

# STATES OF JERSEY

## OFFICIAL REPORT

WEDNESDAY, 27th NOVEMBER 2024

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

**PUBLIC BUSINESS - resumption**

**1. Proposed Budget (Government Plan) 2025-2028: twentieth amendment (P.51/2024 Amd.(20)) - Jersey Business and Digital Jersey savings - resumption.**

**The Greffier of the States (in the Chair):**

We return to the debate on the Government Plan. I believe the next item is the 20th amendment brought by Deputy Tadier and I ask the Greffier to read the amendment.

**The Deputy Greffier of the States:**

Page 2, paragraph (g) - after the words “Summary Tables 5(i) and (ii) of the Report” insert the words “, except that, for the purpose of maintaining the Government of Jersey Grants to Jersey Business and Digital Jersey at a sufficient level, in Summary Table 5(i) - (i) the expenditure for ‘Economic Development, Tourism, Sport and Culture’ should be increased by £286,000; and (ii) the expenditure for ‘Central Reserve’ should be decreased by £286,000.” Page 4, paragraph (o) - after the words “as set out in the Appendix to the accompanying Report” insert the words “, except that, on page 47, figures in the line “Arm’s Length and Regulatory Organisations” in Table 14 should be reduced by £286,000 in each year.”

**1.1 Deputy M. Tadier of St. Brelade (Chair, Economic and International Affairs Scrutiny Panel):**

Thank you. Good morning, Ma’am, and good morning, Members. First, I think it is important to set the tone and to set a signal of intent for a new day of work. As I said to one of my colleagues across the Chamber yesterday in German - I will not say it in German - I said: “Tomorrow is another day.” There is not too many German speakers, I do not think, in the Assembly. Why is that relevant? I am not sure it is, so let us move on very quickly. **[Laughter]** It has not started too well, has it? The key thing is here I think we can make some good progress today without stifling debate. I certainly intend to do my part by trying to be as concise as possible while outlining the concerns and thoughts that my Scrutiny Panel has when it comes to this particular set of savings, or cuts as I will call them from now on, when it comes to the budgets for Jersey Business and Digital Jersey. I also set the context that, very much as it was envisaged to be, the Scrutiny function is here to add value to what Government is doing, our deliberations as an Assembly and, as clichéd as it is, to try and be a critical friend. What we have looked at is not the policy or the ideology that we might bring to the table or what Government or some of Government might have but it is actually the evidence that we are presented with, and in some cases the lack of evidence that we are presented with, to justify what Government is seeking to do. I think very much our panel has tried to be restrained. This is the only amendment that we have brought to the Government Plan, the Budget, today and it is one which we have taken a lot of consideration and thought over. It does not mean that there are not other areas of concern or interest and, of course, the panel has issued a comments paper. The correct time for me to address that will really be once all the amendments have been decided and we talk about what is in the Government Plan, the Budget, more generally. So I will focus here very much on what is being proposed in terms of the reduction in budgets to Jersey Business and Digital Jersey. Our concern here, and I think this is really a microcosm of the Budget more generally - I certainly accept that Government has a difficult job here - is it wants to, on the one hand, try and make savings, it wants to reduce its expenditure but it knows that there are key areas that need additional funding, not least on health, both now and into the future. Because there is no real, I suppose, radical attempt to address the long-term funding problems that are coming down the line, it is pretty much trying to do that with the levers that they have at the moment. We are going to see that in subsequent debates, I think, this morning, where actually maybe sticking plasters are being used in this Budget. The concern that my

Scrutiny Panel has is that actually what is being proposed here for Jersey Business and Digital Jersey is that the cuts that are being proposed ... and I will talk about them now, in terms of their overall grants that the States give to these 2 entities, Government is proposing to cut their funding by around 13 per cent to 14 per cent. I have got the stats which I can circulate if any need it. Our amendment as a panel seeks to restore parts of that funding. It is not entirely an arbitrary figure. What we have done is we have spoken to Jersey Business and Digital Jersey and asked about the impacts that the cuts would have on them. They have come back to us and said that would mean a reduction in what they are able to do and that it is likely not just to have an impact on their organisations but it is also likely to have a wider impact both in the short to medium term on economic productivity and growth. Now I would emphasise and remind Members that it was only a year ago where an amendment was brought to the previous Government Plan, as it was called then, to try and reduce funding to Jersey Business. I have got some of the comments here in front of me from the Council of Ministers. There was an attempt to reduce funding to Jersey Business, I think it was by £150,000, and there was a staunch rebuff from the Ministers - quite rightly, I think - saying that actually Jersey Business provides ... and I will read it. It says: "Jersey Business is well run, it provides excellent value for money and since taking up its post the new C.E.O. (chief executive officer) has already reduced headcount and is ensuring that there is renewed efficiency." It goes on really much in that vein talking about the great work that Jersey Business does. It talks about, actually if these cuts had gone through, the impact of not running different improvement programmes, the potential losses in net profit for businesses in the Islands would have been significant, that there would be an envisaged downturn in growth and that actually it is just not a very good thing to do full stop. Now what did the Ministers say to us about these amendments that they were proposing? When we asked them, because it is the job of Scrutiny of course to say ... let us just clarify here we did look right across the board. So our panel is called the Economic and International Affairs Scrutiny Panel. We do scrutinise not just the Minister for Sustainable Economic Development - that is a key word "sustainable" which I will come back to in a moment - but we look at the Minister for External Relations, Financial Services in particular, and of course the Minister for International Development which also takes care of overseas aid. We address some of those other issues in our general comments paper. But here when we focus specifically on the reduction to A.L.O.s (arm's-length organisations), we had to ask some key questions about whether the consequences of those reductions, let us call them reductions as a neutral word, shall we say, were justified. One question came up yesterday, quite rightly, and it said: "Well, did you look at the significant reduction in grant to Jersey Finance?" The answer is yes. So as a panel, Deputy Wilson, Deputy Southern, Deputy Andrews, myself, with officers, we did consider the impact that this would have on Jersey Finance. About £419,000, I think from memory, is being reduced in their grants. We asked the Minister about that. He said: "Absolutely, this is not something I want to do, I do have concerns about it." We wrote to Jersey Finance and they said: "Look, if it is just for one year we can bear that, it is not ideal, we cannot give an absolute guarantee that it will not have an economic impact or an impact on our organisation but we think we can bear that." So we did not have the evidence to lodge a proposition but I think we did do the due diligence in that regard. When it came to Jersey Business and Digital Jersey that was not the case. Just to give a quick quote of one of the questions that was asked during our budget hearings with the Minister for Economic Development ... and, by the way, can I thank all the Ministers for engaging, they know that we have got a job of work to do and it is not to try and make their lives difficult, but we do need to get to the roots of the issue. So I said: "Can I ask, is there a risk to your department or for the wider economic outlook if budgets are either frozen or grants reduced?"

[9.45]

The Minister said: "I think they could have an indirect impact certainly and definitely where there have been areas of growth in the budget the economy outside of the minimum income standards is not one that has experienced growth. In fact we are expected to find savings, so in that sense I believe

that there could be an indirect impact on the economy.” My concern is here ... I am a realist, I think the panel all live in the real world, we know that there are tough decisions that need to be made. The savings that we are talking about here are Government wants to reduce funding for these organisations by £571,000. We are saying the evidence that we have got and the evidence you have provided does not give us any assurance that that will not have a lasting impact in the economy. Now, there has been some talk about economic growth in the next few years, but probably not enough. There has been a lot of talk about housing, there has been some talk about innovation and business growth. When we look to those areas of innovation and business growth, they surely have to be coming, at least in part, from digital innovation and technology. We talked about how farming has changed even in the last few decades. We talked about precision farming. All of those areas where we are expecting to see true innovation, I think to a larger or greater extent, are going to rely on digital adoption. It is also something that we have touched on in another review that we are doing as a Scrutiny Panel, which is the access to cash and digital payments. What we are finding is that has been a fascinating process because it is not simply just about how people use cash, it is actually about the wider inclusion in society. It is not just about protecting cash, we have not come up with our conclusions for that yet but it is actually about making sure that nobody is left behind when it comes to the digital revolution so that everybody is included and that we give choice to people, but that people are empowered to use technology for good. Of course that is an area where businesses can make efficiencies but they can also innovate. I think we are speaking on the same hymn sheet there. I do not think I need to make the case for Digital Jersey or Jersey Business being good entities. I would emphasise the fact though they are, for the most part, the choice by which Government seeks, at an arm’s-length distance, to deliver certain strategies and key priorities for the Island of Jersey, which it either is not able to do itself or which can supplement the work that it does as Government. I think there is a strong risk here that we do not have a pro-growth budget as it stands. It is a very financially bottom-line focused budget which seeks to balance the books but it does not really do a lot for economic growth. I think this is an area where we should be very careful because there will be consequences. It is a tiny saving for Government in the grand scheme of things. We are talking about over £1 billion which Government is spending and it is seeking to place a cut when it does not know about the consequences of those cuts, as we have heard from the Minister. So I would ask Members here to think very carefully. If we are truly pro-business or at least where we want business to get on, it does not matter which side of the Assembly we are on, we know that we need to have tax money in order to spend, right, so it does not matter whether we are tax or spend, it does not matter whether we have an instinctively more frugal approach to Government finances, there are things that we absolutely need to deliver in the next few years which I think will require a rethink. The one thing that we cannot afford to do is to jeopardise the engine of the economy. So while, on the one hand, of course our panel does have concerns about the reduction to Jersey Finance, we have been reassured, as I have said, by them that that is sustainable, that they can make do. We put a recommendation in that that grant should be restored by next year. But when it comes to these 2 critical delivery arms, both which support Jersey businesses across the board through Jersey Business or whether it is a specific focus on the digital rollout, then I think that this is a cut too far and our Scrutiny Panel would seek to moderate that so that actually other good work can go on and promote the economic growth into the future. That is really the bones of my proposition. Members will excuse me if I have not stuck entirely to my notes. I thought I would focus on the spirit of our amendment. I know I welcome other speeches, including from my panel members, perhaps to sweep up on points that I have not necessarily talked about. But I would finish with this point, yesterday I thought we had wide-ranging debates. There were lots of free votes, it seems. There was not an entirely Government whip on everything and I think Members did vote with their conscience. I would extend that invitation to Members today who have not made up their mind to actually think about what is the legacy that we want to leave of this Budget? I do not agree with everything in this Budget, but I think that we can try and moderate it. I think we can try and make sure that the excesses that have been placed on savings/cuts, as I would call them, in budget areas where they could have

potentially negative consequences and have not fully been thought out. That is the Assembly's job to actually say: "Hang on a minute, are we making the right decisions here?" This money will, of course, come out of the Central Reserve and I think that is money well spent in the economy. It is investment to save and it is investment for the future. So a relatively small amount that the Economic and International Affairs Scrutiny Panel is asking for, it is in the region of £250,000 but think about how much that money will come back into the economy by supporting businesses and supporting digital innovation into the future.

**The Greffier of the States (in the Chair):**

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

**Deputy K.M. Wilson of St. Clement:**

Can I raise the défaut on Deputy Ozouf, please?

**The Greffier of the States:**

Are Members content the défaut on Deputy Ozouf is raised? Défait is raised. Deputy Millar.

**1.2 Deputy M.E. Millar of St. John, St. Lawrence and Trinity:**

I rise to address Deputy Tadier's final remarks. I cannot support an amendment that seeks to reduce the amount that Government holds in contingency funds and which risks the Government's ability to deal with unforeseen events, such as the recent major incidents impacting our Island. This amendment reduces savings proposals without offering any real alternative funding measure. Worse, the amendment reduces the contingency reserves not only in 2025 but in every subsequent year, which is not a long-term, sustainable funding solution. Ministers will have to take action to rebuild the Central Reserve in next year's Budget, so in reality this is no better than an amendment without a funding proposal. As we enter into 2025, we already know of a number of pressures facing Government departments. This includes, for example, the public pay award, which is slightly higher than forecast and planned. If Members plunder the reserve, there will be no way to meet those pressures without asking departments to make further cuts within their own budgets. Reductions in the reserve have historically been rebuilt from year-end underspends, but Members will be aware that finances in 2024 are under greater pressure, in particular with overspends in health, which are addressed in this Budget. That may mean that that is not possible or would make some of the transfers that we have planned to the Stabilisation Fund and Agricultural Loans Funds untenable. As outlined in the Common Strategic Policy, this Budget seeks to curb growth in public sector expenditure. Tangible, meaningful proposals have been put forward to deliver savings targets. Both Jersey Business and Digital Jersey have received significant growth funding over the past few years. Jersey Business and Digital Jersey will still receive substantial Government support in the sum of approximately £3.6 million in grant funding in 2025, after savings measures. Government departments are being asked to curb expenditure growth and arm's-length organisations should not be immune to that. Efficiency savings must also extend to taxpayers' money entrusted to our partner organisations. I would emphasise that this is not about any lack of support for Jersey Business or Digital Jersey. Both those organisations do excellent work and contribute to the economic development in this Island. The Minister for Sustainable Economic Development will speak more about that, I have no doubt. I encourage Members to reject this amendment. Delivery of savings, as proposed in the Budget on a recurrent basis, is crucial to ensure that we balance the books and that taxpayers receive value-for-money services. We should not be raiding contingency reserves and taking funds from budgets that are set aside to deal with unforeseen financial pressures. Accordingly, I cannot support this Budget, but I am sure that the Minister will speak further about what support is available to those organisations.

**Deputy P.F.C. Ozouf of St. Saviour:**

A point of clarification.

**The Greffier of the States (in the Chair):**

Do you give way for a point of clarification, Deputy?

**Deputy M.E. Millar:**

Yes.

**Deputy P.F.C. Ozouf:**

Did the Minister mean she cannot support this Budget or this Budget amendment? Just for the audience.

**Deputy M.E. Millar:**

I think I was talking about the amendment.

**1.3 Deputy K. F. Morel of St. John, St. Lawrence and Trinity:**

I would like to thank the chair of the Scrutiny Panel and the Scrutiny Panel themselves for the work they have undertaken through this process for the Budget and their scrutiny of it. As the chair said, I value their input and I value the input of Scrutiny as a whole. That said, however, I urge Members to reject this amendment, which would cut savings targets by taking funds from the Central Reserve contingency budget, something which goes directly against the advice of the Fiscal Policy Panel. There is no doubt that arm's-length organisations play a key role in helping the Island's business community and work closely with the Government. Indeed, I am a staunch supporter of both Jersey Business and Digital Jersey. They work in ways that support the economy on the demand side particularly and there is no doubt that they have done work which has helped many businesses in the Island to both start up and continue. They support a range of businesses and entrepreneurs, and they also work to bring inward investment into our economy. In seeking to find savings across our A.L.O. estate, we are working with our A.L.O.s to avoid a decline in services and to maximise joint working across those A.L.O.s. Indeed during questions on Monday I was asked, understandably, about work that we are doing with Jersey Business and Digital Jersey to ensure that the work that they do is ideally structured for the future and to support the economy for the future. As I was talking about, the importance of making sure that the Island has a strong research and development and innovation function, as well as having strong business and start-up support services, and also inward investment services. It is around that, the work that I am doing with them in a collaborative way, that I intend to ensure that the impacts of any savings are absolutely mitigated through that work. Like all aspects of public spending, we do need to ensure that our A.L.O.s spend taxpayers' money as efficiently as possible and continue to provide value for money. The Budget itself was designed to ensure that money was saved so it could focus on delivering the Common Strategic Policy as agreed by the Assembly without raising public spending to unsustainable levels. These savings are important for supporting the economy and reducing competition between the public and private sectors for resources. I think it is important that I also focus on some of the elements of the Budget which are designed to support the economy. One of them is the increase in the living wage which will enable workers across the Island to have more spending that they can then put back into businesses in the Island. There is also £93 million in capital investment which is absolutely vital because we do know that there are elements of the infrastructure of the Island which do need upgrading and that is a vital part of support for the economy. But there is, and we see this, obviously the clear investment in health, which is something that the Future Economy Programme is focused on and tells us. We have a population that is changing in terms of the demographics. We have a population that is going to demand more in terms of health services, and I believe in this Budget we see that demand happening. We see the ageing population and its impact in progress. I understand why we are saying we have to put more money into health at this stage, and that is understandable. This Budget is dealing with that and is putting more money into health, but we have to remain disciplined and we have to understand that because we are putting more money into one area it does mean that other areas we

have to look closely at. That is effectively what is happening here, it is the aging population in action and these are the impacts of it. I believe that this Budget is designed to mitigate those impacts as best we can and at the individual level, as I have said, I am working with the organisations to ensure that those impacts are mitigated with them. But it must also be said, and I know the Minister for Treasury and Resources has pointed to this, this amendment aims to reduce part of these savings by using money, £286,000, from the Central Reserve. There is no doubt that that will weaken the Central Reserve. I believe it is a £5 million reserve, so £286,000 is a significant amount of that being taken out, and that will weakened our ability to handle unexpected events. Sadly, we have seen in recent years how unexpected events do happen and, of course, they happen unexpectedly. I do not say that in a trite way. I say that because we do not know when they will happen and they can occur at any time, so having that money aside for those sudden events is absolutely vital.

[10.00]

So cutting money from that £5 million Central Reserve will reduce our ability to deal with financial challenges but I do understand where the Scrutiny Panel is coming from on this amendment, I really do. The work I am doing with both Jersey Business and Digital Jersey I can assure Members is designed to mitigate the impact of the savings that are coming through this Budget. So I do ask Members to understand that we are working to mitigate those impacts. I believe Digital Jersey and Jersey Business will continue to provide services in support of the economy long into the future, long beyond this Budget, but this Budget will help them do that efficiently and effectively in the way that it is set up at the moment. So, with that in mind, on behalf of the Council Ministers, I do ask Members to reject this amendment.

#### **1.4 Deputy I. Gardiner of St. Helier North:**

I would like to bring Members' attention - in case you missed it or maybe you have read it - to the C. and A.G. (Comptroller and Auditor General) report that was published regarding arm's-length organisations recently, and P.A.C. (Public Accounts Committee) published our comments. I am rising to speak about this particular report because if you will go to page 9 and 10 of this report, one of the findings is that States of Jersey has choices in the way they do the policies. We have a board called Arm's-Length Bodies Oversight Board. Guess how many arm's-length organisations, or similar, or someone who received grants, are registered at this board? Page 9, 130. There is big discussion on how we treat ... because it is a complete mess. What does arm's-length body mean? How do they manage, how do they spend public money, but it is definitely ... I would say some of them would maybe need to be excluded and, interestingly enough, the C. and A.G. made the recommendation that we need to introduce a new definition of arm's-length bodies to include only state-owned entities, state-established delivery entities and state-established independent bodies and office holders, which would reduce this number by 40. My question is: what is coming first? Can we actually do the proper work to address this clarity and funds going over 130 entities, bodies, panels, boards, partnerships, you name it, or do we just start to cut £200,000 plus from Digital Jersey when we would like to make sure that we are a leading digital Island. So I would think that the first step that needs to be done is actually to address what C. and A.G. suggested before we start cutting without proper evidence base, £300 pounds from Digital Jersey. This is the only company who is giving us some exposure to the outside world and saying we can be a digital centre. So I think Members should consider this and are welcome to speak with me about the report.

#### **1.5 Deputy A.F. Curtis of St. Clement:**

I am surprised to be perhaps a fourth speaker but after 2 important Ministers who may be able to have responded to questions that Members have. So I look eagerly to Assistant Ministers or to the Chief Minister to fill in those gaps. For me, the question I would like to understand from Ministers, as a Member who is weighing up those decisions here, is what consideration was given to the profiling of delivering savings. I welcome the decision that the Council of Ministers agree that spending on



arm's-length organisations should go down as well as up. That is a mentality for entities that should contract and expand with the profile of what we need to do is a good thing, but the chair of the Economic and International Affairs Scrutiny Panel says that this is a 13 per cent or 13 to 14 per cent cut for these organisations. Anyone in this Assembly may be thinking that that is a significant cut to be found and I would ask if Ministers could identify other areas within the public sector that are going through a 12 per cent cut and whether they equally think, when they champion those sections, they are at risk of delivering funds. I am sure we will enter discussions on similar significant cuts. One of the Ministers who responded highlighted that this is a repeated increase or shortening of the cut and therefore the effects are compounded year on year, but that is the Minister's choice not to amend this amendment. I feel rather cautious making such a significant change to a budget without any phasing, without any appropriate kind of tailing off. It could have been proposed that this would be for the first year, so you would see 2 cuts, one of 6 per cent and a further 6 per cent. The Ministers have not provided that and, likewise, the Ministers are always at liberty to propose alternative funding sources. Lastly, I would like to touch on the fact that page 47, where the savings proposals are found, in table 14 - they are found under the title "Arms-Length and Regulatory Organisations", with £1 million in the years of 2025, 2026 and 2027 - the second paragraph in the subheading review of Arm's-Length and Regulatory Organisations says that: "In future years, similar reviews of both grant-funded arm's-length organisations and states-funded regulatory bodies are anticipated to deliver further saving opportunities. The £1 million target in both 2026 and 2027 will be unallocated pending the outcome of these reviews." I really want to know what that means, Ministers. I would love to understand where the vision for reprofiling the arm's-length organisations are, where they are seen to be able to better deliver more efficiently. The comments paper we received in response to amendment 20 did not provide that. Not said to dismiss that there could be a valid one, but I hope there are sufficient Ministers in the room, in the Chamber, who will rise and adequately outline that vision and outline how we can have faith that this cut of 13 per cent is a wise one to make at this time.

#### **1.6 Deputy H.L. Jeune of St. John, St. Lawrence and Trinity:**

I have not prepared a specific speech for this, but listening to the discussion that has happened so far prompted me to rise and ask questions. I hope that other Ministers or Assistant Ministers are able to help because we are also today going to be discussing, or we have been discussing recently, about the productivity package that this Government is wanting to put forward, I believe it is £10 million a year. A large part of that was to be channelled through Jersey Business to help the Island's businesses be more competitive and, hopefully, produce results that then potentially could feed back into the Social Security Fund, that I know we are discussing later, to be able to top that up again. Because we are taking money out of there to help this productivity package to, what we have been told, be then hopefully be even increased more because we are going to be increasing Island's productivity. But Jersey Business seems to be the key to this, because the money will be channelled through Jersey Business. So my question is: can we get some assurance from the Ministers to say that Jersey Business has the capacity now, after these cuts of 13 per cent, to be able to support businesses when the grants and the match funding are being provided for these businesses. I suppose you do not just give money, you also provide that framework around to help those business actually be successful in whatever they are applying for so that they can be productive. You do not want to just give that the money away and then hope for the best. The idea is to get that infrastructure around those businesses to help them in whatever idea that they are doing with that match funding and with that idea to make them become more productive. So my question then is having this 13 per cent cut at the same time as giving Jersey Business ... I do not believe they have this kind of grant system or match funding in place already so they have to develop that ecosystem and they have to have the right people there to be able to go through these different projects that they will decide who to give money to, how much money and help that business develop even a good project. I am assuming the businesses will not just come with necessary ready-made projects. Jersey Business hopefully will also be providing that

support to get to the best business. I am saying all this because actually - and I turn to the Minister for International Development - that is what Jersey Overseas Aid does. We provide ... in Jersey Overseas Aid there is a team there, I am not sure how many people now, maybe about 6 people now, who provide that support for the grants and the projects that they support in other countries. We are supportive of that as a States Assembly because we believe it is important for that accountability, for that transparency, for that support to make sure that the projects are successful. I would say we would want the same infrastructure and the same support that Jersey Business should be providing for businesses if we are going to be supporting a productivity package that that happens too, because we want them to be successful because ultimately that is the aim of this productivity package is to provide an economy that will grow. So I would like to hear from any Ministers who would like to speak how they believe a 13 per cent cut to Jersey Business ... when they are not already providing such a package and such a detailed support for increasing productivity in Jersey, in my understanding, to now then also increase what they have to do but with the 13 per cent cut and still provide the results that we need. It would be really useful to hear from the Government and understand how they see that too and if we have had assurances that that will actually happen. Because, at the end of the day, if we want to have productivity and increase in the economy, we do need the infrastructure around that to help our businesses.

#### **1.7 Connétable P.B. Le Sueur of Trinity:**

I was not going to speak, but I am prompted to ask what has changed since last year when we heard from the previous Government a robust defence against the suggestion of any cuts for these organisations. I appreciate that this does not come with an alternative funding option but, surely our digital economy and the way that information technology is moving so rapidly, are we right to be cutting the support that we offer to businesses in Jersey in particular at this critical time? As I say, this does not come with a funding option, but could it be something that should be explored, that some of the other arm's-length organisations that do or should be generating cash and inputting into the public purse, like perhaps J.D.C. (Jersey Development Company), asking them to work a bit harder to support some of these other arm's-length organisations. I am a little bit torn on this one this morning, so I will wait to hear what the answer is to really, fundamentally, what has changed in the Government's view from the previous government to the current Government.

#### **1.8 Deputy G.P. Southern of St. Helier Central:**

I, like Deputy Curtis, am going to ask some questions that I would like addressed, if not here, in this Chamber now, perhaps they might be saved for a year's time. We heard a response from Jersey Finance that they can manage for a year but thereafter they would be looking at other arrangements. In particular, I wonder whether any consideration was given to the fact that there are 2 sources of finance for Jersey Finance. One is the direct grant and the other is the annual subscription and I wonder if any consideration - and I look to Deputy Gorst - was given to restructuring and rebalancing the weight of how much does Jersey Finance pay for and how much does the Government pay for. At the end of the day, the Government get 20 per cent of the profit of the finance industry whereas the industry itself gets close to the 80 per cent, so it is an 80:20 split. Has any consideration been given to addressing that? I got a reaction. I might get an answer from Deputy Gorst. So that is one question and the second question I would like to ask and have answered came from Deputy Tadier in his contribution to the meetings that we had when he said in relation to the reduction in grants to Digital Jersey and Jersey Business, are there any risks? What risk assessment was done of the cuts in those particular areas? Was that done? Was that performed or not?

[10:15]

#### **Deputy I.J. Gorst of St. Mary, St. Ouen and St. Peter:**

Before the speaker ends, could he just rearticulate what it was that he would like me to intervene in later, please, just for clarification?

**Deputy G.P. Southern:**

The question was: has any consideration been given to rebalancing the funding of Jersey Finance between what is the annual subscription and what is the direct grant and have we got the balance right or should more weight be given to the finance sector rather than the Government?

**1.9 Deputy K.L. Moore of St. Mary, St. Ouen and St. Peter:**

Of course I have to rise somewhat to respond to the Constable of Trinity and his comments about what has changed in a year. Well, of course, quite a lot has changed in a year and that is partly what has contributed to this mess. We are faced with somewhat of a plan without a plan because some of the underpinning work that was begun previously was ditched, some has had a handbrake turn and some has gone distinctly into reverse. We are in a very difficult situation as an Assembly because public services have been asked to make cuts to their growth, quite rightly in some cases, but many have had to make difficult decisions to move forward so that investment can be placed in other places. That means that if we reject ideas such as this one, which did come from the work of the A.L.B.O.B. (Arm's-Length Bodies Oversight Board) as Deputy Gardiner highlighted ... which is something that was reinvigorated under the last Government because it was identified that, as the Comptroller and Auditor General has already identified, there is a lot to be done in refreshing, re-energising and refocusing our arm's-length bodies and our States-owned entities, who have immense potential but like the public services always have kept their feet to the fire and an eye on their bottom line and their spending. Just as the rest of the public service, they are also delivering and contributing to our Island community with the benefit of publicly-funded accounts. I hope that does answer somewhat the Constable's question. I do see some reflections in this work of work that was begun last year and the year before that, but I do see that some of the curveballs that have been landed over the past year and a different approach place the Assembly in a very difficult position because we are in somewhat of a half-baked Budget.

