

STATES OF JERSEY

OFFICIAL REPORT

THURSDAY, 30th NOVEMBER 2017

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[9:33]

The Roll was called and the Deputy Greffier of the States led the Assembly in Prayer.

PUBLIC BUSINESS - resumption

1. Draft Budget Statement 2018 (P.90/2017): eighth amendment (P.90/2017 Amd.(8))

The Deputy Bailiff:

We now resume the draft Budget and the next item is the final amendment lodged by Senator Ozouf entitled Draft Budget Statement 2018, amendment 8, and I ask the Greffier to read the proposition.

The Deputy Greffier of the States:

Page 2, new paragraph (e) – After paragraph (d) insert the following new paragraph – “(e) to request the Chief Minister to: (i) request the Channel Islands Competition and Regulatory Authority (C.I.C.R.A.) to undertake an inquiry under Article 6(4) of the Competition Regulatory Authority (Jersey) Law 2001 into the Island’s liquor trade, focusing in particular on the effect on competitiveness of including liquor trade on-licences in the retail tax extension, including the retail margins shown in figure 20, and (ii) agree terms of reference for the inquiry with C.I.C.R.A., drawing on the draft terms of reference in the accompanying report.”.

1.1 Senator P.F.C. Ozouf:

First of all, may I indicate that I think this is one I will not be seeking, unless Members want me to, 2 votes because I think the terms of reference word “draft” and indicative if the principle is agreed, then effectively the Chief Minister or the Ministers responsible can effectively draw on whatever items in the terms of reference. They would just simply set out the review of what it may cover. There is a reality of every budget that there has been a debate, a very healthy debate, about the retail margins on licences. In some years those debates have resulted in no duty increases, others have resulted in duty increases. What concerns me, and I have spoken many times, as Members will recall, of my concern about what appear to be the benevolence of States Members in having low duty rates but was not being passed on to the final consumers in all the duty products. The 2 comparisons that I have set out in my report from 2011 to 2018 shows a very interesting picture. The whiskey number is just a transposition error, suffice to say that in the 2011 numbers there was a real difference in the net price of whiskey; in other words from all that was an indication that was done at the time the Budget report or any comments on a few of them, but the Finance and Economics Committee and the Treasury at the time, has all of them; the price of a bottle of vodka and bottle of all of the major things. There was a problem in relation to the competitiveness and the net prices from off-licences in alcohol. Now as Members can see, there is virtually no net price difference at all in whiskey. So that shows that the arguments about ‘is competition working in the grocery sector, particularly in relation to off-licence retail sales?’ well, it has significantly improved. It is extremely positive that the problem of the net price of cigarettes has also improved and that is because there has been a lot of work done to work with the tobacco importers, provided arrangements, and there have been various different sets of initiatives. A bit of carrot and stick, if I may say, that now we no longer have a price differential in net. That means that this Assembly can make decisions to pass increase duties on tobacco knowing that effectively that differential means that the price of duty on tobacco has been able to go up and less of it has been passed on to consumers. In other words, the price increase that the States Assembly has been able to put through has been able to be greater than otherwise it would do because margins are being constrained. Now the one that ... I will not make any comments about the petrol issue because there is currently an investigation, which is related to the petrol trade, which has been the subject of a recent court hearing, of which the outcome is not known. So I do not wish to make any comment on that.

Members can see that there is, according to the statistics, a problem. But there has been an annual problem about a pint of beer and it is not just the ... it is not appropriate, and the female Members of this Assembly will say we should not call it the “working man’s pint” because of course it is not. It is not the working man’s pint, it is all of the products. In effect, the consumption of beer has been, to a great extent, replaced in bar consumptions in off-licences by wine. Wine is much more popular and there has been a resurgence in recent years in cider. Every single one of the U.K. (United Kingdom)/Jersey price comparisons, and indeed the comparisons of relevant markets in the Isle of Man and some Islands in Scotland, indicate that there is an unexplained margin. We have had years of debate about this in this Assembly. I recall the Constable of St. Mary, quite rightly and understandably, worried about the impact of a duty increase on her pub in St. Mary. Of course she would be right to be worrying about that because if the decision of the States to increase the duties would have the impact of rendering something unprofitable, and we are going to come back on to the retail tax later, when we decide whether to enact it or not, is it going to have an unintended consequence? Now this debate has been going on for a long time. We have C.I.C.R.A. C.I.C.R.A. have powers and I have put in my report that if C.I.C.R.A. themselves are not willing to do it... and Members will recall that in a previous role I asked them to review the energy market and Jersey Gas.

[9:45]

The report that we got was not really very helpful in explaining it and therefore what we were effectively forced to do was to bring in other consultants, which did shine the light and now we really do understand the issues of gas. Of course, it is up to Ministers now to deal with that and I know that is in the very capable hands of the Minister for the Environment with his energy policy. We have had some very good discussions and the Deputy of Grouville also understands the problems with electricity. The point I am making is that what my proposition does, is it asks for the specific powers of the Competition Law, which enable the reviewer to get access to the books because it is only going to be by looking at the books ... no, the books do not have to be published. They will be private, they will be redacted. But if you are going to do a review you need the data. So I have said that effectively I want this review done using the powers under the Competition Law, which was passed. That Competition Law has been successful. Since the Competition Law was brought in in 2005, inflation has remained at the same level of the U.K. or lower. By the way, I trust our R.P.I. (retail price index) figures. I think that every Member of this Assembly who has ever turned up to a statistics briefing by our head of statistics and his team, will have a great confidence in him and I take this opportunity of recognising the work that they give because on good data we can make good information. What we need now is good data on this sector. The night-time economy of St. Helier is vital. There are new arrangements proposed with the Licensing Law, and there are a number of issues which do need to be tackled. I propose this amendment with a draft terms of reference, which I hope was going to be helpful to the Assistant Chief Minister and the Assistant Minister for Economic Development, because I know that if the Assembly does pass the new licensing arrangements then they are going to need to have some real good economic substance and reports in order to make their decision. The proposal does not give a timescale except that I did think that it was important to make some haste in this because of my other proposal, and I realise that the review has been accepted, the Assembly has not and is not going to be asked to tax the on-licence trade. It was interesting to see the number that came out when I asked the Treasury what the impact of the 10 per cent tax would be. I was quite surprised about how high that number was. I was quite surprised. That indicated that this is certainly a more profitable sector. Notwithstanding the changes that it has undergone, notwithstanding that, we all understand the fact that drinking habits have changed and, absolutely right, that country taverns, *et cetera*, with drink driving rules, have obviously changed. But nevertheless, here is a sector of the economy absolutely vital to our tourism trade, which behoves the States not to have good

information of. We set up the Competition Law to do and request investigations into certain markets where there is a concern. Every year there has been a concern about duty on alcohol and, frankly, I support also the comments of the Corporate Affairs Scrutiny Panel when they say that it would be far better to have a structured approach to duty increases rather than this ... it was up and down like a balloon, I think was the parliamentary way that I was encouraged to say it. We need to get to the facts and this report gets to the facts. It is going to provide, if the Assembly approves the new licensing arrangement, a good set of economic data based upon commercial facts and they can make the decisions accordingly based upon good information. That is how we can make good decisions on behalf of the people we serve. I do not want to see another 5 years of an unexplained margin of that pint: 97p higher net of duty and tax. Does it really cost 97p to bring a pint of beer to Jersey? Something is wrong and I want to find out what it is. If it is a government issue about a decision not allowing new businesses or a ruling of the Licensing Assembly, which is because of the non-competition issues, which have had this unintended effect, let us find out. This review is to get to the bottom of that issue. I very much hope that this is going to be generally regarded as helpful, getting some facts and going to be of great assistance to the Assistant Minister for Economic Development, who I know has been the individual who for many, many years we have been looking to for a new Licensing Law. We have now got one before the Assembly. I congratulate him on the work that he has done. I genuinely hope that this is going to be helpful to him and also all the other stakeholders that are people involved in our night-time economy; Constable of St. Helier, this is the biggest issue of police, the Licensing Unit, all of these things, if Members look at my terms of reference are designed to assist in giving recommendations for improvement. If the C.I.C.R.A. (Channel Islands Competition Regulation Authorities) cannot do it themselves then they can appoint a consultant. Yes, there will be a cost but frankly this is such a big industry and if the results of it are that we can tax this industry at a rate of either 10 per cent or 20 per cent, then that is also going to be a beneficial outcome. We will know, as a result of this report, whether we can extend the retail tax. I hope it was at 10 per cent, I do not think it could be at 20 per cent, but we will know whether or not we can extend it to 10 per cent. I think many Islanders would say that if there were businesses that had an impact on society there is a case for taxing them in order to deal with the offset of the cost. Much of the police budget is consumed by dealing with the night-time economy and the consequences. It must be reasonable therefore ... I know they pay duties but their duties are still much lower than the U.K. as Members can see. So I make the proposition.

The Deputy Bailiff:

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

1.1.1 Senator P.F. Routier:

The Senator opened up by, I think, offering a little bit of an olive branch from what is written in the proposition, which hopefully we might be able to come to some sort of consensus over it. He mentioned about the draft terms of reference being something that we can draw upon and we can decide about the way forward. What I particularly would like to perhaps confirm with the Senator is in the terms of reference it does give a particular date of 19th April to have a report. What I would like to know is whether he would be prepared to allow the process, which is already in place with regard to the draft Liquor Licensing Law, and for that to be put into place and to allow sufficient time for the law to come into place and for the market to settle, and then to have a review carried out at that stage because that would certainly make an easier decision to consider about this. But before I continue with my comments I would like to have some indication.

Senator P.F.C. Ozouf:

Would it be appropriate for me to intervene?

The Deputy Bailiff:

I think you were effectively asked for a point of clarification on your former speech, so I think it is, yes.

Senator P.F.C. Ozouf:

Of course I confirm without reservation the fact that the recital says “drawing upon the terms of reference” and drawing upon the terms of reference included the date. There is no date mandated in the proposition and therefore of course flexibility is brought in. I am absolutely in agreement. If the Minister and Assistant Minister want to delay the report pending the outcome of the Licensing Unit of course that is sensible. That is why I said “draw upon” and did not make it mandatory.

The Deputy Bailiff:

That point is clarified for you then, Senator.

Senator P.F. Routier:

I thank the Senator for that because I think that will make it a lot shorter debate because I think we will be in a position to accept this amendment because that work does need to happen to ensure that we do have an appropriate licensing policy going forward. There is a lot of work going on which the Constable of St. Brelade has been leading on bringing this legislation forward and we would like to ensure we can continue with that and to take all the views across our community, whether it be the licensing trade or the health aspects or the Law Officers and the police. We need to get into a good position so that we can go forward. On that basis, I think we are prepared to accept the amendment.

1.1.2 Connétable J.E. Le Maistre of Grouville:

I think this is a waste of time because the Senator answered his own question. The market place is restricted. The current Licensing Authority does not allow an on-licence to undercut their competitors by more than 10 per cent. The new Licensing Law is designed to restrict or reduce the number of outlets and to increase the price of alcohol. That in itself will be uncompetitive and I do not think C.I.C.R.A. can do anything about it should that be a law come in as written at the moment.

1.1.3 Senator A.K.F. Green:

I was not going to speak on this but following the Constable, I think the Constable made a very good case as to why we do need to look at the licensing trade or at least the sale of liquor in the Island because we all know that there is something not quite right about it. Senator Ozouf probably has more insight to this than most of us. He probably knows some of what is wrong but we do need to look at this. There is something wrong and my only doubt was whether C.I.C.R.A. was the right people or not, but we are not tied to that in the terms of reference. But this review does need to take place. So I will be supporting it as Minister for Health and Social Services.

1.1.4 Connétable S.W. Pallett of St. Brelade:

I am sorry but I cannot agree with the Constable of Grouville’s comments he made. Not the law that I see coming before this House in January. Certainly there is nothing within the law that we are looking to restrict the price of alcohol so I do not know where he is coming from with that. Very briefly, as the Minister for Health and Social Services, Senator Green, has said, there is a need to do this work. Undoubtedly there is a need to do this work. When it is carried out could be a matter of discussion but certainly I think having the opportunity to debate the law first, putting that in place, and then carrying out the review seems to be the sensible way forward. It is something I think hopefully the Assembly will agree. But again, what I would add, is if the draft law is not

adopted, and that is a matter for this Assembly, it is unlikely I think any change will be made to the current guidelines on drink promotions and the effect the guidance plays in the level of prices of alcohol in Jersey. Even if adopted I think it will be some time before the Assembly debates both the necessary regulations for the Licensing Law or indeed the statement of the licensing policy. What I think I am saying there is we do need to do this work. We need to do it after the draft law is brought in. If the draft law is not brought in then I think that is when we need to get this, we need to have some understanding of what the market is currently doing, even if it means that is going to assist us with preparing the first statement of the licensing policy. As Senator Green has said, there is something not right here. As Senator Ozouf has said, there is a big margin between that particular sector of the drinks trade. It sticks out like a sore thumb, so I think we do need to have a better understanding of that, and that will play into, I think, the preparation of ... the statement of the licensing policy, that in the first draft of the law was not going to be debated by this Assembly but the Alcohol Licensing Policy Group came to the conclusion it was the right place to debate it. So that we all have an opportunity to comment on it, amend it if necessary. If there are bits of it we do not like then obviously any Member would have an opportunity to amend it. But I think it is something we have to, as an Island agree, as an Assembly agree, so that we get the best possible protection for our citizens in some ways but a law that we understand, and I think is good for the trade, good for the public, good for consumers because clearly if there is an issue with pricing, which I think Senator Ozouf has found, then it is not good for the public and we need to address that. I hope you can all support the amendment because I think it is the right thing to do. Obviously subject to the debate on the law or if it is not then, then obviously this work can be carried out after.

The Deputy Bailiff:

I am noting an unauthorised electronic noise.

Senator P.F.C. Ozouf:

I plead guilty and I will pay my fine.

1.1.5 Deputy S.M. Brée of St. Clement:

I feel I need to rise and speak on this because I am slightly confused by the various comments that have been made by various Members with relation to the draft Licensing Law that is due to be debated at the end of January next year. The focus of Senator Ozouf's amendment is on the price differential that has become apparent on a pint of beer. Looking at his amendment, at the 2017 retail the price in Jersey is £3.56, the price in the U.K. is £3.06.

[10:00]

Now is the Senator saying that the price in Jersey is too expensive, i.e. the retailer is taking out too much margin and therefore the price should be reduced down to a similar level, perhaps only slightly more than the U.K. If that is the case then when one reads the draft Licensing Law as lodged one can see that the main objectives in that draft Licensing Law relate to health, i.e. the end result of the new Licensing Law hopefully will be the reduction of excessive consumption of alcohol. Now if what Senator Ozouf is saying is he thinks the price of a pint of beer should come down, then that seems to go against possibly the health objectives embedded in the Licensing Law itself. So I am slightly confused as to whether or not the Senator feels that by carrying out this review and by forcing perhaps retailers to reduce the margin, and therefore reduce the price of a pint of beer, that he can see that by reducing the price of a pint of beer could conceivably increase consumption. So it does not quite seem to marry with the objectives as laid out in the Licensing Law. So I am at a loss to understand what is the objective of this review. Is it to reduce the price, and we will use the price of a pint of beer as the example, or is it to try to introduce a tax on large liquor licensing retailers, include them in the retail tax envelope that we have discussed already? I think what the Senator is

perhaps missing is ... I mean we did discuss this before, that in Jersey there is a cost to doing business that is above that in the U.K. Our staff costs tend to be higher, certainly premises costs are much higher. There are a number of other issues that increase the cost of doing business in Jersey. So I would just like, if the Senator in his summing up, might be able to explain what the objective of the review is? Is it to reduce the price of alcohol or is it to go after the large liquor retailers for retail tax, because I am slightly confused.

The Deputy Bailiff:

Does any other Member wish to speak on the amendment? I call upon Senator Ozouf to respond.

1.1.6 Senator P.F.C. Ozouf:

I am most grateful for the comments of the Assistant Chief Minister and the Assistant Minister for Economic Development, who I know have worked ... I was looking back, it was I think in 2001 that this Assembly first started to have a report and proposition from a Back-Bencher saying they wanted a new Licensing Law. This Assembly is often criticised for taking a long time, well, my goodness me, this one has taken a long time and I know when I was Minister for Economic Development we tried to do a lot of work with the current Minister for Treasury and Resources. It has been a real problem because of course there are massively different conflicts of interest in doing it. You have got the people who want to sell alcohol and make money and then you have got the health considerations and then you have got the effects on the night-time economy and the policing issues. It is a very, very complex area. To the Constable of Grouville, I would say the problem is is that the Competition Law was brought in after the ruling that was given or the decision by the Licensing Bench. I am not going to ask for the fifth amendment or ask for legal advice, but I have never understood how a decision to restrict the pricing of taverns, which means effectively no tavern or bar or licence, as I understand it, can make any price differential between 10 per cent. They are not allowed happy hours, they are not allowed to do any price differential. I do not understand, and have never understood, how that sat with the Competition Law because I know that I never signed an exemption for the on-licence trade. That is an issue and it has been an issue that has been going on for years and we need to understand it. To turn to Deputy Brée, and I will ask him, if I may politely, I just wonder whether or not he has read the draft terms of reference because I will go through that with him to try to persuade him to support because he has been pretty strong on a number of the amendments that I have tried to make to improve decision making. What am I trying to achieve? I would ask him to look at the report. I have not numbered them, they are bullet points. I am asking for the review to look into consumer welfare. The empirical and quantitative evidence of the range and price levels of the most popular alcoholic beverages on sale in bars and pubs and other on-licence premises, the diversity and quality of licensed premises, speaking to the Constable of St. Mary's issue, is that generally how can we make within an environment where we are not going to make alcohol cheaper but we are going to make the market work in the interest of the consumer. That is what governments do. Governments regulate and the alcohol licence is a regulated market. But that does not mean you do not have to and cannot have competition. My problem is, is that where both Deputy Brée and, if I may say, the Constable of Grouville perhaps have not thought through the argument, is that the on-licence business, a pint of beer, a can of it, or a bottle of wine, is more expensive in an off-licence than an on-licence. It is more expensive. If you want to go and have a pint of beer, a bottle of whiskey, and you are on limited means you go and buy it in an off-licence. So the idea of pricing - and to make the point very clearly - is the point of pricing, which is a real issue with the on-licence and the off-licence trade, the on-licence trade has many more costs to providing; they are a service based sector. They are providing an environment, either a very swanky one or a sort of less swanky one. There are a whole range of different taverns and pubs and clubs, according to your needs. Some of them will only sell the most high-priced alcohol and champagne and things. Champagne versus the local

village pub. I am wanting to understand, my problem has been States Members over many years, have not put through duty price increases because they believe that the price of that supposed and equivalent working person's pint would not be passed on. The evidence is that the benevolence of States Members in making duty decisions, to try and make Jersey more competitive, to lower the price of alcohol in pubs, which is more expensive than the off-licences, was not passed on. That has been my problem. Yes, I am not trying to reduce the price of alcohol. If you want to buy cheap alcohol you go to the off-licence. But if you want to drink in a safe regulated environment, of which our taverns and bars, according to the oversight - and I am looking at a former police officer who I believe ran the Licensing Unit of the police and knows well - and I have been, like other Ministers, out in a car with the police, going round at night seeing the reality of the night-time economy - something that you would not normally perhaps do - you realise what a difficult job they have got to do. So they are in a juxtaposition. The other issues are: is has the decision to effectively ... is there evidence of basically a cartelised market? We know we have got 2 dominant operators. We know we have got what is called the Liberation Group and Randalls. There is not the evidence of any new entrants into this market. We know that in the past before the Competition Law there was all sorts of shenanigans going on. I recall the purchase of Safeway 5 hours before the Competition Law came in by the then C.I. Traders. There was a cartelised market. I am not suggesting there is a cartelised market here but is it because we have not got, dare I say it, a Wetherspoon's in Jersey, which does offer a different type of lower cost on-licence in a safe drinking environment in Jersey. Is that meaning that we are better off or worse off? I want to find out these things. I understand that it is really important for there to be a safe vibrant night-time economy. There will be tonight probably ... it is payday today I think, and there are always more people out in town on payday apparently; I am seeing a number of Members smiling. Maybe they are going to be out tonight. There is probably going to be about 12,000 Islanders that will be in St. Helier in bars and taverns. There will be a lot of money passing over those tills. What we want to do is we want to make sure that that market is working, it is working with our objectives of public health, law and order, and alcohol consumption, and consumers are getting the best deal and, to answer Deputy Bree's point, that we are getting the right level of income from this sector, either by duties or by taxation. That is what I am trying to do. It is an all-encompassing review, it has never been done. Arguably it should have been done before. I am surprised that the C.I.C.R.A. themselves have not picked up on this and done their own review. But in requesting them to do it we can say that we have powers under the law to do that, and that is what this proposition is about. I genuinely believe that with a proper market review done by people ... it is not going to be, I doubt, people within C.I.C.R.A., apparently they said they did not want to do it. Well, fine. Let them use the powers they have got and bring in some expert consultants who understand about competition in alcohol and let us get the facts because then this Assembly in future debates will be able to make decisions with confidence about duty rates, the Work and Housing Law, decisions about new entrants. We will be informed about whether or not there is a case for more competition and the Licensing Assembly new arrangement, should they be passed, will be informed with empirical and factual information. I hope Members are persuaded. I hope even Deputy Brée is persuaded. I hope the Constable of Grouville is persuaded that there is merit. This is an important part of the economy and sometimes you need to kick the tyres but you need the power to do it. The companies involved, as I said yesterday, I was quite struck with the 10 per cent proposal of the on-licence trade of just how - I will use the word - aggressive the reaction has been. That was not the similar situation to the rest of the retail trade who I thought were going to come and say zero, zero, zero, zero, zero; no, they did not. The on-licence trade have been some of the most vociferous people. When people are vociferous to me and it looks as though ... it almost feels as though there is something they are not telling us. Final point to Deputy Brée: where is the margin? I do not know. I do not know whether or not it is the importer. I do not know whether or not it is a result of the Licensing Law, 10 per cent, or it is the retailer or it is the regs. The other thing about the cost of

doing business, I just remind the Deputy, it is not so expensive to do business in Jersey, as people think. He talks about rent. Rent may be higher but rent in the U.K. is doubled because business rates are paid on top, about 80 per cent, and that is why they are doing a review of business rates. 80 per cent of a rent. So if a pub rent is £100,000 they pay £80,000 in business rates. What are they in Jersey? Well, it is going to be about £3,000 or £4,000. Please do not tell me the cost of doing business in Jersey is high, that our social security rate is much lower, that all our other costs are lower; it is not. Therefore that 97p I suspect there is a problem and I want to know the answers. This review is going to get it. If it is a bit later than otherwise, fine. But I want the review done and I think that Members and this society will be better informed as a result of it, and we perhaps will not have these silly debates where we are guessing. I think we have been guessing about duty rates in the past and I do not want to guess, I want the facts, and this is the way to do it. I move the amendment.

The Deputy Bailiff:

The appel is called for. I invite Members to return to their seats and I ask the Greffier to open the voting.

POUR: 36		CONTRE: 0		ABSTAIN: 1
Senator P.F. Routier				Deputy of St. Mary
Senator P.F.C. Ozouf				
Senator A.J.H. Maclean				
Senator I.J. Gorst				
Senator A.K.F. Green				
Senator S.C. Ferguson				
Connétable of St. Clement				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				
Connétable of St. Ouen				
Connétable of St. Brelade				
Connétable of St. Martin				
Connétable of Grouville				
Connétable of Trinity				
Deputy J.A. Martin (H)				
Deputy J.A. Hilton (H)				
Deputy of Trinity				
Deputy K.C. Lewis (S)				
Deputy E.J. Noel (L)				
Deputy of St. John				
Deputy M.R. Higgins (H)				
Deputy J.M. Maçon (S)				
Deputy S.J. Pinel (C)				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy S.Y. Mézec (H)				
Deputy A.D. Lewis (H)				
Deputy L.M.C. Doublet (S)				
Deputy R. Labey (H)				
Deputy S.M. Wickenden (H)				
Deputy S.M. Bree (C)				
Deputy M.J. Norton (B)				
Deputy T.A. McDonald (S)				

Deputy G.J. Truscott (B)				
Deputy P.D. McLinton (S)				

The Deputy Bailiff:

That concludes the various amendments and we now ...

[10:15]

Senator P.F.C. Ozouf:

I am grateful for Members’ support. I know I have taken time on my amendments but I am grateful for Members’ support and the consideration of amendments.

1.2 Draft Budget Statement 2018 (P.90/2017) - as amended

The Deputy Bailiff:

We now return to the debate on the main proposition, as amended. Does any Member wish to speak on the proposition?

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

When we get to this stage of the Budget debate it is one of those difficult times because it is one of those propositions which we all know the States can take the attitude that it has to go through, so is there really much one can add at this stage? What I did want to comment however is of course a subject which Members will know that I have been pushing and attacking, which is of course the issue of student finance and of course in his opening speech the Minister for Treasury and Resources did make the announcement of the changes that are coming forward. Again, I would just like to thank my Scrutiny Panel because we made the recommendation that the Council of Ministers should review the tax allowance, particularly the Deputy of St. John made this argument, which was how direct funding might be a better method instead of indirect funding. Therefore I think it is important that the public are reminded of that recommendation that the Scrutiny Panel made when we released our report, which I think has been a second win for the Education and Home Affairs Scrutiny Panel in recent days. Now coming forward, of course, now we know that the consultation is coming forward and we are trying to work with the Council of Ministers at how best we can do that in a timely manner because it is not only a follow-up for our previous report but also a matter which we appreciate is very time sensitive, given the issues around U.C.A.S. (Universities and Colleges Admissions Service), *et cetera*. Also we would obviously want to see this done before May when many of us may or may not be here. Who knows? I also want to say when looking at the Budget in overall things, it does seem to me like the usual things, again we have been promised time and again we are going to have imaginative, different, innovative budgets; it seems pretty par for the course. That is not necessarily a bad thing but it is what it is. Again, when it comes to these Budgets, when it comes to the Articles, I always express my concerns over the rise in alcohol. I always feel that it is just enough to keep the money coming in but not really enough to stop people drinking because why would we want to do that because of the amount of money that we get rather than having a proper strategy I raised in the last Budget, fundamentally looking at the reasons why people in Jersey drink so much in the Island and tackling those aspects of it. Again, when it comes to the Articles I will be voting against the rise in fuel duties because I have always been of the opinion that that affects ... it has so many multipliers and everything else it affects in the economy, which just pushes the price, the cost of living up, which was something that I have always found difficult to support. I just wanted to explain that once they are here and get some credit for the Scrutiny Panel.

1.2.2 Senator P.F.C. Ozouf:

I have brought more amendments to this Budget than others and I have been partially successfully and, in fact, even though the States votes against a number of elements of part 4 I take great comfort from the fact that there has been the acceptance that the reviews are going to happen, particularly the one in tobacco, which I think is going to yield good results. Perhaps a mistake was that I was too pushy with the timing of it. I am delighted that the Assistant Minister for Home Affairs is nodding, because I think it is going to be possible to do something on that. Certainly the international mood is changing. Liquor, we have got now a review under way and we have also done, and I think Members ... I think the penny dropped yesterday when they realised the issue of the mutual and the impact of the 20 per cent tax. Now that is where of course I have a real difficulty, is that we have now got effectively a Budget which is going to, if the States agree it, impose immediately next year with a number of problems, which I will come to during the actual Article itself a problem. This Council of Ministers has been characterised by a Council of Ministers who have been in the happy situation that all of their estimates of income have been exceeded. Now, I applaud prudence but I think that there has to be some questions in the longer term asked about whether or not the Treasury were too prudent because obviously decisions have been made upon what now appears to be a very different amount of income than we thought when we discussed the M.T.F.P. (Medium Term Financial Plan). There has to be a middle way on that. It concerns me that I think there is in the 2016 accounts a reported underspend of £33.9 million, taxation numbers are up and the Minister for Treasury and Resources indicated in his speech that ... I know his investments have gone up. Fantastic. I know that they cannot be spent. But I would remind the Assembly that in fact we had made some provisions, such as the gloomy picture of a number of years ago. We were told that we were going to have to make some withdrawals from the Strategic Reserve. Now those have not happened in the way that we thought they were necessary. Our public finances are in a rather better state than we were told that they would be 2 or 3 years ago. We all knew it was not a black hole. It was a planned move of money into health. That was obviously a real difficulty because there was almost this sense that somehow there was an unhidden or there was a hidden problem. There was not a problem and, in fact, I congratulate the Council of Ministers on many of the issues that they have brought forward. The thing where I have to say I part company from, and I have been even surprised at the vociferousness of the result of the decision to reject the 10 per cent rate on retail, is really very concerning. It really is extremely concerning. I am left now with a situation where I have ... of course I would not be irresponsible enough to vote down the Budget because if we did we would not have a Budget and therefore to do so would just be the wrong thing to do. Anyway, if Members did have a problem with elements of the Budget then they should have done, like me, amended it. They cannot say, I do not think, that they disagree with everything if they have not brought forward amendments. But are there elements of the Finance Law themselves that they feel that they are not going to be able to support? I signal now I cannot support the 20 per cent retail tax. It pains me to say it, but I cannot support it. I cannot support it even more strongly now knowing now that this Assembly has agreed for a review to be done on the issues of mutuals. Until that issue of mutuals ... because we are, if we bring forward the 20 per cent tax on retail, we are going to create, as of 1st January - I know the taxes are paid in 2019 - we are going to create an unfairness of the largest grocer with others. Members did not perhaps realise or accept the arguments that grocery prices were going to go up 3 per cent to 5 per cent and I really hope the Minister is not going to refer back again to the Guernsey R.P.I. figures. I really hope he is not going to use that because if that is the only evidence he has got then I would really question whether or not he has done his research properly, because I know, I have spoken again overnight to retailers, as to what they will do if the States agree the 20 per cent. It is going to be the lowest cost items, the lowest items where there are shoppers with the most constrained budgets are going to see those price increases because the margins are slender. There is the lowest cost store in Jersey - I am not going to name them - they, I understand, charge

prices at U.K. rates. That includes U.K. V.A.T. (Value Added Tax). The exemptions or not. Now they are going to lift the price of those goods by 3 per cent to 5 per cent because they cannot do anything else. They are businesses. They have choices to invest. They are like the Co-op. I think to create an unlevel playing field at this stage I think is just absolutely horrific. I just think it is the wrong principle to introduce ... we are just discussing about competition. Competition is supposed to make markets work and have a level playing field and not to have a level playing field ... the Co-op is a mutual but it is a business. It is diversifying outside of groceries into hotels. Great. But it does not look to me, even though I put my share number in, it does not look to me as though it is not a business. It is a business. Now we are going to basically create ... this Assembly is going to create a situation where we are going to, by our decision, push people into making their grocery purchases at the Co-op versus the others, because they were not going to be the ones not to increase their prices. That is what is going to happen. So all the good work we have done on creating a vibrant retail environment is going to be lost. We are going to create a competitive advantage for the Co-op. When Members think back to the introduction of Zero/Ten there have been many comments made about the vibrancy of our retail offering. It is fundamental to tourism. It is the sort of added bit that people come to Jersey for a weekend and they go up and down King Street and they are amazed at the choice of products, they are amazed at the choice of vendors. I know that she will not mind me quoting her but Tessa Hartmann has made comment. She is speaking at the Chamber of Commerce next week. She has been astonished, and this is somebody with no vested interest in Jersey retailing, but knows more about retailing than virtually, if I may say, any of us combined. She has said: "This is a really bad idea." She will not mind me saying, I have spoken to her on the telephone this morning and I have told her about the impact of it, and she is astonished. She says she does not understand why the arguments have not been understood. So I am very concerned about that. I am very concerned about that. I would say that I would prefer that the Minister would have also consulted more. I mean my amendments have been rejected because apparently a consultation was required. Well, there has not been consultation with the retail sector. There has not been any consultation with them at all. In fact even the Scrutiny Panel did not meet them. They did not meet the Scrutiny Panel. They wrote them a letter and they did not hear their arguments. I am surprised about that for Scrutiny, I have to say. Why did the Scrutiny Panel not listen to the retailers? They might have dismissed their arguments and not accepted them. But they should have listened to them. They wrote to them and they should have done their work. There has been virtually no Scrutiny on the law itself. I will come back to that later. There is an issue in the law itself which is deeply troubling to me, which I would have dealt with if my amendment would have been brought forward. So Members and the Ministers cannot have it both ways. He cannot say no to some of the things I said because of consultation and a need to review and then ask this Assembly to pass something which has not been consulted upon. Has there been consultation on retail? Well, consultation was not an agreement in principle by last year's Budget by Senator Ferguson and then immediately translating it through. That was an agreement in principle; that you consult. The U.K. Chancellor, in comparison - and this is an issue that is going to impact Jersey - made an announcement that he intends to change the capital gains tax on corporate development. It is a big move from the U.K. Chancellor. It is not that much money. There is a lot of business that we do in Jersey on the basis of this arrangement. He is proposing to change it. But did he legislate for it? Did he announce it and legislate it? No. What he did, he said the intention is this but I want to know the impact. So there is a consultation which is running until 31st March. Will he do it? He may well do it. It may well be changed however based upon the representations that are given on that. That is how you make decisions. That is how we brought in Zero/Ten. We consulted. You do not consult when you cut taxes, to Deputy Mézec, but you do consult when you increase taxes. I have been told that my propositions to increase taxes on the liquor trade and the tobacco thing must be consulted upon. Okay, hands up, they should be. I have accepted the reviews willingly of the Minister for Treasury and Resources.

[10:30]

But I was trying to do the responsible thing to make sure the books balance. I did not have a choice. I had to do what I had to do because I did not think it was right to bring forward a proposal that would misbalance the books. But I am afraid things have changed now. Things have changed. The States have rejected the 10 per cent. I am pretty sure that the Minister for Treasury and Resources has got ... I mean there is a surprise announcement for the Education grant. I welcome that. A number of us had that in our manifestos. I was going to bring forward a stand-alone proposition in January to that but if one is going to be brought forward ... and I would ask the Minister or the Chief Minister or the Minister for Education to please confirm that it is this Assembly that is going to make the decisions on the Education grant. It is rather curious that the big Budget announcement has not got a decision associated with it. It is rather strange that. I mean I have never made a Budget speech of announcing something that was not something ... normally the Budget speech that you make in the States is the same - virtually - speech you make when you lodge it. That was not in the lodging. There was not a sniff of it. There is no decision on it. It is a promise. I think the people might begin to start realising that it was a good headline; so well done to the P.R. (public relations) advisers to the Minister and to the Council of Ministers. It caught the headlines. But we are not deciding on it. There is no proposal. We do not know what it is. Where is the money coming from? Where is the money coming from? We have all been told there is no money. Time after time again we have been told that there is no money and yet this one, rabbit out of the hat. I am getting a bit tired of hearing about the bleakness of our situation. I have noticed that the Treasury has upgraded the taxation receipts. They say they are very prudent. Well there is too prudent and there is just being perhaps a little bit fear-raising. I know that there is prudence and every year I was Minister for Treasury and Resources and every year in 18 years, since I was on F. and E. (Finance and Economics), there was one year where our income was less than expected. It is called the "sofa", it was money coming out of the sofa. Every year the Comptroller used to come and say: "Yes, we have collected more tax." But this amount, well, if you look back at what we were told and what we are now getting there is a big difference. There is a big difference. Why? Because of the strength of the economy. But well done to the Council of Ministers, they have done well. The Minister for Social Security has got more people in work. Fantastic. Well done. Brilliant. Fantastic work. More people in work. More people paying taxes. Less benefits being paid. Lives improved. Social mobility working. Yes, if there is an issue of contracts, but the evidence is that people are available. We have the lowest unemployment ever. Chief Minister and I have discussed over many years that sensitive 1,000 people out of work. We are now below 1,000 people out of work. Despite having lost L.V.C.R. (low value consignment relief) and 3,500 jobs in financial services, we have unemployment down to less than 1,000 and with more people in, because of immigration, which means we have more workers, which means that we are not going to tax people in the future. So, there is a lot in this Budget which is great. It is really good. It is an Island that is growing, that has confidence, that is investing and that is investing in capital. We are going to be making important decisions for the hospital, even though I have amended them, I do not want them put off, I want them made. I just happen to believe that there is a slightly different way and there is a debate. I think it is good that one has a debate in a constructive way. I do not want to put it off; I want it done and I want to tell the Minister for Health and Social Services that now. For the capital programme, there have been virtually no decisions. There has been no discussion on the capital programme. There is a good capital programme here. That shows that we are investing in our infrastructure. That is on top of all of the investments we have made in the past. That is going to help the economy. It is all good news. There is a lot of good news here. But, there is one big problem, which I suspect has got huge, negative, unintended consequences and I am going to be asking for a report on that. That is going to be resisted fiercely by the Minister for Treasury and Resources. I know it is. I am going to wait to hear the absolute damnation and all hell that is going to arise if it is not passed. Well, I am sorry. The olive branch was given. A solution was given. It

has not been accepted. There is some good news, because the revenue only accrues to the Treasury in 2019 from the retail tax and if the other measures on tobacco can be brought in that will accrue to the Treasury in 2019. If they do bring back a tax that works, after they have consulted on it, and the issue of the mutual traders, that will have a beneficial effect. I know I am going to get the drubbing of my life in proposing it. I did not want to do that. I proposed an amendment that was balanced. It was rejected. But that does not mean to say that we should now approve, knowing what we now know, that we might have ... when the facts changed, I changed my mind. What facts do we have now? Well, we now understand the issues with mutual better. We know a mutual review is going to be done. We now know the impact on grocers. We know that there is one impact that if this Budget is passed in its total, we are going to raise the cost of living, which I think is the principal concern of Islanders. If there is one thing that Islanders are worried about, it is the cost of living. There are tight budgets. We have been through a recession. Are we going to really make a decision to raise the cost of living of Islanders on the one product, on the one thing that they have to buy, which is groceries? I hope not. But the rest of the Budget I say: excellent. I have no problem with the financial services extension. I wish they had have consulted, but fine. There is no problem with that. That is more money out of financial services at 10 per cent. Okay? Good. We have been slowly increasing the scope of the 10 per cent; more than Guernsey, more than the others. We can do it, because we are good at it. But, you can only do good when you are still competitive. The 10 per cent rate is competitive; it is other places at zero, but we are still winning based on the back of it. So, I have a heavy heart. There is a lot of this I agree with. I am pleased that we have agreed a lot of the reviews. It shows the strength of our public finances. It shows the strength of the Jersey economy. But, there is a problem and we are going to come back to that when we come to the law. Thank you.

