

# STATES OF JERSEY

## OFFICIAL REPORT

TUESDAY, 9th OCTOBER 2007

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

## **QUESTIONS**

### **1. Written Questions**

#### **1.1 TO THE MINISTER FOR SOCIAL SECURITY BY DEPUTY G.P. SOUTHERN OF ST. HELIER REGARDING THE NUMBER OF PERSONS AGED UNDER 21 REGISTERED AS UNEMPLOYED:**

##### **Question**

Will the Minister inform members of the number of young people under 21 registered as unemployed as at 1st September 2007 and each of the preceding five years?

##### **Answer**

I am afraid that I cannot give figures for people registering as unemployed with the Department who are under the age of 21 as at 1st September. The mechanism for recording unemployment statistics works on age bands and I can give figures for people under 24 for the past five years at the end of August each year.

2007	168
2006	170
2005	153
2004	163
2003	101.

My only comments on these figures are that they may not be typical of youth unemployment as they relate to the summer months and may be influenced by seasonal work and the relatively large number of students looking for work. Monthly averages for the years in question are

2007	N/A
2006	104
2005	105
2004	151
2003	94.

#### **1.2 TO THE MINISTER FOR ECONOMIC DEVELOPMENT BY DEPUTY G.P. SOUTHERN OF ST. HELIER REGARDING THE NUMBERS OF YOUNG PEOPLE ON APPRENTICESHIP SCHEMES:**

##### **Question**

Will the Minister inform members of the numbers of 16-19 year olds taken on to apprenticeship schemes, both States-supported and other, over the past five years and will he account for any changes over this period?

##### **Answer**

The Jersey Apprenticeship Scheme (JAS) originated in 1997 and was previously managed by the Training and Employment Partnership. In 2001 the scheme was adjusted to reflect changes in working and training practices and it has remained unchanged since then. The scheme offers advice and financial support for approved employers who are committed to providing both on and off the job training to apprentices. The JAS offers opportunities across all the traditional building trades, marine engineering, welding and hairdressing.

Over the past five years 434 apprentices have enrolled in the Jersey Apprenticeship Scheme of which 346 have been aged between 16-19 years. A breakdown of individual years 2002-06 is shown in the table below

Apprentices enrolled on JAS in 2002		
16-19s	19+	Total No
58	23	81
Apprentices enrolled on JAS in 2003		
16-19s	19+	Total No
49	10	59
Apprentices enrolled on JAS in 2004		
16-19s	19+	Total No
78	12	90
Apprentices enrolled on JAS in 2005		
16-19s	19+	Total No
81	20	101
Apprentices enrolled on JAS in 2006		
16-19s	19+	Total No
80	23	103

In addition to the Jersey Apprenticeship Scheme Economic Development, in partnership with Health and Social Services, introduced a Cadet Nursing Scheme in 2006 and enrolled the first 16 trainee nurses in January 2007. The Scheme provides a two year apprenticeship for 16-19 year olds, who on successful completion are guaranteed employment with Health and Social Services and provided with further training and development opportunities.

Whilst we are aware that non-States funded, private apprenticeships do take place on the Island, we are unable to comment on the amount as there is no data collected and/or held for this.

**1.3 TO THE MINISTER FOR ECONOMIC DEVELOPMENT BY DEPUTY G.P. SOUTHERN OF ST. HELIER REGARDING NON-LOCALLY QUALIFIED EMPLOYEES:**

**Question**

1. Will the Minister inform members whether those non-locally qualified (NLQ) employees engaged by local firms on a secondment or short-term contract basis are included in the manpower figures used to measure and report on NLQ quotas under RUDL?
2. Will he further indicate for members what length of contract would qualify to be classified as short-term or secondment?
3. Will the Minister also inform members what data he has in number and percentage terms of such secondment/short-term contract employees, engaged in the sectors monitored by the manpower reports? Can he also produce comparative figures for five years ago?
4. Will the Minister further inform members how RUDL conditions are applied in the case of short-term contracts or sub-contract conditions in the construction industry?

