

STATES OF JERSEY

OFFICIAL REPORT

TUESDAY, 13th DECEMBER 2016

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[9:31]

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

COMMUNICATIONS BY THE PRESIDING OFFICER

1. The Dean, The Very Reverend Bob Key, B.A. – relinquishment of position:

The Deputy Bailiff:

I am asked by the Bailiff to announce that the Dean, the Very Reverend Bob Key, has been given permission by Her Majesty the Queen to relinquish his position as Dean of Jersey. This will be effective as from 28th February next year. He is leaving to take up a position as a part of the Archbishops' Evangelism Task Group helping as an advocate between cathedrals and larger churches for the beacon events as part of a national initiative, Thy Kingdom Come 2017. He will also be taking up an invitation from the Bishop of Bath and Wells to be part of a team taking forward that diocese new strategy for mission and evangelism. Although we will miss him in this Assembly I know Members will want to join me and the Bailiff in congratulating the Dean on these new appointments. Fuller tributes will be, of course, made nearer the time. A similar statement has been made this morning by the Right Reverend Trevor Willmott, the Bishop of Dover.

[Approbation]

The Very Reverend R.F. Key, B.A., The Dean of Jersey:

I am not sure if the foot stamping was in celebration of my departure or congratulations. I shall take it as the latter and thank Members for their amazing support and welcome over the last 11 years.

PUBLIC BUSINESS

2. Draft Budget Statement 2017 (P.109/2016)

The Deputy Bailiff:

Thank you, Dean. We now resume or come on, I should say, to Public Business. The first item is the Draft Budget Statement 2017 (P.109/2016) lodged by the Minister for Treasury and Resources 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 opinion – (a) to approve, in accordance with the provisions of Article 10(3)(a) of the Public Finances (Jersey) Law 2005, the estimate of income from taxation during 2017 of £651,600,000 as set out in Summary Table A of the Budget Statement, with the sum to be raised through existing taxation measures and the proposed changes to income tax, impôts duty, stamp duty, land transactions tax and vehicle emissions duty for 2017 as set out in the Budget Statement; (b) to approve, in accordance with the provisions of Article 10(3)(d) of the Public Finances (Jersey) Law 2005, a capital head of expenditure for each of the capital projects for States funded bodies to be started or continued in 2017 (other than States trading operations) as set out in the recommended programme of capital projects in Summary Table C totalling £65,209,000; (c) to approve, in accordance with the provisions of Article 10(3)(e) of the Public Finances (Jersey) Law 2005, each of the capital projects that are scheduled to start during 2017 in the recommended programme of capital projects for each States trading operation, as set out in Summary Table D that require funds to be drawn from the trading funds in 2017; (d) to refer to their Act dated 8th October, 2015 in which they agreed that in 2017 a net transfer of up to £50.273 million from the Strategic Reserve Fund made up of a transfer up to £70.273 million from the Strategic Reserve Fund to the Consolidated Fund for measures identified in replacement Table

2 of page 6 of P.76/2015 (as amended) and a £20 million transfer from the Consolidated Fund to the Strategic Reserve Fund as detailed in the same table; and to agree that this approval can be varied and to agree for 2017 – (i) the transfer, in accordance with the provisions of Article 4(3) of the Public Finances (Jersey) Law 2005, of £55.273 million from the Strategic Reserve Fund to the Consolidated Fund to meet the measures as identified in Summary Table E; and (ii) the transfer, in accordance with the provisions of Article 4(2) of the Public Finances (Jersey) Law 2005, of £5 million from the Consolidated Fund to the Strategic Reserve Fund; with the resultant net drawdown from the Strategic Reserve Fund in 2017 remaining at £50.273 million the same as approved by the Assembly in the aforementioned Act.

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

I am afraid I am going to be a little longer. We are seeing unprecedented change across the world, change that will bring challenges but also opportunities. Global growth was 3.2 per cent in 2015, the slowest since the financial crisis. The International Monetary Fund forecasts that global growth will remain modest. Advanced economies grew by 2.1 per cent in 2015 while emerging economies grew by 4 per cent. This was the fifth consecutive year that growth in emerging economies slowed. Growth in global trade has also slowed in recent years to a rate well below its pre-crisis trend. Jersey, of course, is not and will not be immune to the dramatically changing political, regulatory, social and economic trends emerging globally but we are in a better place than most to respond and unlike others are prepared to take the difficult and sometimes unpopular decisions needed to plan ahead for not only the medium but the long term as well. Jersey has a long, proud history with a culture for embracing change, for innovating and for encouraging entrepreneurship. The Government has a clear plan to navigate through the uncertain times we face and Budget 2017 builds on that plan as part of a longer term vision. We know that a strong economy is essential to maintaining sustainable public finances and that a reformed and modernised public service provides the solid foundations to deliver quality public services in an affordable way. The questions for Members today are these: are we going to maintain the steady course we have started that will secure our public finances and long-term future or are we going to allow complacency and short-term self-interest divert us from our goals? There has been much misinformation, doom and gloom about the state of Jersey's public finances, the performance of this Government and the economy. Today I stand to put the record straight. Before the U.K. referendum result Jersey's economy was performing much better than had been expected. Following growth of 5 per cent in 2014, which was higher than anywhere else in Europe, our economy grew in 2015 by 2.2 per cent which was more than double forecasts which is perhaps an indication of our more prudent approach to forecasting. The Fiscal Policy Panel have stated that the impact of Brexit is still very uncertain and it is likely to remain so at least until negotiations are complete.

[9:45]

They comment that the Jersey economy appears to have been relatively buoyant in the first half of 2016 but as a result of the uncertainty around Brexit they downgraded their G.V.A. (Gross Value Added) growth figures to show G.V.A. growth for 2017, 2018 and beyond as flat. The Income Forecasting Group with its 2 independent members have taken these updated economic assumptions together with in-year data from the Taxes Office and updated their June income projections. They now estimate that income tax receipts will be £4 million higher in 2016 but £6 million lower in each of 2017, 2018 and 2019, falling to £9 million lower by 2020. To put that into context it relates to 1.6 per cent less than the June 2016 forecast. Productivity fell slightly in 2016 by 0.2 per cent mainly as a result of a fall of 4 per cent in financial services sector. This was mainly due to falling profitability in banking, largely as a consequence of the sustained low interest rate environment. However, of positive note was that non-finance sectors saw productivity increase by 3 per cent, continuing a trend for these sectors. Of course, raising productivity is the central

long-term economic challenges for all governments, including Jersey, and is a core element of the Strategic Plan. The Council of Ministers is investing and improving productivity throughout the whole economy and introducing policies to optimise economic growth. To this end we are creating jobs in the technology sector with a focus on FinTech. We are working to improve barriers to running a business in Jersey. We are developing new and challenging strategies for enterprise, innovation and inward investment. We are developing a new competition framework to actively promote a more competitive economy. We are adopting environmental management principles to attract environmental businesses. We are enhancing and delivering the financial services framework. We are reviewing and upgrading the Skills Strategy. We are targeting migration that delivers the greatest economic and social gain. We have invested in Jersey Finance, Jersey Business, Digital Jersey, Locate Jersey to support our economic objectives. We have also invested in creating Visit Jersey and are seeing the results with an increased performance with tourist visitor numbers improving. We have allocated £13.5 million over the next 3 years to boost initiatives through the economic and productivity growth facility. A strong economy and a growing economy supports jobs. Total employment in June was 60,320, the highest on record, and 2.1 per cent higher than a year ago. We had 190 more people working in financial services in 2015, 320 more in construction building new offices and homes and 560 more in private sector health and educational services providing care and related services. As a result, private sector employment was 3.1 per cent higher than a year ago but by contrast public sector employment was 3.8 per cent lower than in June 2015. This was the second consecutive annual fall in public sector employment and demonstrates the progress being made with public sector reform as we reduce costs, redesign services and target expenditure to areas of most need. But make no mistake, the pace and scale of reform needs to continue. Indeed, it needs to accelerate. Returning to the jobs market; unemployment is falling. Last month 80 fewer people were out of work than the previous month and 180 fewer people were out of work than a year ago; 186 people started Back-to-Work supported jobs in November; 67 per cent of the jobseekers who started work through JobsFest in October have been kept on by their employer and just under half have been offered a permanent contract. These people are having their lives turned around by meaningful employment opportunities. Congratulations to the Minister for Social Security and her department for the initiatives that have been put out in that area which have been very successful. Many workers are better off with their wages going further as average earnings increased by 2.1 per cent in a year to June 2016, the fourth year in a row earnings increased faster than headline inflation. Indeed, the low inflation we have seen since 2013 has contributed to the sustained growth in real earnings, as have lower prices for things like oil and food. However, this period of very low inflation is probably coming to an end. As a result of Brexit the Sterling Exchange Rate Index at the beginning of December was nearly 20 per cent below its value from the previous year. While this is good for exporters if it continues we are likely to see imported inflation and with it some higher prices of goods and ultimately services. It should be added that commentators are not forecasting a runaway inflation, more a return to more normal levels. With this return to low or perhaps moderate inflation the drive to improve competition in the Island is even more essential. I am therefore greatly encouraged by the approach of the new regime and our competition regulator, C.I.C.R.A. (Channel Islands Competition and Regulatory Authorities). A successful economy needs a highly skilled workforce. We have increased by £2 million the £10 million of means-tested funding for higher education but we recognise that there are more students wanting to access higher education than can afford to do so. We recognise the need to do more to support our brightest and most ambitious students, not least because of the benefits a highly skilled local workforce offers in managing migration and the positive effects it brings to our economy. There has been much comment on the lack of schemes in the Island to allow our students to mortgage themselves up with up to £40 million or more of debt as they go through university. It can be a heavy burden for any young person to take on. Equally, the cost for the States to replicate the U.K. loan scheme, for

example, would require sizeable budgets to write off the level of significant debts that would likely emerge. Nevertheless, as well as continuing to ensure that we have exhausted all possible avenues available for affordable loan schemes we are working with the Minister for Education and his department to explore a range of more affordable options, including building on and expanding some existing initiatives, such as private and public sector bursary schemes. I hope to provide more detail in the coming weeks. Ensuring public safety is vitally important. In this regard it is very encouraging that recorded crime fell by 2 per cent in the last year and by 23 per cent during the last 5 years. This is testament to the hard work of the Minister for Home Affairs and her drive for investment in our excellent police force and their hard work and dedication in fighting and deterring crime. Next year the police move to a new state-of-the-art police headquarters that will lead to greater efficiency and increased productivity. The move coincides with transforming service delivery including the use of high tech and mobile data allowing records to be made at the point of incident once and once only. The largest area of public expenditure is of course health and social services, almost £208 million in 2017. Increasing investment in our health services is critical, especially with an ageing demographic. There is a significant amount of specialist equipment to support the provision of care and this equipment has to be maintained and replaced. As technology advances new equipment and treatments are also introduced to improve patient safety, care and efficiency. In 2017 £3.1 million will be invested in replacing and maintaining essential equipment throughout health and social services. Health services are changing in many areas to improve efficiency and service delivery. Our out-of-hospital services are avoiding unnecessary admissions and enabling faster patient discharge. More people are being treated at home and Health are recruiting more staff to run community services. Staff vacancies are also being filled with qualified home-grown nurses. We have reduced waiting times at the Child and Adolescent Mental Health Service. There has been a 50 per cent drop in no-shows in the Physiotherapy Department. Our latest health profile found we have a high life expectancy. Our average life satisfaction scores are higher than most countries. After incredible dedication and unwavering determination by the Minister for Health and Social Services and his team we now have agreement on a site for development of a new hospital to deliver the quality health care that our community rightly expects and we have a credible funding solution for building it which I hope Members will support early next year. Turning to another important area: housing. Our policies to increase and improve the affordable housing stock are helping Islanders and the work goes on. Good quality and affordable housing is essential and the Minister for Housing and her team, working collaboratively with Andium Homes, has been doing a superb job. Deposits for more than 3,500 tenants have been protected in the first year of the States approved Tenancy Deposit Scheme. A new Landlord Accreditation Scheme is helping tenants and we have transformed social housing. Andium Homes have built 44 new homes at Lesquende. Ceasarea Court is being refurbished. Planning applications have been approved at La Collette Low Rise, Le Squez and Summerland's site transfer. Andium is planning to build 1,000 new affordable homes by 2020 and will sell 300 homes to first-time buyers in the next 5 years. In just one development 200 new affordable homes at Samarès nursery site in St. Clement, 40 3-bedroom homes will be available to buy for first-time buyers through the Andium Home-Buy Scheme and 160 social rented homes will be bought by Andium to add to this portfolio. We are working with all the social housing providers, including Jersey Homes Trust and Christians Together in Jersey, to improve supply. Turning now to the package of proposals in Budget 2017. We are building on our long-term tax policy of keeping taxes low, broad, simple and fair. We are cutting taxes on income for low earners. We are helping working parents with the cost of childcare. We are improving equity between families and encouraging investment growth and job opportunities for our young people. At the same time, in accordance with our policies, we are proposing to increase duty on tobacco, alcohol and fuel which damage health and the environment and costs us money. We want to increase stamp duty for homes costing more than £3 million and also introduce a new higher band for properties costing

more than £6 million. We are asking for more information from all companies taxed at the zero per cent rate. This data will inform future policymaking and help us find ways to broaden our Zero/Ten corporate tax base and potentially introduce tax on larger companies trading in Jersey. I would like to spend a moment on the fairness of our tax system about which there has been much debate.

[10:00]

Fairness is one of Jersey's 5 principles of taxation and I am aiming to achieve greater fairness for all Islanders. Some people have expressed concern that the tax burden is falling disproportionately on middle-Jersey. However, one fact is clear. Tax data shows that the top 10 per cent of the highest earners provide over half the personal taxes collected each year to fund services for Islanders. Those on the lowest incomes pay no tax at all. It is estimated that 30 per cent of Islanders do not pay tax. It is also estimated that 45 per cent of pensioners do not pay tax. Of those Islanders that do pay 85 per cent are benefiting from marginal relief and are mostly paying effective rates ranging between 7 per cent and 15 per cent. That is well below the standard rate of 20 per cent. Around 15 per cent of our taxpaying households pay that standard rate of 20 per cent of the tax. Our generous tax free allowances mean that in 2015 the 40 per cent of lowest earning households contribute just 3 per cent of the £354 million of personal income tax raised to fund Jersey's public services. Indeed, tax changes since 2005 have benefited lower income households and increased the tax paid by higher earners. We know tax statistics can be confusing. The Council of Ministers has therefore commissioned a review of personal income tax data. This will help to explain how tax changes since 2007 have affected Islanders. The review of personal income tax has begun and is being overseen by a political oversight group of Ministers and other Members of this Assembly. It will also look at how various tax changes, like G.S.T. (Goods and Services Tax), 20-means-20, increases in tax free allowances and the reduction in the marginal tax rate have affected the income of different kinds of households. We will use the information gathered to help us decide how we can generate a fair and more sustainable income to meet the growing cost of funding public services in the future. In the meantime I am proposing modest changes to improve fairness in the tax system to improve administration and to maintain and, in some cases, increase tax allowances and tax revenues. I will turn now to the specific measures in this Budget, starting with the income tax exemption threshold which might be more accurately called the tax-free allowance. I want working families to take home more of what they earn. Our tax-free allowances are already more generous than in Guernsey and the U.K. Taken together with social security contributions and, contrary to recent speculation, no taxpayer in Jersey is paying more than their counterparts in London. Continuing on the course I set last year the tax-free allowance for single Islanders born after 1951 will increase from £14,350 to £14,550 and for married couples and civil partners from £23,000 to £23,500. This will allow these 2 allowances to catch up with the age-enhanced allowances of £15,900 and £26,100 respectively, which remain available to older individuals and couples who were born before 1952. If we can continue with this approach in the next 4 Budgets then I expect this Assembly to have achieved a common tax exemption threshold for all Islanders regardless of their age or employment status by 2021. I believe that it is the right course to follow, one which is fundamentally fair. Additionally, for the first time in 17 years I am increasing the second earner's income allowance for spouses and civil partners from its current maximum level of £4,500 to £5,000. This begins to remove the anomaly whereby 2 co-habiting earners can earn more income tax free than married working couples. This effectively gives above-inflation benefits to around 12,000 households and particularly helps lower income families. Jersey knows the value of a healthy and growing business sector and we will continue to maintain a tax structure which encourages investment, growth and the creation of job opportunities particularly for young people. We make legislative provision in this budget to require companies taxed at the zero per cent rate to provide more information to the Comptroller of Taxes

to inform future policymaking and to support future work on international tax standards. As I indicated when I lodged this Budget, now is not the time to be creating uncertainty for our business community. I remain committed to maintaining our Zero/Ten regime of corporate income taxation. Zero/Ten was introduced in 2008 across all Crown Dependencies to protect the respective economies. It has not always been popular or indeed fully understood but make no mistake Zero/Ten has been essential to maintaining jobs and a strong economy that ultimately pays for our quality public services. Without its introduction Jersey, Guernsey and the Isle of Man would have seen their respective economies, communities and ways of life devastated. Zero/Ten has protected the 13,000 or more jobs currently in the finance industry in Jersey and the income we receive by taxing the salaries of those employees. Businesses in the financial services sector taxed at 10 per cent contribute around £70 million in corporate tax and £10 million in I.S.E. (International Services Entity) fees to the Treasury each year. However, no taxation system is perfect and we are reviewing the way Zero/Ten works. We want to see whether we can adjust the scope of the 10 per cent and 20 per cent corporate tax rates to generate more income by bringing more companies into those bands. Like Guernsey and the Isle of Man, we need a zero rate to maintain tax neutrality and the competitiveness of our finance industry and to meet the requirements of the E.U. (European Union) Code Group. This rate must apply equally to locally and non-locally owned companies, especially if we want to trade in valuable E.U. markets. We are collecting more information from companies rated at zero per cent tax to inform future discussions about improving our corporate tax system. It is absolutely imperative that this information is collected before changes are considered but I assure Members that Ministers, as well as representatives of the finance industry, are determined that they are delivered. I will consider, therefore, over the coming year the opportunity to ask some larger businesses to contribute through the corporate tax regime following the example of the Isle of Man and Guernsey. We will also review the technical definitions that determine which financial services companies pay tax at the 10 per cent rate and explore the opportunities to extend the scope of those businesses that are taxable. Turning to pensions. Many people are finding it increasingly difficult to satisfy the rules of drawing-down some of their pension fund. We recognise that rules on minimum retirement income can be difficult to fulfil in the current environment even where people have built up considerable capital within their pension pot. After consultation with industry I am proposing the introduction of a minimum retirement capital test that will make it easier to drawdown a portion of a pension fund in the circumstances that I describe. This will still ensure people have enough resources to fall back on to avoid becoming dependent on the State in the future. I do not believe that further relaxation available in some jurisdictions, notably the U.K., is sensible for Jersey at this time. However, we will keep the matter under review so that we can learn from the experiences of others. Other changes will ensure equity of treatment in the taxation of lump sums from overseas pension schemes ensuring that they are taxed exactly the same as Jersey schemes. Turning to property matters. I have already mentioned the increases in stamp duties for high value residential properties which we do not believe impact on our prospects of continuing to attract these Valuable High Value Residents to our beautiful Island, and I commit to examine in-depth the duty applicable to commercial properties. Furthermore, this Assembly overwhelmingly voted to support the introduction of the States paying rates. Following that decision this budget proposes the legislative changes to bring that decision of this Assembly into effect and also to enable the Parishes to pay Island-wide rates. It also gives the States the power to make regulations to reassess rateable values which have been frozen since 2003. It is unfair that rateable values have been frozen, especially in sectors such as retail where market conditions have deteriorated as opposed to other sectors such as the office market, which has been considerably more buoyant. A revaluation would not raise more revenue but it would rebalance the level of rates chargeable based on up-to-date market data. It is a matter of fairness. Arguably, revaluation should have been included at sensible intervals of every 5 or 10 years at the outset but it was not and we hope to rectify that situation. I will now turn to the matter of duty measures

proposed in this Budget. Before I outline them I would comment that it strikes me as difficult proposing duty increases, especially after the Christmas lights have been turned on, and so in future I will be considering whether to ensure that the Budget presentation is made slightly earlier than is currently the case. Jersey is not alone increasing impôts. The Guernsey States have agreed a 5.6 per cent increase in duty on cigarettes, an increase of 8.1 per cent for all other tobacco products. A 2 per cent real terms increase in duty on alcohol and a 5 pence increase in duty on a litre of fuel. If our proposals are supported the retail price of all these products will still be cheaper in Jersey. We are proposing a number of increases to duties for the coming year, all of which signal this Government's ongoing commitment to health, social and environmental policies. We are proposing that the duty on cider and beer should increase by 2 pence. We are calling for an 8 pence increase on a bottle of table wine and the duty on average strength spirits will increase by 72 pence per litre. These above inflation increases acknowledge that high levels of alcohol consumption damage people's health and increase the risk of public disorder. Jersey has one of the highest levels, per capita, of alcohol consumption in Europe with one in 4 drinkers drinking at potentially harmful levels. Now, let us look at a few facts. If we use Jersey figures and U.K. modelling the annual cost of alcohol related harm to Jersey is estimated to be £30 million.

[10:15]

The duty in 2015 was £18.2 million. That leaves £11.8 million shortfall which has to be found from general tax revenue. Furthermore, as the price of alcohol has increased consumption has fallen, a fact borne out elsewhere by numerous studies including those by the O.E.C.D. (Organisation for Economic Co-operation and Development) and World Health Organisation. These reports and local data demonstrate a clear link between higher prices and falling consumption. Likewise, tobacco. The cost of dealing with the effects of smoking far exceeds the duty charged. Based on a U.K. per capita cost of smoking, the annual cost of smoking to Jersey is estimated at £26.5 million. The duty for tobacco was £15 million leaving an £11.5 million shortfall for us to make up. The economic burden that smoking places on our Island society is clearly significant. It includes the direct costs of smoking-related illness, lost productivity and the cost of smoking-related fires. Smoking remains the biggest cause of preventable illness and premature death with tobacco killing half of its users. Price increases have been shown to encourage existing smokers to quit; more so among lower income smokers as well as discouraging young people from ever starting. We are proposing to increase duty on a packet of 20 cigarettes by 45 pence including G.S.T. Hand-rolling tobacco is even more damaging and therefore will be increased by 10 per cent to align its price more closely with that of cigarettes. Our new tobacco strategy aims to move Jersey towards a smoke-free generation and will build on the policy of increasing duties to reduce consumption. Turning to vehicle emissions and fuel duty. Jersey remains committed to meeting the Kyoto targets to protect our natural environment and keep Jersey's air clean for future generations. Last year saw the Assembly agree to significant change and revaluation of our scheme of vehicle emissions duty and accordingly duty is therefore uprated to maintain the real value of revenue receipts and the current levels of incentive for buying newer lower emitting vehicles. In addition a litre of petrol is proposed to increase by 2 pence per litre including G.S.T. Lastly, in terms of impôts and duties I draw Members' attention to the conclusion of the Corporate Services Scrutiny Panel's adviser, C.I.P.F.A. (Chartered Institute of Public Finance and Accountancy) which concludes and I quote: "The proposals for impôts and duty, land transaction taxes appear to match prevailing public policy considerations and along with modest vehicle emission duty changes will provide additional net revenues." Moving on to more practical administrative measures. The Taxes Office now receives more information from banks overseas about Jersey taxpayers' income than it does from Jersey banks about their domestic income. As I announced last year, and after consultation with financial institutions in Jersey, this Budget enables banks and other institutions to provide similar data to the Comptroller about interest paid by them to Jersey tax residents.

Undeclared bank interest was the most common error identified during the last disclosure opportunity which Jersey offered in 1998. This measure will help the Taxes Office to both spot error and evasion sooner so more people can get their tax affairs right the first time. In the longer run, as we further invest in our digital future, we will be able to provide better services to Islanders including, for example, the possibility of pre-populating tax returns with relevant data. The Taxes Office has also just published today its report on how the High Value Resident Regime has been working since the last changes were made in 2011. This regime is a longstanding part of our immigration, inward investment and taxation policy. It encourages high net worth entrepreneurs and other wealthy individuals to become Jersey residents to bring their assets here and to build businesses here. In 2014 34 high value residents paid £4 million of personal income tax and the wider economic benefits of these residents was estimated in an earlier independent report in 2010 to be conservatively between £50 million and £70 million. I am pleased to say that this latest review has concluded that the changes made in 2011 have been successful in attracting a much broader range of high net worth individuals for the benefit of Jersey. My predecessor, Senator Ozouf, should be congratulated on his work in introducing this new scheme. The aim was to encourage more applications from people who could contribute to the strength of our economy through entrepreneurship and by doing so help us to create more jobs for Islanders, improving living standards for everyone. These high value residents not only contribute substantial amounts of tax towards our public services but increasingly support Jersey's economic strength. I remain struck by the significant contribution they make to Island life as a whole, especially in their support of charitable and Parish activities. This review has shown that all the people who came here under the post-2011 regime are meeting their expected annual income tax contribution. Most of those people also contribute significantly to Island life without necessarily seeking publicity for doing so. However, the review has also identified a number of areas for improvement. I want to see future high value residents commit to paying a minimum annual amount regardless of the income they generate and I believe it is time to increase the expected annual income tax contribution from £125,000 set in 2010 to £145,000. I have asked the Taxes Office to develop these ideas over the coming year for consideration by Ministers for inclusion in Budget 2018. This year I bring forward legislation to enable the Taxes Office and the Joint Financial Crimes Unit to exchange data and work more collaboratively, for example, in tackling serious cases of tax fraud and evasion. Next year I will propose a new scheme of sanctions and penalties to improve tax compliance and to enable the Taxes Office to modernise other aspects of its working practices. The Taxes Office remains on track to install new computers which will enable online filing and assessment of taxes for personal taxpayers probably by 2019. If feasible, we will integrate the collection of social security contributions into the Taxes system in 2020. Moving on to the tax disclosure opportunity. I signalled in my last Budget that the Taxes Office would provide a tax disclosure opportunity in 2017. This will be a one-off opportunity for people to get their tax affairs in order before new data sources, new technology and new legislation make the detection of tax error and evasion easier and before I invite this Assembly to strengthen the penalties and interest charges that may be levied on unpaid tax. The opportunity is available to all Jersey taxpayers who have made errors or omissions. During 2017 the Comptroller of Taxes will begin to receive tax information from the first 40 or so jurisdictions from over 100 that have joined the Multilateral Convention on Tax Matters. Any Jersey tax residents with investments overseas which have not been previously declared to the Taxes Office have a last chance to regularise their affairs during 2017. The disclosure opportunity will run from April to December. After that, new sanctions, penalties and interest charges, which I shall ask the Assembly to adopt in Budget 2018, will begin to apply. A budget, of course, is not all about taxation matters and this Budget proposes £65 million of vital infrastructure investment. We adopt a 25-year planning horizon for the purposes of formulating capital expenditure. The indicative medium term plan covering the period 2016 to 2019 was laid out in the M.T.F.P. (Medium Term Financial Plan) and the total expenditure limits agreed for each year were agreed by

this Assembly. The detailed plan for 2017 is set out in this Budget. The largest item in the capital programme for 2017 is the £39 million funding for a much needed new Les Quennevais School, a project delivered with great skill and determination by the Minister for Education and his team. Significant changes to the capital programme highlighted just over a year ago of firstly the bringing forward of 2018 and 2019 allocations for the vital Taxes Office systems renewal, which I have already referred to. This will transform the way that the taxes system operates and lead to full digital delivery of the personal taxes service. This is made possible by phasing the work on redeveloping the improvements at Grainville School reflecting progress on the delivery of that particular project. The plan still retains £3.26 million of funding so that Grainville School can continue its redevelopment. The other major adjustment is within the Department for Infrastructure where a commercial recycling facility has been prioritised to assist with handling of materials that are currently inappropriately entering the Energy from Waste plant and causing unnecessary and expensive running costs. £6.8 million is also proposed for that department's infrastructure rolling vote and £1.6 million for replacement assets, mostly at the Energy from Waste plant. The Corporate Services Scrutiny Panel makes some interesting observations regarding the capital programme and the need to revise the capital allocation process. The Treasury officers have asked that I record their thanks for a welcome and constructive dialogue with the Corporate Services Scrutiny Panel C.I.P.F.A. adviser during this current review. It is unlikely that Treasury and the adviser will agree on all matters. However, I know the Treasury have benefited from discussions regarding capital allocation in particular and will bring forward proposals accordingly. This Budget supports the Council of Ministers' long term vision for Jersey. The Council of Ministers recognise that building a successful future requires strategic direction and investment over many years. So we are introducing a new approach to long-term planning that reflects international advice and well-established practice. To inform this work a wide-ranging survey gathered views from more than 4,000 Islanders. This showed that Islanders value many aspects of living in Jersey but are concerned about issues such as affordable living, particularly the cost of housing and increasing pressures on our natural environment. Their ambitions for the future often referred to a beautiful, safe and fair Island. Ministers will be using these insights to inform a long-term vision for Jersey that reflects the social, economic and environmental issues that are key to the quality of life here in Jersey and that includes climate change. The impacts of severe weather will present serious challenge and we must become climate resilient.