**1.10 Connétable A.S. Crowcroft of St. Helier:**

I work very closely with both Jersey Business and Digital Jersey, particularly because so much of their efforts are focused on St. Helier, the capital of the Island, the engine of the economy and really getting things moving. I have the highest respect for the staff at all levels who work in both organisations and the work they do with businesses, large and small, seeking to take advantage of the many opportunities that this Island offers to particularly new businesses and entrepreneurs who want to get on in the world, but I do not recognise, I have to say, some of the comments by Members who have spoken against the plan of the Council of Ministers. Deputy Moore talked about a plan without a plan. I do not recognise that and I know we cannot always believe what we read in the Island's newspaper but I am just going to quote from a recent editorial. I do not know which particular journalist penned this one but I am going to quote from a recent editorial and it goes like this: "We have argued before and we will argue here again that Deputy Farnham is right to be making cuts and that they are long overdue. It is time for politicians to learn that doing extra things requires extra money and that you need to prioritise. It is not always about what you want but what you need." At the end of the editorial it says: "As for the rest, let battle commence." I must say, listening to some of the contributions and without wishing to suggest that they are not genuine, I do feel that some of the people who are criticising the cuts that are proposed to Jersey Business and Digital Jersey are looking for a battle with the Government. Will the work of Jersey Business and Digital Jersey suffer as a result of the cuts, which all organisations in the Island, both arm's-length and not, are being asked to make? From what I know of the people involved in both these bodies, absolutely not. Their work will continue and it will continue to bear fruit, so I think that some of the shroud waving that we are hearing this morning is exactly that, it is shroud waving. As far as the person on the Clapham omnibus, what will they make of a decision today to reverse the cuts in 2 arm's-length organisations when the cuts in the police force are being absorbed and managed? I do not think they will be very impressed and I would urge Members to reject the amendment.

### **1.11 Deputy L.J. Farnham of St. Mary, St. Ouen and St. Peter (The Chief Minister):**

I am not going to respond to the battle cry of “let battle commence”, tempting though it is at times. I think it is rather unkind of the former Chief Minister. When we were elected I think she referred to us as “a shower”, the new Government, and I think now we are “half baked” and this is “a mess”, but it is nothing like the mess we inherited and we are trying to resolve that. The previous Government were big spenders and that is why if we want to go back to a mess, yes, financially we are in a bit of mess and this Budget seeks to start resolving that. It is never easy to make cuts. It is difficult, especially when we are going to our well-valued partner organisations, our A.L.O.s, who do an excellent job. I think if we go back, some Members here - Deputy Ozouf, for example, and other Members who have been here some time - were around at the creation of the A.L.O.s as we see them now and that was done for a very good reason. It was done because we could be seen to be driving better value through A.L.O.s with some freedom from the yoke of the public sector. That has generally worked in all the A.L.O.s and there is a long list. If I can just read some of them out: Digital Jersey, Visit Jersey, Jersey Sport, Jersey Arts Trust, Jersey Arts Centre Association, the Jersey Opera House, of which the Chief Minister is on the board, Jersey Heritage Trust, Employ Jersey, Jersey Finance Limited, Jersey Business Limited, Jersey Advisory and Conciliation Services, Jersey Consumer Council, Jersey Citizens Advice Bureau. We have competition authorities. We have a large portfolio of partner organisations and they all provide an important role in supporting the Island’s community, business community, corporations, and they do excellent work, but we have to start looking to drive out some synergies. That is what we are trying to do especially with the arm’s-length organisations that support business. I think Deputy Alex Curtis said we talked about what is our vision for Business and Digital and we had a debate yesterday about the potential of merging Digital into Business or whether it is Business into Digital, but perhaps Digital Jersey, which sits alone and does a very good job, should be integrated into every single arm’s-length organisation, because digital is at the heart of everything we do now. That is why we have such a large budget, I think £40 million, for modernisation in digital departments plus an additional £30 million for investing in the work that Deputy Curtis was involved in and was doing some good work there in the previous government. Going back to the hard facts of balancing the books, we inherited a financial situation that was unsustainable and we had to address it. While addressing it, we had to look at the urgent needs of Islanders, many of which had been neglected in the past. This Budget also tries to address those by diverting money from where we make savings, saving some of it and putting more of it into front-line services, into education, into health, a significant increase in investment in both of those important portfolios. I think now in education - and the Minister for Education and Lifelong Learning can correct me if I am wrong - we pretty much have a full complement of teaching staff at schools. I think that is a nod. That has required more budget. We are winning the battle with health. There is a long way to go but we are making great strides there. We are doing what we can to help Islanders address the cost of living pressures by freezing duty on alcohol and fuel and other measures. Members will know we do not have great big levers because our monetary policy is somewhat limited but this Budget seeks to do what it can to ease the immediate pressures. I know and I regret that some Members have tried to call this a short-term budget. I am disappointed with the Scrutiny thoughts on that, although I do welcome the report. For such a short-term budget, they still managed to produce something like 100 pages of report and we will look at all of the recommendations in that report and we will work with Scrutiny after the Budget to see where we can make improvements and perhaps work more closely together. I think just referring to Deputy Jeune’s comments and questions, she mentioned a link to Jersey Business, who hopefully will be called upon to help businesses, provide essential support to businesses to meet this Assembly’s commitments to the living wage. That is why it is really important we understand the business support that Jersey Business is going to provide. It is properly resourced to deliver that. Digital Jersey is properly resourced. As other Members have mentioned, this will not have any significant impact on what they are doing, but they have to take their turn in having a look at their books and rightsizing appropriately,

as are the rest of the public sector. They have had good strong support over the years, especially through COVID where they played an important role in keeping our community and our business sector running during that difficult period. To echo what other Ministers have said to remind Members, this amendment proposes removing part of the savings with the funding being taken from the Central Reserve. Such a reduction in the budgeted provision held in the Central Reserve will reduce Government's ability to respond to unforeseen circumstances. We have a lot less in the reserve than we have had previously, not least because of COVID and increased expenditure in previous years, but we really do not want to be compromising that fund because it is not particularly sufficient as it is and this Budget goes some way to addressing that over the next 4 years. Like I said, it is always difficult. One question I think Deputy Alex Curtis asked was what consideration was given to the profiling of savings. Well, we did a lot of that across the board with the budgeting, with the help of the Treasury team and at the numerous, numerous meetings we had. When we were profiling the savings we tried to find that balance. We wanted to produce some savings to reduce the growth in the Budget.

[10:30]

That is why our Budget has increased by 5 per cent and not considerably more, which it could have done, the overall expenditure, with savings appropriate, rightsizing in certain portfolios and then the reprioritisation to areas referred to in that and they can be highlighted in the Common Strategic Policy. The profiling of the savings was always a balance at a level where it would not compromise the work of departments, it would not compromise the work of our A.L.O.s, but it does tighten the belt in quite a few areas, which is long overdue.

**Deputy K.L. Moore:**

A point of clarification, Ma'am.

**The Greffier of the States (in the Chair):**

Do you give way for a point of clarification?

**Deputy L.J. Farnham:**

Yes.

**Deputy K.L. Moore:**

Thank you. Would the former speaker have the good grace to admit that much of the reprioritisation work began prior to January, as I mentioned in my speech, the work with Jersey Business, Digital Jersey and, of course, we could look at the financial recovery programme for the health service and many other aspects?

**Deputy L.J. Farnham:**

I am not going to say everything we inherited was bad and I do acknowledge there was some good work in the previous government, but we inherited a financial position that was extremely difficult and challenging and we had to sit down and address that. Hopefully we can find some middle ground somewhere.

**1.12 Deputy J. Renouf of St. Brelade:**

I am not going to rise to the Chief Minister's jibe about the previous government, of which I was part, which is probably just as well since he has left the Chamber. There is something very precise and simple at stake here. I think the key paragraph in the Government report is this one. It says: "The savings allocated to A.L.O.s recognise that the need for efficiency is not only a matter for direct government spend but extends to the taxpayers' money entrusted to our partner organisations. Delivery of these savings on a recurring basis is vital to ensure we balance the books and to ensure that taxpayers receive value for money services." The problem with this approach, I think, is that it

assumes that all A.L.O.s and all Government departments are equally able to make efficiency savings. They are, if you like, equally inefficient. This is very unlikely to be the case. In fact, I might venture that it is possible that the A.L.O.s lined up for cuts might be marginally more efficient than some Government departments. I note the resort to the management speak of efficiency savings when in fact we are talking about cuts. It is important because whether or not the cuts result in efficiencies is a moot point. In some cases they may; in other cases there may be no fat to cut. The Government have not offered any evidence that Digital Jersey and Jersey Business will become more efficient or that they have efficiency savings that can easily be made. They may actually become less productive and I think this underscores the failure at the heart of the Government process with regard to these cuts or efficiency savings. It has not made much assessment of the risks in making some of these decisions. When the Corporate Services Scrutiny Panel questioned the Chief Minister about the risk analysis that had been done around the cuts programme, the Chief Minister said, and I quote: "We are not going to get tied up in producing lots of additional paperwork and doing risk analysis on every single decision we make." That was revealing because this is always the problem when you make across-the-board spending cuts. It assumes that all cuts are equally possible and the negative impact of each cut is the same, but we know this is not the case. Small departments, for example, tend to be more efficient because there is less hiding place for inefficiency and because the responsibilities on those small organisations continually outpace the resource. As Deputy Tadier said, the panel did their work to try to find out where the cuts could be made. They did the work and they discovered that Jersey Finance could just about bear the cut for a year at least, but their work revealed that Jersey Business and Digital Jersey would suffer. Why does that matter? It does not fit with what the Government say they are trying to do. Despite what the Chief Minister said, I think there is very little sign of a genuine commitment to a long-term vision for this Government. They say they believe in general in sustainable economic development in the Future Jersey vision and sustainable well-being but that does not seem to follow through when we come to decisions like this. These cuts fit in the same bracket to me as the debacle of the attempted cuts in recycling facilities that we talked about on Monday. It is going for a bit of an easy hit without seeing whether it fits in the bigger framework: what are the bigger things we are trying to do? In this case, improve recycling rates but we end up with a decision that contradicts that. This is the problem with a target without a bigger vision. The Government and Ministers do not seem to have started with their strategic vision. They seem to have started with the cuts and they certainly have not talked about these cuts to these organisations in terms of how it fits in with their bigger vision in their speeches so far. Digital and technology are critical. We cannot emphasise enough how important it is that Jersey gets on the modernisation train. Yesterday we heard a lot from Ministers about the mood music, about the message we send from this Assembly and about confidence. Are we really giving the digital and technology sector that sense of confidence, that sense of support, that sense of "we are behind you" with this cut? I mentioned before in questions a note from the Policy Centre's recent meeting on how Jersey could become a technologically advanced economy, which said that: "Technology is the only industry capable of providing similar financial benefits to the Island's finance services, yet it has a low priority in the political system compared with, for example, agriculture and tourism. The sector feels unloved. They do not think we spend much time considering their needs compared to the traditional sectors." The Constable of St. Helier quoted the *J.E.P. (Jersey Evening Post)* editorial - let us hope it was not written by his son - "It is not always about what you want, it is about what you need." That is the quote he made. I would say exactly, what do we need? We need the work of Digital Jersey and Jersey Business. It is about the priorities. I think what I would say, and I think what many Members are saying, is this is about priorities and this area is a priority. The Minister said that it was important to make this cut because we were investing in health and health was indeed a priority, and it is a priority but there is a difference. The money that is being invested in health is to meet the running costs of health, it is to keep health afloat. It is not investment in helping to pay for health in the future. For that, we need to think longer term and think about how the economy will generate the resources to pay for health in the future. That is why I think this cut is self-defeating.

There is the other argument that the Government use of we cannot reduce the contingency. It is a little unfair, I think, that argument because, of course, the Government have already done this. It will have started off with much more in Central Reserve than £5 million. The reason it is so low is because during Budget discussions it will have been whittled down because other priorities came along, so what we get to is a situation where the Government can whittle it down but Members of the Assembly cannot. I think what we have is an accountant's approach to cuts, not that I have anything against accountants but I think the Assembly could usefully apply a little more discretion, a little more precision in the cuts process than the Government have done. Supporting this amendment will not drive the Government's saving programme off course, it will not lead to wild extravagance. It is simply sending the right signal to the right sectors about what we need for the future of this Island.

### **1.13 Connétable A.N. Jehan of St. John:**

I rise to speak with a little bit of experience, having been chair of one of the organisations mentioned for some 3 years, so I understand how it works and I have continued to follow that organisation quite closely. In 2021 the Jersey Business core grant was £750,000. In 2022 I believe it was £860,000, supplemented by COVID revenues. We are talking today of a budget that has risen from £860,000 in 2022 to a proposed budget of £1.56 million. That is not a cut; that is significant growth, in my book, significant growth. An organisation that did great work, does great work and I have to repeat the words of the Chief Minister, both Jersey Business and Digital Jersey did fantastic work during the COVID period. We are out of COVID and we need to look at efficiencies. While I was chair of Jersey Business, my board and my chief executive tried incredibly hard to get the arm's-length organisations to work more closely together. We faced much resentment to that. There are efficiencies that could be gained by sharing premises, by sharing staff, by sharing finance functions, by sharing H.R. (human resources) functions, by sharing I.T. (information technology) functions, marketing functions ... the list goes on. There are efficiencies that could be gained. Jersey Business has a fantastic online presence and a fantastic triage service. They run productivity courses. If anybody in this Island knows how to get efficiencies, Jersey Business's team are the people to ask. This debate should not be about blame, it should not be about point scoring. This whole debate should be about how can we work together to get the best for Jersey from this Budget. We have got limited resource, we know we have got limited resource and we need to be careful what we spend, how we spend each and every pound. If Scrutiny had approached me when I was chair of that board and asked me if I could cope with the cut, what I would do with more money, of course I could have said I could have done more if I was given more money. It depends on the question that is asked. If I was asked could I take a cut, I would have been able to take a cut if people would have worked together, and that is what we need. I have often said, for probably 10 years now, that I believe that Digital Jersey and Jersey Finance should be the 2 that work together as a fintech. Our finance industry is a fantastic asset to this Island but if we do not invest in technology in that particular industry ... and we have got some fantastic examples of where it happens, but equally we have got some terrible examples where manual processes are still relied on. We have to invest and help those businesses in our most important industry in terms of returns to the Island to get themselves up to speed with technology. I believe that is where we should be looking for efficiencies. I would ask colleagues next time they attend a business lunch or function, look around and see how many arm's-length organisations tables there are at those functions. If you want efficiencies, I am happy to help find them. Thank you.

### **1.14 Deputy L.M.C. Doublet of St. Saviour:**

I am still deciding on this one and therefore listening very closely. I do very much support both of these organisations but something that the Constable of St. Helier said about cuts to other departments, he mentioned the police, for example, really resonated with me. I think what I need to hear from the proposer in his summing-up is exactly what the impacts would be if this funding is not extended. What does that look like for the users of this organisation, for the people who are accessing

these organisations, and what does the evidence say about that? Just a bit more detail in his summing-up would help me in making my decision. There is a point which I may need to seek advice. I am not sure if it is from yourself, Sir, or from the Attorney General, but one of the arguments that many of the Ministers have made against this amendment is being focused on let us not deplete the Central Reserve because we need it for emergencies.

[10:45]

Now, I have been around for quite a long time now, 10 years this month, and the previous advice, certainly when I was a new States Member, was that Members who are making amendments to what was then I think the M.T.F.P. (Medium-Term Financial Plan) - and it was called something else before then which I cannot recall - we were told that we did not need to find a source for the funding and that that was up to the Government. Back-Benchers were able to amend the Budget, or the M.T.F.P. as it was, and the funding would have to be found and it was the responsibility of the Government at the time to find that funding. Now the advice was also that if we could find a source for the funding, that was better, but that the 2 did not necessarily need to go hand in hand. I note indeed that this amendment is in 2 parts, so there is part 1 and part 2, that the expenditure should be increased by £286,000 in the Economic Development Department, and the Central Reserve expenditure should be decreased by the same amount. It goes on to explain where that money should go. Now, it is my feeling that finding money from a source to fund the amendments that you are making, that that is a convention, and rather a new one, that Members are following rather than a requirement. That is what I would like to seek advice on. To be clear, I am not necessarily asking for it to be taken in 2 parts but I am asking is it possible in theory for it to be taken in 2 parts? What would be the effect if Members voted to allocate that expenditure to the Economic Development Department but did not vote for removing the expenditure from the Central Reserve? My feeling is that it is possible to do that and if Members do have huge concerns about taking from the Central Reserve, that they do really want to support this amendment, that they could vote to reallocate that money, and then it would be up to Government to find the money. As well, I think it would also ,, even if both parts were voted for and approved by the Assembly, and the Government felt that it was too risky to take from the Central Reserve, I still feel it is in the gift of Government to find the funds from somewhere else to put back into the Central Reserve. Either way, that argument about: we must not take funds from the Central Reserve and raising alarms over that, I just do not think it applies to this debate. I would welcome some advice, Sir, either from yourself or from the Attorney General generally as it relates to this debate but also generally how we can treat these kind of amendments that are taking amounts of money from one place and putting them somewhere else.

**The Deputy Bailiff:**

Yes, I think that is a procedural matter, Deputy Doublet, so I can probably deal with it. You are right in that it would be possible to take the 2 elements individually, namely, the restoration of funding and identifying a source of that funding. The practice of the Greffe is to advise Members who are lodging such amendments to identify a source of funding but it is not a legal requirement, as is made clear by Standing Order 80A which gives the Chief Minister or the Minister for Treasury and Resources the right to propose without notice amendments to a Government Plan designed inter alia to rectify a negative balance in the Consolidated Fund as a consequence of the States approving an amendment. You are correct, it is possible, but a matter of course for the proposer, to take these things separately. Does that answer your question?

**Deputy L.M.C. Doublet:**

It does, thank you. I will conclude my speech by urging Members when we are debating amendments to focus on where the money is going and not so much on where the money is coming from. Of course, we do need to have an eye on that and to bear it in mind, but I think the merits of the arguments



of where the money is going, those are the things that we should be focusing on. As I said at the beginning of my speech, I am still undecided and I am listening closely.

**Deputy M. Tadier:**

Would it be helpful for Members just to say that I had not ever envisaged taking them separately and I will not be proposing them separately. I do not think it is the responsible thing to do but I do appreciate the question and I am happy to address that in the summing-up as well.

**The Deputy Bailiff:**

Yes, Deputy, thank you for that clarification. Does any other Member wish to speak on this amendment? Deputy Gorst, then Deputy Rob Ward. Deputy Gorst.

**1.15 Deputy I.J. Gorst:**

Well it has been an interesting debate so far. I think I have been accused of being a “big spender” and a “shambles” by various speakers during the course of the debate. I suppose, as they say, if the hat fits. The reality is, when the chair made his opening comments I thought he was doing a great impersonation of Grow, baby, Grow speech but we will put that to one side, but there was very little with which I disagreed. I think he made the case for investing in economic growth in a very important way. It gives me pleasure to hear someone from across, not just the aisle but the political aisle, recognising the importance of economic growth because it is only through economic growth that we can increase Government coffers and therefore we can spend on those social problems that our Island needs to spend on. That is where my praise must come to an end because I hope he will forgive me for acknowledging that, although I read his panel’s commentary in regard to the scrutiny that they did on my department, I did not read it in relation to the other 2 departments that he scrutinised, so I cannot comment on what his panel’s observations were there. I am a great supporter of Digital Jersey. I counter to what some Members of the Assembly might think. I think they do an important job in all sorts of areas around the digital economy, not least of which is promoting the need for digital transformation and promoting the need and the desire for digital companies to come to Jersey, supporting start-up digital companies in their work, providing space for them. For me, an important piece of work they also do is the Digital Academy. While I accept that there are some efficiencies that can be delivered by arm’s-length organisations working together, I perhaps part company with some of my other good colleagues in just how much efficiency can be delivered and what the optimal operational model is to deliver those efficiencies. I was pleased to hear the Minister for Sustainable Economic Development yesterday, I think reading between the lines, saying that a merger was not on the cards. Delivering efficiency, yes, but not merging. For me, that is important because I do think, while it is right that digitalisation needs to be across all of the arm’s-length organisations, there are specific roles that these arm’s-length organisations fulfil and they are important roles if we are to see the economy grow, modernise and digitise. Having said all that, I do think that for 2024 it is appropriate that Digital Jersey’s budget is reduced by this amount. I say that for the same reason, with a heavy heart - and I would have made the same observations to the panel had they asked me about that, although it is not within my remit - that there are reserves that Digital Jersey currently have that can allow them, as I understand it, to continue their work during 2024. I think the greater point that the panel made, and I do think it is an important point, is that the Government throughout 2024, as it is doing these works, as it is driving efficiency, understands the need to invest in economic promotion and in the promotion of these important sectors of our economy. I think that that work can be done. Digital Jersey, like J.F.L. (Jersey Finance Limited), can draw upon their reserves during 2024 to allow that work to be done. Contrary to the immediate last speaker, I think that it would be poor behaviour and set a very difficult precedent if Members of the Assembly simply focused on where money was being spent rather on where money was being raised from. I would argue that members of the public, yes, of course, they want the services that Government provides, but they want us to focus more on the fact that it is them that are paying the taxes that provide the services

and therefore being very careful with how we spend because of needing to understand where the money comes from. It comes from individual's and companies' pockets, they are paying the taxes that we use to provide government services. Therefore, I do not think that we should separate out sources of funding from the use of the funding. For me, if we take the reserves that Digital Jersey have got, as I understand it they could use that during 2025 - sorry, I might have said 2024, I meant 2025 - that then preserves the Central Reserve. Because Members will know from looking at this Budget, as the Minister for Treasury and Resources said earlier, we are putting more and more pressure, and over the preceding immediate years, we have put more and more pressure on the Central Reserve which is there to deal with unforeseen circumstances. Unfortunately, Government has had to deal with unforeseen circumstances and there seem to have been more of them in the immediate preceding years than there has been historically. Therefore, it is an important consideration to preserve the value of the Central Reserve. I believe that we can do both, I believe that we can support Digital Jersey. We can tell them that we support them, they have the support of this Assembly. They should be using their reserves to maintain their programme, and I have just outlined some of what that programme is, and then the Minister for Sustainable Economic Development will continue to work with them throughout 2025. I am approaching 2025, as other Members have said in this and other debates, and the chair himself said, in the knowledge that if we want to deal with the long-term challenges that our Island faces, long-term challenges that the rest of Europe face as well, so we should not beat ourselves up unnecessarily, about an ageing demographic, about reduced population levels, about the fight for economic growth when we see what is happening elsewhere around the world, then we should seriously be considering how we support that growth. That will require the support of Government into the future in order to preserve and enhance ultimately our tax take which allows us to deal with those knotty, thorny problems that we know we all face. Almost slightly aside, I do not think you were sitting in the chair then, another speaker during the course of this debate asked me a question which is not about this particular reduction in budget but is about the reduction in budget which the panel scrutinised and was the subject of a question earlier in the week. He asked me about Jersey Finance Limited and the 80:20 split. He is not the first person to have asked me that question and on the surface it seems like a jolly nice idea to shift off some of the cost of economic promotion to industry itself.

[11:00]

We know that Digital Jersey takes membership fees as well and we need to make sure that they are preserved and enhanced. We know that Jersey Finance takes membership fees as well and Jersey Finance have got more members now paying that membership fee than they have in quite a long time. I think that if we want to increase the industry element, it is getting everybody in industry signed up and paying those fees. They have other programmes where members of industry pay fees as well for add-on, all of that goes into promotion as well. I would not want to see the split change. The reason I say that is quite simply this, we might think that this amount of money going to promote Jersey as a finance centre, not any individual firm, we remind ourselves that virtually all of the firms now in Jersey have got footprints around the globe so they are jurisdictionally agnostic, we must fight for the business that we want them to put here into Jersey. We remind ourselves that while to us it may seem a lot of money, if we compare it to what Luxembourg is spending, our competitor and most direct competitor in Europe, if we compare it to what Singapore is spending, our direct competitor out in the Middle and Far East, we will see the amount that we spend pales into insignificance. We get, as the Americans would say, a lot of bang for our buck with that money. They do a really great job and I do not want to see it decreased, I want to see it increased. If we look to our very near neighbour in Guernsey they have, over the last few years, recognised the importance of promoting economic development in their Island, as we do here, and they have quite dramatically increased to the tune of a number of millions of pounds, the money that they give to Jersey Finance. We have not done that. We will of course be using some of the competitiveness money - we will come on to

another debate later, either today or tomorrow about that - to support economic growth in financial services.

**The Deputy Bailiff:**

Will you give way to Deputy Southern? Will you give way? I think he wants clarification.

**Deputy G.P. Southern:**

A point of clarification.

**Deputy I.J. Gorst:**

Of course I will. He was the one that asked the question, for your benefit, Sir.

**The Deputy Bailiff:**

I think we know what he is going to say.

**Deputy G.P. Southern:**

I think I have just heard the Minister stating that Guernsey has been contributing to our Jersey fund and promoting Jersey.

**The Deputy Bailiff:**

You may have misspoken because you suggested that Guernsey was giving millions of pounds to Jersey Finance which may not be the case.

**Deputy I.J. Gorst:**

Well, I do apologise, that was **[Laughter]** a slip of the tongue and wishful thinking perhaps. Perhaps. They will not be coming on the ferry, no. **[Laughter]** What that shows is that in economies like ours we have to get value from the money that we are investing but we have to recognise without that investment that business goes elsewhere. The Minister for Health and Social Services reminded us on a different topic about people who want to invest in our Island. We have got to encourage it, we have got to welcome it, and we have got to promote what we do in Jersey to the highest international standards. It is going to cost us money. We should not be afraid of making that spend because without economic growth we cannot and will not be able to deal with these long-term strategic issues that we face as an Island.

**1.16 Deputy R.J. Ward of St. Helier Central:**

I did not realise that speech would be so long and I have lost a bit of my train of thought now, but there we go. One of the things I will say is, and I have to declare as perhaps a one-man Island here, I do not know, but I have a bit of an issue with A.L.O.s and their structure and how we set up so many A.L.O.s, all of which have a board, all of which have mirrored structures, all of which have their own H.R., all of which have their own spend on just running themselves. I think it is about time that we looked very, very closely at those structures. This is a difficult debate because I never want anyone to lose money, but I will say that the biggest driver for economic growth for the future of this Island, the biggest driver for the support of every single member of this Island, the biggest driver for building our future society on this Island is education. Because without that and without educating our young people into the future we are all completely lost, so I will just bear that in mind for future reference. We have to be certain that the money being spent in these A.L.O.s is absolutely value for money because they are A.L.O.s. They are set up as independent structures. I thought that one of the structures in particular would be self-funding within 4 years of its beginnings but that does not seem to be the case. Are we certain that the boards of these are value for money? Do we know what is being paid to individuals throughout these organisations? I was certain that by removing these funds, it is frontline services that are going to be affected. Also in terms of the realms of digital, it is very interesting. I would ask every Member of this Assembly perhaps to stand up and define what

digital means because it is a real interesting one. I would advise you to go back 3 years to a hearing from a panel that I was on, I cannot remember the panel, and I asked somebody, it was a young chap - obviously he was young, he did not have a tie on, but I will not go into that - can he define digital. There was a brilliant definition of digital, it was about the 3 sectors of the areas. I think sometimes when we talk about the digital economy we are talking about very different things, each one of us, with a very limited understanding of what we are on about. One of the things I would say that comes from that, my understanding is the implementation of anything digital, the digital economy, does not come simply from one organisation, it comes from across the field. I know there is incredible work going on in schools, at Highlands College, working with Digital Jersey, but it is not just one organisation that is doing that. I think we need to look wider about whether these other organisations also have the funds and structures to deliver in the way that they want to before we start giving money to organisations that exist. I, for once, do not have a huge problem with this. In terms of efficiencies, if we are talking about structures from the top, that is where efficiencies can be looked at. If it is frontline services, I will always stand up, and there is no surprise to anybody in this Assembly, to protect frontline services which I try to do every single day in my current role, to be quite frank. But there are things you can do and I will give you an example of that within education. Skills Jersey, who have moved back to Highlands College to use the buildings that have been vacated by people moving to the new Union Street offices. There is a facility there, they are now across the road, and we have one front door for that important service as we develop our future work on apprenticeships - and I will come to talk about that soon - the importance of that and how vital that is for our society. That is done, it is a very efficient way to do it. They are closer, they are working closer together, they are working on that relationship. Whenever you change a relationship you have got to work out how you are going to work together, but they are groups of professionals working together to do that in the best way possible. Now if we are expecting the same thing to happen with organisations that, first of all, one of them is about the structure of business, they should be able to do it. The other one is about efficient use of digital technology, I think they should be able to do that too. We need to be very, very certain - very, very certain - of where we are putting money. I have lots of areas I would like to spend money, lots and lots and lots. I say again, the most important thing we have in the Island is education, for health, for everything else. If you do not educate your people, we have not got a chance, and I will remind people of that when we come to the debate in probably a few minutes' time. I just ask people to think very, very carefully about what they are voting for in this amendment. Thank you.

