or doing business. What it said in there: "However, other mechanisms will continue to be investigated for possible longer term solutions to the underlying problem Regulations and Development was designed to address" and it said: "Economically accepted method to raise some revenue contribution from non finance, non Jersey owned business operating in the Island which under Zero/Ten would otherwise no longer make any such direct contribution in Jersey." So, something

has gone missing and nothing has replaced it. It is a bit like vehicle registration duty, where G.S.T. did not step in, it was £4.8 million, have not got a clue what it is now and nobody can tell me. So, we never did, I do not believe, fill those fiscal gaps. I think it is important for Members to remember, what we are talking about here in the main is two-thirds of these companies were paying more and for the majority it probably would not be a problem. Now, for some it might, but for the majority I would suggest that it would not. The other thing that I have given out to Members is a consultation paper from the Financial Services Commission and the reason I have done this is, Members will remember a few short weeks ago where we talked about a Gambling Commission and should it be self funding, should the industry pay for it. Now, the Assistant Minister for Treasury and Resources, Deputy Noel at the time, was fairly gung ho about his amendment, saying: "No, it must support itself, the industry must raise the money, and they must do that now." That was his amendment, which we never got to. But, in the parts that I have highlighted at 3.2 is says there: "3.2.1 An increase of 23 per cent in trust company business registration fees was agreed in 2006 for the years 2007, 2008, and 2009. This was above inflation rates, largely due to the requirement to increase the headcount to the trust company business division from 10 to 15 in order in order ensure than an effective level of onsite examinations could be undertaken and to cover the total operating expenses, attribute it all to trust business, the current headcount is considered adequate at present and no changes are envisaged in the next 3 years." But, again, I have highlighted some bits on the back and I would ask Members to look at the table in 3.2.6 and that adds up, in those years, of a deficit in 2009, 2010, 2011, 2012, of £1.2 million. It says underneath in 3.2.7: "In order to break even, the trust company division is looking at a number of elements that will assist in alleviating the shortfall. These elements include an increase in the registration fee." The reason I have included that, I did get a phone call from a member representing the industry and said: "What about us?" When I was aware of that incredibly they said: "Oh, of course, we are aware of that." "So what are you going to do? Are you going to pay for it?" "No, we are aware of it." So, we are talking about an industry that is fairly valuable and is not paying to regulate itself. That is the consultation paper from the Jersey Financial Services Commission that the consultation ended on 20th November this year and it is showing us a shortfall. Now, the other thing is you can say: "Well, the F.S.C. (Financial Services Commission) have got too many staff. They are not efficient." That is not my argument, what I am saying is some people are complaining their industry, the fees raised, are not paying for the regulation which is Members who might be opposing this amendment had a different view when it was a Gambling Commission. The industry must fund it. So, I will be interested indeed to see where they stand with this. I think the other thing it does, it demonstrates that there is a cost to doing business. But is it an acceptable cost and is the increase that I am proposing reasonable? It is payable, it is a fee that is payable at the end of February 2010. So, I would say that the only industry that is well able to organise its affairs, to amend these fees if it is proposed, within that time. It is, I would suggest, easy to implement. I would say as well, I do not believe that Members should let perhaps a minority have undue influence. They are entitled to their say, same as everybody else, but two-thirds of this business, I do not think, would have a problem with what I am proposing. Of the remainder of the other companies, about 7,000 from my figures, are large to small trading companies and obviously there is an increased cost to them, but having said that, the fee has not gone up since 1998 so you could say: "Well, perhaps it should have done before now by certain percentages" and I understand about 3,000 companies are property holding, that might hold that for share transfer and other things. But the other thing that I have looked at, I understand in the Companies Law that there is no requirement to consult. Although it might be polite to do so, I do not think that there is any need if people do not want to, to consult. Just, I would like to summarise, because what my amendment seeks to do, it seeks to increase a fee that has not been increased for 11, or what will be next year 12, years. To put it at a level, that is an increase of about £3 a week, which is equivalent to perhaps 10 cigarettes and a pint of beer or whatever, but not very much. So, I do not think it is too much on that. Also, I would ask Members to look at it against a declining return from the Jersey Financial Services Commission to the States of Jersey. It was £4.4 million in 2009, it is now £3.7 million,

and also a possible loss of £1.2 million up to the years 2012 in that particular area that I have mentioned to Members in that table. I think there is also the opportunity to get back some of the fee income that was lost with the way the structure was set up, those companies that were paying £600 I do not think will have a problem with this and, as tax exempt companies, I do not think that they - or whatever their status is these days - they will have a problem. For that reason I propose the amendment because I believe it has merit and I believe it is something where, perhaps even the Minister for Treasury and Resources himself will admit, somebody should have looked at and done something about before now. For the majority of the population I would say and even for those with genuine business interests, this will not be a burden at all. So with that, I propose the amendment.

The Bailiff:

Is that seconded? [**Seconded**]

1.5.2 Senator P.F.C. Ozouf:

I am grateful for Senator Breckon for not linking, as it would have perhaps have been easy to do, the debate about duties to this issue of companies, and I very much respect the fact that he has done so. I do think that he has raised and he has almost, like perhaps the last proposition, he is giving additional incentive to me to certainly look at this area. Company fees is something that I have been looking at. Before I deal with that let me first of all say that I am not at all sure that the issue that the Senator raises in relation to the note he sent around about the Jersey Financial Services Commission has got anything to do with these company fees. This is about, I think, trust charges or the fees that the J.F.S.C. (Jersey Financial Services Commission) charge for trust companies. That is a related issue and no doubt the Minister for Economic Development will address that. I certainly cannot quite see the linkage between the fee; there may be a bit of a red herring there. I am looking at company fees and I want to just illustrate the fact to Members that I am looking at company fees by saying 2 things. First of all, the review that I want to carry out on companies is, I hope, going to look at all companies administered in Jersey, and not just Jersey companies. There are companies that are administered in Jersey, for example, B.V.I. (British Virgin Islands) and Cayman companies, which I want to also include in my scope of any reviews because nothing is going to escape my torchlight in terms of opportunities for raising revenue. All companies are going to do so and all companies administered in Jersey, and unfortunately the fee that the Senator is proposing just deals with Jersey companies. I wonder whether or not he would touch on the reason why he has not also considered increases, if he thought that that was an issue, for non Jersey companies that are administered in Jersey. I have also announced that I intend to bring forward an amendment to the exempt funds and securitisation regimes for income tax and I am proposing that a fee should be payable for their exempt status, and I am going to be proposing in that case for the fee to be £600. I say those things to give Members an example of the fact that I am looking at the company structures and I am looking at fees to see where more revenue can be raised. In my original budget speech, I spoke about the need for long-term thinking and fiscal responsibility. I can say, with a degree of some certainty, that if this amendment was to be approved, then we would raise £4.9 million per year and, from a Treasury perspective, that other things remain equal would be welcome. My concern is what the revenue and the economic impact to the economy would be in the longer term, because I cannot say to Members with any degree of certainty that that £4.9 million would be recurring without having done proper research. Jersey's finance industry is founded upon stability and certainty. These principles are important credentials and they are paramount whenever we look at changing fees or taxes or when we consider any changes to them. So these changes for fees will deal with thousands of companies and I am afraid that this is a very short notice increase and I am afraid it is not right, not only to impose this fee at very short notice - I will come to the issue that it is payable in February - but also it is not consistent with the established principle we have about proper consultation to understand what happens in relation to any increase of company fees. Company registry fees do influence, in the long term, the preferred place of incorporation and

Jersey has to remain competitive and competitiveness is key to maximising revenue. The advice that I have received is that the late introduction of this fee would create quite an administration burden to, particularly, the trust and company business which are the vast majority of companies. It is the reality, I am afraid, and this is something to do with the timing of the budget, I fully accept that that most trust companies have already issued all of their invoices for the trust company fees already. While they are payable in February, I am advised that most companies send out their bills at the beginning of December and they will have completed their billing process. If the Assembly does put forward an amendment then all of those thousands of companies will need to be invoiced separately for the additional amount of money. I am afraid that that will create, as much as it pains me to say, some administrative difficulties. One of the main tenures of Senator Breckon's argument is that the fees that we charge in Jersey are less than Guernsey and the Isle of Man and I need to tell Senator Breckon that that is not strictly the case; that most companies in Jersey, most financial service companies, pay the additional £100 fee which is the international service entity fee. Therefore, I am sorry to say, but the statutory fee payable in Jersey is already the same as Guernsey's. An increase in the company registry to £300 would give, including the I.S.E. (International Service Entity) fee, a fee of £400 which, in fact, would be added to the administrative cost that the J.F.S.C. and put our fees significantly higher than Guernsey and the Isle of Man. I do not think that that is at all in the interests, particularly completely unconsulted way, that would not be in the competitive issue of Jersey. I think there is a real issue there. The company formation market is competitive. We have been trying to persuade businesses in the financial services industry to use Jersey companies as opposed to using B.V.I. and Cayman companies and we want to do so because that creates valuable recurring revenue for the Island. I have to say that we have been very successful in that approach in the last few years and I consider that this amendment would cause a negative reaction, particularly without any sort of consultation, and would be detrimental to our financial services industry. Therefore, with the greatest of respect to Senator Breckon, I am afraid that he is not right to say that fees have not increased for 10 years; we have put another fee in which is the I.S.E. fee. This would not mean that Jersey companies would remain competitive with our key other counterparts in Guernsey and the Isle of Man and there is the considerable issue of a fee change without any consultation and after the billing process has occurred. It also would affect all companies; not only financial services companies, but all other companies engaged and non financial services businesses too. We have said so much in this debate about the importance of not incurring and not affecting business in the downturn, I would not want to do so. So, it is somewhat with a heavy heart, particularly with the deficit, that I have to say and recommend to Members that they reject this proposition but they can reject it in the certain knowledge that I will be looking at company fees; at the company fees not only for Jersey entities but also for all those entities that are administered in Jersey. I will be looking at that and I will be bringing forward proposals for any changes, in addition to the ones I have already mentioned, by April of next year. They will be consulted upon and they will be consulted and, therefore, they will be known about ahead of the billing process for next year. There are opportunities but I am afraid this stepped change in increase is not recommended as I believe that it would be detrimental to our long-term economic interests.

Senator A. Breckon:

I wonder if I can seek a point of clarification from the Minister for Treasury and Resources. The Minister for Treasury and Resources mentioned international service entities; could the Minister confirm that the £100 fee they pay is for exemption from G.S.T. and would cut down on, indeed, the administration. When it was implemented, it was not implemented as part of an annual review, it was implemented in the middle of the year.

Senator P.F.C. Ozouf:

It was, indeed, implemented at the time of G.S.T. and I would remind the Senator, which he will know, is that of the £45 million initial revenue estimate of G.S.T. made, £6 million to £7 million

was to come from the financial services industry, i.e. not a burden on the local community and that is part of that G.S.T. fee. Now that G.S.T. fee, the I.S.E. fee, does not exist in Guernsey, which is the key competitor in this regard, so we are and we must look at the total cost of fees in terms of taxation revenue that we are looking for from companies. I really cannot add anything more than that. We have already increased fees by the I.S.E. which limited the interact on local G.S.T. of £100 per company.

Deputy D.J. De Sousa:

I am sorry, I could not quite get those figures. Can you just run over them again? Did the Minister say £45 million was expected to be collected in G.S.T. but £7 million was offset by this £100 paid by businesses?