1.2.3 Deputy S.Y. Mézec of St. Helier:

Every Budget in every jurisdiction is usually delivered with some sort of narrative alongside it. We saw that in the opening speech from the Minister for Treasury and Resources. I think it was reminiscent of the speeches we often see from the Chancellor of the Exchequer in the U.K. There is one difference though. Members may be unaware of this, but there is a little known tradition in the House of Commons, which says when the Chancellor delivers his Budget he is allowed to drink alcohol from the despatch box, which I do not think is the case here, although someone might want to check that glass just to see. But there are other similarities. Basically, that narrative is: everything is brilliant; we are brilliant and anyone who says otherwise is wrong. That, I think, is the central narrative that the Minister for Treasury and Resources was trying to put forward in his opening speech to the Budget. I read the forewords to the Budget accompanying the proposition and that I think tends to try and enshrine that narrative as well. They talk about the balanced and prudent way that we have ensured Jersey continues its prosperity. That is a great word there “prosperity”, is it not? Preserving strong public finances, delivery balanced budgets. “Prudent” is the word that they use. In my experience over the last few years, you can remove that word “prudent” and replace it with the word “cruel”. Because that is what this Government has been over the last few years to some of the poorest and most vulnerable people in our society. This is where the narrative that they are trying to put forward is completely broken and must be shattered. For the benefit of the public who we represent, this element of the argument needs to be brought forward, because it is not included in anything the Minister for Treasury and Resources tries to say. We are an Island where people are finding it harder to get by. We are a rich Island. We are an Island with a growing economy at the moment. Yet people are worse off. That is not normal. That is not acceptable. Yet, we hear nothing, time after time, in whatever M.T.F.P. it is, whatever Budget it is, any word from any Minister that seems to even acknowledge this as reality, even though it is the reality that comes from their own Statistics Unit, which tells us, and Members may get fed up of me bringing this up in every speech when I stand up in this Assembly, and I am going

to bring it up later in another proposition as well. But, here are the facts: last year the economic standard of living for Islanders reduced. It went down. Because even though the economy was growing, the population was growing at a rate that outdid all of the good that the growth in the economy had done. We have a growing economy, yet people are worse off. How is that acceptable? What is the strategy of the Government to try and share that economic prosperity amongst the people of the Island, rather than it simply being concentrated in the hands of a few people at the top, who are already doing very well, thank you very much? The Income Distribution Survey showed that the poorest quintile of our society are 17 per cent worse off than they were 5 years before. That was before the M.T.F.P. which cut more support that was provided for some of those poorest people; a third of pensioners living in relative poverty. So, what are they going to do? They are going to take away, over time, the Enhanced Pensioners' Tax Allowance. They initially tried to take away the whole of the pensioners' Christmas Bonus, but thankfully the pensioners stood up and said no. Deputy Southern brought forward a proposition which the Council of Ministers then reworked into their own wording and adopted. Single parent families: 54 per cent of them in relative poverty. How can any civilization consider that something worth tolerating, 54 per cent of single parent families in relative low income? That figure will be worse today, because of the prudent decisions that this Government has made. They are not prudent decisions. They are cruel decisions. This is not reflected in the reality of anything the Government says in its Budget. There is nothing for those people in this Budget. The Minister for Treasury and Resources may say: "Ah, yes, but we are raising the tax allowance." But, I have to remind him, raising the tax allowance does nothing to help the poorest people in our society, because the poorest people do not pay tax. They do not benefit from the tax allowance going up. The things that will affect them are increases in duty, because that is ultimately a regressive tax that affects the poor more than it does the very wealthiest. They will be affected if the retail tax goes through and those businesses decide to raise their prices to make up for that lost profit. That will affect the poorest people in our society. That is something that the Minister for Treasury and Resources and his ministerial colleagues seem absolutely incapable of recognising. Now, I forget if it was last year or the year before; I remember the front page of the *Jersey Evening Post* where there was a picture of the Chief Minister's face and the headline was something along the lines of: "Chief Minister decides to focus on reducing poverty over the next few years." I ask Members to seriously consider this point: has anything been done to help people in poverty in the Island? I do not think anything really has been done. There have been plenty of cuts to support for the poorest people in our society. But what has really been done to help them? There is nothing in this Budget. There has been nothing in any other M.T.F.P. Senator Ozouf stood up here ... and again he is trying to establish a narrative. He is trying to establish this narrative deliberately, because it is inconvenient for him for the truth to come out here that there was a black hole at the end of his tenure. It is wrong to say: "Oh, yes, this is all just because we plan to reinvest all this money in health and education." Because as the Education Scrutiny Panel well knows, in the early stages of this, there was no real investment in education and we had to fight to get the amendment through to make sure that there was some investment. Where is all this extra money going in health? Well, we spent £17 million so far on a hospital project, which as every day goes past, more and more of us realise it is probably not the right way to move forward. This is not normal for a society, to spend £17 million on a project like this and to be cutting support for the poorest and most vulnerable people at the same time. This idea it is okay to be taking money from these poor people because we are reinvesting it in health and education, which are services they benefit from. Good luck telling that to them. I ask any Member who wants to make that argument to come with me and Deputy Southern and Deputy Tadier to some of the poorest parts of our constituency, where we can introduce you to people who we know from having knocked on doors, people who we know live in poverty. Some of the best people in the world you could ever meet, because their attitude and their

values and how they keep trying with their lives even though they face adversity. Adversity often caused by what this Government throws at them.

[10:45]

I ask those Ministers to come and meet these people, sit down with them and try and look them in the eye and say: "It is okay for us to be making you £1,000 a year poorer, because some of that money is going into Pupil Premium at schools." Yes, that is going to make a lot of difference to some of these people who do not have kids, who are not going back into education any time soon. Some of them are disabled, who could do with more money in their pockets rather than it being put in services that they may or may not need at any given time. It is a broken argument. When you put it to people directly, some of them, I am sure, consider it to be insulting, this idea that the Government can take money from them and put it where they think is best for them, even though they know that they will not benefit directly from this. So, Senator Ozouf stood up in his speech and he criticised elements of the Budget. Some of those elements that he is criticising I agree with. Then he said that he will still vote for the Budget because it would be irresponsible not to vote for it. That, I think, alludes to what the Chief Minister said in one of his speeches over the past few days, where I have stood up and said that I was going to be opposing one of Senator Ozouf's amendments on the retail tax and it was okay for me to oppose it because I will be opposing the entirety of the Budget. Senator Gorst stood up and he said: "Yes, that is because Deputy Mézec and Reform Jersey, they just want there to be no money. They just want us to have no budget, so we go the next year without anything being spent on our public services, having to take it in from reserves instead." That is an argument that insults our intelligence, because it is simply not true. This Government, this Assembly, like any other Parliament, if it wants to reject a Budget it can do it, because that is what this legislature is for. It is not here to rubber stamp the decisions of a Government. If that were the case, then I would say let us abolish the legislative procedure that requires a Government to put forward a Budget in this Assembly. Let the Minister for Treasury and Resources publish it as a report and we can all spend time at home doing nothing instead, rather than doing the job we are paid for, which is to look at the Budget, the propositions brought forward by the Government, decide whether they are worthy or not for our constituents, the people that put us here in this Assembly and if it is not good enough, to reject it and tell the Government to go back and come up with something better. They are capable of doing that. If we vote against this Budget it is not doomsday, it is not a case of there will be no money for public services. If that were the case, we may as well not be here. We may as well have all just voted for this on day one and then gone home. The fact is there are procedures within our standing orders that say we can reject a proposition and if a new Budget is to be brought forward at short notice, we could have an emergency States sitting and we can vote to reduce the lodging periods to make sure we get something passed. That is an important threat that exists, because it should mean the Government is not complacent, that it is working harder to deliver a Budget that meets the aspirations of everybody in this Assembly. So, I say to Members here: do not vote for something that you do not believe in. Do not vote for something that you do not think meets the aspirations of the people who put you in the privileged position of being in this Assembly, earning a handsome sum of money every year, to represent them. This Budget is not good enough for them. It does not help those people who are struggling to get by. It does nothing whatsoever to help those people who feel more squeezed than they ever have, those people who for 10 years have not seen a rise, real terms, in their incomes. It really, I think, at the end of the day, does not address the structural issues that we have in our tax and spend model, which are seeing these cuts to public services, which are seeing such extraordinary amounts of money wasted on things that the public will never benefit from. There was a fantastic line in the *J.E.P. (Jersey Evening Post)* editorial recently that I could not tell if it was satire or not. The editor of the *J.E.P.* praised the Chief Minister. He said he was a Chief Minister who has led without spin; this being a Chief Minister who spends £600 a day on a Tory

spin doctor. Well, of course, you have to spend £600 a day on a spin doctor when you are putting forward policies that are not making people's lives better. Of course, you have to spend money trying to trick people in the public to thinking things are better than they are, when their incomes have not gone up for 10 years, when they are worse off than last year, when our minimum wage, for example, has fallen behind the U.K. and is set to continue falling behind the U.K. Let us, of course, not forget jollies to South Africa, £13,000. Credit cards, money going who knows where. Money is being wasted by this Government and I do not feel like anything real is being done. To try and save on waste, our public sector workers, people at the front line, working often in very difficult circumstances, most of the time doing an absolutely fantastic job. What do they get as a thank you for their hard work? Pay cut from this Government. They have no interest really in trying to address the inequality that has grown in this Island, to try and ask those who are doing best in our society to contribute more, so that we do not have to cut support for the poorest people. So, in that 10 years where there have been no real terms growth in earnings, the number of people in the Island earning above £1 million a year has quadrupled. I do not think it is sustainable to say: for the next 10 years we are going to continue to see ordinary people and, in particular, the poorest people have their incomes fall and fall while those at the top multiply. Now, it is fine for those at the top to be multiplying. I welcome that. But I do not welcome it if the wealth that is generated as a result of economic activity in the Island all goes to those people at the top and none of it goes to everybody else. That is a broken society, it is a broken economy and this Budget gives us absolutely nothing to assure us that that trend is going to reverse. It has to reverse, because it cannot go on for ever. If we have another 10 years of this, what state is this Island going to be in? Will we have ghettos of houses falling apart where landlords are not looking after their properties, because they are making extortionate amounts of money in rents from the private tenants who cannot afford to go anywhere else, who are essentially slaves to the system, and then we have a select few people who live in extraordinary wealth, who spend most of it outside of the Island, in the city of London, on holiday, wherever and not spending it in the Island? So, we have real problems. I am going to vote against the Budget. I am going to urge everyone to vote against the budget. Send the Minister for Treasury and Resources back to the drawing board, come up with something better and establish a new narrative, not a narrative based on how brilliant everything is and ignoring the reality that many people are facing in their ordinary lives, but a narrative that says the primary purpose of this Assembly and the Government that this Assembly appoints, is to improve the standard of living for ordinary people and every financial measure that the Government proposes should have that basic aim underpinning it. So, I cannot vote for anything that does not include that. I urge Members to vote against it. It is not irresponsible to do your job and act to be the force of accountability that we are meant to be to this Government. If you simply believe in rubber stamping whatever they put forward for you then you are not doing your job. I urge Members to vote against the Budget.

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

I just wish I had the eloquence and the quick thinking of the previous speaker. I envy him his ability to speak as he does. I am only going to talk about 2 things. One is Senator Ozouf, in particular. It is almost like he is a new man. No it is not, he is justifying everything that he did before. He was talking how the Minister for Treasury and Resources was pulling money out of the hat. During his time as the Minister for Treasury and Resources he pulled more money out of hats that in fact it was more like a shell game really. You know, you find the key and you move things around. When he was Minister for Treasury and Resources money was coming out of all sorts of places, even places I do not believe it should have come from. So, for him to go on about the Minister for Treasury and Resources, I think, is the kettle calling the pot black type thing. He also was very critical of the 20 per cent tax on retailers. Remember it is not all retailers. It is only those who are earning very, very high sums. He was saying that if he brings it in they are going to

increase prices. Nine years ago, when I came into the States, I brought a proposition to deal with the V.A.T. problem and this 20 per cent U.K. V.A.T. the shops were charging the customer, but it was not going to Her Majesty's Government, it was going in the pockets of the retailers. So, they were making 20 per cent extra margin. They were already making profits obviously because they buying the goods in cheaper than they were selling them at, but they were getting an extra 20 per cent. I was opposed, very strongly, by Senator Ozouf and the Council of Ministers because what I was proposing was that any firm that was charging the 20 per cent and passing it on to the consumers or charging excessive freight charges, should have been taxed. Everybody else was going to be on zero tax. So, it was going to be a punishment for them that if they were exploiting the consumer in the Island then they would have to pay a higher tax figure. He opposed that. Now, all of a sudden, we have the Council of Ministers bringing forward proposals of 20 per cent tax on the large retailers, or in Senator Ozouf's case 10 per cent. But no, you cannot do that, that would be against the E.U. rules. We have to have zero per cent. We cannot possibly tax these people. Yet, what are they doing now? Proposing exactly the same thing. So, we have had 9 years of where the consumers in this Island have been ripped off by many retailers. Do I have any sympathy for them? No, I do not. They have done very nicely over the last for years with Zero/Ten and with excessive charging of V.A.T. equivalent. So, I shall be supporting that part of the Budget. What I will say is, like Deputy Mézec, there are other elements within the Budget that I disagree with fundamentally and I will probably end up voting against it. But I would like to highlight there are certain aspects that I could support. But, overall, I suspect that I will come out against the Budget. I think people really need to understand this is ... we are not quite there yet, we have less than a year, 6 months or whatever it is before an election. So, much of what we are hearing at the moment is pure electioneering. The idea of paying for children to go to university, I agree with giving them a grant. I went through university on a grant and I always felt it was wrong when the system changed and people were being charged and we were putting children and their parents into debt, and parents having to sell their homes and everything else. But, I agree with that. But, as we have been told it is not part of the Budget, it is an announcement beforehand, but it is not part of the motion. In the same way, we are bringing in non-means testing of children's places. Great. Because I know again how it can be a struggle. When I first came to the Island with my wife and we had children, the cost of nursery education or basically children's facilities was exceptionally high. It took a large proportion of our income. Yes, I agree with it. But it is an election year. Just because I remember 9 years ago, it was Senator Routier came up with withdrawing the charges on prescriptions. Although he denies that he said personally to me yes, it was an election thing. So, in other words, the public should be aware of the fact that this Budget and proposals being brought forward by the Council of Ministers are to say: "Elect us. We have done this. We have done this for you." What people need to realise is that most of the 3 years of this last session that they have been in they have been ... I cannot use the term "screwing" the population ...

The Deputy Bailiff:

No, you absolutely cannot.

Deputy M.R. Higgins:

No, I was thinking out loud, Sir. Sorry, yes, I apologise. But, the point is they have been disabusing the population. Through their measures they have been hurting people and now all of a sudden they are saying: "We are going to do this for you. Look what we have done; free education for schools." They only mention it for about 2 years, by the way, because they do not have the funding sorted out for later. Then they are also saying, as I say, the free children's places and so on. There are other measures which they have mentioned which are trying to engender the view that everything is rosy, everything we have done. It is like hearing this thing about the black hole,

that there is no black hole. I hate it when they come up with this. We have seen figures time and time again of where there is a black hole. Pure propaganda. I must say, Deputy Mézec was very good mentioning the P.R. apparatus they have. I forget how many advisers they have. It is not just the ex-Conservative party one, there are others, trying to promote a particular image. Why? To get them elected or to try and minimise the adverse effect on the part of the public. It is all a sham. I hope the public will look through it when the election comes and I hope ... and I have not even decided if I am standing, but I hope that many of the people on the benches opposite are not here next time. Thank you.

1.2.5 Deputy S.M. Brée:

I am sure many Members, and probably members of the public who may be listening to this debate, are getting more and more disillusioned about some things that are being debated in this Assembly. When the Minister for Treasury and Resources made his speech proposing the draft Budget Statement 2018, to listen to him one would have believed everything is fine, everything is rosy, there is nothing wrong with the Island's economy.

[11:00]

Now, that growth that the Minister for Treasury and Resources talks about in the balance sheet of the Island mainly comes from the growth in the value of our investment. That could well be brilliant direction coming from the Minister or it could be very good investment advice from the advisers to the fund. So, to claim, as I feel the Minister has been, that the growth in the Island's economy is down to the policies of this Council of Ministers, I think to be somewhat misguided.

Senator L.J. Farnham:

Only the failures were ...

The Deputy Bailiff:

I do not think the Member gave way.

Deputy S.M. Brée:

I did not, Sir. On the other hand, we also have the Minister saying employment has never been higher, our economy is doing brilliantly and everybody should be celebrating these facts. Then one listens to Deputy Mézec's very rousing speech, very articulate speech, obviously very well-researched speech, that is painting exactly the opposite picture of the state of the Island. Now, I think Deputy Mézec does raise some very, very important points about how we are dealing and looking after those members of our society who are hard done by. There is a slight problem with this microphone.

The Deputy Bailiff:

Perhaps if you turn that one off and we can see if another one can work.

Deputy S.M. Brée:

This one seems to be working all right. Thank you very much. Deputy Mézec is quite right that the way in which we govern has to be for the benefit of all. I go back to the point: who do we follow? Who do we believe? Perhaps really now is the time to regain that middle ground, where we do understand how Jersey's economy works, the industry that supports it is the finance industry, we have to understand that we need to nurture and look after that. But, at the same time we need to understand that we as a Government have a social responsibility. I fear that that is what this Budget has failed to understand. It has failed to make allowances for those people who are below the tax threshold. It is almost as if it is a section of society that looking at the draft Budget does not exist. Yes, this Budget does increase the allowances for those people paying tax. I fear that what is being

forgotten about, what is being ignored, possibly even, by this Council of Ministers is the problems that the very low income members of our society face on a daily basis. Now, that said, we then have to look at this draft Budget in the eyes of: does it address the structural issues that we are facing with our economy? Productivity has been a key word that we have heard in so many debates, put forward by this Council of Ministers. But, productivity is falling. That has an economic impact on every man, woman and child on this Island. So, perhaps the underlying principles of this Council of Ministers' economic view is wrong. But, that said, this Budget has to be looked on in the timeframe that has been lodged. We do have an election in May next year, for those of us who had possibly forgotten about that. But, there is nothing in here that fundamentally changes anything we are doing. It is what one would expect to see prior to an election. Do not do anything drastic, do not do anything to change the structural economic model we work on and all the problems will either disappear or we will deal with them after May next year. But we have to be pragmatic. We also have to recognise the fact that we need this Island to continue to function. We need this Island's income to be able to pay for its expenses. So, while I do not agree with the model that this Council of Ministers is pursuing, while I do not agree with the social programme that this Council of Ministers seems to be following, I will vote for this Budget, because I think the important time is going to come at the election. Let the electorate decide. Let the electorate ask the questions that need asking. Let those of us who are going to stand again for election be willing to talk about the real issues, the real problems and the real ways in which a government can deal with those at the same time as promoting the economy, investing in infrastructure. That is the important question: how do we balance the 2? I think it is about time that those of us who perhaps feel like myself, we regain that middle ground, we regain the position that we as a government have a social responsibility to everyone in our society. While Deputy Mézec's speech raised some very important points, we are looking at 2 extremes here. We have the Council of Ministers here and we have Reform Jersey there. There is a middle ground and for those of us, like I, who believe in certain things it is about time we regained it. So, I will be voting for this draft Budget, but for the reasons that I have stated. Thank you.

1.2.6 Senator S.C. Ferguson:

Sadly I stand up as a further Cassandra regarding the Budget. It is a classical illusion. I believe that the Constables' benches may not be ... perhaps I malign them. I do not think they have quite picked that one up.

The Deputy Bailiff:

Perhaps move beyond Cassandra and carry on.

Senator S.C. Ferguson:

Yes, as long as I do not end up in the same tragic end. Our Budget is balanced, but it is balanced on the basis of an accounting estimate. The accountants among us will know that frequently one uses estimates, but equally frequently, they are adjusted the following year. The Fiscal Policy Panel have stated in their last report that revenue raising measures are becoming more and more *ad hoc* in nature and in the medium term a more strategic approach will be required. It is also important, I am quoting them again, for the States to explore the potential for further efficiencies in States' expenditure before cutting expenditure in priority areas. Risks continue to exist. Uncertainty about future revenue, ability to control expenditure, political risks, timing of capital expenditure and the biggest elephant in the room, population policy. The final comment is that there are a number of challenges which are likely to lead to further structural pressures on States' finances. They talk of weak productivity, economic volatility and the ageing population. But, I ask Members to remember that a civilisation is judged by the way it treats its elderly. Please, can we have no more remarks that they are old, they have had their day, which I have heard, which I think

is disgusting? This is a bland Budget, which is expected, as other Members have said, in a period prior to an election. But, make no mistake there are considerable structural pressures to deal with. The recommendations of the Fiscal Policy Panel are quite explicit on these. We have the time bomb in the Social Security funds. As I say, the Corporate Services Scrutiny Panel has made some estimates and it would appear that over 50 per cent of the population will be net drawers on the Social Security funds in future. Perhaps the Minister for Social Security will totally quantify this deficit and identify the means of dealing with it. So, given these warnings, please can we not start saying everything is brilliant, but heed the words of the Fiscal Policy Panel, particularly over the next 6 months and following the next election? Thank you.

Deputy S.J. Pinel:

Excuse me, Sir, just as a point of clarification. The Senator asked for the Minister for Social Security to clarify this. We are, as she is well aware, doing a review on the whole of the Social Security Fund at the moment and there is not a deficit.

The Deputy Bailiff:

I am sorry, Minister, you can be asked for clarification on a point that you have spoken about, but you cannot simply answer questions during the course of the debate.

1.2.7 Deputy A.D. Lewis of St. Helier:

Perhaps I could help the Minister there. I attended the Actuary's presentation that the Minister for Social Security organised a few months ago and it seemed fairly clear to me that there is not a deficit at the moment, but the Senator is quite right that in the future one has to be mindful that things like Social Security charges may have to increase to ensure that does not happen in the long term. But, in the short to medium term my understanding is we are in pretty good shape compared with other places and we should applaud departments' efforts in that direction. George Bernard Shaw said: "If all economists were laid end to end, they would not reach a conclusion." When budgets are put together a lot of consultation happens with economists and rightly so. But, I think that says it all, you will never get lots of lawyers in a room to agree either. It is a fact of life. We are the representatives of our constituents and what we feed into this Assembly informs debate because it informs the Council of Ministers and others that make decisions or bring forward decisions of what the people really think and really want and are really feeling. That is part of our role. Now, we have a growing economy. It has been stated very clearly today. It is growing faster than most others, despite our size. But, what concerns me most, and it is not addressed in this Budget, and it is not happening only here but in the U.K. as well, the gap between the rich and poor is getting bigger. There are 2 fundamental reasons for that. One is surrounding home ownership and the other is low wages. When you have a low wage economy it is very difficult to move up the tree. If you are not a home owner, you stand little chance of ever accumulating huge amounts of asset. In the U.K. there were housing booms in the late 1940s, after the war, 1950s and possibly the 1960s and the 1960s in Jersey too. We have had no significant scheme since the States' Loan Scheme to encourage home ownership. I applaud some of the Minister for Housing's attempts to address that, but it is not enough and not enough quick enough. If you do not address housing issues supply and you do not address your low wage economy, your gap between the rich and the poor will get bigger. It does not matter how many attempts you make to fiddle about with your tax system, poor people in our current system do not pay tax, so the budget does nothing for them.

[11:15]

I think Deputy Mézec is absolutely right in his assertions there. Our upper-middle classes on the other hand are doing extremely well. We are fortunate that we do have a very large, what some would call middle class or upper-middle class people. Because they are not paying much tax, only 15 per cent are paying 20 per cent in tax. That is where the Minister had an opportunity to do

something about that in his Budget and he has done nothing. So, that gap between the rich and the poor is getting bigger, for the other 2 reasons I mentioned too. I think the Minister has failed there. I wonder why? I will not go there, as others have, it has been said already. The cycle we are in does not promote that type of change. When people become needy people they can become expensive very quickly. That might not sound very nice, but it is true. Needy people are ill more often. We have an increase currently in youth crime. When I sat on the Youth Panel we had hardly any sittings. Youth crime was at an all-time low. It has now increased significantly. I do not think there is any surprise there if you look at the gap between the rich and the poor and our poor in Jersey are getting poorer. You end up with social issues, youth crime, mental health issues, health issues, people living in poor housing as a result. All these things are caused by low wages. We will be having a debate about that later on, so I shall not go into that in too much detail. Australia was mentioned a number of times yesterday. In Australia they, interestingly enough... the reason why they claim to have the highest living wage in the world, is because they only enter lucrative markets. But, so do we, yet we have a low minimum wage, compared with other places, and a significantly lower minimum wage than Australia. They achieve it because they enter lucrative markets. That is the basis for our economy. The finance industry is a very lucrative market, yet we have this large low wage economy. I would like to refer to some things that have been said about talking up the economy; spin doctors and so on. Well, I have to disagree slightly with other Members on this one. If you talk down your economy, that talks down confidence. Businesses and governments and countries succeed on the back of confidence. You knock that confidence and you are in trouble. So, I have no problem with the Government talking us up. I do have a problem if they are saying things that are not true. That is a different matter. Talking the economy up when things are going well, I do not have an issue with and we should do it, it is important. Earlier on in the debate we talked about different taxes and we will have many debates in the future, and already have, about charges; tax in another name. The Minister for Treasury and Resources had an opportunity again with this budget to use the 3 mechanisms we already have in place to raise revenue: G.S.T. (Goods and Services Tax), impôts and income tax. I have spoken to other Ministers that have been told you have to raise revenue in your departments. The Minister for the Environment is one with his community infrastructure charge. He cannot do some of the things in his department that he would like to do for the common good of the Island and its environment without a community infrastructure charge. Why? Because the Minister for Treasury and Resources will not give him any more money. So, further charges, when in fact we have an income tax system that currently does not produce enough income, because it is wrongly constructed, in my view. The people that earn the most in the middle of that, I am talking about upper-middle class earners here, upside of the £70,000, are still not paying 20 per cent in tax. That is where you problem is. He has done nothing to resolve that. He could have done in this debate. I wonder why, Deputy Higgins? However, somebody also mentioned that the wealthy do not spend enough in our economy. I am sorry, that is not entirely true. There are a lot of wealthy people in Jersey and they spend an awful lot of money in Jersey. Yes, they spend some outside as well. Even in my district there are some very large homes, which have quite a large number of staff, and when I was canvassing, there would be somebody fixing the television aerial, a gardener, a pool cleaner, an electrician, a carpenter, a whole host of people employed working, earning money from people that had come to Jersey and have considerable disposable income and are spending it. So, I do not think they should knock that as perhaps others have. Voting against this Budget, in my view, would be absolutely wrong. It is not perfect. There is no such thing as a perfect Budget, I do not think. In other countries or other states in the United States this attempt has been made to vote down a Budget and not vote for it. They have ended up with states in America in complete a state of inertia, unable to do anything with their public services, public services not even being paid, because the Budget has not gone through their regional assemblies. I am sure that will not happen today, but just to pre-warn people that if there was a sudden mass exodus of votes for this Budget

that is what could happen, you would have no public services from 1st January 2018, because you would have no Budget. So, it is very important that this Budget goes through. All the good things we have agreed to do and hopefully plan for all the better things we are going to do in the future. So, I would urge Members that voting against it, as Deputy Brée also said, is not really an option. What you have, as a Member of this Assembly, is an option at any time to bring forward propositions that improve the lives of the people of Jersey. That is what we are here to do and many of us do that. I would urge Members to continue to do that. You do not have to be in the Budget cycle to do it; you can do it at any time. I wish to commend the Budget. There is one particular thing that I am very pleased about, having lobbied hard with others, and that is the higher education funding. I look forward to the detail on it, because it is not quite as brilliant as it sounded when we first heard about it, but it is still a lot, lot better than we had before. I welcome it and look forward to the detail, but I do not want the Minister to completely rule out some kind of accessible loan system as well in the future, because it will not be enough for some on its own. So, I would like the Minister to continue to look at that. But, I look forward to the detail on that and I welcome it. I shall leave it there. I wish to state that I will be voting for the Budget. I welcome it. But, I think we can and will do better in the future. Thank you.

1.2.8 Deputy M. Tadier of St. Brelade:

There are rich pickings I think from speeches that have been made. Some very good points have been made from different parts of the Assembly. I want to start with the idea that ... Dickens obviously talked about the *Tale of Two Cities* and I think we very much have a *Tale of Two Jerseys*. There was a narrative that was put by my respected colleague in front of me, Deputy Brée, and he said you have one narrative coming from the Council of Ministers, which is that we live in this great place, a kind of *meilleurs des mondes* situation, the best of all possible worlds, and everything is rosy in the garden and just keep a steady hand on the tiller and everything will be all right. I am paraphrasing in my words, not his. Then you have Reform Jersey, who are a bit extreme, they are sitting behind me. There has to be a middle ground and no doubt there will be some independent candidates at the next election who represent the perfect equilibrium between those 2 polar opposites. That is one way to look at it and no doubt that is a narrative which the yet unannounced Liberal Alliance will be pedalling to their potential clients at the next election. The bottom line is, and let us just contextualise this, we have a Budget here which is an election Budget. It is also: do not do anything different. There is a bit of a giveaway. They have looked at the U.K. They have learned a few lessons from Jeremy Corban saying: "Well, if we have some popular policies then we might be able to save our moribund election chances at the next election." If people's memories are short enough that they forget about all the G.S.T.; they forget about what we have done with the Andium price hikes; if we forget about the severe pain that we have inflicted on the elderly, the disabled, single mothers, the vulnerable; if they forget about the fact that we cannot repair potholes in the roads; if they forget about the fact that we cannot even make a decision almost 4 years after an election when the Minister for Health and Social Services said: "I will sort this out within the first 6 months of an election.". If they dilly-dally and change their mind on the site of the hospital saying: "We think it should be going on a greenfield and the dual site of the hospital is the worst of all possible options, it is the most expensive, it is the most disruptive and it is simply will not work," and then a few months later going: "We have this new idea, it is called a dual site for the hospital, which is the best idea. It is the least expensive." It is not a dual site now anymore, by the way, even though it is being built on 2 sites. If they can get all that past the public and get them to forget about all that, then maybe pulling out a Reform Jersey policy saying: "We have this great idea. We are going to pay for tuition fees for any family that earns under £150,000, but we will not tell you about how we are going to do that, because we have only just released that project on the day of the election, because we wanted to keep it secret." Now, that is a charge that has been levelled at the left in the U.K. They are saying: "Oh, they have all these great ideas, but they are

not funded.” Of course, they were fully funded and there was a document there and that is why new voters ... there was a new deal for the U.K. electorate and young educated people, not exclusively, but people who had not necessarily taken an interest in politics before said: “Yes, I like that. Let us look at the figures. I like the way that government is working. It is a bit strange that we have a government that is seeking to act in the interest of the majority of people that are trying to tackle the real issues on the street that we are all talking about. But, we will give them a go, because we trust them and certainly the old moribund bankrupt politics of the Conservatives are not appealing to us.” I think exactly the same is happening in Jersey at the moment. I would like to also talk about this idea of taxation. This is what we are here for. It has been said in the past that politics is the art of the possible, but politics is also about who gets what, when and how. What more so could apply to a Budget? It is about who gets what, when and how? Who pays for it and who gets the benefit from that? The first point is that taxation must be defended as a social good. Nobody necessarily likes paying tax, but we have it for a reason. There is a reason we have government and there is a reason we have the State and that is because it provides for all and it fundamentally provides for those at the very bottom, the most vulnerable. It has been said before, if you are independently wealthy, you can do with some of the things or most of the things that a state might provide for you, not all of them no doubt, but they are still open to everybody. So, when we get this pitting about saying: “Well, we want to get less tax in from those who make the profit.” Let us look at the retail tax. Senator Ozouf made a very big play again and again at the last moment saying: “You cannot possibly vote for the 20 per cent tax, because it is going to harm the poorest people in your society.” Now, that kind of narrative might be appealing and I might entertain it for more than one second if the person and the people putting those kinds of arguments forward cared consistently for the most poor in our society. What we have seen from the proponent of that argument in the past is that he does not care about the most vulnerable in our society, insofar as that is what I can deduce from his politics. Because he says to the electorate, he talks about consulting with the public: “Let us have a consultation. Tell me about G.S.T. Oh, I do not think G.S.T. should go up”, when it was at 3 per cent. Yes, the first thing he does when he is elected as Minister for Treasury and Resources in the new Assembly, after he has given a categorical assurance that he would not raise G.S.T. to 5 per cent is that he does that anyway. That is obviously talking about Senator Ozouf during his time at Treasury. So, once he is back in there for a 6-year period, say: “I will just do what I want.” It is that classic Jersey Conservative policy of tell them what they want to hear and then just do what you were going to do and do what you want to do anyway and then hopefully they will forget about it. Sure enough the public were sufficiently fooled at the next election to re-elect him. So, fair play to him. There are different types of tax. Deputy Andrew Lewis has told us there are limited options when you come to looking at your model. So, it really does stick when the Chief Minister says: “But, of course, Reform Jersey and anyone else who is socially minded, should be welcoming our policies to invest in health, to invest in education. But, when you look at the real detail, there is no new investment. There is just shuffling around of money. So, education as the Education Scrutiny Panel knows only too well, there is no new money. It is just reprioritising. The student premium ... I do not know what the word is, we have green washing for when you try and introduce so called green policies. But, maybe they are red washing when they try and introduce this idea: “Oh, we have a premium policy. We want to provide free meals for school children” but it is coming from cuts in other parts of the Education budget. There is no real growth there.

[11:30]

When it comes to health, yes, sure, we might be investing, but we have seen other charges being introduced elsewhere. It is just moving money around. The environment, which is fundamental to all of us, we cannot do anything in Jersey without a clean and safe environment, yet that is being underfunded constantly and it is yet again being underfunded. That brings me on to the charges. I

will go back to the taxes in a moment. The charges that were being put forward, again, all under review, some of them they realise these are not going to work and they are not going to get past the electorate. They are certainly not going to get past the business community. So, whether it is the land development tax or whether it is the sewerage tax, which is being put on hold for more review. When the industry comes out and says: "Well, the land development tax is going to be inflationary", the experts in their departments say: "Well, there is no evidence for that. There is no evidence for the fact that it is going to be inflationary" even though they say: "Well, somebody is going to have to pass the cost on." So, the requirement for evidence they simply put at the door of the business community. Again, the same we hear for the 20 per cent inflation, the 20 per cent tax and retail, which Senator Ozouf thinks is going to be too inflationary; 10 per cent is okay though. Again, we are being told by the scaremongers: "This is going to be inflationary." Yet, when we bring a proposition, as we did yesterday, which fundamentally looks at the balance between taxation and spending, it is the Government themselves saying: "There has not been enough research done on this." Yet, they are able to do as many new projects as they want to, without necessarily consulting and without knowing the consequences. It is not an equal match. Now, when we look at taxation, you essentially have G.S.T., impôts and income tax. Now, which of those is the most progressive or the most potentially progressive? We know it is income tax. Which is the least progressive if left unchecked? It is G.S.T., because everybody pays G.S.T. If you have very limited income you spend all of your money in the local economy, therefore, you are taxed an extra 5 per cent on G.S.T. even if you do not pay income tax. We had a chance yesterday to make our system more progressive. Interestingly, 10 Members took up that challenge. Only 3 of them were Reform Jersey members. Another 7 said: "Yes, I think that is the right thing to do." This is the kind of policy that I came into politics for. It seems to do all the right things. I do not recall any of the 12 Constables supporting this policy. Even though it would have directly benefited their parishioners, as I talked about the elderly pensioner yesterday, who is valued in our society, who we were trying to give a tax break to if they are one of those individuals who pays between 1 and 19 per cent of the marginal rate, that would have put money in their back pocket. To the young person who is trying to rent, that would have put money in their back pocket. This is the middle bracket and it would have even brought some of those on the margin of the 20 per cent into allowances so they would have got a bit more help if they have children and if they are struggling with tuition fees and children at school, *et cetera*. Yes, it would have asked some of the most wealthy in our society, maybe those who are on £300,000 a year, to pay 1 per cent or 2 per cent, 2.5 per cent more tax depending on their circumstances. The bottom line is that money could have then been reinvested. So when Senator Ozouf talks about: "Oh well, a 20 per cent tax might be inflationary. You might see some products going up by 2 or 3 pence", well he did not tell us that when he was hiking G.S.T. up, which have definitely put the price up by at least 2 per cent, if not more, when it is inflationary. If that becomes a problem, then you have mechanisms within your Treasury to deal with that, you have some kind of redistribution. The difference between the 10 per cent and the 20 per cent rate on retail we are told is some £2.8 million. So, there is a real cost there to the very poorest, and the point is it is the very poorest in society who rely on taxation the most to provide the basic public services, be they roads, be they hospitals, or be they schools. When we remove £2.8 million from the wealthy companies that could pay it, in this case we are talking about the retail industry, and they are only paying it from their profits, remember. Companies have that privilege. They only pay that money from their profits and they are also doing it over a certain threshold, the smaller companies are not affected anyway. That seems like a very modest proposal. It is not socialist, but it will raise an extra £2.8 million. Senator Ozouf has not talked about what his proposal will, but the 10 per cent margin which, if he were to reduce it, he would be taking £2.8 million out of taxation which benefits the poorest in our society. It benefits everyone, but it benefits the poorest because they rely on that. He has not answered that question and I think that is the point. Anybody who is tempted to vote for that proposition, or against the 20 per cent rate, I

ask them to think very carefully. Why is it okay for others to pay 20 per cent, not even on their net incomes but on their gross personal incomes, but when it comes to companies which are profitable, and demonstrably profitable, they are not going to pay 20 per cent tax? I would say that is the real argument that needs to be made. If you want to look after the most vulnerable in society, you protect your tax base and you do not go for a very alluring proposal that is coming from Senator Ozouf and a few in the industry. I do want to talk about something which I do not normally raise so forthrightly, and it is not something that is going to be universally popular, it may even be politically risky, but time and time again we have these Budget debates where the focus is on duty on alcohol and on cigarettes. They are complex arguments because, on the one hand, you have got the health arguments, you have possibly got ethical arguments. You have got also the argument about to what extent should the State intervene, to what extent should people be left to their own devices, and of course the practical element of that, what kind of figures do we want to get into the Treasury from duty and impôts? What we do not talk about is harm, and what we do not talk about is the joined-up consistent drugs policy generally. Tobacco and alcohol are simply 2 drugs like any other and that they fit on a continuum of harm and of availability. We know that lots of studies have been done into where drugs fit on that continuum. We also know that, while we decry tobacco, and we know categorically there is nothing good about tobacco, it is not like alcohol where you can have a moderate drink, where there is a social driver there, where it is hardwired, some argue, into our social structures. There is nothing beneficial about tobacco, yet we constantly have these arguments about: "Well, let us just tax it out of existence" but we have still got duty-free, which is an inherent contradiction because we are saying that we know that a great deal of the tobacco that is sold on our streets is duty-free. Thankfully, I think, because the poorest who smoke heavily, I am not saying all who smoke heavily are poor, but I am saying that the poorest who smoke heavily would not be able to afford to do that without the duty-free. It is a perversity, they will die younger of course, they will not all necessarily get their pensions. We have been told about alcohol that there should be a minimum unit price for alcohol, yet where is that? We know that the problem drinking does not necessarily occur in pubs, it occurs at home. We know that the cheap alcohol you can get, and I have not got my props this year, but you might recall that in a previous budget I had my 4-pack, it was not Special Brew, and then I had the bottle of wine. You can still pick up a 4-pack of relatively strong lager, cider for probably about £4, and you can drink that straight away or you can go to a bar and you might get a pint for £4. Now there is a disconnect there. Okay, let us refer this to C.I.C.R.A., if we want to. We know what the fundamental issue is here, is that it is quite easy to get hold of cheap alcohol. You can buy alcohol at 9.00 a.m. in the morning, if you want. Strangely, you cannot buy it at 11.00 p.m. in the evening from an off-licence. What is all that about? Would you prefer to have people drinking a 4-pack in the morning at 9.00 a.m. sitting in the park or drinking at 11.00 p.m. at night after they have just come off a 10-hour shift and they finish at 10.00 p.m., nip home and then have a can, which they cannot do. It is a very strange situation we have in Jersey and I suspect there is some kind of moralistic influence, legacy that exists from the past. Now let us get into the difficult stuff. What about the illicit drugs? What if you wanted to cut massive amounts off your budget every year and get some income? Well first of all you look at your fundamentally outdated anachronistic drugs legislation which does not concentrate on harm. So people out there who are not interested in necessarily smoking and drinking who may have a medical condition who want to smoke cannabis, a report has come out saying that there are medicinal benefits that we have known for a long time that cannabis, especially when not consumed with tobacco, is relatively harmless - relatively - for adults to consume responsibly, yet it is outlawed. We charge our Customs and we pay them great deals to enforce this. We know that costs a lot of money and when people get caught bringing it in, they go to prison. Now, we do not do that for tobacco. Tobacco is worse than cannabis, that is a categorical fact. It is worse in terms of its harm, there are absolutely no benefits to it. But yet, on the one hand, we are quite happy to say: "Tobacco should be legal, and we will pay to keep people

in prison for something which, if it were tobacco, would be sanctioned by society.” The tobacco seller in our society is not somebody who is looked down on, he is a respectable or she is a respectable business person who runs it as part of their business model. The person who sells 10 cans of Special Brew to somebody who comes into their shop is not somebody who is looked at normally as a pariah in society. But somebody who brings in £500,000 worth of cannabis: “Oh, that is terrible, we better lock them up in prison.” Even though they are not one of ours, there is somebody who is trying their arm, think they can make a lot of money in Jersey, we are the ones who have to pay for that bill. When you look at it amorally, it does not make any sense, we could be making and saving vast amounts of money in that regard. These are personal comments, incidentally, they are not ones I have discussed in-depth with my party because it is still possible to have your own brain in a party. It is just that when you are intelligent individuals, you tend to agree if you are coming from the same direction. But there is a conversation to be had around that and I think it is important at Budget time to say that. There are health considerations, there are societal considerations, but most fundamentally there are budget considerations. We can save so much money by not criminalising something that should not really be criminal. We could make money and regulate it and take the means of distribution and production away from the criminal fraternity and put it into a legitimate context. I do not necessarily want to finish on cannabis because this is a Budget debate. Let us go back to consultation; I will make this my last point. We talk about consultation, of course government should consult, and there needs to be I think a mixture of leadership, a clear vision, especially coming into an election, or it should have been done before, saying: “This is what we want to do. This is our programme for government. This is how we will deliver it. This is how we will take Members and the public along with us.” Of course, you consult as far as you can. Now, I have talked about the mixed messages that go out with consultation. Sometimes you consult and review to procrastinate because you do not want to do things. Sometimes when you have a consultation you ask leading questions because you already know what the outcome is that you want, and sometimes you do not consult because you need a bit of leadership and you know that the answer that will come back is going to be negative, so you need to show leadership and just do what you were going to do anyway. Now what gets me is that we sometimes, when it comes to the most wealthy in our society, it is not that this Government will not tax them, it is that they will not even ask them whether they would be willing to pay more tax. That is the bottom line. So whether it is a Social Security review that you get or whether it is a taxation review, the obvious questions that are there are not asked. The obvious question to ask a Minister for Social Security is: “Should we remove the cap?” You explain: “There is currently a cap, did you know that?” These are the kind of facile questions you get on this. You get the tax question: “Did you know that a woman cannot submit her own tax form?” Some people do, some people do not. They say: “Oh, that is shocking, is it not? That is shocking.” Well, yes, what other answer are you going to get back? Of course people are going to come back and say that is shocking and then that is going to be of some emphasis saying: “Oh, we have asked the public and 80 per cent of them said that they think it is strange that women cannot return their own tax form.” Obviously, we know they are just buying time to get a new computer. They would not bother asking the public. They have just got a computer coming down from the store in the U.K. or wherever and in the meantime: “Oh, we better ask the public because it is an embarrassment.” “Okay, we will do that.” The obvious thing you do at Social Security is say: “Did you know that there is a cap for the most wealthy on social security?” “I did not know that.” “Yes, we pay 6 per cent; the wealthy do not pay 6 per cent, do you think that is fair?”