### **1.17 Deputy M.R. Scott of St. Brelade:**

I would like to thank Members for their contribution so far to this debate. I also would like to thank the Economic and International Affairs Panel for their work. I know it is incredibly challenging, from my own experience, it is a very wide portfolio. As Deputy Tadier has said, the Scrutiny function is to add value. I have had experience of the scramble for funds every time budgets are discussed, the different ways in which organisations lobby the panel. I am aware in Government that there are a number of arm's-length organisations who have been asked to take cuts in funding and there are different approaches in terms of how they react. There are some who make a lot of noise about it and there are others who have learnt to cut their suit according to the cloth and still have outstanding outfits. In my experience, both as a Scrutiny member and a Member of the Council of Ministers, Jersey Finance has shown a leadership and discipline that is consistent with the basic message regarding productivity that this Government seeks to advance. It is about making more of less, focusing on what really matters, cutting through the noise. Just like Government, there is no end of activity an arm's-length organisation can do. The question is, how productive is it, how productive is Government, how productive are we being? Because if you keep doing the same things you will get the same result and our economic results are not impressive. Digital Jersey has had, and still has, an important role in raising awareness of evolving technology. With respect to growth in this area that has been cited in the panel's report, Deputy Rob Ward has made an important point that the

growth in information and communications includes growth of companies such as Jersey Telecoms and utilities companies whose success can be attributed to reasons other than Digital Jersey's activities. One needs to be mindful of that. The Constable of Trinity asked what has changed and Deputy Moore sought to answer that question on the Council of Ministers' behalf. I would suggest this answer: Government has changed as a result of a democratic decision. An awareness of the need for change also has changed. Listening to some of the speeches today may appear to some Members to be a bit of a surreal experience, including me, given the speeches and the outcome of the proposition the Economic and International Affairs Panel brought last year, and the proposition I brought with respect to Jersey Business the year before. I would like to say the Government officers' thinking must have caught up with mine but perhaps, as the former Chief Minister has alluded to, the truth is the pace of change within Government and its responsiveness is slower than many people perhaps would like. There are reasons for that and part of that is that he has to deal with many matters, including unanticipated Island-wide incidents that have taken place during the course of the term of this States Assembly. But the need to deliver value to taxpayers, to our public, has not changed. The need to deliver is becoming more and more vital and urgent, as Jersey's Fiscal Policy Panel has underlined and emphasised to Members. With respect to the question raised by Deputy Doublet, I can vouch for my experience of panel officers putting its members to task to find out where does the money come from. This was a particular challenge for the panel when we were trying to counter the proposed raise in alcohol duty. Again, the Central Reserve, it does cause problems, yes. That has been mentioned by the Jersey Fiscal Policy Panel. Even if you say: "Well, okay, Government can go off and rejig the figures" then that means you do not even know where the funding is going to hit. It is not pleasant for any organisation to go through leaner times, as many of our own constituents know. Even now my efforts simply to have impoverished pensioners to access help with health expenses and the Pension Plus Scheme have been rebuffed by 2 Ministers for Social Security now. No doubt for their own reasons but basically any reversal of the funding that we make has its consequences somewhere in our community. There is a request regarding figures for funding, so let us really look at the overall picture. For 2023 the core grant allocated to Jersey Business is £1.56 million with an increase in 2024 to £1.71 million. Now the core grant in 2022 was £860,000; its core grant has doubled since 2022.

[11:15]

In 2021 Digital Jersey's funding was £2.391 million and that has admittedly been reduced by, on my estimate, about £400,000 in 2025 to £1.963 million but I really need to underscore something to Members. During that time between 2021 and 2025, COVID happened. There was a massive increase of the grants to both Jersey Business and Digital Jersey to help fund local businesses help the Island get through the pandemic and this appears to have been taken as an opportunity for expansion by those agencies. But let us not forget, that funding hit our reserves and Government needs to recover from them too, just as the Fiscal Policy Panel recommended. I do very much appreciate the work that the Scrutiny Panel has to do, it is really important that it is evidence-based. I very much sympathise in terms of the constant chase I have had as a Scrutiny member in terms of the K.P.I.s (key performance indicators) of these companies to show quite how have they delivered, quite how have they contributed to growth in the economy. There are certain business measures, the Constable of St. John mentioned one, which we still need to enquire about. Where is the constant feedback process by which most successful companies improve themselves? Where is the zero budgeting? I have noticed that cuts to our agencies have tended to be countered by additional grants that come from somewhere else. I want to point out to the Assembly that one thing that remains to be debated and looked at is the mitigation measures that are being introduced such as to mitigate the living wage increase, such as productivity grants and skill grants in a way in which this may well interact and interface with activities carried on by Digital Jersey and Jersey Business. But let us just think about the general message by economists in terms of what really does help the growth of an economy: that is investment in infrastructure and reducing barriers to business. This is also what we

need funding for, this is also where work needs to go. The question here is whether the judgment of Government is to be relied upon less than the judgment of the delivery agents on whose performance and to some extent the salaries of its management the Comptroller and Auditor General has reported upon, as members of the Public Accounts Committee are well aware. I thank Deputy Gardiner for her comments in that respect. I believe it would be helpful if Scrutiny Panels could liaise more with the Public Accounts Committee in pursuing the recommendations of the Comptroller and Auditor General and I do very much wish to say to Members that I will advocate for this in my own role too. Siloism is not confined to governments and the way that A.L.O.s themselves are organised needs to be addressed by their managing bodies. I deplore the aspersions that Deputy Renouf has made regarding the ability of Government officers to review and scrutinise the business plans and spending of Digital Jersey and Jersey Business in assessing value for money. That is where their focus is now. As a member of Scrutiny, I found plenty of hiding places in business plans and ways in which activities can be supported, even despite cuts. Deputy Gorst has mentioned the £750,000 reserves that Digital Jersey has accumulated and there has been productive discussion here with Digital Jersey committing to focus on areas where the Island is likely to gain the most economic return for its proposed activities. Government is making a long-term commitment. It is making a long-term commitment to produce value for money in which it seeks the States Assembly's support, focusing on where we as an Island get true returns in terms of outputs versus inputs. We must learn how to manage money so that the taxpayer has more value. We need to deliver on our commitments to deliver value for money whatever side of the Chamber we are on. Digital Jersey and Jersey Business need to join us on this journey and I believe are committed to join us on this journey. I hope we can all exhibit the necessary leadership and discipline by rejecting this amendment which is well-meaning but not helpful to that cause. Thank you.

#### **1.18 Deputy M.B. Andrews of St. Helier North:**

As a member of the Economic and International Affairs Panel I have to say I am very pleased that we brought this amendment forward so the States Assembly could debate it, and there are a number of reasons why I believe this is the right thing to do. Firstly, when we look at Jersey Business and when we look at Digital Jersey they are really productive arms of the Sustainable Economic Development Ministry. They are enabling, they provide advice to Islanders, to business leaders, they provide educational opportunities to people who are looking to upskill and to reskill. They have many capable people within their organisation, some who have been in business for a very long time, who can provide learning experiences for individuals who would otherwise not be given the exposure that they need to then go on to better themselves as individuals. To see the Council of Ministers seek to reduce funding is something of a concern of mine because we just need to look at the economic climate as it currently stands. It is very difficult to be in business and it is going to remain this way throughout 2025. We also have to look at some of the data as well because I think the data is quite telling, especially for Jersey Business. Across the period of 2024 they have experienced an increase of 12 per cent in enquiries and this is due to difficulties that certain businesses are facing: some are potentially looking to start up, some maybe have financial difficulties. We also have to remember that Jersey Business were running a very successful programme where they assisted several business leaders and they were very much enabling for those individuals because they generated a £25,000 average saving for those businesses. It allowed businesses to thrive, it allowed businesses to increase their net profit. That for me is very good. We need to remember some of the work, it might be inconspicuous, it might not be very explicit, but it is there. It demonstrates how effective both Digital Jersey and Jersey Business can be because with Jersey Business, they are assisting many businesses year on year. There are probably hundreds of thousands of pounds that are secured in savings for businesses because they have restructured themselves, because they have sought advice, they have done the right thing. It is about business efficiency. We want businesses to be successful but we do not exactly teach people in secondary school education about how to run a business. There is nothing there and so for some people they do have ideas, they want to maybe launch their business, to do well

for themselves, but again there is nothing there to really support them other than Jersey Business. That is why Jersey Business is so important and year on year they have been in a position where demand for their services is increasing. Yes, I do understand what the Connétable of St. John is saying, because obviously he was a former chair of Jersey Business, but we must remember as well we have not quite recovered from COVID, I think the effects are still there. For many businesses they are still struggling financially, so there is a need for Jersey Business funding to be maintained. But when we look at Digital Jersey, they are part of the aspect of digital education and it is so important that we are investing in digital education of Islanders of all ages. We have got to make sure that we make the necessary transitions because we will be encountering structural unemployment in the future with artificial intelligence, with advancements in technology. The Government has to invest, it has to invest in the right way. There is no point increasing Government spending and then of course you are not doing it in the appropriate ways because that is just money wasted. The one concern I do have about this Government Budget is the lack of detail regarding Government spending. That has to be a priority. What do we want to achieve for 2025? Do we want to be increasing aggregate demand in the economy or is it a case of maybe it needs to be reduced? I really do not know because the detail is not there. The Council of Ministers, they have not articulated that to me, but if you are looking to then cut budgets from the productive arms of the Government, including that of Jersey Finance, Digital Jersey and Jersey Business, then surely you must recognise that there will be some impact for those entities. Even in the comments paper for the twenty-seventh amendment last year, and when the then constituted Economic and International Affairs Panel decided to propose £150,000 worth of cuts to Jersey Business, there was unfortunately a potential reduction in productivity of 50 per cent. That is significant, that is the impact it could have had for Jersey Business, and that is in the comments paper. It is explicit, it is there in detail, and Members can go and read it themselves. I am very troubled to see that the Council of Ministers have brought forward this proposal and, quite rightly, I think the job of Scrutiny is to challenge the Executive, to hold Ministers to account. Quite rightly, we see Deputy Doublet raising concerns about the impacts. Well, the impacts are there, they are there in detail, we have got the quantitative data to back it up as well. I am quite happy to share quite a bit of information that I have with her and I do encourage her to support the Economic and International Affairs Panel. It is important that we are doing our job and we need to see some additional funding in place for Jersey Business and for Digital Jersey because we need to see Islanders be supported but by reducing the funding the support is going to be less, it is going to be decreased, and that for me is not good enough. Thank you.

### **1.19 Deputy K.M. Wilson:**

This amendment is important because it goes some way to highlighting the Government's current approach to developing our economy: transactional, overcautious and lacking in any strategic focus. At the very time we need to stimulate and grow our economy the Government is proposing to reduce the grants to A.L.O.s, the very delivery vehicles at their disposal which are key to enabling ways in which their priorities can be delivered. These A.L.O.s are rich with talent and skills which are needed in the economy at this time and needed to help it grow further, so Government has a wider responsibility than just engaging in this kind of transactional thinking. Failure to take account of the economic conditions it is operating in is not acting in the best interest of the Island. These cuts, and they are cuts, undermine the work programmes that are already underway which are now starting to deliver real results by building capability and creating the conditions we need to continue to improve economic activity further. The case has been made that the reason for these cuts is because there is a need for even more money to fund public services, in particular health, and it is obvious that having worked in public services in the U.K. (United Kingdom) that this Government is following the same path by indulging in shroud-waving when it comes to managing the demand on the Central Reserve. Public services also need to learn the economic lessons of efficiency and productivity and indeed value for money. Despite what the Chief Minister said earlier, work had started in health and education services last year on that very issue. Please do not be persuaded by the argument that the

reason for the Government's proposition is that these cuts are needed for the health service. The cuts proposed are an example of what is often referred to as low-hanging fruit and a shuffling of the deck chairs.

[11:30]

What we are asking for is to protect the small amount that is allocated to the A.L.O.s which is a small price to pay for transforming and enabling economic growth. I urge Members to support this amendment in an attempt to stop the shuffling of the deck chairs. All this talk of investing in value in these A.L.O.s, please put your money where your words are and make sure that you can support the work of these 2 organisations. Thank you.

**1.20 Deputy D.J. Warr of St. Helier South:**

Very interesting debate and pleased to follow the last speaker. I am quite interested ... I am not quite sure where Deputy Gorst stands on all of this. On the one hand yesterday he got very passionate about keeping the investment in the financial services and making sure we keep the promotion. He talked today about bang for our buck and how Jersey is very successful at doing that. All about investment, investment, investment, and I think that is really encouraging to hear that. Yesterday we heard Deputy Binet say: "Be careful what you wish for" when we do not try to get the housing market moving again. We have got to appreciate that it is the private sector and business that will ultimately pay the bills of this Island, and we must encourage that. That is not just Deputy Binet, that is Deputy Ozouf, Deputy Gorst, everybody I think is in agreement in that investment. As far as the digital economy is concerned, I absolutely agree with Deputy Ward. A lot of people do not quite understand what digital means. Just a few things that Digital Jersey do is promoting digital transformation, they provide space, they provide a Digital Academy for youngsters to learn and encourage their personal growth. I am very disappointed by Deputy Scott's commentary. We have got a figure plucked out of the air which says: "Oh, this is how much the reserve is" and Deputy Gorst also mentions about reserve, they can use their reserves. What does that figure mean? Is this ...

**Deputy M.R. Scott:**

Could I just raise a point of clarification?

**The Deputy Bailiff:**

Will you give way?

**Deputy D.J. Warr:**

Yes.

**Deputy M.R. Scott:**

What does Deputy Warr mean by "plucked out of the air"?

**Deputy D.J. Warr:**

What I mean by "plucked out of the air" is that there is no context given to the number.

**Deputy M.R. Scott:**

Has he not looked at the business plan?

**Deputy D.J. Warr:**

I am sorry, can I carry on now?

**Deputy M.R. Scott:**

Sorry.

**The Deputy Bailiff:**



I think he has given his answer.

**Deputy D.J. Warr:**

I have given my answer. Thank you. What I am trying to say is, does the number that Deputy Scott has mentioned reflect 3 months' reserve, 6 months' reserve, 12 months' reserve? We have no idea whatsoever, so we cannot gauge that number and understand what that means. I also would just carry on with the digital economy. They produce the Digital Health Plan, the Digital Skills, Smart Island Strategy. They are the only publisher of digital plans for Jersey, they are the future. This is where we need to be investing our money in our economy into the future. I also just want to add, and it is just another point made to me, I apologise if I misheard Deputy Scott on this particular point, but just the extra money, for your information, that went from COVID, interestingly enough, as far as Digital Jersey was concerned, it went into more free courses, whereas Jersey Business hired more people. Just an interesting contrast of approaches to that. My concern also is around about sourcing the funds. We have got Contingency Reserve, the Constable of St. Helier talked about shroud-waving. Money can be found. Let us have a quick look at how successfully the Minister for Housing found £2 million suddenly down the back of a sofa, or a few sofas, I should say, to help with his First Time Buyers Scheme. He managed to locate some extra money to make that investment in housing, in people's homes and their future. Surely this is not about we do not have the money, it is about it is imperative that we find the money, so I think that is a really important point. Again, this is about attitude. This is about attitude, about giving confidence to our economy, this is about investment in our economy. At this moment in time, Government is the sole source of countercyclical opportunities, so when businesses are not investing, surely this is the time when Government should be investing. That I think is a really important thing that Government should remember. It is not about cuts, it is about investing, giving confidence to the Islanders, not just to our generation and the older generation, but also to our young people as well. We need to invest in right across the board and I will be supporting this amendment.

**1.21 Deputy P.F.C. Ozouf:**

I am not going to be a Jack-in-the-box and stand up on every amendment but I just thought I should - Members can laugh if they wish - but I was, I think, the Minister at the time that created Digital Jersey. There is an important difference between the work of Jersey Business, of which I am not so familiar about, but I know the work of Digital Jersey. In the question that I put to the Minister for External Relations about the importance of growth in financial services, as the previous speaker has spoken and other people have said ... I was not in the Assembly to hear the Minister for Education and Lifelong Learning speak. The Constable of Trinity spoke wisely when he said about the changing nature of our world. The world is going to be unbelievably changed by artificial intelligence, jobs are going to be lost, people are going to lose their jobs and we need to digitalise to make services more efficient and businesses to be made more efficient. That is maybe the job of Jersey Business to help businesses, whether it be agriculture or whatever. We will come on to that debate later. But obviously somebody needs to stand up and say the importance of what Digital Jersey is doing to create a new sector of the economy, a new sector which Jersey can do. One of the things that Digital Jersey has done is taking our fantastic reputation in trusts into data trusts. That is a really innovative use of an idea that stems from Digital Jersey and uses our world-leading reputation in trusts in the digital space. I will not go into the detail but that is just one. There is a lot done but there is a lot more to do and there is a lot more economic growth out there for a fast, nimble, small Island that can be proper, professional and targeted in this huge opportunity of markets. Sending any message out that we are doubting Digital Jersey's role in the future ... they do not have that reserve that I think the Minister for External Relations spoke about. We put that reserve in Jersey Finance just in case an Assembly could be cutting it, they could basically make their redundancy pay to their staff. We have got people in Digital Jersey no doubt listening to this debate who are going to be worried about their jobs and that is wrong. I absolutely support the remarks of the mover of this amendment. As

my neighbour here and all those other people have just said, digital is the future. If we ignore it we are going to see our Island services fail or be less competitive. We are going to see the absence of a real effort to deliver a new part of the economy, so I absolutely support the panel on their work. I congratulate them for what they do and I hope Members will set aside party whips, or whatever exist in this place, and support and send a clear message, a very clear message, that we support digital because we need it, we want it, and we can make our Island better because of it. Thank you.

### **1.22 Deputy M.R. Le Hegarat of St. Helier North:**

In order to look at the Budget and to deliver it we have had to look at a number of things and one of those is savings across the piste and, as the Constable of St. Helier said, we have all had to make savings. When we consider whether we do or do not think that these organisations need to make savings or not, I would like to leave you with a thought that the States of Jersey Police and all of those organisations under my remit have had to make savings, as has the Minister for Education and all. I will leave you with that thought that when we talk about making savings, it is across the board, including these entities.

### **1.23 Deputy A. Howell of St. John, St. Lawrence and Trinity:**

I would like to follow on from Deputy Le Hegarat. Jersey P.L.C. (Public Limited Company) has to live within its budget and this Government has spent very many hours balancing the Budget and making very, very difficult choices. As Mrs. Micawber said in *David Copperfield*: “Annual income £20, annual expenditure 19 and 6, result happiness. Annual income £20, annual expenditure £20, nought and 6, result misery.” We very much appreciate the work of Jersey Business, Digital Jersey and Jersey Finance and we continue to support them. Jersey is very fortunate to have a Central Reserve and we need to retain that. As Deputy Gorst says, we have to make them invest in our economy, and we are doing that. Although despite the very good work of the Scrutiny Panel, I urge you not to vote for their amendment. Thank you.

### **The Deputy Bailiff:**

Does any other Member wish to speak on this amendment? I call upon Deputy Tadier to reply. Yes, Deputy.

### **1.24 Deputy M. Tadier:**

I am very grateful, in fact, strangely enough, to the last speaker because she has given me a segue into my closing remarks which I would not have had, because I was very much thinking along the lines of the Victorian period. While to my chagrin, I am not a big Dickens aficionado, although I am familiar with that quote, I am much less highbrow in my current entertainment, apart from reading a book about Cod. I usually sit down in the evening when I have got time ... that is a story for another day of course, the one about Cod. I normally sit down and watch historical period dramas on demand, so the one I am currently watching is called “Victoria”, it is about Queen Victoria, surprisingly enough, and Prince Albert, certainly in the early ones, and it is very compelling. If I was to give it a critical analysis it is not necessarily as engaging as “The Crown” but you can just sit back, switch off with a cup of tea and some biscuits and you learn a lot from watching it. One thing I thought is that, okay, we are in a period of great technological revolution, as the Victorian period was a period of great technological revolution and investment. But it was also a great period of social upheaval, it was also a great period of needing to level up socially, and it was also a great period of needing to invest in healthcare. Does it sound familiar? Yes, I think it should because that is what we are facing as well. I am struck by the argument that what if the Victorians had decided to cut money on their technological investments, for example, in railways, but not simply limited to that, to spend it on fighting cholera. We know that there was a second cholera outbreak in 1848-1849. Jersey was not immune from cholera, we know we had Pierre Le Sueur, the Constable of St. Helier, who did great things in St. Helier. He has got his own monument to that. Around about the same time where he

built the sewers, he realised that he needed to invest both in technology but also in keeping the population of St. Helier and the wider Island healthy and safe. That was money that was invested to save. If the Victorians had said: “We need to cut our cloth, we need to listen to Dickens’ advice and make sure that we have got a balanced budget at the end because that is the all-encompassing thing” it misses the bigger picture. What happens in 5, 10, 20, 30 years’ time when the economy is restricted to the point which we say we made a short-term gain there but now we are dealing with the economic consequences of that short-termism? I do not necessarily want to address every speaker but I think this is very much the essence of what we are talking about here. I think it has taken the comments of my Scrutiny Panel, which does not approach this ideologically in any way. We have got, I think, a very balanced panel. We have also got some very good officer input from that and I thank those officers at this point, in case I forget later. We have had good interactions with the Ministers who have been very open and they have been very frank. I would ask Members to read in between the lines of what Ministers have been saying, particularly the 2 Ministers that we have been scrutinising here to do with the economy. We will at some point get to the very good work that Deputy Labey has been doing incidentally, the Minister for Overseas Aid but that is for debate later, when I think there is a lot of good things to be said about her work too. But when it comes to these 2 areas which are very much the engines for the economy I think we need to read between the lines. The point is that neither Minister thinks that these cuts are a good idea; that is, effectively, what they have told us. Deputy Gorst, the Minister for Financial Services and External Relations, does not want to be making the cuts that he has put into financial services.

[11:45]

Certainly the Minister for Sustainable Economic Development does not want to be making these cuts and he has told us categorically on the record that he does not know for sure that this will not have a long-term negative impact. I am not going to labour the point. I do want to address maybe a couple of issues that have been mentioned about what the impacts would be if this does not go ahead. Digital Jersey have given us confidential information and I cannot quote all of that but what they have said at the high level is that they have indicated that: “In the event of cuts beyond the modest level there will be a substantial impact on their effectiveness and a significant risk to morale that may hinder attention of a core asset, the excellent and dedicated team that they talk about.” When we had our interaction with the Minister during our hearings, it was news to them that they were going to be receiving, potentially, a cut to this level. They had been labouring on the assumption and I quote: “Digital Jersey were expecting and Jersey Business were expecting a pro rata cut or reduction in their funds of 6 per cent to 7 per cent, which had been verbally indicated to them up until that point.” For the record, that is something between £140,000 to £160,000 for each of those entities. They only heard about that when we asked the Minister during the course of a budget and I would say that is highly disrespectful. I have also heard an indication - and I think this may need to be verified because there might have been conflicting legal advice that the Minister got - but they would normally expect a 6-month lead-in period to any changes in their agreement and that has certainly not happened. They have not been informed about any changes to their grant formally and so you would have hoped that whether it is legally binding or not there should at least be a courtesy there for the 6-months period. The reality is here that this will mean that they are already going to receive a cut but that is the point, there is a reduction in their budget which they have accounted for and which they are anticipating. These organisations, I think, as the Constable of St. John has correctly said, are very well placed when it comes to thinking about innovation, thinking about efficiencies and new ways to do that. Government, I would say, in this Assembly is the last body that needs to be lecturing them on how to do things better and make efficiencies. I also go back to the point is that why do we have these 2 bodies in the first place? It is to do things that either Government cannot do properly or Government will not do properly or is not able to. We have arm’s-length organisations that deliver this for us. I go back to the point we are at a risk here where we talk about A.L.O.s very glibly as if it is some kind of dirty word, a dirty phrase. Arm’s-length organisations are very different, talking about Ports of

Jersey is not the same as Visit Jersey, is not the same as Jersey Heritage, is not the same as Jersey Opera House. It is certainly not the same as Digital Jersey or Jersey Business. They all have different roles to play, some generate income directly. Is Jersey Telecom an arm's-length organisation? It certainly delivers telecommunication services for the Island, which is entirely States-owned and it provides a revenue which we can spend for the people of Jersey. Jersey Business and Digital Jersey are slightly different, they go out, they invest, they encourage and there is a whole list of initiatives that they are doing now and have been doing which Government recognises. A few people asked, what has changed since the last comments have made? I do not want to get into this tit-for-tat between old Government, new Government. As a Scrutiny Panel, we are not interested in that, we are interested in the evidence that is provided to us. While a lot might have changed, one thing that has not changed is the Minister for Economic Development. The only small change is the title, Minister for Sustainable Economic Development and that is the key point. He has not changed, his philosophy has not changed but the word "sustainable" has changed. I would argue that sustainability is the very focus of what we are doing here. This is not a sustainable reduction in the grants. What Jersey Finance are having to suffer this year is also not sustainable and we would not want to see that repeated next year. We will be working with the Minister for Financial Services to make sure that they are in a good place as well. We know that they are a different model though, they do have lots of subscriptions from those who may be able to pay more than the core business support of Digital Jersey, for example. What has not changed is the Minister for Sustainable Economic Development and his comments last year remain just as relevant as they were this year, comments of course, which he was making supporting Jersey Business and any reduction in the proposed spending. His words: "As an arm's-length organisation, responsibility for providing support to local companies, particularly small and medium businesses, Jersey Business is playing a vital role in helping Jersey's economy to stabilise and grow. This follows the sustained economic shocks of COVID-19, Brexit, the Ukraine conflict, the cost of living crisis and ongoing recruitment pressures in the Island." Have all of those things changed? We might be a little bit further away from COVID. Incidentally, Digital Jersey did not spend the COVID money on recruiting new staff, they spent it on putting on digital courses there, so it was money well spent, supporting businesses at the time when they needed it. Brexit, I think we are still dealing with that. The Ukraine conflict is still going on. We are very much still living in a cost of living crisis and we know full well that there are ongoing recruitment pressures on the Island. When Jersey Business and Digital Jersey are providing these vital services, not just to private businesses but also supporting other organisations that Government has and that Government is looking to roll out, this covers not just the economy but it covers the Health Department, so there are synergies there. It covers all parts of the economy, it covers Digital Trusts' initiatives that Digital Jersey are also working with. But they are not just focused on finance, they are focused on every aspect of the economy, not least education. That is why I was slightly disappointed with the Minister for Education and Lifelong Learning's work. I think this is a cut which will, ultimately, find itself into the Education Department. This is about reskilling, it is about upskilling, it is about innovation and it is about supporting the economy. I do ask Members if there is one vote that Members might wish to consider breaking ranks from their Council of Ministers or thinking twice about, I think this is very much the one to do this because this is not about short-termism. If I can finish with an analogy and perhaps give those in the precincts a minute or 2 warning to come back to their seats and get ready for the votes, definitely if you are voting for the amendment, not necessarily if you are voting against you can maybe stay away, I put the analogy out there that there are different types of cuts. You might be finding that you have got particular financial pressures in your own household, okay. You might decide I am going to sell my bicycle or I am going to sell my car and I will get some cash in hand for that. Then you find you have got no way to get to work and you cannot necessarily afford to get the bus or you are 5 or 6 miles out and you end up losing your job or you are late for work and there is a consequence to that. I would suggest that that is the kind of silly short-term response that Government is seeking to make here. Yes, by all means be fiscally prudent. This is not fiscally prudent because it is short-termism. Short-termism is not

something that Deputy Ozouf does, it is not something that we want to do as an Assembly generally and it is not something that I would expect from this Government, which seeks to be pro-business, medium and long-term sighted, not just focusing on the bottom line. The last thing, I want to look over at the Constables because while Government has struggled, I think, in its delivery of digital, it has talked a lot, not just even the last Government but generally there is this idea that we can talk up Digital Jersey. What is the point in having an Island full of digital high-speed fibre if we are not maximising it, if we are taking the rug from the feet of those delivery agencies that we want to deliver this? I take my hat off to the parishes who have really delivered when it comes to adopting online. I think they often receive unnecessary and sometimes fair criticism, it has to be said, about where were the minutes for your Roads Committee meetings, et cetera? But when it comes to things like being able to pay your dog licence, your parish rates online and engaging, I think it is the parishes that have led the way, often by simple things that make a difference in life. It is the disruptive technologies also that are democratising. Deputy Gorst, I like the challenge and I like the back and forth, he says: "I am making a speech, growth, growth, growth." It is not simply about growth, it is the fact that when we invest in innovation through Jersey Business and Digital Jersey, what we are also doing is we are democratising. Because initiatives that have come out of digital innovation, such as let us talk Revolut or let us talk about eSIMs when you go travelling, rather than having to go to the bank and be charged extortionate rates for commission or at the airport, which some people still do, it is about levelling up and say: "Do you know that there is an app online which you can just transfer your own money?" It empowers people to make the right decisions, smart decisions and that ties in, I think, with what we are trying to do for the wider community, something that Government in itself cannot do but something which the likes of Jersey Business and Digital Jersey can very much do. I ask Members to be not short-sighted and just focusing on this bottom line of delivering a balanced budget. I take the comments from the Minister for Treasury and Resources but it was very much the computer says no, I am afraid. That is the limit, I think, of digital innovation that we are seeing in this Budget. But let us go beyond that and say let us look at the medium term, the long term, we want to make sure that there is a bigger pie in the future, whether that is to do with traditional industries, enhanced industries. So that when we take that cut of 20 per cent or whatever it is of that productivity, we have a bigger pie in the first place, not scrambling around for a smaller pie, which will only cause problems in the future. I do maintain the proposition. I do ask Members to search their souls and vote accordingly.