Senator P.F.C. Ozouf:

I do my best to keep all these figures in my head. The original figure for G.S.T., for domestic ... I will make sure that these figures are absolutely correct. I am speaking from memory; the original figure for domestic G.S.T. collection was in the region of £45 to £50 million, of which £7 million - which was the Minister for Treasury and Resources', at the time, attempt to collect money from financial services industry was £7 million - and that I.S.E. fee; a part of that is the £100 per I.S.E. figure. It is a fee and it is payable and that is the total fees payable which we must remain competitive with other jurisdictions that offer the same services.

1.5.3 The Deputy of Grouville:

Thank you. I am going to give the Minister for Treasury and Resources a bit of advice, or my opinion, rather than a bit of advice. I feel, by going down this tack of not allowing Senator Breckon's proposition, which, to my mind and to most ordinary people, is a very reasonable proposition I think is a detrimental effect and I think that is probably why Deputy Power's proposition was approved this morning; because, to be perfectly honest, I had great difficulty in supporting Deputy Power but, because I felt that the proposition was brought forward without any regard to making up the deficit and it is this proposition that, if you like, saved his bacon, but that I supported it because I think, as was said during that debate, it is middle Jersey that are being targeted time and time again; that we have gone to Zero/Ten, it is the 20 means 20, the G.S.T., not allowing exemptions on G.S.T., and now we have a perfectly reasonable proposition putting fees up for the finance sector and companies, and local companies, I will concede that, but it is putting fees up in the finance industry that, to be perfectly honest, can perfectly afford it. The Minister for Treasury and Resources is shaking his head but I am afraid I have worked in the finance industry; I have run trusts and companies - sorry, we are talking about companies - worth millions and millions. They are not going to transfer and all the fees that that would entail, to Guernsey or the Isle of Man for £50; let us get real about this. I went back through some of the transcripts and on 7th December 2004 I asked the question of the then Minister for Treasury and Resources, Senator Le Sueur, and it was when we were proposing to go to Zero/Ten and I said: "Would the President inform the Assembly how much tax is generated from the Jersey exempt company fees annually?" and he responded by saying: "The amount of tax generated from Jersey exempt company fees is approximately £10 million per annum." So that was it; £10 million wiped off the board and I then went on - I will not read the exchange - but I then went on to say: "Can we not make up some of these monies from raising the annual return fee?" and Senator Le Sueur agreed that this area should be looked at and it is an area that we could look up some, but not all, because at that time exempt fees, I think, were about £600. But no attempt, absolutely no attempt has been made to address this problem and this is 5 years later. Nothing has been done and it is all very well for the Minister for Treasury and Resources to say: "I hear what you say. I will look into it. I am going to work on it" but we were very, well, not quick, but we introduced G.S.T.; people are paying for G.S.T., and they were expected to pay more this morning with the duties on food, alcohol, tobacco and all the rest it and I think that is where a lot of us felt well, no, why not this proposition? Why not? This makes

up the deficit, it makes up what we have lost with Deputy Power's proposition, but it has not even been looked at in 5 years. Nothing has been brought forward and that is my piece of advice to the Minister for Treasury and Resources. I think people are just sick and tired of it, sort of, being put on the back burner; it will be looked at, at some time. In the Minister for Treasury and Resources' speech yesterday - and I have to say that I think the Minister for Treasury and Resources has done a very good job; this is his first budget and it is a good budget on the whole, but I do feel that we could be doing more but he has only been in the job a year and I appreciate that. In his opening address yesterday, when he was talking about the deemed rent, and this is another completely unfair system that we have with us at the moment, and the Minister for Treasury and Resources said: "I have also given careful consideration to the reports of the Corporate Services Scrutiny Panel in relation to deemed rent." So he has given careful consideration to it. So he has given careful consideration to that, the Minister for Treasury and Resources, the President at the time, sorry, 5 years ago, told me when we got rid of - I think it was nearer £12 million but he told me £10 million at the time: "Yes, we are going to look into that. We are going to look into making this up"; but still nothing. That is what I would say to the Minister for Treasury and Resources. People are sick of being targeted when there are other mechanisms; we can raise huge amounts of money and I know I am going to repeat myself here, we re-zoned 60 vergées of good agricultural land last year and not one penny was derived in tax. Not one penny. **[Approbation]** The agricultural field in my Parish changed; the value changed from £25,000 to £2.5 million overnight and not one penny is derived in tax. What have we done about that? Are we looking at that sort of thing to raise money? No. Well, we may be looking at it, but we are looking at deemed rent, we are considering annual returns. I think now is the time for action and I will be supporting Senator Breckon's proposition because I think it is perfectly reasonable.

Senator P.F.C. Ozouf:

May I just make a point of clarification? The Deputy asserts that no penny of tax has been paid on land on the re-zoning. I do not know the details of that and I would respectfully say that she does not, because if it is a trading company that is buying and selling land, then it may well be and also there is the issue of planning obligations which are considerable, which are regarded as a tax by another form, so I just clarify the fact that she is not exactly right, if I may respectfully say and I am not certain and neither is she in terms of tax.

1.5.4 The Deputy of St. Martin:

They say a week in politics is a long time and it was only last week I was coming to the House and pleading that we should not be just putting up the fees of betting shops and charities and those people who want to run bingo. There was an immediate ... an amendment, put by the Assistant Minister for Treasury and Resources saying: "Oh, user pays. They have not paid their full recovery so instead of having a £3,000 hike, it is going to be an £8,000 hike" so, I am just wondering, where is the Minister coming along with an amendment saying: "Oh, we must have full recovery cost. We must have user pays" but where is it? However, it is not all doom and gloom for the Minister, the Treasury, because again if I want to be consistent, and I think I want to speak about consistency because I think we have got to compliment Senator Breckon on bringing the proposition because what it has done, it has drawn attention to something either the Minister has been completely blind to or because it is his pet subject - the finance industry - he must not touch. I do not know which it is, but what we do say, the Minister for Treasury and Resources is thinking and he has been looking at this alternative so, again, compliment to Senator Breckon for making the Minister aware of it. Again, it is so important, but again, the Minister, when we read the comments here, he talks about no consultation. Well, I say exactly the same for the betting shops and the charities because, again, it was pulled back. Why? No consultation and we are having a huge hike in fees yet when this has been asked to pay £3 a week, it is too much. So, you know, where is the consistency? Had Senator Breckon brought this along with an R.P.I., I may well have supported it and I am also ... and this is one of the reasons why the Minister may be pleased with me, because I am not going to support

Senator Breckon because I believe in consistency. I cannot be coming here last week saying: "We should not be putting the fees up beyond R.P.I." and today I can come and say: "I am going to support, Senator Breckon because it is doubling the fees." So, if we are going to be consistent, even though it is only £3 a week, and I am also ... I am going to trust the Minister, because there is no reason why I should not do, but this is going to come back in April and I would far rather this came back. It may well be we can get more than £3 a week, if it comes back, because, I think, by agreeing to this, maybe really a short-term gain where there may be a longer term gain in the long run. So, for all the reasons I would like to support Senator Breckon because, again, I think it is a very good proposition, it has drawn attention again to the shortcomings that we had from the Treasury that they just feel there are certain parts ... they were quite prepared to take £3 off what we call middle Jersey by, if we had not supported Deputy Power, because that basically would have cost everybody about £3 a week, and yet we cannot find £3 a week to impose upon the financial service. But again, for consistency, I will not be supporting it but I will be looking forward with eagerness that the Minister will be coming back with a possibility of getting maybe more than £3 a week from it. So, for those sorts of reasons, I will not be supporting the proposition or an amendment.

1.5.5 Deputy J.A. Martin:

I will be brief because this is certainly not my topic and the more questions I ask, I hear about more companies, more different sorts of fees and whatever and everything else. I do have a question for Senator Breckon, and I do have respect for both Senator Breckon and still some respect for the Minister for Treasury and Resources - no, I have lots of respect for the Minister for Treasury and Resources - and I do feel that, and I did see the colour he went this morning, sitting directly opposite him, when he realised he was going to have over £4 million in deficit, that there was an option on the table - quite a good option - that if he really thought, and he had spoken to the officers and, as I say, people who have a lot more knowledge than me, and I probably would suggest apart from Senator Ferguson, maybe the Deputy of Grouville and a few others in here who have worked in the business, we do not really know what we are messing with and, with that exception again, I think Deputy Southern has always done his research, along with Senator Breckon. So I am totally confused when, in evidence, and we have a paper submitted by Senator Breckon but produced by ... it is a consultation paper by the Jersey Financial Services Commission, or is it Financial Services Jersey, that do seem to feel that there is something that needs to be done but with consultation. But they are talking about different fees, to me, that the Senator has put in his proposition. So, is it again a quick gain? Do we believe the hype that, yes, it may well bring in £4 million this year but we could lose half of our companies? Now, what is half of the ... no, do I believe that? I do not have the expertise to know. I mean, I have just had a conversation with Deputy Le Fondré, who tells me many big companies ... and I do believe this, because this is where companies deal in realistic monies that look down to the penny of a country where they are going to do business, to phone calls in and out, because they absorb the phone calls and the cost and I would say we are well outside of many other countries that, you know, we are well above those. So, are we comparing apples and pears? Am I up on enough to this to absolutely say, it is only another £150 or it is another £50 here and they already pay the same as Guernsey, including the set aside for the exemption of G.S.T. I am still not even convinced the £100 exemption for G.S.T. is the right figure but I need someone to do some work on that. Again, that has been frozen for 3 years because we have frozen 3 per cent, but that could have been an outside; that could have been one that could have been being looked at very, very closely. There is no administration. All across the board they pay £100. They worked that proposition up to the States very, very quickly when they saw G.S.T. coming and we saw the amounts of what they do in the U.K. where they are not exempt. They are not exempt. Administration is massive. So, I think we probably did do the right deal, but did we do it with the right amount of money? I do not know. So, as I say, I respect Senator Breckon. I would be surprised if the Minister for Treasury and Resources could see a real easy win here. He would not be biting all our hands off and accepting this amendment, and I mean that, because, you

know he is - whatever you may think about Senator Ozouf, the Minister for Treasury and Resources - a very shrewd businessman. If he really thought this was one way of wiping out the deficit that he was given this morning, he would be doing it. So, I wait for Senator Breckon to sum up, because he has researched it. I know he only found this out probably a few weeks back. Being very busy and being a one-man band, he had to do all the research himself. Has he done enough to convince me that we will not, in this very, very tight financial ... and I do understand that, and I do understand that is why people did vote for Deputy Power ... too much, just that penny or couple of pence on the pint - I did not support him - was going to break the camel's back, so people did. But, in reverse, are we going to break some companies ... the backs of ... oh, camel's, heaps, whatever, humps; I do not know and I just would ... I believe and I can only say, we have had a promise from the Minister for Treasury and Resources; I think he accepts that the fees need a good look at and there is possible room for putting them up. Obviously the 3 years is nearly coming up for the G.S.T. element, which is something I really want looked at as well. So, I really need to be convinced we are not making a bad situation even worse and it is down to other Members to convince me the way with their expertise. Do not go into too much technical detail because you are not going to give me a 50-year lesson in half an hour, even if you try and speak for three-quarters of an hour; after 5 minutes, lost me, sorry. So, I will wait for Senator Breckon to sum up but I will listen to the people that I do respect who have the financial knowledge that I think, in this House, what also will have to say.