[10:30]

This is critical both for our own population and to underpin our status as a sustainable economic centre that attracts long-term inward investment that is so critical. We will assess the risks posed by climate change and develop a costed programme of action. Additional funding will be required to ensure critical infrastructure like our sea defences and drainage services are resilient in the future. I am committed to supporting the Minister for the Environment and the Minister for Infrastructure and their departments with the necessary funding to outline the scale of the challenges we face in keeping Jersey a safe, resilient and attractive jurisdiction in which both to live and to do business. In conclusion, Islanders want a government which is forward-thinking, collaborative and innovative. This Government has put a lot of work into developing a long-term vision that will set a path for Jersey to 2036 and beyond. I call that forward thinking. Jersey has little debt and significant reserves. Even if we borrow up to £400 million to build a new hospital, our debt to G.D.P. (Gross Domestic Product) ratio will be no more than 16 per cent. That compares to the U.K. at a staggering 88 per cent, the United States at a staggering 104 per cent and Germany at 21 per cent. We would be using excess income from our Strategic Reserve to fund the loan to build the new hospital, leaving the bulk of our savings in place for the benefit of future generations. At today's very low interest rates which we can lock into, it is cheaper to borrow than to use our reserves to build the hospital. The model shows that the Strategic Reserve would be worth

£3.6 billion by 2057 after the £400 million capital and all interest has been repaid. To fund the hospital in this way does not importantly require any taxpayer contribution, providing we can secure borrowing in the form of a fixed rate sterling bond at current low interest rates. Our investments have performed well. The Strategic Reserve has grown by 12 per cent in 2016 and stands at £866 million at the end of October. The most recent returns of our Common Investment Fund where our cash is pooled and invested has also grown. The return on the fund so far this year has been 13.91 per cent. This has significantly outperformed our long-term expectations and reflects unusually positive market conditions. But we have a firm financial plan and a proven track record of fiscal discipline and remaining nimble in the face of rapid change. We will continue to draw on the expert independent economic advice as the local and global outlook changes and we will ensure we maintain enough flexibility in our plans. Some of our decisions have been difficult but they are all focused on keeping Jersey a great place to live and to work. This Budget is in line with our priorities about investing in health, investing in education, investing in infrastructure and improving our housing stock for Islanders. It sustains our focus on reforming the public sector and maintains our aim to make a tax system simple and more equitable. It helps provide the flexibility Jersey needs in an uncertain global economy. This budget will help to keep our Island secure for future generations. I commend this budget to the Assembly. Thank you. **[Approval]**

The Deputy Bailiff:

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

Deputy M.R. Higgins of St. Helier:

Can I ask a point of clarification of the last speaker?

The Deputy Bailiff:

Yes.

Deputy M.R. Higgins:

The Minister in his address told the Assembly that ...

The Deputy Bailiff:

I am sorry, is this a point of clarification from the Minister?

Deputy M.R. Higgins:

It is a clarification, yes.

The Deputy Bailiff:

Well, no, the normal thing is we would move to deal with the amendments and then the debate would resume after the amendments have been disposed of.

Deputy M.R. Higgins:

I will come back with that, thanks.

The Deputy Bailiff:

Thank you.

Deputy G.P. Southern of St. Helier:

Could I ask if the Minister has arranged to have a copy of his speech circulated, either electronically or in hard copy, and if he could do that by lunchtime?

The Deputy Bailiff:

I think that is a practical matter rather than a point of clarification.

Senator A.J.H. Maclean:

Yes, I have no problem circulating the speech. I cannot commit to doing it by lunchtime but certainly by the end of the day.

Deputy M.R. Higgins:

For a point of information, the speech is online already, and that is what I was going to bring the point of clarification about.

The Deputy Bailiff:

Very well. The proposition is seconded. There are a number of amendments and Members are able to see the proposed running order which has helpfully been provided for us by the Deputy Greffier. There is also lodged a Draft Budget second amendment amendment by the Minister for Treasury and Resources and we will come on to that when we deal with that in due course.

2.2. Draft Budget Statement 2017 (P.109/2016) - amendment (P.109/2016 Amd.)

The Deputy Bailiff:

Very well, the first amendment is lodged by Deputy Labey of St. Helier, it is entitled the Draft Budget Statement 2017 - amendment, and I ask the Greffier to read the proposition.

The Deputy Greffier of the States:

Page 2, paragraph (a) after the words “as set out in the Budget Statement” insert the words “except that the estimate of income from taxation during 2017 shall be decreased (i) by £690,000 by increasing duty on all categories of alcohol by the June 2016 R.P.I. (retail price index) figure of 1.5 per cent and not by the percentages proposed in the draft Budget Statement; (ii) by £590,000 by increasing duty on fuel by the June 2016 R.P.I. figure of 1.5 per cent and not by the 4.3 per cent proposed in the draft Budget Statement.”

2.2.1 Deputy R. Labey of St. Helier:

The longer we go down this road, I think it is a shame that in 2016 with the relatively new Minister for Treasury and Resources, we are still travelling it, because while the revenue it generates is tempting and much-needed, the bad situation it purports to cure will only get worse. These increases will force more people out of the controlled environment of the pub and restaurant with its modest measures and into the home where they will drink more. That is what happens. That is the uncomfortable truth that this Budget refuses to confront. We are fortunate indeed in our lives if alcoholism does not touch us in some way, either ourselves or somebody we love, and I have been up close and personal to it. It did not happen in a pub; it was covert, it was unseen. If it had been happening in a pub we might have got to it earlier and it would have been better. It was bottles hidden around the place which were not that difficult for an 11 year-old boy to find. I must record that with this particular case, the brave and titanic struggle the individual went through to successfully rid himself of this terrible disease. But it was not in the pub, it was covert, it was down the off-licence and it was secretive. So, I do know what I am talking about on this occasion, and it is the hypocrisy of what is in front of us that most irks me on this. It is something that I did not come into politics to continue and it is something that I do not want any part of. Members have been here before, 2 or 3, maybe more times, on this very same debate, and I am sorry to force them through it again, but I would like to try to prove that it is not really my fault. I will not make this too long, and the report accompanying my amendment, from my worst, is the shortest ever, 2 paragraphs and a sentence. The principal paragraph makes that point that what we are doing here, with the best intentions of the Minister for Treasury and Resources, what we will do is force people

out of pubs into the off-licence and home where they will drink more. I have waited every day for the last 3 weeks, I have been online wherever I have been, here or away, to the States Assembly website and I have looked for the Minister for Treasury and Resources' comments on my amendment every single morning because I want to know what he has to say to this point. Of course, it was only yesterday when I rocked up here that that was, late again and on my desk, and we have a bunch of statistics from the Minister for Treasury and Resources and his department trying to refute my amendment. They do not speak, none of them speak to that point I am making, the principal point here, that we are forcing people to drink at home which is more dangerous for them. We get a bunch of statistics about the per capita consumption but all these statistics are highly dodgy. We are a holiday Island. People come to this Island on holiday and when we are on holiday we treat ourselves to drinking a little bit more. Is that factored in? We do not have a large Muslim population here. Is that factored in? Are we treating like with like? We are told that domestic violence is on the increase and drink-fuelled domestic violence is on the increase, and I am sure that is true. But where is the information about where the drinking is occurring before this violence occurs? Is it coming back from the pub or is it through drinking in the home? I am told in the vast majority of cases that it is through drinking at home that it escalates into this violence but where is the information we need to make that decision? Where is the information? The department of the Minister for Treasury and Resources must have it. Okay, if we are consuming too much, where are we getting it from and where are we consuming it? The Minister for Treasury and Resources must know where it goes when it comes to the Island, if it goes to the Co-op or Tescos or the other supermarkets and stores, or if it is going to the pubs and restaurants. Why do we not have that figure before us because I think it would illustrate my point? I am told that about 70 per cent goes to the supermarkets and stores and 30 per cent to the pubs and restaurants. So, we do not have the facts before us but we do have a lot of statistics. As I have said, Members have been here before, Members who have been here longer than me, and they will have heard in the last debate of this kind in 2013, they will have heard the then Minister for Economic Development, Senator Maclean, saying this: "It is my view, and it is certainly my objective to ensure that this is the last such debate. In future, the subject of impôts specifically on alcohol should be resolved as the result of a clear government alcohol strategy. [Approbation] Ministers have been working very closely to try and deliver on an alcohol strategy to help polarise the position because without a clear policy, it is very difficult to move forward." Sure enough, in the following year, in 2014, we did get an alcohol strategy of sorts. It was full of a lot of objectives and actions. It did not necessarily tell us anything new but it was a start. It did not inform the debate on pricing as it was then published in 2014 but it did promise to work on that. It promised a pricing review that will include equalisation of impôts duty. A review of the equalisation of impôts duty: timeframe completion by Q2 2015. Review of the hypothecation of impôts duty: completion by Q2 2015. Review of the control of drinks promotions and pricing incentives: timeframe completion by Q3 2015; the deals you are getting at Tescos, *et cetera*, and the other supermarkets. There were a whole number of other reviews coming through 2015 and 2016. I have read this strategy and I saw that this was the case. I have asked for the results of those reviews and no answer came for 2 weeks to my emails. I pressed again and, of course, the work has not been done. Or it has been started and it has not been completed. We are where we are again in 2013 where the then Minister for Economic Development said we would not be doing this, and now he is the Minister for Treasury and Resources he would act on an alcohol strategy, a government policy, which if it said: "Right, let us have inflation-busting increases, then I will bring that to the House" but we do not have that policy. We are back where we were in 2013. I want to touch on a couple of other points that the Minister for Treasury and Resources makes in his comments to my amendment. I think this is slightly scare tactics because he is saying: "Part 1 restricts the increase in alcohol impôts duties to 1.5 per cent decreasing States revenue by an estimated £690,000 [which we know] during 2017." Then he goes

on to say “broadly recurring in later years” and with the fuel again “broadly recurring in later years” it now goes up to over £3.9 million.

[10:45]

What does this “broadly recurring” phrase mean because there is nothing about it in my amendment? This is for 2017. The figure of £3.9 million now is screaming out at these comments when really it is £1.3 million. There is nothing to stop the Minister for Treasury and Resources coming back next year in the next Budget with evidence to support an inflation-busting increase in impôts but we are dealing with this year; we are talking about £1.3 million. It is the Minister for Treasury and Resource’s responsibility to come up with budget measures that achieve the support of this Assembly. If they do not achieve the support of this Assembly, it is not the Assembly’s job to fill the hole, to find a solution, it is the Minister for Treasury and Resource’s. That said, in the last year of the States of Jersey Tourism Department, it absorbed a budget of circa £6.3 million. Visit Jersey has an annual grant of £5 million, so the sum that would be raised by the duty increase has already been saved. Visit Jersey is also attracting more visitors and a greater visitor spend. Why make the task of building the visitor economy more difficult? This is the second strand, an important strand to my argument. The fact that we will be drinking more at home is bad for us and the damage, the potential damage to the tourism industry. We have all heard them screaming about it with justification. I think it is crazy to risk pricing ourselves out of the market. All it takes is for a new thread on TripAdvisor about how expensive it is to eat or drink out in Jersey and that could be hugely damaging. Just as the green shoots of tourism are starting to appear, it seems to me a folly to play around in this way with potentially the cost of a meal out for tourists and, not just for tourists, for residents too. In the past, the low-cost drinking supported tourism and the high level of sales provided substantial revenue. Now, the duty-led high prices are a deterrent to repeat holiday visits. Maybe like me, Members have heard visitors are surprised sometimes at the level of money they are paying in certain establishments. If we get this wrong, it could be disastrous. We have seen of course a lot of pubs disappear. We do need to support our industry, we want them to invest in their establishments to bring them up to speed. How is this helping them do that? Why are we not listening to our industries? I put this amendment in because I went to a Budget briefing and, I must say, I was disappointed with it. I thought: “It is the same old, same old. Why are we doing this when it is potentially destructive, does not do what it says on the tin? Why is Senator Maclean going there? I thought we were going to get a new approach.” I left the building straightaway and I started work on this and, as I did so, I had an awful lot of people contact me from the tourism/hospitality licensing trade and they do complain about not being properly consulted. They might get invited to a Budget briefing but by then it is a *fait accompli*. The gentlemen from the licensing trade some Members listened to last night, let us call them “Mr. Liberation” and “Mr. Randalls”, they went by the invitation of the Minister for Treasury and Resources to a Budget briefing in October. They heard the Minister say that the industry had been consulted and they said: “Hang on a minute, you have not consulted us. Ever. Mr. Liberation has been here 8 years in post and he has never been meaningfully consulted before a Budget. Mr. Randalls, I understand, took issue with the figures that the Treasury Department were putting forward, took issue with the fact that he was not being consulted, never had been. The Minister for Treasury and Resources agrees that from now on it is going to be a 2-way street which is progress. Mr. Randalls goes home and writes a 2-page email to the Treasury team and the Minister for Treasury and Resources, very modest, very sensible, arguing about the figures, *et cetera*, finishing up with: “The industry feel that enough is enough, that maybe this year duty rates are frozen.” Again, as I said at the meeting, the proposed uplift in fuel duty will impact on every item delivered in Jersey and every service. The pips really are beginning to squeak. Well that was in the middle of October and he is yet to receive a reply. Now I know that the Minister for Treasury and Resources himself is a busy man but he has a huge team and Mr. Randalls is worth how much to the Treasury? Millions and millions of

pounds and he does not even get the courtesy of a reply. This is why people think and say and allege that our government is arrogant because they seem to be shying away continually from meaningful consultation with people who know, industry professionals, before they make their decisions. It is a great shame because you learn so much in a proper process, a meaningful process, about the other side and you come to compromises. So, as I say, I am going to try to keep this as short as I can, and I want to just say, I repeat, on the alcohol impôts increases, it is going to force more people into drinking more because they are going to get it from the offy and they are going to do it at home and it is potentially very, very damaging. I cannot see it in any other way than it is potentially very, very damaging to our tourism industry. So, for the last word on this, I turn to Senator Farnham and his contribution to the debate in 2013, the exact same debate in 2013, in which he says: "The important thing that I ask Members to think about is we have a tourism industry that is very important to us and every time we increase duties over and above inflation or R.P.I. it is just an extra burden. It means that prices have got to go up a little bit. It means that margins are eroded slightly as the pips begin to squeak [that phrase again] in some instances as the duty rises have been quite large for some time with the odd exception. It just means Jersey becomes a little bit less competitive, a little bit less attractive and it is time probably for us to act and show the tourism industry that we do support them and we do want them to grow, we do want them to continue to invest in their businesses and we do consider tourism as a valuable and important part of our community." What a pleasure it is to be able to say that Senator Farnham was right then and he is absolutely right today. The same is true today. On the fuel increases, I just do not think it is the right time to be doing ... the Minister for Treasury and Resources began his speech talking about the problems with growing the economy and the lack of growth at the moment. I just do not understand how inflation-busting increases in fuel, when we are so dependent on cars on the road in this Island, how that is going to help the situation. I think there is a forgotten generation on this Island who are the indigenous population who have been here since the 1930s and 1940s. They have lived through the occupation, perhaps as children, *et cetera*, they are in their 70s and 80s now, they have worked - worked - all their lives and paid their taxes, raised their children, *et cetera*, and contributed. They, with the best efforts of the Minister for Infrastructure, cannot live their lives as they would like to by using the bus service. It does not reach them. They have earned the right to use their car, and they like to use their car, and some bright spark in the Treasury is telling those people, that generation, this year: "We have come up with an idea to raise some revenue to fill a hole, you are going to have to pay more for the privilege of driving your car." I think that is wrong. I think that is absolutely wrong. I think that we should consider ... and this group does not have a lobby. It does not have a lobby, it does not know how to express itself through the paper and the media. The same with, I guess, "white van man", you could call them, the guy who fixes our roof, or catches the mice, or cleans the carpets or what have you. These guys and women spend their life on the road and they are, a lot of them, self-employed entrepreneurs. I do not know how in touch this Government is with the self-employed. I am sure there are other Members in this Assembly who, like me, have spent most of their career self-employed. All of my career I have been self-employed. I have had long-rolling contracts with the various T.V. (television) companies which was great but when I gave up T.V. in the year 2000 with nothing in front of me and I had to go and find my work in a different area as I wanted to concentrate on writing and directing, it was pretty scary. I began to pick up contracts as a visiting lecturer at drama schools in London which I loved and I was paid X amount to do a 6-week course, direct a play or have your workshop, and I was paid in 2001 X amount. I did this a number of times, perhaps 20, 25 times, throughout the decade, and the amount for the job in 2001 was exactly the same as the amount for the job in 2012 just before I left London to come back to Jersey. With a lot of other contracts, they did not move throughout the noughties but of course the cost of living slightly does, overheads do, there are increases. I think there are a lot of people who have pegged what they are getting in, they have to remain competitive, but this Government is now saying what

they have to spend, the cost of living, *et cetera*, is going up. I think, again, those people do not necessarily have a lobby group but they should be listened to. I make the amendment.

The Deputy Bailiff:

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

The Connétable of St. Peter:

Could I ask the Deputy, would he consider withdrawing his comment about “some bright spark in Treasury” who have worked consistently over several weekends and the evenings to prepare both M.T.F.P. and this Budget? I certainly took it as a derogatory comment.

Deputy R. Labey:

I would not want to cause any offence, so I withdraw that.

The Deputy Bailiff:

Very well. It is seconded.

2.2.2 Senator A.K.F. Green:

It will come as no surprise to the Deputy that I cannot support his amendment and I will contain my comments to the alcohol part of his amendment. Whether we like it or not, alcohol in this Island is a problem. The level at which it is consumed, whether we like it or not, is bad for health and bad for Jersey. Contrary to what the Deputy’s opinion is, we have the facts that shows a clear link to price and consumption. That is consumption across the board, whether that be in a public house or whether it be at home. I would like to just point out some of those reports to Members. These are no tin-pot organisations as hinted at by the Deputy. The World Health Organisation sponsored a number of reports but I am referring particularly to *Alcohol: No Ordinary Commodity 2010* where it says: “Dozens of studies, including a growing number in developing countries, have demonstrated that increased alcohol prices reduce the alcohol consumption, and the related problems, including mortality rates, crime and traffic accidents.” That is the World Health Organisation, one of their reports. The U.K. Government’s *Alcohol Strategy 2012*, they go on to say: “There is a strong and consistent evidence that an increase in the price of alcohol reduces the demand for alcohol which in turn leads to a reduction in harm.” The Institute of Alcohol Studies in 2016: “Higher alcohol taxes can be justified on the basis of the harm that drinking causes to a wider society alone.” The Alcohol Health Alliance U.K. in 2016, that is a coalition of 40 organisations who share an interest in reducing the damage caused by alcohol, they say: “We need to make alcohol less affordable through a tax system.” Health First in 2013: “The simplest way to reduce demand for alcohol is to put the price up.” I think what they are talking about is what I studied when I did economics, is elasticity of demand.

[11:00]

The States Alcohol Licensing Strategy also goes on to say that there is clear evidence from some of those reports, clear evidence: “The amount of alcohol drunk by the population as a whole is linked to price.” The Health Intelligence Unit, which is totally independent, and if it has not moved will be moving to the Statistics Unit to maintain its independence, supports that as well. The facts show that alongside increasing duty, the alcohol consumption has been reducing in our Island. I have to say that I found it quite hypocritical that we want to sell as much alcohol as we possibly can to our tourism industry while we know the damage that alcohol does to society as a whole, not just people living in Jersey. But the fact is that Jersey remains the worst in Europe for alcohol consumption. Our latest Jersey health profile shows that each adult Islander drinks on average 11.5 litres of pure alcohol per person per year. This average amounts to a staggering 29 bottles of spirits per person or 383 large glasses of wine or 506 pints of beer per person per year. Of course, this is an average and

is made up from many people who drink far less or even drink not at all, so this means that more people are drinking above this average amount. This aligns with the information that we have had from the Health Intelligence Unit and Jersey's health profile. It tells us, as the Minister for Treasury and Resources reminded us in his Budget speech, that one in 4 drinkers are drinking at potentially hazardous or harmful levels. There are around 500 hospital admissions each year that are wholly attributable to alcohol. We have a higher-than-average rate of alcohol liver disease and death. In addition to the health costs, of course, something the Deputy did not mention was the social costs of alcohol. We concentrated a lot on the costs but I have seen the devastation that alcohol causes in families. One in 5 of all crimes - not something we have plucked out of the air; fact - have an alcohol involvement while 500 incidents a year of domestic violence have alcohol as part of that incident and that is in the report from the States of Jersey Police. Alcohol is often considered a different commodity to tobacco. There is no such thing as a healthy cigarette; however, likewise, scientific evidence is beginning to show now that even small amounts of alcohol are enough to increase the risk of certain cancers. I do not say this as a messenger of doom or in the belief that my virtuous position as a non-drinker - and I know I am not the only one in this Assembly - makes me better than everybody else. It is just a simple fact that drinking alcohol puts you on the continuum of risk in the same way as the longer and faster you drive a car, the more dangerous it becomes. Unfortunately, Jersey drinks alcohol at a level that puts those people at much higher risk. I have often said that as a government we need to have this income, we need this duty to spend on other matters. But again, let me remind Members, as the Minister for Treasury and Resources said, let us be quite clear, the cost of alcohol on our community far exceeds a duty to support services in managing harm. As the Minister for Treasury and Resources reminded us, the estimated cost of £30 million of harm every year when the duty is £18.2 million, that leaves a £11.8 million shortfall. So, like tobacco, we need to have ongoing actions and evidence of impact in reducing our population's consumption. It is evidence-based. That is one thing I just cannot understand how the Deputy can say that it is not evidence-based when you refer to the reports that I referred to earlier. The States of Jersey Alcohol Strategy recognises the important role of price alongside other measures and these are known to prevent harm. The Deputy also mentioned the lack of consultation. Well there probably has not been a great deal of consultation around the Budget. Most Chancellors just come with their little red box in the U.K. and announce a Budget but there has been considerable - considerable - consultation with the industry around the Alcohol Strategy. The reason you do not have a minimum-price proposal in front of us at any time at the moment is because the industry came together and got the public opinion to stop the minimum pricing in supermarkets, although I do reserve the right to come back to that at some time in the future. That is the reason: the industry were consulted in the strategy on alcohol; they may not have been consulted on the Budget. Studies demonstrate the influence of alcohol price on consumption is very strong. I keep saying that but the fact is, it is called "elasticity of demand" when our price of alcohol goes up, then the amount of drinking goes down. This has been seen internationally and in Jersey. Our most recent alcohol profile between 2000 and 2014 shows that as prices increase by 14 per cent or more generally, then we had a decrease in the consumption in the Island. Despite the claims made by the Deputy, we know that over the same period, the consumption reduces and continues to reduce. In 2000 we had a per capita consumption of 16 litres of pure alcohol per person. This has now been reduced to the latest figure of 11.5 litres linked to price increases. May I remind Members that this improvement is against the remaining fact that we are still among the worst in Europe that have an average of 10 litres per person per year consumption. Young adults particularly, and this is something that is important to me, are price-sensitive. They are going to experiment less. If you think back to when you were a teenager experimenting with life, what you experimented with was, to some extent, dictated to by the amount of money that you had to spend on different things, so young adults are particularly sensitive to price. This age group is known to drink in a more hazardous way and is vulnerable to unique health harms associated with alcohol use

and, in particular, because their brain is not yet fully developed it can cause life-long damage. People who misuse or are dependent on alcohol are known to purchase and drink up to the limit that they can afford. They favour cheap high-alcohol products. In summary, this policy of increasing impôts on alcohol is utterly justified, not just locally, internationally, but world-wide. The policy is evidence. It is evidence that the benefit of the tax-price increase can benefit the future health of our community while at the same time reducing the social and human costs, and we should not underestimate that. This is a real win for our community and as the Minister for Health and Social Services, as Deputy Chief Minister, I am fully committed to the strategic aims of improving the health of our community. I will be supporting the Minister for Treasury and Resources' proposal and I ask Members to reject this amendment.

2.2.3 Connétable S.A. Le Sueur-Rennard of St. Saviour:

I have listened with great interest and I would just like to go back a little bit. This again is going to hit the middle-class people who we just do not seem to bother about in this Assembly. The wealthy will still be able to afford the alcohol, no matter what price it goes up to, the middle group who work hard will not be able to have much of a social life, and the gentleman or the lady who relies on alcohol, trust me - and I have a lot of respect for the Senator who has just spoken before - they will not drink as far as their money will take them, they will get money regardless. They will go through everything that is in the home, they will go through the Co-op stamps, they will find it because they want to have a drink. Trust me, I know exactly what I am talking about. This will not help anybody, this will not help the families who have a person who has a drink problem in the house. In fact, this will make it horrendous. The family will end up with very little money for food, to pay bills, because the person who is relying on the alcohol will have taken the money and will be using it. There is no quick fix to a person who has an alcohol problem but, as I have just said, the person who has a lot of money, this will not bother them at all. The person who likes to have a drink socially or go to a party or pop into a pub, this will affect them because they will think: "Well maybe we cannot have that extra bottle of wine." The person who depends on it will crucify their family regardless because they will need the drink, and putting the price up will hurt the family. If somebody has a drink problem, there is an awful lot of help on this Island, and I mean that. This comes from the heart, there are an awful lot of problems, but the people who need the help and want the help, it is there for them. The person who will suffer is the family member who will not have money for food and, as I have just said, bills to pay, everything will go. Trust me, pockets are emptied, handbags are emptied, jars are emptied and, as I have just said, the Co-op stamps go, and little things you thought you had to rely on, you do not have, so I want everybody to consider very, very carefully about this. It does have its pros but it does have an awful problem at the very end of it because a family will suffer if even a tiny piece is put on as a tax because the person who is dependent on the drink will find the money regardless, trust me, so please think very hard. I will be voting with Deputy Labey on this and I hope a few people will think about their consciences. There is a lot of drink out there. We only have to see youngsters enjoying themselves and doing all sorts but the person who you are aiming at, the person who drinks excessively, it will not make any difference to their world whatsoever because they will find the money to have what they want regardless of where it comes from and who they trample over. **[Approbation]**

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

Difficult speaking this morning because of the 2 forceful arguments put forward by both Ministers and I will just be speaking on the alcohol part of the debate. I recall speaking on a previous Budget debate, I think it was 2012, when the Constable of St. Helier had brought a proposition to not have the proposed increase in alcohol duty at that time, and my experience the week previously of an evening in St. Helier and Deputy Southern reminding me that I had been allowed out that weekend because my wife was in the U.K. I may live out of town but I have some experience on drinking

[Laughter] having run the States Police Licensing Unit, setting it up and running it for a period of 5 years, and seeing the sadness associated with the effects of drink, the unnecessary violent and sometimes tragic results of excessive consumption of alcohol. I worked with, or tried to work with some others - I have worked with most of them - members of the licensing trade, trying to support them. Some were harder to work with but we got on well and tried to make their role easier while accepting that they have pressures. They are working under pressures as well. They have got to please regional managers, tied managers in a company that have to make a profit. It is not, never has been, certainly not in my time, a black mark to call a police officer to your licensed premises when you found somebody on the premises that may have had too much drink and you want to get them out. A lot of the managers were concerned that it would be a bad mark against them. I have probably heard every excuse from managers of licensed premises in my time on the unit when we found breaches of the Licensing Law: a drunken man in the corner just walked in from town; he had not been drinking in their premises. The chap that has been there all night and it was suddenly one drink that turned him from stone sober to completely drunk. "Do not blame the barman, the girl told him she was 18." I have heard them all and many more and to see a guilty plea in the court from management of a licensed premises was a rarity, in fact. I have to accept that Deputy Labey has brought the proposition, not on the issues that I have mentioned, albeit the Minister for Treasury and Resources and the Minister for Home Affairs could argue the cost of policing drunken behaviour has to be met too, and the Minister detailed the cost resulting from alcohol consumption this morning.