**Answer**

1. All staff engaged by local employers are included in the manpower figures.



2. Contract licences are issued to construction businesses to engage staff in relation to specific, time limited contracts. These contracts are not defined as short term or otherwise, but, being limited to the specific contract in question, are limited by the very nature of the industry and development in the Island.
3. As reported in the Regulation of Undertakings Employment Licences Statistical Releases, in 2006 licences were issued to engage 479 staff on a contract basis, compared to 775 in 2005. These contracts will be of varying length, and as such, it is not possible to provide an accurate percentage analysis between contract and non contract staff at a point in time. However, to place this issue in context, it is worth noting that 5,060 people were employed in the construction industry as at 31st December, 2006, of whom, including staff engaged on a contract basis, 550, or 11% of the total, were non locally qualified.
4. When a local undertaking applies for a contract licence, it must provide evidence of having advertised locally, and the numbers of non locals it intends to employ on the contract. Once this information is received and analysed, a decision is made on whether to issue the licence.

**1.4 TO THE MINISTER FOR TREASURY AND RESOURCES BY DEPUTY G.P. SOUTHERN OF ST. HELIER REGARDING CODES OF PRACTICE FOR AWARDING STATES CONTRACTS:**

**Question**

Will the Minister indicate to members whether any codes are in place to allow Ministers when deciding between rival bids for States contracts to award such contracts on grounds other than financial/best value terms, such as a company's record of employment of locally qualified workers or of numbers of apprenticeships? If not, will the Minister consider the introduction of such codes?

**Answer**

There is a general presumption when putting States contracts out to tender that the lowest bid will be accepted unless there are sound reasons for choosing one at a higher value. This might include delivery times, quality of supply or other relevant factors.

The current States Financial Codes of Direction do not directly address the issue of contractors' employment of locally qualified staff or apprentices. However consideration is at present being given as to how the States evaluates tenders via two connected pieces of work. The first is the development of a Procurement Strategy in which the States position in relation to building sustainable communities is outlined. The second is the review of the various Financial Codes of Direction that relate to procurement. It is intended that an update to the Codes will give guidance on the award of contracts in accordance with the principles of the Most Economically Advantageous Tender in which a range of criteria including for example, cost, quality, servicing, technical capability are weighted according to the goods, services or works being procured. In the UK some local authorities are specifically including criteria for selection that supports the strategic initiative of building sustainable communities, by including such criteria as development of skilled labour and number of apprenticeships. Application of this type of criteria must be used appropriately as it can be considered discriminatory and may also lead to distortion of competition. These and other issues will be considered as part of the work in progress, on which consultation is due to be completed by the end of 2007 and revised policy documents published by the end of February 2008.

**1.5 TO THE CHIEF MINISTER BY DEPUTY G.P. SOUTHERN OF ST. HELIER REGARDING THE ANNUAL BUSINESS PLAN 2008 - 2010 FIGURES:**

## **Question**

In the light of the summary statement below and the draft 2008 -2010 figures presented at the Annual Business Plan briefing for members of 23rd March 2007, does the Chief Minister now accept that the concerns I raised during the Business Plan debate over significant transfers of funding from the Rural and Tourism sectors to Enterprise and Business Development, Finance and Policy areas in the Economic Development budget and the misleading nature of such figures given the eventual budget outcome were fully justified?

## **SUMMARY OF ISSUES RAISED BY DEPARTMENTS**

The attached summary has been prepared following the Council's meeting of 8th March 2007. This summary represents the key issues raised by departments in their returns and also those issues highlighted by Ministers at their meeting of 8th March.

### **Economic Development**

The service changes identified reflect:

- The remaining resource allocation savings and gradual winding down of agricultural subsidies are planned
- Reductions in Tourism marketing and PR spend
- Significant business re-engineering refocusing which will enable funding and subsidies to new areas to promote economic growth including new monies
  - High value industries
  - Develop air and sea routes
  - Further market and develop finance industry
- Other pressures in Regulation office, grant funding of JCRA.