1.5.6 Deputy D.J. De Sousa:

I have to say this speech by the Deputy of Grouville was really spot on. She really hit the nail on the head and, yes, this has, overall, been a good budget and it has not been easy. We are not in easy times. This proposition, in my view, was a breath of fresh air. I voted for Deputy Power's amendment this morning because I felt it made sense. I did not see that we would gain the revenue that we thought we would by putting the increases on, plus I do not think we should continuously keep hitting the ordinary person. This year they have had to contend with G.S.T., electricity increases, pay freezes, effective pay cuts, job losses and the rest of it. We all know what is going on. I do not see that £100 increase on multi-million pound - most of them are - turnover firms will seriously make them go elsewhere. Most of them are - the Minister is shaking his head - but trust funds, most of them, are multi-million pound. Anyway, I do not feel that £100 increase on registration will make them go elsewhere so I will be backing this proposition and I hope the majority of the House does.

1.5.7 Deputy T.M. Pitman:

It is very much along the lines of the Deputy of Grouville who I, too, thought made an excellent speech. I will try not to dwell on it too long because it is similar things. I have to say, it never ceases to amaze me how, among all the warnings and the shroud waving, it has to be said, by the Minister for Treasury and Resources and the Council Ministers about the doom and destruction if we, and Islanders, do not face up to difficult times and tighten our belts accordingly, the great untouchables in this always remain the Island's most wealthy, and the various friends of finance industry; trusts, companies, *et cetera*. The Council of Ministers' objections to Senator Breckon's amendment is just the latest example, I think. Now, it has been a difficult budget and I congratulated the Minister yesterday in many ways and whatever my difference is, I can accept that as a politician Senator Ozouf does generally make Margaret Thatcher look like a socialist, but that is his perspective on the world. It is fair enough. It is his view, it is not mine. But what I cannot accept, however, is that this ridiculous and, quite frankly, insulting to the poor and Deputy Power's middle Jersey mantra of how Jersey's entire infrastructure would collapse overnight if these sacred cows were just once - just once - told to face up to the same realities that apply to the rest of us. I just cannot buy into that mantra, I am afraid. I say to Members, do not be led by all this promise of reviews. Firstly, it is not just a review of 1(1)(k)s, for example, that we need here; it is, as I said yesterday, action on introducing genuine progressive taxation. Not what many people probably

say: "He is fobbing us off" with the Minister for Treasury and Resources' version of taxation being levied on higher earners which, in reality, targets and stops with what most of us would conclude are really middle earners. The real high earners remain untouchables. Secondly, it seems from what we have heard these past couple of sessions, that there appear to be reviews being done on absolutely everything under the sun and I have to ask how much all this reviewing will ultimately cost us; how much it is going to drain our resources. This amendment, which I note that the Minister for Treasury and Resources says could be reviewed next year, is not only timely, in my view, it is, in real terms, I think, asking something very moderate and affordable for a return that would surely be hugely useful, given the bleak and difficult times, indeed the huge deficit that the Minister for Treasury and Resources assures us that we must confront, and of course we must. Just as the former Economic Adviser stated back in 2004, I seem to recall, there is no evidence that there would be a mass exodus if the very wealthy had to live in the same real world of taxation as the rest of us. There is also no evidence whatsoever that I am aware of that Senator Breckon's proposal would have a similar Armageddon-like effect on the world of trust companies. Given the excellent speech by the Deputy of Grouville and, indeed, Deputy De Sousa, that is all I want to say really about a budget that has to tackle deficits. This is a reasonable fee to cover doing business, in my view, and I will support Senator Breckon.

1.5.8 Deputy A.K.F. Green

I am in one of my dilemmas here today, because when I came here today I thought that I would be supporting this proposition to help fund some of the things that we need to do. But the information I have heard so far, particularly from the Minister for Treasury and Resources and discussions, give me enough cause for concern to say that my knowledge is not complete; that I have not enough information to make an informed decision, so I am going to sit on the fence for a while, but I have a question for the Minister for Treasury and Resources. I do not know if he would be allowed to answer it; maybe one of the Assistant Ministers could answer it? I am just a little bit confused. I know I am a simple soul, but £150 per company, plus £100 I.S.E., that is of G.S.T., brings us to £250. Guernsey is £250. Guernsey has no G.S.T. So are we effectively saying that, in effect, our companies are not contributing G.S.T., because they are paying the same rate as Guernsey? I just ask that as a question, maybe it could be explained to me? So, Guernsey have no G.S.T., they are paying £250. We have G.S.T., we are paying £250. As I say, I do not have enough information to make an informed decision, therefore, I am inclined to support the Minister for Treasury and Resources on this one; give him a chance to get in there, have a look at it, come back with a real balanced, important proposition. I would like my question answered, if somebody could tackle that for me?

1.5.9 Senator J.L. Perchard:

You cannot fail to be but impressed by the support the financial services industry receives from the Minister for Treasury and Resources and the Minister for Economic Development and, in fact, this House, and it is right that we should support the financial services industry for without that industry Jersey would be a very, very different place. I just wish that the Minister for Treasury and Resources, and particularly the Minister for Economic Development, shared his same passion for supporting industry, Jersey's minority industries, and showed an equal level of enthusiasm to support the Strategic Plan's initiative to ensure that we do not remain dependant. I think twice today I have criticised my good friend, Senator Maclean, but I do wish he and his department would take on my criticism in this respect. I have to say, the Deputy of Grouville and Deputy De Sousa, Deputy Trevor Pitman spoke about this easy, quick win. I warn that any tinkering, any tampering, any doubling of fees to our 30,000 registered companies could have very significant impacts. Without a, sort of, cost benefit analysis or if we would like a income dis-benefit analysis of the real impact of this in place, I would suggest that it would be very unwise for this House to adopt this well-meaning and attractive amendment. I have heard, Members will have heard, he Minister for Treasury and Resources saying that this is an area that needs his torch to be shined

upon, and I look forward to his torch entering the dark corridors of government, and in this area he has assured us that he will be looking at company registration fees in the year to come. I think we need to be very careful here. It may well be that there is an opportunity to create more income from our 10,000 locally registered companies and 20,000 offshore companies. Thirty thousand companies, as Deputy Hill said, it is a great opportunity but let us be very careful. I urge Members not to support this attractive proposition at this time. It looks too easy. Anything that is this easy is not right. Let us wait and get the proper analysis done by the Treasury and consider it then in a more measured fashion.

The Deputy of Grouville:

If I could assist, because Senator Perchard is obviously confused; Deputy Martin ...

The Bailiff:

Are you seeking a point of clarification, Deputy? You are not allowed a second speech.

The Deputy of Grouville:

Well, it is just to reiterate that ...

The Bailiff:

No, you cannot reiterate something, Deputy, I am afraid.

The Deputy of Grouville:

It is quite simple, really. It was just to assist them.

The Bailiff:

I am sure all 53 Members would like to assist the others on more than one occasion.

1.5.10 Deputy P.V.F. Le Claire:

In 1999, I entered ... not many people were paying attention to me then either. In 1999 I entered the States Chamber and sat in that corner and was told immediately to sit down by your predecessor for challenging Senator Horsfall on the issues in relation to the Code of Conduct. We looked at that over the last 9 years, the tax exempt companies, the international treasury companies, the international business companies and the captive insurance companies and the loss of those activities within our finance industry set about the move to Zero/Ten, 20 means 20 and the black hole that we are facing today. Now, unfortunately, I am also in a bit of a quandary this afternoon because of some of the grey area that has been thrown into the air by some of the speeches. I was going to support - even though I have declared an interest as having shares in a company - a willingness to agree to an increase of £150 on what would be our annual return because I did not feel that that was too much of a burden. When people are looking for money, I think £300 from a local company is not a great deal of money. However, I have had a couple of thoughts about this and some of them revolve around, what would the effects be? Would companies that are rolling over be looked at by locally-owned businessmen and women and close? Would they say: "Right, I have got 5 companies rolling over. Each year I just roll them over; I tell my accountant to roll them over, pay the fees, pay the fees, pay the fees, get on with my life. Right, hang on, the fees have gone up 100 per cent; why do I not fold 4 of those companies and just have one holding company?" I am certain that that would happen in a number of occasions because at least one individual with 5 companies has told me that as an example when discussing this amendment this week. So, if one person is going to fold 5 companies into one, then it may be counter-productive in some respects. What my speech really is about is not to try to get into the technicalities of it all, but just to point out a couple of areas that I think we need some better information. First of all, I would say I am probably going to support the Minister for Treasury and Resources unless Senator Breckon can give me the answers to my satisfaction, and I am not certain that he would be able to. I would like to know, for example, how finance will extend into sale company activities. What would the

management fees be in conducting this activity; notwithstanding the fact that some of this can be done online and company renewals can be effected online, so there may not be such a huge administrative burden in that regard. Senator Ozouf spoke about our finance industry being built upon stability and certainty. Well, where is Zero/Ten when that comes into play? That was not stability. That was not certainty. What was certain about that from the beginning as - when I was saying the same thing in 1999, was being ignored then, as well - it was highly unlikely to meet the test that the European Union and the Code of Conduct Group place upon the activities of finance service locations. The ones that they like to target are the best-regulated ones, because those are the ones that attract the most capital and we are one of the best-regulated ones and we do hold the 3 key elements of the pyramid; the ability to offer tax, stability and steady government and professional people. But a change like this, just before Christmas, after the bills have gone out, at a time when we are seeing Royal Dubai possibly entering into what we call a "W" recession, which is when a recession, instead of coming out of recession goes back into another one, is sitting on our doorstep, I think it is possibly, as I said before, a few months ago, something we need to take cognisance of and be a little cautious of because the financial services industry is a competitive beast. The management fees, as has been pointed out to me by the Connétable of Grouville as well in relation to some of these businesses, would just make them look somewhere else. They would just say, why on earth are we going to put up with all this management ... yes, £150 to do the company but look what the people who administer these companies are charging us for doing that on top of it. So I am all for, personally, paying more as a company shareholder in Jersey. I am all for that and I will vote for that if that comes forward next year. I might be persuaded this afternoon, but I am a bit worried that in throwing forward my £150 I might be doing the Island a disservice to the main finance industry that provides the real economy, because my business certainly is not going to make a difference to the nurses and the teachers but if enough of the other businesses make a move, or even one or 2 of the important ones that had, maybe, 200 or 300 customers or 200 or 300 bank accounts under their control; if they move, then we certainly could be seeing a significant impact. So, I would like to see the consultation come forward. I would like to see it scrutinised. I would personally support and I would like to pay, if it is a good ... but I think it is wrong; this idea that these things have not been reviewed. I mentioned it last week, when we looked at the increases on gambling 100 per cent. I said, several years ago when we looked at upping the fees from Health and we noticed there was a lot of money not being upped across the board, that the States in its entirety needed to look at the charges across the board that it was levying and make sure that those kept up with inflation. We saw only last week when the Deputy of St. Martin brought his proposition, it has not been happening. It has not been happening and, here again, we see - and congratulations to Senator Breckon, he does his homework - 12 years there has been no change. I am a little bit jaded in respect of the consultation process as well and we are looking at it and we are looking at it and we are looking at it, and I also concur with the views and sentiments that some Members have given across the Chamber about the fact that there is a sacred cow that never gets touched, but sometimes it is time to milk the sacred cow, but let us not butcher it. One thing I would say I find a bit odd, in finishing, is if the financial services industry was given £100 buy-out clause from the G.S.T. and it has been kept still for 3 years; G.S.T. has been kept still at 3 years too but R.P.I. has continued to increase and that 3 per cent is no longer 3 per cent year on year on year.