[11:45]

I think that should be included as a question and you would get a resounding: “Should we change that system to make sure they pay? It would increase the contributions by this much. Do you have trouble visiting a doctor in Jersey because of costs?” “Yes.” “Do you think it should be cheaper?”

“Yes.” “Do you think that doctors’ visits should be free if we could fund it in a sustainable way?”
“Yes.” These questions are not asked because the narrative is set by an inherently conservative government which does not want to change anything. They are here to represent the interests of the wealthy; they know that during any vote they can rely on 38 of the Assembly to back up that position. I think that is one of the reasons that the public do not vote. They see decisions in this Assembly not reflecting and not addressing the very real societal issues that we have got. As a result, they do not necessarily vote with their feet, but they vote by staying away from the ballot box and the contempt continues. So, I am disappointed with this Budget in the sense it is not really anything new. I know that they will make overtures to Education, to Health, to Infrastructure, all the usual things to the so-called social programme. They do not have a way to cost it socially, and more fundamentally they cannot believe because their actions empirically up until now have shown that they do the opposite: they make life worse for the people at the bottom and less at the top. Because I have said that I will finish there, I am not going to talk about the wealth gap and the tax gap other than to say that ultimately the way you get people at the bottom to come up is that you pay them more money. If you want to close the gap at the time, the only mechanism we have is taxation. There is no way to do that. If you want more equal societies, you have to redistribute. You have to tax more when the wealthy are getting more money, as is the case now, and you have to redistribute it down. There is nothing wrong with saying you do not want a more equal society. That is a fine, quite a valid intellectual position to have, but you cannot say: “I want a more equal society” but then take steps to either do nothing or to do the opposite. That is not a valid position and that is unfortunately the kind of double-think we have from this Council of Ministers.

Deputy R.G. Bryans:

Can I ask a point of clarification?

The Deputy Bailiff:

From the speaker, yes.

Deputy R.G. Bryans:

In relation to what the Deputy was talking about with regard to the Jersey Premium, that was a new bid, a great bid ...

The Deputy Bailiff:

No, I am sorry, you cannot stand up and make a speech. You could ask a question of clarification from the speaker.

Deputy R.G. Bryans:

Okay, I will leave it at that.

The Deputy Bailiff:

Or unless you have spoken previously, you can clarify what you said, but you cannot just make another statement. Although it is open to you to speak at any point if you have not spoken yet.

1.2.9 Deputy M.J. Norton of St. Brelade:

I was hoping the previous speaker was going to finish on consultation and did in fact because it has some relevance to what I may be saying. First of all, congratulations to the Minister for Treasury and Resources on obviously having a great deal of money this year and having success over the last 12 months, and I was heartened to hear that at the beginning. As he is expecting me to say, I am slightly disappointed where we are with a retail tax. Let me say from the outset, yes, of course, they should be paying a tax. I would have hoped it would have been the 10 per cent; of course, we have moved on from that now and we are now stuck with a 20 per cent retail tax. Let us just talk

about the vibrancy of our retail industry, and vibrant it is. We have one of the lowest percentages anywhere, anywhere in the United Kingdom - if you count the United Kingdom and ourselves - lowest percentage anywhere of vacant premises. We do not have the high streets that everyone else has. There is a reason for that and that is because we are an attractive place to do business, we are an attractive place for companies that may not be local to invest in our high street. If you walk up and down King Street and Queen Street, you will see that most of them are not local, but of course they should pay some tax. The difficulty in doing that of course is that there are, as you will have received many emails already from the Jersey Retail Association, from the Jersey Consumer Association, or the Jersey Consumer Council to give it its correct title, you will stifle some of that investment. The British Retail Consortium were over last week and marvelled. They came over to learn how to have a good high street, how to have vibrant retail, and they were astonished how vibrant and how successful our retail offering is. That is great, but if we lose some of that investment, and there may be some doubts as to whether we would lose that investment because of the 20 per cent retail tax, at the moment, as of 2 days ago, a £20 million investment in retail is now on hold. The Minister for Treasury and Resources may not believe that, but I will give him the facts and figures afterwards if he wants. Within Economic Development, as he knows oh so well, we have an area which is designated for inward investment, a department and an area which the Treasury Department failed to come and talk to about the impact of a 20 per cent retail tax. It is on the seventh floor. It is in the same building. Did they come and say: "What will happen?" What will happen is that £20 million investment at the moment, this weekend, officers will be meeting with the people that want to do that to try and convince them that it is still okay to do it. But they have put it on hold and they have put it on hold for one reason only: because they are now faced with a 20 per cent retail tax. You can only squeeze so much juice from an orange. The only other way to do that if you do not want the pips to squeak out of it is to get another orange. We have those opportunities. The joined-up thinking of that department of inward investment when they have got the opportunity of someone coming in to create 50 or so jobs is to go to Social Security and talk to Social Security, which they did, and say: "We have got an opportunity for some really good retail investment here. It will mean jobs. Have you got people within the job market that could fit those jobs that maybe do not have the skills or do not want to work in the finance industry?" Social Security said: "Yes, we do. Please bring it on because that will be exactly what we need to get more people into employment." It is on hold. It will not be the first, there will be more. So let us tread carefully about how we bring in and why 20 per cent. Why 20 per cent? Well because it has worked in Guernsey where they do not have G.S.T. It has worked in Guernsey where food prices have gone up. Let us not have any arbitration about that whatsoever. Has the Minister for Treasury and Resources spoken to the C.E.O.s (chief executive officers) of the supermarket companies in Guernsey? Well, it is not what they said, it is what they showed. They have said that their prices in their supermarkets ... and I said: "Well how can you justify that? Because the figures that we are getting from the Minister for Treasury and Resources say no." They said: "Look, I know the prices have gone up [said the C.E.O. of a large company] because I signed for them to go up." They have gone up between 3 and 5 per cent because the margins are very, very tight on the low end of food. Food prices will go up because of a retail tax. So when you go back to your electorate and when you stand next time in the election and when they say: "Oh, food is expensive" you can say: "Yes, because we voted for a 20 per cent retail tax." 20 per cent not 10 per cent. Did we consult with the Consumer Association? No, because we know better. Did we consult with the Jersey Retail Association? Of course not. Why would we consult with them, they are just the Retail Association? Did we consult with the Chamber of Commerce? Why would we do that, they only represent business? Did we consult with the C.E.O.s of the supermarkets? No. Consultation? It is okay having impact on analysis on figures, but consultation with the industry that you are going to affect the most is really important. Consultation with your own government departments who are working on inward investment is also pretty important as

well. As you can guess, I am a little bit frustrated and I am a little bit disappointed in that side of this Budget. So food prices will go up. Normally in a Budget you would expect alcohol prices to go up, you would expect tobacco to go up; those are the targets. I do not see many Budgets where food prices go up in a Budget. Good luck to everyone going back to your constituents to sell that one. What are the health impacts on that? I am not alone, and there are many in this Assembly who have done other bits of work from time to time. Back in 1984 we started off an auction, it is a radio auction, it will happen this year. It has been happening ever since and Deputy Labey and Deputy McLinton, the Deputy of St. Peter, were she here, have all worked on it from one time or another. I worked on it for over 25 years. One of the joys of that, and you will see the Joint Charities Christmas Appeal tins out there for people to collect as well, is that it raises somewhere around about £100,000 a year and has done consistently for near on 30 years now. That buys food vouchers for local families in this Island so they can buy some food for this Christmas and for into January. It also pays for fuel vouchers and it also pays for gifts for children by the way of vouchers. So that is the society that we still live in which I echo with some of the gentlemen behind me, some of these colleagues who are saying that sometimes there are 2 sides to Jersey. Sorry, I did call them gentlemen; I do apologise. **[Laughter]** But when you see that side of what we do year in, year out to buy food vouchers for people who live in Jersey and then you equate that with a retail tax that will put food prices up, it does leave me quite frustrated in this Budget. I do not know whether I can accept this Budget on the basis of I know it is going to put food prices up, and that seems like you are throwing the whole Budget out because of one thing. The Minister for Treasury and Resources, please, give me some comfort that you will talk to the retailers. Give me some comfort that you will talk to the Chamber of Commerce, that you will talk to the Consumer Association, that you will talk to the people that own the supermarkets and find a way that you can avoid food prices from going up. Thank you.

1.2.10 Senator I.J. Gorst:

I am particularly pleased to follow the last contribution because I think he knows that if he feels so strongly about that issue, and we will come to why maybe he should not feel quite as strongly as he does, but if he feels so strongly about it, then his time to take his position is not in kicking out the overall Budget, but it is during the Finance Law that would bring that particular measure into effect. I will not, during this speech, talk more about that particular issue because I am sure we are going to have that debate all over again. There are I think compelling arguments about why the Minister for Treasury and Resources brought the rate that he did, but we will hear the other side as well. Let us just be clear about one thing, if Members reject this overall Budget today, what happens? Well, we have agreed the spending for next year but what we need to do every year in a Budget is agree the ability, if we use it in those terms, to collect income tax. The other taxes continue to be collected, as I understand it, so G.S.T., impôts, they will not change, they will just carry on as they were. But we would not have any income tax unless the Minister for Treasury and Resources brought forward again before the end of the year a new Budget and that was suggested as a possibility. But let us just address the reality of that for a moment. At the next States sitting we have the hospital debate, we have other debates during the course of this sitting which we may or may not get to, and if we do not get to, no doubt they will be moved to the final sitting before the end of the year. So we would need either to sit for an extended time at the next States sitting or more likely we would need to have an extra States sitting altogether in the following week; that would be the week prior to Christmas.

[12:00]

I say that because the Minister would have to do a lot of consultation with States Members to understand which particular bits of this overall Budget package they did not like which they wished him to refine and reform and bring back and then to put it all together in a package that balanced.

That is no mean feat. It would not be lodged for the requisite 12 weeks, it would give no time for Scrutiny on those new measures and it would give very little time for Members to feel more comfortable with an amended Budget than the one that we have before us now. Deputy Mézec is right, of course. Any Member of this legislature or the majority of Members can vote against this Budget. As he says, that is, as he sees it, his job to do that. I think it would be irresponsible from a technical perspective if from no other. We have also heard from a number of speakers the tale of rather 2 cities that we might think of at this time of year, but 2 Jerseys and I understand why Members would make those comments. I do not think it gives any Member of this Assembly pleasure to recognise that in some parts of our community there are very much 2 Jerseys, and Governments of the past have very much governed for one and not the other. It is, I believe, absolutely unfair to suggest that is what this Government has done. I say that because the programme of government has spent, and proposes to spend, while balancing budgets overall, tens of millions more pounds into the social provision which benefits the least well-off Islanders. We know that from all the economic studies that you invest in health and social care, the greatest benefit of that investment is felt by those sectors of our community. We spent tens of millions of pounds over ... not just this Government but the previous one, in supporting people to get back into work. Absolutely the right thing to do. Helping them to overcome any blockages that they might have had to getting into work. We have seen the percentages of unemployed in our community post the economic downturn coming down. The Minister and the Assistant Minister should be congratulated for the work that they have done in that regard. We have seen economic growth, we have seen jobs in the main driver of our economy, financial services. Of course we have seen a number of thousands of jobs reduced in banking, but we have seen other sectors of financial services fill that gap and grow the number of people employed. We have seen a Minister for Housing struggle to put housing up the political agenda, but she is not a lady that, to coin another phrase, is for turning, and she continues to raise that issue rightly up the political agenda. I move from where there has been success to where there continues to be difficulty because there does. Housing and the hope that the ability to own one's own home brings to members of our community is something that we in this Assembly have not properly understood, got to grips with and made the difficult political decisions that that requires. We have seen the Minister for the Environment relax some of his planning regulations in order to try and stimulate, working with the Minister for Housing, to stimulate house building, to make it easier to get planning permission and he, I know, desires to do more of that as well. Not just all that profit, however, staying with the developer, some of it going back into the community, some of it going back into environmental infrastructure or infrastructure in St. Helier into the future. But we still have difficult decisions to make about zoning for house building, where in St. Helier we are going to build suitable residential accommodation that has appropriate space inside and outside, and these are difficult decisions, but they must be grappled with. To suggest, as the party opposite do, that by closing the door and having no immigration, that is going to answer all of our problems. It will answer our problem for housing, it will answer our problems in the way that they have ...

Deputy G.P. Southern of St. Helier:

If I may, no one this side of the House has suggested zero population growth.

The Deputy Bailiff:

Please, if the Chair is speaking then Members should sit down. Deputy Southern, you are next to speak, and you will be perfectly at liberty to say whatever you wish to correct if you believe something needs to be corrected said by the Chief Minister. Chief Minister, if you would like to continue.

Senator I.J. Gorst:

I am sorry if I have misrepresented Reform Jersey Party's position. I never wished to misrepresent them, so if I did, I apologise for misrepresenting them. I do, however, though, read between the lines and I think it is important to read between the lines of what people say in this place, because that would deliver a declining economy to everyone's detriment, let us not forget that. We have got difficult decisions to make there and they have not been made, I do not believe, as well or as quickly as they should have been. So we see the regeneration of some of our older sectors, and we are going to come on and talk about agriculture later when we talk about the minimum wage. It is fine to say we should just increase the minimum wage, but we have got to do the hard, difficult legwork of working with those industries to make sure it does not drive them out of business at the same time. We cannot just take the easy political platitudes and not do the hard, difficult work, but we will have that debate later. We see the regeneration of our tourism sector where people are investing, where people are improving their offering, where tourism numbers are increasing, and that is really important for all of us because it strengthens our business offering, it strengthens our connectivity which we should be proud of. We probably have greater and better and more frequent connectivity to the rest of the world, largely to our primary neighbour to the north, than any or many other small places around the world like we are with the population numbers that we have, and we should congratulate those in that sector. We heard about income distribution, and it is interesting how we can all quote figures to promote our own political narrative. Because we heard Deputy Mézec talk about the number of millionaires increasing over the decade, but income inequality growing over the last 5 years. If he had taken a decade and a decade, the narrative would have been different, as his colleague knows. Over the last 5 years, income inequality did unfortunately grow. We know why that was because the Income Distribution Survey told us. Oh, it was about housing, it was about the cost of borrowing for housing, it was about low inflation rates. It is not acceptable just to point the finger and blame others when we all need to come together to be involved in making these difficult decisions, but that same survey a decade ago we see that income inequality has been roughly flat. I am not happy with that. I do not think any Member of this Assembly is proud of that. We have to do more, and we have to do more when it comes to giving members of our community hope for the future about the housing difficulties that we have in our community. It strikes me, I have been in this Assembly a number of years, when we have had a Budget in advance ... well, every Budget of course in the electoral term is in advance of the election. The Minister is being accused of bringing forward an election Budget. They are saying he is bringing forward an election Budget that does not make very many changes, so it is not upsetting people. Previous Ministers for Treasury and Resources have been accused of bringing forward election Budgets that have made changes; that might be popular. It strikes me that a Minister for Treasury and Resources in that regard cannot win. Of course it is a Budget before an election, that is simply the fact of the time that we stand here, or sit here, and debate this Budget. As we would expect from our current Minister for Treasury and Resources, it is prudent, it is cautious, it seeks, however, to balance the books in order to deliver the spending that this Assembly wants to deliver on its social policy objectives. We could argue about whether those objectives are great enough, whether there are enough of them, but there are more of them now with this Government than there has ever been. So, I ask that Members, even those that do not perhaps like parts of it, that Members support this Budget that will provide the funds for the social services, the social provision that we want delivered for our community in 2018. Thank you.

1.2.11 Deputy G.P. Southern:

Despite being forced to my feet just a minute ago, I want to start with a positive note. I want to congratulate this Government because they say we are doing brilliantly. We are doing really well and that is great. We are doing so well that what we do have to do is to maintain fiercely austerity. We have to keep up the squeeze on our workers, we have to screw down the lid even harder, so well are we doing. But I am really pleased with this Budget for one aspect of it, although it is not

this Budget, it is a parallel move to this Budget, which is that the Treasurer has accepted a policy from Reform Jersey which says we should be paying in full tuition fees and that has happened.

[12:15]

So I am really pleased that happened because it means one of our policies has made it through the maze into action. Now, our proposal to fund that, it was fully funded. We were proposing a change to mechanism of tax-raising which would raise £6 million extra of which we estimated £4.5 million, and again these are Treasury figures, approximately would go to those students and their families. Now we have not seen yet quite how the funding for the Treasury's initiative will be formed. We hear that the higher education child allowance will be restricted, removed, but we do not know what the funding will be, it is still not decided, in 2019, 2020 and onwards. There are still hard decisions to make. Nonetheless, that is positive. Reform Jersey policy into action will be enacted with some modification. I wait to see where that money is coming from. But it also says something else to me. It says: "This Government, if you press them hard enough and get close enough to their ear, or you shout loud enough from across the room because that is the usual case, they do hear." I will not say they listen, that would be too active, they do hear. So I confidently expect in 2, 3, 4 years down the line the move that we proposed, the serious major move we proposed, of moving to a 25 per cent tax rate, reducing tax for low and middle earners and making the tax system more progressive, I am confident that in 3 or 4 years down the line we will see, not necessarily this Minister for Treasury and Resources, but a Minister for Treasury and Resources and a Chief Minister saying we were right: "That is the move we are going to make" on top of which of course, all this discussion and consultation around independent taxation will also take place. There is not a problem about it, we know it is doable because the Treasury told us it is doable, and so I am confident that that will happen. I may not be in this House by then but sitting in my dotage in my shawl and my slippers, not smoking my pipe because I no longer do that, I will feel a quiet sense of satisfaction that it happened and that we were right and that will be a joyful thing. The other thing we have learnt, and I have learnt, is that according to this Chief Minister and this Minister for Treasury and Resources, everything has to be consulted and while it is being consulted on we do nothing for 2, 3, 4 years. So we have got massive consultation, a 3-stage consultation, which is going to take 3 years in Social Security. So, whoa, let us not make any changes to Social Security while we go through this 3-year process. We are told that the consultation on tax is going to take the order of 5 years to complete at the end of which we will have a new computer system which we can programme with whatever conclusions we have come to in 5 years' time. In the meantime, says the Minister for Treasury and Resources, do nothing. We are also told that there never has been, there is no black hole; well that is wonderful news. Hallelujah. Frabjous day. Callooh. Callay. We are putting investment into Health and Social Services - really? - and that we should be praised but where is that money coming from? At the last election we were told that he would not be raising taxes and then they decided on a health tax and that was going to raise £15 million a year, £30 million in the future. Did not happen. Instead, we have a waste tax and that is going to raise £15 million. Ah, that did not happen either. So where is this investment coming from? It is coming from other parts of our economy. It is shuffling around, it is not new money, we are putting an Elastoplast on the fact that our economy is broken. I have said this before, and I will say it again, that this economy is broken because it is, according to this Government, a low-tax, low-spend economy and that spend, because of the ageing population, is inevitably as night follows day going up, so where is that extra coming from to pay for that? We could have had £6 million extra towards the demands. We have not. So the question is: where is the detail that says we have sustainable funding? The answer is, we do not. We are struggling around with bits here and bits there, as with any Budget. What usually happens with a Budget? We stand around here, and we nibble around the edges, a bit on impôts, a bit off here, a bit more there, cut, cut, edges. That is what happens. That is what happens. Faced with a fundamental

change, an important change, what did this Minister do? Object to it. So a 25 per cent tax rate simplified, fairer, gaining more tax, ignore it. Vote against it. That is what this Government does. So no health tax, no waste tax, a retail tax. Can we deal with this stuff on the retail tax inevitably pushing up prices? Really? A £20 million foreign investor who wants to come and invest in Jersey. £20 million. A foreign investor. Hang on. Hang on. A foreign investor, we do not tax foreigners on their profit, do we? Do we? Wants to come and trade here for free. But, no, we will put a tax on this to make sure we get at last - and I notice the Deputy of Grouville smiling - at last some movement in how do we tax the zero-tax companies? We put a retail tax on it which has a threshold before which you do not pay tax, which has a limit, 20 per cent tax. A 20 per cent tax on what? On profits. So given that you are making profits, what do you do with those profits? You can either pay your fair share of tax which is what we are asking people to do or you can pay your dividend to people who will not be paying tax in Jersey. What a great system that is. So, when Deputy Norton says: "I would like to see you justify that in terms of my voters", I do not have a problem with that. That tax is on profits, that tax which would then be used to the benefit of our residents is going to shareholders who do not live here. I can justify that to anybody. Not a problem. At last we are making an attempt to gain some tax, some taxation, some resource from zero-rated tax companies. So, everything is hunky-dory according to this Government and they are investing in social policy, but what is in this Budget for working families, ordinary working families? Very little. Indexation, all right, it has finally been accepted by government after government and a little bit at the bottom in there, and that is it. What is there in this Budget for the squeezed middle? Nothing. More austerity. What is there in this Budget for our workers, States employees delivering public services? Absolutely nothing. After 10 years of austerity where they have seen their wages go down between 10 and 12 per cent at least, what are we hitting them with? Oh, this wonderful modernisation process which over 4 years puts an extra £47 million into the bucket and allows you to see a further 7 per cent at least drop in your standard of living and your disposable income because that is what we do to our workers who are doing such a great job in the hospitals, in our schools, *et cetera*, on our roads, doing such a good job. We are going to punish them yet further for another 5 years with this wonderful modernisation programme. So, for this Chief Minister to say it is only past governments that behaved as if there was only one of the 2 Jerseys worth protecting, but then to say that we, this Government, is somehow different is a mockery. The fact is there is nothing for the ordinary working people in this Budget apart from an initiative that we proposed on higher education to accept that higher education in general will be free because it is a government duty to do that. So, yes, positive but in reality, sustainable funding, I do not see that in this Budget at all. When we start questioning the research that has been done in terms of relative poverty, it is not just the 17 per cent worse off the bottom quintile, the bottom fifth of our population is, in real terms if you look at the figures, they are 30 per cent worse off than they were 5 years ago. That is the reality of this Government. It is doing nothing for the poorest and in terms of its investment, millions of pounds, tens of millions of pounds going back only 2 years. No, a £10 million cut in social security, in income support. A £10 million cut in income support. That is the investment that this Government has done. Nothing for the disabled, nothing for the vulnerable, nothing for the workers, nothing for the squeezed middle, and no vision for a sustainable funding package.

1.2.12 Deputy S.M. Wickenden of St. Helier:

I am standing merely to put on record also my concern about this 20 per cent retail tax. Deputy Southern can say that this is a tax on profits, but any company when they take a reduction in profits do a number of different things. There are some companies that use staff like profits, so if profits are down, they will reduce the number of staff they have got and then reduce the costs to their business to try and help increase their profits. They can absorb the costs, though it does not happen very often, I am sure, or they can put their ... a way of making more profits in which is normally by

putting their prices up and this is the concern. I do not think there has been enough done to understand how this will affect our economy and the prices for the people of Jersey. Now the Budget debate is one of the most important debates for any Minister for Treasury and Resources. As this was going to be the last Budget debate for our current Minister for Treasury and Resources in this term, I thought it would be interesting to look back at some of his very first speeches and see if there was anything in there that aligned with it and I found a couple of bits. I hope I am not going to put them out of context, I am picking some lines or paragraphs that speak for themselves. One of them, in his very first speech when Senator Maclean was asking us here in this Assembly to vote him in as our Minister for Treasury and Resources, he said: “For the avoidance of any doubt, I do not believe that raising taxes is an innovative solution.”

[12:30]

“Indeed, any tax rises should always be the very last option, not the first, as is often the case with so many governments.” Now I would ask the Minister for Treasury and Resources in his summing-up, what was the first, second and third? This feels not like a last option, certainly at 20 per cent. I supported Senator Ozouf and the 10 per cent. I think we could have had a better understanding about the impact on the economy and the impact on people with the 10 per cent and then looked at maybe a 20 per cent if we felt that it was not as impactful, and it was not as harmful to the economy and to people. The other statement that was made, it was after a question by Deputy Southern about economy, jobs, and growths. The Minister for Treasury and Resources said: “Yes, it is very difficult to be precise at this time. We have undertaken ... in fact, I have commissioned a report before the end of this political term at Economic Development called *The Cost of Doing Business in Jersey Review* which is being undertaken by a major accountancy firm.” Did the Minister for Treasury and Resources go back and look at *The Cost of Doing Business in Jersey Review* before bringing forward a 20 per cent retail tax? I looked up to see if I could find this review; I cannot. So it has either happened and not been published or it never, after being commissioned, happened. But on this I would like to ask the Minister for Treasury and Resources in his summing up those 2 questions: what has changed about being the last possible option or was this the last option? If it was the last option, what happened before it? It was very important to understand the cost of doing business when Senator Maclean was the Minister for Economic Development, that he commissioned a report to understand better and said to us: “Vote for me to be the Minister for Treasury and Resources. I have got this review that is coming in, I think it is very important.” Did it happen? Did he look at this review? If so, what did it say? With that I will sit down. Thank you.

1.2.13 Connétable M.P.S. Le Troquer of St. Martin:

The dangers of Hansard. **[Laughter]** Members will be aware that I prepare speeches beforehand if I can, but obviously the Budget debate is a moving feast, is it not, really? I have only made the notes in the last half hour or so, so good luck to the Minister for Treasury and Resources when he starts responding. The Chief Minister has already spoken and given some replies I think that the Minister for Treasury and Resources will be doing as well. Responding to Deputy Mézec, I thought Deputy Mézec’s speech was very good. It stood out among his Reform Jersey colleagues, I think. But there have been other good speeches in this summing-up, if you like, debate at the end. Has Reform Jersey got it so wrong? They have been ... well, Budget debates are very interesting. The first one I attended, I made notes afterwards so I would know the format of how they happened and I would dig them out each year to make sure. The atmosphere in this Assembly during the Budget debate I find is very, very interesting and it is dynamic. It has been suggested by some ... I mean, we have had various suggestions in these speeches that have come, the Budget there is no difference, it is much of the same, there is some good in it, some wrong. How fortunate we are. Ideas have come from it and we know, as a result of some of the votes that have taken place, some

reviews will be undertaken. I think to vote against the Budget today with 6 months to go before a new government and the Chief Minister has, just a short time ago, explained the process of where we would be if there was defeated today. I think what the Budget time shows each year is could there be that view from some, and I am sure there are, as to having the need for party politics because we could in here, we have the Council of Ministers versus the Back-Benchers - except the Connétables, of course, because we are our own party, are we not, as many have told us before. But we have heard it has not been a drastic Budget, we have the election pending. I think the 20 per cent tax decision yesterday was quite drastic. I know we still have to go through the vote yet but that is quite drastic. We have heard people talking down the Island. I hate talking down my Island [**Approbation**], I hate it being talked down by the Assembly. The Island is fantastic. Senator Ferguson's comment a short time ago, they are old and they have had their day, well no, I have not had my day yet, and I am not sure where she heard that. I do not think it has been said in this Assembly that elderly people have had their day; maybe it is people she had heard outside. It is many of those people who have made this Island so wonderful and what it is today. Generally is it all gloom? I do not think it has been all gloom. Many Members have brought ideas forward that are going to be introduced and so too have the Ministers. The Council of Ministers proposition cannot be right every single time. They have all the advice, they have the best advice, do they not, they have the top consultants and advisers that come to speak to them, but maybe they are not right every single time. Some may view that the Council of Ministers have this view that we know better. Sometimes it crosses my mind, you know, maybe the Council of Ministers think they know better than the rest of us. Maybe it is, as we all know, that we all have ideas that we could put to the Council of Ministers that may be better or may be a little bit different thinking. Yes, the budget style is the same every year, that is true, lots of work done by very many and I know the Treasury Department have done a lot of work behind the scenes as well. Yes, maybe it is much of the same, presenting the same format. I look at my Parish Assembly, my Rates Assembly, every July, our Rates Assembly is the same format every year. We come and we present it in the same way, we look at the format, what we are going to agree and in this case it is the parishioners themselves, every single parishioner has got the right to vote in that Assembly on how much they want to pay rates. Of course, we are very lucky, the public rely on us, this Assembly, for taxation. They do not have that right. We are the ones who are voting on their behalf in this Budget today. It is us who are able to go to pre-briefings to understand all the propositions that have been put forward and ask questions at a time. With the rates we have got an extra facility, in fact, because we can go back to a Parish Assembly through the Rates Law and have an additional assembly during the year and ask for additional rates if we run out of money. Good luck to a Connétable that does that. I am not sure how the Minister for Treasury and Resources comes back to us. I say to Deputy Mézec, when he did speak... and I understand fully him and his party that go around and they do meet the people that are in need. But I can say, and I am sure every other Member in this Assembly can say, certainly the Connétables, we met those people in our Parishes too. Not everybody in St. Martin is a rich millionaire. We meet those people and we try to help them and we have got different things to do. I move on to Senator Ozouf's proposition yesterday afternoon, the issue that he raised, the 20 per cent was supported then the second thoughts by ... you can see people's reactions later in the debate, well further in the proposition, when we came to the issue of the mutuals. I thought of it during yesterday's debate, I thought of it overnight as well; it should really make no difference, I say to those Members, it was only the first part of his proposition that was approved so there will be a review. Is it not the right now time for the mutuals to be looked at, however excellent a service they provide. It is probably right that a facility that was given to them in the past should be reviewed now. So, in conclusion, we may not vote in the same way, I might not vote in the same way - well, I do not, do it - as Reform Jersey but they do bring us back to reality on occasions, along with the Deputies, all Members do. Yes, maybe the Budget has been much of the same. We have 6 months to go before an election, I know we are trying to maintain stability at the moment

but I do personally believe that there is some scope for changes in future, maybe a bit more lateral thinking. If there is something ... and I am sorry I probably disagree with the Chief Minister who spoke a short time ago, the main thing that people say to me when I am out and about is their concerns about immigration. I know we have heard so many times we have to have immigration, because of people coming in we need more people to be working so that we have more income coming in to pay for the older population who are living a lot longer. But that is an issue and I do not know what Members in this Assembly in 20 or 30 years' time will be doing when there is 130,000 or 140,000 people on this Island, whatever the Chief Minister might be thinking. I will be supporting the Budget today but I just ask that the Chief Minister, the Minister for Treasury and Resources and future Ministers look maybe at bringing changes in future Budgets and not just much of the same format. Thank you.

1.2.14 Senator L.J. Farnham:

I will be quick but I was prompted to speak just to clarify or correct a couple of the points that Deputy Southern made when he spoke about a potential for an inward investor wanting to invest £20 million in Jersey. Well, it is not an inward investor, it is a family that have moved here under the high net worth programme who are large retailers in the U.K. and Ireland, who are advanced in discussions about opening and investing in a major retail development in Jersey. This Budget and this decision has caused them to check and just stop. I am going to meet with them, with officers, to see if there is anything we can do. These people are businessmen, it is not about being selfish or what we can make in other places, they live here and they want to do business here. But it does have a very real impact on these sort of decisions. While I do support the Budget, my views are clear in the Council of Ministers about the level of the retail tax that is set. I do believe there should be some retail tax but Members have to be clear that tax at this sort of level will affect decisions of people to invest in Jersey in the future. We might not see it in retail in the next year or 2 but as years go by it will become apparent and investment will drop because the amount of profit that they have to invest will fall. Our economy, it is not - I am sorry I interrupted Deputy Brée, I do enjoy Deputy Brée's speeches sometimes and it is a pleasure to attend his Scrutiny hearings, it really is - but we do as a Government ... we all have the Island's best interests at heart but we do often have to take responsibility only for the failures, of course, that they are all our fault and the successes are not, they just happen by pure luck. But the successes are not just down to the Government, they are down to this Assembly because this Assembly - give yourself a round of applause by all means - does set the policy, does approve the policy and we in turn are elected by the people and it is the Island as a business that makes this Island as special as it is. One of the problems I have reconciling the fact that while we are perceived and while we are a prosperous Island, we are, when you look around the world, a wealthy Island; we are perceived to be wealthy. That perception is not felt by all Islanders and it should be. That is where we all have to work harder. We cannot throw money at it all the time. We have a certain amount of money we have to spend and we have to share, and we have to create wealth because if we do not create wealth then we will not have enough money to support those people in our society that need supporting. It is good timing, the Minister for Social Security has just come back into the Assembly, I just took a few minutes to look back at her report for 2016 and the Social Security Department paid out in 2016 in the region of £365 million in benefits to Islanders. That is a huge amount of money. While I know we can be more generous in some areas, there are some people on benefits that I think should not be on benefits and there are some people on benefits that I think should get a bit more and we all know and share friends and members of the community that are covered there. We do our very best. We do have to try and do better in some instances but, please, please stop talking down this Island. Deputy Mézec is a very eloquent speaker, he is a very good speaker, for an inexperienced politician - and I am not saying that in any derogatory way. No, I am not saying that

in any derogatory way. He is a very good speaker but he does talk the Island up sometimes when it suits him but he does also talk the Island down quite regularly which is wrong.

[12:45]

In my view, and I hope Members will agree, we are largely a peaceful, tolerant, innovative, hardworking community with much to be grateful for, much to be proud of and much to look forward to. Can I now propose the adjournment as I finish?

LUNCHEON ADJOURNMENT PROPOSED

The Deputy Bailiff:

The adjournment is proposed. Very well.

Mr. M.H. Temple Q.C., H.M. Solicitor General

Simply to remind Members that there is a briefing on the new Criminal Procedure Law, which is downstairs, over lunch time.

The Deputy Bailiff:

Members are suitably reminded. The States stands adjourned until 2.15 p.m.

LUNCHEON ADJOURNMENT

[14:15]

The Deputy Bailiff:

We are now quorate.

Connétable L. Norman of St. Clement:

Just before we commence continuation of the debate, I think I should point out to Members, if it is needing pointing out, that we have 3 and quarter hours left to complete the Budget and the Finance Bill and a number of dated propositions, as it were, and I suspect that is going to be very difficult to achieve, despite the fact the Deputy Southern has very kindly deferred Projet 102 until January. I suggest that we should make every attempt to finish all the Budget matters today, even if that means working somewhat later than usual and then perhaps at 5.30 p.m. or when we have finished the Budget matters decide what we are going to do with the remaining items, because the only way I can see of completing that will be to come back one day next week or to defer the items to a later sitting. I have to say that the next sitting is full really so we are looking to January. That is a decision we can make later but we should try and finish all the Budget items today, even if that means working into this evening.

The Deputy Bailiff:

Very well, we continue with the debate on the draft Budget statement as amended. Deputy Martin.

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

I was not sure you had seen me but now you have called me. Just a few minutes indulgence, because I do not normally speak on the overall Budget because to me we have already had a really good debate on the amendments. Again, this week we have had a great debate on lots of amendments, not all of them were won but you have the debate on the issues and the rest of the Budget there has been some good things. I always like to think of myself as ... I like to listen to the arguments and sometimes this week I have been agreeing with the Minister for Treasury and Resources, sometimes I have been agreeing with Senator Ozouf, sometimes I agree with Reform. On their tax yesterday I just thought it was just ... the principle to me was okay and I just thought that we just needed a little bit more, not ... working out is probably the wrong word, but I thought it

was a really large turnaround in quite a short time but I would not want them to think that I am not still very sympathetic to most of their political issues. But this week, and I am going to ... the one thing I am going to concentrate on is this week I found myself in the middle of absolutely agreeing with Senator Ozouf, agreeing with Deputy Norton, not agreeing with Reform on the issue of these big, bad corporates that we are going to tax. Now, that is because that I sat ... I know it was very short notice but I sat with the head of the supermarket that is also a country - very diplomatic - and the people ... I have to say this in a Budget debate, and I will bring it up in P.98 again when we try to bring in the legislation to pass the amendment, but I did believe that this will hit the 22,000 people a week who shop in the supermarket that has the same name as a country. These are people who are struggling. These are people that Reform say there is nothing in this Budget for them. You have done nothing in this Budget. I did agree with that but they were quite happy because to me they saw the big bad corporate but they could not or would not believe when I said, because I believed and also the other person saying it was Senator Ozouf and Deputy Norton, that these people will put their prices up. I do not know where the Minister for Treasury and Resources is getting his information in Guernsey that they brought in the corporate tax and prices went down 2.5 per cent. Well, as they do say, lies, lies, statistics and lies, but to make figures work that way for you ... but the only thing I can think of is the difference is they do not have 5 per cent and it is 5 per cent G.S.T. on food. So let us start the G.S.T. food debate again. No. So I stand here again today saying we have made a mistake, the Council have made a mistake, the retailers will pass this on at the bottom end because that is where the margins are so small. They even told us they could name 2 higher - not named after countries - supermarkets that probably would not pass them on, and these are people who normally shop probably for ... they are not so looking at their food budget and other things they have to buy. They have to buy. So I want to say that I have heard the Minister of Treasury and Resources, he does not seem ... I think the Chief Minister said not for turning but sometimes you have to realise that you may have got this wrong, you may not actually have introduced something that is really going to have the effects that you want. It is quite scary for me, I do not know who these people are, I have no idea what the project was or may still be. But when I am told today by the Minister and the Assistant Minister for Economic Development that a £20 million investment for new jobs, *et cetera, et cetera*, has been put on hold because we have gone in feet first, and we could not restrain yesterday with a very sensible amendment and go for the 10 per cent, we could have put it up, everything I said in the argument. All our taxes normally only go one way and that is up. So start low and then put them up. I have a few questions when we get to the Articles of P.98 but I will leave them until then. I have asked the Solicitor General to give me some reassurance on the wording on P.98, Article 123L which introduces the new charge because in simplest form in all the Articles, it says in this Article: "Income profits and gains will be taken." So income is to me when you give over your first penny and that is only my simple interpretation. The man from tax did just try to explain it to me but it still did not get through so I need to know that it is fit for purpose. As I say, I do not normally speak twice and I would not normally speak just for the sake of speaking, and I know it is not the sake because there is loads to say about the Budget, we did do something yesterday, was it? It has been a long week, but I think that we really ... if there is any way to think about this, I do not want to throw the old Budget out, I never stood up and argued everything and: "Well, I am not going to argue" and that was the other thing. The simple answer from Deputy Tadier said: "I am not going to support the amendment on the 10 per cent so I am going to vote against the whole Budget." Well, nobody is going to ... 5 or 6 people are going to vote against the whole Budget because the majority of it is quite sensible and, as the Chief Minister says, it needs to be done otherwise we have nothing. I respect Reform but I love sensible arguments and you can vote against the whole Budget, of course you can, on your policies. There is nothing in there you agree with then that is fine, but to think you are going to vote against amendments that you might have liked because you are going to persuade another 49, 48, 46 Members ... 45 Members to vote your way? No, it does not wash with

me. So this is ... you know, the sensible answer is you should ... if you really believed in the amendments you should have voted with them and not think at the end of the day you are going to chuck a whole Budget out because it will not work. Thank you.