### **Answer**

In March 2007 Officers were asked to identify the pressures facing their departments and how the departments would likely address those pressures if funding was not granted. Given that the 2008 Business Plan does not provide growth funding for EDD, it is entirely appropriate that the Department should reallocate its funding to its highest priorities.

I understand that the Department is currently conducting a zero base review of all its 2008 objectives but does not have any intentions to decrease direct support to the rural or tourism sectors. In line with the majority of Jersey's economy both the rural and tourism sectors showed improved economic performance in 2006 with real terms growth of 2% and 3% respectively and there is a strong desire to continue to build on this turnaround in performance.

## **1.6 TO THE MINISTER FOR HOME AFFAIRS BY DEPUTY G.P. SOUTHERN OF ST. HELIER REGARDING THE STAFFING OF THE JOINT FINANCIAL CRIMES UNIT:**

### **Question**

Will the Minister advise members, what steps, if any, have been taken to address the 'less than adequate staffing' of the Joint Financial Crimes Unit (JFCU) that the International Monetary Fund (IMF) reported in 2003, and will she inform members if the current level of staffing and experience within the JFCU now meets the requirements of the IMF?

### **Answer**

In 2003 the IMF report identified that the JFCU was under resourced with 15 permanent personnel (2.5 being temporary) and that effort should be made to bring it up to strength.

Therefore the authorised establishment today is 17.5 posts although the actual establishment of the unit at today's date is 18.5 permanent staff.

The JFCU contains the following:

- 1 Detective Inspector
- 2 Detective Sergeants
- 9 Detective Constables
- 1 Senior Customs and Immigration Officer
- 2 Customs and Immigration Officers
- 3.5 Civilian staff

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18.5 Total

It is considered that we currently meet all our international obligations regarding co-operation and providing mutual assistance, whilst resources are kept under constant review.

Where workloads may be expected to increase with proposed enhancements to the regulatory regime, resources will be considered within the financial and manpower implication reports accompanying those proposals.

An IMF working party/steering group has been meeting regularly to review the 2003 IMF recommendations and consider proposals for the 2008 review. This steering group includes delegates from the SOJP, Law Officers' Department and Jersey Financial Services Commission.

**1.7 TO THE MINISTER FOR HEALTH AND SOCIAL SERVICES BY DEPUTY G.C.L. BAUDAINS OF ST. CLEMENT REGARDING THE MANAGEMENT STRUCTURE AT HEALTH AND SOCIAL SERVICES:**

**Question**

Would the Minister inform members how many layers of management exist at Health and Social Services between the Chief Executive Officer and nurses and state whether he will be taking any steps to amend the present structure?

**Answer**

Nurses work in a variety of health and social care contexts with differing levels of clinical complexity and freedom to act in their various roles. Across the Department, the number of layers of management between a nurse and the Chief Executive varies from two to four. In Education Services within Health and Social Services for example, a nurse may report to a nurse manager who then reports to the Director of Nursing and then the Chief Executive (two layers). On a General and Acute ward, a nurse reports to a ward sister who in turn reports to a senior nurse. The senior nurse reports to the Directorate Manager who reports to the Chief Executive (three layers). In some social care and community settings, where a nurse may work with significant autonomy, there are four layers. Such levels of management are comparable with other Island and National Health authorities.

The driver behind levels of management in nursing is patient safety and clinical governance. The profession has gone through significant changes in recent years driving through significant improvements in the role of nurses and their impact upon patient care. As I am new to the post I intend to review *all* services within the Department.