[11:15]

The Deputy brought his proposition, his argument against suggesting the increased duty on alcohol will make absolutely no difference to drinking habits on the Island. I have to say, and this may be surprising to some Members today, unlike when the Constable of St. Helier brought his proposition, I have to agree with the Deputy. I am not, sadly ... when I say: "Sadly, I have to agree with the Deputy" I am not sad because I have to agree with him, it is because it is not working. I think he is right, this will make no difference to the consumption of intoxicating liquor, in my view. I know Senator Green has explained the reports that have come out that it will make a difference and people will buy less. I do not think it will. Maybe I am a bit long in the tooth and a bit naive, and maybe I was naive then. It is not because my drinking has suddenly become worse and my consumption is higher; I am a legend because I have saved every cork, I think, from bottles of wine I have ever had, and I have a good collection, so I am not teetotal. I would like to thank the Deputy for the briefing that he arranged last evening, and the few Members that were able to attend. Without wishing to sound rude to those members of the licensing trade who attended last night and took the time to speak to us, I have heard many of the arguments before. I suppose we had similar arguments 2 weeks ago with the minimum wage proposition where we all received letters from the agricultural trade. We get the same every time from the licensing trade. I have never run a business, so I have no idea of the fine lines that they may be working to and, as I used to say to the tied managers when I was working with them, I accept they have to make a profit for their shareholders and for their bosses, they have to invest in new premises and refurbish those premises that are starting to look tired. We have heard from the Minister today speaking of support in his initial proposition to the Assembly, because of the uncertainty that businesses face at the moment. They are facing this uncertainty as well. I have heard many arguments too, and excuses, such as it is not the licensed premises' fault because people have been preloading at home before going to the pubs and clubs. People have purchased at a supermarket where the drink is much cheaper. What happened when the licensing working group at the moment proposed that they stop the price-cutting at supermarkets? Then we had the supermarkets putting out petitions on the doors getting people to sign up to it so they could have the cheap drink. We have heard of the forced closures of some licensed premises because they just cannot make it in business. Well, maybe we have got too

many licensed premises, but it is very unfortunate if they are having to shut because they cannot make a profit. There are the usual stories, at least in our nightclubs and pubs, is that people are allowed to drink in a controlled environment. Probably I should not go there, because some of the controlled environments of the licensed premises themselves are really not, in my view, controlled. There are a couple of issues that cause me to question the proposed duty increase, and I know Deputy Labey has mentioned it and so has Senator Green, but that was the consultation with the licensing trade, and there appears to have been very little. The States Members Remuneration Panel consult, the Employment Forum consult. There does not seem to be a consultation that happened here. I suppose it would be very difficult for those running a business: if you are going to consult with them and suggest you are going to put up duty, they are going to object, but at least they get the chance to put their part forward. Which one of us would want to pay more taxes and duties? However, the other main concern that I had, and it was alluded to earlier, I truly believe that the proposed duty rise will have no effect whatsoever on the consumption of intoxicating liquor on the Island. Senator Green has explained it and there have been a number of reports this morning trying to show that it does reduce consumption. I really cannot believe that this will result in a reduction. Just as there are those who speed in their motor vehicles where there are speed limits, people who drink will continue to drink. It will make no difference to those people who want a bottle of vodka from the supermarket who, through no fault of their own, are going through a difficult period in their life; they will still continue to obtain that bottle, however, one way or another. For those who go out at the weekend, to pay the extra few pence for their pint or for their glass of wine, they will be spending more money on the taxi home than they will be that evening, they are not going to be looking at the pennies in their pocket. Those who go to the supermarket to buy their bottles and tins will continue to do so. I would love to be proven wrong, but I do not think I will be. Concluding, I am not taking a stance against the Minister for Treasury and Resources today, and I am not trying to favour the trade. I would say, if we are the worst in Europe, let us do something totally different rather than just put up taxes. Let us see revocation of liquor licences for those who commit excessive drunkenness, let us see a zero tolerance on the streets for drunken behaviour. Let us spend money on education of young people. If we go to the extreme, in countries like Norway the Government controls the price of spirits in all the off-licences, it is not controlled just by the sale. I welcome each and every idea that leads to a healthier lifestyle, anything that leads to a safer society, so that people can walk the streets at night without fear of disorderly behaviour, in particular in the streets of St. Helier. Maybe the proposed new Licensing Law will help in some aspects, but I do not believe that increased duty on the price of alcohol, annually as we do, is going to achieve the healthier lifestyle and improvement in health we all want to see. I suspect that the majority of people will see the increase, sought by the Minister with the best of intentions that he may have, to be little more than an easy way of raising capital. While accepting that he needs to raise as much as possible, I think if we are trying to address alcohol consumption then we need to address it in a different way. I therefore have to support Deputy Labey's amendment and suggest to Members that we look at different ways for the future.

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

When the Minister for Treasury and Resources first told us about this at a briefing, he said: "This is not a revenue-raising exercise, this is about health" and the Minister for Health and Social Services really articulated that very well earlier. If it is not about revenue raising then it must be about health and wellbeing. The Minister for Health and Social Services gave us some interesting but quite scary statistics. Well, I have got some statistics for him as well which pose a completely contrary view to that of the eminent Minister for Health and Social Services, and that is that if you want to use a fiscal penalty to reduce the amount of drinking, you need to increase the duty by 900 per cent to get just an 18 per cent reduction in consumption. Those are not my figures, those are from the O.E.C.D. and World Health. It is about availability, it is about price and it is about

education. As the Constable was just saying, it is not just about price. I will give you some more examples: in France, binge drinking levels among young people, and young adults in particular, are low, while excise duties are not very high. On the contrary, binge drinking levels in Ireland, despite having some of the highest E.U. excise duty rates, is extremely high. I have a graph here; you cannot quite see it properly from where you are sitting, but the ones on your left-hand side are jurisdictions that have very high levels of excise but also very high levels of binge drinking. The ones on the other side have low levels of excise or duty and low levels of inappropriate excessive drinking. In some countries in the E.U. they have reduced duty on alcohol. Denmark has reduced it by 45 per cent. In Sweden, they have relaxed the ability to import, in other words, the amount you can bring back duty-free on aircraft was increased, yet in Sweden alcohol-related harm, especially in southern Sweden, did not increase, and it went down in Denmark. You can find statistics to prove anything. I remember having a very interesting conversation with Senator Ozouf about a sugar tax around the Council of Ministers table. He said: "Yes, we could have a sugar tax but you would need to increase the price for a Mars Bar by 400 per cent before people would stop buying Mars Bars." This is the fact of the matter: it does not make a difference. What it does is drive people to drinking in unregulated environments, as I think a number of Members have already said. There is plenty of evidence in that. There was a survey done quite recently in Europe and, among Europeans, 68 per cent do not believe that increasing price would have an impact on reducing consumption of alcohol. That was a Eurobarometer survey. In fact, tax and price increases may lead to negative and dangerous unintended consequences: theft, cross-border trade, consumption of harmful counterfeit products. That is what other countries have seen happen. That is what happened in Sweden and Denmark, and that is why they reduced the duty on alcohol. I listened to one of the Medical Officers of Health; I think it was the Deputy Officer, extolling the success of the tobacco strategy, and it has been a huge success, but what did they do? It was a 3-pronged attack: it was availability, it was price, it was education; hugely successful. We have not done those things with alcohol; all we keep doing is putting the price up. We have a legacy in Jersey of dozens, if not hundreds, of off-sales opportunities, off-licence licences; far too many, in my opinion. You can go to any corner of St. Helier and find a shop that will sell you a bottle of spirit, and not only a bottle, often it is a quart. Who buys those? My wife at Christmas to make a Christmas cake, and then people that have a problem with alcohol, and young people. In my view, they should be banned, but they are freely available in dozens and dozens of outlets that have licences to sell off-sales. The price is much cheaper in an off-sale environment than it is in the on-sale. That is the biggest problem we have, and that is the review that I hope Constable Pallett will be getting much further forward with very soon. We have been talking about a licence review for over 10 years, and it is still not here, and Deputy Labey articulated very clearly his frustrations with that and other policies that are not seen to have been followed through with completely. We need a multi-agency approach to this, price will not do it; price will simply drive those who have a problem with alcohol into unregulated environments. Families who will suffer most are those who, as the Constable of St. Saviour said, are using all those little pots of money to go and buy their alcohol, regardless of price. Price in this instance will not solve the problem. I think the Minister for Health and Social Services and the Minister for Treasury and Resources need to take that multi-agency approach, which they have done very successfully with tobacco, but in this instance this is not going to make the difference that they crave. I have given you some figures there, there are more. If you want to have a look at this document, you are very welcome to. In Finland, where prices have been falling, domestic violence rates, which was mentioned earlier, have not increased; they have fallen in some areas. There is a worrying trend here and it is a lack of, perhaps, research, and a lack of joined-up thinking among the different departments within the public sector: Health, Education, Treasury, to really tackle this issue in a much more holistic manner, looking at those 3 elements: availability, price and education. With tobacco, we stopped putting vending machines where young people could get to them. We have covered up display counters in supermarkets and

small corner shops. You can go to most shops and see all the alcohol freely displayed, it is like a child going into a sweetie shop. We have not done that with alcohol, the availability of it is widespread. If you go to America, Canada and other jurisdictions, you have got to work really hard to find a bottle store. It is highly regulated. Our issue is with off-sales not on-sales. We have a tourism industry that is picking up gradually. The last thing it needs is this type of competitive issue, because you can now go to many countries that have improved the quality of their tourism product too, but still the price of a bottle of wine at the table or a drink at the bar is considerably cheaper, even though their accommodation may be more expensive.

[11:30]

We are in that competitive global market and this will have an impact. The Minister for Treasury and Resources spoke about margins in this industry. They are high; I think he said it was up to 57 per cent margin, but what he did not say was that the volumes in Jersey are low. We do not have mass tourism anymore and we do not have a mass market for alcohol consumption. So for those publicans, of which there are many, you will gradually see less restaurants and less places of entertainment because some will decide to go elsewhere, but we still have too many off-sales. If you want a thriving tourism industry, a thriving hospitality industry, it does not need this at the moment, just when you see those seeds of recovery. I will be supporting Deputy Labey on the issue of alcohol duty. Unfortunately, and I hope he takes it in 2 parts, I cannot support the Deputy on the fuel matter. It is proven across the world that if you put in fiscal impediments to driving a motor car you will reduce the amount of traffic on the road. I will give you an example. It is not just about fuel, it is about parking charges, it is about a whole raft of things, and it is also the environmental impact. There is a lot of talk this week about the atmosphere in London with diesel fumes, and it is quite horrendous what one is reading at the moment about that. If we make this fiscal impediment here with raising fuel prices, people and industries will gradually move towards hybrid cars, electric cars, and so on, and this is a global trend that we need to be part of, we need to assist with that. If you do make it more expensive to use the motor car then people will support public transport more; we are already seeing that. I will give you an example: when I had my business, I had an office in Guernsey and one in Jersey. Virtually all the staff here walked, cycled or got the bus because they did not want to pay the parking charge. All of our staff in Guernsey drove to work, we had free parking and fuel was cheap; just a little example. So we are doing a good job on that and I think we should continue, so I cannot support that part of the amendment. On alcohol, I am sorry, the Minister has some facts and figures, I have some as well, but you will need to increase impôts by 900 per cent just to get an 18 per cent reduction in consumption. So I do not feel that this is the way to go, damaging our hospitality trade that has a growing reputation, in controlling the way that people consume alcohol. I accept in the past it was not good, and I was involved with licensing at that time. The policing of licensing has vastly improved, there is still some way to go, but if you drive people out of the pub and into drinking at home instead, I cannot see that is going to help matters at all, and that is what will happen unless we start to better control off-sales.

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

I am grateful to follow Deputy Lewis, he has made a lot of sense today. Statistics; and I just love statistics: I think the Minister for Health and Social Services said that 50 per cent of people who smoke die of smoking-related diseases. Well, here is one: 100 per cent of people who eat a healthy diet die. You can prove anything with statistics and I think, at the end of the day, one needs to see the facts behind those statistics. It is not how much people are consuming, it is where and how they are consuming. What is the habit behind it? With prices going up, people are avoiding drinking in controlled environments with their friends, socially, after work, in a cafe, in a bar, in a pub. Instead, it is into the corner shop, supermarket, and it is a pizza and a 4-pack of beer. They go

home, they drink the beer, they eat the pizza, they leave the empty beer cans on the floor, they leave the pizza box on the table, the cat is licking the pizza box clean. The wife comes home; there is a domestic: "Oh, it is the drink, we will blame the drink." But one needs to dig deeper. Why was he drinking at home? Why did he drink 4 pints? Why did he not just drink one pint at a cafe with a friend before coming home? It is the alcohol speaking, because you buy beer in a 4-pack; that is what happens. They are all there in these ghastly plastic loops that puts 4 cans together because it is easy to carry, it is cheaper. Those are the discounted beers. You can push up the price all you like and what will happen? Nothing will change that particular habit. That habit will be continued. What we need to do is encourage people away from that habit. This is where the Constable of St. Martin spoke with such enormous common sense, and I would hope also experience from his former career. When I was in the Honorary Police, I do not ever remember going to a domestic incident in which the person under the influence of alcohol had been drinking at a pub; they had all, as far as I can remember, been drinking at home. You come home, you had to go to the house to try and calm down an incident. It is education that is needed, not continual price increases. We have seen a continual salami tactic: increasing the price, increasing the price, increasing the price. When are you going to stop and say: "Well, hold on, I do not think this is working. Let us take a fresh look at it. Let us be different." The advantage we have here in Jersey is we are small, we can experiment, we can test the waters, so to speak, we can look at other jurisdictions and see what is being done and do it here effectively and quickly. As a former speaker quite rightly pointed out, the Minister for Treasury and Resources said: "This is not to raise money but it is to change habits." That is why I am supporting this, because at the moment it is not changing habits. I move on to fuel duty, and this one I have a little more difficulty with, but I will be supporting Deputy Labey on this, because I have a major issue with electric cars. Everybody says: "Are they not wonderful?" You have got to go into the manufacture of cars, and the carbon footprint caused by the sulphites in the manufacture of the batteries is far, far greater and more damaging to the environment than driving a petrol or diesel car. Please do not use the environmental argument in pushing up the price of diesel, Mr. Minister for Treasury and Resources, because it does not stack up. If you want the money, stand up and be honest and say: "I need the money because we are spending too much" and I will support you, but you are not saying that, you are saying it is for environmental reasons and so I will not support you and instead I will support Deputy Labey.

2.2.7 Senator S.C. Ferguson:

The problem with putting up the price of alcohol, fuel and smoking impôts is that all these hit the pensioners and senior citizens as well as the low-paid, particularly hard. For pensioners and senior citizens, it turns out to be one of the few pleasures being left in their lives. Also, for people living in bedsits, the pub is the centre of social life and all you are doing is making life difficult for them. The lofty assumption that increasing prices always reduces demand or, alternatively, government attempts to control the market, they will fail. People will look at substituting other sources. They might steal them, but they might also get all their friends, particularly for alcohol and cigarettes, I do not think it would work with fuel, to bring the alcohol and cigarettes back from holiday. Yes, I think probably education is the most important part of this. I was also intrigued by the Minister for Health and Social Services' reference to the Institute of Alcohol Studies, because I thought: "Who are they?" and they are what used to be the old Temperance League. Obviously, even allowing for their bias against alcohol, they do have some very interesting figures. According to Health and Social Services, we drink on average 11.5 litres of alcohol annually and the Minister for Health and Social Services says: "We are the worst in Europe." Well, we are not, according to the Institute of Alcohol Studies, we are below Hungary, Germany, Ireland, France, Austria, Lithuania, Romania, Latvia and Luxembourg, home of our favourite E.U. official, Mr. Juncker. Really, I know the Minister for Health and Social Services would like us to be better, but we are nothing like as bad as the shroud he is waving at us. I will be supporting Deputy Labey in this because, really, the impôts

are being used as what economists refer to as a “cash cow.” While I am very fond of cows, I do not like impôts being used as them.

2.2.8 Deputy J.M. Maçon:

I will not repeat some of the points that Senator Ferguson has raised. She did comment that the Minister for Health and Social Services suggested that we are some of the worst drinkers in Europe; I always like to think that Jersey people are some of the best drinkers when I have been out with them. I suppose it depends if you see the world through a glass half-full or a glass half-empty type approach. Within these debates I always tend to find, and the Constable of St. John started to get towards it, which is: why are we always looking to address symptoms and not underlying causes, when we are looking at: “Well, why are people in Jersey drinking so much?” I think it is down to stress, I think it is down to the cost of living, I think it is down to the pressures of work and family life, boredom and loneliness. I think those are the things which underlie some of the issues which we are trying to tackle here, in which case, is raising the impôts duties a solution to those problems? I am not convinced that they are. I think it is a much bigger picture, if you want to deal with the societal issues, than what is being proposed. Also, I always scratch my head when we have this debate because it is difficult for me to understand why it is okay to be a rich alcoholic but it is not okay to be a poor alcoholic. Again, it is those issues of looking to how we are going to try to target these issues, which the issues around impôts duty do not really solve. Therefore, it will come as no surprise to this Assembly, when it comes to the vote, I have always voted against the rise in alcohol prices because, as has been said in this Assembly, if the Minister for Treasury and Resources and the Minister for Health and Social Services really wanted to tackle the issues of drinking within the Island, if they believe that this is the right way forward, they would ramp up the duties far more than what they are proposing. But it is always just that little bit enough that people can still keep buying it so the Treasury can still keep getting its revenue. I always feel it is a half-hearted approach, from a personal perspective. As for the fuel duty, increase or not, I would like to present a different perspective. For all the businesses out there, it all has a slight multiplier effect on the economy, on the commodities, that hit ordinary people. Again, I am not convinced that at this time ... we hear about economic growth, and I have said in this Assembly before, as far as I am concerned, that is not being felt by ordinary people of this Island. What they feel, time and time again, is little incremental price rises year on year on year, and their wages certainly are not going up to cover it. It has been said about the small, single, self-employed person with a business, a tradesman, someone like that, cannot keep footing these bills all the time, and it has got to go on to the consumer at some point. Therefore, I think while Deputy Labey is trying to make a step in the right direction at this time, again, I am not convinced that the package as a whole is delivering for the Island. Therefore, I will be supporting this amendment and I reserve my position when we get to the other matters.

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

I am one of those rare people who does not drink and does not smoke, which probably puts me in a good position to protect people who do. People are aware of the dangers, this is not a nanny state, they know the harm that it can do if it is taken to excess. It was mentioned earlier on about the Scandinavian model. I have friends in both Norway and Sweden, and in Sweden they have the Systembolaget, an official state-run shop where one can purchase alcohol at certain times. In Scandinavia, alcohol is very expensive, so there is an awful lot of preloading involved. When I was last there there was a great trade in homebrew kits. But, as I say, people do tend to go out and buy a pint of whatever and just sip that all night. I believe in moderation, and that also includes taxis, which also should be moderated. Fuel: a lot of people do not drive because they want to, a lot of people drive because they have to. If they live in the outlying Parishes, it is their only way of getting into town and getting to do their shops, *et cetera*. I will be supporting (i) and (ii) of this and

I will ask Deputy Labey whether he will be taking the 2 together or separately, but it does have my full support.

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

It is good to follow Deputy Kevin Lewis and Deputy Maçon. I will start with fuel. I know Deputy Labey is taking them in 2 parts, and Deputy Andrew Lewis cannot support the second part. With fuel, like Deputy Maçon says, it is the knock-on effect, it is the multiplier, it is the small businesses, but what absolutely convinced me to support this ... and I want to take you back to 1999 to a very young Deputy who came into this House, and who is now a Senator, was going to sort out fuel. At the Budget presentation when asked, again on fuel, the cost, the duty and the prices do not add up, this is what we were told, and the fuel companies can afford it. Fuel companies; trust me, I am going to sort them out, I have been trying to do it since 1999 and it has never happened. Who really is going to pay? Every small company is going to pass that on to the next person and, and that person is Joe Public in the street, and some of these might be licensees. It is quite easy for me to support that. We have never sorted out the difference between the cost, the duty and the price since 1999 when it was pointed out that there is a massive difference. It is not the fuel companies who can afford it, it is the public who will pay it. It was very interesting to go down and speak to the licensees last night; they were not the licensees, they were the managers of the big ... in Mr. Randalls and Mr. Liberation, and they again said: "We have not been consulted." Well, why would this group of Ministers consult on anything that is not new? Because it is not new. We had this debate many years ago, and they lost, by the way, when a Deputy from St. Brelade brought an amendment. He said then: "Think outside the box. Look at the way they do it in Australia, if it is for health reasons, you have to really put it up." But I draw your attention to the comments in the third paragraph about when they are going to lose money: "It is worth stating that impôts on tobacco, alcohol and fuel are taxes intended to contribute to all public expenditure. However, in recent decades" they mean the last few years when they have not really thought of any way else from which to drag this money: "they have also become an important lever to support other policy objectives" which obviously is health. But you have heard all the statistics and, like many people say, you can make these statistics work for you whichever way you want. I have total respect for the current Minister for Health and Social Services and the former Minister for Health and Social Services, the Deputy of Trinity. The first 5 reports were trotted out from all around the world. What has this got to do with me and the pubs? Some of the publicans said last night that they have lost a third of their pubs in the last 10 years and they have built flats. My young children have said over the years: "I wonder what that is going to be, Mum" and I go: "It will be a block of flats" and it is, and it is not just in St. Helier, it is in the country pubs. The absolute point they made, which really got to me ... and think back to when we were up at Highlands, you have got all the young staff who are training for the industry, not just the pubs, who have a chef, who have bar staff, who have cleaners. But the restaurants, the pub restaurants, and everything like that, where is there a future? They pointed this out: you are pushing them. Did anybody go out and say: "Do me a cost-benefit analysis of you closing down 5 pubs. What would it bring in? What would it cost us? How many staff will you lose?" No, you are not interested. It is not the officers out there thinking: "Oh, they have done the work" they have not done any work, but they have got no leadership. Nobody has said to them: "Go and do it a different way"; it is easy, you know: "Put a few pence on here, put a few pence on there and nobody is going to notice" but they do. You are pushing everybody to the limit and you really have to think. They talked about tourism, and Deputy Andrew Lewis touched on this, what do we have in tourism? We have some fantastic low-end, high end and middle restaurants and pubs. I can think of a great pub in town, but it is a restaurant as well, and I will not name it, but it cost the brewery and the owners hundreds of thousands of pounds to refurbish it because it was a listed building. We all know where I mean; it is round the back of the market. I am not naming it. What I am saying is these people have put money in and we have a great tourism

industry. What does that attract? It is our golden goose: the golden goose of finance. Look at the Isle of Man; they lost every bit of their tourism industry and it affected their finance industry like there was no tomorrow. They had to plough money back into open hotels, pubs and things they had lost because they forgot the connection: "Well, why would you come here when there is nothing else to do?" You can set up an office, you can try and bring people in. Why would they come and live here? That is as far as it went down for me yesterday. Obviously, we have got the Minister for Economic Development, Tourism, Sport and Culture and his Assistant; we have not heard anybody from the ministerial team yet speak on Deputy Labey's amendment ... sorry, yes, obviously the Minister for Health and Social Services from the health aspect. I fully agree that he is standing here with his hand on heart trying to tell that this is for health reasons. No. It is money in your pot, it is in your comments, it is telling me it might, it says: "Policies, other policies." There are absolutely clear comments from the Minister's team which tell me this is for tax-raising revenue. Please send a message today, tell them they need to go and think outside the box. I have been to, like they say, Australia: you can go round the biggest supermarket there, and you cannot pick up a bottle of wine, or any alcohol, you have to go into another place and queue. We have said all this before. The Constable of St. Martin said if you really want to, take it over, sell the alcohol, sell it for £50 a bottle, like they do in some of the Scandinavian countries, but even that did not work because, as they say, they are now allowing a lot more imports in those countries. Look at the real statistics: we know year on year on year ... somebody said that we went from 16 litres down to 11.5, and I love this word "pure" alcohol. What is that talking about? To me, pure is meths; you are not putting any impôts on that. As you say, when you present the truth, or you present statistics ... and what is it? "Statistics, statistics, numbers and ..." there is a word, "lies" that comes after that, yes. I am not quoting it right, but I have quoted it completely right before in here, and this is what this is. Do not be fooled. Send a message. I can completely support both because they both have a complete knock-on for everybody, but again, again and again, it is so easy to put money in the coffers, tax-raising revenue. I just said to the Deputy sitting next to me a few minutes ago now, we saw the budget after the Ministers lost the health charge. Do we know whether this would have come in if we had still had the health charge? Your mind starts to think. Would there have been that column there or would they have said: "Well, no, we are raising the health charge with alcohol, cigarettes and fuel" but no. So really, it is a no-brainer. I really commend Deputy Labey. I absolutely will say to the Constable of St. Peter, yes, his officers have done some sterling work; what do you think Deputy Labey has been doing to do these figures on his own, by the way? I applaud him for doing it and I applaud his courage, and I think we should all get behind him, send a message to the Council: "Think outside the box and stop coming back telling me this is going to save someone's life."

2.2.11 Deputy G.P. Southern:

I am reminded every time the Budget debate comes around of how long I have been here because it seems to me that we hear the same arguments on an annual basis, and this forms part of one of them. I cannot remember which way I have voted on this in the past, and whether I flip-flop from year to year, or whether I have persistently taken a line, but what I do want whenever I vote is to see some evidence. The Minister for Health and Social Services has, in a rather, I believe, limp sort of way, reminded us of the policy we adopted that we should try and eliminate the harm of our drug-based society, alcohol and tobacco, by raising prices, but he then carefully avoided any causative explanation and him saying: "Put up prices and consumption will go down." It may well do but correlation, I remind him, is not causation. It is not necessarily on its own the cause of reduced consumption, so where is the evidence? His own words give him away. We have had this policy for a number of years now that we should be raising above inflation impôts duty on alcohol and tobacco, for the last 5, 6, 7, 10 years ... I do not know when it started. I do know it was some time between 2005 and 2010 because I look. "We have been doing this for years" he says: "and yet

we are still one of the highest consumers in Europe”, so raising the impôts duty, it seems to me, does not work on its own. What I am looking for is some evidence, not a fairly limp argument that we have rehearsed time and time again: “You know what this is about so we will go through the motions and we will probably expect to get our way, unless somebody comes along and says: □No, do it differently□.” On tobacco, I do not have a problem at all because what do we see on our desks the other day? The wonderful: “Tobacco strategy 2017 to 2022: creating a generation of non-smokers.” I can see something solid there, a coherent package which is having results. So: “Prevalence of cigarettes daily and occasional smoking among adults aged 60 and over”, down over a 10-year period from 25 per cent to 18 per cent. Success; whatever it is they have been doing, it seems to work. One of the weapons is price on tobacco. Here is another one: “Percentage of young people who have never smoked, 1998 to 2014.” 28 per cent in 1998, 64 per cent in 2014. That is a policy that is working, that is a policy I can believe in, that is a policy where I am quite happy to say: “Bang up the impôts on tobacco. You have got the strategy right, it seems to be working. Success.”

[12:00]

There is the evidence. I can weigh it, I can see it and say: “This is the right thing to do as part of the weapons”, and it is part: “then price increase counts.” Where is that paper for alcohol? It is not there. When I look back to 2005 under another Minister for Treasury and Resources at the time, I see a freeze on alcohol and fuel duty, a rise on tobacco. Come 2010 I turn to Senator Le Sueur, one of the good and the great, spent some time in the Treasury and he says: “Sir, I now turn to the increases in impôts duty. There was extra spending for health agreed as an amendment to the 2010 Business Plan and I explained at the time that I would need to finance this through additional duties.” Sound familiar? Big spend on health, here is a contribution from duties: “It is also becoming increasingly evident to me that there are concerns about the health effects of alcohol consumption.” This is the initiation, the start of our policy: “I have experienced first-hand some of these problems by visiting the Alcohol and Drug Service in Stopford Road. I am persuaded by what I have seen and I share the concerns already expressed by the Minister for Health and Social Services.” So health benefits, he is coming around to it: “I am also influenced by the Minister for Home Affairs’ concerns over the many causal links between alcohol consumption and criminal or behavioural problems.” Again, so on the home front and on the health front: “In this Budget I am proposing to fund extra spending agreed in the Business Plan by raising alcohol and tobacco duty in 2010.” Listen to this bit: “I recognise that raising duty will not, on its own, influence the behaviours of alcohol consumption and I will be supporting the Minister for Health, who, over the next few months, in conjunction with the Ministers for Home Affairs and Economic Development, will consider raising alcohol and tobacco duties further, possibly in line with the U.K. levels over a 3 to 4-year period.” Recognition that, on its own, he does not do it but they are getting together and they are going to come out with an alcohol strategy. Have we seen it today, the alcohol strategy? No, it is stuck somewhere in machinations. It may arise shortly or it may not. No sign of the evidence, that this is what we are doing, we are doing it in a consistent and coherent manner and this is the effect that we are trying to achieve. Tobacco, evidence is there. Alcohol, it is not there. He then goes on: “The impôts duty proposals for alcohol and tobacco for 2010 are equivalent to increases in duty of 58 pence a litre on spirits or 3 per cent, 7 pence on a bottle of wine or 2 per cent, 2 pence on a pint of beer - that is less than 1 per cent.” Relatively minor nudges, no wonder we did not have a serious impact in the absence of an alcohol strategy to do that and then 30 pence on 20 cigarettes, which adds 5.5 per cent, so there was the push. Tobacco, clear evidence, let us go there. What does this Budget say? The same policy, tobacco 8 per cent when I write it down, a rise of 45p on the price of a packet of 20 cigarettes, so that is where the emphasis is. Why? Because that is where the evidence says we are succeeding, let us succeed some more. Here we are and I am waiting for some sort of alcohol strategy that I know is effective there in tobacco. The “Smoking

Kills” in large print, the covering up of tobacco packets in the shops, the soon to come blank, no label, no brand name on the cigarettes, the encouragement of health in the young. Where is the equivalent for alcohol? Where is the minimum unit pricing policy? Where is the policy on alcopops? Where is the policy that says you should put “Drinking Kills” on the can or on the bottle? Where is the initiative? Where is the joined-up thinking? Give me that and I will happily vote for increases the impôts on alcohol as well. Without it I cannot. Give me the evidence and you will get my vote. Without the evidence, I am sorry, but you do not. You have produced a fairly limp repetition of stuff that is already in place, which we clearly know is not working. That is my attitude, my take on the impôts on alcohol, on the increase in impôts on petrol. I agree with the previous speaker and it is nice to do this and I have been doing it for 40 years, agreeing entirely with the speaker in front of me, Deputy Martin, and so I will be voting her way as well.