#### **Deputy I.J. Gorst:**

Sir, just before we do, I would just like to apologise on behalf of the Chief Minister who has had to leave the Assembly for a funeral.

#### **The Deputy Bailiff:**

Thank you, Deputy. The appel has been called for? Yes. I invite Members to return to their seats. I ask the Greffier to open the voting. If all Members present and attending remotely have had the chance of casting their votes, then I ask the Greffier to close the voting. I announce that the amendment has been rejected

<b>POUR: 18</b>		<b>CONTRE: 27</b>		<b>ABSTAIN: 0</b>
Connétable of St. Martin		Connétable of St. Helier		
Connétable of St. Clement		Connétable of St. Brelade		
Connétable of Grouville		Connétable of Trinity		
Connétable of St. Saviour		Connétable of St. Peter		

Deputy G.P. Southern		Connétable of St. John		
Deputy M. Tadier		Connétable of St. Ouen		
Deputy L.M.C. Doublet		Connétable of St. Mary		
Deputy S.M. Ahier		Deputy C.F. Labey		
Deputy I. Gardiner		Deputy S.G. Luce		
Deputy P.F.C. Ozouf		Deputy K.F. Morel		
Deputy B.B. de S.V.M. Porée		Deputy M.R. Le Hegarat		
Deputy D.J. Warr		Deputy R.J. Ward		
Deputy H.M. Miles		Deputy C.S. Alves		
Deputy J. Renouf		Deputy I.J. Gorst		
Deputy C.D. Curtis		Deputy S.Y. Mézec		
Deputy R.S. Kovacs		Deputy Sir P.M. Bailhache		
Deputy K.M. Wilson		Deputy T.A. Coles		
Deputy M.B. Andrews		Deputy M.R. Scott		
		Deputy L.V. Feltham		
		Deputy R.E. Binet		
		Deputy H.L. Jeune		
		Deputy M.E. Millar		
		Deputy A. Howell		
		Deputy T.J.A. Binet		
		Deputy M.R. Ferey		
		Deputy A.F. Curtis		
		Deputy B. Ward		

**Deputy P.F.C. Ozouf:**

Can we have the 18, please, and the for and against, please?

**The Deputy Bailiff:**

Yes.

**The Deputy Greffier of the States:**

Those Members voting pour; the Connétables of St. Martin, St. Clement, Grouville, St. Saviour and Deputies Southern, Ahier, Gardiner, Ozouf, Porée, Warr, Miles, Renouf, Kovacs, Wilson, Andrews, Catherine Curtis and Doublet. Those Members voting contre; the Connétables of St. Helier, St. Brelade, Trinity, St. Peter, St. John and St. Mary and Deputies Labey, Luce, Morel, Le Hegarat, Rob Ward, Alves, Gorst, Mézec, Bailhache, Coles, Scott, Feltham, Jeune, Millar, Howell, Tom Binet,

Ferey, Alex Curtis, Barbara Ward, Rose Binet and the Connétable of St. Ouen. [INSERT VOTE TABLE]

## **2. Proposed Budget (Government Plan) 2025-2028: first amendment (P.51/2024 Amd.) - Increased grants to States funds**

### **The Deputy Bailiff:**

I now move to the first amendment proposed by Deputy Bailhache and I ask the Greffier to read the amendment.

### **The Deputy Greffier of the States:**

Page 2, paragraph (g) - after the words “Appendix 2 - Summary Tables 5(i) and (ii) of the Report” insert the words “, except that in Summary Table 5(i) the head of expenditure for Grants to States Funds shall be increased by £10 million to £129,821,000, to adjust the States grant to the Social Security Fund back to the full formula value.” Page 3, paragraph (o) - after the words “as set out in the Appendix to the accompanying Report” insert the words “, except that on page 85 in Table 48: Social Security Fund, the Grant to Social Security Fund row shall be increased by £10 million in both 2025 and 2026 to £90,368,000 and £91,936,000, respectively, and on page 76, Table 40: Consolidated Fund shall be adjusted to reflect a decrease of £10 million for both 2025 and 2026.”

### **2.1 Deputy Sir P.M. Bailhache of St. Clement:**

In moving this amendment I have a distinct feeling of déjà vu. We are debating the very same issue which the Government lost a year ago. Regrettably, some Members of the Government who voted for my amendment last year are now proposing to misuse pensioners’ money in exactly the same way that they opposed in 2023.

[12:00]

I suppose one could say that the Minister for Treasury and Resources is at least being consistent. Last year, as Minister for Social Security, she proposed taking £40 million from the Social Security Reserve Fund, having said unequivocally earlier in the year the States grant will be returned to its full value in 2024. Her change of stance was justified, she said, by the fact that the money was going to be repaid. I quote: “It was just a deferred payment schedule.” It was the intention to repay the money in 2027, so all was well. I was a bit sceptical about that because 2027 is a long way away. My scepticism seems to be justified because on this occasion the amount which the law requires to be paid into the fund will be reduced by £20 million and will not be repaid. The Minister for Social Security voted for my amendment last year, presumably because she thought that Social Security funds should not be misused in this way. Maybe she now thinks that the introduction of a living wage is a higher priority. In case that is the reason, I should like to make it absolutely clear that it is no part of my case that the living wage is not an important aspiration. It is not my case that money should not be found to ease the introduction of the living wage. My case is that such money should not be removed from the Social Security Fund. It is not why the fund was established. The Social Security Fund was established to support the payment of pensions, death grant, incapacity allowances and benefits of that kind; that is why it is there. It was not set up to offer financial support to businesses which find it difficult to cope with the introduction of the living wage. It is a misuse of money which ought to be paid into the fund. The Minister should be protecting the fund. Article 30 of the law provides that it is under her control and management. Around the Cabinet table it was her duty to argue against the misuse of the Social Security Fund in this way but from what she told the Scrutiny Panel she did not fight that battle. I must say that the Government’s excuses are not impressive. I am sorry that he is not here but the Chief Minister, when questioned about his *volte-face* in protecting the Social Security Fund, said that he was happy to change his mind when presented with new evidence or information. But what new evidence? There is none. The Social Security Fund is in a healthy state, happily, now as it was in 2023. The Government is short of money but

there is no change there; that was the excuse in 2023. The Council of Ministers' comments paper is a masterpiece of obfuscation, replete with red herrings and non sequiturs. They say that my amendment would lead to an operating deficit. Yes, but only if the Government chooses not to find the funds from elsewhere. They say that a key policy objective is to transition towards the living wage and a package of measures is necessary to achieve that. But my amendment is not opposed either to the living wage or to the package of measures. It is opposed to using money which is lawfully due to the Social Security Fund for that purpose. But the best bits of obfuscation come from the reasons given for reducing the States grant into the fund. The Fiscal Policy Panel states that further pressures from increases in expenditure or reducing revenues would be strongly advised against. In plain English, the F.P.P. (Fiscal Policy Panel) advises us against spending beyond our means. But if we do the F.P.P. says: "Do not take it from the Strategic Reserve." But did the F.P.P. say that it was all right to take it from the Social Security Fund? I do not think it did. Finally, it is said that the money is allocated for, and I quote: "A specific purpose which is fully aligned to the long-term aims of the fund itself." Really? I cannot find any such indication in the 1974 law but perhaps one of the Ministers will point it out. The specific purpose is indeed clear, it is to fund the productivity package supporting the living wage. But how is that aligned to the long-term aims of the fund? A long-term aim is to secure the payment of pensions and other benefits; that has got absolutely nothing to do with the living wage. The truth is that no Government appears able to resist the temptation of plundering the Social Security Fund when they need a bit of cash. The rot started with COVID when huge sums were diverted, I think £300 million or something of that order, from the Social Security Reserve Fund to pay the costs of the pandemic. It was a mistake but such mistakes are, I am afraid, addictive. The sooner that the Government can disabuse itself of the notion that the funds are a convenient pot into which to tap whenever there is a cash shortage the better. The amendment, therefore, seeks to defend an important point of principle, one that was supported by the Reform Party on the last occasion. That principle is that the Social Security Fund belongs to the Island's pensioners and prospective pensioners; that is to the people of Jersey. It exists with the Reserve Fund to protect pensioners against the uncertainties of the future so that at the end of the day their State pensions will be secure. It is true that at present the funds are at a level which does offer that protection but it may not always be so. People are living longer, the world is beset with wars and the risks of wider wars, economic disaster can strike suddenly and without warning. Remember COVID. Our financial security is, in a word, fragile. The amount that is contributed by the States to the Social Security Fund each year by way of supplementation is not some made-up figure. It is carefully calculated to represent the cost of ensuring far into the future that every contributor, rich or poor, will be entitled to a full pension at the time of retirement. It should not be tampered with. It should certainly not be adjusted - what a weasel word - to enable those funds to be used for a collateral purpose, which is not justified by the aims for which the Social Security funds were established by law. If Members do allow the plundering of the Social Security Fund, where will it stop? Next year there will be some other reason for borrowing or taking money from it and no doubt the year after that too. Once Members accept that the Social Security Fund is a pot of money which can be dipped into when the need arises, there will be no end to it. It is, in my view, a moral question. As I have said, the fund does not belong to the Government. It is not open to the Assembly to use it for a collateral purpose unrelated to the aims for which the fund was established. The fact that a person has a lot of money is not a justification from stealing from him what is his property. I do not say that theft is the appropriate word here but I do say that the fund is the property of pensioners and prospective pensioners. It is amoral, improper and wrong to take pensioners' money due to the fund and to use it for purposes which have nothing to do with the payment of pensions or other benefits which can be paid from the fund. I move the amendment.

**The Deputy Bailiff:**

Thank you, Deputy. Is the amendment seconded? **[Seconded]** Thank you.

**Deputy T.A. Coles of St. Helier South:**



Sir, may I ask for some points of clarification and maybe a question for the Attorney General?

**The Deputy Bailiff:**

Yes.

**Deputy T.A. Coles:**

Sorry, Sir. I thought it was prudent for me to allow the Member to finish his speech, rather than interrupting. But the Deputy does mention about plundering the Social Security pot but, as I understand it, this amendment seeks to divert taxpayers' money that was due to the Social Security Fund and, therefore, is still Government money and not money from either the Social Security Fund or the Social Security Reserve Fund.

**Mr. M.H. Temple K.C., H.M. Attorney General:**

I understand that the Budget proposes that the grant that the States makes to the Social Security Fund, which is calculated under Article 9A of the Social Security (Jersey) Law, is to be reduced by £10 million for 2025 and 2026 to allow the transition to a living wage to be supported. There is a power in the Social Security (Jersey) Law in, I think, Article 50 of the Social Security (Jersey) Law which provides the States with the power to amend that grant and I understand that that is what is proposed to be used in this case. Looking at the draft legislation that has been lodged by the Minister for Treasury and Resources, the long title to that amendment by regulations does rely on that power in Article 50 of the Social Security (Jersey) Law. If it is a question of legality, as I say, there is the power in Article 51 of the Social Security (Jersey) Law to do this. It is obviously a political question for the Assembly as to whether it is appropriate to do so in this case.

**The Deputy Bailiff:**

Thank you. Is your question answered?

**Deputy T.A. Coles:**

No, Sir, I do not think it is because I was kind of asking whether this was taxpayers' money more than money from the Social Security Fund. As is way of grant, I believe that is still then taxpayers' money, rather than Social Security contributions and, therefore, not being plundered, as it were, from the fund directly.

**The Attorney General:**

These are Social Security contributions, as opposed to taxes, that are being ...

[12:15]

**The Deputy Bailiff:**

I do not think you can interrupt the Attorney. You might want to correct him factually.

**The Attorney General:**

Social Security contributions are levied from employers and persons who are not employed as Class 1 or Class 2 contributions under the Social Security (Jersey) Law. It is my understanding that there is a grant that is made by the Government, calculated under Article 9A of the Social Security (Jersey) Law and that is in relation to those contributions. That is the grant that goes into the Social Security Fund in order to fund and pay benefits under the Social Security (Jersey) Law in respect of pensions and so forth. Overall it is public money, yes, of course it is but it is in the form of Social Security contributions; that is my understanding.

**The Deputy Bailiff:**

Deputy Feltham, have you got a question for the Attorney?

**Deputy L.V. Feltham of St. Helier Central:**

Yes. I think what the Attorney has just said is technically incorrect. Social Security contributions go directly into the Social Security Fund. What we are discussing here is the States grant which comes out of the Consolidated Fund. I think the question that Deputy Coles was asking around the statements made in the proposer's speech, were around is this money coming out of the Social Security Fund?

**Deputy P.M. Bailhache:**

Sir, may I raise a point of order?

**The Deputy Bailiff:**

Yes.

**Deputy P.M. Bailhache:**

My point of order, Sir, is that the Attorney General and questions to the Attorney General should not be used by Members for making political points. These are matters which are political arguments, they are absolutely clear and the Attorney General should not be drawn into these discussions.

**The Deputy Bailiff:**

The Members were entitled to ask the Attorney legal questions and what he has said, as I follow it, is what is proposed is lawful. You cannot really go further than that, can you, Mr Attorney?

**The Attorney General:**

No, I cannot. I am happy to reflect on the other comments that have been made by certain Members as to the source of the grant. In answering questions one does so at relatively short notice but I am happy to reflect perhaps, if necessary, over the luncheon adjournment on the answers that I have given and make any further comment. But as you have noted, the overall approach by the Government in relation to the Government Plan and the use of the Social Security Fund, as I have confirmed, is lawful.

**Deputy G.P. Southern of St. Helier Central:**

Can I ask a point of clarification of the Attorney General?

**The Deputy Bailiff:**

Yes. He may not respond immediately but, yes, you can ask.

**Deputy G.P. Southern:**

Is it the case that the Attorney General is stating that the transfer of this money in a different way is legal under Article 50 or thereabouts? But, if not, it does not come out of the Social Security Reserve Fund but is a separate grant from income tax returns.

**The Deputy Bailiff:**

Do you want to respond to that now or do you want to reflect upon it?

**The Attorney General:**

I will reflect upon it but it is not coming out of the Social Security Reserve Fund, no. But I will reflect upon the question.

**The Deputy Bailiff:**

Yes.

**Deputy G.P. Southern:**

If I may clarify further.

**The Deputy Bailiff:**

Yes.

**Deputy G.P. Southern:**

The Reserve Fund or the Social Security Fund?

**The Deputy Bailiff:**

Thank you, Deputy. The first speaker I had was Deputy Ward. Deputy Ward and then the Minister.

## **2.2 Deputy B. Ward of St. Clement:**

Before I start I just want to say a thank you to the Chief Minister for his respect and understanding about respecting my principles and views on this particular subject. I just wanted to extend my thanks to him. I am pleased to support the Deputy of St. Clement and thank him for bringing this amendment. This will be the third time that I have spoken on this subject. I am disappointed that again the Social Security grant can be seen as a go-to fund to dip into as and when. This fund is enshrouded by legislation and, in particular, section 4, Article 9A of the Social Security (Jersey) Law 1974, which sets out the funding grant formula. I am perplexed that when we have a ring-fenced fund set in law that the law can be put to one side. This is, in my view, a serious departure from the principles of law and could set a serious precedent that at the wants of the States laws can be put to one side. I have always understood that the law is the law but have I misunderstood? In December 2023 Deputy Bailhache of St. Clement's amendment was supported and we were assured, as he has just recently said, that the States funding to the Social Security Fund would return and be maintained to its usual formula under Article 9A and going forward. But here we are again being asked to withhold £20 million from the States Government grant to support the introduction of the living wage. In my previous speeches, based on my experience in the world of multi-billion pound pension funds, I emphasise the extreme importance that funding streams into pension funds must not be tampered with and/or used as a go-to piggy bank. We must at all cost protect our pension funds, especially in the volatile financial investment world of today and, as we have been repeatedly reminded, even earlier today, of the growing number of pensioners who will impact the fund. Healthy reserves are there to support and provide smoothing measures during the ups and downs in investment returns. The Social Security Pension Fund must be regarded, as I have previously said, as the bedrock of payments to our Islanders, especially in retirement after years of contributions into the scheme. While I agree with the principle of the introduction of the living wage, based on my previous life as a trade unionist, I would be first in the queue to help employees attain a better standard of living. However, I have some serious concerns on how this is being introduced at this time in a period of financial uncertainties, certainly as indicated by the Fiscal Policy Panel. The living wage concept, I understand, is to assist people and families who work sometimes 2 or 3 jobs to pay their rent, improve family income, reduce the need for income support. May I remind Members that the living wage, if agreed, would be applicable to young people from the age of 16 years of age onwards, many of whom that live at home and do not have the burden and/or the need to support family, rents, everyday utility expenses. These grants allegedly purport to stimulate productivity and economic growth. Where is the evidence to prove this pathway would work? Where is the evidence to show how many companies and employees this would affect? Where is the evidence to show if any due diligence has been performed if we do not know the numbers? What would happen in year 3 when assistance to businesses cease and companies, especially our small companies, cannot increase their employees' wages? Some businesses are already on the brink of closure. I can foresee actual loss of small firms which Jersey truly relies on for our day-to-day goods and services. The imposing of wage increases reduces businesses' ability to pre-collective bargaining, as the Government would be dictating to businesses what they pay their employees year on year, placing firms under more pressure. By

increasing the lowest earner's wages there will be a serious knock-on effect to the rest of the workforce, forcing possible unsustainable wage rises. From my discussions with employers, especially the small businesses, they foresee loss of jobs, reduced working hours, reluctance to take on the younger people and people under apprenticeship. Reducing the numbers of employees will have a knock-on effect to higher income support claims, higher unemployment and lack of opportunities. I am really worried about the trainee and apprenticeship opportunities. Potentially, higher wages will lead to higher costs for the consumer, which we all know will lead to higher inflation which we need to be cognisant of. The recent Fiscal Panel presentation raised a caution in regarding introducing anything that could increase inflation, which now stands at 3 per cent. We need to be very careful, especially as Jersey's in full-employment economy, an envious situation of only having some 700 people unemployed. My understanding is the £20 million over 2 years is not for businesses to be given a specific direct grant to support and pass on to its employees the living wage but to help businesses to sort out their business plans to improve productivity, manage its finances better, to enable them to pay their staff a living wage. One must ask, what if these businesses are unable to achieve this? What happens in year 3? Too many questions and not enough assurance in my view. How do businesses that have been able to manage their budgets already and pay its staff accordingly feel? Are they to be denied any further assistance? It seems to me there is not a level playing field. The main key pressure theme that I have been told that impacts businesses, especially in the retail High Street locations, are the high commercial rents, which is the main preventer of employing staff. If rents were more affordable, more staff can be engaged without any interference or fiscal assistance needed from the Government. The market will balance itself. The evidence is we only have to look at the number of empty commercial outlets now in our High Street with more to come. I do feel that Government should think very carefully about meddling in private businesses' balance sheets and the dictations of what private businesses should be paying its staff year on year, albeit the minimum wage as a safeguard measure. Businesses, especially small businesses, are greatly under pressure in meeting employment benefits for its employees and improve maternity leave, for example. In my view the introduction of a living wage at this time is far too early due to the uncertainties Jersey is facing and to fund this by withholding money from the States grant is not the correct way or use of money. Again, while I appreciate that pension matters are not everyone's cup of tea - when one talks about pensions you can see people's eyes glaze over - I apologise to Members for my repeated speeches on this subject but I do understand pensions and we should all take pension provision and funding streams very, very seriously, as a failure to do so in this area can have far-reaching future consequences for the economy and livelihoods of Islanders. Therefore, please may I encourage Members of the Assembly again, if they do not understand pension and its funding streams to then please seriously consider supporting Deputy Bailhache's amendment for the good of us all? Stop raiding the pension pot and have the States grant maintained as deemed in law. In doing so this will send again a clear message to the Government that the assurance, as stated last February and December that the Social Security Fund grant must be maintained as promised and, under Article 9A of the law, paid in full going forward, as the law dictates, must be respected and honoured. If not, why do we make any laws for anything? Thank you to the Assembly for listening. Please support the amendment as set out by the Deputy of St. Clement.

### **2.3 Deputy M.E. Millar of St. John, St. Lawrence and Trinity:**

This amendment is possibly the most significant amendment lodged in the Proposed Budget, both in terms of impact to public finances and to the successful delivery of Common Strategic Policy objectives approved by the Assembly earlier this year. The amendment would leave a £20 million hole in the Government finances and an overdrawn Consolidated Fund by the end of the plan. The amendment makes no attempt to identify any compensating changes to offset the significant impact.

[12:30]

Regardless, as we have discussed this morning, of the obligation on Members, whether that exists or not, to identify an alternative funding source, Members must be aware and should be aware of the implications of the amendments they bring. This one in particular is not prudent, it does not have due regard for financial sustainability. If passed it will leave a problem for the Council of Ministers but also for this Assembly to fix. If voted through we would need to consider all the options and, for example, we may not be able to deliver on the planned package supporting business through the agreed transition towards a living wage. To all those people who have just spoken about support for Digital Jersey and Jersey Business, in respect of supporting our economy and leading for growth, to paraphrase Deputy Wilson put your money where your words are or put your votes where your words are, because the package to support business is a major package to support the productivity, growth and the economy of our Island and it would be very difficult to provide that if this amendment is passed. Amendments are an important part of the budget process but I have said before, and will no doubt say again, we all have a part to play in terms of financial responsibility. Members bringing amendments should have due regard for the financial impact of the changes because unfunded proposals do not support us all in our common goals to deliver for Islanders. This proposal, just for any confusion that may have arisen, does not relate to Social Security contributions paid by employers or employees. Those contributions go directly into the fund and the Government's proposal do not impact those contributions. What we are talking about is Government's contributions using taxpayer funds into the Social Security Fund. I would also like to make clear to the Assembly that under the Proposed Budget we will be paying £80 million into the Social Security Fund in 2025; that is an increase from £78 million that has been paid in in 2024. We are not taking money out of the fund. There is no plundering and I suggest that that misrepresents the position and I also suggest that there is a very, very fine line between plunder and theft. The fund will receive a substantial contribution from general taxation, higher than in any previous year. Over the plan, general taxation will contribute £337 million into the fund. In the most recent actuary report the U.K. Government's actuaries deemed the Social Security and Social Security Reserve Funds to be in good health under the range of different scenarios considered. That particularly looked at the fund's ability to pay pensions and those reports concluded that the funds are able to pay pensions for decades into the future. Actuary reviews are all about the long term and the Minister and I fully understand the need to ensure that pensions will remain payable in the future. There is no question here of not taking pensions seriously. The combined value of the funds is estimated to be in the region of £2.5 billion in 2025, with the funds expected to generate investment returns of well over £100 million a year. I do also have to challenge the proposer's statement that those pots are the property of pensioners. Arguably they are not, they are the property of all Islanders and they are used to fund, apart from pensions, a large range of benefits. In fact one could argue that they belong to Government and they are used by Government to fund pensions and benefits. In any event, there is a very large pot which is sustainable long into the future. Deputy Bailhache cites the legal formula for the States grant which was first established in 2011. It has not existed since 1974. It was established in 2011 to create certainty for both the fund and Government budgets. Members will be aware of the recent history of adjustments to the States grants, including the decision to keep it frozen at a fixed amount for 4 years from 2016 to 2019 and then suspended for 4 years from 2020 to 2023. The Social Security Reserve Fund is also a relatively recent addition and that was created from additional contributions that were taken to build an extra safety net with a view to our ageing population. To address Deputy Ward's question, any law is susceptible to change. No Assembly, no Government can bind the hands of a future Assembly. Any law can be amended or repealed in its entirety and we do that day in and day out in this Assembly. We change laws that are no longer fit for purpose and Assemblies can take different view from their previous colleagues. As with many other matters, the Assembly can choose through legislation to set levels of income or spend. We have already debated changes of laws to adjust levels of stamp duty. Following this debate we will be discussing the Finance Law, which sets a number of other taxation levels. Levels of benefits are part of legislation and are changed to meet the needs of Islanders based on current circumstances. I do not subscribe to the argument that nothing

should ever change. If the Budget is agreed as proposed, then Members will be asked to approve the change to the Social Security (Jersey) Law. This will set the formal legal value of the grant at the new level for 2025 and 2026. If successful, this amendment would lead to an overall operating deficit over the next 4 years with Government forecast to spend more money than it receives. This is not a fiscally-sustainable position to be in and I would urge Members to reject this amendment.

**The Deputy Bailiff:**

Thank you, Minister. Attorney General, you had some ...

**The Attorney General:**

Yes. I have looked again at the 1974 law and looking at Article 4 of the law I can see that under 4(1) and 4(2) there are contributions that come from employed persons and self-employed persons for Class 1 and Class 2 contributions, which are paid into the Social Security Fund. But then looking at Article 4(3) of the law it reads as follows: "There shall also be paid into the Social Security Fund, out of monies provided by the States, such amounts as are determined in accordance with Article 9A, for the purpose of contributing to the cost of supplementing contributions in accordance with Article 9." Article 9A, the calculation on that was introduced according to the end notes of the law in 2012. Supplementation is monies provided by the States and that is different from Class 1 and Class 2 contributions. The answer to Deputy Cole's questions is that this is taxpayers' money rather than Social Security contributions. I am happy to correct my previous advice to the extent that that was not intended. [Approbation]

**The Deputy Bailiff:**

Thank you, Attorney. Yes.

**The Attorney General:**

I would just comment that it is not abundantly clear from the various tables that are in the Government Plan as to where that grant is coming from. I can see it appears in the table on page 85 as coming in as a receipt at the Social Security Fund. I can see in the various heads of expenditure I can see on page 102 of the table there is grants to States funds of £119,821,000. I assume part of that is the grant in the Social Security Fund but it does not seem to have been separated out, if that appears in another table I would be grateful to know in due course.

**The Deputy Bailiff:**

Thank you, Attorney. Deputy Gardiner.

**Deputy G.P. Southern:**

May I ask a ...

**The Deputy Bailiff:**

Yes, you may. Deputy Gardiner, have you got a question for the Attorney? Your light was on first.

**Deputy I. Gardiner of St. Helier North:**

No, light first and not ...

**The Deputy Bailiff:**

All right. Yes, Deputy Southern, yes.

**Deputy G.P. Southern:**

The question I asked was, the power to amend contributions, was that in Article 50 of the Social Security (Jersey) Law or was it Article 50 of some finance law?

**The Attorney General:**

A power is in Article 50 of the Social Security (Jersey) Law and the specific power is at Article 51(f): “Any provision for the payment of money into the Social Security Fund by the States”, i.e. that is a supplementation out of taxpayers’ money. Then it reads on (i): “Where the States is or is to be required to make payments as to how the amounts are to be determined” it gives the power to amend that by regulations and that is the specific power that I understand to be used in this case.

**Deputy G.P. Southern:**

Thank you.

**Deputy M.E. Millar:**

Sir, may I correct something that I said?

**The Deputy Bailiff:**

A point of clarification, yes.

**Deputy M.E. Millar:**

Not what the Attorney General said. Sorry, I said during my speech that the formula for the States grant was created in 2011. It was reformulated in 2011. There has always been a formula. I apologise, my notes made it look like it was only established then. I apologise. There has always been a formula but it was reformulated in 2011.

**The Deputy Bailiff:**

Yes. Deputy Gardiner, do you want to speak or ask a question?

**2.4 Deputy I. Gardiner:**

I would like to speak but I have literally 2 minutes, so I think I will finish before the adjournment. I promise it will be 2 minutes. The first point that I would like to make, it is public money but it is, as Deputy Bailhache said, the public money that has the purpose to be pensioners’ money. Regardless of how we will try to turn it around, we are not taking money in ... actually, we are not putting money in, whatever it is this money was needed to be for the pensioners. I know how I voted last time and, as Deputy Bailhache said, probably I was naive because I remember that we did put money into the Health Insurance Fund, the money had gone in, it was repaid during the previous Governments. We were putting money into the Health Insurance Fund. We did have a plan to repay that money during 2024-2025, because we were putting money in and we had a plan to repay, I felt is right. I might have been naive. This is the 2 points that I would like to make but regardless if we are putting in or taking it out or not transferring, it is £20 million that is not going into the pension fund.