## **1.8 TO THE ATTORNEY GENERAL BY THE DEPUTY OF ST. MARTIN REGARDING THE JONATHAN COOPER OPINION:**

### **Question**

1. (a) Does the Attorney General share Mr. Jonathan Cooper's view in his Opinion given to him by the former Education and Home Affairs Scrutiny Panel on 14th May 2007, that there is a systemic violation of Article 6 of the European Convention on Human Rights on the ground that the 'dual role' of the Magistrate does not give the impression that the Court is independent and impartial?
  - (b) Does the Attorney General share Mr. Cooper's view that the role of Centeniers in relation to fixing and listing trials in the Magistrate's Court gives rise to a systemic violation of Article 6 on the basis that it compromises the independence and impartiality of the Court?
  - (c) Does the Attorney General share Mr. Cooper's view that Article 6 now requires there to be a professional prosecutorial system in place as part of the general obligation for fairness?
  - (d) Does the Attorney General share Mr. Cooper's view that there is a systemic violation of Article 14 in relation to Article 6, insofar as a distinction is drawn between more serious offences (dealt with by legal advisers) and less serious offences (dealt with by Centeniers)?
  - (e) Does the Attorney General share Mr. Cooper's view that there may be a systemic violation of Article 8 on the grounds those victims' rights may not be properly guaranteed?
2. When the Attorney General appeared before the Social Affairs Scrutiny Panel on 6th November 2006 he suggested that there would need to be two or three legal staff plus secretarial support and that salary costs for this staff would be round about £300,000 a year if staff in his department handled all cases in the Magistrate's Court, should the Centeniers' role in Court cease. Would the Attorney General provide a detailed breakdown of this estimate?
  3. Will the Attorney General state whether a role equivalent to designated case workers, as employed by the Hampshire and Isle of Wight Crown Prosecution Service on an average salary of between £27,000-£30,000, would in principle be acceptable in Jersey (this would require amendment to Legislation) and if so how the creation of such posts would affect the estimate of the salary costs mentioned in the preceding paragraph?
  4. What capacity is there for the current legal advisers to take on additional work in the Magistrate's Court?

### **Answer**

1. The opinion of Mr. Cooper usefully contains some references to material which is routine but necessary in the analysis of the compatibility of a trial process with the European Convention on Human Rights. Mr. Cooper also expresses however his conclusions on the application of that material to our criminal justice system. As with many human rights issues, it is possible for lawyers to advance different views – and the right place to adjudicate on those is in court. Mr. Cooper's opinion has been useful in stimulating a review in my Department on human rights grounds of what is a very small number of cases each year where the Magistrate has a

dual rôle in determining guilt or innocence – I am advised this number is approximately 20 of which in excess of 50% are likely to be the disputed administrative offences of parking infractions.

It is also appropriate to reflect that where there is an allegation of bias, whether actual bias or an objective perception of bias, the determination of the matter by the court will be heavily influenced by the facts of the case before it.

It is also appropriate to recall that the Magistrate is a public authority under the Human Rights (Jersey) Law, 2000, and that he can always call upon a Legal Adviser to present a case if he considers that in that case he is unable to perform his judicial duties without infringing a person's Convention rights.

Against that background, the answers to the questions are -

- (a) No.
- (b) No.
- (c) No.
- (d) No.
- (e) No.

2. I regret I have been away from the Island on States business during the last week and have not had the time to deal with this question. However, the evidence which I gave to the Panel was concerned with the cost of lawyers and support staff dealing with all cases before the Magistrate's Court. If one were dealing only with the twenty or so cases referred to in question 1 above, the additional cost would be considerably less than this.
3. What is acceptable in principle in Jersey as a prosecution process is primarily a matter for the States although they will undoubtedly wish to receive the views of the Crown through the Attorney General with his responsibility for the prosecution service.  
There is undoubtedly more than one way in which the prosecution process could be structured. The job of dedicated case workers, as I understand it, could be viewed as very similar to that which could be performed by a cadre of trained Centeniers.  
No costings have been prepared for what is at present a speculative outcome but this work can be done if the States, the Home Affairs Minister or the Education and Home Affairs Scrutiny Panel so require.
4. All parts of the Law Officers' Department work under pressure. It is no secret that I have frequently sought more resources. Until those are made available, the Law Officers will continue to do the best they can. However, if the question is intended to ask whether the Law Officers could do all the work of the Centeniers in the Magistrate's Court without any additional appointments, the answer is that we could not do so without adversely affecting other legal services given to the States and to Ministers.