2.2.12 Deputy M. Tadier of St. Brelade:

I think it has already been covered but what is the motivation for this above inflation-busting increase in impôts on cigarettes, although we are not talking about cigarettes specifically? It will no doubt be referenced again but alcohol and fuel, is it to do with getting people off the poison and the tobacco or is it motivated by the fact that we have a looming £165 million black hole; around about that figure but give or take £5 million between friends, that is not much? I would suggest that it is the latter and the key piece of evidence is the fact that this is being brought as part of a Budget and not as part of a health strategy being presented by the Minister for Health and Social Services. It has been said by others that it is being dressed up to make us feel because the Minister needs us to vote for this, even though it is counterintuitive to his very own politics when he was in a different office in this place in the Economic Development Department, and we know his natural politics are not to increase taxes and certainly not to do so above inflation and certainly not to do that when it might harm the tourism industry. We know that Senator Farnham has said similar things in the past with reference to the pip starting to squeak and we can look forward to at least Senator Farnham perhaps breaking ranks with the Council of Ministers in this one. Presumably, there will be no collective responsibility on long-held beliefs, such as that of Senator Farnham. I am not sure what the relevance of that wooden spoon is but certainly if the Minister wants to give it to me I could probably make good use of it during my speech. We have also been told that a key indicator for the test about taxation is fairness; that is one of the fifth tests and it is only in there by amendment, though I think some of my colleagues insisted in the past that we put fairness in there. We had quite a big back and forth and it is finally accepted that, of course, taxation should be fair. The reason it was accepted is because we can argue about the definition, that taxes do not have to be fair, as long as the overall system is fair, is what we are being told. That is another thing to keep in mind perhaps that has not been touched on. Is this above increase on impôts, is it fair? Is it regressive or progressive? Who are the people in our society who perhaps drink the most? But who are those who will be hit the most by this increase in duty? I am going to particularly focus on alcohol for the first part. The people who are earning over £100,000 a year, the 1(1)(k)s in this Island who pay much lower rates of tax than anyone else, will not have a problem buying that bottle of Courvoisier or whatever it is when they come through the airport or on the boat at duty free prices or just buying it off the shelf in their local supermarket. That will not change anything. It is going to be the ordinary people and perhaps also the problem drinkers but in fact it is not going to affect the people who have a real alcohol problem because we know if you have an addiction, if you have an illness, then you will get what you need at any price, whether that be alcohol, tobacco or other illegal drugs. They make sure that they get those first. That is the priority, you wake up, you make sure you get your fix for the day and then afterwards, if you do not have enough money for food, that does not matter because you do not need food. That is not the priority; your fix is the priority for the day. I would like to hear more about what the strategy is another time from the Minister for Health and Social Services because we certainly do not seem to have a joined-up

strategy. I would ask the Minister for Health and Social Services, in particular, but also the Minister for Treasury and Resources because they should be working together in this, if he really thinks that cost is one of the prime drivers for people resisting or desisting from alcohol abuse and moderating their drinking, why does he not do something to control the price of alcohol because this does not control the price of alcohol? This simply increases the duty that is charged on alcohol and that does not necessarily mean that there will be a corresponding reduction in the actual price of alcohol. What we do know is that pubs will have to pass that cost on to customers. But we know that supermarkets already sell their alcohol often at cost price as a loss-leader. Their primary function is not to make money on alcohol sales, it is to get people into their shops, to give a good deal and then sell them some other products with a higher profit margin through some very clever product placement and that is not a criticism; that is part of the game. I was not in the Assembly at the time of the famous G.S.T. exemption debate but I know there is a very famous speech given by Deputy Le Fondré about the Jaffa Cakes. What that tells me is that certainly the use of props in the Assembly on occasion and moderately, as, of course, we would not want to abuse everything in moderation, has a valid place. What I want to do is show Members something that I acquired earlier when I popped out. I have a very nice bottle of Beefsteak Malbec there, that cost me £5.15. Let us have a look at this bottle of Malbec and make sure that does not fall down. If Deputy Labey wins his proposition today I will give that to him and if he does not it will probably go the Greffe staff, so I am not necessarily trying to influence anybody either way. **[Laughter]** In fact I might give to the Minister for Treasury and Resources if Deputy Labey wins his proposition, so that might be the best incentive. Let us look at the breakdown of this bottle of wine, it has got a total of 9.4 units of alcohol in there, it cost £5.15. I am sure if you shopped around you could get it a bit cheaper but that is not a bad deal for a bottle of red, which is entirely quaffable. It is not high end but it is certainly not low end. It works out at 55 pence per unit, so that means if you want to drink 3 units of that it would cost you just over ... well, £1.65 is the exact price for a 3-unit glass of wine, which is probably a large glass. I could decide, do I go into a pub or a wine bar, order a glass of wine, which would cost me probably the same amount as that bottle of wine? You would easily pay £5.15 for definitely a large glass but possibly a small glass of red wine in many of our establishments over here. Or do I think, it has become so marginal now and I have not had a pay increase this year, things are tough at home, I have to scrimp and save for the mortgage, which I am never going to have, even though my rent has just gone up by 2 per cent? My income has not gone up by 2 per cent. I have really got to start watching the pennies, so I am going to cut down on my social life. I am just going to go and buy ... I will buy 3 of these because I would normally have 3 glasses in a pub, so I will have 3 bottles of wine like this and I will drink at home on my own. Or perhaps wine is not your thing. You might go and look for a different deal, this one is called Carlsberg Export. I am not doing product placement deliberately and there is no pecuniary benefit for me in this. But you can get 8 cans of these, let us take a guess at how much these cost. The Minister for Health and Social Services, I think we could probably have a guess. Normally if you are in a pub, of course ... let us look at the alcohol content first. Put those away because I do not want to be accused of encouraging people to drink. Not at this time, we have to wait until at least after 12.00 p.m. Let us have a look at how the cans stack up there. They are 440 millilitres, so we have to value that against the actual measure of a pint. They cost £7 for the 8 cans there, so it works out at 88p a can and that works out at £1.14 a pint. There are 2.1 units in every can, so it works out at 41.9 pence per unit. It means I could drink 2 2.1 units for 88 pence and I could have all 8 of those cans for £7, which is about what 2 pints of that same lager would cost me in a pub. In fact it might be that 2 pints would cost more than that, so that is the reality of it. If the Minister for Health and Social Services and the Minister for Treasury and Resources are genuinely saying that in order to reduce drinking because drinking obviously has a cost and it is not good for people to abuse it, then why are they not tackling that?

[12:15]

Because Deputy Labey is quite right, it is going to push people out of the pubs, a safe, controlled environment where people might just go for the quiet one or 2, even 3 but then they will find their way home and the barman at the end of the day, the landlord, can say: “Mate, sorry, you have had too much, I cannot serve you anymore.” Or you can increase the incentive for people to drink at home and this is exactly what it does; that is why it is so perverse. I think the Minister for Health and Social Services genuinely believes in this process. He genuinely believes, like many of us, that we do need to curb abuse drinking in Jersey but this certainly is not the way to do it, so that is the first issue. I think that there has been a reference to smoking and the decline in smoking. The argument that has been put forward, that because the smoking strategy is working we can do exactly the same with alcohol. I think there are a few critiques that need to be made of this. The first point is that we do not have an alcohol strategy. I have only been in this Assembly about 8 or 9 years but certainly when I was in here I remember a different Minister for Health and Social Services saying: “Yes, we need to introduce ...”

Deputy K.L. Moore of St. Peter:

Sir, just a point of order. Sorry, if the Deputy will let me give way. R.139 of 2014 was an Alcohol and Licensing Strategy for Jersey and I direct the Deputy to take a look at it. I will be referring to it in my speech later.

Deputy M. Tadier:

We might have a licensing strategy. Where are the actual conclusions of that that have come out? But that is only one small part of alcoholism because, as I have said, most alcoholism does not necessarily take place in the controlled environment of the pubs, which have strict regulations around them, closing times, *et cetera*.

The Deputy of St. Peter:

Sorry, Sir, I do not know if the Deputy misheard me but I did say Alcohol and Licensing Strategy.

The Deputy Bailiff:

Yes. The position is you can interrupt a speaker for one of 2 reasons, to give information about your speech, which you have not yet made, so that would be difficult; or to ask for a point of clarification of his speech and he has to agree to give way on both of those. You have not asked for a point of clarification and you have not clarified a speech because you have not made one yet. The answer is and you can put this as a point of clarification, if the Deputy is prepared to give way for you, that that is the only basis on which you can properly intervene at this point.

Deputy M. Tadier:

Thank you, Sir. Yes, quite rightly the Minister does have an opportunity to respond. But the point is we have not seen any progress on the alcohol strategy. There is nothing that has changed in the almost decade that I have been in the Assembly, in the almost 2 decades that Deputy Southern has been in this Assembly or Deputy Martin, give or take, that has changed anything. There is no minimum alcohol unit price, which is something that the previous Minister for Health and Social Services was talking about; the current Minister, I do not know where that is. We have had this shambolic idea that there was this consultation going on with the Economic Development Department, no less, so it was not even the Health Department, it was not the Treasury Department but not even the Health Department engaging with supermarkets. Surprise, surprise, the supermarkets said: “We have put a petition out asking people if they want alcohol prices to go up and all of these people who come and buy alcohol off us said: „No, we do not want to ban promotions in the supermarket””, which is completely the wrong question to engage with, whereas we know ... and I was very surprised to learn yesterday about how completely unlevel the playing field is between the pub circuit, if you like, and the retail sector. The retail sector, as I have said,

can sell the alcohol as much as they want. They could pretty much give it away if they wanted to, nothing to stop them doing that. That is the free market because we are all free marketeers, are we not, Minister for Treasury and Resources? We support the free market, yes. When it comes to pubs, apparently there is this very arcane and archaic policy or directive that says that a pub cannot sell its alcohol for 10 per cent less than any of its nearest competitors, something to that effect. It means that you cannot get things like happy hours in a pub and maybe that is a good thing, maybe it is not. It is certainly a good thing for students while they are at university or tourists but we do not have that. We have this very strange system in Jersey, again, where, on the one hand, we have a free market for one lot and that we have a very archaic paternalistic state for the other lot, and perhaps that is an argument for another day. I know that these issues are being looked into at the moment by Scrutiny. Then we have a statistic from the Minister for Health and Social Services to support, and maybe the Minister for Treasury and Resources referenced it as well, and it is, of course, how you use statistics because he said: "One in 5 crimes or offences are alcohol related." I think it was offences, was it not, I think to do with criminality? I will be corrected if that is not the case but that is what I heard when I was listening. That means that 4 out of 5 offences that are committed have nothing whatsoever to do with alcohol, which, I think, is remarkably high or, on the other hand, it is remarkably low that only one in 5 of incidents that the police deal with, and I stand to be corrected but that is what I heard, have any link to alcohol. That means 80 per cent of the people out there who are getting on the wrong side of the law and, admittedly, it could be something quite minor, it could be major, it could be anything from a murder to an assault to a robbery to a skirmish, 80 per cent of the issues that they deal with are not related to alcohol. That is obviously far less than I would have thought. It is also referred to as an aggravating factor, so that does not mean that the alcohol itself is the root cause of it. If somebody goes out with the intent to rob a house and say: "Well, I am a bit short of money because the duty has gone up so high and I cannot afford to buy my alcohol anymore or my tobacco more likely. I have to start paying £25 for my packet of tobacco, when my rich mates who travel to London everyday can just pick it up for £6.50 a packet. I have no money left because by the time I am on my second or third packet all my income support has gone. I might go and do a robbery." This is obviously hypothetical, I do not want anybody misquoting me and suggesting that I am saying all people on income support are thieves because that is obviously not the case. But let us imagine that scenario, so someone might reach for their bottle of whisky, if they have a bit left, have a bit of Dutch courage before they go and do the break in and then they would be tested and say: "Yes, alcohol was a factor in that robbery because the person had had the alcohol." Again, its correlation does not imply causation and that is not to belittle the fact that we do have a big drinking-related issue with disturbance in town. But considering the amount of alcohol that people drink in this Island on a Friday and Saturday night, it is quite surprising that it is not more than that. That is probably a combination of the fact that people take their social responsibilities quite seriously and that we have a good and effective police force in the Island, both States Police and the Honorary Police and long may that continue. What I would like to see is some kind of tackling of the duty free issue. I have not heard the Minister for Health and Social Services say anything about that. Again, it goes back to the issue of fairness; why should somebody who travels, perhaps travels for work reasons and does not even have to pay for their own flights, who is coming through the airport 2 or 3 times a week, why should they be able to get the benefits and the deals from the duty free that they can, whether it is to do with alcohol or whatever else and save money? When your poor people, who cannot leave the Island because they do not have the money, they never go on holiday, are being hit by these disproportionate increases. I would say that is not very fair and I say we need to try to find out what the underlying reasons to do with inequality, deprivation, social isolation that lead to alcoholism and other dependency issues. We need to ask, why do people engage in personally harmful behaviour; that is behaviour that harms them, when it is counterintuitive to a rational existence? Anybody in their right mind, of course, would not smoke. This goes back to the

argument that I started to unfold earlier about the difference between smoking and drinking. It is wrong, I think, to draw comparisons in the approach to smoking and apply them blindly to drinking because, let us be quite frank about it, you would have to be pretty stupid to become a smoker nowadays, I think, with all the evidence and the education that is out there. I say this to somebody, who, for a very short period of time, was a smoker. I started off very anti-smoking. For some reason, about a year or so after I got into politics, I started smoking lightly and then I realised that it is only going to kill me early and that there is nothing really in it, so I gave that up. It does not look too good either, perhaps you could argue. But putting that aside, people still smoke but it is on the way down and that is largely because of education. The other reason is that tobacco, let us be frank about this, is a pretty poor drug. It is a bad drug and I do not just mean healthwise, I mean in terms of the actual benefit that you get from the high versus the actual negatives of it, the fact that it is not that enjoyable. Most smokers want to give up smoking anyway. If you ask any smoker they will tell you that they want to give up but they perhaps have not quite got the impetus to do that, whereas alcohol is a completely different animal. A lot of people who drink do it socially, it makes them feel good pretty much immediately and if they do not overdo it there is probably not too many consequences the next day. On the bottle it usually says: "Consume with moderation" and if it does not it certainly should do, that is what they have in France. You have all sorts of drinkers, not to mention the fact that obviously it is probably hardwired into our evolution; that is not to say we cannot break it. But ever since primitive man and woman discovered that you could ferment fruit, do it accidentally and that the juice of that fruit would make you slightly tipsy and make you feel good, perhaps not so good in the morning if you have had too many, it has been with us and it is even right through our historical records in the Judea Christian tradition, if not in the Muslim tradition, which I know Deputy Labey has referred to. Getting on to dangerous territory there; we will quickly get off it. We have also talked about the elasticity principle. Senator Green talked about that saying that it is supply and demand and I have already said that if somebody needs to drink, you will find your drink. I think there is enough evidence here to suggest that we need to completely throw the Minister's proposal in the bin and support Deputy Labey. The homework has not been done here and it is being sold to us as a health measure, not a revenue-raising measure and I think the Constable of St. John quite rightly said that. If the Minister had come here and said: "Look, guys, I know this is not popular, we have a massive, great, big black hole. It is just the easy option. These smokers and these drinkers do not tend to necessarily vote, certainly the lower ones do not vote. All my mates, perhaps, and our mates are either Methodists or they do not drink - I am being slightly tongue in cheek here - or they just get all of their alcohol from the dinner parties that they do not have to pay for anyway, which they go to on a serial basis. Of course, they are not going to be affected. But I would ask the Minister: why are we not regulating off-licences? Why is it still possible to go into an off-licence at 8.00 a.m. in the morning, cash my cheque in or take some money out from the bank and say: "I will have 2 of these"? You have to buy 2, incidentally, because it is cheaper; you would be a fool to just buy one if you were eventually going to drink 2 anyway because it will cost you £4.50 for one of these and it is £7 for 2 of them, so you are saving £1 on each 4-pack. Most people are clever enough to do those maths. So, they will buy the 8-pack and maybe once they have had the fourth or fifth: "Well, I have nothing to do today. I am quite isolated here, so I will have another one." It is perhaps the other one that causes the problems. People may think I am standing up today making a speech that is pro-alcohol. I do not want anyone to think that is the case. I try and shy away from being over-personal in these approaches, not necessarily because I have anything to worry about but because those around me. But it is quite a poignant day in the debate for me today because a year ago, exactly to the day, I lost somebody who was quite close to me and one of the real reasons that I lost that person was through alcohol. It was not necessarily the final cause of his demise but it was, certainly I know in my heart of hearts, one of the real reasons. I also know that if you put the price of alcohol up by an extra 5 pence, 10 pence, 15 pence, 20 pence, that would not have made any difference at all; he would have just

drunk as much. He was an individual who worked very hard and you would not necessarily have known until the end, to look at him, that there was an issue and, of course, it was more complex than that. It was not simply a one-issue, these things are many. It was not somebody who was poor, as such, it is somebody who had a good job, who held down a job and who worked. But his problem, among others, was that he suffered from social isolation and that is why I mention these issues. It is not all to do with inequality and poverty; that is an issue and it is something we need to take very seriously. But it is also to do with social isolation and I am glad the fact that Senator Ferguson, whose natural constituency, in some ways, is the elderly population of this Island, has spoken about the social ... and I do not mean that offensively, I am saying that a lot of the people I know who voted for her, among others, did that because they agree with the issues she raised and that she does provide a voice in this Assembly for the elderly population, one that is often not voiced enough. She did talk about the effects on those individuals. Again, this is moving out of the sphere of alcohol *per se* or of duty increases but we do need a completely different approach to how we deal with inclusivity in our society. It is a shame when this becomes the focus of the debate because it does need a debate in itself. I would ask Members to send this back, as we would do if this was a private Members' Bill to increase something because there is not enough evidence.

[12:30]

The paucity of information is becoming commonplace but it is being presented to us, I think, as a red herring. We know the reasons that this is being put forward. We should send this back, simply on the basis that the Minister does not have the decency to tell us the real reasons why this is being brought forward but also to emphasise the fact that we do need to address this issue. We cannot simply come here year after year with the same old tired arguments that we know in our heart of hearts are not valid and just endorse poor policy ...

The Deputy Bailiff:

Deputy, I must ask you to withdraw that observation about having the decency to bring something back because it implies that something has been brought for entirely improper and for different reasons and it being done in an indecent way.

Deputy M. Tadier:

Okay, Sir. Sorry, I missed the first part. I will withdraw any comment that implied that.

The Deputy Bailiff:

Thank you.

Deputy M. Tadier:

My point is that, of course, these things are overdetermined. There are very many different reasons why you might want to implement policy and I think the card that is being used predominantly to sell this to us is being overplayed. I think the argument that this is a health issue is not the compelling reason for supporting this and I think it is a red herring. I will leave it like that. I hope Members take on board the points and I do thank Deputy Labey for bringing this. I do ask the Minister to take note, the Minister for Health and Social Services in particular, to look at duty free. We have talked about the tourism industry. We know that if we close the duty-free loopholes there would be an outcry, as there was from supermarkets. I am not saying we should necessarily do that or do that without thinking. We probably should do it if we want to have a joined-up health policy. But I think we are hearing a lot from the Minister for Treasury and Resources in the grand scheme of things and not very much from Health. I look forward to some meaningful strategies coming forward, perhaps the strategy whereby off-licences cannot sell alcohol before 2.00 p.m. in the afternoon and that there should be minimum prices for alcohol.

2.2.13 Deputy A.E. Pryke of Trinity:

Let me put one thing clear, there is definitely online, I have it here, an Alcohol Strategy 2014. Perhaps Members need to think about going back to look at it. It is there and I will come back to quoting one bit of it. It is all about health, health, health, health. When you look back we are a lucky generation. We will live well into our 80s and 85s plus, if not longer, even well over 100, I hope; perhaps not me but I hope my children will reach that. But all of us, I am sure, in this Assembly can remember my grandparents, well, I can remember my grandparents, usually saw them sitting in front of the fire with a blanket over their knees, well-aged before their time. But look how the generations have changed. We are so lucky and it is all down to being aware of health, eating healthily, being active, working longer, our minds being active. But that just does not happen overnight. As you can guess, if I mention health, I will not be supporting this amendment. Death from drinking is higher; we are higher than most regions in the U.K., apart from the north and the north-west and, as I said, we have evidence to show. It is the Medical Officer of Health. She is the States of Jersey Medical Officer of Health. About 15 deaths per year caused by drinking and 65 per cent of those are caused by the alcoholic liver disease and mostly in men; so men be warned. We are drinking over 11.5 litres of alcohol a year, the deaths similar to the U.K. The Constable of St. Martin has quite rightly challenged where is the evidence to say that these alcohol strategies are working. I probably cannot read it because I have my small iPad here but alcohol consumption per capita, it is the top line, the blue line is Jersey; it has been decreasing over the years. It starts at 2000 and this is 2012 but our bar was even higher to begin with because our drinking was such a problem in Jersey and we should be ashamed of that. But we are still drinking too much. We know that it has got admissions to the hospital, associated liver disease, cirrhosis, death and we have had a Constable and a Deputy have mentioned their own personal experiences of having loved ones who have had those problems. But there are many other families in similar circumstances. What about the price of alcohol? There is evidence and the Minister for Health and Social Services mentioned all the evidence. It is not just local evidence, it is worldwide and I can go through that list but I am sure Members have it themselves. I have the list here, I have lost it. I might come back to it if I find it among my muddle. But it is the World Health Organisation as well included in that. It is not one simple intervention that is going to solve the problem and it is not just going to happen over one year, 2 years or 3 years. It is a long-term process and it is multi-agency working. Education, not only in education in our schools and Jersey Youth Service, who do a very good job raising the awareness of the effects of alcohol but to the Islanders as well. It is things like the domestic violence campaign, raising the awareness of the effect that alcohol has on domestic violence and its other campaigns; drink-driving campaigns. When I was in my early 20s you did drink and drive. Does anybody drink and drive? I hope not because if you are caught you know the effects of it, either high fines or ending up in jail or even causing an accident. That has happened over many, many years. It is a joint approach. Education, Youth Service and 2 street pastors who, on the nights, over weekends play important parts working at the Weighbridge area tackling young people who are drinking too much. It is a joined-up policy. It does show and you can see there that it is working. It is slow, it should be quicker but the numbers are reducing. We have to keep our foot on the pedal and keep it pressed down. Many Members have mentioned minimum pricing, when I sat on the Alcohol Policy Group that was one thing we definitely were interested in and a lot of work was done by our States of Jersey Medical Officer of Health looking at minimum pricing. We looked at Scotland but they came to a bit of a full stop because they were taken to court on a legal challenge to the E.U. Court by none other than the Scottish Whisky Association, so that speaks for itself. It is now, I understand, back into the domestic court, so that is not progressing too far. But minimum pricing would have effects on those Members mentioning how you can buy 3 bottles of beer or Deputy Tadier's props, buy 3 bottles of wine for £10. That is wrong. I hope if the minimum pricing proposition does come to the States, that all Members will support it. Listening to people here, it looks like it is a goer but we know that the industry, the

supermarkets, will be very much against it and we will get lobbied left, right and centre not to put it in place. But we have it on Hansard that most Members support it, so the Alcohol Policy Group, I suggest, you bring it on. As I said, there is an alcohol policy, it needs updating but please, please do not support this proposition. We have the evidence that taxes do play an important part in stopping people drinking. Deputy Labey mentioned about tourism, the effect of tourism. I love my Island; I do not want it to be known as an island of low drink prices. I want it to be an island known that we have a beautiful coastline, green countryside, our Jersey cows, Jersey milk, our coastline and a good place to be. That is what I want Jersey to be known as, not as low alcohol prices, please come to Jersey. Definitely not. I urge you, this is a health issue, purely and simply as one of the major interventions that can help reduce the effects of drinking. All you have to do is go into the E.D. (Emergency Department) most nights, especially at weekends and see the effects of drinking, the effects of drinking that it has on families and on the staff. Staff have to deal with it day in, day out and the wards too. Please, this is an important bit, so I urge Members, please, to throw this amendment out.

Connétable S.W. Pallett of St. Brelade:

Sir, I am aware that I might probably speak longer than 10 minutes or 15 minutes. Could I propose the adjournment?

LUNCHEON ADJOURNMENT PROPOSED

The Deputy Bailiff:

Are the States agreed to stand adjourned until 2.15 p.m.? Very well, we are adjourned until 2.15 p.m.

[12:42]

LUNCHEON ADJOURNMENT

[14:16]

The Deputy Bailiff:

We resume the debate on Deputy Labey's proposed amendment to the Draft Budget Statement. The Connétable of St. Brelade.