1.5.11 Deputy M. Tadier:

I did like that metaphor about the sacred cow and milking it but not slaughtering it but of course we have to make sure that once we have milked the golden cow that somebody else is not creaming off the milk and taking all the wholesome goodness for themselves and not leaving any for the Treasury, so I think there is a balance that needs to be made there. I am glad that there has been a nuanced approach up until now because I think this is a big issue and I think it is appropriate that we give it some time and some consideration. I think what is helpful, just to analyse this, is, first of all, to look at the principle of what has been proposed here in the amendment and, secondly, to look

at the practicalities of implementing it now and to weigh up what are valid arguments and what are not valid arguments. I think the Deputy of Grouville summed it up quite clearly at face value, certainly for me, that there are no big shakes here; this is something quite sensible. It seems quite logical, quite fair, it is not the most radical proposition that could come to the House. It is simply saying that we do need money, we are in tough times, that Jersey is a low-tax jurisdiction which has benefits for all, it has inconveniences for some, and also it acknowledges the fact that, really, the ones who benefit most, you could argue, are the companies themselves; they benefit from this. There is a symbiotic relationship in Jersey; it is not simply that Jersey is beholden to finance completely and it does work both ways. If it was not for the infrastructure, if it was not for the other industries, agriculture, tourism, if it was not for the hotels, then finance would also be struggling, so it does work both ways. It is asking that during a recession, during hard times, that when we do need to look at who contributes, the burden does fall to all sections of society and that it does so in an equal way. So, I think, in principle, we should not have anything against the proposition. It is quite fair and it is quite rational and it is slightly progressive, but that is not a bad thing in these times. So, the question, then, is about the timing. I think we have had some valid arguments today and some which are not. I do not buy into this argument which is put forth and has been over many decades, that if we touch the sacred cow then all the companies are going to leave. I think that is simply not true. I think that these companies probably can afford to pay slightly more. I do not think an extra £150 a year is going to put these people off. There may be some validity in the comments of Deputy Le Claire, with this individual who, presumably, will not be named, who is going to merge 5 companies into one. Now, I would ask the question, why does that individual not do that straight away if one company will do when 5 have been set up. Maybe there are reasons that that cannot be done or maybe it is just the fact that it is simpler and that the extra fee is the rod that he needs to get motivated to do that, but that, I think, is unverifiable; I do not think that would happen. So, really, the only one that holds weight with me is to do with timing. I said earlier today, on a matter of principle, that I would not be supporting something because, although I agreed with the principle of it, it was not the right time to do it; it did need to be looked at holistically and the implications and the ramifications did need to be looked at as well and that was to do with the vehicle emissions duty. I know that we have heard from the Deputy of St. Martin that he is a principled man who cannot support this because he opposed another proposition but that it was not linked through R.P.I., that the increases were above R.P.I. I would suggest, though, to the Deputy of St. Martin, that there are other good reasons to support this, even notwithstanding that objection. So, you might sense a little bit of fence-sitting here and that would be quite correct. Really, I think we do have to ask the questions; what are the sacred cows? The Minister for Treasury and Resources did say very early on that there are not going to be any sacred cows, although he did have a particular propensity towards keeping the 20 per cent tax rate. I believe that needs to be looked at as well. What I would say though; what are valid arguments for rejecting this? The timing is one, but really it is a question of confidence. Is this a question of something is being promised? You will remember yesterday I quoted Henry Ford, saying that you cannot build a reputation on what you are going to do and I think there is fatigue among some Members of the Assembly; that we are being given promises and often those promises stretch back many decades and the fruit is never forthcoming. This is what people and Members, I believe, and members of the public also, are tiring of; that the hollow words where nothing is going to be done. I am minded to support this on the principle it may or may not be the best time to do it. On the balance of probability, and to answer Deputy Martin's concerns, I think, in reality, this will not make any difference to companies. There is not going to be a mass exodus. I do not think there will even be a minor exodus from the Island. We are constantly told that Jersey is a good place to do business. It is top of international lists and what we need to be offering is not simply to be the cheapest product on the market; we want to be the best and offer the best value. Any businessman and any businesswoman knows it is not simply about offering the cheapest product; it is about the holistic service. We know that Jersey does provide a good service and I am sure, if we wanted to, if Senator Breckon had wanted to be more radical, he could have asked to triple or quadruple the fees

and business would still stay here. But that is not what is being proposed, it is simply a modest increase of £150; something which I think we can all get behind but even if we do not today, then I think the sacred cow does need to be grabbed by the horns on this one. Make sure that we are voting for the right reasons today. The Minister for Treasury and Resources has been complimented on his budget and I think it is right that he be complimented on the way in which it is being delivered. We heard a very professional speech, I think, and very adept speech yesterday but it also needs to be pointed out that what budget is left, because most of the budget has been torn apart. I would hate to think that any Member in here would be voting against the amendment just to save the Minister for Treasury and Resources his job and his pride because certainly there is a suggestion that a further defeat today would lead to a vote of no confidence in the Minister for Treasury and Resources and that would certainly happen, I think, in other jurisdictions. I would hope that nobody would be simply voting against this amendment to save the Minister for Treasury and Resources his job.

1.5.12 Deputy R.G. Le Hérissier:

I must compliment - although unfortunately it was a bit too transparent - Deputy Tadier on that manoeuvre of setting up a risk to the Minister for Treasury and Resources' job, speaking to that risk and then telling us not to get too worried about that risk. Until then, I do not think anyone had given a thought to it but **[Laughter]** it was a very, very shrewd move. Luckily I was awake, unusually. **[Laughter]** Just 2 questions; in fact, they come, oddly enough, from one of Senator Breckon's former constituents. The first thing is, of course, a large number of businesses are simply share transfer apartments, so we are adding to the costs of people often owning ... there may only be 2 people sharing a block and so they are paying a business fee because of this legal device that we have, so I would be obliged if the Senator could talk to that. The second thing, it has been brought to my attention that there are bodies that are essentially charities but if, for example, bodies like Model Railway Clubs and so forth, if they have to buy a building or they do buy a building, for legal liability apparently they have to incorporate themselves as businesses and they will end up paying these fees as well. I wonder if the Senator could give his thoughts on those 2 categories.

1.5.13 Deputy R.C. Duhamel:

It is quite simple in my mind, as I see it; it is all about give and take. The Minister, it appears, is happy to give direction to this House, to take monies through his proposals but is not as keen, it would seem, to take direction from this House to be given monies through this amendment. Now, the way forward then is clear in my mind. The Minister should give a little and take the monies on offer. As I said, it is all about give and take.

1.5.14 The Connétable of St. Ouen:

The Deputy of St. Martin I know had fears about the gambling fees because of the fact that there is inequality in the people having fees taken from them. I think that we are in danger of doing the same thing here. Deputy Hérissier touched on it, nearly, but we really do not know what we are talking about as far as identifying what are companies. I mean, the white van man may be having a turnover of £50,000 a year and the company, as we understand a company, doing £5 million a year, but we are looking to put the same charge on them. I think this is where the Deputy of St. Martin comes from and he feels, and I agree with him, that if we are going to do this we need to look at the whole problem and, if necessary, have a scale of fees, because I do not think it is fair to tar everybody with the same brush. This is something which no one has brought up and I am sure that if Deputy Trevor Pitman thought about it, he would realise that this is what he has always campaigned about; that there are people at the bottom end who will be adversely affected by a decision we make which covers everyone. So, I think that, in this case, as good a proposition as it is, I think it fails to identify exactly what the decision that we are having to make is.

1.5.15 Senator T.A. Le Sueur:

Although I am now Chief Minister, a few years ago I was Minister for Treasury and Resources and prior to that President of the Financial Economics Committee at a time when we were looking at the previous fiscal strategy and the introduction of G.S.T. Among others, I did considerable consultation with various sectors of the community on ways of raising revenue, including ways of raising revenue from the financial services industry in respect of Goods and Services Tax. Although most of those activities external to the Island would normally not be liable for G.S.T., I wanted to ensure that those industries did make a contribution to the overall cost of running the Islands and so did they. Now, at the same time I realised that with the removal of the exempt company fee, there was an opportunity to consider, at that stage, raising the company annual return fee and, far from it not having been reviewed for the last 10 years, it has, indeed, been reviewed and at the time it was felt not appropriate to increase it and I will explain why. Because of the companies that we have - something like 30,000 of them registered in Jersey - probably 10,000 of them are involved in local activities and 20,000 are external but there is a considerable number of companies managed in the Islands which are not incorporated here and when looking at the total interaction in the fiscal strategy of annual return fees and Goods and Services Tax, it soon became apparent that you could raise revenue in 2 ways; either by increasing the company annual return fee or by charging a fee to these international service entities. What one could not really do is to do too much of either without driving them away. So, I was faced and others were faced with which was the best approach and we could have raised the annual return fee, we could have levied an I.S.E. fee, we could have gone half and half. Initially, the normal Jersey compromise, you do half and half. If you do that then you are going to increase the charges to all the companies including the ones that Deputy Hérissier and others have spoken about, those owning properties or clubs or anything; not particularly trade unions but at the multi million pound trust corporations that Deputy De Sousa was talking about, but they are going to be hit with exactly the same increase or you can levy a charge which effects not just Jersey companies but those incorporated in Jersey, the B.V.I. or anywhere else around the world with a presence in Jersey. Being a Jerseyman looking after my own, I say why do we not just tax those outside the Island rather than those in the Island. As a result we have brought in this I.S.E. fee rather than increasing annual return. We brought it in to a level which was then comparable with Guernsey so that if you have a B.V.I. company administered in Guernsey, that will cost you £250 a year in fees and in Jersey £250 a year in fees. No competitive advantage either way. I think what this tells me now is at this time to review that situation again. We are having another fiscal strategy now. Let us review that because while G.S.T. is fixed at 3 per cent for 3 years, the arrangements as far as I.S.E.s and financial services companies are concerned are more flexible. But what we need to do here is to make sure that we do not get involved in a competitive war with Guernsey. At this stage what I would suggest we do is build on the excellent working relationship we are now developing with Guernsey in taking forward our fiscal strategy together because they have a fiscal deficit as well to deal with and they no doubt would be equally anxious to increase their fee if they could do that without being uncompetitive with Jersey. I think there is a good opportunity here for us both to work together so we can both increase our fees simultaneously. But that working together does mean a little bit of discussion and consultation. It will not be done between now and 5.00 p.m. tonight. It will take weeks or maybe a couple of months. That is why this may well be a good proposition in theory. It may well be that it will happen in practice but we need to do that after consultation, particularly after consultation with Jersey and after consultation with the industry. I think that there is scope in the future to increase this level but now is not the time. This is not the amendment with which to do it.