**The Deputy Bailiff:**

Thank you, Deputy.

**Deputy I. Gardiner:**

I propose the adjournment.

**LUNCHEON ADJOURNMENT PROPOSED**

**The Deputy Bailiff:**

Yes. The next speaker will be the Connétable of St. Saviour after the adjournment. [Laughter] Is that all right with you?

**Connétable K.C. Lewis of St. Saviour:**

Just 2 seconds.

**The Deputy Bailiff:**

The adjournment has been proposed. Are Members content to adjourn now? The Assembly is adjourned until 2.15 p.m.

[12.43]

## **LUNCHEON ADJOURNMENT**

[14:15]

### **The Bailiff:**

Before we proceed, Chair of P.P.C. (Privileges and Procedures Committee)?

### **Connétable K. Shenton-Stone of St. Martin (Chair of Privileges and Procedures Committee):**

At the moment we are moving quite slowly through the Order Paper and at this rate we will not finish by this Friday. I would, therefore, like to propose that we agree to stay until 8.30 p.m. tomorrow evening with a 15 minute break at 5.30 p.m. in order to complete business by 5.30 p.m. on Friday evening. I make the proposition.

### **The Bailiff:**

The proposition is there will be a 15 minute break and then the States will continue until 8.30 p.m. tomorrow evening to cover as much business as possible. Is that proposition seconded? **[Seconded]** Does any Member wish to speak on that proposition?

### **Deputy R.J. Ward of St. Helier Central:**

I always think that when we stay late and have a 12 hour day bad decisions are made, and I would question whether this is the right thing to do given that there is a lot on the Order Paper and it may go on longer than that. We have next week, we have Monday, we have Tuesday, and this is the primary source of our business to be in the States Assembly. So I would suggest that we have normal days, people have time to look and think about what they are doing, discuss what they are doing, and make the right decisions for this Budget and for the Island rather than rushing decisions which might happen when we stay late. There is also the consideration of those who have families. I am lucky my children are grown up but perhaps if there is a facility for people with families to attend online, or indeed anyone who wants to attend online for their own well-being later in the evening, if they have to travel, do it that way if this is what is needed to be done. But I do not think good decisions are made when we stay late and it will just extend on the next day. This is like motorways; no matter how big you build them they fill up. Thank you.

### **Deputy T.J.A. Binet of St. Saviour:**

I am afraid I take the opposing view. If we could agree to stay late tomorrow I think it would focus minds and we might find ourselves in a position by 5.30 p.m. where we do not feel the need to stay on. So I would, as I say, take the opposing view.

### **Connétable M. O'D. Troy of St. Clement:**

I just should point out that we have planning on Tuesday and Thursday next week. While I am sure Members are quite happy to come back on Monday, Tuesday and Thursday's planning meetings are published in the public domain, and I think our chair would endorse that.

### **Deputy J. Renouf of St. Brelade:**

I would support Deputy Ward. I do have family and there is an event on tomorrow night, and I might have to not attend it, on behalf of my son. But not only that, Deputy Binet talks about sharpening minds; I think it will sharpen minds even more if we do not have the extended time tomorrow and the prospect of coming back the following week is the incentive not to make our speeches too long.

### **Deputy L.M.C. Doublet of St. Saviour:**



Might I ask the Chair of P.P.C. to consider whether this could be deferred for a decision until later because those with caring responsibilities - whether that is for children or family members - will need to make other arrangements before they can commit to staying late. What I would suggest is that the notice is given at this time that this is being considered and that it is decided upon and voted upon at the end of today, to give Members time to make an informed decision about it.

**Deputy I. Gardiner:**

I personally believe that working until late like it was last time was not more productive. We can stay longer but we also have next week and the week after, we have enough time until Christmas and maybe people really need to think about that.

**Deputy C.S. Alves of St. Helier Central:**

I wonder whether an alternative would be to reduce our lunch breaks which we have done in the past, not significantly - I know there was a massive groan there - but we do have an hour and a half. I am not suggesting we only have a half an hour, maybe just reduce it by half an hour so we still have an hour. This has been done in the past and that may be a halfway house.

**The Bailiff:**

Well, I think effectively this proposition needs to be determined one way or the other and then should it fail then alternative propositions can of course be made.

**Deputy M.E. Millar:**

I just wanted to check if we did not finish this week that we would go to the sitting starting the week after next, because I am out of Island for most of next week on a pre-planned trip.

**The Bailiff:**

The only decision that is before the Assembly at the moment is whether to sit late tomorrow evening so there is no other decision before the Assembly. Does any other Member wish to speak on that proposition? If no other Member wishes to speak I close the debate and call upon the Chair of P.P.C. to respond.

**The Connétable of St. Martin:**

Thank you everyone for their comments. Part of this proposition was to try and concentrate Members' minds on the fact that we are running really, really slowly at the moment. It is not to stop democracy or anything but if people could be a bit more succinct in their speeches that would probably help us all along and then there would not be any need to sit tomorrow evening. It is also very usual for the Government Plan, we are all very aware that there is always a huge agenda and it is very usual for us to sit in the evening. I am sure a lot of us carry out business in the evening, there are various committees that we are all members of, and I am sure we all can manage to concentrate well for one evening. I also take caring responsibilities very, very seriously but it is the Government Plan week and I am sure that Members with caring responsibilities could join on Teams. I feel I have no other alternative but to make the proposition and if it fails then we will think of something else. Thank you.

**The Bailiff:**

Did you call for the appel on this? The appel is called for. The vote is on whether or not we stay late tomorrow evening, a 15 minute break at 5.30 p.m. followed by sitting until 8.30 p.m. I ask the Greffier to open the voting. If Members have had the opportunity of casting their votes I ask the Greffier to close the voting. The proposition has been adopted.

<b>POUR: 33</b>		<b>CONTRE: 10</b>		<b>ABSTAIN: 1</b>
Connétable of St. Brelade		Connétable of Trinity		Deputy S.Y. Mézec
Connétable of St. Peter		Connétable of St. Ouen		
Connétable of St. Martin		Deputy M. Tadier		
Connétable of St. John		Deputy R.J. Ward		
Connétable of St. Clement		Deputy I. Gardiner		
Connétable of Grouville		Deputy Sir P.M. Bailhache		
Connétable of St. Mary		Deputy J. Renouf		
Connétable of St. Saviour		Deputy H.L. Jeune		
Deputy G.P. Southern		Deputy A. Howell		
Deputy S.G. Luce		Deputy A.F. Curtis		
Deputy L.M.C. Doublet				
Deputy K.F. Morel				
Deputy M.R. Le Hegarat				
Deputy S.M. Ahier				
Deputy C.S. Alves				
Deputy I.J. Gorst				
Deputy L.J. Farnham				
Deputy K.L. Moore				
Deputy P.F.C. Ozouf				
Deputy T.A. Coles				
Deputy D.J. Warr				
Deputy H.M. Miles				
Deputy M.R. Scott				
Deputy C.D. Curtis				
Deputy L.V. Feltham				
Deputy R.E. Binet				
Deputy M.E. Millar				
Deputy T.J.A. Binet				
Deputy M.R. Ferey				
Deputy R.S. Kovacs				
Deputy B. Ward				
Deputy K.M. Wilson				
Deputy M.B. Andrews				

**Deputy P.F.C. Ozouf of St. Saviour:**

Sir, may I raise a practical issue? Movers of propositions do not have the time, as I suggested that time has been brought in, maybe to help myself, would it be possible if the timers could be put for the proposers so that we know how long we are speaking for. It may help some of us that maybe speak and can curtail our speeches.

**The Bailiff:**

Those who propose of course are not time limited and the main responder is not time limited, but there is no reason why we cannot operate the clock I suspect, simply for the purposes of letting people discipline themselves, which I think would be an excellent idea.

**Deputy P.F.C. Ozouf:**

Members may be grateful for that.

**The Bailiff:**

I am not going to put that to the vote; I will take that as a decision.

**Deputy M. Tadier of St. Brelade:**

If the screens are not working could we use an egg timer perhaps.

**The Bailiff:**

If we had an egg timer that would be such a good idea, Deputy, but we do not. We now continue with the debate on the first amendment, and next to speak is the Connétable of St. Saviour.

**Proposed Budget (Government Plan) 2025-2028: first amendment (P.51/2024 Amd.) - Increased grants to States funds - resumption**

**2.5 Connétable K.C. Lewis of St. Saviour:**

It was a series of comments following a mention from the Attorney General. Basically I was just about to say that the money is not coming out of social security but it was money that may have been allocated or earmarked for social security that will be diverted; that was the point I was trying to make.

**2.6 Deputy H.L. Jeune of St. John, St. Lawrence and Trinity:**

I too am experiencing a strong sense of déjà vu with this amendment, as Deputy Bailhache pointed out. Last year there was passionate resistance to the idea of using the grant that supplements the Social Security Fund, because it needs topping up. I am, therefore, assuming that those who championed its protection last year will hold firm to those principles today. If not I really would welcome an explanation as to what has caused them to change their minds because I am as yet undecided in this regard and I really would like to hear from others. Will we hear the same message from Deputy Southern, who firmly taught me last year that this ring-fenced fund should remain untouchable? Or what about the Connétable of St. John who declared: "A £1.2 billion budget for an Island of 103,000 is amazingly high and we should be doing better to live within it." In fact, in the last debate he repeated this call, recognising that the Budget had even gone up this year. What has changed for him in the past year that he now supports using the grant that supplements this fund, especially as we are debating a budget of roughly the same size as last year - or a bit more - but one that entails that severe cuts and crippling capacity in delivering across different services, as we are discussing? Nearly all the Connétales supported Deputy Bailhache last year on this similar amendment and I trust they will remain consistent in upholding the principles and values they so strongly articulated then. If not, I really would like to ask them for clarity, why will you reverse your principles and values for this now? I turn to Deputy Rob Ward. He was unequivocal last year, stating: "I am aghast and so very disappointed. I emphasise the extreme importance that funding

streams into pension funds must not be tampered with or used as a go-to piggybank.” He even compared Deputy Gorst to Robert Maxwell. Will he now apply the same criticism to his fellow Ministers or is this year somehow different? I ask again, what is the difference now? This is not about where it is going to because of course the Social Security Fund is a really important pot of money. I also support a living wage; it is part of my manifesto. We are not discussing that now, what we are discussing is where the money is coming from to support the package. This package at the moment is taking from this grant that is going to top up the Social Security Fund, is what I understood from the Attorney General. I ask fellow States Members; I am undecided and I would like to hear from those who are changing their minds from very, very strong resistance last year. Are we also going to be Robert Maxwells or are we now not Robert Maxwells? I am very confused. I would also like to understand if we do agree for this money to be taken for the productivity package where is the data showing how the Government will pay this back? Because this grant is to top up the Social Security Fund and while this discussion was going on earlier with the Attorney General, the Minister for International Development explained to me that this top up to the grant is needed because the Social Security Fund is not big enough to sustain all the different things that are needed, so that is why there is this grant. I may be mistaken but that is how I understood it. So this is now being asked to be diverted into another cause of this productivity package, so how is the Government going to pay it back? What is the concrete plan to replenish this vital resource? Last year there was a plan of paying it back; this year I do not hear about this plan. Again, as I said, I fully support increasing the minimum wage; this is not about whether we support increasing the minimum wage or not, but it is about the mechanism behind how you fund the package, and also I think it is about the values and principles that we heard so clearly last year and somehow it is different this year. I do not understand what the difference is so I really would like to ask my fellow States Members to explain clearly to me what the difference is in changing these mechanisms. I was talking earlier about how the Government is going to be paying the Social Security Fund back, or this top up that will not be paid into productivity. We heard from Government officials when they were talking to us about the productivity fund that it would naturally be increased because even though those who are being paid the living wage will not be paying into the Social Security Fund there is a knock on effect: wages will rise further in the hierarchy of a business so, therefore, there will be more money into the Social Security Fund. This is what we were told by Government officials.

[14:30]

But I ask where is the date for that, because we have many businesses in Jersey that have very small local and medium businesses and there are only a few employees within that business, so how can they sustain this ripple effect. Is this sustainable for long term? I do not know, I have not seen the data but I would just like to ask, will this hierarchical ripple effect really happen? I would like to hear more on that. At the same time, this productivity package is about productivity, but in practice - and I believe the Minister for Sustainable Economic Development said this in answers to oral questions back in September when we were asking him this - productivity also is about businesses being more efficient, which technically also means potentially reducing the amount of employees because they will be able to employ technology or A.I. (artificial intelligence) or use automation to streamline operations. We have seen this with self-checkout machines at supermarkets, for example. If there are fewer employees that will mean fewer contributions to the Social Security Fund, not more. So again I would like to hear a little bit more on how we would see this top up. There is also question of opportunity cost. The money taken from the fund will not be invested, meaning it will not generate income. Can the Government guarantee that the productivity grants paid out over the next 2 years will yield returns high enough to cover this initial amount, but also the lost investment in income? I turn back to my fellow States Members and ask, what is the new evidence that has emerged to help you change your mind from last year to this year, to help me decide how I would like to vote. Thank you.

## **2.7 Deputy R.J. Ward of St. Helier Central:**

I am very pleased to respond to that, although not much to the tone, but there we go. This is a key decision today. We have had many discussions in this Assembly and outside this Assembly about productivity, the need to train our own population, the role of apprenticeships in meeting the Island's workforce needs, and the future of a sustainable economy. Today we have a clear choice to make within a specific context. Previous attempts to make payments into the Social Security Fund have been linked to projects that have had little attachment to anything I supported. That is not where we are today. This is the use of a taxpayer's fund to improve lives, to increase wages, to increase skills, to increase training, to address apprenticeships, to address all of the things that we have been talking about in this Assembly for so long, and now is the time to act on them. But instead of that we go backwards. At the very beginning of my time in this role I had a number of propositions lodged that defined my actions. One of them was P.38 that called for fully funded apprenticeships. My issue with this is it was an undefined nature of funding and also the nature of what we were going to do with that money. Subsequently we have worked to produce a clear strategy to target funding for this area in the best way, and a link to the future living wage. Those who voted for P.38 - 13 Members of this Assembly - may disagree with the way I went about improving provision but we share the understanding of the importance of this area. We are now at a stage where we move on from the previous Government Plan funding, which is where we are at the moment, into the next year's funding for our projects. I say to those supporting P.38 that removing this funding at the first stage is counterintuitive to the proposal of P.38 and my response to it. If you want to support apprenticeships we need to start paying for it at some point. This is an intelligent way of using taxpayers' money without taking the usual money that goes from our social security that we all pay - I pay it, you pay it - that goes into the Social Security Fund, and directing that money for a very specific purpose to improve people's lives. I want to be clear, if the money is directed from the Consolidated Fund this limits what is available and is not a sustainable approach to fundamental support and change for training on this Island. Too often in the past we have had a piecemeal approach to training our own, to developing the workforce, to improving their outcomes, to improving their wages and skills. It is time now for a long sustainable approach to that, to embed that in the way that we do things. I was pleased to accept the amendment from the Children, Education and Home Affairs Scrutiny Panel. This was work in train and subject to the approval of the Budget debate this week. However, within the Education and Life Long Learning budget I will be allocating an additional £500,000 to apprenticeship funding. I have also accepted amendment 5 which aligns with my ambition to improve locally available training opportunities. In doing so we will broaden the career pathways available for our young people and strengthen local industries. Our work in this area has already begun, starting with an analysis of hard to fill job roles and the skills and qualifications needed for them. Also, pending States Assembly approval, the work complemented by the £2 million Skills Grant that was announced as part of the better business support package, that will help employers invest in apprenticeships and skills. The words "pending approval" are important here. Supporting this amendment puts funding sources at risk and in turn the long term development of our workforce. I ask Members to think very carefully before supporting this amendment. Why would my opinion change on this? For a very specific reason: we have to do this now. Now is the time to make that impact. Our young people are leaving, they cannot afford homes; we cannot have an Island that is so expensive, that lives on an unsustainable non-living wage, we cannot have companies who cannot take on apprenticeships because it does not work for their business model. We cannot continue to not support companies and young, old, middle-aged, whoever they are, who want to train on our Island, stay here, pay their taxes, pay their social security long term towards the Social Security Fund. Short-termism is not going to solve the problem here. All of those who have wanted to emphasise apprenticeships need to say where the money has come from and what they are going to do with it. Disappointed that some Members, perhaps with responsibilities there, cannot see that. We must support the development and ongoing support of our workforce to embed in our economy the principle of a well-trained and well paid workforce. Long term, having a workforce that is skilled, more productive and contributing to the Social Security Fund, that is what

creates long term stability. That is what creates the stability we need for this fund and for our future pensions. The money used from not adding to a stable and well-funded fund is an investment in the future of this Island. It is not being squandered on a computer system or some sort of “nice to have”, it is being spent on an absolute essential and in a time where there is so much pressure on budgets this is an effective and appropriate use of the additional money that will be put into the fund. We need to think about that, and we need to think about if we are not going to do this where is that funding coming from, or are we just not going to do this? Where would you like to take it from; from the education budget that supported special needs children - that is something that is putting pressure on us. Do we not want to provide a hot school meal for children in our schools? Do we not want to extend nursery provision for families with young children on this Island so that they can get the best start in life for their children and build for the future? Those are the difficult choices that we have to make and with this fund we can add to those and we can add to our training. We can add to the skills of our Island. So think very carefully. To the panel members, your amendment will need long term funding for effective implementation and drive to change. This amendment closes the door on this funding and I think it is very important that we recognise that. I was very pleased that I could sit down with the panel and say: “I agree with that; that is an easy one.” Sometimes it is nice when you get an amendment and you say: “We can accept that, it is really easy because we are doing that and we are on the same lines, fantastic.” But we have to make sure we have a stable source of funding, otherwise this will not work. I am sure there is agreement across this Assembly that what we want is well-skilled, well paid and effective workforce to drive a sustainable economy. I have heard that said so many times. We are taking the steps to address this using the skills that we have across our provision, Skills Jersey and Highlands are working together to provide the most effective range of training opportunities and beyond. Before we can offer anything to businesses and trainees we need to ensure the funding needed is available. I cannot go out to businesses and say: “Here we go, here is the scheme for you next year” before we have even got the money agreed. We are at risk today of not having that money agreed. So I urge Members to think very carefully before making the choice to stop this funding today. Look at the long-term future; the work on targeted supports for apprenticeships, the transition to a living wage, and how we increase productivity has to start now. We cannot wait any longer. Closing the door today will not address the concerns of businesses in Jersey, of trainees in Jersey, and the providers of training who are being innovative in so many ways. I urge Members to reject this amendment, thank you.

**The Bailiff:**

Deputy Barbara Ward, you have already spoken but do you have a question of some sort?

**Deputy B. Ward of St. Clement:**

It was just a point of clarification. I have to say it was me that alluded the Minister for Treasury to Robert Maxwell. I just wanted to ...

**The Bailiff:**

Yes, but this is now a speech. Someone has to give way for a point of clarification.

**Deputy R.J. Ward:**

Sir, that is quite important to me because ...

**The Bailiff:**

Well, do you give way for a point of ...

**Deputy R.J. Ward:**

... effectively the Assembly was misled. I would like an apology. Standing Orders do say that you cannot misrepresent another Member of the Assembly. I have been actively been misrepresented. I have said things wrong myself, you have picked me up on them and I have apologised, I have been

quite open about that and in the heat of battle I understand that. But it would be nice on this occasion if that was taken into account.

**The Bailiff:**

We have Deputy Barbara Ward who has indicated she was the one who made that reference. Do you wish to say anything in response to that, Deputy Jeune? I am not going to get into a tit for tat matter about this but you have been asked if you wanted to apologise for the reference to the mention of Robert Maxwell.

**Deputy H.L. Jeune:**

Sorry, I read the Hansard last year and I would like to just check to make sure who it was before I make that, because that is what I read last year.

**The Bailiff:**

There we are. We cannot take the point any further at this stage and no more do I propose to do so.

**2.8 The Connétable of St. Clement:**

I was not prepared to speak on this matter but I need to get this situation back to an element of reality. I do not believe in emotional blackmail and I have to point out that the States of Jersey voted for minimum wage and living wage, but we did not know where the funding was coming from. There was no allocation of funds from any States area that I know of, not least the Social Security Fund. Now, I am a third generation States Member and I think my father and my grandfather would be turning in their grave, because it has always been the unstated fact, a sort of gentleman's agreement, you do not touch the Social Security Fund. It is sacrosanct. It is tipping us into unknown territory where it gives all States Departments and Ministers the idea that if anything goes wrong "we will just take a bit from here". That does not wear with me. So to say that if we vote for this amendment that we will not have all these lovely things to do with training and apprenticeships, et cetera, is leading you the wrong way. We will; it will be got from somewhere, it will be produced from some other area because we voted on it. I just need to point that out. From my point of view also, in a selfish respect, I do not want to be stoned to death, hung, drawn and quartered in the parish of St. Clement when I get back this evening by a bunch of pensioners. Thank you.

**The Bailiff:**

Well, I hope that is not a realistic prospect at all. [Laughter]

**2.9 Connétable A.N. Jehan of St. John:**

I wish my colleague well when he returns to the east. I thank Deputy Jeune for the invitation to explain the change in my mind and I am more than happy to explain it. It has been explained to us quite clearly, the grant is not being reduced, in fact the grant goes from £78 million to £80 million, so there is a £2 million increase in the amount of money that will be paid into the Social Security Fund. No money is coming out of that fund. No pensioner is being robbed, no one is removing money from the fund, we are putting more money in than we did last year. So that is very different.

[14:45]

Last year I fell for the emotive language used by Deputy Bailhache but I shall not be falling for the same emotive language this year. The Attorney General explained to us before lunch the difference between putting money in and taking money out. I continue to strive to work within the envelope that is given to us, the amount of money we have got. I repeatedly tell colleagues both in infrastructure and in the Council of Ministers the value of money; how much is £1 million, how hard have you got to work to raise £1 million? It is incredibly difficult. I am very familiar with working to budgets, often reducing budgets, zero budgeting; I have spent a whole career doing that, from organisations such as the parish at £500,000 to businesses turning over tens of millions of pounds.

In infrastructure we have certainly reduced our reliance on external consultants, and the team are using the services of Jersey business to improve productivity. Just 2 examples of how we are doing things differently to ensure we can invest where we need to invest. The increase in the minimum wage is something I think I and most Members of this House aspire to. The cost of living in Jersey is high, high, high and we have to help Islanders who get paid small amounts of money to try and forge a better living. The cost of the living wage increase is substantial and, therefore, we do have to do something in terms of a support package. As can be seen from the Budget report, the annual £10 million funding will be maintained in a dedicated head of expenditure with all costs carefully controlled. It is not being put into a big pot for people to take a bit when they want it. Any funds remaining in that head of expenditure will be transferred to the Social Security Fund, so if we do not spend all of the £10 million it will not just be a £2 million increase this year, it will be greater than £2 million. The proposal as I see it is completely different to that put forward last year. The money that we do not put for the grant will be allocated to that dedicated head of expenditure to be used for a specific purpose, which is fully aligned to the long term aims of the fund itself, with any monies not needed - as I said - paid into the fund at the end of the financial year. I have no worries about getting stoned by parishioners on my return to St. John this evening; I am happy to explain myself. Thank you.

## **2.10 Deputy A.F. Curtis of St. Clement:**

I thought this time I would try and get in before all the Ministers had spoken, because I again would like some answers to questions. I am glad to come in, however, after Deputy Rob Ward. I want to draw on the difference between what Deputy Bailhache opened with and the position that Deputy Rob Ward takes. The first is one of absolute principle that the fund should not be touched and the fund constitutes that of an equation in the 1974 Law that, although it can be amended, has a specific purpose. The position so far as I read it - I would have hoped to see a nod or otherwise from Deputy Rob Ward - that he takes is in this instance the value of reducing that States grant, that supplementation, is outweighed by the enormous requirement for that funding. He has put across a very strong case for funding for apprenticeships and for skills. But of course that is not the only part of the living wage transitional support package that is being proposed by the Council of Ministers. It is made up of a productivity support scheme, which is a 50 per cent match funded scheme administered by Jersey Business; a scheme very similar, targeted towards the visitor and retail economies, further funding for the rural support scheme, and funding for Visit Jersey and the attractiveness of Jersey as well. So the argument put forward by Deputy Rob Ward only attached to some of the money. For Members unsure as to whether they want to follow the absolute principle of Deputy Bailhache, or they want to understand whether the efficacy of spending what would be £20 million within the economy and will have a greater return for the Social Security Fund in the long term through greater payments in or through fewer payments out, I think we need some more clarity and answers as to how those other parts of the living wage transitional support scheme will deliver the benefits. We have heard from the Minister for Education and Lifelong Learning his pitch, so I hope the Minister for Sustainable Economic Development shall also provide his. In particular, I would be interested, given we are happy it seems to debate the value of this package, not just the principles ... I shall pause.

## **Female Speaker:**

I am so sorry. I owe you £10. I am so sorry.

## **The Bailiff:**

Yes, and it is going up quite quickly unless you are able to switch it off, Deputy. Please continue.

## **Deputy A.F. Curtis:**



Thank you, and maybe we can direct that £10 towards the package should this proposition pass. A bit of training could help with the mute button. However, I would really like to know within the packages proposed for productivity, more about how the scheme ensures equity within its dispersion. The scheme may well be requesting data as it has in past years for the salary per hour of the lowest employee. I would be interested if the Minister could confirm whether or not preference will be given to those businesses currently paying any employees below the living wage, because he has assured us that this package will not be something to reward businesses who pay low salaries and will be about general improvement to the productivity of our economy. I think we need a lot of answers to those other packages; I think the Minister for Sustainable Economic Development is best placed to answer them and I certainly would like to hear those answers as to some more details so that Members who may choose not to do this on principle but on overall value to the economy - and deviate from the principles quite well articulated by Deputy Bailhache - have the full and frank understanding as to the value of the scheme proposed in lieu of the full grant payment.

**Deputy H.L. Jeune:**

Sir, can I ...

**The Bailiff:**

You are wishing to come back on what happened before?

**Deputy H.L. Jeune:**

Yes, absolutely, if that is possible.

**The Bailiff:**

If it is to say you are wrong and to offer an apology then I will hear you now.

**Deputy H.L. Jeune:**

Yes, absolutely, and I would like to unequivocally apologise to Deputy Rob Ward for pointing that it was him doing the speeches; it was Barbara Ward. I usually do not say this but I am quite dyslexic and Bs and Rs are really difficult for me. So I apologise. I never use it usually and I apologise it that I have used it now, but I try to correct myself but that obviously was a quick one on a Saturday morning and I apologise for that.

**The Bailiff:**

Thank you very much for that apology, Deputy, it is quite appropriate.

**2.11 Deputy J. Renouf of St. Brelade:**

The apology is not necessary, I am going to read what Deputy Rob Ward said in the speech that he made last year, when I get to that point. In many ways this is an easy speech to make because so much of the heavy lifting has been done for me, so let me begin by saying this in reaction to the Government's actions. I do not believe we should be taking money out of the funds; we should be living within our means. We all know that deferring payments that you are obliged to make once and then doing it a second time is the start of a very slippery slope that very soon becomes the norm. I warn Members against it and urge them to support Deputy Bailhache. Let me pause for a moment there because my words so far were all spoken by Members of the current Government in last year's debate about the same issue; the Constable of St. John and Deputy Luce respectively. They were not alone, of course. Other Members of Reform Jersey in particular were fully behind Deputy Bailhache a year ago. Deputy Southern said this: "Deputy Bailhache, when he gets it right, boy, does he get it right. He is absolutely correct in saying that this is a ringfenced fund which should not be touched." He went on to describe Government contributions to the Social Security Fund as "sacrosanct". Deputy Tadier said: "There is a contract between the public, between the employee and the employer and the States, and it is not just this Government but it is governments and the States in its wider

form, the past, present and future.” So it was about fundamental issues of trust. Deputy Ward did say this, this is from Hansard last year, Deputy Rob Ward: “What in my view is happening draws parallels with the famous Robert Maxwell case some 40 years ago when money was diverted ...”

**Deputy S.Y. Mézec of St. Helier South:**

Sir, a point of order if I may?

**The Bailiff:**

Yes.

**Deputy S.Y. Mézec:**

I have the Hansard in front of me, he is quoting from Deputy Barbara Ward, not Deputy Ward, and misleading the Assembly is against Standing Orders.

**Deputy J. Renouf:**

I do in that case apologise. I have made the same mistake.

**Deputy R.J. Ward:**

Sir, may I please make a point of order?

**The Bailiff:**

If it is a point of order.