2.2.14 The Connétable of St. Brelade:

I think there have been a couple of speakers now that have referenced the fact that the Licensing Law 1974 has been under review since 2007 and that is correct and that more recently the States have promised a revised Alcohol Strategy. We have a revised Alcohol Strategy. It is in place. Unlike the Minister for Housing, I do not think it needs to be reviewed, although all policies are reviewed on an active basis. But R.139, the Alcohol and Licensing Strategy for Jersey, and I stress both those points, it is an Alcohol Strategy and a Licensing Strategy, was published in September 2014. It sets out quite clearly it is a joint approach. Well it is more than a joint approach, it is a joined-up approach, 4 States departments, the Chief Minister's Department, Economic Development, Health and Home Affairs, and I have to say as well 2 representatives from the Comité des Connétables, they have been working regularly, not just specifically around the Licensing Law, but on all the other areas around licensing policy. Now you might say what is the Alcohol Strategy about? Well I think clearly if you read the strategy it sets out certain goals, aims and objectives. One was to set up an Alcohol Licensing Policy Group and that shadow Alcohol Licensing and Policy Group has been in action since early in this term of government and it is this Government that is looking to move this on and has been supportive of the new work on the Licensing Law. It clearly sets out why we need an Alcohol Strategy. It sets out several issues, I think some that speak for themselves, one is we drink too much, I think there is no doubt about it;

as an Island, we do drink too much. I mean if we are saying, and I think it has been said, that we drink something like, individually, well for everybody in Jersey, we drink 134 bottles of wine or 30 litres of spirits, then clearly that is quite a staggering amount and I do not know who is drinking mine but, as somebody who does not drink, somebody is drinking twice. But, to be serious, it is a really serious issue. The strategy sets out its aims and objectives to try to get around to resolving some of these issues, to stop the negative effect that alcohol is having on our Island as a whole. Now, do not get me wrong, I do enjoy the odd glass of wine, as we all do, but it has to be done in moderation, and I think the Alcohol Strategy sets out to try to achieve that. But it clearly sets out the levels we are drinking at and I think over the last 2 or 3 years it has set targets. The strategy sets out some clear objectives. I think that they are ones that we would expect and ones that will be set out within the new Licensing Law and I am going to come on to the new Licensing Law a little bit later. Clearly, protection of public safety, prevention of public nuisance, all the issues that I think we would like to see improved, but we do need to find ways of measuring that success and I think the strategy sets out what those measures will be. Several actions are highlighted within the strategy, which I think is clearly set out with clear objectives, with the reduction of alcohol-related crime, how that can be achieved in areas such as domestic abuse, reviewing the drink-drive limits, all areas that we are going to cover. I know it was mentioned by Deputy Labey. Some of these areas do not come under the direct responsibility of the Alcohol Licensing Policy Group, it comes under the Drug and Alcohol Action Team, so I cannot speak on behalf of them, but I can speak on behalf of the S.A.L.P.G. (Shadow Alcohol Licensing Policy Group) and what we are trying to achieve. So clearly there is a strategy there and clearly it sets out some aims and objectives that, over the last 2 years, we have been looking to try to bring forward. Part of that work, and this is why I want to come on to it, has been working towards producing a new Licensing Law. As part of that, and as part of the Law, we have been working to a timeframe in conjunction with the Scrutiny Panel, I know we have set targets, and some of those targets are looking like we are stretching them a little bit, but we have been trying to work to target. Clearly, when you are developing a new law, there are certain hurdles you need to jump over and I think there is one final hurdle before we will be able to lodge the new law. But we are replacing it, a replacement of the 1974 law, with a law, which we hope will be in place by 1st January 2018. The new draft law, like I say, is close to being lodged. It is going to set out and look at various areas. What should be the core objectives? I have already mentioned one or 2. Should there be a comprehensive Statement of Licensing Policy? Now, one of the areas we looked at within the consultation for the Licensing Law that has already been mentioned here was around minimum pricing and how that might be looked at in future. That is an area that I know the Minister for Health and Social Services still has clear interests in and one that the S.A.L.P.G. has made it clear we will review in future. We have not ruled it out. We have not ruled it in; we have not ruled it out. But where that would probably sit moving forward is in something like a Statement of Licensing Policy, which, as part of the new law, will have to be agreed and debated within the Chamber, so clearly we will have a say and all have an opportunity of what that Statement of Licensing Policy might look like in future. Other things the law will pick up will be around who should determine the licensing applications, how we make the process more efficient for the industry, something they have been clearly wanting for a long period of time, and should the Parishes still continue to play a key role in the licence application process, something I think all the Constables would agree with me that they do and they want to stay part of that process. But this is all heading towards a new law that will be much more streamlined, I think much more easy to understand and something that the industry and Government have set targets to improve on. Like I say, I am hoping that this law is going to be lodged within the next few weeks. I think it needs to be lodged fairly soon so that we have an opportunity next year to review both the regulations and the Statement of Licensing Policy. But the statements that were made before lunch in regards to not having an active alcohol strategy, it is just clearly incorrect. We do have an Alcohol Strategy, it is being worked to by the Alcohol Licensing Policy Group, the shadow group,

under the chairmanship of the Assistant Chief Minister, Senator Routier, and, as I say, have departments that are working, I have to say, very progressively in regards to a new law and very progressively in regards to any future policy. Very difficult when you have 4 departments around the table all with different aims, different objectives, to try to get a policy that fits all, but I have to say it has been joy to work with Ministers who want to achieve something and be positive around trying to find a policy that works for all. **[Approbation]** I intended not to speak too long because all I wanted to do is really just to set out the fact that we do have an Alcohol Strategy and, as I say, it is something that we have been working closely to, something that we will carry on working closely to, and, in terms of achieving things, I think is already beginning to achieve things in terms of the reduction in alcohol consumption in the Island. On a more personal note, I have been a trustee now for several years of Sanctuary House in St. Aubin who I think we all agree do a fantastic job in supporting **[Approbation]** not just around those that have alcohol problems but those who have homelessness and all other sorts of issues as well and that do need assistance. What I would say though is harm is not just about physical health, although that clearly is an issue sometimes with those that drink too much, but clearly alcohol can be an issue in regards to mental health and it can also have a huge consequence on both their work and their family life, something that we see on a week-to-week basis in St. Aubin and in St. Peter as well with our second house. As much as we might try to bury our head in the sand and say that prices is not a factor in reducing alcohol consumption, from the people that I speak to I think it does, which is why I cannot support this amendment. I think there is clear evidence that price is a key issue. It is certainly a key issue in those that are younger and I think it is the younger generation are the ones that we need to keep a very close eye on and make sure we support. I am not saying we are writing off those that are a little bit later in years, but clearly young people must play a key part in anything we do in future and it is not just about price, it is about all sorts of other things, including education as well, but nevertheless price is one of the things that we need to keep a close eye on and something that I will support the Minister for Health and Social Services moving forward. I know we have sometimes crossed swords around pricing, but we certainly will not be doing that as we move forward. One of the issues that came out of the consultation in the summer was around alcohol promotions. All we were trying to do with that, and I say “all” because a lot of people clearly did not agree with it, was we were trying to have an equal playing field in regards to on and off licences. Clearly, the main issues I think were around drinking off-licence or at home where there is no control and trying to bring some balance into that market, something that hopefully we will be able to do as a group on the S.A.L.P.G. or the A.L.P.G. (Alcohol Licensing Policy Group) when it is finally formed. Interestingly though, limiting promotions or having some minimum pricing policy, it was an interesting approach that was taken by the retailers because they made the point that they did not think it would make any difference to their sales. Well, why did they fight so hard then? Because clearly, not only did they fight hard, the public fought hard to make sure they could buy cheap alcohol. Now there are 2 ways of looking at that. I will admit the vast majority of people do drink sensibly but there are those within society that need that assistance and sometimes the only way we are going to do it is through something like price control. Before anybody starts jumping up and down and saying that is where we are going, we do not know yet, but it is one of the tools that I think we need to consider and I think this is just a small step today in trying to pull people away or make people think twice before they buy that extra bottle of spirits or buy that extra bottle of wine. I know we are not talking about our Tobacco Strategy today, but from a personal example I think the one thing that made my daughter stop smoking was the price. She did not want to do it, but it was the price, it got to a point where it was not acceptable or she deemed it was not a reasonable and rational thing to do. Now we are a long way from that with alcohol but these steps today and I think a reasoned, measured approach from the Minister for Treasury and Resources today is a small step down that road, and I think trying to amend this today is not the way forward. But let us be clear, we do have an Alcohol Strategy, it is working, it needs to carry on working, it does need to

be reviewed on occasions, but it is working, it is there. I cannot support this amendment but I do support the work that the 4 departments are doing and the Constables as well, because they have been extremely supportive through this and I thank them in that. As I say, if there is one thing I am going to nail my hat on, or whatever it is, colours to the mast, is I want to have a new Licensing Law in place by January 2018 and with the help of this Assembly.

[14:30]

Also the help, and I hope we can get the help of the Scrutiny Panel through this process. I know Deputy Brée has been very keen to make sure he has it on his table as quick as he possibly could and he is going to get it fairly soon. I hope we can work through it and we can achieve that in this term and not drag it into another term. I know I strayed off patch a little bit there, but I think it is important to put some of these points across. Thank you.

Deputy J.A. Martin:

Can I ask the last speaker for a point of clarification? He twice said: “Aiming for a Licensing Law to come in 1st January.” Previously he said in the middle of the speech he has it ready for lodging in the next few weeks. What has happened to 2017? You said 2018 and the next few weeks, I need to clarify that please.

The Connétable of St. Brelade:

I can clarify that. I am looking to get the primary law lodged within the next 2 or 3 weeks, in fact I would like to do it sooner, if I could I would do it today, but to make the law work we need regulations and a Statement of Licensing Policy, both of which need consultation and debating as well and that is what will take us up to hopefully a starting point of January 2018.

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

Following on from the last speaker, it is very interesting to learn about the proposed Licensing Law; 2 points on that. This debate is not about the Licensing Law and I think we can get ourselves very easily confused about all the promises that may be made about the proposed new law, which has yet to be lodged, and I would stress the fact that scrutiny, my panel, the Economic Affairs Scrutiny Panel, while we have had conversations with the department, as it has not been finalised or lodged, we have not yet obviously been able to scrutinise it correctly. But I just wanted to stress this is not about the Licensing Law. We have heard a lot of people talking about the fact that the increase in impôts duty on alcohol in particular, but also tobacco, is being done in order to change behaviour. I would suggest that, in order to change behaviour, the proposed increases would have to be much, much higher than they are and that the small proposed increases that the Minister for Treasury and Resources has put forward will not and does not address the real issues behind alcohol consumption in this Island. So, in reality, what these impôts duties are about is additional revenue-raising measures and that is all. Now, one of the arguments for putting up the duty has been the cost impact on the health services and we have heard a lot about that today. I cannot see a Jersey-based study that quite clearly shows me how it has affected the Jersey health services, i.e. I am saying evidence sourced and based on local situations. What has happened is that U.K. studies have been taken and the results of those have been extrapolated to the impact possibly on Jersey. So no full complete and proper review of the total impact on the cost of providing services has been put in front of us at the moment. While I agree there are many international studies that point towards that being true, we have not been provided with evidence based on a local study. Now, part of the justification that is being put forward, not only by the Minister for Treasury and Resources, but by other Members of this Assembly, for the increases, particularly on alcohol and tobacco, but also on fuel, is there are health issues and there are environmental issues. Now, if that is the case, then why is the revenue raised from these areas, these duties, not hypothecated. We have heard the word used before. Hypothecation of revenue is that the revenue raised on the basis

that we have health issues, we have environmental issues, is ring-fenced and used for those areas. No. This increase in duty will go into general revenue. I am somewhat surprised by the fact that the Minister for Treasury and Resources refuses to entertain at the moment hypothecation of increased duties where the argument he is using is a health and environmental one. Now, I do not know, but certainly in my simple terms, if I am asked to pay additional taxation, which is what this is, to help with health and environmental issues, then I would feel much more comfortable if I could see quite clearly that the revenue raised, based upon that argument, went towards, directly, health services budgets, directly to environmental projects. But they are not. The argument is: "We do not do it that way, but of course we will be supporting those sorts of things out of general revenue." Well, myself, and I am sure most of the population of this Island, who do pay these taxes, would feel much more comfortable with an increase if we could clearly see a connection, but there is none provided. Talking about the increase of duty on fuel, we have heard many arguments that it is going to impact on smaller businesses who require transportation to carry out their business. That I fully agree with. But I would like to go back a little bit and look at the original idea about increasing duties on fuel in the first place, which was to do away with the road tax. Now, the state of our roads in Jersey at the moment is not particularly good. I think we probably could all agree on that. If we are going to increase duty on fuel above inflation, then surely there should be a corresponding investment in the highways of this Island. But, again, there is no clear connection being provided. So, based on those thoughts, therefore one can only surely come to the realisation that this increase in duty above inflation is purely a revenue-raising measure and all the arguments about the health of the Island, the problems caused with alcoholism, which we all know exist, does not ring true anymore because there is no connection. Effectively, this increase in taxation above inflation is going to hurt low-income and middle-income families the hardest. Yes, there are many people on this Island, and I will put my hand up, I smoke, I enjoy a drink, I drive a 2.5 litre car, stupid, is it not? But that is what I do. So I will suffer and many other people will suffer and yet there is no link being made in the Budget anywhere between the increase in revenue through these duties and the benefits to the Island as a whole. I do wonder whether or not this is a sticking-plaster exercise as opposed to a real policy moving forwards to look after the health and wellbeing of the Island. It is for that reason that I am going to support the amendment by Deputy Labey. Thank you.

2.2.16 The Deputy of St. Peter:

As a member of the Shadow Alcohol Licensing Policy Group, I am delighted to follow the previous speaker and to bring us back on track and remind the Assembly that it is really important that we are about to lodge a draft Alcohol Law and the fact that we do have an Alcohol and Licensing Strategy that was R.139/2014 for the very reasons that have been raised by the previous speakers to the previous speaker. So many have admonished us today for a perceived lack of Alcohol Strategy where in fact we do have that strategy. Some of the action points that the Constable of St. Brelade referred to have indeed been taken forward and particularly so in the area of Home Affairs and so I just wanted to remind Members of some of these actions, what is being done in this area, because it is true that some crime, as Deputy Tadier referred to earlier, one in 5 of all crimes has some alcohol involved. If we can look a little deeper into the figures and an area that is particularly pertinent at the moment, there are around 300 incidents of domestic violence in St. Helier reported to States of Jersey Police annually, of which around 40 per cent were recorded as having alcohol involvement, so in 2015 that figure was 38 per cent. If Members remember, recently it was Domestic Abuse Awareness Week and one of the themes of that week was the involvement of the child in the domestic environment and the impact that the experience of domestic abuse has upon that child. So, I believe that all of these pieces of information are in fact allied and we are taking action as an Assembly, yet today's argument is about the levers that we have as an Assembly to promote awareness and educate the community and encourage people to act and be aware of their actions

and behaviours and the impact that has, not only on their own health, but on the wellbeing of those around them and particularly those most close in their own home environment. The Constable of St. Brelade went through the arguments that we have had about alcohol and licensing policy and price control, which I will not go into again, but also, going back to community policing, in recent years we have focused on getting the licensing team into the night-time economy and they are now much more visible and that is again part of our strategy, it is one of the action points that we have achieved, because, if you go out now, if Members go out on a Saturday night to St. Aubin or St. Helier, they will see members of the Alcohol Licensing Team from the States of Jersey Police going into licensed premises, checking that all is well, and they have a very good relationship with the licensees in the night-time economy. So I hope Members will share with me this acknowledgement that much is being done in terms of action but also we have to employ the economic levers that we have available to us as an Assembly to encourage the general population in this very important area.

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

I have lost count how many times I have been involved in debate about alcohol and impôts duty but I will try and keep my speech short. The long-term tax policy that was produced in 2014, one of the key principles of that tax policy was that taxation should support economic development and, where possible, social policy. From the debate I have heard so far, it should say taxation should support social policy and, where possible, economic development. The reason why I say that is because, although people have stood up and mentioned we have a strategy, we have bits and pieces, we are going to bring this legislation forward, I have to keep asking myself why am I still sitting here hearing exactly the same arguments that were made 7 years ago saying that we have this, we are doing something, we are achieving something, but just let us keep on increasing impôts. So my argument would be at this point, which is part of the key policy and this long-term tax policy that we do have in place, which was also produced in September 2014 at the same time as the Alcohol and Licensing Strategy. It says: "Similarly, the tax system cannot and arguably should not define social policy, but where there is a clearly defined objective and where it can be objectively demonstrated that the tax regime can affect taxpayer behaviour then it may be appropriate to set taxes accordingly." Then you read the Alcohol and Licensing Strategy where it suggests that there are action points that they are going to review certain areas, 2 in particular, but I have not heard a Minister yet stand up and tell me what have been the results of those reviews. Where are those reviews? I cannot find them on any of the websites that we have as a government or whether we are a States Assembly or even on scrutiny where there may have been any submissions. There is nothing.

[14:45]

So I am being asked yet again to increase impôts because it is an important part of challenging the public's behaviour on the use of alcohol consumption. I have no problems with trying to assist and putting in policies and helping people with alcohol, whether it is alcohol abuse, whether it is consumption, whether it is consumer behaviour. But it comes to a point where I need to stand here and say: "Council of Ministers, once you get all your ducks in order and come forward with an action in terms of how all of these are working together and how they are joined up and how the statistics relate to the public that I represent, not to the U.K., not to Australia, not to New Zealand, not to anywhere else in the world, then I may consider it." But I am going to, at this point in time, support Deputy Labey and say to the Council of Ministers, next year, when you want to increase impôts, come back with all the ducks in order, tell us how all of these strategies, all of these objectives and all of these action plans, are assisting in helping this behaviour, and if we still need to increase impôts then I may be convinced, but at this point in time, with the speeches I have heard and the information that has been provided, I am not convinced. So, on that basis, as an

independent member of the States Assembly, I will be supporting Deputy Labey and I would ask the Council of Ministers to consider their position. [Approbation]

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

There is an old joke that says, how do you eat an elephant? One mouthful at a time. It is much the same in introducing these additional charges year-on-year that gradually we consume the problem. In that way we avoid the unintended consequences of imposing very large charges, which could destroy some parts of our economy, particularly the tourist trade and the night-time economy. We must protect that as much as we possibly can. But just moving on, one of the reasons I was thinking about, I was thinking about the role of my Honorary Police in the Parish of St. Peter, for example, and the work they have to do. We are the only Parish nowadays with an out-of-town nightclub. On a Friday and Saturday night they do patrols down on the Five Mile Road where that only nightclub exists. I meet with my Chef de Police every Saturday morning and he tells me how many people he has picked up off the streets, not every week fortunately, usually young girls who are totally immobilised at 2 or 3 o'clock in the morning. He does not take them down to police headquarters, he takes them down to the hospital for their own safety, or they can take them home if they are not too badly intoxicated. These are not girls that have just preloaded, they did that before 9 o'clock, before they left home, they were still loading well after that into 2 or 3 o'clock in the morning and becoming incapacitated. But those are the ones we have not yet reached because one thing that I think is very good, working alongside the general policy, is the school survey, *A Picture of Health*, in 2014, which identified since 1998 when 54 per cent of 14 to 15 year-old children were drinking alcohol regularly, is now in 2014 down to only 16 per cent, it has dropped by two-thirds, and that, I have to say, Minister for Education, is down to the efforts of your Youth Service and the officers with that and I hope also the teachers in your schools, and I compliment you for that. [Approbation] So it is not only about pricing. Yes, you are right in many ways too that the small amount we are putting on alcohol is not going to change people's minds about what they are going to do particularly, after all I go to a restaurant and I will pay £20 to £25 for a bottle of wine when I know I can go down to the off-licence, which I will not name, down at Beaumont and get the same bottle of wine for about £6. So pricing is not going to change my views particularly just because it is more expensive one place than another. Equally, while we are looking at that point at the moment, the amount we are putting on alcohol in duty is the same amount whether you are going to have it in your home, preloading, or whether you are going to have it on-trade in a pub or a nightclub, it will make no difference, the prices are going up together. So the difference in price remains the same. I also remember back in 2010, I think it was, when the then Deputy Power brought a similar motion and the duty was not put on in 2010 as part of that Budget and, from memory, and I stand to be corrected, it was within a month or 2 that the trade put up their prices by I think twice what we were proposing to put it up by. That is really what we are looking at and while I can see the arguments from the on-trade I think they are rather hollow. The same arguments, and I do not mean this in the same way with regard to the Farmers Union, but we hear the people protecting their own interests, and so they should, and it is all right for them to say - and I thank Deputy Labey for his presentation last night downstairs in the Members Room - it is okay to say we sent a letter and we have not had a response, but if they were really motivated why were they not banging on the Minister's door? I was talking with an ex-high-ranking civil servant who used to work in Whitehall over the lunchtime period today and he was saying exactly that, in the U.K., if the trades really had an issue about new levies coming in on alcohol particularly, they lobbied the Minister, they would not let him out of his office until they saw him, that is the way it has been done if you really are passionate about it. Or is it just easier to find, no disrespect to Deputy Labey, a willing politician to come and bang your drum for you? Is it that easy just to change the policies and the directions of what we are trying to do in Government?

Deputy R. Labey:

It did not happen that way around.

The Deputy Bailiff:

You will be able to sum-up at the end.

The Connétable of St. Peter:

I will withdraw the comment anyway. I do not want to offend Deputy Labey, he has been very good in what he has done so far. I think in another way, thinking about Honorary Police again, it is very analogous to speeding. The majority of drivers drive carefully, they drive within the limits, but we have that 20 to 25 per cent that do not. They do not care; they just drive whatever speed they want to do and do whatever they want to do. Again, we have I think in people that do drink alcohol, most people drink it sensibly and responsibly, they enjoy it when they are in company or going out to a pub with friends or on occasions in restaurants. We have some who ultimately, through no fault of their own, have come into a position in life where they can no longer control their limits and I have several in the Parish who I have to deal with on a regular weekly basis who now are no longer able to control themselves because of the effects of alcohol. What I also see, putting my other hat on in Health now - I have 3 hats, Constable, Treasury and Health - when I look at the other issues in Health, the Monday mornings when I meet up with the general manager of the hospital who tells me the police had to be called in again over the weekend when a member of staff has been assaulted by some drunken person in A. and E. (Accident and Emergency). I also remember, going back to my interim life when I was in the property world, a senior radiologist saying he wanted me to find him a property close to the hospital so he was not out from home in the middle of the night too often when he was being called in where drunk drivers had broken themselves and he had to do imaging for them in the middle of the night. That is the dedication of our staff in Health and I compliment them for that. But these are the unintended consequences of alcohol, the things that really do matter, the amount of days lost at work, the amount of years lost in lives, through these shortened lives through the effects of alcohol on the body, and also the effects of life itself from people being either killed by their own actions or the actions of somebody else who was drunk at the same time. In my view, if this small amount only saves one life, then it is still not enough, but at least it is a start to save one life. Thank you.

2.2.19 Senator A.J.H. Maclean:

This is clearly a very tempting amendment for Members and I understand why. I, like others, have stood in this Assembly and been part of previous debates on impôts and it is why I made my comments earlier on that it is even less appealing, particularly as a Minister for Treasury and Resources, bringing an increase in impôts so close to Christmas; it makes that emotive argument, which is part and parcel of these debates, even more challenging I suspect. But, nevertheless, I do not want to stand here and repeat, if I can avoid it, much of what has already been said, but I will summarise a few salient points. There is a point that health professionals worldwide have raised and that is in relation to the harm that alcohol does and indeed the link between consumption and harm and price and reduction in consumption. It is not just the world over; it is also facts that are readily available here in Jersey and facts that are readily available in Guernsey as well, not just around the world. The relationship between alcohol price and consumption is one of the most researched, the most researched areas of alcohol policy, that is both the local and international, as I have said, and many Members have stood to say there is a lack of evidence and I really struggle to see how, if one takes just a cursory glance, how there is a lack of evidence available. The figures of our own Health Intelligence Unit, based on volumes of alcohol imported into the Island and population figures generated by the Independent Statistics Unit with information from tourism on annual visitors each year, show that alcohol consumption per head of population has fallen, not risen, fallen. Between 2004 and 2014, alcohol consumption fell by an amount of 30 per cent. Over

that same 10-year period the price of alcohol increased by 14 per cent more than inflation. That shows very clearly that rising prices reduce consumption in Jersey because those are Jersey statistics and they are borne out with all the evidence and research carried out elsewhere in the world, but those statistics relate specifically to here in Jersey. But it is not just our figures that show price influences consumption. The international figures, as I have said, do the same. The Council of Ministers have published, and I will not go into the detail because the Constable of St. Brelade did that very well, in relation to the Alcohol Strategy, the Licensing Law policy and the co-ordinated approach that is being undertaken. I think that answers hopefully for Members another important point that there is a lack of co-ordination within Government in relation to these important areas. There is no lack of co-ordination. There is a lack of progress in some areas; it has been too slow coming forward. I stood here myself as a Deputy on the other side in I think it was 2006 with regard to the Licensing Law that we were trying to progress at that particular time. With my work in various policy groups, I can tell Members how difficult it is getting all those vested interests co-ordinated in an approach, it has been extraordinarily hard and I think the current policy group, and the Constable of St. Brelade needs to be congratulated for the progress that I know he has made. Of course the Deputy quotes the decision of the U.K. to cancel the beer duty escalator and indeed we had at one stage considered a beer duty escalator or an alcohol escalator for that matter. I do fully sympathise with the view that the Deputy raised because that duty escalator saw hefty increases in duty over a really short period of time and it also coincided, which made it even worse, with significant increases in the U.K. on V.A.T. (Value Added Tax). So it demonstrated how it was a bit of a blunt tool in terms of trying to manage these issues and it reemphasises the point that, from a policy point of view, it is no one single solution that is going to resolve the issues of harm with alcohol or other issues around tobacco and so forth. It has to be a multi-agency, multi-faceted, multi-pronged approach. But that does not mean stopping this duty increase is the right thing to do. That is one of those responses. It is important and statistics and evidence make it absolutely clear that is the case. I would like to look for a moment at what is going on in the local market. I know some Members had the benefit of meeting some of the trade, I believe, here yesterday, which was organised and co-ordinated by Deputy Labey and that is a good thing. We hear a lot from the trade and the trade view and that is not surprising; they are protecting their position and I would do exactly the same if I were they.

[15:00]

But let us remind ourselves, shall we, of a few facts, which I think Members might find interesting, and that is around what the level of duty and tax on a standard pint of beer is here in Jersey. What is the level of duty and tax on a standard pint of beer here in Jersey? Including this proposed increase today, including the proposed increase, if it goes through, that would put the duty and taxes at 54 pence. Let us think for a moment what the duty and taxes are in the U.K. on a similar standard pint of beer and we find out it is a whopping 97 pence. With much, much higher duty in the U.K., 43 pence more, it would not be unreasonable to be standing here or to be sitting where Members are to be thinking the cost of that standard pint of beer would be a lot more expensive in the U.K., but no, no, no, that is not the case. What this pint of beer in the U.K. is, it is cheaper by a margin of 56 pence. That is what the difference is between beer in Jersey and beer in the UK, despite the fact the U.K. has substantially higher taxes and substantially higher duty. In fact, if I put that into percentage terms, that is 80 per cent more tax in the U.K. and, by the way, we are not proposing to go down that route at all, we are being very modest here, we are just suggesting a very small increase. But that still leaves the U.K. with 80 per cent more duty. The high retail price difference between the U.K. and Jersey can tell us just one thing, in my opinion; there is a very large margin at play in the supply chain and among the trade. No wonder there is investment going into businesses here in Jersey, which I might add is extremely welcome. I am delighted to hear businesses are investing and businesses in this particular area, with those sorts of margins, I am not

surprised they are investing. I think it is clearly very profitable and they should be congratulated on their business models. With the limited number of large operators effectively controlling the market and prices here in Jersey, and we were reminded earlier about the 10 per cent rule, which is at play. In other words, prices cannot be moved by more than 10 per cent. That is a really interesting point if you happen to be part of one or 2 large groups who are effectively controlling the market, it is an absolute manna from heaven, is it not, you cannot move more than 10 per cent. Would you want to move more than 10 per cent? I suspect you would not. It is a very satisfactory cartel type of arrangement. Those businesses are also benefiting, as many are in the Island, and that is part of the strength of our corporate tax arrangements from zero per cent corporate tax. At least one is owned within corporate and trust structures, the ownership of which is unclear, and therefore, as is the case with other businesses, some of those profits may also be going off-Island. That is the nature of the beast of what we have. I make it purely as an observation. My point is that large businesses have a certain view of the marketplace here and I do not blame them for that in one piece at all, it is completely understandable and it is driven by profit and, if anybody else is in business, they would also be looking at profit motives and not what is in perhaps the consumer or the Island's best interests, and that is around the issues that many Members have spoken about here, both this morning and this afternoon, and that is about these health issues and that is about the other matters that impact us from excess alcohol consumption. So the business view is driven largely and understandably by profit. Now, turning to the arguments that these relatively modest rises in alcohol duty will be the death of the hospitality industry, which I have heard mentioned on a couple of occasions, I emphatically do not agree with that point. I think, and I am sure many will agree, that it was in the 1960s and 1970s that this Island sold itself on the basis of cheap fags and cheap alcohol. Those days are long gone; they simply do not work anymore. We have set up Visit Jersey. We have seen the success of Visit Jersey; we have seen the encouraging improvements in visitor numbers recently, and that all dictates that the policy of promoting the Island for its strengths, which are not cheap alcohol and fags, are working. I cannot imagine for one moment that Visit Jersey would want to be going out on a social media campaign promoting us with cheap fags and cheap alcohol, I just do not think it makes any sense whatsoever and it is not deterring those who come here. Just by the way, I mentioned earlier today that Guernsey have increased, to an even greater extent, their duty rates on alcohol, cigarettes and so on, and we are still marginally cheaper in all I believe than spirits where there is a couple of pence difference the other way, but generally we are cheaper. So we have the competitive advantage over our nearest neighbours, but we are competing on the global stage in tourism and so we will not focus too much on that, but it is still a point worth making. So I am delighted with the state of our vibrant hospitality sector. I would like to put one last myth hopefully to the sword that has also been mentioned today and that was the fact that we have been accused of having the highest beer duties in Europe. This again is not true. Now I agree with some Members that we need this multi-agency approach, and I have already commented on that so I will not go into it anymore, I hope that it has been demonstrated by others that is exactly what we do have. One final point, I did not say, just for clarity's sake, that this proposed duty increase - and the Constable of St. John is here, excellent to see that - because I did not say it was not a driver, revenue; I said it was not the only driver. It is important that we get the revenue as well, it is important we have a joined-up approach, it is important that we deal with health matters, and that is exactly what we are doing, we are looking across the piece, we are looking at broader policy considerations of Government, but there is a revenue element here as well. Now that I have made that point, I am sure the Constable of St. John, now that he has that clarification, will be voting to reject this amendment as he suggested he would earlier on. Just for absolute clarity, say Deputy Labey's amendment succeeds, it will mean we will have a detriment of £660,000 per annum on alcohol duty over the next 3 years, in fact I think it is £690,000 next year and slightly less thereafter, hopefully proving that consumption will start to fall. But, in any event, that is the impact of the decision. I would like to, if I may, now just turn towards fuel for a

moment. Our recent increases in fuel tax have been minimal in recent years. There were no increases, Members may recall, but if not I will just remind, in 2013 and 2014, and only 1 pence per litre increases in 2014, 2015 and 2016. Interestingly, over that time, the real value of fuel duty has been falling, eroded by inflation and of course we have seen the condition within the global markets, oil prices have fallen quite substantially. I accept the point that they have risen more recently, but they have still stabilised at a significantly lower level than they were back at the time when we took the decision not to raise fuel duty. The Budget proposal is therefore still, in my view and the view of the Council of Ministers, a modest 2 pence per litre. This amendment seeks to limit that increase to 1.5 per cent; that is a half a per cent difference, that will reduce again from an income perspective, and I just emphasise the point, this is not just about income and it is not just about environment, it is about a broader approach that is taking into consideration broader Government policies, but nevertheless it would have an impact of £590,000, that is the amendment be successful, it would have an impact of £590,000 in 2017 and each year thereafter. Our proposal is, as I have said, about also environmental policies, also about sustainable transport policies. An increasing fuel duty increases the incentive on top of that for people to purchase more fuel-efficient lower-polluting vehicles. Unlike Deputy Brée, I am pleased to say that I am enjoying an electric vehicle to drive around in. I do sometimes suffer from range anxiety but as long as I have a plug I am okay, but I would thoroughly welcome electric cars to all Members, they are highly efficient and it is one that everybody should have in their garage if at all possible. This policy of increasing fuel duty is also consistent with the reduction in the demand of energy outlined in *Pathway 2050: an Energy Plan for Jersey*, and again demonstrates I hope to Members more of a joined-up approach across broader approaches. The same issue I am afraid exists within the fuel market as exists in the alcohol market. There is a significant difference between the pre-tax price charged for a litre of petrol and diesel in the U.K. compared to Jersey. The pre-tax price excludes V.A.T. and excise duties, G.S.T. and impôts. Based on figures prepared by the Independent Statistics Unit, having stripped out all the taxes, the consumer in Jersey, which is the one we should really be focusing on, the consumer in Jersey is paying 18 pence more for a litre of unleaded petrol than he or she would be doing in the U.K. and 17 pence more than they would be based on a litre of diesel. Now, importing fuel into Jersey may well cost more, but does it cost 18 or 17 pence per litre more? That is the question. If 18 pence, by the way, does not sound like all that much, it should. It represents, in percentage terms, 52 per cent above the U.K. pre-tax price, which is an incredible difference in my view and a completely unsatisfactory difference. Or, are operators in the road fuel supply chain making significantly higher profits in Jersey than the U.K.? I will leave it to Members to cogitate on what they think the answer to that question may well be. Is the potential for some of the 2 pence increase that we are proposing in this Budget, per litre, to be absorbed rather than passed on to consumers? Clearly there is. Is it likely? Probably not in the absence of competition that makes a difference, the type of competition that we have seen in the domestic heating fuel market, competition that has come in and seen significant reductions in the heating fuel market and the same type of competition that I and others would like to see being introduced to the road fuel market here in Jersey. In the meantime, it is absolutely imperative that our competition watchdog gets to grips with these huge price variances that do not exist in other locations where transportation incidentally is also an issue. I applaud the tenacity of the Assistant Chief Minister, not the one who normally sits behind me by the way, he has great tenacity in other areas, but the one who normally sits in front has tenacity with regard to fuel markets, almost a fixation, but nevertheless it is a matter that is in the Island's interests. It is a very important issue. To be clear, in terms of revenue, so I can put on record, if both parts of this amendment were agreed, they would reduce States revenues by £1.3 million in 2017. This means total States revenues over the next 3 years would be reduced by almost £4 million. These sums provide vital flexibility for our finances to manage minor fluctuations that may and probably will occur over the next few years in the volatile environment in which we now live. We want to encourage Islanders to use public

transport where possible, even if it is only one or 2 days a week, and we want all strategies to be co-ordinated across Government so the tax policy supports our Health and Environmental Policy, not cherry-picking one and saying it does not work or cherry-picking the other, you cannot use that on its own. It is using them all together; that is what we are trying to do and that is what we are trying to persuade Members that we want to do and that is the sensible approach if we are going to look after the interests of Islanders, which is what we are here to do.