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

Just to start, I would like to just remind Members to throw their minds back 12 months to when we were discussing the same thing 12 months ago, when we were setting the Budget then. The good Senator Ferguson brought forward a proposition that was widely supported and that was to introduce the equivalent of a Tesco tax. That is what we have done, that is what we have brought forward, that is what this Assembly asked us to do and that is what we have done. The argument is now over whether that tax should be 20 per cent or 10 per cent. We debated that yesterday, we debated it and it was largely supported by this Assembly yesterday that it should be 20 per cent. I will stay with Senator Ferguson for the moment because she was very good this morning. In her speech she did talk about the F.P.P.'s (Fiscal Policy Panel) recommendations. If I may, I would like to read out a few paragraphs from their report. "The Panel considers that its 4 guiding principles have generally been followed during the M.T.F.P. Addition and Budget 2018. The F.P.P. continues to believe that the profits and scale of the measures proposed in the M.T.F.P. addition and draft Budget 2018 are broadly appropriate and the remaining measures for ones of equal value and economic impact need to be implemented on time. The panel is encouraged that the latest financial forecast indicates its previous advice will continue to be met and that the overall fiscal position returns to balance at around the time that the economy is expected to have returned to capacity. The Council of Ministers' proposal to hold back the allocation of any new growth expenditure for 2019 until Budget 2019 and subject to the agreement of waste charges or equivalent expenditure measures is in keeping with F.P.P. advice to continue to implement the measures as set out in the M.T.F.P. addition or others of equal size." Can I throw our Members minds back again to around about 2009, around that sort of period, when Zero/Ten was introduced - no, it was before that - and those corporate retailers had a big win. They were then exempted from paying any tax at all. Did any of us notice how much the prices dropped when they did not pay any more tax? Because food prices at that time went up by 0.9 per cent, in the U.K. where they were still paying tax prices went up by 1.1, virtually the same. So there was no net benefit to the people of Jersey in their shopping baskets. One of the things that has been raised this morning by Deputy Norton, actually a couple of things I would just like to reflect on there, is that there is no consultation with his department. I have to say that his Minister and all the Minister sat around the Council of Ministers table and had ample opportunity to feed information into the Council of Ministers in preparation of this Budget. If they did not do that then that is matter for them to consider. Every Minister has had the opportunity to influence the Budget. I have to accept that one in particular may have made some reservations, expressed his reservations, in Council but he did not make them loud enough to have influence among the Council of Ministers as a whole. The other thing that Deputy Norton did say earlier on is that he did not believe ... sorry, he said the Guernsey figures were wrong. But our experts have gone at looked at the fees in Guernsey and they have come up with what they can see as are the right figures. But Deputy Norton did not convince me in his speech that he was right and the advisers were wrong. Equally Senator Ozouf said he does not believe anything that comes out of Guernsey with their figures. Well, he has not told me why he believes that so I cannot go ... I have to go by the professional advice I am receiving from the staff in Treasury. We are hearing today about a business that said they were thinking about coming to Jersey, a business I believe not in food retail at all but still a retailer. They have decided not to come here with a loss of 50 jobs. Well, how can they lose 50 jobs if they are not here because the jobs are not there already. They may be thinking about coming to Jersey and they will be thinking about going somewhere else, there are plenty of other places in the U.K. where they are paying 20 per cent in the U.K. as V.A.T. or 19, thank you, Senator Ozouf. I think we just need to ask

Members to really think about decisions that we made 12 months ago and the decisions we made yesterday and really think about decisions that we need to make today. Thank you.

1.2.17 Senator A.K.F. Green:

I just have a few things I would like to say. I will not say too much about the jibes from Reform Jersey on the hospital, I will save that debate for next time that we meet when it is on the agenda. But I will say this: it is very easy to say a sum of money has been spent and wasted. Most of that money went on providing 4 new theatres, providing 4 more beds up at Overdale, providing improved day care facilities, providing a new C.A.M.H.S. (Children and Adult Mental Health Service) and providing new accommodation for social workers. Why did we do that? To provide integrity and robustness going forward while the hospital is being developed. So it is a cheap shot but I will save the rest on the hospital for next sitting.

[14:30]

We have also heard that it has been difficult for Islanders and, of course, it has. It has been difficult for all Islanders, particularly those at the lower end of pay scales but also for those in middle-Jersey that have been squeezed, if you like, from both ends. But it is forgotten that we have just come out of the biggest worldwide recession, not of our making, made by others, primarily started in America, and this Island, I believe, handled it well and protected as many people as it possibly could and has put us in a good position for the people of this Island going forward. My glass is half-full, like Reform Jersey's might be half-empty. But I do not deny it has been hard. It would have been harder if this Council of Ministers had not have taken the actions it had to provide stability. I particularly remember some of the work that Senator Ozouf did around fiscal stimulus, around keeping people in work, around the development of housing. Let us look at what we have done for people in Jersey. Social housing is in a better position than it has ever been in. People were spending - in one case and I can remember it very well - in addition to paying for their rent, because their houses were so poorly insulated, in cold snaps like we are going through now, some of our tenants - wrongly but they had to do it - were spending £50 a week on supplementary heating. They do not need to do that now. I know I keep getting told: "Yes, but you did it by putting the rents up" but those who need the help get the help from the £30-odd million that Social Security give out. So we have better social housing than we have ever had. There is a lot of work to do around mental health but we now have better mental health services. We have a strategy to move the services forward. We have a recovery college that we did not have before, we have a reinvigorated C.A.M.H.S., a lot more to do but this work is going on. The Long-Term Care Scheme, which everybody likes to knock, is the envy of everybody I speak to in the U.K., which protects middle-Jersey from their investments that they have made over the years. It was a good thing to do, it was a hard thing to do but it was the right thing to do. I would just like to pick up on the corporate tax. The Constable of St. Peter picked up one of the things I was going to say. This Assembly seems to have very short memories. At the last Budget it was agreed, because of an amendment that was brought forward, that a corporate tax proposal would come forward. I think it was called then the Tesco tax. That was agreed, not unanimously but by a high percentage of this Assembly. The Minister for Treasury and Resources has brought a plan forward. I do not know where the Minister for Treasury and Resources can do right for doing wrong here. This Assembly asks him to bring a plan forward, he has brought a plan forward. Not only did this Assembly ask him to do it, but lots of people I speak to outside of here are always saying to me: "What about the companies that pay no tax?" They did not agree with Zero/Ten and all that it meant, they wanted something doing about it and here is our opportunity to do something about it. That opportunity, yes, it does come at a slight risk, I accept that, but that opportunity is about ensuring a stable future. It is about ensuring that we have the funds to carry on supporting those that need supporting. Of course, if it does not go through we will have to find another way of doing it. So there is no shroud

waving there. I just ask Members to remember that the Minister for Treasury and Resources has brought forward what Members asked him to bring forward.

Senator P.F.C. Ozouf:

Could I just make a point of correction, I am sure the Minister did not ...

The Deputy Bailiff:

Sorry, is it a point of clarification from the Minister's speech or a point of clarification from your speech?

Senator P.F.C. Ozouf:

No, from the Minister's speech. He spoke about the Tesco tax, he is quite right but the Tesco tax is at 10 per cent in the Isle of Man and that is different from what we have here. I think it is important that we differentiate between the 2. I do not wish any disservice, I know the Minister is absolutely honourable.

1.2.18 The Connétable of St. Brelade:

I will be brief because I know people want to draw this to a conclusion. I would like to say there are a lot of positives in this Budget. For those that are looking to play down the economy, it does not matter whether you are in the legal profession, finance, tourism, building, digital, hospitality or retail - and I include retail in that - this is a really good place to do business. This is an absolutely great place to invest and it is a wonderful place to live. In saying that, I do understand some of the concerns that Reform Jersey have and they have attempted here to convince us that there are different ways of doing things. We do need to understand that there are those that are worse off in society and we need to understand we need to support those people. But I am not going to go too much into areas around tax and how we raise tax. It is more how we spend that I just want to touch on in the few comments I have to make. There are a lot of good things in this Budget about where we are going to spend some money. I never thought I would get to the point standing here where we are going to get a new Les Quennevais School. For a long time we talked about it and we have finally got to a point where we are going to get a new Les Quennevais School and I thank the Ministers for Education and Treasury and Resources for the efforts they have made to get to that point. What I would say around that is we have already had to put extra money into it, there are escalating costs, that is a risk to government moving forward. I think a huge risk that projects are going to get more expensive and the hospital is going to be one of those that we have to be careful we do not get drawn into a really escalating cost. In terms of the school, what I do want to see is value for money and good value for money. It is not just about the buildings in the school themselves, it is about the whole of the school and how it fits into the community and its environment. I think the point I want to try and get across here is I am not sure that in terms of some of what we are providing in that school is the best for the community. I am talking about sports facilities. I want to make the point here that I want to make sure that the Minister for Treasury and Resources ensures that we get best value for money and ensures that it is best value for money for the community not just for those that use the school. It is £45 million, it is a huge amount of money but nevertheless I am supportive of it, I am really supportive of it, but I think we need to get it right because there are a lot of opportunities for the community. In terms of opportunities, I want to go on to another area where there is again good funding in this Budget for I.T. (information technology) services, I.T. services within government and e-government itself. But it has come to a time... and again I would say to the Minister for Treasury and Resources, we have invested a huge amount of money in e-government for what a lot of people think is not a great deal so far. I know that is not true, there is a lot going on behind the scenes with e-government but it has to a point where we need to see some results and there are some fantastic people within e-government but considering what we have spent and what we are going to spend we need to start

delivering services. I will bring up one line in the Budget and that is to meet increasing requirements for digital services for the public. Well, they do want more services, they want to see them and they want to be able to trust in them. There are a lot of opportunities for online voting and things like that that are going to come out of e-government and digital services but we need to make sure we are getting good value for money and we need to deliver on that. A couple of small areas as well, it is touched on in the Budget, I do not think we invest enough in: infrastructure, our roads and our sea defences. We are going to pay for this further down the line and I think we really have to wake up to the fact ... I am not going to be Phil Rondel and I am not going to go into drains and I am not going to take his mantel up, but there are areas of our roads in Jersey that I am not particularly proud of, and I think one of my biggest concerns as a Constable in St. Brelade is flooding in St. Aubin. I have been promised time and time again, and I know there is work in hand to do something about that, but we have to get to a point where we do something before we have a serious problem there. The last thing I am going to bring up is something that is very close to my heart, it should be close to all of our hearts, and it is in here and there is some money in here for it, is Fort Regent. We are finally doing something ... we are not building anything, we are pulling it down but at least we are doing something. It is the first time I think we have ever got to a point where were going to do something positive with Fort Regent and pull buildings down we do not need. But it is the biggest liability to the States without a doubt, and if we do not invest in it in future ... this is just a shot across the bow to the Council of Ministers, if you do not invest in this moving forward we are going to get in huge trouble up there. I have said it and I keep saying it. I do not want to be the one that has to lock the door of the Fort, but if we do not invest in the Fort - and it may be not for this Budget but we have started to go down the route here, we need to follow it up. So all I would ask is in future Budgets let us be open, let us be clear that the public out there want us to invest in things in this Island and the Fort is one of them. I just hope we can deliver that moving forward. Thank you.

1.2.19 Deputy T.A. Vallois of St. John:

Just following that speech about being open and transparent with the public I think it is probably important for me to make my concerns known on the Budget, particularly with regards to the capital programme, which the Minister for Treasury and Resources is aware of because I made them known during the 2 briefings we have had on the Budget. The first one is the Grainville School phasing. I welcome the money and that phase 5 is finally going in. After 26 years Grainville is going to get the final phase of their school done. But the issue with this for me is when we agreed the M.T.F.P., as I understand, there was an agreement that the Jersey Music Service would have their headquarters based in this new phase 5 and that is no longer going to be the case now. I am concerned that we have agreed a M.T.F.P. on the basis of funding around the Jersey Music Service and I would just like some guarantee from the Minister for Treasury and Resources that there is not going to be any derogation of the actual Jersey Music Service, that we are going to ensure that there is a proper investment and recognition of their services to the pupils and the education service on the basis of us taking that particular expected area out of the Grainville School phase. My second concern was St. Mary's school. The reason why I raised this is because I am on the Education and Home Affairs Scrutiny Panel and I am sure, as everyone is aware after this week, the matter of education funding was a huge issue last year. We had a huge number of parents in contact with the panel and also did a meeting at the Pomme d'Or, which the Minister for Education joined us at. We were made aware that there were potential issues around businesses having problems, the nursery side of things, with regards to new nurseries being built on to some schools. One was particularly St. Mary's Primary School. I am not saying that we should not build the nursery school, I am just putting a shot across the bow to be careful that we are now building a nursery school on to St. Mary's without dealing with the nursery education funding, with a final decision about how that is going to work. That does concern me. So I am expected to support

something without really knowing the finer detail of how the whole package works. I think that is important for me to make known to the public. In terms of the Budget overall, it is great to hear the news about the student finance side of things. Again, as a member of the Education and Home Affairs Scrutiny Panel, I think it is fantastic news. But it is words and there is nothing in the Budget. I am not being asked to approve this. So another warning shot is it is great to make headlines and it is great to make words known but without knowing the detail and how it is potentially going to work, again it is another promise. It worries me to have the Minister for Treasury and Resources put something in his speech when the Scrutiny Panel have time and time again asked all the Ministers involved for the information, how it is going work, when it is going to be produced and we were even advised it would be on the table next to the Budget today on 16th October in the meeting and it is not here. This worries me because there are a lot of people that need assistance with this. This has been a huge issue over the whole term, for quite a while, and I do not want it to be an over-promise. I want it to be something that the Government can deliver. On that basis, in terms of the retail tax that has been mentioned as well, I am in a particular difficulty here because after conversations and listening to everyone talking I heard from the Minister for Treasury and Resources yesterday, when I stood up and challenged him on Deputy Mézec's proposition, that to fundamentally change the tax system we need to have all the information, we need to have everything. I am very analytical, I want to know the information, I want to understand, I want to know the impact and so now I am in a position where ... well, do I have the actual impact analysis here?

[14:45]

Do I have the information with regards to that retail tax here? Yet, previous Budgets, and this is my ninth Budget, I know previous Budgets were we have had to produce mounds and mounds of reports on economic impacts, distributional analysis and all those types of things but there is nothing for this. I know it was something that Senator Ferguson asked the Minister for Treasury and Resources to bring back but that does not mean you bring it back without the necessary information. So I am in a position where I am being told: "Well, we need to support the Budget" and a large amount of it I do agree with. I do not think it is right for us to say this is necessarily balancing budgets because it is a moving feast and there are unforeseen things coming down the road. Next year it is a completely different Council of Ministers. Well, it is an election, you never know. So I would like some reassurance from the Minister for Treasury and Resources on the particular things with regards to the capital programme and I need those reassurances in public to make sure that in terms of what this States Assembly agreed on an M.T.F.P. basis that the services that we rely on are not pulled apart and we will have some actual detail on the nursery education funding, actual student finance, so that when we go out to the public we are not just saying that we are going to do something but it means action is going happen and it is going to help people.

The Deputy Bailiff:

Does any other Member wish to speak on the proposition? If no other Member wishes to speak then I call on the Minister for Treasury and Resources to respond.

1.2.20 Senator A.J.H. Maclean:

Thank you very much. I will not, I am afraid, go through all the contributions that each and every Member has made but I would thank everybody for their comments. I will try and pick up salient points. I was going to talk a little bit about - to start with, because he was the first speaker - Deputy Maçon, simply because he has always felt very strongly about student finance. He mentioned that issue this morning in his speech and he has become somewhat of or is somewhat of a champion of that particular topic, together with his Scrutiny Panel. He made the comment about his Scrutiny Panel's recommendations. I have to tell the Deputy and members of that panel that we took into

consideration very much the recommendations and commentary within that particular panel's report. It has been an extremely valuable piece of work and I know they did and spent a huge amount of time on it. So thanks to them for that important contribution into what I believe to be a good proposition that has now been put forward which will go out to consultation as I referred to previously. Of course that is a very important part of that particular process. Deputy Maçon also made some other comments. He referred to the Budget as boring, I think, which obviously I found rather disappointing. I, on the one hand, can take it as a compliment but on the other hand one can get perhaps a little bit sensitive about it. I think what it is saying is it is a steady-as-you-go Budget and that was largely what we set out to achieve. It does raise money, as Members know, £10.2 million on the assumption it is not amended, which is important in terms of contributions to balancing budgets at the end of 2019. But it does seek to reach out and improve the lives of Islanders and it does seek to support the economy. It does seek to do what Members, I hope, would expect us to do with a Budget. It was interesting to note that the Corporate Services Scrutiny Panel in their report commented about the Budget and they described it as not the usual election giveaway. Again, I am not quite sure if that is a compliment or not but nevertheless they made that particular point. I would pick up on Senator Ozouf's comment. He made a number of comments. He started by saying that everything is wonderful. Well, of course, everything is wonderful in some respects but when I gave the presentation yesterday to Members - the day before yesterday in fact - on the Budget I did state that last year was a good year. Income is up, expenditure is down. Investments are performed really well. That is not money to spend, as I have pointed out, but it does mean preparation for the long term and for, in particular, the Social Security Reserve Fund. It is important that those funds have been strengthened due to a stronger economy but also investment returns. Senator Ozouf made the point about forecasting and about prudence. He thinks that we are too prudent now. I can say that when I got into Treasury I made a particular effort with things like the Income Forecasting Group. They are a group that provide advice to the Minister on income forecasts. I strengthened that group up, I introduced some external experts into it and we looked at the model. It is continually evolving to ensure that we can receive as good as advice as possible in terms of what our forward forecasts are going to be. It operates now with no political interference because that is really important that the advice is given in that respect and is received in that respect. It is right that we take heed to it. Now, if the advice coming on forecasts is demonstrating that it is a little bit prudent and low, that is a much better position to be in than to be in a position as we were at the beginning of this term with a £28 million deficit by 2019. That is not the position to be in. If we had forecast prudently then we would find that we were better prepared for the ups and downs economically as an Island that we face. I have to say, we do have a strong underlying fiscal position. I have made that clear. But also, I think that it was a point the Deputy of St. John made a moment ago, we are balancing our budgets by 2019 but only just now. It is around about £300,000. That is wafer thin by 2019 and it is on the assumption that various revenue raising measures are delivered. Now, that has been a challenge to date and I respect the decision of this Assembly with regard to the health charge and we found some measures to try and deal with the loss of the health charge and some of those measures are contained within the Budget before Members today. But without these revenue raising measures then the ability to balance budgets by 2019 will be compromised. So if it is not a health charge we come up with an alternative, which is what we are seeking to do because Members have said they do not want a health charge and that is fine. We have deferred the waste charge, we have to consult on that and if we cannot introduce it we need to bring an alternative measure in order to make that work appropriately. We still face challenges and therefore we do need to continue with our efforts to make sure that public finances are managed carefully as we move forward so that we can prepare for the uncertainties that we face. Senator Ozouf made a number of comments around the retail tax proposal and I know other Members have also raised this and it seems to be a matter of concern. As others have said, that measure was included in the Budget due to an amendment that was brought to the Budget last year by Senator

Ferguson. We made it clear by amending her proposition that we needed to look, to assess whether it was going to be safe to introduce a measure of that nature with regard to our corporate tax system. That work has been undertaken in the intervening 12-month period. But it was not just whether it was safe from our corporate tax perspective, it was also to ensure that we understood what the impact of a measure such as that was going to be a retail. So we commissioned independent economic advice to advise on what the economic impact would be and the distributional analysis. That advice is available and has been published for Members. It is at appendix 11, which is part of the Budget, and that advice is very clear and very detailed in terms of what is likely to be the impact of the introduction of a retail tax. What it does in particular point out, and it is a point, to be fair, Senator Ozouf mentioned, and that is that margins in the retail sector, particular food, are quite small and, of course, Members would expect the economic advice picked up on that particular point. They say that in fact the wholesale and retail sector, 6 per cent to 7 per cent of total turnover is in that sector. Even if the full 20 per cent of income tax was passed on in terms of prices it would only add around 1 per cent or 2 per cent to the cost of goods sold due to the small margins that are in that particular marketplace. So the economic advice is clear, if the full 20 per cent is passed on then only 1 per cent or 2 per cent of that is likely to be seen in retail prices, so food prices in that particular area. That is without - and the economic advice goes on to talk about the competitive environment, and we have a competitive market and that was another area that the Senator was concerned about - mutuals. He was saying it was not a level playing field and he talked a lot about the importance of competition. I know he feels and has been a great champion for competition in the Island and should be congratulated for all the hard work he did in that area during his time. It has made a significant difference I believe. But the fact of the matter is, we have competition, we have a Co-op which is the largest supplier of groceries to Islanders in Jersey and they are not taxed. But I should point out to Members the Co-op were not taxed pre-Zero/Ten either. So there was an unlevel playing field previously if we are talking about whether playing fields are level or not. So pre-Zero/Ten, 20 per cent tax to other retailers but the mutual Co-op did not pay tax on its food and prices were therefore kept competitive. With the proposal with regard to retail tax, it is involving 20 retailers. The largest retailers turning over £500,000 in profit, delivering £500,000 in profit more to the point, and the full 20 per cent does not kick in until a profit of £750,000 has been reached. Any business in Jersey in the retail sector that is receiving a profit of less than £500,000 will pay no tax and that in itself creates additional competition in the marketplace. That is a really important point that it is a competitive market and will remain a competitive market even with the introduction of a retail tax at 20 per cent. So it is not a case that there has been no work done. There has been economic and distributional analysis undertaken. The other point that was raised, Deputy Norton and others said: "Well, there has been no consultation." Of course there has been a lot of consultation and I am going to talk about it now because the Deputy is looking confused and is frowning. First and foremost, the process started over a year ago when this was announced at the Budget last year that the work was going to be undertaken for the introduction of a retail tax and the reference point was Guernsey because they already had it and Isle of Man because they also already had it, albeit at a different rate. So Treasury started the process of consulting, invitations were issued to retailers, I think it was around about 30 of the largest retailers, and there were 2 sessions of engagement offered and through that process I think around about 10 of those retailers engaged with Treasury. So the attempt was made to engage with the industry through those meetings to ensure that they were fully brought up to speed with what the proposals were going to be. That was the right approach to take. Since then, of course, there have been a number of occasions when this matter has gone to the Council of Ministers and has been discussed and, of course, Ministers have an opportunity through that process, or Assistant Ministers, looking in the direction of Deputy Norton, to raise any issues they might like. I will make just one other point. As a result of the decision taken yesterday by the Assembly with regard to rates and the States paying rates, the second amendment, of course,

largely resulted in, through the Island-wide rate, a reduction in the rates to businesses of 16 per cent.

[15:00]

So there is, if I can put it this way, light at the end of the tunnel for those who are particularly concerned because, of course, businesses will see their rates bill fall by 16 per cent as a result of the decision taken. There have a number of other comments that I would like to cover. Deputy Mézec ... Mézec. **[Laughter]** It is funny, I went back to Treasury after the Deputy had made his comments and I said: "Do I really say that?" and there was: "Yes." I said: "Tomorrow, I am going to make a special effort to get it right" and I have gone and got it wrong. I am going to start again on my comments for Deputy Mézec and I hope I can keep that up as we continue. Just as an aside, it was the Constable of St. Martin who asked the question about Deputy Mézec. I am going to practise a lot now. **[Laughter]** To get myself over this little hump, maybe I will refer to him as the chairman of the Reform Party. That might help.

Deputy G.P. Southern:

Reform Jersey, not the Reform Party.

Senator A.J.H. Maclean:

We are going from bad to worse. In any event, it was the Constable of St. Martin, who asked the question and it was a good question. He said: "Has Reform got it wrong? Do they always get it wrong?" or words to the effect. He will probably correct me but I think it was: "Has Reform got it so wrong?" I think he said. I think in a number of areas they have not got it so wrong and in fact I hoped that when we were having the debate about the changes to tax being proposed by the party it was made clear, I hope, in my comments that we recognise the points they were making. I made the point that they have engaged with Treasury. They have got a lot of data and in the points they were raising there were some good points made and I think it is something that needs to be included as part of the process that we are going through with the personal income tax review. It was a question of timing and ensuring that all the facts were collated before making such a fundamental change. I think in answer to the Constable of St. Martin, no, I do not believe that Reform Jersey have got it so wrong. They have some good points with regard to what they do, but we need to make sure that making fundamental changes of that nature we do it in a way that is fully informed. Deputy Mézec also said when he started his speech - and I probably should have started with this - he made reference to the Chancellor in the U.K. and the tradition of having a glass of alcohol. I have a glass on my table here, which is half-full and it is white liquid. I was wondering that after one or 2 speeches yesterday whether I would go and replace it with whatever might also give the same appearance of being a similar clear colour but maybe it is not water because it might have done me some more good to keep things together, but there we have it. The other points that were made by the Deputy, and I must say members of Reform Jersey made these points as well but the first one he made himself, was about the hospital and the fact that £17 million has been spent. Yes, it has. He said it as if it was a waste of money. It is part of an investment in a hospital that is going to add significant value to this Island. It is a hospital that is going to provide the highest quality of care for Islanders, and that is exactly what we should expect. £17 million is an investment on the way to building a hospital with a total budget of £466 million. That includes quite a sizeable contingency, as Members will be aware, but it is not a bad thing although it was painted in the media as being very negative, £17 million was wasted; that is entirely untrue. I would say that the comments that Reform Jersey make often are about the economic standard of living in Jersey and they make derogatory comments in that way, but I think it is important just to point out that the important point is about employment and jobs. We have full employment, or we have not got full employment but we have very strong employment, and we have real economic growth and we have

seen real economic growth for the last few years and we have seen a growth in wages as well. It is not quite as negative as the Deputy and his colleagues like to paint it. I have covered, I think, the comments, hopefully, that were made quite passionately by Deputy Norton, and I would expect him to make those comments about inward investment and the risks to inward investment, but there are many companies that potentially come to Jersey and do not always, for all sorts of different reasons... I do not know the details of this particular case. I always have been and always will be helpful to any business or individual looking to relocate to the Island because we greatly value and spend a lot of time and money investing in attracting investment of that type. It is critically important. Deputy Southern said that there was austerity and the austerity programme had been terribly damaging for the Island. It is a point he makes quite a lot. I do not believe that Jersey has had what he would describe as an austerity programme. He is talking about what I think he has seen in the U.K. and elsewhere. What we have done is we have made changes, we have improved. We have tried to remove waste from the system, which is the right thing to do. Taxpayers expect taxpayers' funds to be spent wisely, value for money to be delivered and that is exactly what we should be doing and that is exactly what the Medium Term Financial Plan, for example, sets out to do: efficiencies, savings and then investment in key services. Senator Ferguson on my right here talked a bit about the Fiscal Policy Panel report and I would thank her for referring to that, but she did not mention that the panel also talked about or considers that it is a fair guiding principle to have generally been followed. The guiding principles have generally been followed through the Medium Term Financial Plan Addition and Budget. It was a strong endorsement of the process followed both through the M.T.F.P. Addition and Budget and I think that is also something that should be kept clearly in mind. I am going to turn to the Deputy of St. John because she asked for assurance on 2 points around Education's approach to the nursery provision and also student financing. My understanding is with the nursery side of things is that the Education Department is working through the process at the moment. They are about to engage with Treasury as to how that particular provision is going to be provided and developed as we move forward and also making clear the interaction with regard to ... and I think it was a point that the Deputy made in reference to St. Mary's around the competition with the private sector. Those are valid points and I will talk to the Minister for Education about that, but I am told that they have a plan that is going to ensure that the provision is developed for Islanders and, importantly, to ensure that the important catchment areas are managed. With regard to student finance, I detected just an air in the Deputy's voice of concern about it is all promises, promises, promises and I would just say to her that we said, and I have been saying consistently for some months, that there would be an announcement alongside the Budget about student finance and that is exactly what happened. It is important from here on that we enter now a process of consultation. I also made it clear from the funding point of view that the proposal that has been put forward can be funded through existing resources through 2018 and 2019 and there would need to be provision within the next Medium Term Financial Plan for the ongoing financing, but it is a clear priority to ensure that what I believe is a good proposal has been put forward. I believe it is a good proposal because I think, having looked at quite a number of options - and I know some Members were keen on the student loan aspect - we felt that students being burdened with excessive debt was not a good position to be in and also we noted the impact on public finances in the United Kingdom with their loan scheme. Significant debt has been built up and chasing after students or their parents in the future is not a route that I think is particularly constructive. We had to come up with a pragmatic and sensible solution, one that we believed was possible to fund and, as I mentioned at the very beginning, the commentary in the Scrutiny Panel report was helpful and the work that the panel undertook in terms of identifying some of the areas to look at, one of which was around allowances. That will be a case that £3.5 million currently spent on allowances will be part of the funding solution in this particular area and I think that is absolutely right. So I hope the Deputy has some confidence that we have a plan, we are consulting on the plan, and I am sure she and others will be involved in that process with the intention of

bringing back a proposition to this Assembly by the target, which I think is the end of March, for Members to give their due consideration to that particular point. I have said that I will not go through all the speeches and I think in general I have probably covered most of the key points that were raised by Members. I would just go back to say that as far as I am concerned the Budget, I hope Members accept, is a good overall package. The intention of the Budget was to support the Medium Term Financial Plan and that is what it seeks to do in terms of the investment it makes, the capital programme and the revenue that it seeks to raise. It is interesting in that regard to just comment on the Scrutiny adviser's report, the C.I.P.F.A. (Chartered Institute of Public Finance and Accountancy) report. They said in that: "We would commend the work of the financial planning team at Treasury and Resources in the compilation of the draft 2018 workings against the Medium Term Financial Plan 2 strategy." The further comment was: "The profile and scale of measures set out in the M.T.F.P. Addition and draft Budget 2018 is broadly appropriate and advise that the remaining measures in 2018 and 2019 need to be implemented on time." I think that is a fairly strong endorsement, not from the Treasury but from an independent source. I believe that the measures are right and I believe they are appropriate. I hope Members will support them and I do think that we will, therefore, then be able to ensure that Jersey remains in the strong position it is currently in. We have seen over the last year or 2 an improving economy. We have seen revenues rising. We have seen expenditure controlled in a way that it has not previously been. In that respect we are in a strong position, but we are fully aware of the risks that lie ahead and we need to ensure that we prepare properly for those by managing our finances appropriately and prudently and without taking any undue risks. We must make absolutely certain that there is no room for complacency and that we retain as much flexibility as we possibly can and at the same time, where we can, we strengthen our reserves as we go forward. We believe this is a good package and I hope that Members will support it in its entirety. I strongly believe that we can continue delivering the economic security and the prosperity for the Island and this Budget will do that. We live in a remarkable Island and I, therefore, commend this Budget to the Assembly. **[Approbation]**

The Deputy Bailiff:

Those Members in favour of ... the appel is called for. I invite Members to return to their seats. I ask the Greffier to open the voting.

POUR: 38

Senator P.F. Routier
 Senator P.F.C. Ozouf
 Senator A.J.H. Maclean
 Senator I.J. Gorst
 Senator L.J. Farnham
 Senator A.K.F. Green
 Senator S.C. Ferguson
 Connétable of St. Clement
 Connétable of St. Peter
 Connétable of St. Lawrence
 Connétable of St. Mary
 Connétable of St. Ouen
 Connétable of St. Brelade
 Connétable of St. Martin
 Connétable of Grouville
 Connétable of St. John
 Connétable of Trinity
 Deputy J.A. Martin (H)
 Deputy of Grouville
 Deputy J.A. Hilton (H)
 Deputy of Trinity

CONTRE: 4

Deputy G.P. Southern (H)
 Deputy M. Tadier (B)
 Deputy M.R. Higgins (H)
 Deputy S.Y. Mézec (H)

ABSTAIN: 0

Deputy K.C. Lewis (S)
Deputy E.J. Noel (L)
Deputy of St. John
Deputy J.M. Maçon (S)
Deputy S.J. Pinel (C)
Deputy of St. Martin
Deputy R.G. Bryans (H)
Deputy A.D. Lewis (H)
Deputy L.M.C. Doublet (S)
Deputy R. Labey (H)
Deputy S.M. Wickenden (H)
Deputy S.M. Bree (C)
Deputy M.J. Norton (B)
Deputy T.A. McDonald (S)
Deputy of St. Mary
Deputy G.J. Truscott (B)
Deputy P.D. McLinton (S)

2. Draft Finance (2018 Budget) (Jersey) Law 201- (P.98/2017)

The Deputy Bailiff:

That brings us on to the Draft Finance (2018 Budget) (Jersey) Law, P.98/2017, lodged by the Minister for Treasury and Resources. I ask the Greffier to read the citation.

[15:15]

Senator P.F.C. Ozouf:

May I ask a point of procedure, Sir?

The Deputy Bailiff:

Yes, if I can help.

Senator P.F.C. Ozouf:

I should know this and I am sorry if I do not. I understand that any Member can ask for a vote on an individual article and that I just want to make sure before we ... I do not know how the Minister is proposing to take the Finance Bill but I certainly have given an indication that I want to have a vote on Article 7, which is the retail tax. I just wanted to also establish what the rules were or what would be the effect of that in the event that that amendment was rejected. Are there any options?

The Deputy Bailiff:

You mean that Article?

Senator P.F.C. Ozouf:

That Article, yes. I am not saying ... I do not take the Assembly ... I am just saying there are a number of Members that have asked me that they want to have that separate Article. I want to have that debate. If that was to be rejected then I do not want to put the Minister for Treasury and Resources in a difficult position, even more difficult position, but he knows my views and does he have any options? I cannot bring forward any other amendment but what would happen? Does it fall or is it possible to bring something else back? If so, when? I would be grateful for your advice, Sir.

The Deputy Bailiff:

The position is that any Member can ask on a proposition of this nature that any Article is voted on separately, so it is open for you to ask for the Assembly to vote on it separately. Were the Assembly to reject Article 7 then a number of options might be available but clearly the law could be passed without Article 7 and a further amendment to the law brought forward on a future occasion. Alternatively, the Minister could file an amendment or revised Article 7, because he is able to do so within the context of the Finances Law. He can bring forward a draft without notice in order to deal with any change to the law. It would be a matter for the Minister to deal with that in time.

Senator P.F.C. Ozouf:

That does not have to wait? My understanding is, when I was Minister for Treasury and Resources, you could do that but that is in the event of normally the Budget not balancing. I know the Consolidated Funds could deal with the loss. I do not want to give the Minister the loss. I would prefer if he would come back with 10 per cent but he is able to do that if he ...

The Deputy Bailiff:

In my view, the Minister can bring forward an amendment to this law at any stage, including during the course of this debate, to provide for something different for Article 7.

Senator P.F.C. Ozouf:

But it is his decision?

The Deputy Bailiff:

It would be his decision. It can only be done by the Minister for Treasury and Resources.

Senator P.F.C. Ozouf:

I am grateful for your clarification, Sir.

The Deputy Bailiff:

I should also perhaps observe, thinking that through, that in the event that there were to be some form of debate upon whether there should be 10 per cent or 20 per cent, the States has already decided that in the course of the Budget and it would require a suspension of Standing Orders to enable something to be debated in the same vein within 3 months, so it is not entirely straightforward. The Assembly would need to give the Minister leave to vary Standing Orders to enable such an amendment, if that is the nature of it, to be debated.

Senator P.F.C. Ozouf:

At least in doing that, that would not see the whole lot, only part of the lot?

The Deputy Bailiff:

That would simply deal with Article 7. It would not deal with anything else.

Senator P.F.C. Ozouf:

Thank you, Sir. I am obliged.

The Deputy Bailiff:

I ask the Greffier to read the citation.

The Deputy Greffier of the States:

Draft Finance (2018 Budget) (Jersey) Law 201-. A Law to set the standard rate of income tax for 2018 and to amend further the Income Tax (Jersey) Law 1961, the Goods and Services Tax (Jersey)

Law 2007, the Customs and Excise (Jersey) Law 1999 and the Stamp Duties and Fees (Jersey) Law 1998. The States, subject to the sanction of Her Most Excellent Majesty in Council, have adopted the following Law.

2.1 Senator A.J.H. Maclean (The Minister for Treasury and Resources):

Following the decisions reached in the Budget debate, the Draft Finance (2018 Budget) (Jersey) Law proposes the standard rate of income and the income tax exemption thresholds for 2018. It makes a number of amendments to the Income Tax (Jersey) Law, changing the allowances, deductions and reliefs available to personal income tax payers. It also makes changes to the tax regime applied to future high value residents and makes minor amendments to the rules applying to pension and pension schemes, including greater flexibility in accessing small pension funds. It outlines the taxation of the profits of larger corporate retailers and makes changes to the definition of “financial services company”. It also makes changes to the I.S.E. (international services entity) and codifies the tax treatment of non-Jersey established limited liability partnerships. It amends the Stamp Duty Law to introduce a general anti-avoidance rule. It also sets the level of impôts duties for 2018, including the rates of V.E.D. (vehicle excise duty). I will be proposing those as amended during the course of the Budget debate. Finally, also as agreed during the Budget debate, the Finance (Jersey) Law will be amended to bring forward the changes to the Rates (Jersey) Law in order to remove the exemption from rates, both Parish and Island-wide, currently enjoyed by the States. I move the principles.

The Deputy Bailiff:

Are the principles seconded? [**Seconded**] Does any Member wish to speak on the principles? All those in favour of adopting the principles kindly show. The appel is called for. I invite Members to return to their seats and I ask the Greffier to open the voting.