1.5.16 Deputy M.R. Higgins:

Members may not be aware of it but for the 12 years that I worked for the Financial Services Commission I had 2 stints in the company registry vetting many of these companies that were coming into the Island. The thing that was quite obvious was the vast majority of these companies are either investment holding companies or property holding companies - trading companies - and

in many cases they are just where people have stored their money. In a company that has been set up in Jersey, their money is put there and they are not managed in the Island. Yes, there are many companies that are managed in the Island and equally there are many companies that have been set up in support of structured investment vehicles and so on which have fallen out of favour since the financial collapse. There are a wide range companies, both local companies owned by plumbers and carpenters who are trading their business. You have got people who are using them as a savings vehicle. As I say, an investment or property holding and trading companies. I am somewhat puzzled. Things have moved on since I was in the Commission but, for example, the previous speaker, the Chief Minister, was talking about international service entities. Of this fee, the annual return, basically I think the majority of companies are paying the £150 annual return. The I.S.E. is negotiated with the Comptroller of Income Tax. It has got nothing to do with the Commission, as I understand it. I am trying to seek information at the present time as to how many companies are I.S.E.s. It is highly misleading just looking at this. I would like to know a definition of what an I.S.E. is. I believe it is a bank or a trust company not the other types of company I have been talking about. I would like to know how many of them there are because I think this document is highly misleading to the House. Therefore, I personally have not made up my mind how to vote on this. It is surprising because obviously I have been voting in support of other things in support of the ordinary citizen in this Island and I do believe that the finance industry does need to pay more. But I also understand it is a competitive market out there but we do not have the figures to be able to make the decision. I do believe that the Assistant Minister or others have got to tell us what those figures are. How many I.S.E.s so we can see this in a correct way. I shall wait to hear the news and if I do not get the news I will be voting for the proposition.

Senator T.A. Le Sueur:

An I.S.E. fee is not negotiable. It is a fixed rate. It is up to a company whether it elects to be charged that I.S.E. fee or not. If it does not, it has to register for the G.S.T. and comply with all the G.S.T. legislation.

Deputy M.R. Higgins:

Sorry, could the Chief Minister please explain again? The I.S.E., what type of company are they? Are they banks and trust companies? They are not all the companies we have in the Island.

Senator T.A. Le Sueur:

They are primarily companies which are managed by trust companies and institutions in the Island, mainly financial companies or companies managed by financial institutions. As I said in my speech, they are companies incorporated anywhere in the world. They are not countable. They certainly far exceed the number of companies incorporated in Jersey.

1.5.17 Senator S.C. Ferguson:

I am glad to follow the Chief Minister. It is a few years since I worked at the Commission and things have moved on a little. If Members have done the calculation, in fact if you do a 5 per cent increase since 1998 I think it was then the company fee should be £233 not £300. As Deputy Higgins has just said, there are a number of unanswered questions. I do not know the full facts relating to the industry. I have made inquiries over the last week but I have not got a proper list or a proper feeling for the number of Jersey companies that are exempt. As the Chief Minister said there are about 10,000 local companies but the bugbear always was the number of overseas companies - B.V.I., Gibraltar, it could be Isle of Man and Guernsey - all being managed from the Island. We really did not have a good feel for the numbers. Do not forget, as Members have already said, that there are all these property holding companies which are very often people living in their first property with no company income to defray any increase in charges. There has been considerable discussion about referring this to scrutiny but I think, Sir, you decided that we could or we could not?

The Bailiff:

I do not think I decided anything. I think Standing Orders [Laughter] provide that it cannot be. No, under Standing Order 79 it cannot be done in respect of a budget proposition for a financial year.

Senator S.C. Ferguson:

Does Standing Order 79(10) allow a bit of wriggle room, Sir?

The Bailiff:

No, I am afraid not.

Senator S.C. Ferguson:

In this case the Minister for Treasury and Resources has said that he will be looking at this. He has also got the Fiscal Strategy Review going. My panel will in all probability be crawling all over both the review and any review on this particular aspect of taxes. We will obviously make our recommendations on the basis of the evidence but at the moment I do not have all the evidence and information which I would require on this particular proposition. Therefore, I will vote for the status quo and await the proper review later on next year.

1.5.18 Deputy E.J. Noel:

Firstly, I would just like to point out that this paper distributed by Senator Breckon does not refer to annual returns. What is discussed in this paper is the annual fee charged to trust companies for the licence they get to do their business. This is not about the annual return charge. I would like to take this opportunity to inform Members what takes place within the finance industry in connection with annual return charges. Up until 3 years ago for some 20 years, I was actively involved in the provision of trust and company services. To give Members an insight into how annual return charges are levied on clients I will briefly outline the process. In October of each year, trust company businesses extract from their respective databases the information required to produce invoices for the following year including the annual return charges. These are then printed off before the end of October but are generally dated 1st November. On or about 1st November, these invoices are distributed to the underlying clients normally with the normal terms of credit of 30 days. Therefore, on or around 1st December, the funds are received from those clients in the vast majority of cases and almost from all clients by the time of the start of the Christmas holidays. The purpose in outlining the timeline to Members is to inform them that we are in reality already too late to amend those fees being collected for 2010 without causing an adverse administration burden on our finance industry. In reality we already charge the same as Guernsey and as such Senator Breckon's well meaning amendment is based on a false assumption. To give Members some additional knowledge, the trust companies that I was involved with administered as many non Jersey companies as they did Jersey companies. The Minister for Treasury and Resources is quite correct in taking a holistic approach to this matter and not just concentrating on Jersey companies. Our finance industry is what it is because of stability. This amendment without consultation destabilises a key part of that industry. We have to remain competitive against the other Crown Dependencies and indeed within the wider world. We should not rush to fill the gap that has been caused by Deputy Power's successful amendment this morning. A piecemeal approach is not appropriate here. I ask Members not to support this amendment.

Deputy J.A. Martin:

Could I just ask the Assistant Minister for information just to get my head around this? He said the bills have gone out. I totally understand. Is it then they are charged annually in advance and not annually in arrears? That is a real big ... it is in advance. Thank you very much.

1.5.19 The Deputy of St. John:

I am pleased to have followed Senator Ferguson because I was going to raise the issues to do with scrutiny. But we are at a point here that in the short time that I have been the House or coming up originally some 15 years, prior to that we saw the agricultural industry in turmoil and basically implode of its own doing in a big part. We have seen the loss of our tourism, in part because of the recession and the opening of cheap air flights around the world back in the 1990s. Up until 1990 we had over 1 million passengers arriving here annually. Today all of that has changed. We are now down to this one area of industry that is bringing in a good return and that is the finance industry. Anything we do within the finance industry needs to be measured. It needs to be measured. Over the lunch hour I spoke to one of the Assistant Ministers for Treasury and Resources and also to another Minister but also I spoke to Senator Ferguson to see if we could not pull this and have a scrutiny review to allow the Treasury time to get all its ducks in a row because I think this is an issue that needs to be looked at but it must not be done at a spur of the moment like this with only 2 weeks before the budget to put a proposition in or amendment to the budget. This needs to be looked at very carefully. We are in scary times when it comes to the finance industry. We have seen what has happened around the world in the last 18 months, 2 years. It is not a time to be making rash moves with business. We have to look at everything. I have already declared an interest early on today that I am a 100 per cent or 99 per cent shareholder in several companies and the family of beneficiaries of a trust. That said, nobody should be going out and making a rash move in the finance industry. Not of this nature because a lot of businesses, although they may be looking very steady at the moment, I do not think we have seen the end of the recession by a long way. We could be in for another "W". We only saw last week problems in other parts of the world - in Dubai - and all that goes with that. I just ask Members to be very cautious when voting on this. I think it is a good proposition but not at this time. It needs scrutinising. It needs a good review. I thought of asking Senator Le Main earlier to pull his proposition but this is one I would ask the good Senator Breckon, who I respect highly, to take away and allow this to be worked on by the Minister for Treasury and Resources and also by Scrutiny and come back in several months time with a good thought out way forward, given that he has brought it to the House, he has heard the comments. I would strongly urge him to pull this particular amendment and allow the Minister time to work on this amendment. With those few words I will now sit down.

1.5.20 Connétable J.Le.S. Gallichan of Trinity:

Just a comment that Deputy De Sousa made. All companies are not multi million pound companies. There are a lot of small companies in the Island that are on a knife edge at the moment and we try to support them through the money we are giving these small companies and businesses to keep going. I think E.D.D. would support many of these new companies. Many people have lost their jobs and are just setting out in business in the Island now. I think this is just the wrong time. As we know now most of the accounts are out for next year anyway so can you imagine the paperwork that would be involved for the accountants to have to do this? To go back and say: "I am very sorry, we have just decided now we are supposed to change it to £300. Can you send us another £150 in just to make your company liable and fit for the purpose?" Not everyone makes millions of pounds. As for trust companies, I think you will find that some of these trust companies are mostly a thing of the past. There are not the trust companies that there used to be in the Island. In fact many of them have been sold on and are not being run in the same way as they were many years ago. I would urge Members to be very cautious on this one. I totally agree with the last speaker. There may be leeway to do something here but let us do it cautiously and get it done it right so when we do do something it stands the test of time, that we can look at it every year, maybe raise the fees accordingly that none of the companies suffer just from a knee jerk decision.

Deputy D.J. De Sousa:

Sorry, I did not say all companies were multi million pound companies. What I did say was the bulk of these companies, trust companies in particular, that are multi million pounds.

1.5.21 Senator A.J.H. Maclean:

I will be very brief. I am, like many Members, glad that Senator Breckon has raised this issue. I am not so glad he has raised it today, I might add, but I am glad that he has raised it. A comprehensive review of fee structures across all corporate vehicles is overdue. However, it could be damaging and detrimental, not just to the finance industry which of course many people have naturally mentioned but also up to 12,000 local people including many who own small local businesses. I think that is a point that at this stage we need to focus very clearly on. Senator Breckon gave a number of comparisons in terms of company fees. He mentioned Guernsey at £250. He mentioned the Isle of Man at £320. What he did not do was give some wider comparisons which I think are interesting, briefly in other competitor jurisdictions. For example, Gibraltar's fees start at £18, Dublin at £45 and Hong Kong have a fee structure that begins at just £8. What it does demonstrate is the competitiveness in the international marketplace. I think we need to be very aware of the competitive nature in the current climate. From a timing point of view I would also like to just briefly comment on the fact that from trust company business perspectives - I think this has been mentioned - they have already invoiced for 2010. What they have also done, as you would expect, in preparing for 2010 they have produced all their marketing literature for their clients as well. There would be considerable cost involved in trying to alter all that at this late stage. I feel that to propose changing fees at this point without consultation is inappropriate. I do agree that the matter is an important one to look at. I just do not think that our finance industry, which is founded on stability, credibility and of course a high standard of regulation, those sorts of points are important. I do not think last minute change of this nature is appropriate and consistent with all that we stand for as a finance industry. For those reasons I would urge Members not to support this particular amendment.