[15:15]

We have a clear understanding of the problems and costs that consumption of alcohol and fuel cause for society. The first thing after all that an economics student is taught is that price affects demand. I will leave it at that and I would urge Members, urge Members, to reject this very seductive amendment by the very persuasive Deputy Labey. Thank you.

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

Statistics are a difficult thing at the best of times. This amendment from Deputy Labey has caused me much time to look at stats just about everywhere. I say “stats” because I find “statistics” very difficult to say. The National Institute for Health and Care Excellence - N.I.C.E. - they of course would give you information and have given information about the correlation between tax and alcohol consumption. I do not think there is anyone in here today who would argue that we do not have an alcohol problem in the Island. It is recognised. It has been recognised for some time. It is on the reduction, we are still one of the worst in Europe and that is at 11.5 pure litres of alcohol per person. Bear in mind it was at 15 so something is working, that is fact, that is not from some stat, that is fact; it is reducing. N.I.C.E., as I referred to there, have looked at 21,207 pieces of evidence between 2008 and 2013 when it comes to alcohol and pricing of alcohol. Their conclusion, among many other recommendations that they put down there, is that increases in tax on alcohol are associated with a reduction in drinking, and reductions in tax on alcohol seem to be associated with increases in drinking. In other words, if you put up the tax it will decrease. Now, I do not say these things lightly because for 12 years I was a licensee; I did not like any price hikes then and I still do not like them now as a consumer. We have heard some personal related stories of which I have huge sympathy for. There would be many in this Assembly who have been touched by alcohol related crime, alcohol related abuse, alcohol related illness. It will have touched many both inside and outside of this Assembly. Who is this tax aimed at? Will this stop those who are dependent on alcohol? No. However, it is aimed at the population, it is a policy for population, for the larger, wider population to decrease the amount of alcohol consumption across the population. You will never stop everybody and there will always be other means by which those dependent on alcohol fund their drinking. As has already been said, multi-agency work really is the way to combat this - and I agree with Deputy Southern - in very much the same way that the cigarette tobacco strategy has worked so well and continues to work. It needs to be a joined up approach. Just putting a couple of pence on a pint of beer is not going to solve the problem but doing this in conjunction with other things probably will. Probably will. One thing that has been noticed over the last 10 years - and you can talk to many licensees about this - is that the lower rated alcohol beers, some are over 5 percent and some are under 5 percent, those under 5 percent are now outselling those over 5 percent a great deal. Those on 4 percent and 3.5 percent and 3.2 percent are also doing the same, there is a trend. We can of course do nothing, not put the price up, carry on as we are, same price as last year and say: “Well, we know we have an alcohol problem but we are not prepared to do anything about it this year.” The facts speak for themselves. The American Journal of Health have run a survey that I happened to look at, another one of those surveys. They did a report on it and they also came to the conclusion that tax on alcohol does work, it works slowly, it needs to work much faster and it needs to work with multi-agency response all around it. I noted with interest that Deputy Lewis of St. Helier managed to bring in some figures from Finland. I looked at

the figures from Finland, what they did is they removed a great deal of the tax on alcohol and they did this for several years because they did not feel it was working. What happened? They had binge drinking, they had heavy abuse of alcohol among females go from 13 percent to over 33 percent in 5 years. So over the 8 or 9 years that they reduced the tax on alcohol drinking went up drastically, so much so that in the last few years Finland have put tax back where it was before. What they have noticed is that deaths from alcohol-related diseases have dropped year on year for the last 4 years because of that. So there has been a reaction. It is not the full answer, it will not solve everything, but - and it is a but - there is evidence, hard evidence, that by gradually increasing the duty on alcohol it is reducing the amount of people across a wide population that drink as much as they used to. That surely has to be a responsibility that we all take very seriously. It does not solve it for everyone, there will be some that will still seek out alcohol wherever they can find it because they are dependent on it and, yes, there does have to be more work done in other areas. I am delighted the Minister for Treasury and Resources touched on the hospitality industry, an industry very close to my heart and very close to my businesses at one point. Visit Jersey - as the Minister for Treasury and Resources has already said - is not selling the industry and selling Jersey based on cheap booze. It has not done so for many, many years, 20-odd years. Nor it is likely to do so in the future. Jersey is sold on its quality, its quality of its Island, the quality of its people, the quality of the welcome, the rich diversity of culture that we have here. It is not sold on cheap alcohol. It has not been for many years and if you still think it is then you are living in what you might term as the good old days that were not quite so good. There are options when it comes to fuel, and they have already been outlined already. While I admire Deputy Labey for bringing this forward and appreciate some of the points that indeed he has made that still need work on, I am afraid I cannot support this. Thank you.

2.2.21 Senator I.J. Gorst:

Social history is a fascinating subject because I thought I had been at some point during this debate transported a number of decades. You might have seen some of the documentaries charting the rise and as yet not unfortunately globally the fall of smoking, where that industry and its supporters stood and told the world why there were not really health problems with smoking, it was the do-gooding lobbyists, and that there was no need to put the price up. People smoking, it was a social pastime and there were no health issues associated with it. Members of Parliaments who supported that lobby stood and made speeches in various parliaments saying that rising duty, putting filters, changing the amount of tobacco in various products was unnecessary. It was unnecessary. I have been struck by how some comments made in this debate have in some small way mirrored some of that. Alcohol drunk in large quantities is bad for our health. We do not need to have a Jersey specific review to tell us that it is good for us. We do not have a totally different health experience in Jersey to anywhere else in the world. It is bad for us when we drink to excess. The evidence from Jersey - not the evidence from somewhere else in the world - the evidence from Jersey tells us that we are drinking to excess. If each Member of this Assembly truly searched themselves they would admit that. Of course we have some Members that do not drink, we have some Members that no doubt drink in moderation, but probably we have a good number of Members - because we represent the community - who would like to drink a little less. We are no different to the community that we represent. Then we have those members of our community for whom it is a real problem and it destabilises them, and it is a debilitating disease condition, however you wish to describe it. It wrecks families, it wrecks relationships. I was touched by the Connétable of St. Saviour and her description because she was right. It is the families of those people who face these issues that it is the hardest on, because they see a loved one totally, totally often destroyed by it. For some of those people who have suffered because of a loved one's issues they do not get over it, it casts a shadow over them for the rest of their lives as well. So let us not stand here in this Assembly and pretend that alcohol drunk to excess is good for us, let us not act as apologists for the

alcohol trade, but let us look at the evidence which the Minister for Health has presented, which the former Minister for Health, which the Health Protection Unit has presented, which the Minister for Treasury and Resources has presented, that there is evidence here right now in our community that people are drinking to excess.

[15:30]

Five hundred patients admitted every year with directly related alcohol conditions. We are not transposing evidence from elsewhere in the world, that is 500 patients going through the hospital doors, admitted every year with alcohol induced conditions. There are far more for whom it might be a secondary or a tertiary related cause of the condition they find themselves in. The evidence from here shows that by raising the price which one does by raising the duty can help reduce consumption. Of course it does not stop people drinking but it might - and the evidence shows that it helps - reduce that consumption figure as we saw down from 16 litres to over 11 litres. That is litres of pure alcohol, not just litres of beer, litres of pure alcohol that we are consuming. Simple economics tells us that when one increases the price the demand reduces. But is it the only answer that we should be pursuing? Of course it is not, and Member after Member have said just that. It is not the only policy that we should be pursuing. I was surprised that so many Members seemed to stand and support an Australian or an American model of dealing with alcohol. Are Members really saying and putting on the record now that they want alcohol to be removed from supermarkets, that they want alcohol to be removed from corner shops, from the Costcutter? Is that what Members are really saying they are going to vote for? It is a nice idea but we have already seen the way that the supermarkets mobilised, so I wonder if any Member signed that petition. I certainly hope that those Members who support such a change would not have signed such a petition. I was almost asked but when the assistant lifted their head from the till they looked at me and said: "Oh, yes, I do not think I will bother asking you." Are Members really going to support a minimum price for alcohol? These are difficult, challenging issues but I ask Members to search their conscience because it is okay in a debate to raise alternative policies but are Members really going to support them if they are brought forward? They may. They may. But there is good evidence that the policy that the Health Department and the Minister for Treasury and Resources is bringing forward is working. We will be told in our summing up that if we want to stop it all together we have got to raise it by 900 percent. We will be told about all the reasons why it is going to be a problem for tourism, and we have heard some excellent comments about the change in the way that tourism is working in our Island today. But I ask Members to bear in mind what the Minister for Treasury and Resources said about the amount of duty - and that is including G.S.T. - and the margin that the alcohol trade is receiving here in our Island. Can any Member really say that that is not something that they should then consider, and support the Deputy's amendment rather than what the Minister for Treasury and Resources is proposing, in light of the detrimental effect that alcohol is having in our community right now as we are having this debate this afternoon? Let us not be apologists for the alcohol trade. Let us stand with those who need our support and once again show that we are driven by informed policy and evidence and not just, as I have been reading on Twitter, personal opinion saying: "I do not really think it is going to make any difference." That is not what the evidence shows. I know this debate has concentrated on alcohol, it shows how out of touch I am because I thought it would focus more on fuel. But I want to say a few short words about fuel. I can do no better than to reiterate the words of the Minister for Treasury and Resources in congratulating Senator Ozouf in the excellent work that he is doing in this area in challenging C.I.C.R.A. and the reviews into the fuel market in showing that competition in this area is going to be the answer, and in encouraging new entrants into the market to deliver that competition. So the Minister for Treasury and Resources has brought forward a reasonable increase in duty on fuel. We already see a market differential of greater than 10 pence at the pump and markets should work but, once again, we should not be generous by our policies to

the retailers, to the wholesalers who sell fuel in this Island because in our generosity what we often simply do is add profit to their bottom line. I do not think that is what we are here to do and I ask Members again to consider carefully whether that is really what they want to do in supporting this amendment. Thank you.

2.2.22 Deputy M.R. Higgins:

I was not going to speak in the debate but I will, especially after listening to the Chief Minister. We are being told that we should not be supporting the greedy wholesalers and retailers and everything else. Really, this is a policy that the Minister should have been doing and his Government should have been doing. If he feels that the profits are excessive, that they are ripping off the consumer, he should have been dealing with this before now and not using it as an argument before us. We have heard so much back and forth. I am not convinced of the statistics in justification of the increase in alcohol, and I am not convinced for the arguments on fuel. Therefore, I shall be supporting Deputy Labey.

2.2.23 Connétable J. Gallichan of St. Mary:

As I came back from lunch the Chief Minister said something to me about: “I suppose you will be supporting your local pubs in St. Mary again.” Well, I told him I was not planning to speak about this particular proposition but then I suddenly thought I will leave that to people who have already spoken but what has not been said is something I feel passionately about and that is about the fuel duty. It is about this incentive towards public transport which was mentioned briefly by the Minister for Treasury and Resources. That is well and good, and it really is well and good, but I think that to assume that everybody is in a position to move to an electric vehicle or the ideal mode of transport is a pipe dream. People are dealing at the moment with very harsh economic realities at home and if they are buying a new vehicle out of necessity they are probably buying something modestly priced. I also think there is an argument about the environmental impact of building electric vehicles but that is something different. But I just want to go back very simply to the sustainable transport debate we had, I think it was 2010, and I brought an amendment which was supported unanimously that the cost of motoring should not be disproportionately increased until a viable alternative for public transport was available to everyone. I know that has been a thorn in the side of the Minister for Transport for various reasons but I maintain that there are big sections of this community who do not have access to a reliable alternative. I will say again what I said back in that debate: that is not a criticism of the bus service which I think is better now than it has been in a long time, but simply to say in an Island with as much geographical windy roads and lanes that we have it is really almost impossible to think that there is a universal solution for everyone. It was agreed by this Assembly that until that time came ... and other advances have been made, we have the electric bike scheme for some which is great in the summer but not so good perhaps when you have your shopping to do or whatever. Progress is being made by the department but until that time comes this Assembly stands with a decision not to disproportionately increase the cost of motoring, including parking; that was important as well. It is very simple for me: in the words of the proposition we are looking at an increase in duty of 1.5 percent as opposed to 4.3 percent as shown in the Budget. When the Minister for Transport at the time was accepting my amendment there was much talk about modest increases and exactly what that would mean, and I said at the time I would be chatting consistently to the Minister about the meaning of the word “modest” every time it is necessary. I believe that 1.5 percent is modest and proportionate. I believe that 4.3 percent is not. Therefore, I will certainly be supporting that part of the amendment. Thank you.

The Deputy Bailiff:

Does any other Member wish to speak on the amendment? Then I call on Deputy Labey to reply.

2.2.24 Deputy R. Labey:

I do hope to be able to persuade the Constable of St. Mary to support the first part of the amendment because the Constable of St. Mary is a stickler for the rules and the rules have not been followed here in this respect, I venture. R.139, the Alcohol Strategy, is an incomplete document. It was published in 2014, it has objections and it has aims and it has a string of reviews that it said it would carry out and they would come online through 2015, 2016 up to 2018. I have asked for the results of those reviews and they are incredibly pertinent to this debate because they are about pricing, impôts, hypothecation and the sales of cheap booze. That work, I am reliably informed by the officer, some of it started, some of it has halted, it is definitely incomplete and it is not published. So the Minister for Home Affairs, Constable Pallett, may be working to an alcohol strategy but it is not a published one that we are all entitled to see and view. Because that work has not been done and it was that work that Senator Maclean in 2013 when he was Minister for Economic Development said would prevent this sort of debate happening again. Now, I just want to repeat that to Members because you listen to Ministers and you think you are going mad, but those are the facts, unless someone has been telling porcky pies and I doubt that. Those are the facts. I think we are all talked out on this, I really do, and so I am going to be very, very short. I just want to remind Members, I am not asking for a removal of duty on all duty, I am asking for that duty to be pegged at R.P.I at 1.5 percent.

[15:45]

The Minister for Home Affairs asks for the Assembly to give the Council of Ministers the ability to apply the economic levers, and I say we will give you that when you give us the evidence, and we do not have the evidence, the promised evidence. In reply to the Chief Minister I say, yes, indeed, trampoline injury related admissions to A. and E. have tripled in recent years: when are we going to introduce that trampoline tax? I do not know, if I was a hotelier or a restaurateur or a publican in this Island listening to this debate I would be very depressed. I would ring up Dandara and say: "How much do you want for it? Turn it into flats." Because I think this is crazy, this shroud waving of alcohol costs us £30 million and we are only getting half that back from impôts. What about the contribution that our licensing trade, our pubs, our restaurants, our hotels are making to the G.D.P. of this Island? How are we going to be a tourism destination without them? They are asking for help here, they are saying to us: "It is clear, look, we know it has to go up by something, R.P.I., but please no more than that for now, no more than that for now." If the pricing policy is working as well as the Minister for Treasury and Resources says, well, people will not be buying the stuff so they will not be raising that revenue that they are expecting. But that is not going to happen, is it? I would say to Senator Green, who I enormously respect, please do not believe that this pricing structure is working in the way that you think it is. Please do not believe that because it is dangerous, because if you do believe that it means we will not get the education measures we need to stop people from drinking too much, the measures that Deputy Andrew Lewis was talking about with the shops to stop people from drinking too much. This is not enough to stop people drinking too much. I go back to my primary point, ladies and gentlemen of this House ... I forgot where I was for one moment there. **[Laughter]** Has anybody heard anything to suggest that I am completely wrong when I say that the prices going up in the pubs will send people out to the off-licence to buy the cheap booze? I have not heard that. I have not heard that today. Well, the filibustering worked and we are well quorate, but I think we are all talked out on it. I am going to leave it there and I am going to maintain the amendment and ask for the appeal.

The Deputy Bailiff:

Do you wish to take this in 2 separate items?

Deputy R. Labey:

Yes, please.

The Connétable of St. Brelade:

Sir, I do not think Deputy Labey meant to say it but I think he was suggesting that R.139 was some sort of secret document and it is not, it is a public document.

The Deputy Bailiff:

It is a point of clarification from your earlier speech so I think that is an acceptable intervention, Connétable, however, I have closed the debate.

The Deputy Bailiff:

Very well, then the vote is on paragraph (i) of Deputy Labey's amendment, the one dealing with the £690,000 by increasing duty on all categories of alcohol. That is the first part of the amendment that one is voting on. You have called for the appel, Deputy?

Deputy R. Labey:

Yes.

The Deputy Bailiff:

Have all Members had the opportunity of returning to their seats? We shall assume so. I ask the Greffier to open the voting.

POUR: 24

Senator S.C. Ferguson
Connétable of St. Helier
Connétable of St. Clement
Connétable of St. Mary
Connétable of St. Ouen
Connétable of St. Martin
Connétable of St. Saviour
Connétable of Grouville
Connétable of St. John
Connétable of Trinity
Deputy J.A. Martin (H)
Deputy G.P. Southern (H)
Deputy J.A. Hilton (H)
Deputy K.C. Lewis (S)
Deputy M. Tadier (B)
Deputy of St. John
Deputy M.R. Higgins (H)
Deputy J.M. Maçon (S)
Deputy S.Y. Mézec (H)
Deputy A.D. Lewis (H)
Deputy R. Labey (H)
Deputy S.M. Bree (C)
Deputy T.A. McDonald (S)
Deputy of St. Mary

CONTRE: 17

Senator P.F.C. Ozouf
Senator A.J.H. Maclean
Senator I.J. Gorst
Senator P.M. Bailhache
Senator A.K.F. Green
Connétable of St. Peter
Connétable of St. Lawrence
Connétable of St. Brelade
Deputy of Trinity
Deputy E.J. Noel (L)
Deputy S.J. Pinel (C)
Deputy of St. Martin
Deputy R.G. Bryans (H)
Deputy of St. Peter
Deputy of St. Ouen
Deputy M.J. Norton (B)
Deputy G.J. Truscott (B)

ABSTAIN: 0

The Deputy Bailiff:

Very well, we now come to the vote on the second part of the amendment which is that relating to a duty on fuel. So a vote pour is in support of the amendment. I ask the Greffier to open the voting.

POUR: 20

CONTRE: 22

ABSTAIN: 0

Senator S.C. Ferguson
Connétable of St. Clement
Connétable of St. Mary
Connétable of St. Ouen
Connétable of St. Martin
Connétable of St. Saviour
Connétable of St. John
Deputy J.A. Martin (H)
Deputy G.P. Southern (H)
Deputy K.C. Lewis (S)
Deputy M. Tadier (B)
Deputy of St. John
Deputy M.R. Higgins (H)
Deputy J.M. Maçon (S)
Deputy S.Y. Mézec (H)
Deputy of St. Ouen
Deputy R. Labey (H)
Deputy S.M. Bree (C)
Deputy T.A. McDonald (S)
Deputy of St. Mary

Senator P.F.C. Ozouf
Senator A.J.H. Maclean
Senator I.J. Gorst
Senator L.J. Farnham
Senator P.M. Bailhache
Senator A.K.F. Green
Connétable of St. Helier
Connétable of St. Peter
Connétable of St. Lawrence
Connétable of St. Brelade
Connétable of Grouville
Connétable of Trinity
Deputy J.A. Hilton (H)
Deputy of Trinity
Deputy E.J. Noel (L)
Deputy S.J. Pinel (C)
Deputy of St. Martin
Deputy R.G. Bryans (H)
Deputy of St. Peter
Deputy A.D. Lewis (H)
Deputy M.J. Norton (B)
Deputy G.J. Truscott (B)

2.3 Draft Budget Statement 2017 (P.109/2016): second amendment (P.109/2016 Amd.(2))

The Deputy Bailiff:

The next amendment is that lodged by the Deputy of St. Ouen entitled Draft Budget Statement 2017, amendment number 2, and I ask the Greffier to read the proposition.

The Deputy Greffier of the States:

Page 2, paragraph (a), after the words “as set out in the Budget Statement” insert the words “except that the estimate of income from taxation during 2017 (i) shall be decreased by £220,000 by maintaining for the year 2017 the current (2016) rates of stamp duty and land transaction tax charged on residential properties; and (ii) shall be increased by £250,000 by increasing for the year 2017 rates of stamp duty and land transaction tax charged on non-residential properties to the current (2016) rates charged on residential properties”.

Deputy R.J. Renouf of St. Ouen:

I should say first of all that in discussions yesterday with the Minister for Treasury and Resources there is a small amendment that has been brought to my own amendment and I am unsure as to when that will be taken because that is an amendment that I can accept.

The Deputy Bailiff:

Well the amendment that is proposed by the Minister for Treasury and Resources requires the consent of the Assembly, as it was obviously not lodged ... it was only lodged this morning, so it will require the consent of the Assembly to take now. It may be if Members agree that the Minister can ask the consent of the Assembly to take that amendment now and then you can make your speech on the assumption that ... if you ask for consent of the Assembly and then we will see where we get to, Minister.

Senator A.J.H. Maclean:

I would like to ask the consent of the Assembly and also explain the circumstances around this. Quite simply, over the weekend some concerns were raised about the wording of the second part of the Deputy's amendment, which was arguably quite wide in its scope. It required, among other things, Treasury to have brought legislation by 1st January 2017, which is quite frankly not physically possible to do. I had discussions with the Deputy and officers from Treasury as well and it became clear that it was not his specific intention to word the amendment in this way to extend it to a land transaction tax, not specifically through this particular amendment. So to avoid confusion and uncertainty the right and proper course of action appeared to be to bring an amendment to the Deputy's amendment, which he was content for us to do because no other Member can obviously do it at this late stage although of course - as the Deputy Bailiff has pointed out - I need to ask the permission of Members. So effectively this amendment ensures that the Deputy can have the debate that he wants and it also removes the confusion and uncertainty regarding exactly what he is seeking to do. I would just stress, if I may, that although I have brought this amendment it is solely for the benefit of the Deputy and the Assembly. Both I and the Council of Ministers remain strongly opposed to the Deputy's amendment and I will outline the reasons for that at a later stage. But I felt it was reasonable to give the Deputy and Members an opportunity to debate this matter, which would not have been possible if the current wording had remained. I would like finally if I may just to thank yourself and the Deputy Greffier for processing the amendment in such quick time because I realise there was very little notice for this. I make the amendment.

The Deputy Bailiff:

The Minister is requesting the leave of the Assembly to bring the amendment late in the day without the proper lodging period. The Assembly is entitled to agree that, pursuant to Standing Order 26(7), it accepts it is in the public interest to do so. It is a matter for the Assembly as to whether they allow that amendment to be dealt with during the course of this debate. Does any Member wish to speak on whether it should be dealt with at this stage? Deputy Tadier.

Deputy M. Tadier:

I think as long as the test remains in place it is up to the mover of the late amendment to make the case as to why it is in the public interest. Otherwise the default position is that it is not and we need to hear that argument made before we can vote for it.

The Deputy Bailiff:

Does any other Member wish to speak on the proposition? The amendment is dealt with at this time. It is not a vote on the amendment itself; it is the agreement of the Assembly to deal with it without the appropriate lodging period. Deputy Renouf.

The Deputy of St. Ouen:

If I might explain the reasoning behind the amendment: the amendment is to remove the words "and land transaction tax" in the second line of the second paragraph of my own amendment. I cannot now exactly remember why those words were included, but it is not appropriate to have those words there, because land transaction tax, as it is presently drafted, the law on land transaction tax, relates only to residential properties. In that paragraph I am seeking for stamp duty and land transaction tax to be charged on non-residential properties. If I had wished land transaction tax to be expanded in its ambit to include non-residential, i.e. all commercial properties, then that is a very great change to the law, which would require substantial input. I can confirm that that was not my wish to deal with that today. Maybe an ultimate aspiration that I would have, to capture some return from those commercial properties, but today I just wish to deal with rates of stamp duty and highlight the divergence between commercial rates of stamp duty and residential rates. I apologise to the Assembly. The words "and land transaction tax" seem to have crept in by error and it is inappropriate because land transaction tax is not presently charged on non-residential

properties. I would ask the Assembly's indulgence and agree that those words should be deleted. Thank you.

Deputy G.P. Southern:

Just briefly, for once - and it is perhaps once only - I think this is a constructive move. It is clearly in the public interest that we debate a proposition that can be made to work, whether we vote for it or against it.

The Connétable of St. John:

I would ask that the amendment is accepted. It was explained to me and I cannot explain it to the Assembly, but I was convinced that it was correct. Feeling the same way as Deputy Southern, it is in the benefit of this Assembly to do so.

The Deputy Bailiff:

Does any other Member wish to speak? Senator Maclean, do you wish to respond, simply on the point as to whether the matter can be taken outside of the lodging period?

Senator A.J.H. Maclean:

Not really, Sir. I take a view that Members hopefully are supportive. As I pointed out, was simply trying to be helpful to the Deputy and the Assembly to allow this to proceed; nothing more than that.