POUR: 36		CONTRE: 4		ABSTAIN: 0
Senator P.F. Routier		Deputy G.P. Southern (H)		
Senator P.F.C. Ozouf		Deputy M. Tadier (B)		
Senator A.J.H. Maclean		Deputy M.R. Higgins (H)		
Senator I.J. Gorst		Deputy S.Y. Mézec (H)		
Senator L.J. Farnham				
Senator A.K.F. Green				
Senator S.C. Ferguson				
Connétable of St. Clement				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				
Connétable of St. Ouen				
Connétable of St. Brelade				
Connétable of St. Martin				
Connétable of Grouville				
Connétable of St. John				
Connétable of Trinity				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy of Trinity				
Deputy K.C. Lewis (S)				
Deputy E.J. Noel (L)				
Deputy of St. John				
Deputy J.M. Maçon (S)				
Deputy S.J. Pinel (C)				

Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy A.D. Lewis (H)				
Deputy L.M.C. Doublet (S)				
Deputy R. Labey (H)				
Deputy S.M. Bree (C)				
Deputy M.J. Norton (B)				
Deputy T.A. McDonald (S)				
Deputy of St. Mary				
Deputy G.J. Truscott (B)				
Deputy P.D. McLinton (S)				

The Deputy Bailiff:

Minister, how do you wish to deal with the Articles?

Senator A.J.H. Maclean:

With regard to the articles, I was going to propose Articles 1 to 12 but I have listened to the request from Senator Ozouf who would like to take Article 7 separately. I would, therefore, propose Articles 1 to 6, then Article 7 on its own, then Articles 8 to 12, then Articles 13 to 18. I would then like to propose Article 19, the Article relating to V.E.D. as amended with the changes outlined as a result of the Constable of Grouville. I would like to then propose Articles 20 and 21. Then there will be amendments relating to the Parish and Island-wide rates and finally after that the final article.

Deputy M. Tadier:

It was just a question of procedure, Sir. Is there any merit in taking Article 7 first? My rationale for that is that if it does not go through - and it is a big “if” of course - that is quite a cataclysmic event, for want of a better word, and presumably the Minister for Treasury and Resources would need to have time to think about what consequential changes he might need to make, which could involve Articles 1 to 6. I am not saying they would but they might. If that is not the case then, of course, we can proceed in the normal chronological order.

The Deputy Bailiff:

There are 2 things I would say, Deputy. The first is obviously that is a matter for the Minister for Treasury and Resources. He can take these in the order that he wishes to take them, but you have made your point to him. Secondly, at any point Standing Orders provide that during a debate of this nature the Minister for Treasury and Resources can ask for an adjournment in order to consider any changes. That is an option open and there is no discretion in the Assembly. The Assembly must give him an adjournment, so that is where we are. You are proposing Articles 1 to 6?

2.2 Senator A.J.H. Maclean:

Articles 1 to 6, Sir. In reference to the previous question, there is nothing in Articles 1 to 6 that I would wish to change. I would not be making any amendments to, for example, the standard rate of income tax, which is Article 2. I would maintain Articles 1 to 6. I will speak very briefly on each one so Members know where we are. Article 1 provides the interpretation of part 1 of the Finance (Jersey) Law. Article 2 sets the standard rate of income tax for the 2018 year of assessment at 20 per cent. Article 3, consistent with the decision in last year’s Budget, just allows the deduction of rates by landlords when calculating the taxable profits from renting property in Jersey. Article 4 increases the standard exemption thresholds by June 2017 R.P.I. figures of 2.5 per cent. It also increases the second earners allowance from £5,000 to £5,850. Article 5 widens the

definition of financial services companies to include more companies within scope of the 10 per cent rate of income tax. Article 6 amends the law applicable to foreign limited liability partnerships to reflect the established practice, which is to apply the same tax treatment to foreign L.L.P.s (limited liability partnerships) as the treatment applied to L.L.P.s established in Jersey, which is to assess the profits of foreign L.L.P.s on the partners. I propose Articles 1 to 6.

The Deputy Bailiff:

Are Articles 1 to 6 seconded? **[Seconded]** Does any Member wish to speak on Articles 1 to 6? All those in favour of adopting Articles 1 to 6 kindly show. Those against? Articles 1 to 6 are adopted. Article 7.

2.3 Senator A.J.H. Maclean:

Article 7, as Members will have gathered by now, is the large corporate retailer article. It brings the large corporate retailer within the scope of the 20 per cent tax rate consistent with the decision made in last year's Budget. The law also includes the required amendments to ensure that the rules relating to the large corporate retailers are consistent with other parts of the Tax Law, for example ensuring that local shareholders will receive a tax credit for any tax payable on the profits that are distributed to them and, for example, making appropriate changes to the group relief rules. I maintain Article 7.

The Deputy Bailiff:

Is Article 7 seconded? **[Seconded]** Does any Member wish to speak?

2.3.1 Senator P.F.C. Ozouf:

I am grateful for the Minister ... well, it is any Member's right to ask for an Article to be taken. We have had a very good Budget debate and I think a number of issues have become more to the front of Members' minds about the impact of the retail tax. I am sorry that I lost my amendment to 10 per cent, particularly because it gave the Minister, if the States would have accepted it ... and I fully accept the democratic decision of the Assembly. In fact, I take comfort from the fact that while I did not win some of the amendments, the reviews to get the additional revenue are going to come anyway. I suspect that there is something good for the Minister for Treasury and Resources in the outcome of those amendments as a result of the work. The reality is that if this Budget, and I have been here before as some Members have reminded me, if we were going to be proposing 3 per cent G.S.T. on food there would be an outcry and, effectively, I have to say that no evidence I have heard in this debate has been given to me that this is anything else apart from the effect of 3 per cent on groceries for those shops that are going to be affected, and they are the large retailers. They are the big ones, and of course we have had the rather difficult discussion, the new issue about the status of the Co-op. Nobody wants to undo the Co-op, of course not. We all love the Co-op and we particularly loved the Co-op when they were the only ones that provided competition, because that was the situation. Many Members have said: "What happened in the world of Zero/Ten?" I have to say - I can use parliamentary immunity: there was a cartel of grocery markets. Safeway was bought 5 hours before the Competition Law came in, so there was a cartel and the Co-op kept everybody honest, and thank goodness they did. But since then we have seen competition and what we are going to do if we approve this 20 per cent is we are going to see an unlevel playing field and for me that is just not right. I am afraid to say that if the Minister is going to carry on saying that the R.P.I. figures of Guernsey are his justification for saying that food prices have not gone up, I am afraid he needs to get some better evidence to convince me and other Members of this Assembly. I think we deserve better. No Member of this Assembly, no shopper in Jersey, Guernsey, Newcastle, Southampton, Douglas, or the Highlands and Islands of Scotland, in sterling can say that food prices have not gone up because of Brexit and the exchange rate changes. They have gone up and any statistic that says that food prices have not gone up, I do not know what they

are looking at but I question those statistics. They are either measured in a different way, there is something ... I just do not understand it. What I do know is that what the big retailers have done ... because I have spoken to them and they have said that they have passed on that 20 per cent tax. Yes, perhaps it is easier to pass on that tax in Guernsey because they do not have G.S.T. but then I would not like to have their public finances either, if I am honest with Members. We have a growing economy; more people in work; Jersey is doing better. I do not like comparing ourselves in a competitive way but I have to say Guernsey is doing less well than we are. We are doing well and I want to keep it that way. They have not got G.S.T. so perhaps they can have a retail tax of 20 per cent and people do not notice it, but the fact is that we have G.S.T. here and this is going to be an extra G.S.T. on groceries. I cannot vote for it and therefore I am calling for a vote on this amendment. I have now established, as a result of your ... which I thought was the case when I tried to get my head around the Finance (Jersey) Law over the lunchtime adjournment that it is a possibility if this Article was rejected ...

[15:30]

I do not want to leave the Minister in a position where he has got no tax. The industry accepted 10 per cent. I was astonished that they accepted 10 per cent. I was expecting absolutely violent, really strong lobbying against, saying: "No, nothing." But, do you know what, they did not and I think it is up to me to basically take that message of responsible retailers, of some of the most experienced people, that have made our market work, that have basically meant the grocery market is more competitive in Jersey. I think we have an obligation to listen to them and, on this occasion, listen to their interests. If 20 per cent is possible in the longer term then that is possible but do it at a second stage. Do not introduce this tax at 20 per cent now, at this delicate time in the economy.

The Deputy Bailiff:

Senator, I hesitate to interrupt you, but Standing Order 104, content of speech, 104(2) says: "That a Member of the States must not seek within a debate to reopen discussion of a decision the States has made within the preceding 3 months unless the debate is upon a proposition to rescind the decision." It seems to me that you can argue for zero per cent but you cannot argue for 20 per cent.

Senator P.F.C. Ozouf:

Fine, okay. Okay. I will hold myself and say I hope the consequence of rejecting of this Article is what Members have heard is possible, and I have no alternative but to argue in the strongest possible terms in the interests of consumers, in the interests of cost of living, in the interests of the vibrancy of our retail high street, in the interests of our visitor destination, which is prized with its retail offering, and the news that the very principle debate of accepting 20 per cent has made decisions in the last few days, and this is not a fiction. There is one issue that has been raised. I am aware of one other retailer, because I have been talking to them. I have been saying: "What are you going to do? Are you really going to increase your prices?"

The Deputy Bailiff:

I think I have already made the ruling, Senator, about not reopening the speech about 20 per cent.

Senator P.F.C. Ozouf:

Well, if the 20 per cent is going to happen ... I am allowed to talk about the 20 per cent.

The Deputy Bailiff:

Well, the States has made a decision that there will be 20 per cent. That is the decision of the Assembly. You cannot reopen that decision.

Senator P.F.C. Ozouf:

So what can I say?

The Deputy Bailiff:

Well, I think you can say that you ... all the reasons you have argued before, you would urge Members to reject Article 7. I think you could say that and I think you could say whatever might support that but I do not think you can make a debate about whether it should be 20 per cent.

Senator P.F.C. Ozouf:

Okay, fair enough. If the States vote in favour of Article 7 they will see capital investment cutback. That has been reaffirmed in the last few days. Jobs will be lost and we will become uncompetitive in relation to the United Kingdom. I say also in relation to the fact that ... in fact the Minister for Treasury and Resources is not going to be faced with a Consolidated Fund crisis, as other Ministers have had when an amendment has been put forward. I do not want him to have no money. I want to be clear of that. It is £5.8 million we are striking out. There is a possibility of solving that as we know but I can remind Members that it can be afforded because the £60 million withdrawal from the Strategic Reserve that was planned in 2018 is now not happening and the Consolidated Fund is at least £16 million-plus, I think, over what it was. So it pains me to do it. I do not want to do it but I have got no choice and I think it is in the best interest of the economy of Jersey not to make a short-term decision which will have long term repercussions and send out the message that Jersey is now, if we can get away with it, a 20 per cent corporation tax rate. I urge Members to vote against Article 7 on that basis, on the basis of the evidence that we have heard from the retailers and the effect that it has and previous debate. So I have no other choice, with great reluctance, to vote and ask Members to vote against Article 7 and then see what the Ministry of Treasury and Resources does about it.

2.3.2 Deputy S.M. Wickenden:

I cannot support this Article. I asked the Minister for Treasury and Resources in my speech to answer questions based on things that he had said in the past. One was that taxes need to be a last resort and I asked him to point out on this particular point, was this a last resort and if so what came before it because I cannot find it in the paper. The Minister for Treasury and Resources mentioned a paper that was about the doing the cost of business in Jersey in a review he commissioned in his previous role as Economic Development and where does this decision fit within that paper, and again he did not answer any of those questions. Without that information I cannot support this Article and I think other people should think about it too.

2.3.3 Deputy M. Tadier:

I am slightly disturbed that what we have seen certainly with the ... not necessarily the previous speaker but the one before is an abuse of process for the Second Reading. The Second Reading is there to look at the content of the Articles and in the absence of the fact that we have any proper ... we do not have a second House in Jersey, this is the time when we do it. We do not tend to do it in any great depth and while Senator Ozouf is within his right and Deputy Wickenden, they are both within their rights to tell people to vote against this for political reasons, his comments should be directed to the technical detail of the Article, I think it is right to say. I just want to direct my comments at why I think the Senator's arguments are misplaced if I may and why this Article should be supported.

The Deputy Bailiff:

Well, if you can avoid reopening the debate, yes, of course you can.

Deputy M. Tadier:

Yes, I will, Sir. Well, obviously the first thing, as the Chair has already said, is that we have had this debate already on the principle and the principle has been agreed and I think it is slightly undemocratic to reopen the debate although, of course, one can maintain one's position. The logical consequence I think of the Senator's arguments, when he says he cannot vote against this, are not related to the Article but his logical position, if it is true that he is looking after the interests of the consumer and working poor in Jersey, if we can call them that, what he should be doing is looking to find a mechanism similar to that which we had with G.S.T., which was proposed by Deputy Le Fondré which is say: "Okay, we recognise the fact that this may be inflationary" and therefore the way to deal with this is not to vote against this Article but the way to deal with it is to put some kind of recompense into that and the way one would do that, Senator, is you recognise that the cost of living goes up. It goes up irrespective of what Government does often. Inflation happens irrespective of what Government does and therefore there needs to be remedy. So the thing you do about that, and because we do not know whether it will go up or whether it will not, is that you give teachers the pay rise that they are asking for. So when they demand a cost of living increase, perfectly reasonable, it is not being greedy, wanting the cost of living, you give it to them because we have got more money in the kitty. When it comes to those on income support, who are seeing the value of their components eroded, if it transpires that supermarkets do put their prices up, you give them a corresponding increase in their social security components because there is more money in the kitty anyway. It is not to vote against this one, arguably like a petulant child might, but it is say, no, we recognise that the Minister for Treasury and Resources has proposed this. We recognise that the Assembly has voted for it. It will bring more money in and if there are consequences, and it is still a big "if", then we can deal with that with other mechanisms, not to vote against this Article at the Second Reading stage.

2.3.4 Deputy A.D. Lewis:

If any Members vote against this it would take away £5.7 million from the Budget and there are lots of things in the Budget that obviously we want to see happen and that is a concern of mine, but I am not going to reopen the debate on the reasons for this tax and the for and against. However, if I am right in my understanding, the only person that has the opportunity today to make an amendment on the hoof, if I believe I am right, is the Minister for Treasury and Resources.

The Deputy Bailiff:

It is only the Minister for Treasury who can propose an amendment to a taxation draft.

Deputy A.D. Lewis:

Correct, yes. I think at the moment the Minister for Treasury and Resources is in danger of possibly losing £5.7 million. That would worry me greatly because of the things that we all want to happen with this Budget. So I would urge the Minister for Treasury and Resources to consider amending on the hoof to 10 per cent, which we understand is a very acceptable rate to the retail industry, and I will not, again, rehearse all the arguments but there is some serious risk here of losing revenue from other sources that come from those very businesses which would more than, I think, compensate for the half of the £5.7 million that you would lose. I would urge the Minister to seriously consider that if he can and I would urge Members to listen to what he has got to say. I hope he does do that but express caution that if you do vote against this, that is £5.7 million gone, which means we have not got balanced budgets but I do not think we would have ... we would not have balanced budgets if it was halved to 10 per cent and the other fees that those businesses currently pay, and more to come will pay, would easily compensate for the other half. So I would urge the Minister for Treasury and Resources to consider that and Members to give that some serious thought.

2.3.5 Deputy J.A. Martin:

I will not speak whether again we need this tax or not because I have made them quite clear and I did mention this. I was going to ask this on this Article when we got to it, and to please Deputy Tadier, the Article is structured, I am just commenting on that. As I say, I really need an explanation on the wording because everyone is quite happy to have this on the profits but on every Article it says: "Income, profits and gains. Income, profit and gains." Three: "Income, profit and gains." So if the Minister for Treasury and Resources cannot answer that, it may be quantified somewhere else, can I have a ruling from the Attorney General because it needs to be written exactly ... this Article exactly that is not a penny taken before £500,000 and then £750,000 on profit. I want to know why every Article says "income". So that is my question.

The Deputy Bailiff:

Sorry, can you direct me to a specific Article, Deputy, just to help me?

Deputy J.A. Martin:

Sorry. I am so sorry, yes, because we are only discussing Article 7. Yes, it is on page 20, 123L and it talks about: "In schedule D" but again because it is only part of a law I cannot find schedule D because I think schedule D is in another part of a law, but it is just the wording that is read ... how I read it, income is not ...

The Deputy Bailiff:

So your question for the Minister or if not the Minister then the Solicitor General is ...

Deputy J.A. Martin:

The Attorney. Why is it, yes, not profits; profits ...

The Deputy Bailiff:

Why does the word "income" appear really as opposed to profits?

Deputy J.A. Martin:

Yes, Sir.

The Deputy Bailiff:

Thank you very much.

Senator A.J.H. Maclean:

Do you want me to deal with that now or ...

The Deputy Bailiff:

I think if you deal with it in your speech in response and if people are still in doubt then the learned Solicitor can assist. Very well, does any other Member wish to speak on Article 7?

2.3.6 Deputy M.J. Norton:

I will try and avoid all the rehearsed arguments that we have heard already simply suffice enough to say that I cannot support Article 7 for the damage that I see it will do. I hear from behind me those, and I heard the comments of Deputy Tadier, and the previous comments that have been made with regard to this being some sort of fear of imposing a tax on retailers who should be paying tax and I do not have that issue at all. They should be. However, this is a step too far too quickly, as far as I am concerned. I understand it is very difficult to stay ...

The Deputy Bailiff:

Well, I think that is as far as you can go, Deputy, because that is a debate that has already been had by the Assembly.

Deputy M.J. Norton:

All I would ask is for the Minister for Treasury and Resources to reconsider rather than us get to a stage of brinkmanship of losing £5.7 million or not on a vote when it would be far more sensible and more appropriate for us to take some time and reconsider with an alternative Minister for Treasury and Resources and find a better way than coming to where we are now.

Deputy M. Tadier:

Can I raise a point of order? I can wait until the Deputy has finished.

The Deputy Bailiff:

No, let us wait until the ... yes.

Deputy M. Tadier:

I thought I noticed at the beginning of this law that it says that it is bound by collective responsibility. It says: "That under Standing Order 21(3)(a) the Council of Ministers has a single policy position and as such all Ministers and Assistant Ministers, albeit for the Treasury and Resources, are bound by the principles." Is that the case and does it extend to other Assistant Ministers?

The Deputy Bailiff:

No. It extends to all the members of the Council of Ministers and the Assistant Minister to the Minister bringing the proposition.

Deputy M. Tadier:

I lose track sometimes of which Ministers are which. So is Deputy Wickenden a ...

The Deputy Bailiff:

I am afraid I do not know.

Deputy M. Tadier:

He is not. I just get confused which ones are ... it would be helpful if Assistant Ministers could declare which departments they are from because one tends to forget. [**Members: Oh!**]

The Deputy Bailiff:

Well, that would be a matter for them but it would be a useful exercise perhaps.

Deputy M.J. Norton:

If I may conclude by saying I am the Assistant Minister at Economic Development and the clue is in the title when we talk about economic development and investment, which is so important, and at that I will just say I cannot, and I would urge others not to, support Article 7 for the very reasons that have been outlined to this House already.

The Deputy Bailiff:

Does any other Member wish to speak on Article 7? I call on Senator Maclean to respond.

2.3.7 Senator A.J.H. Maclean:

I will deal with, hopefully, Deputy Martin's question first with regard to the phrase, income, profit and gain from a taxation point of view. Investment income is included in that. It is not just trading income; it is investment income. For example, if you take a company like the Co-op they have

other investments included as part of their trading business and that would be taxable and that is why that is phrased in that way.

[15:45]

Okay. With regard to this particular Article, Article 7, we have had this debate, as has already been pointed out, already and I think all the arguments have, hopefully, been rehearsed. As I have also pointed out, this is as a result of a request from this Assembly from last year's Budget to bring this forward. It is bringing Jersey into line with other competing jurisdictions with regard to a retail tax, broadening our tax base in that regard. I gave, at the request of Senator Ozouf, Members the opportunity to debate this issue the other day when he had an amendment and I withdrew my amendment to the amendment to allow Members the opportunity to debate moving from 20 per cent to 10 per cent and we had a long debate and all the arguments were put forward at that particular debate and a vote was had. So I feel that that basis alone gave Members the opportunity to move from 20 per cent to 10 per cent. We are hearing from Senator Ozouf that there is lots of evidence elsewhere of reasons why food prices are going to go up if we introduce a 20 per cent tax rate. I have not seen the evidence. I do not know where the evidence is. What I do know is that from our perspective, from a Treasury perspective, we have undertaken distributional impact assessments, economic analysis. In appendix 11, attached to the Budget, there is an extensive report into the economic impact of taxes of this nature. What that report says, and I have already said this several times, is that due to the nature of the market it is likely that any increase, if there is any increase, will be no more than one per cent or 2 per cent. That is the professional advice. I have to take and make decisions based on professional independent advice and that is quite simply what it says. The economic advice is very clear and Members have it, if they wish to look through it. I do not know quite what else I can add to this particular point or this particular area. We have had tax before on retailers in Jersey before Zero/Ten came into place. Senator Ozouf talks a lot about level playing fields. Well, if you like there was not a level playing field pre-Zero/Ten because of course the mutuals did not pay tax then and they do not pay tax under this arrangement either which creates a competitive environment. We have all the businesses who do not make a profit of £500,000, who are in the same space, who are also not taxed. So consequently they would have, one might argue, a competitive advantage and that is probably one of the reasons why there has not been examples elsewhere of prices rising significantly with taxes of this nature. I have the evidence. We have undertaken the research. We have undertaken the consultation with businesses within the retail sector. There are 20 businesses in total which are captured by this particular measure. Of those, 15 are non-locally owned businesses. This is an issue for Islanders and has been an issue for Islanders for many years, non-locally owned businesses where profits are going outside of Jersey. This measure deals with that particular matter. I maintain Article 7 and I ask Members to support Article 7 as indeed they did when we had the earlier debate where there was an option, at that stage, to reduce this tax to 10 per cent and that was rejected. I therefore ask Members to maintain the position.

Deputy A.D. Lewis:

Would the Minister give way for a moment if he has finished?

The Deputy Bailiff:

Well, I saw Deputy Southern's light on first, Deputy Lewis.

Deputy G.P. Southern:

Could I just confirm with you that collective responsibility does apply to the Minister and it applies to the Minister for Economic Development and ask where he is?

The Deputy Bailiff:

I am afraid I am not able to assist you as to where any particular member of the Council of Ministers may be.

Deputy M. Tadier:

Can I ask because it is a point of order because it is a Standing Order which says ... it does not simply say that Ministers cannot vote against this. It says: "That all Ministers are bound by the principle of collective responsibility to support the proposition." Now, we know that the Minister for Economic Development is in the Assembly today. We know that he is in Jersey and we know that he is a Minister and perhaps if we talk long enough we can perhaps summon him from his room, wherever he is listening to this. I think it is incumbent on the Chief Minister to respect that Standing Order and to find out where his Minister is and to bring him back for the vote.

The Deputy Bailiff:

Deputy, I am afraid the nature of a point of order is that it has to require a ruling from the Chair and the Chair is not in a position to make a ruling or to make a declaration as to either where the Minister is or whether he can be recalled or summoned. The rules on collective responsibility are entirely well known but the Chair is not in a position to make a ruling on it I am afraid.

Senator A.J.H. Maclean:

I was happy to give way to those ...

The Deputy Bailiff:

Yes. Deputy Andrew Lewis, you wished the Minister to give way.

Deputy A.D. Lewis:

Yes, please. A point of clarification from the Minister really. He said that he has consulted widely with the industry and yesterday we made a decision on this to stick with the 20 per cent, but since then, in the last 24 hours, we have received significant communication from the industry that says something quite different. Can he confirm absolutely he has consulted with the industry and they fully accept this proposal that he is making under this Article because in the last 24 hours we have received quite different contrary information to that which suggested it is not being accepted by the industry as fair, reasonable or even saying they are being consulted with? So can he please clarify that that is the case? He has actually consulted and that they have accepted this. I understand that you have spoken to the Minister. Can you confirm that and why have we had correspondence since that says different?

The Deputy Bailiff:

That is a proper point of clarification, Minister. You can ...

Senator A.J.H. Maclean:

Yes. No, that is fine. I think I made the point that Treasury has consulted and that invitations went out to 30 or so large businesses that would have been potentially caught by this measure. There were 2 sessions arranged around that. A total of 10 of those businesses decided to engage and come to those sessions and were given the details around this particular measure. With regard to more recent points that have been raised by the industry I think the Deputy said: "Can I confirm it is fair?" I think he said, or the industry think it is fair. I do not think anybody is going to think the introduction of a tax is fair. The consultation is understanding the views from industry which is why that consultation was undertaken and why officials from the Treasury met with those particular businesses. As I said, 10 of the 20 who were invited chose to come to those sessions. On top of that there were discussions, as Members would expect, with the Chamber of Commerce who are also representative of the broader sector.

Deputy A.D. Lewis:

That does not quite answer my question. Why is it then the Retail Association today and the Chamber of Commerce have both said the contrary and they were on the media last night, on broadcast media, saying they would prefer 10 per cent?

The Deputy Bailiff:

Deputy, you really must not make ... we must not have a toing and froing and you must not make a separate speech. You were able to ask the Minister to clarify a point in his speech or indeed clarify a point in your own speech that you may have made earlier but at this point all you can do is ask the Minister to clarify his speech. You have asked him about consultation. He has told you what the position of consultation ...

Deputy A.D. Lewis:

Well, can he clarify that he has heard from the Retail Association before yesterday?

Senator A.J.H. Maclean:

I cannot recall. I think there was information from the Retail Association. I cannot recall off the top of my head. I have not got all those details to hand but what I can tell you is what I have already told you, there have been invitations to all those businesses likely to be affected to engage with Treasury officials, 10 of the 30, over 2 sessions, came to engage in that way. I would like to finish if I could. There was a point Deputy Wickenden had asked me previously, and he has just raised it again, so I just wanted to deal with that. It is loosely related to this particular point on the basis that he was asking about economic analysis and the introduction of taxes and the point I have made. I think he was very kindly quoting on some points I had made some years ago about the need to make certain that taxes were the last resort. I do believe that is the right thing to do and that is why, through the Medium Term Financial Plan, as an example, we put at the very forefront of that plan the need to deliver savings and efficiencies and introduce a reform programme; all of which, up front, was delivering savings before we got to the point of needing to introduce or look at some other measures to balance budgets at the end of the period. There is, by the way, as far as this Budget is concerned ... I have talked about the economic analysis on this particular retail tax. There is a lot of evidence to support it, economic advice, but there is also 20 pages or so of analysis attached to the Budget Statement and that was available for the Deputy to consider. I maintain Article 7.

Deputy S.M. Wickenden:

Sorry, can I just ask on that point if he has given that clarification ...

The Deputy Bailiff:

If you stand up, yes.

Deputy S.M. Wickenden:

On a point of clarification. Does that mean that we are not making the savings that we said we would which is why we have to raise another tax and how is his department doing within savings that they set out in the Medium Term Financial Plan?

The Deputy Bailiff:

I think the first part of the question possibly is a point of clarification. The second part I do not think is but ...

Senator A.J.H. Maclean:

I think the first part of the question, somebody else was talking, I did not quite catch it, but I think it was something about: does it mean we have not delivered the savings? We have delivered so far £48 million of savings out of the target and there is a further £29 million of savings over the next 2 years but the fact is that that was not going to be enough and so other measures were required. So you go through the process of assessing, first of all, delivering savings and efficiencies and if it is not enough to deliver a balanced budget at the end of the day you look at other measures and that is what we were forced into a position of having to do.

Deputy M.J. Norton:

I have a point of clarification about the Article itself and I wonder if the Minister for Treasury and Resources would be kind enough to answer this for me. It is regarding the wording about the end of year. Does this ...

The Deputy Bailiff:

No, I am sorry but that is not a proper question. You had the opportunity to speak and to raise questions during the course of your speech.

Deputy M.J. Norton:

I just needed clarification if ...

The Deputy Bailiff:

No, that is not a clarification of speech. You have had that opportunity. We must now ... it is not now for the Minister to deal with something that should have been dealt with before the close of the debate on that Article. Very well, all ... the appel is called for. I invite Members to return to their seats. I ask the Greffier to open the voting.

POUR: 26		CONTRE: 14		ABSTAIN: 1
Senator P.F. Routier		Senator P.F.C. Ozouf		Connétable of St. Clement
Senator A.J.H. Maclean		Connétable of St. Lawrence		
Senator I.J. Gorst		Connétable of St. Ouen		
Senator A.K.F. Green		Connétable of St. Brelade		
Senator S.C. Ferguson		Connétable of St. John		
Connétable of St. Peter		Connétable of Trinity		
Connétable of St. Mary		Deputy J.A. Martin (H)		
Connétable of St. Martin		Deputy J.A. Hilton (H)		
Connétable of Grouville		Deputy K.C. Lewis (S)		
Deputy G.P. Southern (H)		Deputy A.D. Lewis (H)		
Deputy of Grouville		Deputy S.M. Wickenden (H)		
Deputy of Trinity		Deputy M.J. Norton (B)		
Deputy M. Tadier (B)		Deputy T.A. McDonald (S)		
Deputy E.J. Noel (L)		Deputy G.J. Truscott (B)		
Deputy of St. John				
Deputy M.R. Higgins (H)				
Deputy J.M. Maçon (S)				
Deputy S.J. Pinel (C)				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy S.Y. Mézec (H)				
Deputy L.M.C. Doublet (S)				
Deputy R. Labey (H)				
Deputy S.M. Bree (C)				
Deputy of St. Mary				

Deputy P.D. McLinton (S)				
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Deputy S.Y. Mézec:

Is there any chance of having it read out who issued no vote whatsoever please?

The Deputy Bailiff:

Not sure that is normal or ... not present for the vote; no, I do not think it is possible to do that but anyone, of course, can look at who did vote and can work that out for themselves. We come on to Articles 8 to 12.

2.4 Senator A.J.H. Maclean:

Articles 8 and 9 amend the law relating to pensions and pension schemes. They extend the circumstances in which pension fund transfers could take place, introduce the targeted anti-avoidance rule relating to transfers to overseas schemes and give greater flexibility regarding access to small pension funds. Articles 10 and 11 make enhancements to the taxation regime applicable to new high value residents from 1st January 2018. They increase the annual minimum income tax contribution from £125,000 to £145,000. They also introduce a top-up mechanism that means that where a new high value resident has insufficient income to generate their annual minimum income tax contribution they will be deemed to have received income so as to ensure that their tax liability is maintained at £145,000. They also introduce the periodical revalorisation of the expected annual minimum income tax contribution. I propose Articles 8 to 11.

The Deputy Bailiff:

Are Articles 8 to 11 seconded? **[Seconded]** Does any Member wish to speak on Articles 8 to 11?

[16:00]

All those in favour of adopting Articles 8 to 11 kindly show. Those against? Articles 8 to 11 are adopted. Yes, Minister, is it 12 we have come to or ...

Senator A.J.H. Maclean:

Sorry, 12 to 18.

The Deputy Bailiff:

Articles 12 to 18.

2.5 Senator A.J.H. Maclean:

I am sorry, Sir, 12, yes; 12 and then I will do 13 to 18 afterwards. So if we can start with Article 12, that gives the Comptroller of Taxes power to grant relief from taxation to large corporate retailers and financial services companies first coming within the scope of this definition as a consequence of this Budget, the profits arising in the period from 1st January 2016 to 31st December 2017 for the purpose of assessing the company's liability to income tax for the year of assessment, 2018, provided that the company has an accounting date of 31st December 2018. I propose Article 12.

The Deputy Bailiff:

All those in favour of adopting Article 12 kindly show? **[Interruption]** Beg your pardon? Thank you very much. Is it seconded? **[Seconded]** Thank you, Deputy. All those in favour of adopting ... the appel is called for. I should, I think, ask if anyone wants to speak on the Articles. I am not having a particularly good 2 minutes at the moment so bear with me. Does anyone wish to speak

on Article 12? The appel was called for. I invite Members to return to their seats. I ask the Greffier to open the voting.

POUR: 35		CONTRE: 3		ABSTAIN: 0
Senator P.F. Routier		Deputy G.P. Southern (H)		
Senator A.J.H. Maclean		Deputy M. Tadier (B)		
Senator I.J. Gorst		Deputy S.Y. Mézec (H)		
Senator A.K.F. Green				
Senator S.C. Ferguson				
Connétable of St. Clement				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				
Connétable of St. Ouen				
Connétable of St. Martin				
Connétable of Grouville				
Connétable of St. John				
Connétable of Trinity				
Deputy J.A. Martin (H)				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy of Trinity				
Deputy K.C. Lewis (S)				
Deputy E.J. Noel (L)				
Deputy of St. John				
Deputy M.R. Higgins (H)				
Deputy J.M. Maçon (S)				
Deputy S.J. Pinel (C)				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy A.D. Lewis (H)				
Deputy L.M.C. Doublet (S)				
Deputy S.M. Wickenden (H)				
Deputy S.M. Bree (C)				
Deputy M.J. Norton (B)				
Deputy T.A. McDonald (S)				
Deputy of St. Mary				
Deputy G.J. Truscott (B)				
Deputy P.D. McLinton (S)				

The Deputy Bailiff:

Articles 13 to 18 now, Minister?

2.6 Senator A.J.H. Maclean:

I have been deserted by my new found friends on the far side. **[Laughter]** We were going so well. If I may, Articles 13 to 18. Articles 13 and 14 amend the G.S.T. legislation to increase the fees payable by international service entities, with the exception of the fees charged for vehicles of Ministers and fund vehicles and also makes a minor change in the G.S.T. treatment of flu vaccines. Article 15 provides for the interpretation of part 3 of the finance law. Article 16 increases the impôts duty payable on alcohol in line with June 2017 R.P.I. increase of 2.5 per cent. Article 17 increases the impôts duty payable on tobacco products by 7.5 per cent equal to the increase in the

R.P.I. in June 2017 plus 5 per cent. Article 18 increases the duty on road fuel in line with the increase in the R.P.I. to June 2017 of 2.5 per cent. I propose Articles 13 to 18.

The Deputy Bailiff:

Are Articles 13 to 18 seconded? **[Seconded]** Does any Member wish to speak on Articles 13 to 18?

Deputy J.M. Maçon:

Just very briefly. When we come to it I will ask for a separate vote on 16 and 18, as I made my reasons clear earlier in the previous debate.

The Deputy Bailiff:

Sorry, Articles 16 and 18?

Deputy J.M. Maçon:

Article 16, the ones concerning alcohol and road fuel.

The Deputy Bailiff:

Very well. Does any other Member wish to speak on Articles 13 to 18? In which case all those in favour of adopting ... sorry, I should give you the opportunity to respond to Deputy Maçon if you wanted to, Minister

Senator A.J.H. Maclean:

Well, in fact I had missed his request because I had said we would take 13 to 18. So in order to allow Deputy Maçon to vote separately on 16, I think, then I suggest, if we could, take 13 to 15, which are now introduced, take 16 separately and then 17 and 18.

The Deputy Bailiff:

Well, Deputy Maçon, you wanted to vote on 18 separately as well, do you?

Deputy J.M. Maçon:

Sixteen and 18 but it obviously, process wise, makes sense to do 17 in turn.

The Deputy Bailiff:

Very well. Those in favour of adopting Articles 13 to 15 kindly show. Those against? Articles 13 to 15 are adopted. Those in favour of adopting Article 16 kind show. The appel is called for. I invite Members to return to their seats. I ask the Greffier to open the voting.

POUR: 29		CONTRE: 9		ABSTAIN: 0
Senator P.F. Routier		Senator S.C. Ferguson		
Senator A.J.H. Maclean		Connétable of St. Ouen		
Senator I.J. Gorst		Deputy G.P. Southern (H)		
Senator A.K.F. Green		Deputy K.C. Lewis (S)		
Connétable of St. Clement		Deputy M. Tadier (B)		
Connétable of St. Peter		Deputy M.R. Higgins (H)		
Connétable of St. Lawrence		Deputy J.M. Maçon (S)		
Connétable of St. Mary		Deputy S.Y. Mézec (H)		
Connétable of St. Martin		Deputy S.M. Wickenden (H)		
Connétable of Grouville				
Connétable of St. John				
Connétable of Trinity				
Deputy J.A. Martin (H)				

Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy of Trinity				
Deputy E.J. Noel (L)				
Deputy of St. John				
Deputy S.J. Pinel (C)				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy A.D. Lewis (H)				
Deputy L.M.C. Doublet (S)				
Deputy S.M. Bree (C)				
Deputy M.J. Norton (B)				
Deputy T.A. McDonald (S)				
Deputy of St. Mary				
Deputy G.J. Truscott (B)				
Deputy P.D. McLinton (S)				

The Deputy Bailiff:

We come to Article 17. Those in favour of adopting Article 17 kindly show. Those against? Article 17 is adopted. Do you wish the appel on Article 18? I invite Members to return to their seats. Article 18, I ask the Greffier to open the voting.

POUR: 24		CONTRE: 9		ABSTAIN: 0
Senator P.F. Routier		Senator S.C. Ferguson		
Senator A.J.H. Maclean		Connétable of St. Clement		
Senator I.J. Gorst		Deputy G.P. Southern (H)		
Senator A.K.F. Green		Deputy K.C. Lewis (S)		
Connétable of St. Peter		Deputy M. Tadier (B)		
Connétable of St. Lawrence		Deputy M.R. Higgins (H)		
Connétable of St. Mary		Deputy J.M. Maçon (S)		
Connétable of St. Brelade		Deputy A.D. Lewis (H)		
Connétable of St. Martin		Deputy S.M. Wickenden (H)		
Connétable of Grouville				
Connétable of St. John				
Connétable of Trinity				
Deputy J.A. Martin (H)				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy S.J. Pinel (C)				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy L.M.C. Doublet (S)				
Deputy S.M. Bree (C)				
Deputy T.A. McDonald (S)				
Deputy of St. Mary				
Deputy G.J. Truscott (B)				
Deputy P.D. McLinton (S)				

The Deputy Bailiff:

Do you now propose Article 19?

2.7 Senator A.J.H. Maclean:

Yes, please. Article 19 is proposed as amended by reference to the changes proposed by the Constable of Grouville in the budget debate and sets the V.E.D. rates and bands from 1st January 2018. I, therefore, propose Article 19 as amended.

The Deputy Bailiff:

Is Article 19, as amended, seconded? [**Seconded**] Does any Member wish to speak on Article 19 as amended? Those in favour of adopting ... the appel is called for. I invite Members to return to their seats. I ask the Greffier to open the voting.

POUR: 35		CONTRE: 4		ABSTAIN: 0
Senator P.F. Routier		Senator S.C. Ferguson		
Senator A.J.H. Maclean		Connétable of St. Ouen		
Senator I.J. Gorst		Deputy J.A. Martin (H)		
Senator A.K.F. Green		Deputy A.D. Lewis (H)		
Connétable of St. Clement				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				
Connétable of St. Brelade				
Connétable of St. Martin				
Connétable of Grouville				
Connétable of St. John				
Connétable of Trinity				
Deputy G.P. Southern (H)				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy of Trinity				
Deputy K.C. Lewis (S)				
Deputy M. Tadier (B)				
Deputy E.J. Noel (L)				
Deputy of St. John				
Deputy M.R. Higgins (H)				
Deputy J.M. Maçon (S)				
Deputy S.J. Pinel (C)				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy S.Y. Mézec (H)				
Deputy L.M.C. Doublet (S)				
Deputy S.M. Wickenden (H)				
Deputy S.M. Bree (C)				
Deputy M.J. Norton (B)				
Deputy T.A. McDonald (S)				
Deputy of St. Mary				
Deputy G.J. Truscott (B)				
Deputy P.D. McLinton (S)				

The Deputy Bailiff:

Articles 20 and 21, is it?

2.8 Senator A.J.H. Maclean:

Yes, Articles 20 and 21. They introduce a general anti-avoidance rule into the Stamp Duty law. I therefore propose Articles 20 and 21.