**Deputy R.J. Ward:**

We are getting increasingly personal attacks which are in Hansard, and they are not even correct but this goes in Hansard, it will probably be reported by the *J.E.P.* This is totally unprofessional behaviour.

**The Bailiff:**

That is not a point of order. A point of order is only something on which I can make a ruling, Deputy. I appreciate that you may feel strongly about it, that you have been misrepresented not once but twice, and I fully understand but it is not a point of order, I am afraid. An apology has been made by both Members of the Assembly. Yes, Deputy Renouf?

**Deputy J. Renouf:**

Yes, and I will reiterate that. I am sorry. I am sorry.

**The Bailiff:**

No, please, I appreciate you feel strongly but I do not want an exchange across the floor of the Assembly.

**Deputy R.J. Ward:**

Sir, if I may, a point of order. There is a Standing Order - and I cannot remember what it is because I have not got it up in front of me - a point that says that you must not impugn a States Member. Now, it happened once 3 minutes ago and then a second with exactly the same misconception and error and, to be honest, dishonesty because it was inaccurate.

**The Bailiff:**

Firstly, Deputy, I must stop you now because you are running the risk of doing exactly what you said, if you accuse someone ...

**Deputy R.J. Ward:**

I apologise for “dishonesty”...

**The Bailiff:**

Firstly, the Chair is speaking. If you accuse someone of dishonesty you are effectively saying they have deliberately made a falsehood. Now, what has happened is Deputy Jeune made an error, for which she apologised. Deputy Renouf - incredibly - made the same error, for which he has apologised. Standing Orders prevent Members being impugned but the fact is, if a Member is impugned by someone else that is met by an apology. It cannot be met by anything else unless it crosses a threshold of being completely deliberate, in which case we move into the territory - if it is not withdrawn and an apology given, which it has been - I would instruct the Member to leave the Assembly. But we are not in that territory yet. You have had the apologies, there is nothing more to be done and I am not sure what order you want me to make under a point of order.

**Deputy R.J. Ward:**

It does not matter, thank you.

**The Bailiff:**

Very well. Deputy Renouf?

**Deputy J. Renouf:**

I do apologise. It was an error on my part. I wrote most of this speech at the weekend; I did make the same error as Deputy Jeune and I repeat my apology for it. What I would say is - absenting the wrongly attributed speech that I mentioned previously - that strangely in all the other speeches made by Members of Reform Jersey last year they did not make the point that the fundamental principle of not taking money away from the Government grant to the Social Security Fund did not apply if it was being spent on a Reform Jersey policy, which is what I think is the point that is now being made. Of course, as we know, the points that were made were made also and backed by many of the present Council of Members, Deputy Le Hegarat, Deputy Mézec, Deputy Feltham, Deputy Rob Ward, Deputy Luce, the Constable of St. John, and of course the Chief Minister. The Government's justifications as set out in its comments paper is essentially this: there is plenty of money in the fund, it is important that we support businesses through the living wage transition, the money will help develop a high wage economy to the eventual benefit of the fund, and if you vote for the amendment you will be putting the Consolidated Fund into deficit. I do not think any of this remotely stacks up. I am in favour of the living wage, I think it is a good policy and I support the Government's moves in this area. Although there are elements of the business support package with which I disagree I am not against it as an idea. This is not about the living wage or the support package; it is about how they are funded.

[15:00]

The point I would make is it is not the fault of Members of this Assembly that restoring the grant to the Social Security Reserve Fund would put the Consolidated Fund into deficit in future years. That was the Government's choice. They did not have to go down this route. Deputy Bailhache's amendment was wholly predictable and the Assembly has already expressed a view about the principles at stake. They could easily have squared the need for money to support business with the principles of a year ago by finding the money from elsewhere, and we know that was what was originally planned. In June of this year the Minister for Sustainable Economic Development answered a question from me about the source of funds for the support package. He said the £10 million for each year will be found through the reprioritisation of existing spending. The reprioritisation of existing spending. Under further questioning from Deputy Jeune and Deputy Stephenson at that time the Minister did not once mention there was an obvious case to be made for taking the money from the Social Security Reserve Fund. So we know what has happened; when Ministers were asked to stump up to pay for the living wage support fund via the reprioritisation that Deputy Morel mentioned, they declined. The principles of a year ago turned out to be less important

than a deal done in Government. The price of the Council of Minister's support for the living wage was that the Social Security Fund be offered up as a sacrifice, along with the principles of a year earlier. Of course last year the Government, of which I was a part, also proposed reducing the Social Security grant. There was a difference, however; we proposed repaying it. Indeed, the speech I made on the equivalent amendment last year focused entirely on this point. The Assembly, however, did not buy the commitment to repayment, it basically said that it did not believe the repayment would happen. I for one learnt a lesson that day. I do not go quite as far as Deputy Bailhache in his implacable opposition to ever using the Social Security Reserve Fund in some way to help fund other Government expenditure, but I think the bar should be exceptionally high. The Government says that the reason it is appropriate to reduce funds to the Social Security Fund this time and what is different this year is that this time the money is being used for a purpose that is in line with the purpose of the fund. Indeed, they argue that the fund will benefit from having money taken out of its grant. Let us test this idea. If it was such an obvious and appropriate source of funding it is curious that Government did not suggest it in the first place. I think they know full well that the reason this is being suggested is because Ministers were not prepared to take the pain of £10 million cuts to their budgets, not because the Social Security Fund was going to benefit from the raid. By that logic we would be doing this all the time. Anything that could be perceived as perhaps one day in the future leading to higher wages or economic growth would be justified. If it was such a good fit with the purposes of the fund we would expect to see tables that showed future rises in wages and how they would lead to an increase in the fund in the longer term. There are no tables because it is not an evidence based argument; it is a bit of rhetoric. Another way of looking at it is that we would expect to find clear lines marking out what in the future might be appropriate to source from the Social Security Fund, what would qualify and what would not. There is no such clarity. This is a retrofit. The justification has been reverse engineered to fit circumstances in which Ministers would frankly rather not find themselves. We have also had a bizarre semantic argument about plundering, because the money is not being withdrawn from the Social Security Fund it is not being taken from the fund. It is a bit like arguing that you are not robbing the bank if you make your raid on the van carrying the money to the bank. Technically it is not a bank raid but the bank ends up without money that it was otherwise due. For the avoidance of doubt I am not saying that the Government is stealing the money; it is a metaphor to illustrate the argument about whether you intercept the money due to the fund before it arrives or after it has arrived is semantic. That is not the point. It is a reduction in what the formula says should be going in. The Government's argument is a fig leaf, designed to cover their embarrassment at having to bring this forward. Unfortunately it is such a flimsy fig leaf that the Government's embarrassment is in full view, and I have to say it is not a pretty sight. I really do not understand - and perhaps the Minister can explain this - as far as I can see it is not even necessary. If this amendment passes the fund is not even in deficit this next year, it is only in the following years. There could have been one year's funding brought forward with a review to look at the next year. I do not understand why everything had to be staked on it this year. We have heard a lot in fact, in response to other amendments, about not committing ourselves in advance. They could have just brought forward one year's funding and then tried again next year for another batch. The principle of which Deputy Bailhache speaks is a good one. I am fully supportive of the move to a living wage, it is good policy, it does not and should not depend on raiding contributions to the Social Security Fund. We open the door to the Social Security Fund contributions at our peril. I do not think the case has been made and I will be voting for the amendment.

## **2.12 Deputy S.Y. Mézec:**

I think it goes without saying at this point that the tone of this debate in most recent minutes has been very regrettable and I pledge not to stoop to that level. I would make the general point that it is not a great idea to try to call others out on their record and accuse them of inconsistency when you are about to take an inconsistent position yourself in a debate on how to vote for something. We are all going to make arguments to try to persuade people but we ought to align those with decent values of

being true to our politics and true to the facts. It is disappointing that has not been the case so far. A couple of Members spoke about feeling a sense of déjà vu in this debate. I feel no sense of déjà vu whatsoever, certainly not with last year where the Assembly was asked to not pay through the States grant to the Social Security Fund on the basis of giving the Government some breathing space in its budget. This year we are being asked to do so to take part in a cause for alleviating in-work poverty in Jersey, and I am not embarrassed by that, I am proud of that. I have never felt the optimism that I feel now that a cause that I have been working hard for, for 10 years alongside others, is now at the brink of being achieved because of lots of reasons. In part the leadership shown by the Chief Minister in sticking to his guns on it and being willing to make it a part of his platform, the work of the Minister for Social Security and the Minister for Sustainable Economic Development in trying to find that compromise that people can buy into, to ensure that those that are on low wages can feel confidence and those in business can feel confidence and doing so for a purpose ... I struggle to think of something you could find that would be more in line with the principles of the Social Security Fund. That fund exists for what is in the name, social security. It is not just about paying for our pensioners but it is about paying to support people on low incomes. This project being led by this Government to put forward this business support package for the transition to the living wage is absolutely in line with that and, if implemented at the end of this, we will be a more equal and fairer Island because of it. I think that is a good use of money and it is nothing like what we have been asked to do in previous years. I remember 10 years ago, shortly after I joined the States, where a previous Government was debating its budget and it proposed a £10 million cut in the social security budget, which led to severe cuts to support for single parents, for people with disabilities and for pensioners, exacerbating poverty for groups that already disproportionately faced poverty. This Government in its proposal for the use of an amended input into the Social Security Fund is doing so to alleviate poverty. What a fantastic transition that was from where we were a few years ago. I will keep coming back to a point frequently throughout this Budget debate and potentially other debates in future too, that I think that it is vital that whatever our politics are we ought to be fiscally prudent. We ought to be honest with our electorate when we are going to make tough choices, when we are going to argue for an expansion of this policy or that policy, or this change in a service provision, that we say how we are going to pay for it. To essentially scupper a scheme by diverting the budget away from it, without proposing what a reasonable alternative would be, is not fiscally prudent. I would not agree with it but I would accept the legitimacy of an argument that said we do not need to find this £10 million for the support package next year, because on philosophical grounds I disagree with having that kind of support package. I would not agree with that position but I would accept that it would at least be a philosophically consistent position and one that is totally legitimate to argue. I would equally find sympathy with any argument that said: "I like what the Government is trying to do here, I just disagree on their source of funding, and so here you go, here is another source of funding you could use for that." I could agree with that. But, to propose simply pulling the rug from underneath the feet without saying: "Do not go ahead with the package or find your alternative funding here instead" is fiscally imprudent and I hope Members do not fall for it. There would of course have been a very easy alternative that could be used to make sure that the Social Security Fund got the income into it that it otherwise would not. That is to abolish the upper earnings limit for Social Security contributions. The 2 per cent limit which, above incomes of around about £280,000, employers pay not a penny more after that. If that cap were abolished that would not affect a single working person on the Island and it would not affect the vast majority of employers either. It would exclusively affect the employers of people on extremely high salaries and that would raise over £9 million that would have helped bridge the significant part of that gap. But that is not the proposition made by the proposer of this amendment. If he had proposed that I would have had great sympathy with it, I would have been shocked but I would have had sympathy with it. So, instead, it is to seek to put us in the invidious position where the hard work that has gone to get us into such a positive position in this programme to alleviate in-work poverty in Jersey will suddenly have lost that compromise position that Members of Government have worked so hard with the business community to try to achieve. It will send out

a message to the lowest-paid people in Jersey that we are going to make their transition out of in-work poverty as difficult as possible because it is not a priority for us and we are not prepared to use a source of funding that is completely legitimate and in line with the purpose of that fund, which is to support people, not just pensioners, but those facing poverty. I see no reasonable comparison with what the Government is asking this year with what it asked last year and I see no inconsistency whatsoever in saying we do not want those funds adjusted when it is for breathing space for a Government budget, but we are happy to do so if it is for the cause of alleviating in-work poverty. I have been very optimistic about that journey in this term of office up until now. I hope at the end of this day I can feel as optimistic about it too, because without that and without any decent alternatives proposed by the proposer, that work can be put at risk. Ultimately it is the poorest people, the poorest people in work in our society, that will pay the price for that. That, in my view, is a price we should not be asking them to pay. So I think there are no philosophical inconsistencies in taking this approach for this debate, as compared with last year, and I am proud that I am part of a Government that is working so hard to alleviate in-work poverty.

### **2.13 Deputy P.F.C. Ozouf of St. Saviour:**

I am going to be obviously supporting Deputy Bailhache. The Social Security Fund is one of the greatest strengths that I have used on many occasions to say about the trust, the confidence and the importance of our public finances in Jersey. I believe I can do so with an absolutely practical and honest approach. It was 10 years ago today that I welcomed all my alive successive previous predecessors into Cyril Le Marquand House to celebrate the new Public Finances (Jersey) Law, which we had got on a 3-year basis, now since abolished.

[15:15]

The reason why I did that is because each one of those Members - Senator Jeune, Senator Horsfall, Senator Walker and Senator Le Sueur - had all been part of very difficult times and got us to where the Minister for Treasury and Resources and the Council of Ministers find ourselves in today, which is an Island which has robust public finances, almost incomparable to other jurisdictions of our size. That is because all of those Ministers for Treasury and Resources, despite challenges and difficult times, despite the challenges of the international tax, despite financial challenges, the greatest financial crash ... I could not invite the last Minister for Treasury and Resources or the current one, because they were not there at the time because it was 10 years ago. Every time that there was a challenge, those Ministers for Treasury and Resources could have been ... and of course Senator Le Sueur had been the President of Social Security, he was the man that had the foresight to raise those contributions all those years ago, gently and slowly, to ensure that there was a buffer, there was the Social Security Reserve Fund there to ensure that the ageing society can have confidence that their pensions ... and it is not only pensions of course, it is other statutory allowances that this Assembly decides upon from time to time and approves, maternity allowance, there is a whole load of entitlements with the bond, the contract between members of our society, who are required to pay their Social Security contributions, there is deal. That is a deal that this Assembly is of course sovereign. There have been some very different cases in the Court of Appeal, which I have read most interestingly, about the absolute primacy of this Assembly to make laws. Yes, we can pass laws, we can pass laws and change things, but we do so with the knowledge, I hope, and respecting the reasons why those laws are there and why those laws are crafted. Of course, this Assembly is sovereign. At the very heart of our system of the Social Security Fund, unlike other jurisdictions, has been a consistent approach not to tamper with it. There is a bond of trust at the heart of the Social Security Fund, a bond of trust between contributors and the recipients or the future recipients that will receive their pensions, pensions that rise - as Barbara Castle I am sure would in the U.K. be very proud of - not by just inflation but an inflation rate which is tailored, which is a special inflation rate, which is the inflation rate for our older community who often suffer an even greater problem with living wage. We can be proud of that and we can do it. The recipients of sick pay, maternity allowance and death

grants and things like that, they know that the fund is being invested in good hands. We will come back to that on another occasion. They also know that the States will stand by their commitment to put the money in ... there is a misunderstanding about the supplementation, in fact it is a grant that is given. The grant is given because it pays effectively for those members of our society who, because of their low earnings, cannot put enough into the fund that makes their entitlements, their pension, able to be paid in full later. It is a very clever system. It was often talked about a third, a third, a third. It is not quite that way now but that is the way that the fund is there. Deputy Bailhache is quite correct to say that there was some tampering with it in the extraordinary periods of COVID. I was a Member of the last Government and I was a bit perplexed really coming into Government, seeing that there had been some sort of odd deferments of payments. But I was very happy with the fact that I knew the Government of the day was going to repay it. That was absolutely right. Those contributions owed to the fund by people on lower incomes were going to be repaid. The decision ... and there has been some very interesting importance, we in this Assembly have an onerous responsibility in making laws to uphold public confidence in the system. The Attorney General, I think, has been placed in a rather difficult position, asking effectively legal questions. I do not need a lawyer to tell me what my fiduciary responsibilities are and I would encourage all Members of this Assembly to learn about their fiduciary responsibilities. We not only are the legislators of this Island, but we also make decisions about the levels of some additional contributions which we make from time to time, like maternity entitlements, et cetera. We know that is going to be reviewed and the ability to be paid is going to be reviewed from time to time by an actuarial report. We have had that and we benefit from that. That is perfectly fine. But what is, I think, why Deputy Bailhache is absolutely right ... and there can be occasionally, because of cash flow considerations, an agreement between the fund and taxpayers to say we are going to make that contribution one year later, but that is done on trust. When I met all those Ministers for Treasury and Resources 10 years ago today, we had a 3-year budget, which meant that I could guarantee, if I ever did - I do not think I ever did in my time - defer a payment into the fund, that £10 million or so would have been definitely paid. Now, we are going to come on to investments later about the fund. That is really important as well. But effectively the Social Security Fund is an absolute cornerstone of social and financial stability and certainty for our Island community. There are many people that live off the Social Security Fund as their only form of income and we have had a debate about the taxation of it brought by Deputy Barbara Ward, and we have had lots of debates in the Assembly about the use of the Health Insurance Fund and what that should be used and what that should not be used for. It would have been tempting, it would be so easy, in those difficulty times when faced a £150 million deficit, to say we will sort of tamper with the Social Security Fund. Guernsey did it, I do not criticise them. It is their policy choice to make. But they cut their supplementation. The Minister for Treasury and Resources has always had difficulties with Social Security Presidents and Ministers for Social Security banging the table and saying: "Yes, I will have my supplementation because I need that to ensure that the fund has got enough money." Indeed, the way that the fund has been so skilfully - what foresight that Senator Le Sueur had in persuading ... it is very uncomfortable, I was here just about at the time, I heard my late father speaking about the increasing costs, we were seeing what has been happening in the U.K. with the increase in National Insurance on employers. It was not very popular. It really was not very popular. But it was done, it was notched up ever so carefully. But the deal was that that was going to make sure that those people with an ageing society, which he foresaw, the brilliant mathematician he was, could be maintained. In fact, a friend of mine who happened to be one of the actuaries ... they say that an actuary is an accountant that finds accountancy too boring. Actuaries are really clever people and we are benefiting from their massive, hugely complicated financial results. We have had an actuarial report that says our fund is in a pretty good state. Now, what are we going to say to those pensioners that we are kind of changing the rules, we are kind of using it for something rather different. There is nobody in this Assembly that can really stand there and say ... as much as good policies are being advanced by the Government about the living wage and other things, they are other things. They are not the thing to do with benefits, entitlements, and pensions.

Moving to the living wage and subsidising businesses is not about pensions, entitlements from a fund that people have been paying into. It is not the deal. It is not part of the deal that people pay. I think there is a problem with trust in politics. There is a big problem with trust in politics. I think we start making withdrawals ... because this is not like a deferment of a States supplementation. This is a withdrawal that has no repayment mechanism. It is very different. When we start this, which I have had to resist as a Minister for Treasury and Resources that was told not to increase G.S.T. (goods and services tax) or increase it at all ... with Senator Le Sueur at the time where we faced £150 million of deficit and we had all these ends of the world. I remember a proposition from Deputy Southern saying that we should touch the Social Security Fund, I have it in front of me. I can send him the P number. That is not being disrespectful. He is entitled to his opinion. We had a debate and we said no. We said no. All of my predecessors at the Treasury backed their Social Security Ministerial colleagues and said no, we are not touching this fund. This is the people's pensions fund. This is the people's pensions fund and we are not going to do anything to compromise its ability to pay pensions into the future. So it is not about law. We are legislators, we can pass the law. We can pass good laws and we can pass not so good laws, but all I know is what the purpose of the Social Security Fund was. Is. It was very controversial at the time. We have not had mentioned of the coffins, the coffins that came to the Royal Square from, I think it was a Deputy, somebody who said the world was going to end because people were being asked to pay contributions. There was a coffin brought into the into the Royal Square. I think hopefully all our predecessors would say that we have done a good thing and all those Assemblies that did have challenging times ... there are lots of people on low incomes. I keep on saying that the elephant in the room is not the people not receiving the minimum wage, but let us leave that to another day. I will not be coming to try and get the millions that are required to bring them up to the minimum wage by raiding the Social Security Fund. Maybe words like Maxwell and others are inflammatory but they speak to a general and important rule that you do not tamper with people's pensions. This is a pay as you go pension like no other. It is a pay as you go pension that is not fully funded, it requires continuing contributions, but it is as good as it gets. Let us keep it that way. Because once we start ... like my first day at work, I worked for an American corporation and I was told this company never bribes, you bribe once, you take a bribe, and it is never the second time. I am not saying this is bribery but once we start taking withdrawals from this fund like this, it is the start, and we put an undermining of trust in the people that are seeing month in, month out, contributions taken from their wage packets. Every month, it is a lot of money. It is a lot of money for self-employed especially. When we start saying we are going to use this for something else, I say absolutely no, just like my predecessors, just like I hope my successors. I am surprised at a former Minister for Social Security is not banging the table and saying: "No, we are not using the Social Security Fund for this." He would have done that when he was Minister for Social Security. He would have done it with me. He would have told me off.

**The Bailiff:**

No, no, please do not. Through the Chair if you are going to, not: "He would have done that".

**Deputy P.F.C. Ozouf:**

Yes, sorry, sorry. I would say, through the Chair, but I have run out of time. But I make the point, it is very important.

**2.14 Deputy G.P. Southern of St. Helier Central:**

That feels like a lecture in mid-afternoon at university. I remember those days. Very enjoyable they were and I learned something. But this debate today is about making an aspiration into reality and, significantly, in this particular case, and in many things that we do, the key is what? The key is money. Where is the funding coming from? That is where we are.

[15:30]



What we have is a society where inequality is enormous. Inequality is enormous and is going up. The latest surveys suggest that we are now overtaking the U.K. in terms of levels of relative poverty. So the question that I apply to this plan is what do these amendments or these proposals do to poverty, do they increase poverty or decrease equality? It is important for me that they reduce poverty. However, it seems to me that what went wrong with this debate is that Deputy Bailhache's report suggested that nothing has changed since he lodged a similar amendment this time last year. This Government's proposal is, however, completely different to that put forward last year. The money withheld from the States grants will be allocated to a dedicated head of expenditure to be used for the specific purpose, which is fully aligned to the long-term aims of the fund itself, to increase equality and reduce poverty. Any money that is not needed for the support package will be paid into the fund after the end of this financial year. So in terms of payback, anything that is not used will come straight back into the fund. The proposed Budget ensures the support package is fully funded through an adjustment to the legal value of the States grant. If the Budget is agreed as proposed, then Members will be asked to approve a change of the Social Security (Jersey) Law, P.62, to provide for the value of the grant to be set in 2025 and 2026 as proposed. The law change will then set the formal legal value of the grant at the new level for those 2 years only. So we are not talking about a large-scale reduction of the fund, but for 2 years only to cover this period that is what it will do. To illustrate the difference between the last proposal and this time, we can turn to page 127 of my remarks this time last year where I say: "The question must remain, I think, and the question needs to be asked and needs to be answered as to what are you going to do, Ministers, with this £7.1 million?" Because this time last year we were talking about £7 million, not £10 million in total, but £7 million. There was no direction as to where it was going to go. We were just taking this as a pot and putting it in a box in case we needed it. In the context of what good will it do, I think what we can say is that Members have approved a change to the Employment Law, P.36, to allow the Minister for Social Security to set the minimum wage for 2025-2026 by order. The Minister has confirmed that the 2025 minimum wage will be set at £13 per hour from 1st April 2025. So we are already at what we propose as the living wage. The transfer from the minimum wage to the living wage ought to be fairly straightforward. We have basically 2 mechanisms for creating greater equality and reducing poverty. We have the social security system, which is contributory, where it has been pointed out by Deputy Ozouf, the employer pays a third, the employee pays a third and a grant from the States revenues pays a third, and that is how it is made up. This goes primarily to pensions. But also it gives access to short-term incapacity, long-term incapacity, G.P. (general practitioner) access, et cetera. It does a lot of things to alleviate poverty among our society. I have lost my place. I have said that. The reason for my change of mind in terms of this time last year and this year is that we have a way and a mechanism that we wish to use for this £10 million in each year in order to smooth the way to the living wage rather than the minimum wage. Time to turn aspiration into reality.

## **2.15 Deputy T.A. Coles of St. Helier South:**

I want to raise a point that has been raised in this Assembly for a number of different debates on a number of different reasons and that is this term of just transition. We have heard that we needed a just transition for the fishermen to stop trawling as we look to our marine protected areas. We have looked at a just transition to move to a carbon friendly environment. The idea that we could afford to give people who could afford a £2,700 electric push bike a £300 grant, that we could give people a subsidy if they bought an electric car, these are people who could potentially afford to buy these vehicles anyway, but we gave them a slight incentive to buy a greener, more carbon neutral form of transport. Yet we find ourselves, when it comes to helping businesses transition to a living wage, to offer them a support package to help this be accomplished, this is where we seem to have a problem because of how the funding is being allocated. When the allocation of money goes to the Social Security Fund, as has been mentioned, that fund is there to help support people and provide some good income support for people whose incomes need to be topped up and supported because their employers either cannot afford or will not pay them a living wage. So we look at what improvements

to productivity can do to help businesses and I always think there is always a really good example that we have in Jersey of where productivity and innovation can help improve a company's ability to pay the living wage without having to reduce their employment. I always feel it is weird because it is McDonald's. McDonald's has a really big infrastructure behind it. It is a big, massive transglobal franchise. Through innovation and technology, they entered these big screens as you walk in where you can order your own food, it gets processed, automated, goes to the kitchen staff where everything is then prepped and provided. You can walk in, you can get your food pretty quickly, I am informed, I do not eat at McDonald's. However, McDonald's saw an upturn in their business, the speed at which they have to return, the amount of people they had to employ. But the biggest point in this is McDonald's has been a living wage employer for many, many years - and this is all of their staff, from the people they employ to make sure they maintain their hygiene ratings, their cleaners, to their servers, to their people who work in the kitchen, their managers - they also provide huge amounts of training courses for their staff. It is kind of exemplary how, with the right motivations, these industries can increase their productivity, which increases their returns and results, which means that they can pay their staff a decent wage. Now, not every company, not every organisation, not every sort of venue, has that ability to fall back on such a large franchise to provide them with innovation. So I believe that using this ... by diverting this money away from going to the Social Security Fund to help businesses innovate to help pay their staff a living wage in a just transition is the best use of this money. Because the less money we have to pay into the Social Security Fund at this point, which could then lead to people being paid an honest, fair wage for their labours, means that we do not have to supplement bad employers. We can help people pay their rent without having to fall back on income support. Deputy Barbara Ward - I have to make the distinction clear and proper - mentions about pensions and of course pensions are an incredibly important thing. We all have the massive benefit of being in this Chamber, we have been offered the option to contribute to a pension. But if you are someone who is earning the current minimum wage, is on income support, unfortunately you will not have spare money to contribute to your own private pension. We had a debate within this Chamber, as we have acknowledged that the pension paid from the Social Security Fund is not adequate to fully support you in our old age. Now, are we saying that we are going to have to continuously pay people more and more money out of that fund because they have not - through other versions of income support, which helps top up the old-age pension - been able to afford to contribute to their own private pension to allow that balance to come up. Because, again, when people earn the absolute basic minimum wage at the moment, they cannot afford to pay their own private pension. The difficulty and struggle to aspire to even property ownership while on the minimum wage is low, these are dreams and aspirations that they cannot achieve. We need to help businesses to develop their strategies and improve their productivity. Some may say that this argument about the money being used for the productivity fund is not the nature of this debate, but I feel very much that it is. In fact we have sat in this Chamber many, many times where, I am going to say this, I felt sorry for the Minister for Sustainable Economic Development because he has been subjected to question after question about what that scheme is going to do. So it has been clear and transparent within this Assembly that the reason for not diverting the funds to the Social Security Fund is to pay for this scheme. As we have already heard from multiple Members within this Assembly, and I think it is an important point to reiterate, if all of that £10 million is not spent within 2025, anything left will be returned to the Social Security Fund. If any of that £10 million is not spent in 2026, it is returned to the Social Security Fund. Once this Budget is approved, hopefully without this amendment, then it is up to businesses to prove that they require that funding and if they do not require that funding that money will be going back to the Social Security Fund. So I will sit down now because I think my point is clear that the reason why this diversion is more acceptable to the last one is because we clearly know where the money is going. The last time, there was no clear destination for where that money was to go. It seemed to be to provide more breathing space than anything else rather than a destination.

## **2.16 Deputy M. Tadier of St. Brelade:**

I have struggled a bit with this debate and I did say to a Member, she knows who she is, that I would keep an open mind and I am still struggling with this proposition. I do not want to be disingenuous. We do have a party position on it and ultimately I want to talk through the complications of the way this is being done. But to get back to a point where we focus on the important issues which I will start with and hopefully finish with, the first one is really about supporting businesses. I spoke a lot about that in a previous speech, which is now done and dusted. We will not go back to that. But also many of us in this Assembly, not just on this side, have made commitments I think in our manifestos and elsewhere to support a living wage. I think we need to also weigh up what that means because it is easy to have Hansard quoted back to you ... and I have absolutely no problem with people quoting back what I have said in this Assembly to me, as long as it is done accurately.