[16:00]

I do not support the amended amendment. Just to make that clear, as I did earlier. But I do think it is important that both the Deputy and the Assembly have the opportunity to debate his amendment. I maintain my amendment.

The Deputy Bailiff:

The appel is called for. The vote is on whether or not the Assembly agrees that this amendment may be taken without the due lodging period. We will come on to vote on the amendment subsequently, but it may be taken without the lodging period a vote for is an indication that the Assembly does agree to take it outside the normal lodging period. I ask Members to return to their seats. Members have had the opportunity of returning to their seats. I ask the Greffier to open the voting.

POUR: 37

Senator P.F.C. Ozouf
Senator A.J.H. Maclean
Senator I.J. Gorst
Senator L.J. Farnham
Senator P.M. Bailhache
Senator A.K.F. Green
Senator S.C. Ferguson
Connétable of St. Helier
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 St. Saviour
Connétable of Grouville
Connétable of St. John

CONTRE: 1

Deputy J.A. Martin (H)

ABSTAIN: 0

Connétable of Trinity
Deputy G.P. Southern (H)
Deputy J.A. Hilton (H)
Deputy of Trinity
Deputy K.C. Lewis (S)
Deputy M. Tadier (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 of St. Peter
Deputy S.Y. Mézec (H)
Deputy A.D. Lewis (H)
Deputy of St. Ouen
Deputy S.M. Bree (C)
Deputy M.J. Norton (B)
Deputy T.A. McDonald (S)
Deputy of St. Mary
Deputy G.J. Truscott (B)

The Deputy Bailiff:

Deputy of St. Ouen, I think the right course of procedure now that you know that the States will consider the amendment is for you to make the speech in the light of whether or not you accept the amendment. When you have finished your speech and your proposition, on the assumption it is seconded, then the amendment will have to be put to the Assembly, so that the debate can then continue on the basis of the proposition as amended, if that amendment is adopted. Does that make sense?

The Deputy of St. Ouen:

I hope so, Sir. Perhaps you might remind me at the time if I have forgotten.

The Deputy Bailiff:

Certainly.

The Deputy of St. Ouen:

You would like me to proceed with my speech at the moment?

The Deputy Bailiff:

What we have established so far is that the amendment can be taken. The Assembly has agreed that the Minister for Treasury and Resources' amendment to your amendment can be taken. You have already indicated you intend to accept it. I think the correct course is for you now to make the speech on your amendments, making whatever reference to the amendment you propose to accept as you go. When you have opened, but before the debate on your amendment starts, we would put, in the normal way, the amendment brought by the Minister for Treasury and Resources, so that people know whether they are debating your proposition as amended or not. It does not look like I have helped you at all. [Laughter]

The Deputy of St. Ouen:

I was following you, Sir, until the last sentence, I regret to say.

The Deputy Bailiff:

We have to have a formal vote at some point to adopt the amendment brought by the Minister for Treasury and Resources. We cannot just assume that the Assembly has accepted it. We need you to make your proposition first, before we can do that.

The Deputy of St. Ouen:

Yes. Certainly. Yes, I see where the matter is coming from, Sir.

The Deputy Bailiff:

Yes. As Senator Ozouf is making the suggestion, I should have made it clear: of course, you can in effect propose it as amended, but it is in the hands of the Assembly whether the amendment is ultimately passed.

The Deputy of St. Ouen:

Yes. My thinking at the moment is that I would propose my amendment as amended, because I do not wish to argue for the wider ambit that the words might have given rise to.

The Deputy Bailiff:

You can make it clear you would accept the amendment, as I think all Members now know.

The Deputy of St. Ouen:

Yes, I do.

The Deputy Bailiff:

Very well.

2.3.1 The Deputy of St. Ouen:

In doing so, may I thank the Minister and his Treasury team for the help they have given me in putting together this amendment and the discussions I have had with them about the information that is available? I fully understand that the Minister for Treasury and Resources cannot support my amendment, nevertheless his department has been most helpful. I brought this amendment, because I question whether it is right to have different rates of stamp duty for residential and commercial property. I saw the Minister's proposals for this Budget, which were to leave commercial property rates untouched, but to increase further the rates on residential property, thereby creating a greater differential than we have now between the 2 rates. My amendment seeks to equalise the rate of stamp duty, so that there is no longer a difference between residential and commercial properties. The first part of my amendment proposes that we maintain the current rates of stamp duty and land transaction tax that are charged on residential properties rather than agree the increase proposed by the Minister's Budget Statement. The second part of my amendment asks that we increase the current rate payable for commercial properties to the rate that is presently payable for residential properties. So perhaps a bit complex, but I will endeavour to explain as we go along. It is important that I point out that the Minister's proposal in the Budget Statement and my amendment only affect high value properties. The increase in the rates proposed by my amendment would only affect commercial properties valued at over £1 million. It is difficult for the Treasury, for any of us, to calculate stamp duty returns in advance. But in broad terms my amendment would bring in the same amount of increase stamp duty as the Minister also seeks to raise by his proposal. So this is not an amendment which seeks to increase or decrease the amount of money that will be available to the Assembly, but is merely an issue as to how we raise that same amount of money. Curiously enough, my amendment seeks to return us to the position originally proposed by the former Minister for Treasury and Resources in the 2015 Budget. That Budget Statement proposed an across the board increase in stamp duty and land transaction tax for all transactions above £1 million without differentiating between commercial and residential

properties. That was the Budget proposal right up to the day of the Budget debate. It was on that very day that the former Minister for Treasury and Resources lodged a last minute amendment to his own Budget and he got the consent from the Assembly to do so, he had the same process we have just gone through. That amendment was to restrict the proposed higher rates of duty that the former Minister was proposing to residential properties only. In the course of the debate ...

Connétable D.W. Mezbourian of St. Lawrence:

Excuse me, Sir, I wonder if I may interrupt? A quick headcount indicates that we are not quorate.

The Deputy Bailiff:

No, we are not quorate. Thank you very much, Connétable. I am sorry, if you could just wait a moment and I can invite some Members to return, please. Very well, as no Members have returned, could we please take the roll call by the electric means? Yes, we are now quorate. Very well, if you could continue, Deputy.

The Deputy of St. Ouen:

I do fear my amendment appears dry as dust, but I will try and introduce a bit of spice perhaps to what I might say. I am interested in this, and I will go back a paragraph if I may, to say that curiously enough what I am proposing is in fact returning us to the position that was originally proposed by a former Minister for Treasury and Resources just 2 years ago. In that Budget Statement that Minister for Treasury and Resources, Senator Ozouf, proposed an across the board increase in stamp duty and land transaction tax for everything above £1 million. That had gone forward throughout the whole process of the Budget until the very day of the Budget when, I think to everyone's surprise, the Minister lodged the last minute amendment to his own Budget proposal saying that the proposed high rates he was to propose would be restricted to residential properties only, excluding commercial properties. In the course of the debate the Minister said: "It is somewhat of a regret that it was only last Thursday that I received representation from commercial property interests about concerns that they had about these changes and their representations that the effect of these proposals, if it included commercial properties could, and I say could, affect Jersey's competitiveness. They asked that they be deferred until we have completed the Property Tax Review." That was the Minister's reason for excluding commercial properties from his proposals. After a short debate the Minister's amendment was approved. A few Members spoke during that part of the debate, but no one had had time to give detailed consideration to the last minute amendment or prepare for a debate. The Assembly had not been given the opportunity to consider in depth whether it was appropriate to make that distinction between commercial and residential properties. But it might be said that that did not matter, because it was only ever intended to be a brief interlude, because the Minister just wanted to do a few checks and he would come back to the Assembly. He said in the report to his proposition: "It is therefore proposed that the extension of the higher rates of stamp duty to non-domestic property is deferred pending the drafting of a fuller set of amendments on stamp duty for commercial property to be laid before the States for consideration in the new year." So it seems the Minister did not intend for the rates on commercial property to remain untouched. He was going to come back to the States in the New Year, i.e. the New Year 2015, but that did not happen. The comments we have received from the Council of Ministers to my own amendment explained that there were other priorities that the Council of Ministers has been dealing with. The result of this is that the Assembly had been led to believe that this was only a brief interlude, there was going to be some further consideration of commercial property rates. The Assembly has never properly debated the point of whether we should make that distinction. The difficulty, as I see it, is that we now have the current Minister for Treasury and Resources, who seemingly wishes to perpetuate the distinction and increase the differential between the 2 rates. There are 3 reasons why I think there should not be any distinction

between commercial and residential. The first is the nature of stamp duty itself. The second is that the legislation is not drafted in a way which permits a distinction. The third is the practical difficulties that would arise. So the first reason, in Jersey stamp duty has always been a charge that is payable on filing, registering or lodging documents with the Royal Court, based on the value of a transaction, nothing else. If there is a need to consider the uses a property is put to, then that is not part of the Stamp Duty Law. It is my view that it is better to deal with that in general taxation measures. My second reason is that the Stamp Duty Law does not contain definitions of the terms “residential” or “commercial” or “non-residential” or anything of that ilk. So we have passed into law rates of duty which talk about residential or non-residential without having those definitions. Senator Ozouf’s last minute amendment to the Budget did not allow time to incorporate a definition section into the law. In any event, it was only going to be a temporary stage until he had come back. But that did not happen. It seems to me the Assembly was asked to make new law on the hoof. Interpretation provision should be there if we are going to make that distinction. Indeed, the U.K. does make that sort of distinction, but it has a substantial section of the Finance Act 2003 dealing with the definition of residential.

[16:15]

It is also the case that the Stamp Duty Law does not require a document being registered to make clear whether the property that is being transacted in is commercial or residential. So if a document refers to the purchase of a property which, let us call it Renouf House, it is only the local knowledge of the Registrar of Contracts that allows him to check if it has been stamped correctly as commercial or residential, because no part of the law requires the person presenting that document to say what nature of transaction it is. So for the last 2 years the Public Registry and the Treasury have been operating this distinction without an adequate framework of the law. Its smooth-running has been largely down to the discretion and good sense of the Registrar of Contracts in cases of doubt and also the fact that there are few commercial transactions which pass through the Royal Court dealing with properties over £1 million. My third reason for my opposition to a differential is that there are likely to be practical difficulties that arise over the definitions, as time goes on and particularly if the divergence between the 2 rates becomes greater. One can think of all sorts of questions that might arise. If a farm-holding is sold there is a residential element to that. There is a farmhouse and there might be some other residential accommodation on a farm, but there will also be outbuildings and land, which are used for commercial purposes. In King Street and all around the town there are many retail shops with flats above. How are those designated? What about staff accommodation attached to a hotel? All sorts of questions which a definition clause and an interpretation clause should deal with, but we do not have that. We should not rely on the Registrar of Contracts to resolve those sorts of cases. The Stamp Duty on commercial property rates has not been changed. It is at the lower rate that has existed for some years. Should we keep it that way or should it be increased, as my amendment proposes? I would ask Members to remember that my amendment would put us into the position that was proposed by the former Minister for Treasury and Resources in 2015. That is before he brought his last minute amendment. I feel sure that before a Budget Statement is lodged much work is carried out by the Minister and his team. There are detailed investigations and advice is given. The Minister in lodging his Budget Statement of 2015 must have been satisfied that his proposals were timely and proper and would not have been to the detriment of this Island. Satisfied, that is, until he received his late representations from commercial property interests that somehow overrode the advice that he had been given and the research carried out by the Treasury team. The argument now put forward by the Council of Ministers is that increasing those commercial rates, as originally proposed 2 years ago, would stifle competition with the U.K. and deter investors. I do not accept that argument. In fact, there are very few commercial transactions at high values, which attract stamp duty, because most transactions are not transacted as a purchase and sale through the Royal Court. It, in fact ... and

this can only be anecdotally because there is no registration process, but I believe it is well accepted that most commercial transactions often take place by way of a sale of the shares in the company that might own the property. In those cases, sale of the shares, there is no stamp duty, no land transaction tax and no form of taxation whatsoever payable on that transaction. In fact, during 2015 there were only 16 commercial transactions at over £1 million that went through the Royal Court. The U.K. rates for commercial property transactions will always be higher than the rates proposed by my amendment up to transactions which take place at £3.6 million. So we are in a better position, until we come to a point where properties are being sold at £3.6 million. But of the 16 commercial transactions over £1 million, which passed before the Royal Court in 2015, it is very likely that only a few of them were for prices over that £3.6 million. So I believe it would be rare that there would be cases in Jersey where the increase of duty I propose would take us over the U.K. equivalent duty. Even at a property in Jersey changing hands at £5 million the difference between the rates I propose and the U.K. rates would be only £27, 500. That is on a £5 million purchase. Let us not think that stamp duty is the only factor that would prey on the minds of investors looking to invest money in Jersey commercial property. There are many other factors that make Jersey an attractive place to invest. For example, there is the absence of capital gains tax on the property and there are much more favourable business rates over here in Jersey than in the U.K. The commercial property sector, in my opinion, could bear this change without causing fundamental harm to the Island's competitiveness in this sector. But instead, the Minister wants to keep those rates of duty on commercial properties low. The reason he gives: it is to maintain competitiveness. Instead, the Minister wants to increase the rates payable on high-end residential properties. That is residential properties valued or selling at over £3 million. The comments of the Council of Ministers suggest that this will bring in a helpful amount of money and would be unlikely to discourage high value residents moving to the Island. I have no reason to doubt that. I accept persons wishing to come to the Island, as high value residents are a very different purchaser to those wishing to invest in commercial property. But by increasing the duty for high value residents and not increasing the commercial rates would mean there is a growing divergence between the 2 types of duties. I do not believe that is the right way to proceed. The proposals to increase the duty on residential properties in the Draft Budget Statement, which we all started with, refer only to the purchase of properties and talks about high value residents coming to the Island. But the stamp duty increase that the Minister does propose does not only affect purchasers of property, but it also, and very significantly, affects people inheriting under wills or receiving a gift of property and that high value, for example, a parent or other relative who might wish to pass on their property to children or a favoured niece or nephew or anyone at all while still alive. When stamp duty increases are imposed for property purchasers they also increase in those situations wills and gifts of property, because they are treated as acquisitions of property. I am not wholly sure, but to the best of my knowledge, the situation in the U.K. is different, because they have inheritance tax, payable on death, and that is a whole different regime, but they would not pay stamp duty on registering a will. It is important to remember when we are considering an increase in stamp duty on the high value residential properties we are not only talking about high value residents coming to the Island. This proposal will affect people who are already living in the Island and leaving wills or dealing with their own properties. Of course, you might say that only relates to properties worth more than £3 million. So somebody is inheriting or receiving a gift of property, they are in a very fortunate position. So we might say: well they cannot complain. But if the Minister's proposal wins the day, it does mean that local people will have to pay more duty to receive their inheritance or their gift that their relative wishes to pass on. I do not really see why we need to do that when we are, at the same time, keeping the commercial rates down, as the Minister proposes, to attract inward investments. I accept the comments of the Council of Ministers that any duty increase would not affect every will or every inheritance because there are cases where there are some concessions. So, there is no duty payable when a matrimonial home is

left to a spouse or a civil partner, but that is limited only to the matrimonial home. If the testator has a great deal of other property and wishes to leave it to his spouse, then full stamp duty is payable. Stamp duty is not payable if the property is left to a charity, and stamp duty is not payable if a Will leaves property to persons who would inherit if the deceased had died intestate, without leaving a Will. So, for example, if a parent leaves residential property to all his or her children in equal shares then the duty payable is very nominal because they would have inherited in any event if there had been no Will. So it does not affect those situations but there are circumstances where a parent has good reasons to benefit children in different ways. A parent might not wish to leave property equally between children. In those circumstances the children would be obliged to pay those high rates of stamp duty because they are not inheriting in the equal shares. So looking at this question of inheritance highlights what I consider a very great unfairness in our taxation system because if a deceased person leaves cash or investments in stock and shares, or a penthouse on the waterfront which is held by share transfer, that is all deemed moveable property and there is no stamp duty or land transaction tax payable in those cases. Instead probate duty is payable on the value of the estate. Probate duty has historically been very low. Let us say that the testator leaves estates, cash, investments, a penthouse worth £6 million, the probate duty is £45,000. Now, let us say another deceased leaves only commercial properties again valued at £6 million. Let us say the rates will remain unchanged today and will stay at the low rates as the Minister wishes in the Budget Statement. The stamp duty payable in that instance would be more than 5 times the probate duty, it would be £259,000 because in that case stamp duty becomes payable and it is not probate duty but the estate is still worth £6 million and that testator has left commercial properties. It is even more extraordinary if the testator has left residential properties. Again, valued at £6 million. The duty today would be £337,000. If the Assembly accepts the changes the Minister wishes to introduce by his Budget Statement and increases the rate of duty for residential properties, the stamp duty would rise to £367,000.

[16:30]

That is 8 times the probate duty the other testator was leaving who held cash, stocks and his penthouse flat. Same value estates, same wealth we are dealing with, at the bottom range £45,000 for probate duty, at the top of the range 8 times that figure if that testator leaves residential properties. So we have hugely inconsistent amounts payable by those who inherit under wills. The value of all those estates was the same but the difference is the nature of what was owned by the deceased. That is the unfairness that we get to when we start drawing distinctions between what type of property we are dealing with because over time advantage is taken to increase what can be easily increased, a local captive population who if they want to receive their inheritance would have to pay an increased rate of stamp duty and less attention is paid to those who we might want to bring into the Island as commercial investors: "Oh no, do not touch their duty because we need to make it attractive for them." Is that a logical and a fair system, I ask? It is an important consideration to ensure that the Island is competitive to commercial investors, I must accept that, but stamp duty has not been kept at probate duty rates, it is far, far higher and the Minister is proposing yet further increases for residential property. I am uncomfortable with that because of the vast divergence of rates that we already have and the greater divergence that will have if the Minister's proposal is accepted and my amendment is rejected. Remembering that it is not dependent on the value of what you leave, it is purely related to the type of property you leave. The Minister's proposal will only exacerbate those differences. So it is a case that probate duty, the most you will ever pay is three-quarters of 1 per cent of the value of what you leave. Commercial, the maximum you will pay for commercial is 5 per cent. For residential is the Minister is proposing up to 9 per cent at its highest rate which would be for values of over £6 million. So probate duty and stamp duty on commercial properties is being set for the sake of trying to gain a competitive edge in the hope that investors will be attracted to the Island. All well and good perhaps but it

becomes unfortunate when additional funds are needed from stamp duty because the Minister's only go to source then becomes the residential property rates, which will have an impact upon local people. My amendment will remove the difference between commercial and residential properties so that at least those 2 categories will pay equal rates of stamp duty and will remove some of the inconsistency around this subject. So I apologise for the technical nature of what I have been saying and the very dry, perhaps legalistic, way but I hope Members will understand why I have questioned the wisdom of proceeding in this way and creating that distinction between the 2 different types of property which was only ever intended 2 years ago to be temporary until further thought was given to it and now we see the Minister proposing to make that divergence even greater. I know the Minister in his comments has said that it is proposed in the coming year to carry out a thorough review into commercial property transactions and I am pleased about that but I still say that we can start from a position of equality. If Members are able to adopt my amendments it will restore us to the position proposed by the former Minister for Treasury and Resources in his 2015 Budget Statement, we can say rates are the same and then we can have that consideration and discussion over whether in the first place we should make that distinction and if that decision is made what rates should then be payable for each type of property. So I thank Members for their patience with me and I hope that Members will feel able to support my amendment.

The Deputy Bailiff:

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

2.4 Draft Budget Statement 2017 (P.109/2016): second amendment (P.109/2016 Amd.(2)) – amendment (P.109/2016 Amd.(2)Amd.)

The Deputy Bailiff:

Very well, as we indicated earlier, the Minister for Treasury and Resources has lodged an amendment which the Assembly has agreed to take within the appropriate lodging period. I ask the Greffier to read the amendment to the amendment.

The Deputy Greffier of the States:

Page 2, in paragraph (ii), after the words “rates of stamp duty” delete the words “and land transaction tax”.

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

I do not think I am going to add much more than I did earlier on. The Deputy and I have worked on this. I have made this amendment to the Deputy's amendment to be helpful, to make his more workable and I therefore maintain the amendment. I hope Members will continue to support it as they indicated earlier on that they would.

The Deputy Bailiff:

Is the amendment to the amendment seconded? **[Seconded]** Does any Member wish to speak on the amendment to the amendment? All those in favour of adopting the amendment to the amendment, kindly show? Those against? Very well, the amendment to the amendment is adopted.

2.5 Draft Budget Statement 2017 (P.109/2016): Second Amendment (P.109/2016 Amd.(2)) – as amended

The Deputy Bailiff:

Does any Member then wish to speak on the amendment as amended of the Deputy of St. Ouen?

2.5.1 Senator A.J.H. Maclean:

The Deputy has gone into some detail on his amendment. It is quite a complex area as he alluded to and he puts forward some very good arguments. I do not think certainly on the second part of his amendment that there is too much between us in some respects. I agree with him that there are issues here that need to be addressed and looked at and clearly my predecessor thought so as well. I will come back, though, to my more detailed points on how I propose we deal with this matter as we go forward. The amendment is in 2 parts, as we have just heard, and I would like to deal with the first part first and that is the one which deals with high end residential property. In particular, properties which are valued at £3 million or more. The measure within the Budget is to increase stamp duty on those higher value properties and that decision has been taken after researching and consulting to look at the makeup of the market and recognising that value is broadly outside of the local market, although there are some local market purchases at that level generally speaking it is inward investors and high value residents who will be purchasing properties of £3 million or greater value. The second part of the amendment deals with the commercial property sector on land and buildings not used for residential purposes. As these 2 parts are very different I am going to treat them very separately, as I suspect Members would expect. As I have said, the additional proposal for stamp duty land tax on higher value residential property is taking into consideration the makeup of the market. I have, as I have already mentioned earlier today, published the High Value Residency Regime review, which looked into the regime that was introduced or amended in 2011. It has been a highly successful review, as I mentioned earlier, in meeting the 4 main policy objectives and that is Jersey attracting a diverse range of high net worth individuals, including more entrepreneurs who are, I am pleased to say, bringing their businesses with them to Jersey. Everyone indeed who has come under the current regime has met their expected annual minimum income commitment of £125,000 a year. More high value residents are setting up new businesses in the Island and they are continuing to give their time, expertise and indeed money to Island life. However, it is a balance between attracting high value residents and all the benefits they bring to the Island and asking them to make an appropriate contribution to tax revenues. As outlined in my Budget speech, we are asking the new ones to contribute more income tax in the future and will bring forward the necessary changes to Budget 18. However, in Budget 2017 we are asking those high value residents and other inward investors purchasing property at that level who choose to acquire property valued at £3 million or more to contribute a little bit more in stamp duty. It is always difficult to predict the market but competitive analysis completed for the Treasury and discussions with individuals familiar with the market indicate that what we are proposing maintains the balance between the attractiveness for high value residents and appropriate contribution to tax revenues in this way. We do acknowledge that increase might impact on people who inherit property worth more than £3 million, as the Deputy has gone into some detail about, and that indeed is a matter that does need further consideration and I will come back to that in a moment. The Deputy has covered this so I will not dwell on it, the stamp duty that does apply to properties through inheritance is not payable if the matrimonial home is left to the spouse or the civil partner, if the property is left to a tax approved charity or if the property is left in the same way as if the deceased were intestate. This stamp duty change would impact on very few transactions. Indeed research has shown that in the last 3 years only 4 people inherited property worth more than £3 million who were subject to stamp duty. That may seem a small number. I do, nevertheless, take the point about fairness that the Deputy raised and it is a matter that I am prepared to undertake to include in the review that we have said we are going to do and come back to Members before Budget 2018 to consider the fairness issue around inheritance for the very small number of people who inherited properties valued at more than £3 million who would potentially get caught under these current arrangements. I therefore urge Members under part (i) of this amendment to reject the proposal which is contained within the amendment of the Deputy. The second part of the amendment the Deputy proposes is to increase the stamp duty chargeable on commercial property worth in excess of £1 million. Ignoring all the history, the main thrust of the Deputy's argument is

that in his opinion there is no good reason to maintain a differential between rates of stamp duty charged on residential and commercial property. We do not agree with this position, the residential and commercial property markets are, of course, very different, with different participants, different motivating factors and operating in different geographical areas. What do we mean by this? It is global investment houses such as pension funds that invest in large commercial property rather than predominantly families who buy residential property for investment purposes. Home buyers are looking for somewhere to live, whereas investors in commercial property are looking for a return on their investment. Perhaps most important of all is the geographical area. Investors in commercial property can look across the globe for investment opportunities, people who want to live in Jersey have to look for a home where they live here in the Island. When choosing where to live most people are not comparing one country against another, but in the context of large commercial property that is exactly what investors are doing. Should they invest in Jersey or should they consider investing elsewhere. It is quite simply a competitive marketplace. So when setting stamp duty rates it is important to think about the commercial and residential markets separately. It is not just Jersey where there are different rates between commercial and residential property. There are also lower rates for commercial property in both Guernsey and the U.K. Stamp duty rates are different in both Guernsey and the U.K. between residential and commercial markets recognising the difference between the aspirations and demands of residential purchasers versus commercial investors.

[16:45]

This shows that other countries view the markets differently and therefore set different stamp rates accordingly. My Budget proposal on stamp duty was limited to residential property, a competitive analysis had been done and we set the threshold at a high enough level to limit the impact on the local market. So we are confident that the proposed changes should not have any unforeseen impacts. We cannot be so confident in the context of the commercial property market at this stage. We are not saying that a change in the commercial stamp duty is off the table, but we do need to do the necessary work to understand the impact on the market. So I can commit that before the 2018 Budget, the Treasury will review the opportunity for changes in commercial stamp duty. This review will also look at the longstanding issue of whether land transaction tax can be extended to encompass commercial property held in companies. That, as was a matter of an oral question earlier this week, is a complex matter. The same Deputy raised the issue and we have agreed to look at it. I made the comment previously that the U.K. has also struggled with this issue; they do not tax that area either at the moment, we suspect for the similar complex reasons, but we have undertaken, nevertheless, to look at it because there is potentially an opportunity and I understand the point made by the Deputy in that regard. But if we supported the Deputy's amendment there would be significant change to commercial stamp duty and that change would be brought into effect with just one month's notice. Perhaps most importantly this amendment would fundamentally change our competitive position with the U.K. It would make Jersey suddenly more expensive in the U.K. for commercial property that is worth more than £3.6 million. I do understand that Members may think these numbers are very substantial but in the commercial property market world they are not and we just need to bear in mind the competitive nature of the market and understand what the unintended consequences may be. Clear evidence is something I know that Members value, and rightly so, before making a decision. The Deputy does give good reasons, as I alluded to ... it might be a small contribution, Sir.

The Deputy Bailiff:

Yes, I did not quite see where that came from.

Senator A.J.H. Maclean:

No, I did not either, Sir.

The Deputy Bailiff:

Thank you very much, Connétable, that is most kind of you.

The Connétable of St. Saviour:

I am very grateful to the Senator for pointing it out. [Laughter]

Senator A.J.H. Maclean:

I am sure the Connétable is very keen to make a donation to a good charitable cause but I have no doubt I have lost her vote if indeed I had in the first place. So that I am sure is an all-round win for the proposer of the amendment and the charities that will be benefiting. I was reaching a conclusion in fact. I was pointing out that Members of course like to have clear evidence for making decisions of a nature such as this, particularly at such short notice. I was going on to say that I had, and I mentioned this at the beginning, appreciate the reasons brought forward by the Deputy; he has made some very good reasons and good arguments. My point is that unless we can support those with clear evidence, with consultation, to understand in the market what is happening, then I think it is unwise to make a decision of this nature without that information and it is for that reason that I would strongly urge Members to reject both parts of this amendment, the removal of the increase in stamp duty on residential properties at £3 million and also the new rate, of course, of properties valued at £6 million. That is unlikely to affect the local market but I do feel that it is something that we should leave. It is a Budget proposal that should remain in place. The second part, as I have said, in relation to commercial property, we need to undertake the work that we have said we will do before Budget 2018 to fully understand what the impacts might be. We have agreed that a full review will be undertaken in that timeframe and will return to the Assembly with the full packet of proposals following that view. So I urge Members to reject both parts of the well-intentioned and, I might add, an amendment that has got some very good points in it, albeit it does need the consultation and it does need proper research with those that would be impacted.