The Deputy Bailiff:

Are 20 and 21 seconded? **[Seconded]** Does any Member wish to speak on 20 and 21? Those in favour of adopting ... the appel is called for. I invite Members to return to their seats. I ask the Greffier to open the voting

POUR: 39

CONTRE: 0

ABSTAIN: 0

Senator P.F. Routier
Senator A.J.H. Maclean
Senator I.J. Gorst
Senator A.K.F. Green
Senator S.C. Ferguson
Connétable of St. Clement
Connétable of St. Peter
Connétable of St. Lawrence
Connétable of St. Mary
Connétable of St. Ouen
Connétable of St. Brelade
Connétable of St. Martin
Connétable of Grouville
Connétable of St. John
Connétable of Trinity
Deputy J.A. Martin (H)
Deputy G.P. Southern (H)
Deputy of Grouville
Deputy J.A. Hilton (H)
Deputy of Trinity
Deputy K.C. Lewis (S)
Deputy M. Tadier (B)
Deputy E.J. Noel (L)
Deputy of St. John
Deputy M.R. Higgins (H)
Deputy J.M. Maçon (S)
Deputy S.J. Pinel (C)
Deputy of St. Martin
Deputy R.G. Bryans (H)
Deputy S.Y. Mézec (H)
Deputy A.D. Lewis (H)
Deputy L.M.C. Doublet (S)
Deputy S.M. Wickenden (H)
Deputy S.M. Bree (C)
Deputy M.J. Norton (B)
Deputy T.A. McDonald (S)
Deputy of St. Mary
Deputy G.J. Truscott (B)
Deputy P.D. McLinton (S)

The Deputy Bailiff:

Yes, where do we get to now? There is an amendment, is there not, to be proposed by the Connétable of St. Helier, who is not ...

Senator A.J.H. Maclean:

Yes, but I believe the Connétable of St. Clement is going to deal with both that and also the Comité's.

The Deputy Bailiff:

Is that so, Connétable?

The Connétable of St. Clement:

Yes, under Standing Order 71(A). If a Member who has got a proposition or an amendment to be proposed has been excused then he can invite another Member to take that proposition or that amendment for him provided that he has notified the Greffier before the debate starts and that procedure was followed.

The Deputy Bailiff:

Very well. Connétable, I am assuming that the Connétable of St. Helier is comfortable with the amendment and you will be proposing the proposition as amended?

The Connétable of St. Clement:

If that is in order with you, but certainly the Constable is content with that.

2.9 Draft Finance (2018 Budget) (Jersey) Law 201- (P.98/2017): amendment - (P.98/2017 Amd.) - as amended (P.98/2017 Amd.Amd.)

The Deputy Bailiff:

Well, if the Connétable is content it seems sensible that that is the way we go so we reach that point in the proceedings now, do we? I am just trying to work out where it fits. It fits before the very last Article, so, yes. It is an amendment to the part so, yes, if you would propose the amendment now.

2.9.1 The Connétable of St. Clement (rapporteur):

Yes, but can I just say that it is disappointing that the Constable of St. Helier cannot be here. He is still at the [Approbation] ... to put the final touch, the final proposition, to what he has been fighting for, it seems like decades. I really am sorry he cannot be here but at last it will prove to Deputy Higgins that the Constables do work together and we do not have a down on St. Helier. The amendment, as amended, simply puts into effect the decision that was made ...

The Deputy Bailiff:

I am sorry. It is undoubtedly my fault; it has to be read and it has not been read as yet and that is, again, I am going to apologise to Members and hopefully that apology will last for the rest of the afternoon and into the evening [Laughter] but I shall do my best. If we could, Greffier please read the amendment.

The Deputy Greffier of the States:

Page 37, part 5 - (1) Renumber part 5 as part 6. (2) Before the renumbered part 6 insert the following part: "Part 5 Rates (Jersey) Law 2005 Amended, 1. Interpretation. In this part a reference to an Article by number and without more is a reference to the Article of the same number in the Rates (Jersey) Law 2005. 2. Article 17 amendment; (1) In Article 17(2) at the beginning of each of sub-paragraphs (f) and (g) there shall be inserted the words: "subject to paragraph (3)." (2) After Article 17(2) there shall be added the following paragraph: "(3) The exemptions from the foncier rate under paragraph (2)(f) and (g) do not apply in relation to: (a) houses and other buildings, with any premises appertaining thereto, owned by the States and regardless of the purpose for which they are used; and (b) land (other than land described in sub-paragraph (a)) owned by the States and

used predominantly for the purpose of parking vehicles, regardless of any other purpose for which such land is used.” 3. Article 18 amended: (1) In Article 18(2), at the beginning of sub-paragraph (c) there shall be inserted the words: “Subject to paragraph (2A)”. (2) After Article 18(2) there shall be inserted the following paragraph: “(2A) The exemption from the occupier’s rate under paragraph (2)(c) does not apply in relation to: (a) houses and other buildings, with any premises appertaining thereto, occupied by the States; and (b) land (other than land described in sub-paragraph (a)) occupied by the States and used predominantly for the purpose of parking vehicles.”

The Deputy Bailiff:

Have we got another paragraph to read?

The Deputy Greffier of the States:

No.

The Deputy Bailiff:

That was the amendment. Yes, I apologise.

The Connétable of St. Clement:

Well, I thank the Deputy Greffier for clarifying the proposition. I think I have said what needs to be said. All this does is to put into effect the decision that was made yesterday that the States will become liable from 2018 for both occupier and foncier rates and I maintain the amendment.

The Deputy Bailiff:

Is the amendment seconded? **[Seconded]** Does any Member wish to speak on the amendment?

2.9.2 Deputy M.R. Higgins:

Just standing up to say thank you the Constables. I apologise for earlier.

The Deputy Bailiff:

Very well. Does any other Member wish to speak on the amendment? Did you wish to respond?

2.9.3 The Connétable of St. Clement:

Always grateful for compliments from Deputy Higgins. I maintain the amendment.

The Deputy Bailiff:

All those in favour of adopting the amendment ... the appel is called for. I invite Members to return to their seats and I ask the Greffier to open the voting.

POUR: 37		CONTRE: 0		ABSTAIN: 0
Senator P.F. Routier				
Senator A.J.H. Maclean				
Senator I.J. Gorst				
Senator A.K.F. Green				
Senator S.C. Ferguson				
Connétable of St. Clement				
Connétable of St. Lawrence				
Connétable of St. Mary				
Connétable of St. Ouen				
Connétable of St. Brelade				
Connétable of St. Martin				
Connétable of Grouville				
Connétable of St. John				

Connétable of Trinity				
Deputy J.A. Martin (H)				
Deputy G.P. Southern (H)				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy of Trinity				
Deputy K.C. Lewis (S)				
Deputy M. Tadier (B)				
Deputy E.J. Noel (L)				
Deputy M.R. Higgins (H)				
Deputy J.M. Maçon (S)				
Deputy S.J. Pinel (C)				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy S.Y. Mézec (H)				
Deputy A.D. Lewis (H)				
Deputy L.M.C. Doublet (S)				
Deputy S.M. Wickenden (H)				
Deputy S.M. Bree (C)				
Deputy M.J. Norton (B)				
Deputy T.A. McDonald (S)				
Deputy of St. Mary				
Deputy G.J. Truscott (B)				
Deputy P.D. McLinton (S)				

The Deputy Bailiff:

You have the one more Article I think, Minister.

2.10 Draft Finance (2018 Budget) (Jersey) Law 201- (P.98/20172) - resumption - as amended

2.10.1 Senator A.J.H. Maclean:

Indeed, in fact the final Article, which enables the Finance Law to be cited as the Finance (2018 Budget) (Jersey) Law and outlines the various Articles that will come into force. I therefore propose the final Article.

The Deputy Bailiff:

So is Article 22 seconded? [**Seconded**] All those in favour of adopting Article 22 kindly show.

[16:15]

The appel is called for. I invite Members to return to their seats. I will ask the Greffier to open the voting.

POUR: 37		CONTRE: 0		ABSTAIN: 0
Senator P.F. Routier				
Senator A.J.H. Maclean				
Senator I.J. Gorst				
Senator A.K.F. Green				
Senator S.C. Ferguson				
Connétable of St. Clement				
Connétable of St. Peter				
Connétable of St. Lawrence				

Connétable of St. Mary				
Connétable of St. Ouen				
Connétable of St. Brelade				
Connétable of St. Martin				
Connétable of Grouville				
Connétable of St. John				
Connétable of Trinity				
Deputy J.A. Martin (H)				
Deputy G.P. Southern (H)				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy of Trinity				
Deputy K.C. Lewis (S)				
Deputy M. Tadier (B)				
Deputy E.J. Noel (L)				
Deputy J.M. Maçon (S)				
Deputy S.J. Pinel (C)				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy S.Y. Mézec (H)				
Deputy A.D. Lewis (H)				
Deputy L.M.C. Doublet (S)				
Deputy S.M. Wickenden (H)				
Deputy S.M. Bree (C)				
Deputy M.J. Norton (B)				
Deputy T.A. McDonald (S)				
Deputy of St. Mary				
Deputy G.J. Truscott (B)				
Deputy P.D. McLinton (S)				

The Deputy Bailiff:

Deal with the matter in Third Reading, Minister?

2.11 Senator A.J.H. Maclean:

Yes.

The Deputy Bailiff:

Is it seconded in Third Reading? **[Seconded]** All those in favour of adopting the law in Third Reading kindly show.

Deputy M. Tadier:

Sir, are we not asking for ...

The Deputy Bailiff:

I beg your pardon, Deputy. I am glad I have apologised in advance. **[Laughter]** Does any Member wish to speak on the matter in Third Reading?

2.11.1 Deputy M. Tadier:

I will not speak for long but what a shambles it has been, the last hour or so, when we see how in disarray the Council of Minister really are. Now, if it was not for collective responsibility, and one has to question what collective responsibility really means when ... it is entirely possible, of course,

that the Minister for Economic Development is not in the Assembly for perfectly legitimate reasons. He might be feeling a bit peaky and I would not blame him after 3 or 4 solid days of debate and questions, although I am not suggesting it is the first time he has ducked out, and the Chief Minister has told us in the past that, of course, it is better, perhaps, for a Minister to slip out quietly when he disagrees with something rather than make a big fuss. He does not need to anyway because he has got some very articulate and capable Assistant Ministers at Economic Development to lay out the argument. It does make you wonder when, of course, Senator Ozouf, who has been leading a very good independent whip during the last few days was saying: "Oh, you could not possibly vote for the 20 per cent rate because it is going to hurt the poorest in society", to which we chuckled of course, not because it was not necessarily true but because we ... pot calling the kettle black and all that kind of thing. Probably not the right expression. So one looks at that and you think: "Well, are we better off in this Assembly with or without collective responsibility in the context of the Budget debate in particular" of course, because we see that we have an Assistant Chief Minister, or Assistant Minister within the Chief Minister's Department saying that: "Oh, I do not really agree with this 20 per cent. It is a bit too much. The 10 per cent is all right." I quite like Reform Jersey's proposition. They are doing all right. So if you want to raise £6 million in a tax do it via income tax and that is what the Assistant Chief Minister thinks, not necessarily in his role as Chief Minister but just as an individual. Does not agree with the policy on retail tax. I suspect that the Chief Minister is slightly ambivalent himself because if one read the body language throughout the debate and even though we are televised ...

The Deputy Bailiff:

Deputy, the purpose of Third Reading is; it is confined to the content of the draft as adopted in Second Reading. If you wish to say anything about the contents of the draft as adopted in Second Reading please do.

Deputy M. Tadier:

I will and I will bring it back to that and, of course, the Assistant Ministers will be looking at the content of the draft in the Seconding Reading and the entirety of the Budget as it has been drafted and they did speak to it, of course, in the Second Reading and they said: "We do not really like this." Now, what kind of confidence does that give and I would question, are some of the Ministers simply going along with the principles of the Budget simply because they are Ministers? If, once they have been relieved of their ministerial burden ...

The Deputy Bailiff:

I am sorry, Deputy, that is not about the content of the draft in Second Reading. That is about the process and about who may not have approved of it and collective responsibility.

Deputy M. Tadier:

Okay. Let us talk specifically about Article 7 then in the Second Reading. Article 7, we saw what happened with that and even after the principle had been agreed you have still got Assistant Ministers disagreeing with their Ministers about what is the right way ...

The Deputy Bailiff:

I am sorry, Deputy, that is not about the content of the draft. It is about who agreed and who did not agree. The contents of the draft is ... it must be to whether the States should approve it in Third Reading, but tying those remarks to the content. It is not about what Assistant Ministers did or Ministers did not do.

Deputy M. Tadier:

Can I talk about why we should kick this out in the Third Reading?

The Deputy Bailiff:

Provided what you say is linked to the contents of the draft, yes.

Deputy M. Tadier:

Yes. I think we should kick this out in the Third Reading clearly because it has been put forward by Ministers. It does not hold together ideologically or logically. It does not have the support of Ministers and that is one of the reasons why we should, and a very compelling reason, why we should kick it out in Third Reading. It does not matter if we do not have a Budget to stand because something will need to fill that void and we will have another grouping in this Assembly which can come forward and provide a more cohesive, a more comprehensive, Budget packet as an emergency Budget which can work until the next election. That is what we should do if we are responsible, as an Assembly. We should kick out this half-hearted Budget which does not really work. It is a dog's dinner which does not have the support of the entire Council of Ministers and we should replace it with that and if we do not do that we need to make sure that the public know at the next election that this is not how you run a Budget debate, whether it is in the First, Second or Third reading.

2.11.2 Senator I.J. Gorst:

I cannot resist. I will try and stick to the Third Reading simply to say the previous speaker knows how collective responsibility works. He would like to see everybody in a party, no doubt his party **[Interruption]** ... well, I think it is because he has just said that Members should not vote for this in Third Reading because not all Ministers and Assistant Ministers agree on it. The implication can only therefore be that he thinks everybody should be in his party and all agree. I have said publicly, and I stick by it, that collective responsibility, as it is currently formed, should go. I think the debates across the Assembly where Assistant Ministers sometimes do not agree ... you are looking at me, Sir.

The Deputy Bailiff:

Well, Chief Minister, I have allowed an element, very slightly, in the light of your observations that have been made but we really cannot get into a debate about anything other, in Third Reading, than the contents of the draft. So if no one has anything to say about the contents of the draft we should really bring the matter to a vote. Does any Member wish to speak in Third Reading on the contents of the draft?

Senator I.J. Gorst:

I would like to finish my speech if I may. **[Laughter]**

The Deputy Bailiff:

Absolutely. I will put you as finishing your speech then.

Senator I.J. Gorst:

I think that this Budget is a good Budget. I am grateful to all those Members who, during the course of the Budget, have brought forward amendments. Some have not found their way into the final draft and we see that in the completed Budget in the Third Reading that we are now having. I thank all of them who have brought forward those amendments. I understand how difficult it can be when they may not have found favour with the Assembly but I think, by and large, they have brought them forward, sought to improve this, for all the right reasons and with the very best of intentions. This Budget; I congratulate the Minister for Treasury and Resources, his Assistant Minister and his team, has built on strong Budgets, strong work from his predecessors, of course his most immediate predecessor, and this continues that programme of reprioritising spending, creating

balanced budgets, investing in social provision, investing in infrastructure and creating a better future for all Islanders and I have no hesitation in commending it to this Assembly. It is anything but a dog's dinner.

The Deputy Bailiff:

Does any other Member wish to speak in Third Reading? I call on Senator Maclean to respond.

2.11.3 Senator A.J.H. Maclean:

I would like to thank the Chief Minister for his comments. I noted, with interest, Deputy Tadier's comments. I could not disagree more but thank him for making them anyway. I would just like to endorse the comments of the Chief Minister with regard to Members who have contributed towards this particular debate but I would like to also just spend a moment to emphasise my enormous support for the Treasury staff and their incredible **[Approbation]** ... that is Treasury and the Taxes Department, Customs, and all departments that have been involved in pulling this together. **[Approbation]** We are extraordinarily lucky to have such professional, dedicated and hard-working people and I can tell Members that staff have been working for days and weeks and longer on this Budget, including weekends and evenings. It is quite extraordinary. I was very disappointed to note that some staff received some unnecessary criticism during the course of this debate. I thought that was unreasonable and unfair but apart from that I just wanted to emphasise that they have done a fabulous job in getting us to this particular point. I maintain the Article. I think we have got a good, solid, balanced Budget for 2018 that builds on the Medium Term Financial Plan, which is what the intention was, and we need to continue. We have started a journey. There is a long way to go. We are in good shape. We have got a lot more work to do. I maintain the principle.

The Deputy Bailiff:

The appel is called for. I invite Members to return to their seats. All those ... this is a vote on the adoption in Third Reading of the Budget. I ask the Greffier to open the voting.

POUR: 32		CONTRE: 4		ABSTAIN: 0
Senator P.F. Routier		Deputy G.P. Southern (H)		
Senator A.J.H. Maclean		Deputy M. Tadier (B)		
Senator I.J. Gorst		Deputy M.R. Higgins (H)		
Senator A.K.F. Green		Deputy S.Y. Mézec (H)		
Senator S.C. Ferguson				
Connétable of St. Clement				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				
Connétable of St. Ouen				
Connétable of St. Brelade				
Connétable of St. Martin				
Connétable of Grouville				
Connétable of St. John				
Deputy J.A. Martin (H)				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy of Trinity				
Deputy K.C. Lewis (S)				
Deputy E.J. Noel (L)				
Deputy of St. John				
Deputy J.M. Maçon (S)				

Deputy S.J. Pinel (C)				
Deputy R.G. Bryans (H)				
Deputy L.M.C. Doublet (S)				
Deputy S.M. Wickenden (H)				
Deputy S.M. Bree (C)				
Deputy M.J. Norton (B)				
Deputy T.A. McDonald (S)				
Deputy of St. Mary				
Deputy G.J. Truscott (B)				
Deputy P.D. McLinton (S)				

3. Draft Finance (2018 Budget) (Jersey) Law 201- (P.98/20172) - Acte Opérateur

The Deputy Bailiff:

Very well, we will just wait a minute or 2 while the Acte Opérateur is circulated amongst Members. Very well, in accordance with Standing Order 80(A)(5) there is an Acte Opérateur which will bring the Draft Finance (2018 Budget) (Jersey) Law into immediate effect. I ask the Greffier to read the citation.

The Deputy Greffier of the States

An Act declaring that the Finance (2018 Budget) (Jersey) Law 201- shall have immediate effect. The States in pursuance of Article 15 of the Public Finances (Jersey) Law 2005 have made the following Act.

3.1 Senator A.J.H. Maclean (The Minister for Treasury and Resources):

I have nothing more to add apart from to say, yes, and I move the Act.

The Deputy Bailiff:

Is the Act seconded? [**Seconded**] Those in favour of adopting the Act kindly show. Those against? The Act is adopted.

4. Draft Public Employees (Pensions) (Deferred Pensions, Transfer Payments and Refund of Contributions) (Miscellaneous Amendments) (Jersey) Regulations 201- (P.93/2017) - as amended (P.93/2017 Amd.)

The Deputy Bailiff:

That concludes Budget matters and we now to the Draft Public Employees (Pensions) (Deferred Pensions, Transfer Payments and Refund of Contributions) (Miscellaneous Amendments) (Jersey) Regulations, P.93/2017, lodged by the Chief Minister. I note there is also an amendment in the name of the Chief Minister and, I think, Senator Green, you are going to present this. Would you wish the matter to be taken as amended?

Senator A.K.F. Green:

Yes, please, Sir.

The Deputy Bailiff:

Very well. I ask the Greffier to read the citation.

The Deputy Greffier of the States:

Draft Public Employees (Pensions) (Deferred Pensions, Transfer Payments and Refund of Contributions) (Miscellaneous Amendments) (Jersey) Regulations 201-. The States, in pursuance of Article 2 of the Public Employees (Retirement) (Jersey) Law 1967 and Article 2 of, and the Schedule to, the Public Employees (Pensions) (Jersey) Law 2014, have made the following Regulations.

4.1 Senator A.K.F. Green (Deputy Chief Minister - rapporteur):

This is a relatively simple proposition. It is one of housekeeping really and it has been requested by the Committee of Management to the Public Employees Contributory Retirement Scheme known as P.E.C.R.S., and the Public Employees' Pension Scheme, known as P.E.P.S. The request for these changes has come about because of changes in income tax legislation. The amendments will permit a member of the P.E.C.R.S. or P.E.P.S. scheme, on leaving employment, to choose to defer his or her pension until it becomes payable regardless of qualifying service, choose to apply for a transfer payment out of the fund into another pension scheme on leaving the scheme, regardless on whether or not a member is eligible to draw her pension, or his pension, at the time and choose to receive a refund of his or her contributions on leaving the scheme if the member has completed less than 5 years. That brings us into line with the current income tax law and I make the proposition.

The Deputy Bailiff:

Is the proposition seconded? [**Seconded**] Does any Member wish to speak on the proposition?

The Connétable of St. Peter:

May I just declare that I am recipient of the P.E.C.R.S. therefore just to record that?

Deputy A.E. Pryke of Trinity:

So do I. I receive the P.E.C.R.S.

The Deputy Bailiff:

Very well. [**Interruption**] Very well, does any Member wish to speak on the principles?

[16:30]

All those in favour of adopting the principles kindly show. Those against? The principles are adopted. Does the Corporate Services Scrutiny Panel wish to scrutinise the matter? Who have we got from the ... no. How do you wish to deal with the Regulations, Senator?

Senator A.K.F. Green:

I think the Members have had enough of Article by Article, Sir, so I will just do it *en bloc* if that is okay. I should have declared that I am also a member of the scheme.

The Deputy Bailiff:

Are the regulations *en bloc* seconded? [**Seconded**] Does any Member wish to speak on the Regulations or any of them? All those in favour of adopting the Regulations, kindly show. Those against? The Regulations are adopted. Do you wish to propose the matter in the Third Reading, Senator?

Senator A.K.F. Green:

Yes, Sir.

The Deputy Bailiff:

Is the matter seconded? [**Seconded**] Does any Member wish to speak in the Third Reading? All those in favour of adopting the regulations in the Third Reading, kindly show. Those against? They are adopted in the Third Reading.

5. Draft Loi (201-) (Amendement No. 6) sur la propriété foncière (P.94/2017)

The next item is *Draft Loi (201-) (Amendement No. 6) sur la propriété foncière* (P.94/2017) lodged by the Chief Minister and I ask the Greffier to read the citation.

The Deputy Greffier of the States:

Draft Loi (201-) (Amendement No. 6) sur la propriété foncière. Loi pour modifier en plus la Loi (1880) sur la propriété foncière. Les estate, moyennant la sanction de Sa Très Excellente Majesté en Conseil, ont adopté la Loi suivante –

Senator I.J. Gorst:

I will be asking the Minister for Housing to act as rapporteur, but I wonder if we are quorate.

The Deputy Bailiff:

No, we are not quorate. I invite Members to return to their seats, please. We are not quorate. We are now quorate by 2, 3. Yes, the Minister for Housing, you are acting as rapporteur, Deputy, yes?

5.1 The Deputy of Trinity (The Minister for Housing - rapporteur):

Yes. I will not be in French. On behalf of Senator Bailhache, I am very pleased to bring this proposition. This draft amendment to the Immovable Property (Jersey) Law 201- involves 2 relatively simple but significant changes which are intended to benefit both these members of our community who aspire to be home owners and those who hold a mortgage. The draft law has been developed and overseen by the Legislation Advisory Panel. As always I have been grateful to the members of the panel and those officials, Law Officers and the law draftsmen who have assisted in this process and also the Housing Unit have assisted the L.A.P. (Legislation Advisory Panel) in bringing forward these changes. As outlined in the report to the proposition, this amendment relates to a recommendation of the Jersey Law Commission made in 2008, a report regarding the security of immovable property. The Senator has advised me that a number of the recommendations of the report have already been implemented, including an amendment to the Maintenance Orders Law, which this Assembly agreed during the last sitting. Should the Assembly pass this draft law today, the L.A.P. would have concluded its work on implementing the recommendations of the 2008 report. The effect of the draft law, the first part, the shared equity schemes - turning now to amendment itself - the first change would be to amend the law of 1880, the Immovable Property (Jersey) Law 201-, in order to make it possible to register a mortgage for a percentage of the value of the property in addition to the current position, where the value can only be registered as a specific capital sum. This will allow for the introduction of a shared equity scheme in Jersey, which is intended would operate on a similar basis to those in the U.K., where they have proven to work successfully. Such a move will support those members of our community who are seeking to take their first steps on the housing ladder, a dream for many, which we should all encourage as far as possible. The Government is looking to introduce this type of scheme that requires a necessary legal framework which this draft law would provide before we are able to proceed further. This amendment would also allow the providers to benefit from the uplift in the value of the property over time, as the loan will be registered as a percentage of the property value as opposed to a specific capital sum. This arguably makes shared equity more attractive to potential lenders. I have spoken previously about my desire to introduce more affordable home ownership schemes and my department is actively working to deliver new schemes. One of these is

the potential introduction of the shared equity scheme, so this amendment to the law will assist us in bringing forward this scheme in the future. The second change that would result from this Assembly agreeing this law change again would be to amend the 1880 law so that the renewal of a judicial hypothec, which is the usual means through which a mortgage is registered in Jersey, would take place every 30 years, not every 10 years, as is currently the case. The primary benefit in this regard will be for mortgage holders, who will no longer have to go through the administrative process of renewing their judicial hypothec or reregistering their mortgage every 10 years, with the associated cost. The extension to 30 years will hopefully mean that a mortgage holder will only have to reregister their mortgage on a maximum of one occasion. Equally, this new arrangement will still provide protection for the creditor, as it is the case at present, and it reduces the risk of a creditor falling down the order of priority in the registry should the circumstances arise where they need to follow a mortgaged property into the hands of a third party. I hope Members will agree that these 2 positive changes, which will make a difference, will assist people in their objective of becoming homeowners and make life a little more simple once they have taken that significant step forward. It is identified too in the housing strategy. I make the proposition.

The Deputy Bailiff:

Are the principles seconded? **[Seconded]** Does any Member wish to speak on the principles? All those in favour of adopting the principles, kindly show. Those against? The principles are adopted. The Corporate Services Scrutiny Panel is the panel charged with that. Does that panel wish to call it in? We do not have Deputy Le Fondré. No. Very well. How do you wish to deal with the matters in the Second Reading?

The Deputy of Trinity:

En bloc, Sir, please.

The Deputy Bailiff:

Are they seconded *en bloc*? **[Seconded]** Does any Member wish to speak on the Articles? Those in favour of adopting the Articles, kindly show. Those against? The Articles are adopted. Do you move the matter in ... **[Laughter]** is there any possibility of that stand-off being overcome? If you make a contribution to the fund, there will be no more on it.

Senator S.C. Ferguson:

It is getting to the point where I perhaps ought to be included in making the selection of charity to suggest.

The Deputy Bailiff:

Very well. How do you wish to deal with the matter in the Third Reading?

The Deputy of Trinity:

En bloc, please, Sir.

The Deputy Bailiff:

Seconded in the Third Reading? **[Seconded]** Does any Member wish to ... Connétable of Grouville? No. Does any Member wish to speak on the law in the Third Reading? All those in favour of adopting the law in ... the appel is called for. I invite Members to return to their seats and I ask the Greffier to open the voting.

POUR: 27		CONTRE: 0		ABSTAIN: 0
Senator I.J. Gorst				
Senator A.K.F. Green				

Senator S.C. Ferguson				
Connétable of St. Lawrence				
Connétable of St. Mary				
Connétable of St. Ouen				
Connétable of St. Brelade				
Connétable of St. Martin				
Connétable of Grouville				
Connétable of St. John				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy of Trinity				
Deputy K.C. Lewis (S)				
Deputy E.J. Noel (L)				
Deputy of St. John				
Deputy J.M. Maçon (S)				
Deputy S.J. Pinel (C)				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy S.Y. Mézec (H)				
Deputy A.D. Lewis (H)				
Deputy S.M. Bree (C)				
Deputy T.A. McDonald (S)				
Deputy of St. Mary				
Deputy G.J. Truscott (B)				
Deputy P.D. McLinton (S)				

6. Draft E.U. Legislation (Payment Services - S.E.P.A.) (Amendment) (Jersey) Regulations 201- (P.99/2017)

The Deputy Bailiff:

The next item of Public Business is the draft E.U. Legislation (Payment Services - S.E.P.A.) (Amendment) (Jersey) Regulations (P.99/2017), lodged by the Chief Minister, and I ask the Greffier to read the citation.

The Deputy Greffier of the States:

Draft E.U. Legislation (Payment Services - S.E.P.A.) (Amendment) (Jersey) Regulations 201-. The States, in pursuance of Article 2 of the E.U. Legislation Implementation (Jersey) Law 2014, have made the following Regulations.

6.1 Senator I.J. Gorst (The Chief Minister):

This draft Regulation provides for an amendment to the E.U. (European Union) Legislation (Payment Services) Jersey Regulations 2015 and they are the principal regulations. The principal regulations introduced a legislative framework in order for banks in Jersey to be able to participate in the S.E.P.A. (Single Euro Payments Area). The draft Regulations will update the principal Regulations as a consequence of changes to the associated E.U. legislation. The S.E.P.A. initiative improves the efficiency of cross-border payments and turns the fragmented national markets for euro payments into a single domestic one that reduces the cost of moving euro funds across Europe. The initiative has included the development of common standards, procedures and infrastructure to enable economies of scale. Membership of S.E.P.A. has been welcomed by industry in Jersey and is well-used. The principal Regulations implemented in Jersey are provisions that are substantially equivalent to those of titles 3 and 6 of European Union Directive 2007/64/E.C., which is commonly

referred to as the Payment Services Directive 1 or P.S.D.1. To ensure Jersey's continuing membership of S.E.P.A. and therefore Jersey banks' access to S.E.P.A. payment systems, the draft Regulations are needed to update the principal Regulations to the extent relevant to the Island's membership of S.E.P.A. I could provide a lot more detail. I am not sure that Members will thank me for doing that. We are simply ensuring ongoing equivalence with the E.U. directives so that our banks can continue to be members of S.E.P.A. and therefore efficiently and effectively make euro payments into Europe. Therefore I propose the principles.

The Deputy Bailiff:

Are the principles seconded? **[Seconded]** Does any Member wish to speak on the principles? All those in favour of adopting the principles, kindly show. Those against? The principles are adopted. Does the Economic Affairs Scrutiny Panel wish to call this in?

Deputy S.M. Brée (Chairman, Economic Affairs Scrutiny Panel):

No, Sir, we do not.

The Deputy Bailiff:

How do you wish to deal with the Articles, Chief Minister?

6.2 Senator I.J. Gorst:

Mindful that no Member has spoken on the principles, I am mindful that officials have attended upon the Scrutiny Panel and I am grateful to the Scrutiny Panel for allowing them to do so to brief them on both the need and the detailed amendments in here, which I say they are quite detailed and technical, but in effect they are giving or will give us continuing equivalence, which is what we require. I will take them *en bloc* and I will endeavour to answer any Members' questions, should they have any.

The Deputy Bailiff:

Are regulations 1 to 38 seconded? **[Seconded]** Does any Member wish to speak on Regulations 1 to 38? All those in favour of adopting the Regulations, kindly show. Those against? The Regulations are adopted. Do you move the matter in the Third Reading, Chief Minister?

6.3 Senator I.J. Gorst:

I do, and I thank my officials for undertaking this work, which will allow, as I say, Jersey banks to continue to benefit from being members of the S.E.P.A. regime. We are doing this in conjunction with Guernsey and the Isle of Man. We are slightly ahead of them. They do not yet have their legislation for maintaining that equivalence, but they will do so in due course. Again, I thank Scrutiny for their involvement as well in this process.

The Deputy Bailiff:

Is the matter seconded in the Third Reading? **[Seconded]** Does any Member wish to speak in the Third Reading? All those in favour of adopting the Regulations in the Third Reading, kindly show. Those against? The Regulations are adopted in the Third Reading.

[16:45]

7. Minimum Wage: revocation of Social Security Order (R.&O.109/2017) and amendment of States Act dated 21st April 2010 (P.109/2017)

The Deputy Bailiff:

P.102 has been deferred by Deputy Southern, which he kindly indicated earlier in the day, therefore we come on to the last item of Public Business, which is the Minimum Wage: revocation of Social

Security Order (R.&O.109/2017) and amendment of States Act dated 21st April 2010 (P.109/2017), lodged by Deputy Mézec of St. Helier and I ask the Greffier to read the proposition.

The Deputy Greffier of the States:

The States are asked to decide whether they are of the opinion - (a) to request the Minister for Social Security to revoke the Employment (Minimum Wage) (Amendment No. 11) (Jersey) Order 2017 scheduled to come into force on 1st April 2018 and to take such steps as are necessary to make a new order fixing the minimum wage at £7.88 per hour from 1st April 2018; and (b) to amend that Act dated 21st April 2010 on setting the minimum wage level as a percentage of average earnings by substituting for the words: "The minimum wage should be set at 45 per cent of average earnings to be achieved over a period of not less than 5 years and not greater than 15 years from April 2011" the words: "The minimum wage should be set at 60 per cent of median weekly earnings by 2020."

7.1 Deputy S.Y. Mézec:

Members of this Assembly will know that I am a staunch traditionalist and I am a strict upholder of Jersey's traditions. This has of course become another one of our treasured traditions in this Island, where once a year I come forward to this Assembly to bring forward a proposition asking us to raise the minimum wage, so here we are again. On 1st April next year, our minimum wage is, as things currently stand, set to go up to £7.50 an hour, as it has been in the U.K. for coming up to a year now. On the very day that the Minister for Social Security lodged her comments to indicate her opposition to this proposition, the U.K. Government announced that it is going to be raising their minimum wage on the same day to £7.83 an hour. We are set to go from being 32 pence below to 33 pence below the U.K., hardly progress there, and today, by pure coincidence, Guernsey have announced that they are going to be raising their minimum wage to £7.75 an hour. We go from being 2 pence lower than them to 25 pence lower than them, so falling even further behind Guernsey. Jersey, as an Island with a much higher cost of living than the U.K., is still set to have a lower minimum wage and I would say that the only reason for that that I can see is stubbornness. I am asking the Assembly to do better, as I have done in previous years, as I will continue to do so long as I feel the lowest-paid workers in Jersey are not getting a fair deal on this Island. I present this Assembly with an opportunity, a chance to say to the lowest-paid workers in Jersey that we are on their side and that we are going to actively strive to make their lives easier, when in previous years we have not done. But I feel this year is different, because we have the report from Oxera. This report was commissioned by the States after the adoption of part (b) of the proposition I brought forward asking the States to investigate what the impact of a significant raise in the minimum wage would be. It looked at the effects of raising the minimum wage to either £7.88 per hour or £8.40 per hour from 1st April next year, what effects those would be and they have given us the best prediction that we could possibly hope for on what would happen if we did this. I think that is an important point. I get quite fed up, to be honest, sometimes when I am talking about this issue with people and you hear all of the predictions of economic doomsday if we raise the minimum wage, about how it will cause mass unemployment, how it will destroy our industries and increase the public sector's costs in its wage bill. What this Oxera report does is it shows that it is not going to be that bad. I know I speak for my Reform Jersey colleagues when I say that when this report came out, we were pretty surprised. I had thought that it would indicate what would happen if the minimum wage was raised to these levels and suggest that it would be worse than what they have predicted. At the very worst, what they are saying would happen is that there will be mild negative consequences and there is going to be a lot of positive consequences as a result of that. In fact, those consequences are so mild that it even provoked the Chief Minister himself, in the days after the release of this report, to say that he wanted to set a new target to speed up the raising of the minimum wage. When this report came out, I frankly thought it was an absolute no-

brainer that we go immediately for the £7.88 per hour that they examined, because the consequences are mild, at worst. It would help us get ahead of the rest of the British Isles, which is where we belong, and it would help thousands and thousands of our lowest-paid workers, yet instead, when the Employment Forum came up with its recommendation, they again recommend a paltry rise. The Minister for Social Security decided to accept that and is arguing to oppose my proposition, where I am asking the Assembly to do better than what is proposed. I accept that not everything in that Oxera report is good news, but it is better than we were expecting and I want this Assembly to have the opportunity to weigh up the pros and cons and decide if we should do this, rather than having an order simply being signed off by the Minister on the recommendations of the Employment Forum, whose proposals were already out of date by the time they were published because of the new information we have got, this scientific analysis provided to us by Oxera, the best investigation into this subject that we could have hoped for. Now, over the last few days, there has been a lot of talk about reviews. In fact, that was allegedly the key reason that we could not possibly accept one well-researched amendment to our tax code in the Budget and we have before us now a review from Oxera that is being ignored. It just goes to show that I do not think these reviews often count for something if the conclusions of those reviews oppose the agenda of people in charge. What I am asking Members to do here is to set a new agenda which says we look out for the lowest-paid workers in our society, we examine the economic evidence that we are given and when it is right to do so, we say we will make tangible efforts to improve those people's standard of living, to improve the amount of money they take home to look after themselves and their families, to reduce the burden on the States that low-paid work often is, because of having to claim income support to make ends meet. This, I think, is ultimately about who you are in politics to represent. Are you in it to tangibly improve the lives of the people who put you here or are you here to say: "Great, being in politics is nice. You get invited to nice events and smile for the camera once in a while"? This is an opportunity to do something positive. We will see people's lives improve as a direct result of passing this. I think it is no good to stand up in this Assembly and say: "Yes, we support doing more to help the low-paid in our Island, but we are not prepared to vote for a proposition which would do that. We are not prepared to come up with other ideas" because that is just platitudes. The people who are struggling to pay their rent, the people who, now it is winter, may be choosing between heating and eating, platitudes do not help them. Action is what helps them and this is what we have the opportunity to do today. I think that what this review has given us is a level of facts that we have not had access to before, a pretty clear prediction. It is a very clear breakdown in how much they think they will gain in tax take, how much they think they would no longer be paying in income support. It is very technical and has given a lot more detail than I anticipated, so I am disappointed that the Government is saying we should just shelve this review and ignore it. It is interesting, over the last few days in the Budget debate, we heard this argument and the main proponent was Senator Ozouf on this tax debate, the 25 per cent we were talking about in the Budget, where they argued the usual doomsday predictions, that if you raise the top rate of tax for the richest people in Jersey, then they will simply leave. But this argument, why does it never count for the poorest people? It is not that hard to get to Guernsey from Jersey. The minimum wage there is going to be more, the cost of living in Guernsey is lower. It is not that difficult to get to the U.K. The cost of living is much lower in parts of the U.K., but we say: "Oh, because the poor are trapped in Jersey, then their circumstances do not matter. We can take more advantage of them than we could other people." I think that is completely wrong. I am asking Members to support this proposition to raise the minimum wage to £7.88 per hour. We have got a clear indication of what the economic consequences of that would be. They are not all positive, I completely accept that, but I think that they are so mild it is worth doing this. It will put us back on track to getting our minimum wage to an acceptable level, where it is closer to something like a living wage that people can live off. I also have my part (b) to this, which is to say than rather than go by the previous target that has existed for raising the minimum wage by 2026, there should be a

new target, 2020, 60 per cent of median earnings, which is what the U.K.'s new target is now. If we adopt that and we stick to it, we will perpetually be ahead of the U.K. and we will have a wage that accurately reflects the difference in cost of living in the Island. What I am most disappointed about by the Council of Ministers' response to this is because they have published comments asking States Members to oppose part (b). As I mentioned earlier, when this Oxera report came out, the Chief Minister came forward and he said - and I remember reading the press release, because I remember reading it and thinking: "Oh, I will amend that when that comes forward" - that within even a month, I think, he intended to bring forward a proposal to this Assembly to set a new target of bringing forward the current 45 per cent of earnings in 2026 forward to 2020. Where is it? It has not been brought forward, so my proposal, to say we have it 60 per cent of median earnings, which will be higher than the 45 per cent of average earnings, why did they not amend it instead? If they disagree with what I am saying, 60 per cent of median by 2020, I would be disappointed by that, but fair enough, people have different opinions. The Chief Minister himself has already said he wants it to be 45 per cent by 2020. Why not just amend my proposition then rather than asking the States to just throw out the whole thing? That shows that there has been no real action on this and that if this proposition is rejected, tomorrow morning we will know that there will be no change at all set in the course for the future of this minimum wage, where promises before were broken and there will be nothing anyone can do about that if this proposition is not accepted. That is the last point I want to make. We have the Oxera report in front of us as an appendix to this proposition, which I hope Members will consider the implications which it outlines. This is an opportunity to make a real difference for those lowest-paid workers in the Island. I know I have probably bored Members with my constant reciting of these statistics, but last year the economic standard of living for Islanders dropped. In the last 10 years, real-terms earnings have not increased and in the same time the people in the Island earning over £1 million a year has quadrupled. We have to do something at some point to stop it and it is not good enough to give platitudes and say: "Yes, we will do something next time around" or: "We will count on economic growth, the benefits of that being spread fairly, magically" because that is what this Council of Ministers believes, they believe in magic when it comes to the proceeds of economic growth being spread fairly. This is an opportunity to do something and do something is what this Assembly should do. I make the proposition.