[15:45]

I wanted to stand up before and say we need to be more imaginative with our surnames in this Assembly because there are 100,000 people living in Jersey and there is probably no reason to have so many people with the same surname, although I do not necessarily expect to see any more Deputy Tadiers or Constable Tadiers in the future in this Assembly, but who knows, we will wait and see. Putting that aside, let us look at what is going on here. We have got various different moving parts and I have just jotted down some rudimentary Venn diagrams. I think what we have got going on in the Assembly is that we have got Members here who support the living wage. We have got Members here I think who do not necessarily support the living wage. There are probably even Members, dare I say it, there are certainly members of wider society, who would probably abolish the minimum wage if they could and just leave it all to the free market. Then we have got subsections, we have people who support the living wage but who say we absolutely must not touch the Social Security Fund. Of course, the other Venn diagram is that we must not touch the Social Security Fund at any cost. So, while I have supported that in the past, I do have to look at the bigger picture here and say which ultimately is the right thing? Are we here just to be legalistic and say that, because we made the decision in the past, we cannot be more flexible in our approach even if it is to support something which is ultimately very positive? Ultimately it comes to the fact that do you apply that legalism in other areas. So if we are to boil it down to a philosophical principle, if I might be allowed to do so, if I was in the street and I saw somebody starving and the only way to get them food was to steal some bread from a shop - I had no money - and give that person the food, would I ultimately say I cannot do that because I know that theft is wrong and I cannot steal in any way, and therefore I am going to let the person starve, or would I say it is okay to steal a loaf of bread and give it to the person so that they can survive maybe to live another day? It all sounds very *Les Misérables*, does it not, Jean Valjean, et cetera. No doubt Deputy Bailhache will have something to say about that when he sums up. I thought I must give him something to respond to in his summing up at least. I would say, of course, that is very hypothetical. That is not a decision that we are likely to ever have to make. But there is a political principle here that, if the only way that we can get towards the living wage is to use a fund, because that is what the Government is proposing to get this done, and at the same time to support businesses who have told us that they would struggle getting towards a living wage, is it something that I can stomach and that maybe more of us should be able to stomach, or should it simply be that the legalistic position about never using a fund for that should win the day? I think it becomes even more nuanced when I consider what the ultimate purpose of the Social Security Fund is for. Yes, it is of course to pay pensions but it is also to more widely look after people's well-being and, we do not use this expression in Jersey, it is called the Department for Work and Pensions elsewhere. This is very much a proposition which not necessarily about pensions, but it is about work, it is about people who are paying contributions. So I think the Constable of St. Clement is quite right. He may well get strung up, if he votes the wrong way, when he gets back to St. Clement. Although the Constable St. John has more appetite for risk, it would appear. Maybe those in St. John are a bit more liberal or a bit more willing to give the Constable time to explain. But I do not think

... even if that were the case that the Social Security Fund was somehow under threat, it is not the current pensioners who are going to be worried about it, it would be people of my generation probably more likely. But we have been given assurances that this is not a threat to the Social Security Fund, that it is going to be topped up, and I have to also take that into account when making my final decision. So, for my part, I think I am still on the horns of that dilemma, but I am thinking about, it seems to me, and I am sure there are others in this position, if you have made commitments to the living wage, I would not let ourselves be held hostage by the way that this funding mechanism is being put forward. Of course it could have been that we had a different mechanism for funding this. Then it comes down to the old chestnut, does it not, Deputy Southern, I look over, that we live in a low-tax, low-spend economy and we have been told that there are very few levers for Government to effect changes? Therefore, when it comes to the productivity scheme, it will absolutely be necessary, and I look at Deputy Jeune as a fellow scrutiny chair colleague, for us to do a serious piece of work to look at how productivity is being applied, what the consequences are of that, what the intended consequences are, but also what the unintended consequences are. I made the comment earlier to Deputy Jeune that productivity is an interesting one because it is linked and it is not linked to the living wage. I will probably explain what I mean by that. On the one hand, if you have a business and you say I want my business to become more productive so I can invest in new technology, and either immediately or later down the line it means that you can fire all your staff, so I do not need to have my 10 labourers there working for me because I have got an all-seeing, all-dancing machine, a robot, A.I., call it whatever you want. It may sound fantastical, but it is not. This is how technology works. Five years down the line you do not need any staff working for you, who is paying the taxes and who is paying the social security contributions to go back into the economy, indeed, to go back into the Social Security Fund. So that is a complication if we are simply relying on taxation in its current format, and also in the Social Security Fund in its current format, because it will be especially problematic if the company that is becoming more productive is a zero-rated company, which does not pay any tax in Jersey. So these are issues that we are going to need to get to grips with anyway. It is not directly linked to this particular proposition, but it does remind us that we need to be focused, not just on the present, these things are happening now anyway, but we need to be focused on the short and medium term because, if things carry on like this, it is all very well to say we have got greater productivity, but if the only people benefiting from that productivity are the shareholders or the owners of the businesses and that does not automatically find its way back into the Government's coffers who are paying for these schemes in the first place, it can create contradictions. There is also the issue that I have to get my head around, which is what is the direct link between the living wage and productivity, because it is not necessarily all those who transition to the living wage who will automatically get the support and it does not necessarily mean that all those, I think I am right in saying, who will benefit from productivity grants will automatically have to prove that they are paying the living wage. But that might be the case and if that is the case, I would like to be proven wrong. So I would hope that there is at least a more clear correlation between those 2 things. But let us not beat around the bush here, there is clearly politics involved. We have a different Government here, which, I think, wants to do more progressive things. But it is a Gestalt composite Government that we have, which comprises left, right, and centre, or rather hopefully centre-left, centre, and centre-right more likely in the Jersey context. There is a strong feeling, which is that a group which has a strong mandate, not exclusively my party, knows that the living wage is the right thing to do and whenever Members of this Assembly and outside of said, yes, the concept of a living wage is very clear ... Caritas have been long lobbying for that. They are not an extremely socialist organisation, I do not think, by any means. But they recognise the fact that it is generally a good thing that, if you work, the wages you get paid should be enough to pay for your living expenses, because otherwise you are getting paid less than what it costs you to live. Often we just hear the words living wage, living wage, living wage so often that it becomes meaningless. But what we should be talking about is fair wages, a fair wage for a fair day's work. That is essentially what we are talking about. Nobody should be finding that concept objectionable. But the answer that we are

always given or we have been in the past is that we cannot do it because we need to find ways to support the low-paid industries such as agriculture and such as hospitality. What is being done? Exactly that. We have a package being put before us which does seek to address issues in agriculture, not simply in this productivity package, but in the wider package that is agricultural loans. I think we talked about that yesterday, really great stuff that we might not see eye to eye on all the technical detail about who gets what, how, when, and where, but we I think fundamentally agree that it is right to support agriculture, it is right to support hospitality, it is right to support Visit Jersey to try to improve the package of people coming to Jersey. The bottom line is we cannot have it all ways. Sometimes we have to accept that there are imperfections to achieve a greater good. Ultimately, when it comes to this debate, that is where I fall down on the side of where is the greater good, where is the greater harm. Ultimately, whether it is taxpayer money that is being used or social security contributions that keep people in work, which ultimately will reduce the need for supplementation, so money which would otherwise come out of the Social Security Fund is also going to be enhanced if we get to the living wage. I think on the global scheme of things I can live with that. I would not want to see the Minister for Social Security put in a difficult position where she has been set up to fail because the Government has proposed something which is so unacceptable to so many Members in terms of the source of funds, and I think we have to go beyond that. I think ultimately we have to say there is no ideal solution because, if the solution was to increase taxes to pay for increased productivity, I know that many of the same Members would be saying we cannot do that, we are in a cost-of-living crisis, so I think what we have before us, if I can channel perhaps the spirit of former Senator Le Marquand, is the enemy of a good plan is a perfect plan. What we have on the table seeks to do a lot of good for a lot of people in Jersey. We do not need to be too legalistic about where the money is coming from as long as it is sustainable, as long as that fund is healthy.

## **2.17 Deputy K.F. Morel of St. John, St. Lawrence and Trinity:**

It has been very interesting this afternoon hearing the many sides of this debate and the many sides of this debate in reflection of last year's debate is even more fascinating. I want to start by picking up on language. I am something of a pedant at times, particular written language, but I can be a bit of a pedant for language. One of the things that I picked up on this was the use of the word "sacrosanct" and how apparently the Social Security Fund is sacrosanct and the contract between the Islanders and the way the Social Security Fund is funded is sacrosanct. I cannot help but think that is absolutely very far from the truth. Nothing in politics, I hate to bring this to Members' attention, is sacrosanct. A few hundred years ago the divine right of kings was seen as sacrosanct. Everyone believed that kings and other monarchs had absolutely the right given to them by God and nothing could ever change that. Here we are today, obviously, operating in a very different environment from a monarchical perspective. We strongly believe that the divine right of kinds does not exist. As a population, there may be one or 2 individual Members here who think otherwise, but as a population that one sacrosanct idea is now very much not sacrosanct. This absolutely stands for the Social Security Fund. There is no proof of this, but ... I was potentially around when the 1974 Social Security (Jersey) Law was brought forward. I was born in 1974. However, I really do not remember that time at all. For myself, I personally ... and interestingly I have spoken to other people of my age and my generation, we do not feel quite the same way as perhaps some other Members of the Assembly who were around then and remember that then. We do not feel quite the same way about these things. We have different views. Certainly one of the views that I often pick up from people, friends, et cetera, that I speak to, is that Government should use all of its resources as best as it can in many different ways. That does mean for some of them ... I have been asked: "Why does not Government make better use of the £2.5 billion in the Social Security Reserve Fund? Why does it not invest it in different ways within the economy?" To get a return for the fund, yes, but why does it not deploy those funds in that sort of way? These are questions that over the coming years and decades will become much more acceptable within the Assembly, but it might not be now. There are people who use the word "sacrosanct". I point out to them: that is just not correct. There is nothing

sacrosanct about it. However, more importantly, it is refreshing and it is nice from my personal perspective to hear Deputy Mézec, Deputy Feltham, Deputy Tadier speak in a way that I agree with them, in so many ways. I am proud to be standing with them as we are bringing forward the living wage package and measures. We are doing so because it is balanced off by the productivity support measures that are there to help businesses go through this transition period. It is a really good thing. I know that Members of this Assembly have voted ... because I was there in 2021 when we voted on Deputy Southern's proposition to bring forward that living wage. But, I have heard other Members of the Assembly who were not there at that time speak in favour of the living wage ... as some people say: on all sides of the Assembly.

[16:00]

One thing that is nice about this Assembly is it does not have sides, but from all corners of this Assembly we have effectively fallen on to the idea or agreed on the idea that we want to move Jersey to a living wage. That does cause stress on businesses. There is no doubt that the scale of the rise in living wage over the last few years has been around 50 per cent in 4 years. That is significant. That is difficult for businesses to understand. As much as anything it is a variable that businesses are not aware of. One of the first things the Chamber of Commerce asked me, I may have been in Scrutiny at the time, but possibly as Minister, was: "Please can we have the announcement of the living wage brought forward?" because it is a variable that has only being made available, only being publicised, in October, November time in the past. It is one of the things we want to do, and I know the Minister for Social Security is working to do this, is to make these announcements much earlier in the year, so that businesses then have a greater understanding and greater certainty going forward. We do know that when Government is effectively setting wages, it is important that businesses know as soon as possible and also when we move rapidly to set those wages at much higher levels, which is what we are doing, we are within that exercise at the moment, it is absolutely right that Government helps those businesses deal with those changes. We are dealing with those changes in a good and far-sighted way. We are doing it. We are helping businesses, not just by subsidising wages, not just by giving pound for pound: "Here is the difference in your pocket. There you go. We do not see you again." We are giving that support in the main via investment grants, which have to be backed, as we were saying, 50:50 by the business themselves. It is to encourage that investment which will create the productivity gains for the economy, which will create a much stronger economy in the future. That stronger economy in the future will be able to pay much better and more significant social security returns as a result. A weaker economy will have weaker social security funding going into the Social Security Fund. A stronger economy will have much better funding going into the Social Security Fund. It is interesting, I have heard the arguments about artificial intelligence and other technologies' productivity can put people out of work. That is not really what happens. A stronger economy creates more jobs. The use of technology in businesses has from time immemorial created more work, in terms of more opportunities, more jobs, more opportunities to be enterprising and innovative. We have not got to that point yet where technology has just taken away jobs. I love that the word "sabotage" and "saboteur" comes from the French for clog, sabot. That was all about people trying to throw their clogs into the workings of the looms and machines, et cetera, to stop them working; similar to the Luddite stories. That is because they were fearful of those looms taking their jobs. But those looms did not take jobs. Those looms just created more jobs in different ways and created stronger and bigger economies. Now we can argue about other things. If I have made a mistake, please let me know. That was my understanding. It is important that we do understand on the one hand we in this Assembly want to deliver a living wage. We as an Assembly and a Government are moving to deliver that living wage. But, it would be wrong of us, I strongly believe that, if we did not support businesses in the process. We are supporting businesses in the right way

by helping them invest within their own businesses. Lifting that ... what I have said in this Assembly before is currently a low business investment kind of rate in the Island. We will help lift that. That is important for a stronger economy. From the visitor economy perspective, we will be helping bring visitors to the Island in the shoulder and winter months. That creates productivity gains and does so, and I am pleased to tell Deputy Jeune this, certainly that area, if we have hotels having to accommodate visitors in the shoulder and winter months, they will need staff to service those hotels. It would not be a case of productivity gains meaning job losses at all. It would be quite the opposite. More likely they will need to take on workers. Deputy Alex Curtis asked me about money to be paid to non-living wage businesses. We are purposefully not saying that this money can only be given to those businesses which are currently not paying living wage to help them do it. They can apply. All businesses will be able to apply, but the main things which stop businesses applying are about debts currently towards Government, in terms of G.S.T. and tax debts and other things. However, we want businesses to be able to apply for this, whether they are living wage employers or non-living wage employers, so it is definitely not the case that it is only ... this funding is not there just for non-living wage businesses; quite the opposite, because that would penalise those who have been doing the “right thing” for the last X amount of years. It is important that that is the case. This package, there is no doubt, it does fit in with the Future Economy Programme. It does create conditions for Jersey to be a consistently high-performing environmentally sustainable and technologically advanced small Island economy by 2040, with a labour market that values all workers. That is something that everyone in this Assembly can get behind. From my perspective the use of a States grant in this way is entirely appropriate. It is focused on workers. It is focused on being able to live in the world in the way that a pension is focused on doing exactly that. It is time limited. It is a temporary intervention in that way. It is not something that is going to go on in perpetuity. I am pleased that I can say this, because I was making the same arguments last year, because I am one of the people in this Assembly who is able to make a consistent argument one year to the next. That feels quite nice as well. Importantly, as well, the Budget as proposed ensures that a support package is fully funded. That is important, because we need to give businesses certainty. We need to give businesses a vote of confidence in them and in the economy. As an Assembly we need to stand behind our economy. We need to show businesses in this Island that we support them. We are creating challenges for them. The living wage is going to create challenges for some businesses, but we are supporting them behind that. That is what is important. If the Budget is agreed as proposed then Members will be asked to approve a change to the Social Security (Jersey) Law to provide the value of the grant to be set in 2025 and 2026 as proposed. The law change will then set the formal legal value of the grant at that new level for those 2 years only. That is important. As the Connétable of St. John said, we will be paying more this year than we were last year, in terms of the grant. That is also important, because words that have been used to suggest that it is in some way taking from are wrong, we are providing more this time than we were last time, this year rather than last year. So I do ask Members to reject this amendment by Deputy Bailhache. I do understand people who have strong feelings about this. I have spoken to them. I hear them. I heard the debate last time. I just think that in this case, we are doing absolutely the right thing with that funding. It is a limited amount of money that is being used. It is not taking, it is just not providing to the fuller amount that we could have otherwise. We are deploying it in exactly the right way, which will create a stronger economy in the future. The stronger economy will be able to fund that Social Security Fund in a much better way and much more strongly in the future as well, as a result of the £10 million that we are using this next year and the year after, if the Budget is voted through as proposed. Please, I do ask Members to reject Deputy Bailhache’s amendment. Thank you.

## **2.18 Deputy K.M. Wilson of St. Clement:**

I will be brief. Most of what has already been said about supporting the transition to fund the living wage, I do support. However, what this amendment is about is highlighting the lack of sophistication and the integrity in the kind of policy and the strategy that is proposed to fund it. When you are

working to establish sustainable wage fairness, looking for short-term solutions causes more problems than it solves. The reason I say that is because I draw on the experience that I had when I worked in a charity in the U.K. that had only £60 million available to it. It made a commitment to transition its workforce from minimum wage to living wage. It cost the charity £4 million to £5 million, I recall. That was the cost that it was going to be. It was well articulated evidenced as to where the impact would be felt and how many people would be affected by it. What happened is that they tried to address 2 particular issues. The first one is: are we committed to paying the living wage to our workers? The answer was yes. What resource could be called on to deliver that wage? The first call was not made to Government. It was made to the charity itself, to look at how it could restructure, reorganise, refocus its business, the work that it did to make the resources available through improved efficiency and productivity that was sustainable and could carry the transition over the longer term. Because of that experience and because there are different ways, different alternatives, different options to address this issue, I have to support this amendment, because it is not the right thing to dip into an insurance fund to bail out the demands around wage fairness. On that basis, I have enough to say on that one. Apart from the fact also there is an important principle at stake here is that this is a fund people pay into. I do believe that public consultation and transparency would be a critical element in the decision-making process on this. Thank you.

## **2.19 Deputy L.V. Feltham of St. Helier Central:**

It is important to speak at this point after the previous speaker to put this debate back into context. The Minister for Treasury and Resources has already set out the serious financial consequences of approving this amendment. For me, the big flaw in this amendment is it takes money out of the allocated budgets and it does not suggest where we should replace it from, which puts me in an incredibly difficult position as the Minister for Social Security who has taken responsibility to deliver on this States Assembly's commitment to raise our minimum wages significantly. I would like to explain how the Government's proposals support the overall aims of the Social Security Fund and why I, as Minister for Social Security, fully endorse the proposal to reduce the States grant from £90 million in 2025 down to £80 million. It is important to see this in the wider context of the total States grants over the next 4 years, which will total £345 million in States grants going into the funds. That is more than ever before. I would also like Members to think very clearly about what they think the purpose of the fund is. Lots of speakers today have spoken about the purpose of the fund. Nobody has clearly articulated what they consider to be the purpose of the fund. When I reviewed the legislation, I had looked to see whether in legislation there was a clear purpose of the fund. It probably will not surprise the Attorney General to find that I did not find one in the legislation. It more suggested that it is around the funds that are coming out and the purposes that we, as an Assembly, agree the fund to be used. For me, within this context ... and this is a decision we are taking today, so we can set aside previous debates, previous decisions. This is a decision for today and it is a different decision to the one that we made in previous years. It is very important to put the purpose of the fund in context because there has been a lot of talk around pensions and pensioners, but the fund also exists to provide working-age benefits to working-age people. That is something that is at the heart of the work that this Government is doing.

[16:15]

Some of the benefits the fund provides are parental benefits. Imagine receiving your parental benefit, but then not earning enough to live on. It includes short-term and long-term incapacity allowance. Imagine not being able to afford healthy food for your family. Imagine the stress of earning a low income and whether that might put you in a position where you are indeed led to be claiming short-term incapacity allowance because you are too unfit to be working. It also funds insolvency benefit. Now I for one would much rather be funding our just transition, as Deputy Coles suggested, to the living wage, working with the Minister for Sustainable Economic Development to avoid paying insolvency benefit. I would like to remind Members who are speaking in favour of this amendment



that this Assembly just a few months ago included its own commitment to ... when it voted for the Common Strategic Policy, we included our commitment to move towards a living wage. We have also, already, approved the legislation to enable me to facilitate the changes that that needs. There has been a lot of emotive language, a lot of emotive speeches. I am not going to start quoting Hansard from the people that are now saying that they are going to support this amendment, but would not have supported a similar amendment last year when it was not to be used for a fit-for-purpose reason that we have all agreed upon. The wording in the amendment is unfortunate. The reference to “plundering the fund that belongs to pensioners and prospective pensioners” and “using the fund as a piggy bank” is highly emotive and does not help us come to a sensible and objective decision about how we move forward within this Budget. It is a budget. Today and for this decision ...

**Deputy H.L. Jeune:**

Sir, please could I ask a question of the Attorney General, regarding something or ...

**The Bailiff:**

No, not while the Minister is ...

**Deputy H.L. Jeune:**

... point of clarification from the Minister.

**The Bailiff:**

The only thing you have missed is a point of order. Questions for the Attorney General, yes, you can pose at any reasonable time. But by convention, we let people conclude their speeches. If an issue has arisen then at the end of it you would ask the Attorney General. If you wish a point of clarification from the speaker, you are entitled to ask for a point of clarification, but the speaker has to agree to give way. That is why quite often they are left to the end, because the speaker often does not wish to give way when they are mid-flow. You wish a point of clarification?

**Deputy H.L. Jeune:**

I will ask for the Attorney General later, sorry.

**The Bailiff:**

That will be at the end of the speech then.

**Deputy H.L. Jeune:**

Apologies to the Minister for interrupting.

**The Bailiff:**

That is all right. Please carry on, Minister.

**Deputy L.V. Feltham:**

Thank you. I will accept that apology. Today, I would like Members to think about the prospective pensioners that Deputy Bailhache mentioned in his report, his amendment, particularly those prospective pensioners who are on low incomes that are currently struggling to make ends meet, despite working full-time. The words of the amendment and many of the words spoken by people in the Assembly today will come as cold comfort to those people. As Minister for Social Security, I speak to a lot of third sector organisations. I understand that St. Vincent de Paul are now assisting more than 500 households with their foodbank. That is 1,600 people. They also tell me that their new clients tend to be those people on low incomes. These are exactly the people that we are wanting to help with this move towards a living wage. They are also people that are paying into the Social Security Fund via their contributions. These are working people. I would rather be supporting them through the living wage than having to support them through S.T.I.A. (short-term incapacity

allowance) payments because they are too unwell to work. A number of speakers and the proposer of the amendment spoke about what the fund was set up for, I have answered that, but also suggested that it was a misuse of the money. We laid that to bed fairly early on in this debate when we clarified that this is an entirely legal thing to do. The money that we are talking about today, as the Constable of St. Saviour rightly put it, is not coming out of the fund. It is taxpayers' money. It is for us, as an Assembly, to make decisions, make choices, about how we want to spend our money in any given year within the Budget. Also reference was made to money being lawfully due. We have already heard other Ministers say that the legislation has already been lodged. We have had the Attorney General say that what we are doing here is entirely lawful. I would suggest that those arguments are red herrings. Moving to a higher-wage economy is fully in line with the overall aims of the Social Security Fund. The annual £10 will be used to invest in skills and create more productive businesses. This is of direct benefit to workers and will help to ensure that they have rewarding and secure jobs in to the future. A strong economy is vital to maintain the strength of the Social Security Fund. I give my commitment to work closely with the Minister for Sustainable Economic Development to support our key industries. That will ensure that the fund will continue to pay pensions and benefits for many decades to come. I strongly urge Members to support the Government's aim, this Assembly's aim, to move towards a high-value and sustainable economy and to reject this amendment. **[Approbation]**

**The Bailiff:**

Deputy Jeune, you had a question for the Attorney General.

**Deputy H.L. Jeune:**

Yes, Sir. I apologise again to the Minister for interrupting. I would like to ask the Attorney General, the Minister, in her speech, alluded to if this did not pass then we would not be able to be doing a minimum wage or living wage, as the Assembly had agreed. If we have already passed a law to say that we would be increasing the minimum wage to living wage this has to happen.

**The Bailiff:**

I do not think that is a legal question for the Attorney General, Deputy. The fact is, if the States have resolved to do a thing then one assumes the States will put that resolution into effect and it will find its money to do so from whatever source may be necessary.

**Deputy H.L. Jeune:**

Is it within the Minister's legal power to be able to raise it, whether there is ...?

**The Bailiff:**

Your question is ...

**Deputy H.L. Jeune:**

Can the Minister still do it?

**The Bailiff:**

... if this is or is not passed, is it within the Minister's legal power to raise sufficient money to meet the commitment that the States have asked for, is that ...

**Deputy H.L. Jeune:**

No, to raise the minimum wage to a living wage.

**The Bailiff:**

I am not sure that that is. Did you wish to take that one first, Minister, I see you have your light on?

**Deputy L.V. Feltham:**

I would be happy to address it as a point of clarification.

**The Bailiff:**

Let us do it as a point of clarification then, because it is not immediately clear, in terms of clarification to me, that it is a legal matter that can fall within the purview of the Attorney General. You will not be advising on what the law is or anything of that nature, so Minister, yes, if you would take that as a point of clarification, please.

**Deputy L.V. Feltham:**

I am happy to clarify. Yes, legally I can sign the order to raise the minimum wage. I have the powers to do that and the Assembly gave me those powers to change the wage over the next 2 years. I have worked very closely with other Ministers, with the Chief Minister and the Minister for Sustainable Economic Development, to work on a package which ensures that as we transition to higher minimum wages we are able to support the sectors that would be mostly affected, which is why this business support package is so important. If the funding was unavailable for the business support package, and due to the Budget being changed the business support package needed to be amended, then I may well receive pressure from industry groups not to move forward with the minimum wage increase as planned, because of the economic consequences that that may have.

**The Bailiff:**

Very well. Deputy Warr.

**2.20 Deputy D.J. Warr of St. Helier South:**

I was hoping not to speak in this debate at all, to be honest with you, but we talked about language being used in here. The one that has disappointed me the most is by the Minister for Housing when he talks about poverty wages. I am absolutely staggered that Deputy Binet, Deputy Kovacs, Deputy Porée have not made any observations about that. The last thing in this world is it is not a sustainable business model to pay poverty wages. If we cannot have employees coming back regularly being able to afford their rent, we do not have employees at all. That language is pretty sad and I do not recognise it at all. The next thing I want to talk about it, and it is interesting Deputy Morel made this point, wages have already gone up 40-50 per cent over the last 4 years. There were no support packages offered to businesses in that instance. We have had to grin and bear it, get on with it, become more efficient, whatever the term is, squeeze margins, et cetera. To now say: "Oh well now we have to now support businesses because we are going to transition them on to this 'living wage'," I am interested to know who exactly they are going to be helping. Deputy Coles ... I am beginning to wonder if I am in a surreal world or parallel planet here. I have McDonalds written down here as a comparator to a local small business. Really? We can gain efficiencies from being McDonalds. I am going to throw in Tesco, Walmart, we can use any supermarket we like. Why are these people so super-efficient? Why are they able to pay a living wage? Well that is because they have huge economies of scale. The other thing they can do is they can squeeze their suppliers into the ground. We are very aware of farming communities who are being destroyed because of the huge buying power, of these organisations. That is not something afforded to my business and is not something afforded to many of the small businesses on this Island, in fact, most of the small businesses on this Island. The harsh reality is that to talk about more efficiency ... it is quite interesting, we are in the hospitality ... everybody knows we are in the hospitality industry, what do we do? Do we automate all our services, so that people self-help themselves to coffees, to make drinks? I am absolutely struggling to understand about this idea of efficiency. As a result of that, if I cannot become more efficient I do not get any help. I cannot apply for any assistance at all. I have to get on with it, like thousands of small businesses on this Island, just get on with it and suck it up. That is the bit which bugs me. It bugs me also that we have medium-sized businesses who are probably going to be the greatest beneficiaries of any support package because they have the scale that they can apply for these

things. We are going to assist medium-sized businesses who are going to apply for this and we take that out of a fund from which we are trying to support pensioners. The whole point of the Social Security Fund ... and it is good to hear why the Social Security Fund is there. It is used to support pensioners. It is used there to support people who fall ill or are long-term incapacitated. Absolutely, it is our Island's safety net. We are raiding our Island's safety net. Is that the right thing to do? Is that morally right? I have a problem with that morally. It is completely wrong that we should be doing that. I shall therefore be supporting the amendment. Thank you.

#### **2.21 Deputy B.B. de S.V.M. Porée of St. Helier South:**

My contribution is very much a reply to Deputy Warr, just to say that as a Reform Member, I have many times shared my concerns around the table on how the living wage would affect small businesses. My business is a very small business. I am hoping that the Minister will bring a package that not only supports medium businesses, but also, and more likely, the very small businesses. Yet that does not stop me from believing that living wage is an important implementation we have to bring to the Island.