2.5.2 Deputy A.D. Lewis:

I think what this raises is a fairly urgent review into this issue of property taxes. I know that Senator Ozouf helped contribute to producing a paper on this matter a couple of years ago. I think it is possibly on the shelf gathering dust at the moment. It is not good ... that is excellent, because it was a good report, a very comprehensive report, albeit perhaps a bit dry to some Members, and it did create a bit of a stir at the time I think, of Member Senator Ozouf, and rightly so because it had some very useful and interesting information in it. But Senator Maclean, the Minister for Treasury and Resources, is quite right though that the impact that this type of change could have on the commercial property market could be significant. Jersey already struggles a little bit to attract the sort of investment that the Minister was talking about. There is a huge global market in commercial property investment. It is a very safe haven for the likes of pension funds and property funds and Jersey should be very pleased that it gets quite a sizeable chunk of it considering its size. Members, I am sure, are aware that many of the commercial properties in Jersey are often owned by pension funds, property funds, investment funds and so on and there is some good reason for that. The tax advantages in Jersey are there. It is a nice safe location. It is a Sterling area and all these things attract investors. But what we do not have here is an ability to construct very large buildings at a competitive price. Building costs on Jersey are upwards of 25 per cent more than most other locations in Europe where you may make a similar investment. So consequently it affects the yield on that property, ultimately, which the property fund or pension will take advantage of. So any extra cost in the transaction on completion of that building will be taken into account by the investor. They may well go elsewhere; already it is a slim margin because of the cost of construction, the cost of land in Jersey, the size and scale of the construction is generally

smaller here for all the reasons you would expect. So we are already on a cusp of will people invest here or will they not? The way it currently works is that a developer, and in this case sometimes the States of Jersey because we own the Jersey Development Company, will construct a building and as soon as it is completed and fully let then it is sold to an investment fund. The States of Jersey have the advantage of underwriting of their borrowings against the Government, against the asset of the Government. But most property developers, and this is where I diverge from the Minister's view on us getting involved with this, i.e. the States, but the commercial property developer would expect to fully let the building before getting bank finance. So you have to get the finance before you can obviously build the building and if not fully let you will not get the yield, therefore the bank will not provide you the finance to build it in the first place. Consequently you will get less investment in Jersey in the likes of infrastructure and, in particular, office blocks, which create employment, which create revenue, which create a huge amount of turnover in the sector that is, believe it or not, probably the Minister might be able to correct me, but the third most important industry in Jersey, construction, after finance and others. So there is a risk that by adopting this amendment that that could affect that commercial property investment opportunity, so I would be very nervous about supporting this, albeit, I think, the Deputy of St. Ouen has articulated his argument very well and there is clearly an issue with taxes in the property market. But I think we need to look at that more closely, which I understand that work is going on, before we make these types of changes, as laudable as they are, and I would urge Members to resist it at the moment. But I would hope that the Minister for Treasury and Resources will bring something back not too long away to review this situation, to keep our competitiveness but also attain taxes from the commercial world, because we are low on corporate tax at the moment and this is one way of tackling that, through property taxes, but that is a big piece of work which I know is ongoing. We need to complete it before we make amendments like this, as well intended as they are, but the unintended consequences would be, as the Minister for Treasury and Resources very well-articulated, a potential really damaging effect on the commercial property investment market of which Jersey has done surprisingly well out of over many, many years. Many buildings would not have been built in Jersey if it had not been for the market, after they were built, of selling them to property funds and pension funds.

2.5.3 Deputy S.M. Brée:

Stamp duty is not an area that I have much experience in. I am sure, like the rest of us, my only experience with it was begrudgingly paying it on a property, thinking how much it was. But essentially, I think, the point I wish to make is that real estate property is real estate property, irrespective of whether it be residential or commercial. It is a piece of land or a building that is being sold by one party to another. I have always been concerned that commercial property was somehow different, was exempt, and that lobbyists from the commercial landowning side of things could influence Government policy, not to have ... I am terribly sorry, do you wish me to give way, Chief Minister? No. Thank you. If I may continue. The point I am trying to say is that it seems very unfair on the residents of this Island who wish to purchase a property. It is exceedingly difficult for anybody, unless they were earning a very, very good salary, to buy a property. To increase the burden on residents of the Island of stamp duty and not to seek to impose stamp duty on commercial property transactions is, to my very simple way of thinking, unfair and unjust. I think that we should support this amendment brought by the Deputy. He is obviously very well versed in this area and I think that we have to bow to his experience to a certain extent in looking at the figures that he has provided us with, but we go back to the basic principle: do we as Members believe that commercial property should be exempt from stamp duty in this way? Many would have us believe that if we do introduce stamp duty the commercial property market will collapse overnight. Well, I am sorry, I do not believe that. Having worked with many property fund companies in my day, that is the least of their worries and they accept that there are costs involved.

I think that we should be supporting this on the principle of a piece of real estate is a piece of real estate, irrespective of the purpose it is being used for and therefore should be and should have applied the same level of duty to it.

2.5.4 Senator P.F.C. Ozouf:

I was grateful for the kind words of Deputy Lewis and indeed, while I was not here because I was attending a parliamentary briefing this morning in London by the Treasury Minister, in his remarks about a difficult job that all Treasury Ministers have. Indeed the property tax review, which Deputy Lewis complimented me on, I believe is far from gathering dust; by my successor has been taken and has already been the subject of a publication of a report for Members' benefit. Indeed Members who are in any doubt of the opportunity to raise more revenue where it is possible and where it is possible not to cause any economic difficulties, unintended consequences, if there is any doubt that we do not take advantage of that then if I may respectfully remind Members that this is Assembly has in successive budgets made a number of very important changes which have increased the value of revenue into the Treasury by stamp duty by very substantial amounts.

[17:00]

And indeed, Deputy Brée, if I may respectfully say to him, while we have been lobbied on various different issues, I am lobbied on all sorts of things, including by Scrutiny Panels and others, which is entirely proper, and they will make their views known. We have been unmoved over the years of the lobbying and we have set aside the lobbying which has been inappropriate. But what Members have before us are some really very quite serious issues which need serious determination and in no way do I criticise the Deputy of St. Ouen at all. I wish I had had the opportunity of talking through some of my own experience in dealing with stamp duty, which I was given responsibility for as a very, very young Member of Finance and Economics back in 2000 under former Senator Walker, and it was indeed the former Jurat Blampied who informed me of a whole reform for stamp duty. Former Jurat Blampied indeed wrote many of the changes to the stamp duty that we have today. We have made, over the years, a very significant number of changes, which have increased our stamp duty in a proper and economic way. We have increased the stamp duty rates and what I need to say to Members is that I know that there are 2 parts to this proposition, the first part of the proposition relates to not increasing higher value properties. I hope Members do not support that. What we are dealing with here is we are dealing with properties over £3.6 million and they are ... I have stood in this place defending the 1(1)(e) regime which the Minister today has published a report about. Many Members are saying they do not pay enough. Well, one way that we can get them to pay more is by getting them to pay more on their entry fee. The entry fee is the thing that they have to do, which is buy a property, and it is that high value property which we have seen such bold increases in. I do not think that anybody would have believed that we would be seeing going through our public registry properties of £5 million, £10 million, £15 million, £20 million in recent years. Such is the strength and the attractiveness of Jersey is that we are seeing residential properties at these extremely high rates, and that is why we have been increasing those rates on a progressive way. Indeed I think even Members like Deputy Southern would commend the progressive amendments that have been put on stamp duty at well over and above that of the average family home. Dame Kate Barker, who is the chairman of the Fiscal Policy Panel, is also the undisputed, I think, economic guru in both regarded in the U.K. on property transactions, and I have discussed what is an appropriate stamp duty with her. Dame Kate Barker says: "Well, stamp duty which acts as a friction in a market [in other words that stops people from buying and selling a normal family home] is something that you would not want to have." When you are dealing with effectively a choice, a property choice, a very, very high value property choice, then that is a good tax and it is a good tax to apply. So it is that the Minister for Treasury and Resources has done what I was not able to do, for a reason that has not yet been explained. I wanted to put higher rates

on higher residential properties. But the problem was is that the comparative rate in the United Kingdom was based on a separate system. They had something called “slab”, which meant that you paid the entire stamp duty on the full consideration once you moved into a different bracket. Now that earlier reform that I spoke to with ... that was informed by former Jurat Blampied, sorted all that out and in fact the former Chancellor Osborne followed almost the Jersey method by putting the incremental charge where you only pay the higher stamp duty on the value above that of the previous amount; and that is what the U.K. did. The problem was is that the headline rate, because of that slab, meant that the headline rate which was going to be appearing in the estate agents ... the good work that the Locate Jersey team do without the reforms in the U.K. would have given the impression that our stamp duty rates in Jersey would have been much higher than that of the U.K. Well now they have adopted the Jersey system; they have done away with that rather silly slab rate which meant that if your property was £1 more, whether or not it was £500,000 or a million or £2 million, you fell in a different bracket; and that was crazy. What they did is now you only pay on the increment. So what the Minister for Treasury and Resources has done is he has looked at the market, he has taken advice and he has applied some higher stamp duty rates on these very, very high value properties, which are, to all intents and purposes, in the main, purchased by high net worth individuals who are coming to the Island. I would have thought that would have been something the Members would have wanted to enthusiastically support because that sounds like a good tax and a good way of capturing revenue from them, because it is their choice of what property they are buying. They can choose to buy a property worth £3 million or £10 million. If they buy a property of £10 million then we will get more stamp duty. I do understand the Deputy’s point about inherited property, but what I can say to him is that the reality is, and the figures that I have asked from the Greffe, myself, is that there are very, very few properties that one is talking about. I think the Deputy is talking about a traditional Jersey farm owned by a traditional Jersey family of which there may be a single devisee. Now if there is a single devisee then of course they do not have to register a Will. They will achieve that and in fact almost if there was a loophole, it is a perfectly legal loophole; if you do not have to register a Will you do not pay stamp duty. Now that is the reality of it. So, if it is a family of 2 children that own a farmstead that is worth £3 million to £4 million, which of course some properties are, they will not be paying stamp duty; they will just own it jointly. What in fact the reality is and I think the Deputy has to agree, that they will not pay stamp duty. It is only when their parent or their devisee decides to split a property and say give one to one child or one to the other, that they will be called because they have to pay the stamp duty on the registration of that Will. Now, I have looked at the numbers and in the vast majority of cases, and I do not think there are very many, the majority of inheritors of very high value property are also people who are going to be selling those properties. Now, they may have to pay that stamp duty but then they are going to sell them and in the vast majority of the cases that is the case. I think Members just need to think about these are very modest. We have no inheritance tax in Jersey. We do not want inheritance tax. These are pretty modest. I was the one that brought in stamp duty on the registration of Wills; I will be honest with the Deputy about that. I did it, on the advice of Jurat Blampied. We could not get properties that were not subject to a Will because of légitime, but that is the reality. In the vast majority of cases those properties are sold and I think Members need to think about whether or not it is right and proper that effectively at some point that stamp duty is paid. Now what we do know is the Judicial Greffe operates a very proper system and if there is a situation where somebody has to register a Will and they cannot find the stamp duty, my understanding is that they come to an arrangement with that register, with that person, and the stamp duty is either taken as a charge or they will accept a slightly deferred payment arrangement of it. I have never heard a single complaint about the Judicial Greffe in the way they do it. So I do not think it is quite fair to say that this problem exists and if it does I think Members can sit in their seats and think about very carefully whether or not an inheritor of a property that does not have inheritance tax should be acquiring a property which they may be selling in the vast majority of

cases and not paying the stamp duty that is payable. I think there is a case that they should. So the other thing that is, I think, very important to say is that if there is a lacuna in the land transaction tax, the Deputy said that he did not think that the land transaction tax applied in the event of a devisee owning, for example, a property at Castle Quay of £3 million. Now my understanding, having brought the land transaction tax, if the land transaction tax is not capturing that transaction then that is something that can be fixed. So voting in favour of the Deputy's proposition is not a solution. The right solution is to fix what is a lacuna, and unintentional lacuna, in the land transaction tax. I say lacuna because the land transaction tax was something that took years and years to develop. It was the former Deputy of St. Martin Hill that admonished this Minister for Treasury and Resources for years and my predecessor, of the fact that there was this situation where properties that were passed through the Royal Court, were caught by stamp duty and those that were not, that went by stamp duty by simply share transfer were not covered. Well, we fixed that but we were always very clear that that was for residential property. If I may address directly Deputy Brée, I think what he said was, with the greatest respect, slightly ... I put a slightly different gloss on it. There is definitely a difference in land that is for residential use versus commercial. There is definitely a difference. He does not need to believe me; he needs to look at the situations in other countries. The United Kingdom has different stamp duty rates for commercial property compared to residential property. Now maybe we would not be having this debate if former Treasury Ministers had not increased stamp duty rates to the extent that we have, because now that we have got stamp duty rates on much higher rates, on much higher value properties, to raise more revenue for that choice that you are making to buy a property, we would not be having this debate. But because, I think, we have been doing the right thing for the residential property market and having no unintended consequences, we have now brought into sharp reflection the fact that commercial property is now a problem. Now a commercial property is not a residential property and, let there be no doubt, we are now collecting much more revenue from the investment of a commercial property. One of the lobbying issues that I had to deal with was that there used to be the case that the rent receivable, if you owned a commercial property in a pension fund, was received tax free, and I can remember a Budget 2 or 3 years ago where I was told ... I had all sorts of lobbying, the world was going to end if we brought in tax at 20 per cent on the rent on a pension fund-owning property. Well, we stuck to our guns and we brought it in and the world did not end. Good, we are now raising revenue on a fair basis at 20 per cent on all commercial property. But what the Deputy is asking us to do is to apply the stamp duty rates, which have been very carefully considered for the residential market, for an entirely different purpose. I have not heard a single argument, if I may say, why we should not be increasing the residential rates, apart from this inheritance issue, which I think can be dealt with quite easily and in any event I do not think really exists. If it does exist the Greffe finds a very pragmatic way to sort it out. For commercial properties, land transaction tax, and that is the reason why the Minister was right to put the amendment, residential property is different from commercial property. It has a different purpose. It is mainly for undertaking of course commercial activities and the remarks of Dame Kate Barker still apply: "You would not wish to provide a friction for people wishing to change their commercial property because their use requirements have changed." We are seeing an economy which is moving from bricks to clicks and you are seeing commercial properties now being significantly smaller than that previously. Why on earth would one be putting an impediment for the appropriate allocation of property resources and land to the appropriate commercial use? We are, and I would say very respectfully again to the Deputy, why would we be putting commercial stamp duty, which has been designed for residential properties, on commercial properties when we are now collecting rent on a full basis at 20 per cent for that investment market? I think the force of the Minister's arguments that this would be simply something that would be coming in on 1st of January; it is now 13th of December. What on earth are we doing? We are basically plucking

something out of the air and making a decision to apply something that nobody else that I am aware of does.

[17:15]

It is not happening in the U.K. It is not happening in Guernsey, as far I understand. It is not happening in Canada. It is not happening in any other economy that I can find that you are applying the same stamp duty rates for commercial, for residential, because it is 2 completely different markets. It is 2 completely different use classes. The final thing that I will say is that while I agree with the Deputy we need to look at the land transaction tax and we should look at commercial stamp duty rates, we need to look at this as a whole, in the whole. The Deputy did not say, for example, that there is stamp duty also payable on the registration of leases. Now, why are we not dealing with that? Is there a case that we need to be looking either reducing them or increasing them of commercial leases? Why are we just simply dealing with the sales? But the most important thing is that commercial property currently not covered by land transaction tax because it was brought in for domestic. It cannot easily be replicated for commercial property, and the reason for that is that a very significant amount of commercial property is owned by companies that move ownership by share transfer. So what effectively he is doing, if he would be successful in his amendment, is he would be effectively only covering the stamp duty payable on the very small class of properties that is owned by ... not companies or companies selling them out of it. Now, that is a crazy system. If he wants to and if there are legitimate arguments, and I agree with the Minister, we do need to look at this in the round, and there may be a case for nudging up ... but I say nudging, not jumping up, the commercial stamp duty rates. Again, looking at leases and looking at land transaction tax as a whole, you would do it for all transactions. It would be entirely wrong simply to apply a stamp duty on the very small number of properties that happen to be owned by an individual ... commercial properties owned by an individual who wishes to sell them or who wishes to sell them to an investor. It would be crazy. You would be dealing with a small ... I handed the Minister for Treasury and Resources a report by BNP Paribas, which had some statistics in there. Only a very small percentage of commercial property is owned perfectly legitimately by individuals that go through the registry. Now, in another place, I am quite keen on seeing registry reform. I want to see registry reform. I like your court on a Friday afternoon very much and I like our system of Norman law and the precision that we have in relation to their title, but we need to modernise it and we need a modern registry that can be working, if I may say, not just on Friday afternoon but every day of the week and it needs to be technology based and it needs to be able to transfer property much more quickly. Let us have a look at this in the round. Let us look at the stamp duty on all commercial properties. Let us look at the rates, let us look at the comparable jurisdictions, let us look at land transaction tax, I am afraid it is going to be really, really difficult to apply this. We said that from the beginning, so please do not any Member think that we can apply land transaction tax to commercial property easily, because we cannot and we said that from the beginning. Fourthly, I think that we need to look at the whole issue. While I commend and celebrate the fact that we have one of the best land registries in the world, and our staff do a fantastic job where you have got certainty and it is not the Government that has to guarantee title because it is the lawyers, as the Deputy will know from when he was in private practice; they are the ones that are guaranteeing it. We need to modernise it. So let us do all of that work together. Let us not just simply make one decision on the basis of what seems like an emotional right that, when looking at it slightly further, is quite the wrong thing to do. Let us look at commercial rates and commercial stamp duty in the round. If we are going to change it, let us change it for all types of sales and purchases. Let us look at leases and let us look at the way that we transact that commercial property itself and not just simply appearing before you, Sir, on a Friday afternoon, as much as I like the Friday afternoon. Let us look at it together and let us do a proper job. So I am afraid I do not criticise the Deputy, I understand he is well intentioned but

there are some bigger issues that we need to deal with before we could make this jump and I urge Members to comprehensively, unfortunately ... I really do hope Members are going to back the Minister for Treasury and Resources on higher rates for higher value properties for incoming people and I hope that they are not going to make this decision which will effectively affect a small class of people who find themselves in this bizarre position of owning property themselves in simply 2 weeks where they simply could not do anything about it. I do not think that is law; I do not think that is good decision making. I urge Members, with the greatest respect, to vote against the proposition but let us work with the Minister for Treasury and Resources and find a better way.

2.5.5 The Connétable of St. John:

I support wholeheartedly what the Minister for Treasury and Resources keeps repeating. Taxation should be broad, simple and fair. It should be broad, in other words, all properties. It should be simple, the same for all properties; and fair, the same for all properties. I commend the Deputy of St. Ouen for bringing this forward and I urge Members to support the words of the Minister for Treasury and Resources and the deeds of the Deputy of St. Ouen and support this amendment.

The Deputy Bailiff:

Does any other Member wish to speak on this amendment? I call on the Deputy of St. Ouen to respond. I beg your pardon, Deputy Southern. There seems to be a delay between your light and the screen coming on, Deputy, I am not quite sure why.

2.5.6 Deputy G.P. Southern:

Yes, following on from the previous speaker, I think the words are ... there are 4 categories, I think, that apply to tax. Broad, simple, low and fair is what the full foursome is. But here we are again, once more, with a reaction from a Minister that says jam tomorrow and the attention on that fairness element, that they should be fair, is the bit we have been asked to put off. Is there any intrinsic reason that there should be a differential between high value residential property and high value commercial property? I do not believe there is. The fairness element could be brought in as of now. We do not have to wait for another year until we see this particular element of fairness introduced. What I want to do is just briefly remind Members what has happened in our economy over the last 10 years. Do Members remember introducing Zero/Ten, vastly reducing the amount of tax that business would have paid, some of which is in this commercial property sector? What has happened since is the re-balancing of the tax burden from commercial properties, for example, to private individuals. Individual, personal tax gone up from £80 million to £400 million or thereabouts, while commercial, business tax has gone down from £400 million to £80 million. It is almost an exact reverse. The end result of that is that we are all ... individuals, those who are taxpayers, are paying more tax. We have just had a big argument over the potential of a health tax, over the long-term care tax being imposed. We know there is a waste tax coming just around the corner but no hospital tax for the moment, as far as we know, depending on decisions yet to be made. But, nonetheless, we are all paying, as individual taxpayers, more tax. Despite the promises - promises after promise from Minister after Minister for Treasury and Resources that they are going to do something about business tax - it never happens and yet here we are facing something that might be able to be done about getting some revenue from commercial properties and we are told: "Oh, no. We cannot do that yet." Well, that is not on, is it? So from going from what we have said to many companies in this Island: "Come to Jersey and trade for free because we have got a zero rate on anything that is not finance ...", it has extended beyond that now. We are saying: "Come and invest in commercial property in Jersey and do it without the wicked burden of stamp duty." So: "Come and invest now for free." Is that what we should be doing? I do not believe so. Is that a way to get some revenue from commercial property companies, for example, to

compensate for the advent of Zero/Ten? I think it potentially is and I certainly will be supporting this proposition.

Senator A.J.H. Maclean:

Sir, if I may, a matter of clarification on the last speaker because I think he was effectively, and if I misheard it I will apologise, but ...

The Deputy Bailiff:

Are you seeking a point of clarification from the ...

Senator A.J.H. Maclean:

Yes, Sir, I am.

The Deputy Bailiff:

Well, yes, if you are seeking ...

Senator A.J.H. Maclean:

Because I thought I heard him suggest that there was no stamp duty payable on commercial properties whereas there is stamp duty on commercial properties. I just wanted him to clarify whether he did indeed say that or not because the amendment is about raising stamp duty, not about ...

Deputy G.P. Southern:

What I meant to say was that ... I misspoke and I did. I apologise.

The Deputy Bailiff:

Does any other Member wish to speak on the proposition? I call on the Deputy of St. Ouen to respond.

2.5.7 The Deputy of St. Ouen:

I am grateful to all Members who have spoken in this debate and I hope I can be brief. I was listening to Senator Ozouf and his rather *tour de force* of his experience with this stamp duty regime and it extended into the wholesale reform of land law, which most lawyers would love to see introduced, but this is a very limited measure that we are discussing today, relating to stamp duty and Senator Ozouf gave an excellent speech talking about why we should have the distinction between commercial and residential properties in the stamp duty regime and why the 2 are so distinct and need to be treated differently. There is a case perhaps to be put that way but this is the first time the Assembly has heard that argument. It ought ... Senator Ozouf is making faces at me but that argument was not made 2 years ago when he brought his last minute proposition. Then it was being said: "I need to look at this." Senator Ozouf wanted time. He said he would come back after he had done some research. The case was not put and the case has not yet been put in a way that this Assembly can have a full debate on whether it is right to make that distinction between commercial and residential property. My amendment today is merely seeking to equalise the current rates of duty so that there is no distinction ... charge between commercial and residential and then, as the Minister for Treasury and Resources says, in the coming year he can go away and he can do the work to investigate how we might adjust rates to reflect one ... commercial properties on the one hand and then residential rates on the other hand and then we can have that debate in the light of whatever Green Paper or other research is produced by the Minister for Treasury and Resources on whether we want to make the distinction. But we have not had the opportunity to have that debate and, therefore, I would urge Members to vote for my amendment to restore what is essentially, I consider, the status quo, before that debate is had. Otherwise, we create such a huge

divergence between residential rates, which are high, and the top rate becomes 9 per cent, and Senator Ozouf called that a modest increase - I do not call 9 per cent of property values modest - very high rates of residential property and rates on commercial property, which are at a maximum of 5 per cent.

[17:30]

Then the Minister for Treasury and Resources will come back to us with a paper and we will be stuck with that divergence before we have even had room to think about whether we want to act in that way. I also make the point that, in fact, our Stamp Duty Law is not in a state to deal with this distinction because we do not have those definitions of residential or non-residential property. So we are vulnerable if a disagreement arises over property, which has mixed uses, which cannot be resolved by the goodwill of the Registrar of Contracts. I think that is all I would want to say at this stage. I thank Members for their patience and I call for the appel and I would like to take the vote in 2 parts, Sir.

The Deputy Bailiff:

In 2 parts? Very well. The appel is called for and I invite Members to return to their seats.

Senator P.F.C. Ozouf:

Sir, just a point of clarification. I do not wish to be in any way controversial against the Deputy but he did say the status quo. The effect of this proposition is not the status quo. It is bringing in ... I just was troubled by that as being a word that could chime with what effectively the meaning of his proposition was.

The Deputy Bailiff:

I think that may have been a reasonable question for clarification but I think the moment has now passed. You said what you said, Senator, so ...

The Deputy of St. Ouen:

I think I said: "... which I regard as being effectively the status quo", because my proposition ... sorry, if I can find it. The first part seeks to remove the proposal of the Minister for Treasury and Resources to increase rates of duty for residential properties and the second part does seek to increase the rates payable on commercial properties so that the 2 are aligned and are equal. Now I consider that neutral and I consider that the status quo because that is the position that we were at ... the amounts are not the same but the equality is the position we were at 2 years ago before all this confusion arose when Senator Ozouf wished to go away and look at the matter. So to restore a position of equality at the rates that now exist for residential properties.

The Deputy Bailiff:

Well, that is a point of clarification that you have made in your speech. Very well, you have called for the appel ...

Deputy J.A. Martin:

Sir, could I just ... I am a bit confused. I would like a little bit of an explanation. Nothing about the debate, just the because even if I now wanted to support one or ... the Deputy is splitting the vote. Surely they either hang together, taking off and ... I can see ... okay.

The Deputy Bailiff:

It is obviously open to people to take the view that they should and could hang together but the Deputy has asked to split the vote and he is entitled to ask to split the vote, it seems to me. I mean ...

The Deputy of St. Ouen:

On reflection, Sir, if I am saying one depends on the other and I want to keep the status quo, so I apologise. I think on reflection, may I ask that the vote be taken as one?

The Deputy Bailiff:

Well, they can be taken in absolutely any way that you wish subject to anyone else's wish.

The Deputy of St. Ouen:

I am grateful.

The Deputy Bailiff:

The vote is on the entirety of the ...

Senator A.J.H. Maclean:

Sorry, I am sorry, Sir. This is not the status quo, what the Deputy is proposing.

The Deputy Bailiff:

No, no ... **[Laughter]** The point has been made about the status quo, Senator. The Deputy has explained the sense in which he was using the expression "status quo", which appears to me to mean an equality in finances but not the legal status quo that exists at the current time. Possibly it existed sometime in the past but the current time, Deputy, as I am understanding it, you are saying that but for the changes ... you are not saying that you are looking to maintain what exists now, are you?

The Deputy of St. Ouen:

No, Sir. I wish to restore equality between the 2 different types of property.

The Deputy Bailiff:

Very well. Well, I think if we steer away from the concept of status quo, because it clearly is not a status quo, it is maintaining the property as it currently exists. Very well, now, if we can move to the vote, the appel has been called for, the Deputy has asked to take the proposition in its entirety, which he is entitled to do and so Members in favour of ... sorry. I would ask the Greffier to open the voting.

POUR:

Senator S.C. Ferguson
Connétable of St. Ouen
Connétable of St. Martin
Connétable of St. Saviour
Connétable of St. John
Connétable of Trinity
Deputy G.P. Southern (H)
Deputy J.A. Hilton (H)
Deputy K.C. Lewis (S)
Deputy M. Tadier (B)
Deputy M.R. Higgins (H)
Deputy J.M. Maçon (S)
Deputy S.Y. Mézec (H)
Deputy of St. Ouen
Deputy S.M. Bree (C)
Deputy T.A. McDonald (S)
Deputy of St. Mary

CONTRE:

Senator P.F.C. Ozouf
Senator A.J.H. Maclean
Senator I.J. Gorst
Senator L.J. Farnham
Senator P.M. Bailhache
Senator A.K.F. Green
Connétable of St. Helier
Connétable of St. Clement
Connétable of St. Peter
Connétable of St. Lawrence
Connétable of St. Mary
Connétable of St. Brelade
Connétable of Grouville
Deputy J.A. Martin (H)
Deputy of Trinity
Deputy E.J. Noel (L)
Deputy of St. John
Deputy S.J. Pinel (C)

ABSTAIN:

Deputy of St. Martin
Deputy R.G. Bryans (H)
Deputy of St. Peter
Deputy A.D. Lewis (H)
Deputy R. Labey (H)
Deputy M.J. Norton (B)
Deputy G.J. Truscott (B)

The Deputy Bailiff:

Is somebody proposing the adjournment?

The Connétable of St John:

May I propose the adjournment, Sir?

Senator P.F.C. Ozouf:

In the absence of Senator Routier, may I propose the adjournment?

The Deputy Bailiff:

Did the Senator beat you to it ...

Senator P.F.C. Ozouf:

No, he is the senior Member and I am the most second in the line-up, so ... [**Members: Oh!**]

The Deputy Bailiff:

No, the Connétable of St. John ought to ... [**Laughter**] Well, the adjournment is proposed. Very well, the States stands adjourned until 9.30 a.m. tomorrow.

ADJOURNMENT

[17:36]