The Deputy Bailiff:

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

7.1.1 Deputy S.J. Pinel:

The independent Employment Forum, which includes representatives of employers and employees, unanimously recommended that the minimum wage should increase by 4.5 per cent to £7.50 per hour next year. In reaching that recommendation, the Forum took into account the relevant economic evidence and the responses from stakeholders as well as the aspiration of the States Assembly to reach 45 per cent of mean weekly earnings by 2026. The Deputy is proposing a 9.7 per cent increase to the minimum wage. Like the Forum, I had concerns that businesses with such a high proportion of minimum wage earners might not be able to tolerate our proposal for a 4.5 per cent wage increase. This is the biggest increase since 2008, both in percentage and in pence and is considerably higher than the increases in average earnings and inflation, which were 2.6 per cent and 2.5 per cent respectively at the time of the Forum's recommendation.

[17:00]

Business clearly have concerns about Brexit and other cost pressures. However, there have been some positive signs in the economy, as we have heard this afternoon, and I am satisfied that the Forum has recommended the highest rate that it can within the context of the consultation responses

and the evidence available this year. The information set out in the Deputy's proposition was taken into account by the Forum and I must emphasise including the Oxera report. I see no additional evidence that would convince me to overturn the order that I have made. Jersey is not required to match the minimum wage rates in other jurisdictions. Minimum wage systems vary considerably in terms of age-related rates and the terms of reference for increasing these rates. As the Minister responsible for instructing and supporting the Employment Forum, I also cannot support part (b) of the proposition, which would set an unachievable target for the minimum wage in a 2-year period. However, I would point out that the aspiration of the Assembly to reach a higher minimum wage rate, whatever percentage that may be, will remain subject to consideration of low-paid jobs, competitiveness and the economy.

7.1.2 Deputy A.D. Lewis:

I support this proposition. I think that Members would be surprised if I did not. I am really pleased with the Oxera report. It hopefully helps Members or makes Members' decision process on this a little bit easier. I will just quote a few things from it. One of the fears that has often been cited about having a high minimum wage is what impact it might have economically in terms of what businesses can survive or not with the employees they currently have, i.e. would it reduce employment? Now, there are lots of examples around the world where you can argue that has happened and there are lots of arguments that say that it is the other way around. I will just give you a quick example. The United States is not exactly known as being a very liberal social type society, perhaps even more now than ever before. However, support for high minimum wages comes from some rather unlikely sources, the owners of America's smallest businesses, the C.E.O.s of some of the U.S.A.'s (United States of America) largest businesses too and most respected brands. The U.S. recently-published data shows that wage hikes at a modest level do not kill growth in jobs. In fact, it states in the U.S. unions that have raised their minimum wages to a higher level have enjoyed above-average economic growth. In 2015, the American Sustainable Business Council had basically a campaign going for higher wages in the economy. They conducted a fairly scientific poll into what happened when they put wages up: 3 out of 5 small business owners, that is 61 per cent, in the U.S. favoured raising the minimum wage, but gradually and then adjusting it annually to keep pace with the cost of living. We have not really done that here in quite the way that we could have done. This was despite polling data claiming that raising the minimum wage would kill profits, eliminate jobs and cut growth. Apparently the people doing the hiring and paying the difference in America do not agree with that. If you take the Oxera findings, what encouraged me was that the possible risk here of having higher wages per hour for the most lowly-paid people in our economy are fairly small. They are saying a possible 60 jobs lost, an increase in productivity of perhaps 0.1 per cent, which is great, consumer spending would increase, but what they are saying is that the risk to the economy from an Oxera perspective, which is a conservative economist, is not that great. When we have had this debate before, Members have been very concerned about the potential loss of jobs. I accept in some sectors it may be more exaggerated than others. That should not stop us doing it. We have an opportunity today to not go against the Employment Forum, who are doing a job they have been asked to do by the Minister, but when the Planning Panel sit and they have people before them and the officers have given their advice, sometimes - perhaps a little more frequently now as well - members of that panel take a human view and say: "We hear the advice, but we are going to make a decision of our own here as politicians, as representatives of the people." You have that opportunity today to do exactly that. We are not talking about a huge increase here, but it is a big step in the right direction. We have in-work poverty in Jersey. We have a very successful economy in Jersey. As I said earlier today, the gap between the rich and the poor is getting wider. If you want to close that gap you have to start at the bottom. One of the opportunities here too is that people on low wages, they do not go out and spend that money on a pension plan or a mortgage or put the money under the bed to save for a

rainy day. They spend it, so we get a G.S.T. take. They also begin, some of them, to fall into the tax net and they become net contributors. Supplementation starts to go down. There are so many benefits to having higher earners at the bottom end of the income spiral. Now, in Australia, they have had a higher minimum wage. They brought in legislation in 1907, it was that long ago, to have the first mandatory fixed minimum wage, 1907. Today they have the highest living wage in the world and have some of the highest levels of productivity in the world. If you pay people more, generally speaking they are more productive. That brings me on to a comment from perhaps an unlikely source: "Higher pay can help increase productivity, motivation, reduce staff turnover, absenteeism." Who said that? It was not a union guy, it was Head of Management at KPMG Europe. It works. People are more motivated, they stay in that job for longer, they train, they become those managers and supervisors of the future. They sometimes even start their own businesses later. It is quite possible that with the high wages attached to the hospitality sector, you could lose some businesses. We have an awful lot of coffee shops and restaurants and small cafes in Jersey. That makes up a lovely tapestry of culinary and coffee shop type experiences in Jersey. That is wonderful. They are not all brilliant coffee shops and they are not all brilliant cafes. They are often very small businesses, mama and papa type businesses, employing very few people at very low wages and their turnover of staff is very, very rapid in many cases. Imagine a world where, yes, some of those businesses sadly might find it difficult to complete in that market, so you have more customers going to the other cafes and restaurants. Those cafes are doing better, they have got more revenue, therefore they are paying higher wages, they are providing a better service. The staff are staying longer and they are even better at their job. That is what happens and that is what has happened in Australia. Yes, they have immigrant labour in Australia too that will accept some lower wages, but if you go to cafes, shops, restaurants in that country, you will far more often be served by Australian local people. How often do you get that in Jersey? How often have you been served by a local person in a restaurant, in a cafe? Why? Because it is long hours, it is low pay and there is not exactly a high level of respect even for that industry, unfortunately, because of those low levels of pay and long hours of work. But if you had a few less of them, you would have better-quality outlets with better-quality trained staff who stay around for longer. We are a long way from that. This gets us a little bit closer. The Oxera report suggests that if we did it, yes, there might be some short-term pain, but there would be some long-term gain, a higher productive workforce, a happier workforce, a healthier workforce that are at the lower end of the income scale. Those people unfortunately often do not have the best of health. Why? Because they are working more than one job, they are working really long hours. Some of their children are left on their own for long periods of time because both sets of parents are working, earning very low wages. That is not good for society. That is not the society I think we should have. We have the people at the top that are pretty wealthy, some say we will always have an under-class. I am sorry, in Australia what they have tried to do is try and make everybody have a standard of living that in many countries would be regarded as middle-class, including in Jersey. That is where we need to go. All this proposition does is gets us there a little bit quicker. The Chief Minister has said on more than one occasion he would like to see median average earnings, the point that you start breaking into a wage that you can live on should happen quicker. If he really believes that, that can be done now. The Oxera report clearly says that the damage to the economy that has been predicted by others in the past is much, much lower than was predicted. The benefits in productivity, the reduction in costs to society include illness, absenteeism, children not performing as well at school because their parents are working long hours. This is all going to help. We have an opportunity today not to go against the Employment Forum. We have asked them to do a job. They have done a good job. In the same way the Planning Panel does not always agree with their officers, we are here today representing the people of Jersey and quite a large number of those people are earning very low wages. Why? Because we have a very successful economy. For every high net worth professional person that comes to Jersey, not the ultra-high net worth, but your professional people, your

accountants, your lawyers, your trust workers and so on, for everyone that comes here new to our Island to work in that very successful business, they want their hair cut, their garden tended, their cars fixed, their tables waited on. You cannot have a successful bit at the top here and a not so successful bit at the bottom because people are not motivated, they are changing jobs all the time and they are on very low wages and probably living in quite poor accommodation as well as a result. You have to address that balance and one of the ways of doing that is by having higher minimum wages. We have an opportunity today to do that. We live in a civilised society, a vibrant, successful economy. That means that we should pass that success down to everybody, but the people at the bottom, they will spend in the economy too. For too long in Western economies we have relied on what we call a trickle-down effect. If everybody is really successful at the top, they will spend a lot in the economy and it will trickle down and everybody will benefit. It has been proven by economists now that is flawed, it does not work. Why? Because there are only so many pairs of trousers and shoes and suchlike that a wealthy person can buy. They cannot wear them all at the same time. So what happens to that money? It gets invested in other things, pension plans, boats, fancy cars. I am not deriding that. These are successful people, but those at the bottom, everything they earn they spend, so it trickles back up and everybody benefits, not least the Social Security Department itself, because supplementation starts being reduced. We have got a real opportunity today to say: "Thank you, Employment Forum. We accept your figures and your understanding of what we asked you to do, but we have got a report from Oxera here that says the fears we had before that this would be really, really bad for our economy are not quite as bad as we thought and we would like to do something for those people at the bottom end of our society and narrow that gap that is getting wider in Jersey between the rich and the poor." You do it with wages and it has been done very successfully in other places. I want to walk into a café or restaurant in Jersey and find local young people working there. They are not going to do that unless they have got a Saturday job on those sorts of wages with the economy we currently have. Those supervisors and managers and restaurant owners of the future, not many of them are local people. I wonder why? Because they did not start at the bottom because they could not afford to or they did not want to. There are too many attractive jobs elsewhere. That is the sort of society I would like to see so there is that broad choice of employment for young people in particular throughout our economy. You cannot have that on the wages that we currently pay in those sectors. Some of those businesses are not as successful as they could be because the people they are employing did not stick around too much, they jumped from job to job, so they are not getting as good at that job as the owners of those businesses would like.

[17:15]

I am happy to pay, as Oxera is suggesting here, a few pence more for a cup of coffee, knowing that that barista, who is a local person, left school and is happy to be a barista for a while, maybe a bit longer and maybe buy that café one day. They are not doing that at the moment. If we can get minimum wage to a point where you can live on it, that will happen. This fear factor of it is going to be a disaster for our economy if we lift wages at the bottom, sorry, the evidence is not there. It could happen at lower level, as Oxera suggests, but it is not the fear factor that some have said in the past. We now have that study to show that. I would urge Members to give this serious consideration. Vote for this, squeeze that minimum wage up a little bit more, a little bit more quickly. I am not so sure about doing the rest in 2 years. I have said in the past we should do it in 5. The Minister is suggesting ... it was 11 when I first started talking about this. I believe it is 9 years now to get to 45 per cent of median earnings, but to push the minimum wage up that bit closer to what it costs to live in Jersey is a really good thing to do and I would urge Members to vote for that. I will be voting for the second piece as well because I want to see that move forward quicker. I understand those that may have concerns that it is too quick, but we have been talking about this now for many years, a lot longer than 2 years, so maybe now is the time to say: "Feet

against the fire, Chief Minister and others, we are doing it. We have got to get there.” I would also urge Members, if they have contacts in business, to encourage those businesses to sign up to the Living Wage Foundation so that we can move there in a voluntary way as well, but States Members, you need to do your bit too. That is vote for an increase in minimum wage, encourage businesses to sign up to the voluntary code of getting to a living wage, which is going to be closer to £10 an hour. That is what it costs to live in Jersey, £10 an hour plus, not down here in the £7s and £8s. That is where we need to be, so encourage your constituents that have businesses to look at that as a concept. If you pay more, you get better incentivised workers, you get high productivity and your business will do better. That is the message you need to put out to your constituents. Ask them, encourage them to sign up to the Living Wage Foundation Voluntary Living Wage. In the meantime, we can do our bit by getting the minimum wage up that little bit more. I would urge Members to seriously consider voting for this proposition.

7.1.3 The Connétable of Grouville:

This is *déjà vu* all over again or perhaps Groundhog Day, because I have been in the Chamber for 4 years and I have debated it at least on 4 occasions. The arguments do not change. I am not going to go into all the other economic arguments, but I am going to stick with agriculture and the effect that this proposition would have on it. For the avoidance of any doubt, I am all but retired from the industry and I do not employ anybody on a minimum wage. Every penny increase on the minimum wage reduces the profitability of the agricultural industry. Much of the work carried out in the growing sector is basic labouring and requires little or no skill. Locals do not want to do this work because it is hard, seasonal and the work is done in all sorts of bad weather. Not many local people would want to be picking cauliflowers this afternoon. Someone can be shown how to pick a courgette, pick up potatoes or work on a potato harvester in minutes. In the latter case, more time will be spent making sure that the staff are aware of the health and safety issues than how to do the actual work. Virtually all produce in the growing sector is exported almost exclusively to the U.K. It is a global marketplace with produce coming from all over the world, where typically much lower wages are paid than here in Jersey. We simply cannot compete if our minimum wage is too high. What will happen if it is too high? Crops like courgettes will simply not be grown. *Côtils*, the most labour intensive part of the potato industry, will not be used for growing potatoes either, and you can probably all remember the advert last year of somebody from Jersey Royal on the *côtil* with the iconic Gorey Castle in the background. What a fantastic advert for Jersey. That will disappear if labour costs go too high. You cannot really mechanise that operation. We are lucky, we have staff mainly from Poland who choose to come here because the terms and conditions are good for them. Do not forget they can work anywhere in Europe. It is in Jersey’s interest that they come. Why does anyone in this Chamber want to interfere with this mutually beneficial arrangement? Two of the speakers have mentioned the Oxera report, which does not make any recommendations, as far as I can see, it just spells out what the consequences of introducing higher minimum wages would be. For agriculture, it makes pretty dire reading. In fact, in the economy generally, there are some negative sides and I will quote from it. It mentions increasing the firms’ costs, the number of job losses, reduced hours, increased prices for consumers and in the executive summary it says: “The combination of these direct and indirect effects would be likely to result in lower economic activity overall with a level shift reduction in gross value added.” As far as agriculture is concerned, there would be around 60 to 100 net job losses in aggregate, concentrated primarily in the hospitality, agriculture and retail sectors. If agriculture diminishes, our wonderful countryside diminishes. We lose part of our heritage. It is really the backdrop of Jersey. It is what tourists come to see; it is what we all enjoy. It is what anybody living in Jersey - or just about everybody - would enjoy. That is in jeopardy if we do not find a way of allowing seasonal workers to come to our Island. Another quote: “The sectors they leave, primarily agricultural, hospitality and retail, might begin to shrink if they find it increasingly difficult to pass on the additional costs.”

The final couple of paragraphs in the conclusion: “Overall, within the framework, we assume there is an increased income for nearly one-quarter of employees [brilliant] at the bottom of the income distribution, giving rise to an increase in the net Government fiscal position.” All brilliant. “However, there would be an increase in firms’ costs following which we would expect a number of job losses, reduced hours, increased prices for consumers and lower firm profits i.e. a reduction in shareholder value. The job losses would be concentrated in [again it says] hospitality, agriculture and retail sectors. The combination of these direct and indirect effects would be likely to result in lower economic activity overall, as measured by G.V.A. (gross value added).” Not particularly a glowing report, I do not think. I have no problem with encouraging the voluntary living wage; I really am supportive of that. I have some sympathy with the statutory living wage for local businesses who are not trading in the world market, although of course tourism trades in a world market and now the retail sector does as well, because you can get things on the internet. I do not know what the answer is to this problem with agriculture and tourism. Maybe exempting seasonal agricultural workers from the minimum wage, which would require a law change, or perhaps something could be done with the social security contributions. They do not get a lot of the benefits for 3 months of being here, yet they are paying in, but I cannot support substantial increases in the minimum wage until a solution is found and I urge other Members to vote against this proposal as well.

7.1.4 Deputy S.M. Brée:

Indeed, we are experiencing *déjà vu* again. Let us just take it back to the principle behind this proposition. It is a very important principle. It is all about do we believe in an equitable wage? Now, many would argue, and particularly in the agricultural industry, because of their reliance on low-skilled manual labour, this will hit them the most. That does not mean that we should just throw away our thoughts on minimum wage. What it does mean is we have got to be reactive, we have got to be flexible and we have got to look at other solutions that would maintain and enhance one of our very, very important traditional industries, because let us be quite clear: our countryside would not look as it is today without the farmers being custodians and managers of that land. That has to be recognised. We all benefit from that. But going back to the question of minimum wage, I have always had a difficulty with this concept of in Jersey what is a Living Wage? As far as I can see, a Living Wage represents the minimum wage paid by the employer plus income support equals Living Wage. Now, that may be a very simplistic approach to it, but that is the way my mind has looked at it. We have got a number of issues then. I have to say, reading the Oxera report, it does point towards we need to improve the minimum wage above what the Minister for Social Security has put in place, so if we do not increase the minimum wage, then those workers who are, as we have heard over the last few days, talking about the Budget, we have all recognised the fact that there is a growing gulf between the haves and the have nots, the higher paid and the lower paid. We have all recognised that fact, we have all accepted that fact. One way in which we can start addressing it is by adopting Deputy Mézec’s proposition, because if you raise the minimum wage, then you are bringing people on a very low income slightly up. It is not by much really. The net take-home pay for these people is not much, but it does take a step towards redressing that balance between income support, minimum wage. Who pays for income support? Every single taxpayer on this Island does. Minimum wage: why is an employer paying minimum wage in the first place? In the case of agriculture, which I fully understand the problems they face, is it because they are so heavily reliant on low-skilled labour or is it because outside of agriculture their business model is not that good or is it that they are trying to start people at the minimum wage and then bring them up? If new employees are automatically paid the minimum wage - I say if, because not every business follows that rule - then what is wrong with saying: “We, the States of Jersey, the Government of Jersey, believe that there is a much better minimum wage than is currently legislated for, so we say no, you have to pay a minimum wage.” What does that do, aside from all

of the economic impacts? What does it do? It says: “We, the Government of Jersey, place a value on somebody’s time and effort and we want to bridge that gap between minimum wage and Living Wage.” The higher we bring minimum wage, the closer we are getting to a Living Wage. I quite agree that more companies should be encouraged to sign up to the voluntary living wage, but we have got to encourage them to do that, because most people need a bit of a stick in this area, in the sense of: “If I can get away with paying my unskilled or low-skilled workers minimum wage, I am going to. It increases my profit.”

[17:30]

Now, most of the companies that I have spoken to pay above minimum wage. There are only a few sectors that do not. We know about the problems with agriculture that we need to address but really, as a principle, are we saying that we as the States of Jersey, we as the Government of Jersey, are not going to value somebody’s time higher than the Minister for Social Security sets it? I would say we need to move in the right direction. We need to start really encouraging more valued workers and to do that is to bring people up to the minimum wage. As Deputy Andrew Lewis quite rightly said, any increase in disposable income will get spent in the local economy. That is what people do. Disposable income, I am going to enjoy myself, I am maybe going to go out for a drink, dare one say it. But we have to look at this sensibly and we go back to the principle, do I believe that the minimum wage laid down by statute law is correct? Personally, no, I do not, and I will support Deputy Mézec in yet again another endeavour of his to raise that minimum wage.

The Deputy Bailiff:

I am sure I know the answer, but I am required to ask at this time whether the Assembly wishes to continue or adjourn. Yes, I assumed so.

7.1.5 The Connétable of St. Martin:

I am only going to speak briefly but I have the utmost respect for the Employment Forum board. I have spoken in previous debates on this one. £7.50 an hour: I could not live on that and I am quite sure that I do not think there is anyone in this Assembly today that could live on that. Somebody on that minimum wage taking the bus in the morning and back home from work in the evening, £3.20 gone, that is part of the hour, and some of them might have to make 2 journeys on the bus to get to their place of employment. I respect the Constable of Grouville because I think maybe he is one of the people who, I am looking around, farmers in the Parish, in this Assembly, and he knows exactly where the problems that the farming trade will be facing and the horticultural trade, commercial horticultural trade. The only thing this time, it is *déjà-vu*, and I think 2 Members have already said that, it is not quite *déjà-vu* because on this occasion we have not had letterboxes full of the trade complaining or telling us how to vote or how they believe the minimum wage should be kept at the minimum recommended or even lower, and they certainly this time may have missed the Deputy’s proposition coming forward. The Constable of Grouville did say he does not know the answer for the farming trade and I do not think there is an answer. There has been some mention this afternoon that there is part of the farming trade you do not have to have skill for. You might not have to have skill, but you are out there in all the weathers, you are out there very early in the morning, they are outside of my house, by my window, farming in the field at 6.00 a.m., 5.30 a.m. in the morning and they are there in the summer months until late in the evening. That is what they are doing; that is what other people are not doing. They do not want to work in there. The only concern, and I do not know if the Deputy has thought about it, is the traders, the farmers will have had their business plans ready for 2018 and this could make a difference to them because they have planned accordingly for next year. We have had the arguments in the past about income support as well, having the Government, and we have just heard it again this afternoon, the Government propping up or helping, assisting the workers themselves with Government money, with tax money

via income support. I just think on this occasion I am inclined to support the 2 propositions from the Deputy, bring some good news, it would not be good news maybe to those employing the lower-paid workers, but some good news to those lower-paid workers for next year. I do not think there is much more I can say but I thank the Deputy for bringing the proposition.

7.1.6 Connétable C.H. Taylor of St. John:

The first question is what is a minimum wage and why was it originally introduced? Minimum wage was originally introduced as a minimum to ensure that people could live. All of a sudden in the last few years we have started having this new wage being introduced called a living wage. What nobody has explained to me is why a minimum wage is not a living wage. Deputy Brée very kindly gave his version and that was that the living wage is the minimum wage plus the income support, which then begs the question, when income support is given, is it given to the individual who receives the money or is it a subsidy to the employer who employs that individual? We have 2 industries, which are integral to the Island, and that is the hospitality and, as we have just heard, the agricultural industry, both of whom rely on large amounts of labour at low wages and without that these industries will not survive. I think the picture that we are looking at is much, much bigger and I commend Deputy Mézec for continuing to bang on, on this theme. But it is not just one single item such as increasing the wage. It is a much bigger picture. We hear: "Why do locals not do certain jobs?" Perhaps it is because the wage is too low; perhaps it is because it is raining and they do not want to get wet, there are a variety of reasons. But this whole topic, and I think it merges into immigration, for which we do not have any policy, we have an outdated policy, which keeps being rolled over, but no formal policy. We need to examine the whole issue, the issue of income support, the issue of the minimum wage, the issue of the living wage, the issue of immigration, and tackle it in a complete and total manner. When you look at the wages agreed with the Minimum Wage Board, the Social Security Wages Board, they take into account how much employers can charge their employees for accommodation. If those rates for accommodation were perhaps lifted then one would be able to raise the minimum wage. This is where unfortunately the proposer's proposal to increase the minimum wage does not take into account that factor. If the 2 were raised together then I could support this, but because it is not I cannot. But the theory is absolutely right, and I think I would ask the Chief Minister to give considerable effort in this area to move Jersey as an Island forward to a living wage considerably more quickly than we are doing at the present time. I am sorry I cannot support this amendment but the principles are good and I think that the Chief Minister needs to do something about it.

7.1.7 Deputy C.F. Labey of Grouville:

I am a supporter of the living wage. I think it is the right and proper thing to do. But I realise that we have to get from where we are to there and we cannot do it in one fell swoop. I resent having our taxes going to prop up businesses who will not pay their staff a living wage and some of those businesses are big multinational businesses that take their profits elsewhere so that is our taxes going to enhance that business's profits. I think that is wrong and I think we ought to all be looking to work up to the living wage and, even if that is on a voluntary basis for the first 3 or 5 years, to get to that stage. My Constable has explained very well the conundrum that we have in agriculture, and indeed in hospitality as well, but I think I have a solution for that and I think it is, if you provide accommodation, like the agriculture sector do, like hospitality do, then I have always believed that the element that the Forum set for the accommodation element is very low for the community that we live in. We all know our accommodation prices, our property prices are very, very high, so I would like to see the element that they allow for accommodation put so that the agriculture and the hospitality workers would earn a minimum wage and the rest to put it up to the living wage is taken into account, is the accommodation element. So I think that is quite a good solution really; so agriculture and hospitality remain on a minimum wage and everyone else works

to get to the living wage in 3 or 5 years, as I say. I am not entirely sure whether I am going to support the proposition, it is incredibly tempting, but we have this forum, we have asked them to do a job, which they are doing, but I am certainly minded to support (b) if not (a) and I am still thinking about it.

7.1.8 Deputy M. Tadier:

I had a friend or rather I used to share a house with a friend who was from Poland. I am not saying she is not a friend anymore but I do not necessarily see her quite so much and it was purely platonic, but she is still Polish and she is still nonetheless a valued member of our society, even though she is not British. I know most people in this Assembly do not value non-Brits quite as much as other nationalities because they do not think that is true. It is true, the majority do not think that non-British people should sit in this Assembly, so clearly not as capable as the rest of us. That is an argument for another day but that is the case and you can prove me wrong in the future on that one if you want to. She worked for a local restaurateur and the restaurateur specialised in fish and chips and he would have this mechanism in place, he was a wily individual, still around, and he would say basically: "I will give you your food for free every night so you can have fish and chips every night you are working for me and I will take that out of your wages, so a tenner a day, whatever, it is probably slightly less than that, let us say £7 a day for your meals, so if you are working 5 days a week that is £35 that comes out of your wages every week." Of course my friend did not eat fish and chips every night, first of all she was pretty sick of the things, working with them every day, and also she liked to eat other stuff, which is more healthy, so she would bring her own food. Then after working for that said employer for a couple of years, the time came to give the staff a pay increase, so he said: "Do you know what I am going to do, I am not going to charge you now for your fish and chips, is that not great?" and she felt really good about that because she was getting a pay increase. I am not saying it is directly comparable, but this whole argument that is being brought out about accommodation from the farm sector, is that really a rabbit hole that we want to go down today? Do we want to start looking at the value of accommodation? I do not know but I suspect is the accommodation inspected on farms because I do not think we have generally a minimum standard that applies to residential accommodation, only in lodging houses as currently stands. Also, should one force workers who come over here to live in one's own accommodation? It seems like a bit of a scam to me. You could argue it is just part of the business model, but surely we should be paying any worker a sufficient amount of money, that is the whole concept of a living wage, to live in the society in which they work. They should also be free to choose where they want to live and presumably that will be in the unqualified sector obviously for those who do not have their qualifications. That seems like a reasonable position to me.

[17:45]

If we start off from the position that we agree with the living wage, as soon as you start trying to have carve-outs for different sectors, which I can see is appealing, it really is leading us in the wrong direction because we say a living wage should be universal, it should be for everybody, in the same way that the minimum wage is. I think the Constable of St. John is right in the principle that the minimum wage should be the living wage. Of course that is not the only option, there are 2 extremes, which you could look at, we are somewhere in the middle at the moment, so you could have a system where there is no minimum wage at all, but instead that there is a minimum basic universal income that is given to everybody in society. That is obviously not what is on the table today but that is increasingly becoming a common theme of discussion even in western countries and even in non-left leaning countries, it is not exclusively a debate that is happening on the left, it is very much a debate, like the living wage, which is happening across the sector. That would obviously mean, if we were to go down that route, that people could work for nothing or they could be competitive, they could say: "I am quite happy to work for £1 an hour because I have my own

home, I get a minimum income anyway off the state”, so the majority of their income is coming off the state: “and I am happy to work for either nothing or a very token amount.” That is only a more extreme version of what we have already of course because we do have a level of State subsidy, which says that: “What does it cost to live in Jersey; i.e. what is your cost as a human being providing your labour to your employer?” and let us say it is £10 an hour: “I need to earn £10 an hour to work 40 hours a week to get £400 just to survive, just to pay my rent, just to pay for my food, clothing, and for any dependents that I might have.” That sum is non-negotiable. That is a fixed operating sum. Now, why do farmers, if we are talking about farmers, or hoteliers, treat that sum any differently to any other fixed expense they have? If we agree the principle of the living wage first and say: “Look, it is right to have a living wage; the living wage is X and in the future it might be £10 an hour, that is non-negotiable in the same way that your fertiliser fees are non-negotiable; that the costs that you have to pay for exporting your crops, if you are exporting them outside of the Island, that is non-negotiable. That is just a fixed cost. If the margins that you need to charge in the future go up then so be it, you charge more for your product.” There is a reason that in Jersey, why we pay quite a lot for our milk, is because we pay the cost that it costs to make the milk and the farmers get a fair deal for it. In the U.K. you can buy very cheap milk and you see it is either subsidised or it is the fact that it is being sold for less than it costs to produce and that is not economically sustainable. So at some point we have to face up to the facts that you cannot penalise the very workers that are doing the work for us, be it in potato industry, in the milk industry, in the hospitality industry, you pay a fair wage for labour first and then you look at the consequences after. If the consequence is that some businesses are not viable then we have to have that conversation and we should be having it now, and the open and honest way to do that is to have proper subsidies, open subsidies from the Government to support those industries if they need it. We do not even know if they do need it. I was going to make an analogy earlier, not an analogy, but the point that you never see bankers out on the street protesting. You do see nurses, you do see teachers protesting, we do get written to of course from the farmers’ unions. I have never seen them out recently with their tractors barricading the streets, it might happen possibly if we were moving to a living wage. But I suspect they have other mechanisms in which they could raise revenue. But I would simply say, with respect to the Constable of Grouville, because I know he understands the arguments, he is a pragmatic man, and I say we do need to have that conversation but that is not a reason to vote against this living wage. To me personally, and I have said it before, the minimum wage and the living wage should be one and the same thing and there are clearly benefits across the political spectrum, across arguments, economic arguments, which are well made as to why people would be better off. Incidentally, anybody who made arguments earlier today and yesterday saying that having a 20 per cent retail rate is going to push prices up in the supermarkets, well you had better vote for this, if you voted for something today, you all voted for a Budget I think, apart from 4 of us, which is going to put the price up for people in the economy we are told, in supermarkets, we are being told that prices will go up in the supermarkets, well we better put the living wage up or the minimum wage up to a decent living wage and we better make sure that certainly we accept part (b). That is how you do it, if you want to make most people better off, you put money at the bottom of the economy because, as has been said, they will spend it.

7.1.9 Deputy M.J. Norton:

I am delighted to follow somebody who did not vote in favour of stopping a 20 per cent rate and putting up grocery prices. Let me say that this is very tempting because the principle, as Deputy Brée outlined, is the right principle, we should be paying people a better wage, everybody should. When we say “we”, of course we in here can very easily and very glibly sort of say, yes, of course we should be doing that and we can make that legislation. The reality is of course that most of the businesses that are out there that will be listening to this, and those that will not, who are too busy working, have employees. Small businesses that are not making a fortune, small businesses that

because the minimum wage is suggested to go to £7.50 an hour will see on the minimum wage increase 32 pence or £12.80 a week. If you are a small business with 8 employees, and not all of them will be on the minimum wage, and I take that point, but those who are above the minimum wage and those who are above those who are above those who are on the minimum wage will all move up, all 8 of them will. That is the reality of a business. You do not just move up those who are on the minimum wage, you are going to move up just about every employee you have because they have 2 years' more experience than the person before them, because they have been a barista for 3 years more than someone else, they do not want to be paid the same as someone else and it is no point telling them: "Please do not tell anyone else what you earn" because they all do. It becomes inflationary within that small microclimate of that very small business. So you have 8 employees, you move it up to £7.50, which is what is being suggested, the impact on that business of 8 employees, £5,324. Principles are fine, but when you are talking about businesses that have risked their own money, signed up for 9-year leases or 21-year leases, that are paying rent, that are paying all of the other things that we expect them to pay, and you put on top of that just the £7.50. Of course, as much as I would dearly like to say: "Let us put it up by 80 pence", the impact on 8 employees will be £11,648. That is not a big business, but £11,648 to a business, which has set costs, that is going to put prices up even more. You look at both ends of it; do you put the prices up for the hourly rates? Yes, but you have to do it carefully; you have to do it well thought out and, as impatient as I am, you have to take your time over it. Because otherwise you are in danger of damaging the very businesses that are creating the employment that is creating the wealth, which is making it all go around in the first place. I accept the principle of what Deputy Mézec and Deputy Brée are saying and I see others who probably will not support this accepting that as well. It is an extraordinarily difficult decision that you make but for the sake of the businesses and therefore the people that are employed in those businesses, and it is very easy to say: "Well some of those businesses will go to the wall." They go to the wall and those people will be unemployed. Think very carefully about this, it is very tempting, but if you get the calculator out and work it out it is one heck of an impact on those businesses. Think carefully.

7.1.10 Deputy S.G. Luce of St. Martin:

I rise to add some weight if I can to the argument in favour of the agricultural community, a community which sees a great percentage of its staff on the lower wage brackets, and I can only endorse what Deputy Norton said about it is not just the people on minimum wage, it is those who are earning a pound more. If the minimum wage goes up, they will want an increase as well, and those above them; a large number, a large percentage of total agricultural staff would be affected by a rise in the minimum wage. I am glad that Deputy Norton stood and spoke when he did because when I listened to Deputy Tadier I became quite incensed and it would not have been good had I stood up immediately after him. He said, and I repeat: "Just charge more for your product." I have to say that it shows that the Deputy has very little understanding of the way agriculture works in this day and age. The days of charging more for your product and asking more and demanding more for your product went out of the window decades ago. The price of goods paid to Jersey farmers is a direct reflection of the price of those products in the U.K. We are in direct competition with large huge farms in the U.K., not just in the U.K. but across the whole of the E.U. The price of goods in Jersey, the price of produce in Jersey, has been and still will be the price of that product imported plus the cost of the freight to get it here. You cannot, in this day and age, just ask more for your product, it does not work. Local produce, if this proposition goes through, will be the first and the heaviest hit. You cannot mechanise picking daffodils, cutting cauliflowers, picking courgettes, and when you are dealing with a local market as small as Jersey where you have to send your staff out on a daily basis to pick 6 crates of something in one field, 2 crates of something in another, and a few boxes of a third product down the road, it cannot be mechanised, it cannot be speeded up, the costs cannot be reduced any further. The effects on agriculture will be enormous.

Also, I am not scaremongering here, but if farming deteriorates much further, there is a risk to the environment, the days of brown cows in green fields may well come to an end. We have just launched a new Rural Economy Strategy - it is a shame the Minister for Economic Development is not here to support me - but that strategy gives States support in exchange for environmental improvements. We are putting that at risk. There has been some mention of the Oxera report and I, like other Ministers, sat around the table and had the presentation and we had the economic advice and, yes, it is fairly neutral and, yes, we must support it and, yes, we must move forward. But we need to find a way of making sure that our agricultural community stays profitable for the benefit of the whole Island, for our environment, for our tourists, for our countryside. This proposition is a step further, a step way too far. We are going to work and see if we can find a way, we must find a way, to get to the Oxera recommendations by 2020. But this proposition goes much, much further and I ask Members to vote against it.

7.1.11 Deputy G.P. Southern:

It is quite a pleasant experience not to have me producing the annual “please put up the minimum wage” arguments. It has been outsourced to my chairman nowadays. But he has done the business; he has done it properly and far better than I would because he has gone by the book. He has required the Ministers to produce a report and so far in this debate I have heard exactly the same arguments that have been held up before over the years, over why we should not, over why we should stick with the recommendation and never raise the minimum wage beyond that. It has been very similar to those arguments. It has been very similar. Why? Because I have not heard anyone I do not think refer to the facts, refer to the information; refer to the report and what it says.

[18:00]

I have heard talk of it will cause inflation. I have heard talk it will put agriculture out of business. People will lose their jobs. All those arguments I have heard before. But what does the evidence say? We commissioned our usual economic advisers, Oxera, to produce a report on the possibility of raising the minimum wage significantly. So let us have a look at some of those facts and these are all taken from the summary on page 28 of the report. So employees would see up to £25.20 weekly increase in wage, which corresponds to 10 per cent pay increase. £25.20 in wages to the low paid. What is going to happen to that £25.20? Most of it, apart from that which goes to Poland, is likely to end up in the economy. That is self-generating; it will get spent, it will not get saved, it will get spent. Second point: “Combining the impact from employees who remain in employment who see an increase in their wages, employees who may lose their jobs and employees who see their working hours reduced, total employees’ incomes would increase overall by approximately £2.9 million.” £2.9 million, most of which will go into the economy, so this is stoking the economy, increasing economic growth, from the bottom up. That is the reality: “Of the 61,000 employees in Jersey, 14,800 would see an increase in their incomes. An estimated 400 would see a decrease in their incomes” because presumably they get less hours, but, overall, 14,800, a quarter of the workforce, with more money to spend in the economy. This is really significant. Now, listen to this, we have heard about potential job losses: “Around 60 net jobs will be lost concentrated in hospitality, agriculture and retail sectors where the low paid are. This compares to the 1,180 individuals registered with the Social Security Department as actively seeking work in March 2017.” Now those numbers are reduced a little further by now, but look at that. We have heard the farming lobby saying: “Job losses, job losses.” Net 60. So, after this is shaken out, yes, there will be some job losses and there will be people picking up the business, it is not going to change massively overnight, a net 60. That is not impossible to cope with. That is, as the proposer said, a mild effect. That can be coped with. While we are at it, let us just deal with the argument from the Constable of St. John who suggested that tourism and farming relied on low wages, except that it does not. There are some employers in the hospitality sector who do pay next

to the minimum wage and not much beyond and there are others who treat their workers properly, make sure they have good terms and conditions, pay them above the minimum wage, in order to retain them; in order to make sure that their training bills, their recruitment bills, are not through the roof. They hold on to their staff and they trust their staff and they get a better product in the end. So it is not absolutely dependent on using the minimum wage and low terms and conditions; treat the workers properly and your business will thrive. That is the universal lesson that many have learned in recent times. Okay: “A higher share of part-time employees will be likely to be affected than full-time employees due to the greater proportion of part-time employees working at or near minimum wage.” So it is getting to those who need it most: “Firms would be likely to see a fall in annual profits of around £380,000 to £800,000 in the long run. This corresponds to 0.03 per cent of economy-wide profit.” 0.03 per cent, a relatively minor element in terms of profit. “Prices in the economy would be likely to increase by [listen to the figures again] 0.05 and 0.06 percentage points. Annual inflation in Jersey from March 2016 to March 2017 was 2.9 per cent.” So let us put that 0.05 on and we get 2.95 per cent. It is hardly noticeable. It is negligible. It is very mild. However, consumer spending in the economy would increase by £2.4 million, as mentioned before, which relates to about a tenth of a per cent of earned income for employees in 2017. “Economy-wide productivity is likely to be increased by 0.1 per cent as a result of sectoral shift as employment losses will be greater in hospitality but lower in financial services and public sectors and other sectors.” So productivity going up slightly. Finally: “An increase in minimum wage results in a net increase to the Government fiscal position where the Government receives £0.3 million more in overall revenue than it spends.” So the cost to government; it is not a cost it is a positive. The net of those shifts is a positive. That is what the evidence says. The risk is very, very low. I move just slightly on to comparisons with other places. We have just heard that Guernsey has just put its minimum wage rate up to £7.75. We know that the U.K. is about to put its minimum wage up to £7.83. The U.K., which has a cost of living 20 per cent lower than ours, will have a minimum wage of £7.83. Unless we put up our minimum wage, I would argue, what is to stop these Polish and Romanian workers going to the U.K. instead? Given Brexit and the uncertainty of how welcome they might be in future, will they be going there or even will they be coming here or will they be working in the Dutch potato fields; I do not know what their minimum wage is but I suspect it is probably higher than certainly ours. So 20 per cent less expensive to live there and yet we are talking about moving to £7.88 compared to £7.83, so just a touch ahead of the U.K. in order to stay attractive to these migrant workers. That is the reality as well. The process that we are going through, the Employment Forum is tasked to consider the economic arguments; that does not mean that the Minister must obey those economic arguments because the minimum wage is, when push comes to shove, a political decision, perfectly possible for this Chamber to say: “We have read the evidence. We have certainly studied in depth the evidence that we got from Oxera, *et cetera*, and we can, if we choose to, enact part (a) and, I would argue, part (b). Again, it was my fault that we had this convoluted arrangements where we were going to achieve a target within 16 years and it seems like for ever. I have been here 14 years of those. It seems like for ever. We are never going to get there. The argument has been put very strongly and very well by Deputy Lewis of St. Helier that if you are an employer you pay attention not to something which is 10 years in the future, nobody looks at that, it is not important. We will deal with it later. You need short, sharp targets in order to achieve anything - in this case 2 to 3 years - let us get a move on and get what is 60 per cent of the median wage, which is the low income marker - that is the threshold for low income - that is the right target to much with the U.K. and to match what we are trying to do, which is to stimulate the economy from the bottom up. I suggest Members can safely go with this evidence base that says we should increase our minimum wage to just above that in the U.K., and that in part (b) we should look to applying a shorter, sharper period in which to move what is going to be the income threshold to above the low income mark.