#### **1.9 TO THE MINISTER FOR EDUCATION, SPORT AND CULTURE BY DEPUTY S.S.A.P. POWER OF ST. BRELADE REGARDING THE OPERATION OF THE AMPHIBIOUS FERRY SERVICE AT WEST PARK:**

##### **Question**

1. Would the Minister advise members how many days that Elizabeth Castle had to close during 2007 due to –

- (a) the late arrival in Jersey of the amphibious vehicle known as the Castle Ferry,
  - (b) the number of recorded breakdowns to date of the Castle Ferry,
  - (c) the non-operational nature or other problems directly associated with the Castle Ferry that closed Elizabeth Castle for any other reason?
2. Would the Minister advise the Assembly of the admission figures to Elizabeth Castle for the comparable periods in 2006 and 2005 and would he further advise whether the estimated cost, in terms of loss of revenue to the Jersey Heritage Trust caused by these enforced closures, will be recovered from the new operator?
  3. When are the two new amphibious machines referred to in the award of the new operating contract (2007) due to arrive in Jersey, when will the existing machine cease service and does he intend to review the operating contract of the new operator in light of the first season's experience?
  4. Would the Minister advise -
    - (a) how many persons were admitted and attended the event held at Elizabeth Castle on 28th July 2007, how many people, if any, were stranded at the Castle after midnight, owing to a breakdown of the Castle Ferry and what time the Castle authorities finally evacuated and closed the Castle on the morning of Sunday 29th July?
    - (b) whether the States of Jersey Police asked for a meeting with the Jersey Heritage Trust owing to this incident to review operating procedures and contingencies?

**Answer**

1. During 2007 Elizabeth Castle had to close for 63 days due to the late arrival in Jersey of the Amphibious Vehicle known as the Castle Ferry.

There have been nine breakdowns or mechanical failures of the Castle Ferry to date, resulting in castle being closed for 30 hours.

Other problems which affected the ferry service leading to a closure of the Castle were due to the weather: five full days, 23 partial days. Total hours = 116 hours. By way of additional information I would like to add that in 2006, there were three full days, six partial days and an additional 11 hours (estimate 53 hours) of closure due to adverse weather conditions.

2. The admission figures to Elizabeth Castle for the comparable periods in 2006 and 2005 were as follows:

Admission figures	start of season - end September
2005	42,240
2006	37,615
2007	21,726

Admission figures from 4 June (start of 2007 season at EC) - end September
2005 28,395
2006 27,952
2007 21,726

The estimated loss of income will be recovered by the Jersey Heritage Trust from the new operator.

3. The new vessels are due to arrive in Jersey this October. However as there is less than one month left of the season (closes 5th November) it is envisaged that the two new vessels will begin operating the service at the start of 2008 season.

The Jersey Heritage Trust will be reviewing the contract with the new operators.

4. With regard to the event held at Elizabeth Castle on 28th July 2007, 6.30pm – 2am. There were 1,500 guests, of which 640 were delivered on the Castle Ferry. No guests were stranded after midnight. The event finished at 2am. The castle was clear by 2.20am by security staff hired by the event organisers in accordance with the event plan. The guests either walked back across the beach or took coach or Castle Ferry as arranged in the plan. The causeway was lit.

The only unfortunate incident that occurred with the Castle Ferry was on the outbound journey to the castle when a mechanical fault slowed the vessel down which resulted in guests arriving at the Castle later than anticipated.

All transport arrangements and payments of the Castle Ferry outside of Jersey Heritage Trust opening hours are arranged directly between the operator and event organisers.

The States of Jersey Police have not requested a meeting with the Jersey Heritage Trust.