[16:30]

I would like to further contribute to say my staff already receive well above the living wages now being proposed, because I believe in the hard work they do and I do appreciate the support they give me. Ultimately, I want them to leave the hours that they do for me in my business with their heads up high believing that what they earn is enough to contribute to the living wage. Yes, I do have some concerns, but not enough to stop rejecting the proposition. Thank you.

#### **2.22 Deputy R.S. Kovacs of St. Saviour:**

I begin by asking Members to reject the amendment that seeks to remove the funding allocated from the States grant, from the Social Security Fund, to support the transition to a living wage for our Island's workers and support businesses to be more productive. I will explain why this use of funds aligns perfectly with the core purpose of the Social Security Fund and why it is fundamentally different from past attempts to use the fund for unrelated Government expenses. Those proposals, I continue to strongly oppose. I ask you to carefully consider the following points, especially the ones saying they support the amendment and the fund is misused. Hopefully they will change their minds. These points are directly tied to the legal and moral purpose of the fund and the long-term well-being of the people of Jersey, giving the exact reasons why Members should change views from last years' similar debate. First, the Social Security Fund was created to support the welfare of Islanders, especially those who rely on social security benefits. Ensuring workers earn a living wage directly supports this mission, by providing a wage that allows workers to live we are not only helping those who might need social security in the future, but we are also actively reducing the strain on the fund. Workers earning a living wage are less likely to need assistance which helps preserve the fund for those who truly need it in the future. Second, we cannot overlook the urgent need to support low-income workers, many of whom will benefit from the transition to a living wage and may rely on social security benefits later in life. By ensuring these workers earn a living wage now, we are reducing both their current and future reliance on welfare. This is a long-term investment in the health of the fund and helps to reduce pressure on the system in the years to come. By rejecting this amendment, we ensure our social safety net remains strong and is not overwhelmed by individuals struggling to make ends meet. Third, the Social Security Fund is not just about pensions. It plays a vital role in ensuring the financial stability of our population. Supporting the transition to a living wage is a proactive step towards that stability, which is exactly what the fund is designed to protect. Providing a living wage now helps prevent future economic instability caused by rising wage

inequality and living costs. Moreover, this fund reduction is a temporary adjustment, not a permanent cut from the fund. As the Attorney General stated, using it in this way is in the grounds of the Social Security (Jersey) Law, Article 50. This is a targeted time-limited measure to address an urgent need. It is not an arbitrary decision, but a carefully considered step to support workers transitioning to a living wage. Once the shift is complete the full statutory grant will be reinstated. This is a responsible use of the fund aimed at long-term sustainability and fairness. I want to also argue what Deputy Barbara Ward said in her speech that this will only add to the use of the fund in the future and increase reliance on the system. As experienced in our family business, where we pay a living wage, and how economics works, this investment would have the opposite effect as it would make businesses more productive, employees better paid, increase employee retention and reduce reliance and use of the system, therefore overall it brings savings long-term. By addressing the living wage issue now, we are reducing the future demand on the fund. Without this support, many employers would need to access social security benefits more often, which would place a greater burden on the system. By ensuring a living wage, we are reducing the future welfare claims, which will ultimately benefit both the fund and the wider community. Let me make it clear, this is not the same as past proposals where we saw reduction to the States grant with no clear purpose. This grant is ring-fenced for a specific goal: improving the financial well-being of working people. Importantly, any unspent funds will be returned directly to the Social Security Fund, ensuring that the money remains where it is needed. Accepting this amendment and removing funds for the living wage transition would also undermine commitment we have already made as an Assembly. The move toward the living wage is a key part of our approved Common Strategic Policy and the broader commitment to fairness and economic stability in Jersey. If we allow this amendment to pass, we risk losing all the progress we have made toward improving the minimum wage and we may miss the opportunity to make lasting meaningful changes for the workers who need it most. Finally, I ask you to consider the potential consequences. If this amendment passes, it could jeopardise everything we have worked towards in improving workers' wages and their quality of life. The opportunity to make positive lasting changes for our workers will be at risk. By supporting this temporary grant for the living wage transition and rejecting this amendment, we are fulfilling both our legal and moral responsibility to the Social Security Fund, while also investing in the long-term economic well-being of our community. This measure is aligned with the fund's core purpose, ensuring financial stability and security for Islanders, particularly low income workers, and helping to prevent future strain on the fund. With that in mind, I urge you to reject Deputy Bailhache's amendment and allow the relevant Ministers to continue making responsible use of the funding to support the crucial work of transitioning to the living wage, a commitment we have all made together in this Assembly. Thank you.

### **2.23 Deputy L.J. Farnham of St. Mary, St. Ouen and St. Peter (The Chief Minister):**

We have, unfortunately, spent a little bit too much time today trying to prove each other wrong, question each other's motives and not really been addressing the issue. I will be reinforcing some of the points my colleagues have made because I think it is important that we understand why we are doing this, for what reason, and for the long-term benefits right across our society, our community and our economy. I voted with Deputy Bailhache last time because there was no specified use of the monies to be held back. I would do exactly the same today if that were the case. In fact, I believe the Council of Ministers would do exactly the same today if that were what was proposed. If somebody came along and proposed that we wanted to change the supplementation to the fund for an unspecified use, we would have thrown it out. This Government's proposal is, however, completely different to that put forward last year. The money withheld from the States grant will be allocated to a dedicated head of expenditure to be used for a specific purpose which is fully aligned with the long-term aims of the fund itself. Deputy Morel has explained that. There has been a presentation to States Members on the detail of how we are going to use that money. That detailed information is available again at any time. Our economists have modelled an increase in social security contributions as a result of the move to a higher minimum wage, a living wage, a higher

wage economy, which I believe we all want, to be £1.3 million in 2025, £2.7 million in 2026 and this is on-going. There is a real and tangible benefit in contributions being collected into the future, over and above what we have if we were not transitioning to a proper living wage. The Minister for Social Security mentioned the use of emotive language, which is sometimes necessary, but not always. Sometimes it is too emotive and can lead to scaremongering. Words like “plunder”, “Maxwellian raid” and “raiding”. Deputy Warr said we are raiding it. Deputy Wilson said our policy had a lack of integrity. I am reminded of the Constable of St. Clement, my good friend, who might need some protection when he goes back to his parish hall this evening and he should not do, because his parishioners have nothing to fear from what we are doing, nothing at all. If they do it is as a result of emotive language being used, which can do nothing other than cause anxiety in our community where it is not necessary. There might be pensioners listening to this, people in receipt of age-related income, who are worried that they are going to start losing benefits, to see a reduction, that is the result of the use of emotive language when it is not correct, because what we are proposing here will not make any significant difference to the fund. It certainly will not reduce it in a way that would impact upon the recipients. In fact, we are increasing funding. I am going to read some figures out. In 2015 supplementation paid was £65.3 million, in 2016 it was £65.3 million, in 2017 £65.3 million, in 2018 £65.3 million. Anybody want to guess 2019: £65.3 million. There was a break during COVID and we all know what the monies were utilised there for. In 2024 the supplementation paid was £77.5 million. Under this plan in 2025 that will increase to £80.3 million, in 2026 £82 million, in 2027 £90.5 million, in 2028 £92.5 million. Again, as the Minister for Social Security alluded to, this plan will put £345 million into the fund. If I can just refer Members to page 85 of the Budget they will see that the opening balance of the Social Security Reserve Fund is £2.517 billion. Roughly speaking, the social security contributions in 2025 are estimated to be £265 million. A grant to the Social Security Fund, as specified, £80.3 million, benefit payments between old age pension and working age benefits are another £334 million. Investment income £109 million. That demonstrates that for that year - and the same pattern extends in 2026, 2027 and 2028 - the fund with the proposed level of supplementation that we are providing will pay all of its pensions and benefits out, every single penny, and continue to grow significantly. In 2026 the collective value is £2,634 million, in 2027 £2,770 million, in 2028 £2,922 million. Significant growth in the fund; it is probably healthier than it ever has been. Deputy Bailhache’s report refers to the Social Security Fund as an asset for the benefit of the people of Jersey. The temporary package of measures for 2025 and 2026 is designed to protect those assets in the long term through supporting the development of a higher wage economy. Moving to a higher wage economy is full in line with the aims of the Social Security scheme to protect workers, investing in skills and productivity schemes will also be of benefit to many workers and ensure that they can continue to enjoy secure and rewarding employment. This in turn will help support the long term future sustainability of the fund. I repeat, our economists estimate the total increase in social security contributions collected in 2025 will be £1.3 million higher, in 2026 £2.7 million higher; and that is going to be ongoing so there is a real tangible benefit in relation to the total social security contributions collected.

[16:45]

The latest Fiscal Policy Panel report identifies a possible risk to inflation if the increase in minimum wage is not accompanied by improvements in productivity. As such, it is vital that this package is provided to drive those productivity increases. The F.P.P. also states that further fiscal pressures from increases in expenditure or reducing revenue would be strongly advised against and, therefore, moving this expenditure to regular budgets or the Strategic Reserve is not recommended. The package is also fully in line with the future economy programme which aims to create the conditions for Jersey to be consistently high performing, environmentally sustainable and a technologically advanced small Island economy by 2040 with a labour market that values its workers. The increase in the minimum wage from 2022 to 2026 will be in the region of 70 per cent, or a little bit over that; more than double the inflation level over the same period, and as such some form of business support

package is fully justifiable to help businesses adjust to such significant change in business models. We have assured businesses that we would accompany the move to a living wage with that support and, in fairness to the businesses, the vast majority are coming on that journey with us because they recognise the challenges, of course they do, and the costs, but they also recognise the benefits to our economy, to our society and to our community of moving to that higher wage economy, given the recent increases in inflation and the high cost of living in our Island. That refers to the point of clarification that Deputy Jeune raised and the Minister for Social Security dealt with well. That would put her and the Government in a difficult position of balancing what we want to do, what we have to do, on the back of this Assembly's direction. Scrutiny have been very hot in questioning us and making sure we follow this Assembly and if we do not there has to be a good reason why. If we cannot follow the journey to the living wage we have mapped out with the business support it will be because supporting Deputy Bailhache's amendment today would make that very difficult. The message is society can still have confidence that the fund is strong, it is getting stronger, it is receiving adequate, arguable more than adequate, through the payment of supplementation, and that is perhaps a discussion that is long overdue. If we go back my father and my grandfather, no longer with us, used to talk about the times of the Royal Square opening of social security. They were there, they were present at these historic events, but they were also for modernisation and wanted to be part of a society that moved with the times and did not entrench itself in the past politically. That is no disrespect to our longstanding traditions in this Assembly but I think we do need to have discussions at some stage in the near future to address any level of uncertainty that there is, to ensure that the supplementation levels are not just adequate but that the fund is not overcontributed, because it is the taxpayer that pays the supplementation. So we need to continuously review that to make sure the money going into the fund is adequate, generous, but not overcontributions because people understand how funds work or know there are dangers to overcontributions to funds, which I will not go into now. Our supplementation in the future needs to be properly balanced, it needs to be adequate, and it needs to meet the needs of society and provide some reassurance to those, not just now but in the future who are going to be benefiting from the fund. That balance also I believe always needs to be at the forefront of the mind of this Assembly when we look to the future. I thank Members for their contributions today and I ask Members on this occasion not to support Deputy Bailhache's proposition but to support the Government to deliver the living wage, long overdue, with the necessary support packages to bring the businesses with us. Thank you.

#### **2.24 Deputy S.G. Luce of Grouville and St. Martin:**

I look around the Assembly today and take myself back 10 years or so and I can count I think half a dozen Members of the Assembly that sat with me at that time around the Council of Ministers' table, including the bringer of this amendment and indeed the Chief Minister who has just spoken. In those days 10 years ago I think we had what I believe is the first presentation from officers on the living wage. The advice was quite clear: "We can move to the living wage. The effects on the Government Exchequer and our coffers are neutral. However, we do this move there will be 2 industries seriously affected: agriculture and tourism." My views on the living wage have stayed the same since those days. As a great supporter of farming and fishing I said I could not support it until such a time as we had the means in place to help those industries transit to the living wage and how they coped with it. I do not need to speak much further than that other than to say around the Council of Ministers' table we have come up with a package, which has been transferred through the rural support scheme and marine support schemes and will give additional money to farmers and fishermen to help them with this move; a move that I understand the economic reasons for and the benefits to the economy that it will deliver. It is still the same: vitally important to me to make sure that those industries I represent are treated in a way that allows them to cope with this, with many of their workers on the minimum wage. So I say to Members, it has been a long time coming, we have finally come up with a support package or a package to help transit those industries that will need help. I urge Members to support that package which unfortunately means resisting this amendment from Deputy Bailhache.

## **2.25 Deputy M.B. Andrews of St. Helier North:**

I am certainly an advocate of a living wage. It was something that I stated in my manifesto during the election, and I am pleased to see that there is support for the living wage across this States Assembly, even with some centre-right politicians finally concluding that it is the right thing to work towards. Having seen the minimum wage be defeated on consecutive occasions and previous States Assemblies. However, I do have to question the use of the £20 million and how it is going to be applied as well. I did have a conversation with the now Minister for Treasury and Resources to seek alternative routes and that included utilising the Social Security Reserve Fund to then ensure that a transfer could be made into the Social Security Fund, to then withhold some of the States grant to give us a larger surplus in the Consolidated Fund so then we could transfer more into the Strategic Reserve. But unfortunately no agreement happened and, therefore, I decided not to proceed with an amendment for this Government Plan. But we must remember here, the Social Security Fund - and there has been a number of actuarial reports - shows us that the fund will eventually be exhausted, I believe it is 2081, and we have to think about the yet to be born and the impact the trends have because it will be they who bear the consequences and we will no longer be held to account because most likely none of us will still be in office. Unfortunately, I know some people might laugh at the way I look ahead, potentially maybe too much, but in some respects I am panicked by the fact that we have a States grant that is used to top up the Social Security Fund because the social security contributions themselves are not sufficient enough. Of course we have this ongoing level of expenditure that is only going to increase with an ageing population as more people move towards pensionable age and, therefore, more transfer payments will be utilised. That means more income must be generated into the fund. What I do not like to see is year on year when we come here in this Chamber we see proposals being brought forward to make changes to the way the Social Security Fund receives income into it. I think it is a very dangerous precedent that has already been seen this term. I remember in December 2022 I think there was only about 14 politicians who voted for that proposal; I think there was about 32 who voted against. I think a very clear message was sent on that day. I hope the same applies here because we must remember that some of these businesses have been aware for some time now that the Council of Ministers are intent on implementing a living wage. If they were in a position because their business model was one that was potentially able to cater for a living wage, then they would have increased the baseline wage and they have not. There is going to be potential impacts because margins are most likely going to be reduced, even if there is a level of investment within those businesses. If that is to be a mixture of both Government and private investment, the likelihood is that some consumers are not going to spend, if there is going to be price hikes, and therefore you will probably then see output be reduced. There is going to be a potential consequence, and even the Chief Economist has made this quite clear in a public hearing with the Economic and International Affairs Panel, that it could come as an expense to the public purse, when we look at social security, we are likely to see more expenditure to cater for those who have been subject to redundancies. I think the figure was about £400,000 that the panel was given but I think the likelihood is it could potentially be much more when we are looking at the subsidisation of rent plus the transfer payments that also have to be incurred on a weekly basis as well, so I believe the costs could be much higher. It is just something that States Members should be mindful of because there will be some businesses who will not live to see the transition through to a living wage. I think for many Islanders they are going to be concerned that public funds are used to invest in enterprises that are not long-term sustainable in a living wage economy. There is going to be much public funds that are going to be potentially wasted and that is a huge concern of mine. I am somebody who is certainly a market pre-distributionist, I am somebody who believes in incomes increasing, I believe in alleviating poverty. However, I do not believe that the Government should intervene in enterprise to the point that we could potentially be subsidising firms across all industries. That is a concern that I have when, quite clearly, businesses could seek private finance, they could go to the bank, and they could arrange borrowing requirements if they wanted to invest in their



businesses. I do not believe, though, that it is the Government's role to be providing such subsidies during a time when we are seeing increased government expenditure. We have what is quite clearly a fiscally expansionary Government Budget because we have given public sector workers an above-inflation pay award. That has really rendered the Council of Ministers' ability to bring forward other proposals that maybe some of the Ministers were wanting to put forward. There has to be an element of constraint on public expenditure because we cannot continue year on year. When we see something like this being proposed, a £20 million package across 2 years, well what happens once the funding is pulled? Those businesses are all of a sudden left by themselves to it and only then will they realise that their business model is not sustainable. How are they supposed to live? They will soon find themselves in a position where they have got no choice but to dissolve. That is a concern I have when the Government is utilising public funds and then those funds are going to be wasted.

[17:00]

However, if we were looking at Government providing targeted levels of expenditure, then you might be looking, for instance, at agriculture that has seen a reduction in spend year on year across the last couple of decades. Why are we not focusing targeted investment there? Why are we not trying to encourage more young farmers into the industry but instead we are focused on the baseline wage being increased. We are forcing it but we are using government expenditure and that is the concerning thing because it should not be the case for the Government getting involved in this respect. If you want to look at the minimum wage, you are better off over the long term increasing it gradually, bit by bit, instead of just doing it over a 2-year period, otherwise what you will see is structural unemployment. It will happen, especially in some of the industries where, for instance, investment is most likely to happen in technologies and so the role of human labour is most likely going to be displaced. I think I have made my point very clear and I will be supporting Deputy Bailhache's amendment.

#### **The Bailiff:**

Does any other Member wish to speak on the amendment? If no other Member wishes to speak, then I close the debate and call upon Deputy Bailhache to respond.

#### **2.26 Deputy Sir P.M. Bailhache of St. Clement:**

I would like to thank all Members who have contributed to what I think has been an interesting debate. I am particularly grateful to the Attorney General for his interventions with which of course I absolutely agree. I want to begin by looking at the question: whose money is it? Whose money is being used to pay for the package of support for the living wage? I say it is pensioners' money, the Government says it is taxpayers' money. Who is right? Of course it can be argued both ways. Let us look at the law first of all. I was a member of the Social Security Committee in 1974 which introduced the Social Security (Jersey) Law and I hope I then understood it and still do. Article 4 provides for contributions to be paid into the Social Security Fund by employers and by employees. It also provides for money to be paid in by the States to supplement those contributions. The amounts paid by employers and employees are earnings-related. That means that the lower paid make contributions that are less than the amount necessary to fund a full pension. That is why those contributions have to be supplemented by the States to ensure that at retirement age all employees will get a full pension. That has been the position since 1974. Article 9A of the law introduced, I think the Minister for Treasury and Resources said, in 2011 sets out the formula for calculating the amount of supplementation that is needed. The law says that the amount calculated in accordance with that formula shall be paid, it is a legal obligation. Deputy Ozouf, I think, called it a question of trust but it certainly is also a matter of law. Now it is arguable, as the Government says, that the amount to be paid is taxpayers' money. It certainly comes out of tax revenues but look at it another way. If I owe you £1,000 and I have £1,000 in my bank account, to whom does that money belong? One might say that legally it belongs to me as the account holder but morally does it not belong to

you or to whom the money is owed? You are entitled to it. In a sense it is being held on trust for you. The £10 million for 2025 with which we are concerned this afternoon might belong at present to the Government but does it not belong morally to the Social Security Fund to which it is due as a matter of legal obligation? Today at present there is a legal obligation to pay that £10 million to the Social Security Fund. It is only if the States pass regulations varying the amount that the legal obligation changes. Some Members might think that this is a quibble. As I said in my opening speech, and I use my words carefully, I think it is amoral, improper and wrong to take what is morally pensioners' money due to the fund and to use it for purposes which have nothing to do with the payment of pensions and other benefits which the law supports. In the United Kingdom, as I understand it, there is a different system. Pensions are paid out of the national insurance contributions which are paid in so that what is paid in is immediately paid out. If not enough by way of contributions is paid in, then they have a problem. Our system is much more secure. We have 2 funds: the Social Security Fund and the Social Security Reserve Fund which offer security that State pensions can be paid for many, many years into the future. It is that security that we are risking. The Minister for Treasury and Resources asserted that if this amendment was passed the whole Budget was at risk and I do not accept that. At the very worst, the money could be found from the Strategic Reserve. If it is the strategy to rush through the living wage at this cost, then perhaps we ought to go to the Strategic Reserve, but I do not think that is necessary. Deputy Mézec is apparently a convert now to fiscal prudence and one must rejoice in that. He was critical of me by suggesting that no other solution was offered. He suggested that if the upper income limit for contributors was abolished, then there would be an alternative way of funding it. But contributions are not a tax, Deputy, if I may address him through the Chair, they are a premium for which the contributors earn benefits at the end of the day. When I put this amendment together, I did indeed consider whether the amendment should contain some element of requiring the money to be found from the Strategic Reserve but I was informed that that was not necessary because the States are only addressing in this Budget debate the year 2025 and because the Consolidated Fund would be reduced but not exhausted, there was no need to find some other source of funds for the payment of this amount for the living wage. The Minister for Social Security justified taking money from the fund because she said that it was aligned to the purpose of the fund. I do not think she used that precise word, but that was the effect of what she said. But, as Deputy Renouf, I think it was, who said there was, at the original discussion of the introduction of the living wage, no question that it was going to be paid for out of the Social Security Fund. It was going to be paid for by savings across the board and those savings could not be achieved, so casting around for a lifeline, someone must have thought let us have another go at the Social Security Fund, there is lots of money there, they will not miss £20 million. Then, at the next stage, how could we justify taking money from the Social Security Fund? The Minister told the Scrutiny Panel, on which I sit, that using the fund was absolutely in line with the intent and purpose of the Social Security Fund. That sounds good, but I am afraid it does not stand up to scrutiny. The intent and purpose of the fund is to secure the payment of pensions and other benefits like disability allowances. It has nothing to do with the question of protecting jobs, as the Minister asserts. If supporting the economy is a justification for plundering the Social Security Fund, then heaven help our pensioners. Their future security really is in danger, as Deputy Renouf said, any policy which might lead to growth in the economy or extra productivity and an increase in contributions will be a justification for removing money from the Social Security Fund. That is the bigger picture, which I hope that Deputy Tadier will think about. It is not in line with the purposes of the fund. It is reasoning which simply does not hold water. I wish Ministers could be more straightforward. We are short of cash. The Social Security Fund is flush with it. We are going to help ourselves to some of it. That is the real truth of the matter and it is wrong. The money belongs morally to pensioners and prospective pensioners. It should not be misused in this way. I regret that the Minister for Social Security is not protecting the fund as she should. Ministers in the Reform Party are consumed by a desire to get the living wage proposal over the line. The Chief Minister has

closed his mind to what he knows to be wrong because of his Faustian pact with the Reform Party. It is a melancholy state.

[17:15]

**Deputy M. Tadier:**

Can I just ask which is which in that relationship?

**Deputy P.M. Bailhache:**

I will leave Members to make up their own minds on that. Members should stand up for the principle because it is an important one. Funds should not be sidelined into packages for which they were not intended. If parish rates were used for purposes other than the interests of parishioners, I think that Constables would find themselves in a lot of trouble. Members, many of them, made the point that supporting the package is going to have positive advantages for the economy. A just transition, Deputy Coles called it I think. People's well-being was referred to by others. I would like to make my position crystal clear on this. I support the introduction of the living wage. Like the Reform Party, it is a manifesto commitment of the Jersey Liberal Conservatives. But rushing to introduce the living wage has led to a support package, which seems to me to be of dubious quality. A number of questions arise, and Deputy Andrews referred to some of them. Will taxpayer money be provided to businesses which may not survive anyway? If that happens, will the package be an obstacle to the creative destruction which is part of the process of economic growth? Is the door open to fraudulent activity or is our Minister entirely satisfied that has been scrutinised out? The final matter on the package is that hardly any time has been allowed for a careful scrutiny and discussion of it. So, I would like to close by referring to something that Deputy Morel said, and I am delighted he has just returned to the Chamber. He said, if I made the note correctly, that nothing is sacrosanct in politics and he called in aid the divine right of kings. I think that some things are sacrosanct in politics. Trust is sacrosanct. Pension funds should be sacrosanct. The Social Security Fund is based upon the expectation that contributors, both employers and employees, and the States supplementation, will be used to support the payment of pensions and other benefits set out in the 1974 Law. We should not undermine that trust by using money due to the fund for a collateral purpose. I move the amendment.

**The Bailiff:**

The appel is called for. I invite Members to return to their seats. The vote is on the first amendment. I invite the Greffier to open the voting and Members to vote. If Members have had the opportunity of casting their vote, then I ask the Greffier to close the voting. The amendment has been defeated.

<b>POUR: 21</b>		<b>CONTRE: 25</b>		<b>ABSTAIN: 0</b>
Connétable of St. Brelade		Connétable of St. Helier		
Connétable of Trinity		Connétable of St. Peter		
Connétable of St. Martin		Connétable of St. John		
Connétable of St. Clement		Connétable of Grouville		
Connétable of St. Mary		Connétable of St. Ouen		
Connétable of St. Saviour		Deputy G.P. Southern		
Deputy L.M.C. Doublet		Deputy C.F. Labey		
Deputy I. Gardiner		Deputy M. Tadier		

Deputy K.L. Moore		Deputy S.G. Luce		
Deputy P.F.C. Ozouf		Deputy K.F. Morel		
Deputy Sir P.M. Bailhache		Deputy M.R. Le Hegarat		
Deputy D.J. Warr		Deputy S.M. Ahier		
Deputy H.M. Miles		Deputy R.J. Ward		
Deputy M.R. Scott		Deputy C.S. Alves		
Deputy J. Renouf		Deputy I.J. Gorst		
Deputy H.L. Jeune		Deputy L.J. Farnham		
Deputy A. Howell		Deputy S.Y. Mézec		
Deputy A.F. Curtis		Deputy T.A. Coles		
Deputy B. Ward		Deputy B.B. de S.V.M. Porée		
Deputy K.M. Wilson		Deputy C.D. Curtis		
Deputy M.B. Andrews		Deputy L.V. Feltham		
		Deputy R.E. Binet		
		Deputy M.E. Millar		
		Deputy T.J.A. Binet		
		Deputy R.S. Kovacs		

### **The Greffier of the States:**

Those voting pour, the Connétables of St. Brelade, Trinity, St. Martin, St. Clement, St. Mary, and St. Saviour, Deputies Gardiner, Moore, Ozouf, Bailhache, Warr, Miles, Scott, Renouf, Jeune, Howell, Curtis, Ward, and Wilson. Sorry, and Deputy Andrews, and online Deputy Doublet. Those voting contre, the Connétables of St. Helier, St. Peter, St. John, Grouville, and Deputies Southern, Labey, Tadier, Luce, Morel, Le Hegarat, Ahier, Ward, Alves, Gorst, Farnham, Mézec, Coles, Porée, Feltham, Millar, Binet, and Kovacs, and online the Connétable of St. Ouen, Deputy Curtis, and Deputy Binet.

### **Deputy P.F.C. Ozouf:**

I can ask this, I have never asked this, is it ever possible to ask who the Members that are supposed to be here that did not vote?

### **The Bailiff:**

No, we do not have a mechanism.

### **Deputy P.F.C. Ozouf:**

We do not ever do that, but there are clearly some. It is just an interesting quirk.

### **The Bailiff:**

That can be properly dealt with if necessary, but I am not sure we can do anything to ensure that now. Technically, we have 8 minutes in which we could start the next amendment, but I wonder if, yes, the adjournment is proposed. I am assuming that Members agree with that. I would simply mention that I have allowed an urgent oral question from Deputy Tadier, which I propose to take first thing

tomorrow morning. I will allow 10 minutes for the question, which is the equivalent that it would have been had it been an oral question lodged in appropriate time. Yes, Deputy Morel?

**Deputy K.F. Morel:**

It is just in regard to that urgent oral question. I have circulated a response, as I said I would, to States Members in the last few minutes, just to let you know.

**The Bailiff:**

Do you still wish to ask the oral question, Deputy?

**Deputy M. Tadier:**

I have literally just opened the email, so I need time to look at it. I am also aware, just to give Members very brief context, the online timetable last night may be different to what is appearing now on Condor's website, so there was a week, for example, that had no boats at all last night. So if I could speak to the Minister overnight, the intention is to ...

**The Bailiff:**

Yes. If you could tell us first thing in the morning whether or not you still wish to ask your oral question, you have leave to ask it and, if you still wish to do so, that can be done. Very well, the Assembly stands adjourned until 9.30 a.m. tomorrow morning.

**ADJOURNMENT**

[17:22]