7.1.12 Deputy P.D. McLinton of St. Saviour:

It is sort of counterintuitive, is it not, that some of the coldest, wettest, stinkiest, foulest jobs available to man or womankind, the jobs that people do not want to do, the very jobs that society tends to pay the least for, it just does not seem right but that is the way it is. I have heard some arguments in this Assembly today against voting for both of these parts. I just want to ask some Members to exercise caution when it comes to what some people may hear because people are very selective. They hear what they think they do. They could have heard that this Island must pay less than a living wage in order to keep Jersey pretty. Careful how you phrase what you say because people may hear something very different to what you mean. I believe we should pay a living wage for the humanity that some of these workers invest in our Island, some of the hours that they will never get back, they choose to spend here. We should take care of everybody and treat them as an equal no matter how skilled they are or unskilled, as they may be perceived to be. I know we have this argument on an annual basis but it does disturb me that in some way we are prepared to argue for a strata of people worth less than any other strata of people. It just irks me. I am all about humanity. That is what I am about. Sometimes I think we lose sight of that when we are arguing with the bean counters, so I really do believe that we should look to our conscience and start to pay a decent wage for a hard day's work. I shall support both parts of this proposition.

7.1.13 Deputy G.J. Truscott of St. Brelade

Just to recap. The Employment Forum's unanimous recommendation of a 4.5 per cent increase in the minimum wage for 2018 is the highest rate increase in 9 years. This rate is greater than the average earnings of 2.6 per cent June 2017; the rate is greater than the latest inflation figure of 3.1 per cent September 2017. This 4.5 per cent increase minimum wage for me represents a step in the right direction.

[18:15]

It represents a sensible, measured move towards achieving a higher minimum wage. So who knows what the next 2 years will bring. Brexit day is looming. Is it going to be a hard Brexit, a soft Brexit, who only knows? What is it going to do to our economy? Philip Hammond, the U.K. Government's Chancellor of the Exchequer, during summing up in last week's Budget Statement warned of tough times ahead predicting a downturn. Our own advisers have also warned of a possible reduction in economic growth of our own economy next year. The proposed 9.7 per cent increase in the minimum wage by Deputy Mézec is being made at a time of economic uncertainty and could potentially cause some local businesses - if the proposition was to be adopted - some real financial challenges. The problem with our farmers is, as Deputy Luce mentioned, that they work on a business model of high volume margin and low margins ... sorry, I will get that right. Their business models; high volume, low margin. The price they receive for their goods is often dictated to by large supermarket chains who are only interested in one thing: quality product at the lowest price. This Government is often criticised for not consulting yet here we are with a minimum wage of £7.50 which has been arrived at following extensive research and considerable local consultation by an independent Employment Forum. I would like to take this opportunity to thank publicly the members of the Employment Forum who, on a voluntary basis, give up so much of their personal time to produce these well-researched, considered and measured reports. I respectfully ask Members to stick with the proven method of determining the minimum wage. The Employment Forum's way, a process that has served this Assembly and Island so well over the last 12 years. On that basis I ask Members to reject part (a) of this proposition. As the Minister for Social Security has already stated, she cannot support part (b) of the proposition, and I agree. Part (b) really does set an unachievable target for the minimum wage in a 2-year period. However, I believe the Chief Minister has a view on this matter, and will no doubt share that view with us when he stands to speak. Thank you.

7.1.14 Deputy J.A. Martin:

I will be brief. I was hoping to hear because the last speaker was the Assistant Minister for Social Security and we had already heard from the Minister. Time and time again I think they should be biting off ... it was Deputy Southern, now Deputy Mézec's hand, because where do we ever get any figures that the massive bill for income support will start ... there is a balance here going slightly down as wages of the lower earners goes up. Deputy Southern, myself, over the years we have asked the Minister for Social Security to do this; have a look. But I really rose to say, because I do not know if the Minister for Treasury and Resources is going to speak, but earlier on he said: "If we had have gone out to properly consult with the retailers of course they would have said: 'No, we do not want to pay tax on our profits'" or whatever. But who do the Forum consult with? The employers. So every year they are always backing: "Mm, what can we just about ..." Social Security have followed it religiously every single year. They do not when Deputy Southern, or now Deputy Mézec, brings an amended amount say: "Erm, no, well that might be wrong, but that might be wrong." Well, let us have a middle and let us do a little bit of research and see how it ... if somebody on that wage is doing the set 35 hours, it is the minimum you must do. If you are claiming income support you must be doing a job of 35 hours, if you are in work, or that is your aim. So there is so much more to this. Total respect for the Constable of Grouville but because these people who maybe do some of the jobs do not stay here that long and do not come from here they should ... we have got to - I think he said - even look to carve out a different wage. Sorry, that is not going to happen. He may not have said that, but he said he could support a minimum wage if it did not include these people. That is what I thought I heard. To me, you are going to go out. The Minister goes out ... I do not have a problem with the Forum, but the Forum go out every year and they consult the employer and of course they are going to keep it as much as they think they can but the economy is supposed to be doing well. So I think we literally have to support this extra bit of in between, and when Deputy Norton was doing his figures he said an extra £7.50. I think he meant the difference between the £7.50 and Deputy Mézec's pence, and it is per hour. He also said: "And if you have got more employees who are paid a bit more it starts rising up" and I am going: "Yes, yes, yes." That is a good reason to do this. Good employers want to do this and some of them already do. But we brought in the minimum wage. As Deputy Southern said, I think he brought it in or brought amendments to it in 2005. It has taken a long, long time to get any meaning in Jersey. I just leave you with one figure. Even a living wage, a £10 an hour on your 35 hour a week, £350 a week will not pay your Andium rent for a 3-bedroom house. Leave it there.

7.1.15 Senator P.F. Routier:

I am pleased to follow Deputy Martin because the impression she gave about the Employment Forum unfortunately is not quite as it is, because when the Employment Forum was established a number of years ago, when I was on the Social Security Committee, when we introduced the minimum wage, that was something we were very careful that the Employment Forum was established properly. The Employment Forum is made up of 3 employees, 3 employers and 3 independent people. They are the people who go out and consult not only with employers but also with the employee representatives as well. They think about to what they are going to propose to the Minister very carefully. I know they do take it very, very seriously and I think we should thank them for that. I do not think we can criticise what the Employment Forum does. In fact we should congratulate them for the work that they do do. I was amazed at some of the comments, which Deputy Southern was making about ... he seemed to just want to brush aside the thought that 60 people could lose their jobs. He wanted to brush aside the possibility that some people would have their hours cut. [Aside] He said it did not matter. It made little difference.

The Deputy Bailiff:

Through the Chair.

Senator P.F. Routier:

Sorry. The Deputy said it would make little difference. To those individuals it would make a big difference. I am amazed he said these things. I can recall when I think it was Woolworths that closed down and those people were made unemployed he was [Aside] ... he was all over the place supporting that number of people. A lower number than that. So I am really disappointed that he does think that 60 jobs being lost and other people having less hours work ...

The Connétable of Grouville:

Would the Minister give way? Sixty is a net figure. We do not know how many jobs are going to be lost and how many are going to be made. It could be hundreds of jobs to the agricultural and hospitality industry.

The Deputy Bailiff:

I am sorry is this a point of clarification from your speech, Connétable, is it?

Senator P.F. Routier:

I think he was helping me, Sir, to clarify that it is actually probably going to affect more than 60 people. What I would say: it is a risk whatever we decide to do. The balance of risks is thought about by the Employment Forum. They do take all the evidence and come to a decision which from the balanced group of people that sit around and make the recommendation to the Minister, they do it exceptionally carefully. Members have been mentioning about the difference between other jurisdictions. Well, I cannot keep - I keep on saying this every time - other jurisdictions their minimum wage starts at the age of 25. Ours starts at 18. So when the Employment Forum consider this matter they also take that into consideration, that is the reality of it. They have said it in previous reports that if the minimum wage age rate was to be reduced they would be more than likely to have a higher minimum wage. They said it very clearly in previous reports. So I think this is a risky thing for Members to consider going above what the Employment Forum have proposed. Also, I think it does them a disservice if we are going to ignore what they say to use. They carry out their job exceptionally well and then for us to ignore their recommendation I think it would be a travesty. That is regarding part (a). With regard to part (b), the proposer chastised the Council of Ministers for not coming forward with an amendment to reduce that 60 per cent down to 45 per cent. "Why did they not do that?" We did not do it because this is the proposition, that the intention is the Council of Ministers have said, and the Chief Minister has said, they are very keen to get down to 45 per cent by 2020. That is what has been progressed. I think it would be very dangerous to allow this 60 per cent to go ahead. I hope Members will vote against this.

Deputy G.P. Southern:

Could I ask the Assistant Minister for some clarification?

The Deputy Bailiff:

If it arises from his speech you can.

Deputy G.P. Southern:

He has compared directly 45 per cent with 60 per cent when what he meant was 45 per cent of the average and 60 per cent of the median wage, which is a different figure and not that different. It is not as different as 45 and 60 per cent. It is 2 different things of measure that you are taking. Median and average.

7.1.16 Deputy M.R. Higgins:

I am only going to speak briefly because I think it is important that every Member nails their colours to the mast on this issue. I have been in the States for 9 years. When I came in here one of the things I was concerned about was the inequality in our society - the haves and the have-nots -

and I cannot think of anything ... I cannot think of a measure at the moment where the Council of Ministers have brought forward anything in that period of time to improve the balance between the 2. Not one thing that I can think of. Maybe the Chief Minister will get up and tell us. For example, we were having an argument here, which I do not think ... it is entrenched on both sides. I happen to believe that we need to do something about this. I also happen to believe that we need to do something about social mobility. People are being caught in a trap. The Oxera report mentions that 40 per cent of people are earning less than £20,000. I would like to see many States Members live on £20,000. It is very, very difficult. But basically keeping people on subsistent wages; not living wages, subsistent. They are just about getting by. I will say one thing: that I will be supporting when they finally do bring it through because it is on the social mobility question, the idea of paying the fees for going to university and the maintenance grants. That is a positive move that comes from social mobility. But if you have people living in adequate accommodation, as we know many people do on very, very low income, what is their chance of improving their lives. There is very little to get them to improve their position both economically and socially so they can move upwards. We have an economy that is basically, as I say, haves and have-nots, and it is just stagnating there. The economic figures that have been quoted, not only by Oxera but also by the Statistics Office in the various reports, show that things are getting worse rather than better. I know we have heard the Minister for Treasury and Resources going on about how wonderful the economy is and how this, that and the other. You can look at the figures. You can see we have not had economic growth over a period of time. We have had a few years here and there. But on the whole people have not really benefited. The point is if you look at the troughs and the peaks, basically we are flat-lining or falling below. So the statistics are showing that the Island is not really improving that much. Some people are doing very well, thank you. Others are suffering but we are not pursuing policies which are dealing with the basic problem of haves and have-nots, trying to help people. I did appreciate I think it was Deputy Brée where he mentioned about trickle down. Sorry, Deputy Lewis. By the way, I happen to agree with everything Deputy Lewis said on this issue. We are at one and I am at one with others when it comes to living wage and trying to improve the situation for most Islanders here. Senator Maclean is the one who is always talking about trickle-down economics. It does not trickle down, it gets stuck. I agree with Deputy Mézec on this particular one. We need to start at the bottom. This measure and doing it quickly is one of the ways we can start reversing this trend and we can start helping, as I say, a large proportion of our population.

[18:30]

I felt that the proposition on tax that was brought by Deputy Mézec yesterday was a step in the right direction as well; 90 per cent of the population would have been better off and yet we did not pursue that. We have a tendency to dig our heels in and, for example, the Constable of Grouville, a very nice gentleman, I like him and everything else, but I know he basically will never ever change his mind on this issue. There are other people here with exactly the same view. I am not going to change my view. I believe we need to be doing something to help the majority of people on this Island get forward and get a better standard of living. So I know how I am going to vote. I think every States Member should get up to say: "I am going to vote for this proposition" or: "I am not" because I think the public have a right to know who their Members are looking at their living standards and their futures. We have to support this otherwise you are just going to perpetuate the same old thing in the same way at the next election, they vote the Council of Ministers in again, they are going to be voting for more of the same.

7.1.17 Senator I.J. Gorst:

Perhaps I would urge not every Member to speak and say how they are going to vote because our votes will be a matter for the public record, as they should be. I do not believe that this issue is as

entrenched as the Deputy is trying to indicate. I think that there is more agreement on these issues than there has ever been and I pay tribute to Deputy Andrew Lewis and the work that he has been doing with the Low Wage Foundation and together with Caritas Jersey looking at the Jersey or Caritas living wage and he speaks eloquently on this matter and he is passionate about this matter and I understand why he is. The Oxera report of course was undertaken by our normal external economic advisers and it is interesting to see how Members have been lectured by those who read it in one way as having not read it because they have not read it in the same way. It is clear I think if we take Deputy Andrew Lewis's reading of it, the economic potential downsides are not as great as some might have thought, but nor is it a complete rosy upland where a few people losing their jobs is minimal, as someone else has suggested during this debate, because that is a net figure. I have enjoyed many of these debates on an annual basis and every time one of the arguments used for increasing the minimum wage is that it would reduce the income support payment. I am pleased that this report has put that myth to bed because of the number of people who would be made unemployed. But we must look at these reports and look at the entire facts. What this report says is, on a very broad sweep, many, many people will benefit in our community from an increase in the minimum wage, and that is why Council of Ministers took the view when they considered the report that moving from the current policy faster was the right approach. I accept it is the right approach and I undertook to my fellow Ministers to engage with those sectors of our economy for whom it would be and will be most difficult to manage. I have had 3 meetings now with agricultural industry representatives. I have asked Senator Farnham to speak and meet with representatives of the hospitality industry. I have not yet had feedback from those meetings but I have met with the Minister for the Environment, who also has responsibility around farming. I was as ever struck by the approach of those farming industry representatives. They are not against an increase in the minimum wage, nor are they against an increase in the minimum wage or a change of policy to deliver it faster, if we are able to work with them to mitigate the effects. Because, for some of them, and the Minister for the Environment said this in his comments, and we hear gurning from across the Assembly, some of them representing local growers who produce or grow produce into the local supermarkets of vegetables and flowers, without a properly managed approach, without proper support, and I think this is what Deputy Tadier was suggesting about subsidies, without a proper approach of support it would drive them out of business. It is not scaremongering. These are people; these are representatives of those associations that want to work with Government to get to a better place. I have undertaken to work with them. Not easy, some departments do not believe that some of the mechanisms they have can help support, others do, but we have undertaken to work together. That is why we have not brought forward yet at this stage our own proposal that we were criticised for by the mover of the proposition in his opening comments. We have also heard, it was the Deputy of Grouville, suggesting could we not just increase in effect the accommodation offsets. I have asked Social Security Department to look at that and there are some reasons why that might not be wholly appropriate. But what I am reminded of, during the course of this debate, is that we could broaden out a working party to work with the agricultural industry to agree on a package of support that we then can bring to this Assembly alongside a change of our policy to increasing the minimum wage in a shorter period than currently stands. So I do not think there is the division that some would like to try to sow across this Assembly. The mover of the proposition is going to stand up and say: "It is all words." Is going to say: "Vote for this today because it is better than something in the future." We have heard them all before. We can choose to do that. We can choose to do that but we must, if we do choose to do that, be mindful of the risks of businesses going out of business in the very areas where we agree in this Assembly we would like to support them more, not less, and people losing their jobs. Yes, and a net figure, which might be 60, but in the agricultural sector there will be far more than just 60, and other jobs will be created elsewhere, as the report shows. So I have no choice, it does not give me any pleasure, because we are going to be portrayed as inhuman, inhumane, uncaring, not

understanding the issues, perpetuating all these evils in our society. That is how we will be portrayed. But it is not true. Right now my officials will continue and are continuing to work with the Environment Department, with the Economic Development, Tourism, Sport and Culture Department, with the agricultural sector, to bring forward measures that will mitigate to a large extent those detrimental effects. I think that is the responsible approach to take, not the one that we are being asked to take today. For the reasons that the Minister and Senator Routier said earlier, it would also be irresponsible to overturn the order based on the Employment Forum's recommendations. That is the position I take and that is the position I ask Members to take today as well.

Deputy A.D. Lewis:

Could I ask the Chief Minister a point of clarification, is he suggesting that the farming industry could effectively be given subsidies in the future? Is that what the Minister was suggesting?

The Deputy Bailiff:

I think that is a legitimate point of clarification, Chief Minister.

Senator I.J. Gorst:

We might call it support, we might call it subsidies, we will have to find a mechanism, which involves money; of that I have no doubt.

The Deputy Bailiff:

Very well. Does any other Member wish to speak on the proposition? I call on Deputy Mézec to respond.

7.1.18 Deputy S.Y. Mézec:

I am going to try and deliver my closing speech for this. I have to admit I am in a bit of pain right now from the sheer effort I had to put into holding back laughter when the Chief Minister said: "Do not worry, this is all in hand because Senator Farnham is having meetings with people." That certainly does not make me feel any more relaxed about this situation whatsoever. The Chief Minister says that we are not as divided as we think we are on this. I am afraid we are. We are divided into 2 camps: those who will vote for progress and those who will speak about progress, and that is the simple fact of the matter. I would say to the Chief Minister, if he wants to meet somebody who is on minimum wage, look them in the eye and say: "Do not worry, it is okay, we are going to let your wage fall, we are going to see the value of the minimum wage fall behind our nearest neighbours and competitors, but do not worry because at some time in the future we might do something if we can find some sort of arrangement." It is not good enough. People need more than that in their lives to know that they are going to have security; that there is going to be progress in there. However much it might irritate the Chief Minister hearing it, it is a case of platitudes. That is what it is. I want to see support for those industries that might struggle with this. Deputy Norton, thankfully a voice of reason from the Economic Development Department who is prepared to stand up in this Assembly and speak in support of small businesses, and I will agree with much of what he has to say. I want to see support for small businesses as well. That is why it irritates me that the Chief Minister, when he was elected, spoke of all sorts of things he wanted to do to help small businesses in 2014; some of which he has done absolutely nothing towards achieving. Like, for example, progressive social security rates for the self-employed, something that would help a lot of those people, the innovators, the people who take risks to start their business and employ people, nothing on it. So that is what this is about I am afraid. It is about platitudes. But I thank those Members of this Assembly who have contributed to this debate, not all saying they are going to vote for this proposition, who have made good points that I want to try to address throughout the course of my remarks. The Minister for Social Security started off the

debate saying that this increase that there is proposed for April next year is the highest there has been - I think the Assistant Minister made this point as well - the highest it has been in 9 years. So what? It is not enough. It is still not enough. Guernsey is going to be £7.75 on 1st April. The U.K. is going to be £7.83. We are falling behind. We may say: "Well it is still the highest we have had in 9 years." Sorry, not good enough. We are still falling behind the rest. That is the figure that matters, not comparative to what has been done previously. I want to know: do we have a minimum wage that is fit for purpose next year from 1st April and the answer to that is no; that simply is not the case based on where we are right now. The Constable of Grouville, he made one statement in his remarks that I think sums it up, and I know he said he is not going to support this proposition. I tried my best to write down exactly what he said; I think he said something like: "I do not know what the answer is." I have sympathy with that because there are all sorts of implications to do with business regulations, what support is provided to which industry, there will need to be a debate about what can be done to support them and I am certainly with him on that.

[18:45]

But I put it this way; do we know what the answer is not? I would say poverty wages are not the answer in any context we may find ourselves in. Whatever we might want to do to support those struggling industries, we are not going to say part of the solution is to accept that people who are working full time should be earning poverty wages. That is not the humane way to act. It is not the way a civilised society should be acting. If you do a decent day's work you ought to get a decent day's pay for it and we need to be voting for propositions to get us there, not simply talking about it. He spoke about some of the reasons that local people do not like working in these industries, he talked about the weather, the hours and what have you. Of course part of why local people do not want to work in that is because of the pay. I want local people to see the value in these industries. I remember being at school when it was not so bad, but it was generally considered that the best place you could possibly go and work when you left school was the finance industry or in law or something like that and those obviously are great industries to work in. But there was not much support I think for people who aspired to be working in retail, to be working in hospitality, agriculture. I spoke to someone recently in the context of this debate, a young woman; I think she is a year or 2 younger than me, who works in the hospitality industry in Jersey. Local, born and bred Jersey, is very proud of her job, enjoys it, but she is not going to be there for much longer. She has decided she has to leave because, for the decent standard of living she wants at this point in her life, she simply cannot get it in that industry. What a shame. What a shame that someone who is proud of that job, enjoys it, thinks they do a good job, has been trained, will now be leaving it. I remember back to when I worked in retail. I enjoyed working in retail a lot more than I enjoyed working in law because it was customer facing, you got to meet interesting people every day, help out people when they were struggling with something, but the pay was not good at all and if I had stuck around in that career I would still be living with my parents and would probably be quite miserable, and I am sure they would be quite miserable about that as well. Is that not sad? You go to other places around the Continent, and France in particular, and there are places I go and visit in France every year and I see the same people in their 30s and 40s in the same shops and the same restaurants because it is a career for them there because they can do it. That is something that needs serious consideration in the Island and we are not going to get there if we continue to say it is okay for those industries to pay poverty wages. There was talk about people who come from other countries to come and work in those industries in Jersey, Poland is obviously the example that we know best and the Constable of Grouville was saying we have to keep the wages competitive here so that we can afford the workers who will be coming here. But I have to say, if you are going to get paid more in Guernsey, you are going to get paid more in the U.K. where the cost of living is lower, at some point you will reach a point where you cannot find people who want to come to work in Jersey from these other countries. Why would you come from Poland to work in Jersey

where you may have a lower standard of living because of what you are being paid than you would in another part of the U.K.? This is what frustrates me, it is the argument that is used for why we cannot tax the wealthiest people in Jersey more because they are mobile, they will go somewhere else, but when it comes to the poor that argument does not apply to them, and I just think that is such a double standard. It is about the haves and have-nots, as Deputy Brée said in his speech and put it quite well. There has been talk about the effect this might have on inflation and Deputy Luce was giving the usual doomsday argument. That is particularly frustrating when we have the Oxera report in front of us, which is the best, the most scientific analysis of this that we could possibly hope to have. It gave all of the predictions of what this could do in terms of inflation, in terms of public spending, and the best, most reliable information we could have. It spoke about inflation, 0.05 per cent. I mean, really, is that doomsday, 0.05 per cent inflation. It said consumer spending in the economy would increase by £2.4 million. That is not bad, surely, but some would like to say that is doomsday and that argument I think really does this situation no justice. It is frustrating because we have this Oxera report and I have to ask some of those who still want to oppose it, what will make you happy? What will make you vote for it? We have literally done this by the book, as Deputy Southern said. We have argued for this previously. Last time around I was arguing for a minimum wage rise of 2p an hour and we still said: “No, we cannot possibly because we do not have the information in front of us.” So I said: “Fine, okay, part (b), let us have the analysis done by a reputable organisation who we can trust.” That is exactly what they did, they have come up with the information before us, and some people still want to disregard it. I find it difficult to believe those people when they say: “I want to see a higher minimum wage but we want the information, it is going to be doomsday.” We do things by the book, we get that information, and some still are not convinced. It does make me believe that they simply never will be convinced around to this way of thinking. Senator Routier wanted to focus on the net job loss of 60 and he tried to portray it as if we somehow do not care about that. I mean I will take no lectures from anybody who voted for outsourcing of the infrastructure jobs, many of those people lost their jobs, put on the dole as a result of that, and I voted at every opportunity to try and protect those jobs, protect the standard of living for people in the public sector, so no time for lectures on that, thanks very much. But the Oxera report itself talks about 14,000 people getting a pay rise as a result of this. This is what this is about. This is whether we are prepared to pass something that is in the interests of the many or whether we side with the few, and that is ultimately what it comes down to. This is a proposition, which will improve the lives of 14,000 people and 60 net job losses is certainly no good thing but it is a lot better than what we thought it would be. The Council of Ministers boasts about all the jobs that are currently being created, well, brilliant, let us give some of those to these 60 people rather than having people coming from outside the Island to do those jobs, that I think is something that would be better for the Island. He spoke also saying you cannot compare it to other countries because they have age bands. I am very glad that Jersey does not have an age band because it is discrimination; there is no other way of putting it. Equal work for equal pay, age bands are discrimination, we should not go down that road. But we have done something smarter than that, we have something even better in our Minimum Wage Law, it is called the trainee rate. So, if you are worried about paying somebody X amount because you do not think they are up to the job, you put them on the trainee rate, you give them the training that they need to get up to the standard, and that counts for anyone, no matter how old you are. A competent 18 year-old will not get paid less than an incompetent 30 year-old who needs support to get the skills in that job. That is why our Minimum Wage Law is superior to the laws in other countries because we have this trainee rate. That is where it stands and that is how you go about addressing that argument. The most frustrating thing about this, and I said it in my opening speech, the Chief Minister said, in fact somebody sent me the statement that was released on 6th July after this Oxera report, and I am going to read one section of it, he said: “In considering the report, it is clear that a significantly higher minimum wage could bring both positive and negative

consequences with many employees benefiting and potentially higher consumer spending, but potential job losses and lower incomes for some. Overall, however, this report shows that the States aspiration to achieve a minimum wage of 45 per cent of earnings by 2026 is too slow. I therefore want to accelerate the timetable, delivering this change by 2020. This will benefit many workers and support our overall objectives for our economy, population and society. I will be bringing a proposal to the States later this month to deliver it.” We are December now, where is it? No excuses. That is a broken promise; simple as that. But it is made worse than that because when I put forward this proposition with what I think is the better way of doing this, having it 60 per cent of median rather than 45 per cent of average, there is no amendment. If something had simply fallen off the rails or lost track of something and that is why the Chief Minister had not brought the proposition that he said he was going to, he could have at least used this as an opportunity to amend it and, do you know what, I would have probably accepted it. I would have probably said: “Okay, better than nothing, at least it gets something passed.” I would have accepted it. Lost opportunity and the poorest people in Jersey will suffer as a result of it if the States do not vote for at least something today. So, in my final plea, I say to States Members, remember why you are here, it is part of this narrative I have been talking about over the past few days. We are becoming a more unfair and unequal society where people’s lives are getting more difficult. We have to do something about it. It is not good enough to just talk about it. It is not good enough to just give platitudes and say: “I would love to do something to help all these poor people” but when the opportunity comes to duck it. This is the time to be doing it. We know that it is not going to have the doomsday consequences that some have told us. This will make a tangible difference to thousands and thousands of the people who we represent, whose lives we should be trying to make more enjoyable, better, good for our economy. In the grand scheme of things, this is an absolute no-brainer as far as I am concerned. I really hope that Members will put the interests of these poor low-paid people in our society first at a time when things are getting more difficult for them. What a sign it would be to them that it is not all doom and gloom; that there are some politicians out there who will stand up for them and that there is hope in the system. We have learned about the Jersey way over years, this idea that the Care Inquiry spoke about where many people have no faith in our institutions, they do not think that we stand up for them, they do not think that we can be trusted to deliver for them. Would that not be a good way of proving that wrong and say we can have a new way of doing things where our primary aim is to stand up for the standard of living of those people, make their lives better, and maybe then many of those people would have more faith in the system; they would engage more and the more engagement there is with our democratic process the better results there will be no matter who is in this Assembly, no matter who is in Government. I urge Members to back both parts of this proposition.

The Deputy Bailiff:

Yes, you are capable of taking that in parts. So you wish to take part (a) first. The appel is called for. I invite Members to return to their seats. The vote is on part (a) of the proposition. I ask the Greffier to open the voting.

POUR: 14		CONTRE: 23		ABSTAIN: 0
Connétable of St. Martin		Senator P.F. Routier		
Deputy J.A. Martin (H)		Senator A.J.H. Maclean		
Deputy G.P. Southern (H)		Senator I.J. Gorst		
Deputy J.A. Hilton (H)		Senator A.K.F. Green		
Deputy K.C. Lewis (S)		Connétable of St. Clement		
Deputy M. Tadier (B)		Connétable of St. Peter		
Deputy of St. John		Connétable of St. Lawrence		
Deputy M.R. Higgins (H)		Connétable of St. Mary		
Deputy J.M. Maçon (S)		Connétable of St. Ouen		

Deputy S.Y. Mézec (H)		Connétable of St. Brelade		
Deputy A.D. Lewis (H)		Connétable of Grouville		
Deputy S.M. Bree (C)		Connétable of St. John		
Deputy T.A. McDonald (S)		Connétable of Trinity		
Deputy P.D. McLinton (S)		Deputy of Grouville		
		Deputy of Trinity		
		Deputy E.J. Noel (L)		
		Deputy S.J. Pinel (C)		
		Deputy of St. Martin		
		Deputy R.G. Bryans (H)		
		Deputy S.M. Wickenden (H)		
		Deputy M.J. Norton (B)		
		Deputy of St. Mary		
		Deputy G.J. Truscott (B)		

The Deputy Bailiff:

Coming then to the vote on part (b); I ask the Greffier to open the voting.

POUR: 15		CONTRE: 22		ABSTAIN: 0
Connétable of St. Martin		Senator P.F. Routier		
Deputy J.A. Martin (H)		Senator A.J.H. Maclean		
Deputy G.P. Southern (H)		Senator I.J. Gorst		
Deputy of Grouville		Senator A.K.F. Green		
Deputy J.A. Hilton (H)		Connétable of St. Clement		
Deputy K.C. Lewis (S)		Connétable of St. Peter		
Deputy M. Tadier (B)		Connétable of St. Lawrence		
Deputy M.R. Higgins (H)		Connétable of St. Mary		
Deputy J.M. Maçon (S)		Connétable of St. Ouen		
Deputy S.Y. Mézec (H)		Connétable of St. Brelade		
Deputy A.D. Lewis (H)		Connétable of Grouville		
Deputy S.M. Wickenden (H)		Connétable of St. John		
Deputy S.M. Bree (C)		Connétable of Trinity		
Deputy T.A. McDonald (S)		Deputy of Trinity		
Deputy P.D. McLinton (S)		Deputy E.J. Noel (L)		
		Deputy of St. John		
		Deputy S.J. Pinel (C)		
		Deputy of St. Martin		
		Deputy R.G. Bryans (H)		
		Deputy M.J. Norton (B)		
		Deputy of St. Mary		
		Deputy G.J. Truscott (B)		

The Deputy Bailiff:

That concludes Public Business for this meeting. I invite the Chairman of P.P.C. (Privileges and Procedures Committee) to propose arrangements for the future.

The Deputy of St. Martin:

Could I just say a couple of words before we do that? On 12th December we are due to resume the debate on the Draft Public Health and Safety (Rented Dwellings) Law. Following a very useful and positive constructive Scrutiny process there are 3 minor points of clarification that I have agreed with the panel would be beneficial. I believe it is right that these changes are made so today I have

lodged a draft amendment to the draft law reflecting the discussions that I have had with scrutiny. I strongly believe that it is in the public interest to make these changes and it should not be at the expense of delaying the second and third readings of this proposition, which received unanimous support in the first reading. I would like to ask the Assembly to agree to reduce the lodging period under Standing Order 26(7) to allow these minor amendments to the proposition to be debated at the next sitting and, as I said, I would have liked to have lodged earlier but there is understandably a bit of a delay with law drafting with the Budget, but I would like to thank nonetheless the law drafters who have produced the amendment that I lodged this morning. I believe it is for cases such as this, which are genuinely in the public interest, that Standing Order 26 exists and I ask the Assembly to allow a reduced lodging period.

[19:00]

The Deputy Bailiff:

Have Members been shown a copy of the amendments?

The Deputy of St. Martin:

No, I have asked for it. I have signed the M.D. (Ministerial Direction); it has been lodged and officers assure me that it is officially lodged, even though it has not been circulated.

The Deputy Bailiff:

It is a matter for the Assembly, but it seems to me to be quite difficult for Members to consider whether it should be accelerated within the ...

Deputy E.J. Noel of St. Lawrence:

It was put into our pigeonholes just outside.

The Deputy Bailiff:

You make the proposition that you would like it to be considered. Clearly you are entitled to make that proposition. If Members have not had the opportunity of reading it, it would seem to me to be perhaps slightly premature. Perhaps it is something better done on the 11th itself, but it is a matter for you. You are entitled to make the proposition.

The Deputy of St. Martin:

In that case I am happy to come back on the 12th and make the proposition then when Members have had a chance to consider it.

The Deputy Bailiff:

Very well. Chairman.

ARRANGEMENT OF PUBLIC BUSINESS FOR FUTURE MEETINGS

8. The Connétable of St. Clement (Chairman, Privileges and Procedures Committee):

The sitting of 30th January with the addition of the Draft Marriage and Civil Status (Amendment) Law, which was unfortunately left off the Consolidated Order Paper. On 16th January, as per the Order Paper, but with the addition of Projet 102 in the name of Deputy Southern, which he deferred from today. Thank you, Deputy, for doing that. The addition of Projet 108 in the name of the Chief Minister, the Independent Jersey Care Inquiry Report Implementation and Recommendations, which will be deferred from 11th December to 16th January. Also added the Projet 115 in the name of Deputy Andrew Lewis, the Bellozanne Sewage Works: emissions proposition. On 11th December, as per the Order Paper together with the amendments, which have

been lodged in the last few days to 4 of the propositions, and I would also ask Members to note that we should be starting on Monday, 11th December, at 2.30 p.m. for questions and statements. That is the proposition for Public Business.

8.1 Senator A.J.H. Maclean:

I would just ask if Members would accept the hospital debate being the first debate on the Order Paper, moved up to the beginning.

The Deputy Bailiff:

Did you wish to give an explanation to Members?

Senator A.J.H. Maclean:

It just seems it is clearly going to be a big debate and it does seem to be to be sensible to have it as the first item on the Order Paper. I just wondered if Members would support that as a principle.

The Deputy Bailiff:

Do you wish to move that as a proposition?

Senator A.J.H. Maclean:

Yes, Sir.

The Deputy Bailiff:

Seconded? [**Seconded**] Very well, does anyone wish to speak on whether or not this comes up to the top of the Order Paper?

8.1.1 Deputy M.R. Higgins:

Yes. I am trying to understand, we had the inspector who has been looking at the hospital, when you say: "Inspector is supposed to be reporting" is it before we debate the funding or after? Perhaps someone can tell us that because I think it is very important that we find out what the Inspector says before we vote money.

8.1.2 The Deputy of St. Martin:

If I might assist the Assembly; it is my understanding that the inspector had intended or expected to report back to myself sometime during the second week of December. He has asked for an extra week because of the amount of paperwork and work to be done. I cannot give the Assembly a definite date but I would be very surprised if a decision has been made on the hospital before the next States sitting.

The Deputy Bailiff:

Does any other Member wish to speak on the proposition that we move this up to the top of the Order Paper for 11th December? Do you wish to say anything in response, Minister?

Senator A.J.H. Maclean:

No, Sir. If we could just go to the vote.

The Deputy Bailiff:

Very well. All those in favour of moving up the Order Paper for the hospital debate? The appel is called for. I ask the Greffier to open the voting.

POUR: 23		CONTRE: 13		ABSTAIN: 1
Senator P.F. Routier		Connétable of St. Martin		Deputy of St. Martin
Senator A.J.H. Maclean		Connétable of St. John		

Senator I.J. Gorst		Deputy G.P. Southern (H)		
Senator A.K.F. Green		Deputy of Grouville		
Connétable of St. Clement		Deputy K.C. Lewis (S)		
Connétable of St. Peter		Deputy M. Tadier (B)		
Connétable of St. Lawrence		Deputy of St. John		
Connétable of St. Mary		Deputy M.R. Higgins (H)		
Connétable of St. Ouen		Deputy J.M. Maçon (S)		
Connétable of St. Brelade		Deputy S.Y. Mézec (H)		
Connétable of Grouville		Deputy A.D. Lewis (H)		
Connétable of Trinity		Deputy S.M. Bree (C)		
Deputy J.A. Martin (H)		Deputy T.A. McDonald (S)		
Deputy J.A. Hilton (H)				
Deputy of Trinity				
Deputy E.J. Noel (L)				
Deputy S.J. Pinel (C)				
Deputy R.G. Bryans (H)				
Deputy S.M. Wickenden (H)				
Deputy M.J. Norton (B)				
Deputy of St. Mary				
Deputy G.J. Truscott (B)				
Deputy P.D. McLinton (S)				

The Deputy Bailiff:

Very well. Do Members agree to take the Future Business in accordance with the proposition made by the Chairman?

8.2 Deputy M. Tadier:

This is not a big deal, but I have P.101, which is a relatively small amendment to the Royal Court Law and I am happy to defer that until January if it helps Members. I do not anticipate it is going to be long, or we could wait until the day, but it is just to say that I would be happy to defer that if Members wish me to.

8.3 The Connétable of St. Clement:

I really think it is better that we try to keep as much business as we can because we have seen what has happened, a few weeks ago we were sitting for one day or even half a day and now we have sat for - it seems like for ever - but 3½ days. I think if we can get the business done at the next sitting, let us try to do that, and try to do it by Thursday lunch time if we can.

The Deputy Bailiff:

Can I make the suggestion that we keep that under review and in the event that no doubt that is a decision that can be taken by the Assembly at the time and by you? Very well, do Members agree that we will take the Future Business as proposed by the Chairman? Very well, the States stands adjourned until Monday, 11th December, when we will sit at 2.30 p.m.

ADJOURNMENT

[19:06]