1.5.22 The Deputy of St. Mary:

Two points only. One is that I was very interested to hear what the Chief Minister had to say. When he started off one paragraph of his speech he said: "When the I.S.E. fee was brought in, we brought it in at the same level as Guernsey." My ears pricked up. It is funny how so often we bring something in at the same level as Guernsey. Maybe they do the same. Maybe they look across and say what about the same level as Jersey. Then he went on to say, very interestingly, that in these hard times both Guernsey and Jersey, and indeed the Isle of Man which he did not mention, are having trouble balancing the books. He then said: "What about not being in a competitive war with Guernsey? What about working together to sort out a common level of charges and then maybe we could help each other solve our financial problems?" I thought that was just a very interesting comment. I had not heard it before from the Ministerial benches. Maybe I am wrong. Maybe this had been said before, maybe many times, but I certainly have not heard it before and I thought it was a very encouraging thing to say. I just hope that in this forthcoming review - which brings me on to the second point - the Ministers must get the message. The Minister for Economic Development has just said, yes, we will do this review. I think it is very unfortunate it obviously has not happened already. As the Deputy of Grouville said, why has this not happened before? Just finally, the Minister for Economic Development said something very interesting. He pointed out that fees elsewhere are lower. He said that Gibraltar you can start at £18, Dublin at £45, Hong Kong you can start at £8. Then the question is, why is everyone not there and not here? Why with our fee of £150, why has everyone not flown already? Clearly some other factor is at work. It is not just the money. It is not just the rate. Deputy Tadier hit it on the head when he said that maybe this jurisdiction offers something other than the cheapest. Exactly the same as with our tourism industry, we may not be the cheapest but we do have something distinctive to offer. We have a completely different product. That goes for tourism not necessarily for finance. But the point is it is not just about how cheap it is. I think that shoots probably quite a big hole in the opposition to this proposition because the argument runs if we go from £150 to £300, everyone is going to run away. They have not run away with a difference between £150 and these other fees that are far, far lower in other jurisdictions. Something else is at work. Maybe the proposer would come back to

that and maybe someone else would like to comment on this fact that it is not just about the cost of the fee.

1.5.23 Deputy S. Pitman:

I have some figures here from the Household Expenditure Survey regarding G.S.T.; approximate G.S.T. that people are paying. This is from 2004 and 2005. I have a figure here for a single pensioner approximately paying around £260 a year, a single person £330, a single parent £450. We have got G.S.T. because we brought in Zero/Ten. These finance companies are paying less tax and that tax is now on these ordinary people; pensioners, people on income support and people on low incomes. If we can ask them to pay this extra because of the finance industry, I think we can ask the finance industry to pay that little bit more. It will turn out less than what these people are paying a year.

Deputy J.M. Maçon:

On a point of clarification can I just ask the Deputy can she give us the years again for which she cited?

Deputy S. Pitman:

2004 and 2005.

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

I am just standing to speak on the background of the Minister for Economic Development mentioning about the C.S.R. and how there is a long overdue review of the corporate structure fees that needs to be taking place. In my understanding, the Comprehensive Spending Review is based on the 3 big departments, that being Social Security, Health and Social Services, and Education, Sport and Culture. E.D.D. has not been mentioned in that area at all. I was hoping that the Minister for Economic Development can give an undertaking that he will review and put that as part of the full review. I think the Minister for Treasury and Resources wants to ...

Senator P.F.C. Ozouf:

Would the Deputy give way? I will make sure we have got the acronyms right. The C.S.R. is the Comprehensive Spending Review. That is going to be dealing with the spending departments. F.S.R. is looking at charges and taxes, of which all of the company fees will be in the Fiscal Strategy Review so the Deputy can be assured that I will be looking at everything.

Deputy T.A. Vallois:

Thank you for that although I think the timescale that we have got for the Fiscal Strategy Review is very short. Hopefully there is going to be everything entailed in that if it is going to be done properly. I just want to point on the fact as well that just a few numbers to throw out on the point of increasing the fees for businesses is that if we look at the financial services industry who I believe were part of the business survey that we have recently done for the future forecasting of what they believe their employment levels will be. I believe that was a minus 33 percentage points. Yet they would turn out better than the other sectors - wholesale/retail sectors - profit wise with regards to that business survey. That is just an example. Just giving an example of, yes, they help our economy but reducing employment there that is not exactly helping our economy in the future. Also with regard to Guernsey, if they were to introduce G.S.T. that would possibly entail them to add £100 I.S.E. on as well, therefore, them having £350. At the beginning of this debate I was all for Senator Breckon's amendment. I have listened to all of the arguments. I do find it difficult because on one hand I look at what happened. We had a review of this in the last fiscal strategy. The industries did not like it. It was not done. Yet 19,000 people did not like G.S.T. but it was done. It really does frustrate me. But then I can see the other side of the coin. We do need the review. We need to look at this and it needs to be done properly. I just want to point out to the Minister for Treasury and Resources and the Minister for Economic Development that this is a very

important part to look at. We cannot keep on expecting the ordinary person in the street to keep bearing the brunt of higher taxes all the time. We need to be looking across the board. I am not against the finance industry at all. I worked in the finance industry. But we need to try and be as fair as we can.

1.5.25 Deputy J.M. Maçon:

Just very briefly. I have listened to the debate and like Deputy Vallois I was very optimistic towards this amendment. However, looking at it in a bit more detail I do have great problems in increasing the fees for just Jersey-owned Jersey companies. Again that on its own, as I think the Chief Minister commented, I do not think I can now support this amendment.

1.5.26 Deputy G.P. Southern:

It looks like coming round to where we were yesterday when I was encouraging people to vote against the Minister for Treasury and Resources for once. Here we are again with this same tactic being used on us now in this amendment. The tactic - and it is a tactic - is, do not do anything serious. Do not do anything different to what I say because I am holding a review on everything and that is going to produce the real answers that we all need and I am going to be reporting in 6 or 9 months' time - how convenient - but not during the run up to this particular budget. What have we got in this particular budget? We have got once again sticking to the sacred cow of no change in income tax and no change in progressive taxation. But we are told we have to raise some more money and the way we are going to do it is through charges and user pays fees. Some might call them stealth taxes but basically charges including charges for health services that used to be free. But the exception comes when we talk about charges to businesses. Deputy Shona Pitman was quite right when she said we have had a whole set of changes, a whole set of tax increases: 20 means 20, G.S.T., I.T.I.S. which effectively produced another £5 million, in order to respond to Zero/Ten, a reduction in taxes on business. Yet along comes Deputy Breckon and says: "Do you know these particular charges have not gone up in ..." How many years? Twelve years. While we are looking at charges and making some extra income, why do we not look at that? As the Deputy of St. Mary has correctly pointed out, the age old adage, the piece of information, the fact has become fact through sheer repetition time and time and time and time again that, hang on, we cannot touch them because they will all leave is absolutely incorrect. It has become fact merely by repetition. A big bogeyman. Yet as the Deputy of St. Mary has said, why are they not already all in Gibraltar where they only cost £18? There must be something extra about Jersey. Being as close as it is to London, having the stable government that it does although some might say that is not quite the blessing it might appear to be, having the good contacts they have with London, *et cetera*, *et cetera*. There are other advantages which mean that the cost/benefit of just upping sticks and going comes out as the cost is too great. So a reasonable rise in these company taxes or these company charges is perfectly reasonable. As I pointed out yesterday in urging people to vote out an increase in indirect taxation on every one of us, which the Assembly did, I pointed out there was opportunity the day after to respond to the Minister for Treasury and Resources who said show me where I am to go to get the money from. It is there. It is there in this amendment. This is extra money coming in perfectly reasonably after 12 years that will not cause tremendous damage and can be voted for in order to rebalance the books. I urge Members to do just that.

1.5.27 The Connétable of St. Mary:

Several times during this debate I have gone to speak and then cancelled because what I was going to say has been said. But really I do need to speak now to say in response to in issue that Deputy Tadier said and then further comments of the Deputy of St. Mary. Please take it from someone who has a great deal of experience in this industry, it is not as simple as people make out. There are many, many reasons why historically and still today, I am glad to say, Jersey has been and remains a very attractive place in which to do business but the cost is an extremely limiting factor. Many of the products and the services that were once cutting edge here are now available

elsewhere. That is why, as we have heard in so many other debates, it is essential that our finance industry continues to be innovative, continues to diversify, continues to bring new products to the market. But for structures that are already established, the services which once they could only get here are now available elsewhere. As Deputy Martin said, somewhere along the line you reach that last straw that broke the camel's back. I think it is very important that we realise that although we say it would be good and it should be of paramount importance that we become more diversified here, that we do not always depend on finance, where we are today this is our main industry. In so many ways it supports so much of what we need, what we have in this Island. To naïvely think that it is all right just to tinker with it without all the research and without all the consultation, I think is extremely rash. There is a movie - I cannot remember which one it is but I think that it might be a *Dirty Harry* type movie - where the main character says: "Come on. How lucky do you feel? Come on, make my day." But how lucky do we feel with this? I do not feel lucky at all and I am not prepared to gamble our main industry on a thought that people may not go. Deputy Le Claire said they may have 7 companies and they may decide to streamline. I say that is very unlikely. If they have got 7 companies it is because they need 7 entities for separation of interests. They are much more likely to have 7 companies somewhere else than streamlining to one company here. This is an extremely dangerous thing to be doing on the hoof. I urge Members to reject it.

1.5.28 Deputy J.A.N. Le Fondré:

I am very pleased to follow the last speaker. I will try and be as brief as I can because it is a very seductive amendment but it is quite a complicated subject. To try and break it down, it is about timing and it is about competition. What I will say is that the Minister has committed to reviewing company fees but we need to be sure what the consequences are rather than just on the basis of something that was lodged 15 days ago. On something like this we always try to give advance warning and to consult with the industry. That is the timing issue. But the competitive issue is to me far more worrying. The present cost for a Jersey company is £150, as we have heard. Then for most of what I call the offshore bracket there is an additional cost of £100, total £250, which is the same as for Guernsey and is more than B.V.I. already. The impact of this amendment is to put the cost for a Jersey company up to £400. To put that into context, if someone is setting up a corporate structure which is what one part of our business is all about, they do not care what type of company they use, whether it is Jersey or Guernsey or B.V.I. That structure can still be administered in Jersey. It is where the business is administered versus what the components of that structure are. The person setting up that structure will care very strongly about the annual running costs. Some of those structures can be hideously complicated for very legitimate reasons. If you have got a structure with let us say 10 Jersey companies in it, their fixed costs before absolutely anything else will increase from roughly £2,500 a year to £4,000 a year. Repeat, that is before administration charges or any other costs that go into that. That structure can still be run in Jersey but a lawyer setting up a new structure in the future can very easily turn around and say: "I am going to use B.V.I. companies this time rather than 10 Jersey companies." It is about where the business is administered and it is about what the components are. Administration can always carry on here. The components do not need to be in Jersey. As far as I am concerned, it is better to get something rather than nothing. To, I think, tackle the comment from the Deputy of St. Mary, companies do not have to come to Jersey. I do get quite annoyed when people always assume that people will keep coming here. That we can just ignore what is going on round in other global jurisdictions who are our competitors. Yes, Singapore is on the other side of the world but as far as everybody else is concerned it is a mouse click away effectively. The problem I think I have with all of this is will this cause our customers to start buying elsewhere. That is why I have to say I think the sensible approach is review it. It has highlighted the issue. That is welcome. But review it, review it carefully in a considered way, bring back a considered proposal to this House if it is viable, consult with the industry first during the year but reject this amendment.

The Bailiff:

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

1.5.29 Senator A. Breckon:

I just want to take Members back a few weeks. Just over 6 weeks ago we met at the Town Hall. Until then, probably with a majority of other Members - I do not know if maybe some of us have privileged information - I had never seen the budget book at all. Not a word of it. Had not got a clue what was in it 6 weeks before this debate started. Amendments had to be in 2 weeks before that because some Members have mentioned not enough information. I did say I had an exchange of emails with Financial Services, with the Comptroller of Income Tax. I sought information. The questions I asked them are here. They are here. I can tell you there came a point where the evidence, the information, was not forthcoming. The Constable of St. Ouen mentioned that. What he said was information is not forthcoming. The reason I have not given it to Members is I have not got that information myself. **[Interruption]** The Comptroller of Income Tax said to me: "I cannot give you this. You need to go through the Minister." That was where it stayed. I never got the information that perhaps could have given Members more information on which to decide. I have a list of questions here that I asked of Financial Services. Part of the reply said: "All the questions are really for the Income Tax Department. I have no way of knowing what the answers are to questions 1 and 2." I only asked 2 questions. What they said is the ballpark figure is two-thirds and one-third and this is this but we really do not know. The other thing from the Comptroller of Income Tax, he said: "I am afraid I cannot give you the split." Again no information. I will say this to Members. You have got an individual who within 4 weeks is charged with making a proposition and producing a report. I do not have an army of civil servants. I do not have people at my beck and call. I did not get the information I requested. What exactly do Members want when they say there is not enough information? The other thing, I ask Members not to forget somebody has been dragging their feet here. They have not addressed the issues. We are reviewing. We are looking at. There are all sorts of phrases. Do a full review. Look at Guernsey. All, all very convenient. The question is why has nobody done anything? Why has it been left to me to find that? The other thing that Members mention is what is this report about trusts? I will tell you because obviously from Deputy Noel it has not jumped out and bitten him. If you look, the regulation of trusts is not washing its own face. It is at a deficit. If we are getting income from the Financial Services Commission and they are regulating areas at a loss then it means what we get from them will go down. That is why it is there. That is where the link is. It is related to this because the proposition, we have got £4.4 million from F.S.C. in 2009 and this year we are getting £3.7 million. At the same time we are gung-ho about the J.E.C. (Jersey Electricity Company), we are gung-ho about the Waterworks, let us have some more money and we have got something under our nose that is giving us less money. That is what this is about. How do we change that? Personally it was very inconvenient for me, for the Comptroller to tell me my I.T.I.S. had gone up 2 per cent. Where is my paperwork? Where is my planning? Where is my administration? You have to live with it. Somebody sends out a few letters. The other thing that has been mentioned, £100 for G.S.T. exemption. If the Minister for Treasury and Resources wants it, he can have my £100 tomorrow and I will have an exemption for 2010 and when the electric bill, when the phone bill comes in, when the other stuff, when I go up the shops and put a red pen through the G.S.T. bit. We would all like that. Deputy Shona Pitman has pointed out what people on low income are paying in G.S.T. and we have got companies paying £100, for heaven's sake. Why has nobody looked at that? Deputy Le Claire mentioned the rate is still 3 per cent but prices have gone up, therefore, we are all paying more. But nobody has given that any attention. The other thing, while these things are being reviewed, who is reviewing? Who appoints the soldiers? Who is it that is doing it? If you have a small area and say do not look at us. Look the other way. Look over there. That is very convenient so I would like really to know who is going to be doing what and how they are going to be doing that. The other thing that has come to my attention and Members have mentioned, who consulted with the industry when we scrapped the £600 fee? Who said do you want this because somebody has told me that they embarrassed. They operate a

number of these companies and they say: "What have they done that for? What is all that about? We did not have a problem with this. We paid of our fees. We had a number of companies. We did the business. What is going on?" They were comfortable paying it and probably others were as well. The question is who was consulted about that and why was it done? What was the feedback? Was it positive? I do not know. Somebody told me that they did not have a problem paying it. Again that was mentioned. The other thing is do we need nearly £5 million? If the Minister for Treasury and Resources says: "No, we do not", if he says: "No, we do not", I do not have a problem with that. I will say it to him through you, Sir. I do not want him on his back legs in here barking away saying we need to do this, we need to do this, that and the other when this is here on the table; for me it is reasonable and I think we could do it. This was in the budget about an Englishman, an Irishman and a Jerseyman. It is not about that at all. You can make your own ends up to that. My proposals are not linked to anything else. This was not a backstop. There were no deals done. But again Deputy Power demonstrated the difficulty of amending a budget because there might have been other options, we have done what we have done. Had the Minister for Treasury and Resources listened the outcome might have been different. Had he amended the amendment then he might have got something. Now he has got nothing and will be scraping around. But Members should be mindful of this. The other thing is there are 53 of us here and the Minister for Treasury and Resources brought forward an amendment. Where were the other amendments? How have other Members looked at the budget? You say, that is interesting. When are we debating this? But have they looked for anything whether it is good, bad or indifferent. Again it is about process. This all happens very quickly. Members can criticise me for not producing whatever report but how am I supposed to do that? I do not know. Through you, Sir, can anybody tell me what I am supposed to do? I could produce reams of stuff. I could have RC.80 on the back. I could have done whatever. If you want plenty of paper, that is not a problem. But again what does it add to the debate because it is about the issue. For me it was simple enough. I looked if Jersey Financial Services Commission were giving us £4.4 million. It was £3.7 million. Why is that? I asked the questions in a limited way, got limited replies. To me it seemed a reasonable thing to do. Okay, it is inconvenient to a group of people but there again if the other charges have gone up then that is inconvenient to people but who consulted with them? Okay, we have got an industry that is a vital part of our economy and we must consult with them on issues but how, I would ask Members, am I supposed to consult with them against this background? Why was not somebody with a responsibility doing that anyway saying: "Hang on, this has not happened for 10 years." I remember the other day the Minister for Economic Development was sort of apologising and saying these fees have not gone up since 2004. We need to look at them. I mean shortly we will be talking about harbour duties. But little things like that we are tweaking all the time which has an effect on everybody, stuff coming into the Island, and things like this get left. I think if nothing else, this has put this back on the agenda. I would like to thank everybody for their contribution. I think what it has done, it has raised the issue. It was interesting because the Deputy of Grouville mentioned something from Hansard in 2004. Again it was something that we said we are looking at this, we will look at it, we will do whatever. That was said at the time. But again it is about somebody needs to do it. If that means we are all aware of it, hopefully that will be enough notice and it is notice to the industry. I have heard through the grapevine and a call from somebody in the industry saying it is a bit inconvenient. Anybody paying money is a bit inconvenient for somebody else but for me they did not really make the case. If they have got a sheet at a table that is okay but they have to take some of the medicine as well that is going around for everybody else. I do not think there is anything much I can add to that apart from the fact that we are talking here about nearly £5 million. Various Members have got various responsibilities but when people are looking for money - and this is where I am at one with the Minister for Treasury and Resources - we must look at what we raise and look at what we spend. But if Members do not want this and they have got other ideas or they have got whatever it may be then please, please, come forward with something. Do not leave it. It is not just the responsibility of the Minister for Treasury and Resources. It is the responsibility of us all. This is collective responsibility. It is not just about

spending it. We could all spend it. But I would ask every Member to look at what we are spending and why and not be silly about it but also look at areas like this where perhaps nobody has been before or they might have looked and somebody said leave that. Leave that. They are all right. They are doing quite nicely. Maybe they are doing quite nicely so they can contribute a bit more. If this is the wrong sum and it should be something else but I would not necessarily link it with the G.S.T. element because I think that was sale of the century. We would all like £100 for an exemption and you could and probably are dining out on that. With that, I close. I just ask Members to bear that in mind. Bear in mind that we are talking about very nearly £5 million. We need to look what the Jersey Financial Services Commission, what they are doing, what they are regulating, what they are raising, what they are charging. How many staff they have even got? With that I maintain the amendment and ask for the appel.

Deputy S. Pitman:

Sir, just before we go to vote, I just want to clarify from my speech. The figures that I quoted were G.S.T. from household expenditure. The figures were based on 2004 and 2005 expenditure of households so basically it was if those years they were being charged, that is what they would have been paying.

The Bailiff:

The appel is called for in relation to the amendment of Senator Breckon. I invite Members to return to their seats and the Greffier will open the voting.

POUR: 7	CONTRE: 41	ABSTAIN: 1
Senator A. Breckon	Senator T.A. Le Sueur	Deputy M.R. Higgins (H)
Deputy G.P. Southern (H)	Senator P.F. Routier	
Deputy S.S.P.A. Power (B)	Senator P.F.C. Ozouf	
Deputy S. Pitman (H)	Senator T.J. Le Main	
Deputy of St. Mary	Senator B.E. Shenton	
Deputy T.M. Pitman (H)	Senator F.E. Cohen	
Deputy D. De Sousa (H)	Senator J.L. Perchard	
	Senator S.C. Ferguson	
	Senator A.J.D. 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. John	
	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 Hérisssier (S)	
	Deputy J.B. Fox (H)	
	Deputy J.A. Martin (H)	
	Deputy of St. Ouen	
	Deputy of St. Peter	
	Deputy J.A. Hilton (H)	
	Deputy P.V.F. Le Claire (H)	
	Deputy J.A.N. Le Fondré (L)	
	Deputy of Trinity	

		Deputy K.C. Lewis (S)		
		Deputy I.J. Gorst (C)		
		Deputy of St. John		
		Deputy M. Tadier (B)		
		Deputy A.E. Jeune (B)		
		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)		

1.6 Budget Statement 2010 (P.179/2009) - as amended

The Bailiff:

So we return to the debate upon the Budget statement as amended.

1.6.1 Senator J.L. Perchard:

Just briefly I would like to congratulate the Minister for Treasury and Resources on his first budget. I think I would describe it as a 'treading water' budget. I am particularly delighted that he has promised to have a Comprehensive Spending Review of the 3 big spending departments. I wish him well with his torch as he shines it into these departments. I am looking forward to the administering of the Fiscal Strategy Review, which will happen this year, a review of our Zero/Ten taxation system and the inequities that that has thrown up. I am also delighted that we are now going to be charging for share transfers for domestic property transactions. I welcome that. I do hope the Fiscal Strategy Review will be wide ranging and there will be no sacred cows. I look forward to that. But overall I want to say that I am absolutely delighted that he and his colleagues on the Council of Ministers have found in excess of £3.5 million to invest in implementing Williamson and improving Children's Services. It is a huge sum of money and I am delighted and proud that our States can now at last be involved in offering vulnerable children the best opportunity to turn their lives round and perhaps keep them out of the penal system. Not only is it the right thing to do to invest this type of money but I think it could be seen in years to come as a very sound investment. I congratulate him and the Council of Ministers for that substantial investment in this new service. I look forward to standing behind him as he shines his torch into the dark recesses of the 3 major spending departments.

Senator T.J. Le Main:

Are you going to shine the torch when he is going to try and find his £4 million he just lost today?

1.6.2 Deputy P.V.F. Le Claire:

It is not a bad innings really for his first year in the chair during one of the world's worst recessions. As I have often said, like him or loathe him, he has done a difficult job in a difficult time. He may not have got what he wanted today. Certainly I was not very pleased when we lost the above increases on tobacco which were part of the tobacco strategy because they did stop people taking up the product. But, nevertheless, I am sure that he is going to get on and take on board some of the things that have been said today about innovation and the remarkable quote that was given to us by Deputy Power from the marketing lady whose budget had just been reduced by 40 per cent. **[Interruption]** Panic. What was the quote, I was asked. Innovate. Just in conclusion, I was quite interested to receive some correspondence from a gentleman who has been pushing behind the scenes in relation to the E.U. Code of Conduct Business Taxation recently and the Zero/Ten problems that we are going to face or are facing. While there are some issues about some of the suggestions that he makes, broadly I agree with most of what he says. I would like to just read from his conclusions and ask the Minister for Treasury and Resources in this important

budget to explain what he intends to do about this, because this is obviously creating financial pressures, and what he thinks of these conclusions. I will read it if I may. It is just 2 quick paragraphs then I will sit down: “Without Zero/Ten we would have budget surpluses during the next 3 years instead of large deficits which cannot possibly be covered by more and more taxation and which would soon exhaust the Strategic Reserve Fund if not rescinded.” And the second paragraph in his conclusions is: “As the E.U. requires it to be amended, we should rescind it now before it starts on 1st January, in favour of our quite acceptable former and simple to administer 20 per cent tax rate and not incur an £81 million total loss which we cannot afford.”

1.6.3 Deputy A.K.F. Green:

I too would like to congratulate the Minister for Treasury and Resources. I know that he is very hard working and that he must have put hours of work into this. The disappointment for me was that this budget perhaps it was meant to be a safe budget but it was not a creative budget. It hit the normal soft targets and, as I said yesterday, was more of the same. This is my first budget debate and I have been disappointed by the lack of foresight, the lack of support for other industries, the lack of support for diversification. Industries such as the hospitality industry need support if we are going to continue to work with it. The Minister for Treasury and Resources said people do not come here because it is cheap. We do not advertise. I think words to that effect, we do not advertise the rate of a price of a pint of beer or shorts. That is true. People come here because the Island is beautiful, because we have got much to offer. But people often do not return because it is extremely expensive. When they look at the competitors that compete against us, they come once, they do not return. What we want is people coming back and back and back. The Minister for Economic Development stated the hospitality industry had seen an increase in the marketing budget for this year. That is true. But he failed to tell us that it is £1.25 million down on the 2010 budget. It is the 2010 budget that we have been debating. At the risk of telling the Minister for Treasury and Resources how to do his job, I am looking forward to next year seeing more support for all sorts of industries to encourage diversification, in particular the hospitality industry, and perhaps to encourage investment in the hospitality industry, to continue to grow it and build on what we have which is an excellent industry, the Minister for Treasury and Resources could consider tax breaks to encourage investment in the hospitality industry, in hotels, instead of seeing them all being turned into luxury flats. But I congratulate the Minister. He has had a hard job. We have got there.

1.6.4 Senator P.F. Routier:

I particularly would like to draw the Minister for Treasury and Resources’ and the Council of Ministers’ attention to what was due to be funded from the money that was due to be raised from the impôts duties, in particular, the section with regard to adult respite. The Health Department had within their forecast an amount of money which was due to be given for adult respite. I implore the Minister for Treasury and Resources and the Council of Ministers to find some way to continue to fund that adult respite service.

1.6.5 Senator S.C. Ferguson:

Yes, I would like to congratulate the Minister for Treasury and Resources for enduring the slings and arrows of outrageous fortune with remarkable equanimity. I would, however, hope to see next year a real reduction in expenditure. There is a Comprehensive Spending Review. There is a Fiscal Strategy Review. It would be super - and I think the public of the Island would appreciate it - if we could see a genuine reduction in expenditure. Not the net revenue expenditure allocation which you have here but the gross revenue expenditure allocation because there is about £100 million in income which you add to the net revenue expenditure to take up our gross revenue expenditure to something in the order of £720 million which really is incredibly large for an Island of 90,000 people. Sir, and through you to the Assembly, I look forward to reduced gross revenue expenditure next year.

1.6.6 Deputy I.J. Gorst:

I, like other Members, welcome the Minister for Treasury and Resources' budget. I thought he made an excellent budget statement. The budget is not quite as it was presented a day ago but there we are. I felt it only right that I said a few words as my department we might consider, we might use the word, to be at the brunt of the Treasury's activity in the forthcoming year. We are one of the 3 big spending departments. While I personally welcome the review of the department to see if there are ways that we can work more efficiently and more effectively, there will no doubt be some difficult decisions arising out of that piece of work which I hope we as an Assembly will be able to get to grips with because, as Members are aware, the vast majority of tax spend in my department goes on benefits and the vast majority of spend from the Health Insurance Fund goes on benefits and likewise for the Social Security Fund, that goes into people's pensions. Any changes or reductions that we might feel that we can make within those spends will directly affect people's pockets on a day to day basis. But having said that, it is only right that we do review and make sure that the way that we are administering those benefits is appropriate. I would just touch on a couple of areas that in a recent debate were considered to be elephants in the room. The first of those was supplementation. As I said during a debate that Deputy Southern proposed, we will be reviewing that. That review is taking place which fits into the Treasury's other major piece of work which is the fiscal review to look at ways of increasing revenue. As I said on that day, again it appears to be a simple solution but will in actual fact mean pain to someone because the only way of eliminating supplementation is asking someone else other than the contributors as currently profiled to contribute. The Connétable of St. John said that he would like to see the ceiling on contributions raised. As I said during that debate, that will not alone eliminate supplementation. It would also require increased contribution rates. While some Members might believe there is a magic money tree at the end of the garden to provide solutions to all these problems, someone somewhere - and it will have to be a large body of people to make the amount of money we are talking about - will have to pay for these changes, should they be changes which result from these pieces of work. The second elephant in the room is what Deputy Le Hérisier continues to refer to as rent rebate. Although not directly my responsibility in that it is money that used to be paid out via Housing, Housing continues to make that contribution through the central coffers. The way the central coffers are divvied up obviously is decided by this Assembly. However, as Members know, my department is responsible for Income Support and we do help people in the private sector on low incomes meet the cost of their rent. I think this is the problem that Deputy Le Hérisier is envisaging. I have got to say if any Member has any solutions to what they perceive to be a problem here on how I can reduce rent component of income support to those in private sector while not doing it to those in the public sector, I am only too willing to hear what that solution might be. Members may not be surprised to hear that in actual fact sometimes I get complaints to the reverse. People in the private sector feel that the element of rental component that I provide to them under the law is not appropriate for the rent that they have to meet in the private sector. The reason I flag these issues is because they are not easy. There are not any, in my opinion, straightforward solutions but we as an Assembly will have to work towards a settled opinion on how we are going to deal with these issues. I think it was Senator Breckon that said earlier today these are issues that we must address together. Not just one individual coming forward but I believe that if we can all work together and perhaps work on innovative solutions. However, I would just say in response to Deputy Power's suggestion, I have got to say that when one is given a budget in marketing it is quite easy to be innovative even with half the budget that one had the year before. But that is another issue. That is the relationship that my department is going to have with Treasury over the coming year. I was disappointed that Members did not support the duty increases. I think that we find ourselves in somewhat of a strange situation now where the Treasurer is short of money. There are vital programmes that we as an Assembly have agreed that we want to implement in the coming year yet we have said that we are not prepared to raise duty on smoking. We are not prepared to raise duty on alcohol. Personally I do not think that is appropriate. I think that money could have been spent on care for those that need it, as Senator Routier said. The Health budget does require substantial investment and some of that money could

have helped with that. But we are where we are. The vote was this morning. We must all move on I believe and work together to ensure that services are appropriate. It is coming up to Christmas but I am afraid that, as you might have gathered from my speech, I am not particularly full of good cheer. I do not believe that the year ahead is going to be an easy year. I believe it is going to be a difficult year. We are setting off now with less money than we know we want to spend on services that we think are appropriate. That is going to be something that unfortunately Treasury will have to try and address. I do not know yet how they will address that. From my perspective, I believe that unfortunately we probably will see further redundancies in 2010. We will see further insolvencies in 2010. It is appropriate that we are aware of that. There are difficult times ahead. But I believe that working together, not only as a Council of Ministers but as a States Assembly, we can face those challenges and, therefore, I am supportive of this budget as it now stands. I give the Minister for Treasury and Resources my support through the coming year as he seeks to control and administer the finances of the Island.

Deputy P.V.F. Le Claire:

Can I propose the adjournment, Sir?

Deputy J.A. Martin:

Sir, can I test the mood of the House? I have been watching you asking would anyone else like to speak.

The Bailiff:

At the moment I have one other Member.

Deputy J.A. Martin:

Yes, Sir, it is a very important debate. We are here and I think we should see the budget through. We have had the debate on the amendments. Are we going to have to go all over it again? I propose we stay until we finish the budget. I would like to make that a proposal, Sir.

Deputy P.V.F. Le Claire:

Sir, I believe there is more to do than just finish the principle. We also bring in the Comptroller of Income Tax to agree the figures and then pass and enact the Act, *et cetera*.

The Bailiff:

Yes, there is the debate upon the budget to be completed and then there is the legislation which follows from that and then there are about half a dozen what seem to be small items after that.

Deputy J.A. Martin:

Sir, I was not proposing it was the finishing of the budget, all I was proposing, not the ancillary or the income tax. They are different propositions and different numbers.

Deputy P.V.F. Le Claire:

Sir, I had previously proposed the adjournment. I would like to propose the adjournment, Sir.

Deputy J.A. Martin:

And I had made an alternative proposition.

The Bailiff:

We can decide it. The adjournment has been proposed. If you do not want to stop and want to carry on until the end of the debate upon the budget then you will vote contre.

The Bailiff:

The appel is called for then in relation to whether to adjourn. If you wish to adjourn now, you vote pour. If you wish to carry on until the completion of the budget debate itself - in other words what we are debating now - you vote contre. The Greffier will open the voting.

POUR: 31		CONTRE: 14		ABSTAIN: 0
Senator T.A. Le Sueur		Senator P.F. Routier		
Senator P.F.C. Ozouf		Senator A. Breckon		
Senator T.J. Le Main		Senator S.C. Ferguson		
Senator F.E. Cohen		Senator A.J.D. Maclean		
Senator B.I. Le Marquand		Connétable of St. Saviour		
Connétable of St. Ouen		Connétable of St. Peter		
Connétable of St. Helier		Deputy R.G. Le Hérisssier (S)		
Connétable of Trinity		Deputy J.A. Martin (H)		
Connétable of Grouville		Deputy of Trinity		
Connétable of St. Brelade		Deputy I.J. Gorst (C)		
Connétable of St. Clement		Deputy of St. John		
Connétable of St. Mary		Deputy M. Tadier (B)		
Deputy R.C. Duhamel (S)		Deputy A.K.F. Green (H)		
Deputy of St. Martin		Deputy J.M. Maçon (S)		
Deputy J.B. Fox (H)				
Deputy G.P. Southern (H)				
Deputy of St. Ouen				
Deputy J.A. Hilton (H)				
Deputy P.V.F. Le Claire (H)				
Deputy J.A.N. Le Fondré (L)				
Deputy S.S.P.A. Power (B)				
Deputy S. Pitman (H)				
Deputy K.C. Lewis (S)				
Deputy A.E. Jeune (B)				
Deputy of St. Mary				
Deputy T.M. Pitman (H)				
Deputy A.T. Dupré (C)				
Deputy E.J. Noel (L)				
Deputy T.A. Vallois (S)				
Deputy M.R. Higgins (H)				
Deputy D. De Sousa (H)				

The Bailiff:

The adjournment is accepted: 31 votes pour and 14 votes contre. So the Assembly will adjourn until 9.30 a.m. tomorrow.

ADJOURNMENT