#### **1.10 TO THE MINISTER FOR ECONOMIC DEVELOPMENT DEPUTY S.S.A.P. POWER OF ST. BRELADE REGARDING AN INCIDENT INVOLVING THE CHARITY SHIP LOGOS 11:**

##### **Question**

- (a) Would the Minister advise members whether, on 20th June 2007 when the Library and Educational Charity Ship Logos II was docking in Jersey, the starboard bow of the ship hit the Victoria Quay, causing damage to some land ties adjacent to the cement pump housing location and dragging a harbour crane along the Victoria Quay for some distance and then the ship allegedly reversed into the former harbour workboat, Duchesse of Normandie ?
- (b) Would the Minister confirm whether any employees of Jersey Harbours were on the bridge of Logos II during this alleged incident, and if so, what role they were performing?
- (c) Can the Minister confirm whether a Jersey qualified Port Pilot was on board the ship and whether the investigation into this alleged incident by the Marine and Coastguard Agency, through its Marine Accident Investigation Branch will be made public?

##### **Answer**

- (a) An accident did occur as outlined in the question. This is a matter of public knowledge and was reported at the time in the media. I can confirm that some damage occurred to the land ties, crane and two small vessels.
- (b) Two employees of Jersey Harbours were present in the ship at the time
  - (i) on the bridge was a Jersey qualified pilot who was carrying out his duties regarding the berthing of the ship;
  - (ii) the Harbour Master was also on board. As a past crew member of the vessel he was there in a personal capacity visiting friends. During his visit, he spent some time in the canteen below decks and also spent some time on the bridge deck. The MAIB have told me that he

was not part of the bridge team and took no part in the decision making or handling of the ship.

- (c) I can indeed confirm the presence of a Jersey qualified pilot, and this was in accordance with the requirements of the Pilotage (Jersey) Law 1988. The accident is under investigation by the Marine Accident Investigation Branch (MAIB). The report into the accident will be made public. This is as stated in the Ministerial Decision of 5th July 2007.

I need to reiterate what we said in the Press Release of 5th July: "Once the investigation is completed the report will be publicly available and until such time it is regretted no further comment can be made."

**1.11 TO THE CHAIRMAN OF THE PUBLIC ACCOUNTS COMMITTEE BY DEPUTY R.G. LE HÉRISSEIER OF ST. SAVIOUR REGARDING POSSIBLE STUDIES ON STAFFING COSTS IN SPECIFIC STATES DEPARTMENTS:**

**Question**

Is the Committee undertaking any studies presently or in the next financial year on staffing costs in specific States departments? If so, in which departments?

**Answer**

The Public Accounts Committee reviews the reports of the Comptroller and Auditor General and will hold public hearings regarding those which it considers to be of public interest.

Reports to date have considered the costs of sickness of staff in the public sector but detailed reports on staffing costs in a particular department have not yet been considered. The main emphasis so far has been the financial framework of the States.

The Public Accounts Committee considers staffing costs to be an important part of the efficiency, economy and effectiveness of operation of a department and would look at these in the context of the services offered. Moreover, staff costs comprise around 50 per cent of the expenditure of the States and will, therefore, form an important focus for the work of the Committee.

The programme for the Comptroller and Auditor General in 2008 is still under discussion but the concerns of the Deputy will be taken in account when this is discussed with the Public Accounts Committee.

**1.12 TO THE MINISTER OF TRANSPORT AND TECHNICAL SERVICES BY DEPUTY R.G. LE HÉRISSEIER OF ST. SAVIOUR REGARDING THE ACTION TAKEN IN RESPECT OF THE LEGAL ADVICE CONTAINED WITHIN THE COMMITTEE OF INQUIRY INTO TENDER PROCESS AND AWARD OF BUS SERVICES CONTRACT (R.C.58/2005):**

**Question**

Has the Minister received the legal advice (Recommendation 6 of Committee of Inquiry into Tender Process and Award of Bus Services Contract, R.C.58/2005) and, if so, what action has been taken?

**Answer**

Legal advice was received in January 2007 and since that date discussions have been ongoing with Connex. It would be inappropriate at this stage to divulge the nature of these discussions as they have not yet been completed. Any agreement resulting from these discussions will be independently reviewed by the Comptroller and Auditor General as part of his scheduled audit of the current bus contract due to be undertaken within the next few months.



**1.13 TO THE MINISTER FOR ECONOMIC DEVELOPMENT BY DEPUTY R.G. LE HÉRISSEIER OF ST. SAVIOUR REGARDING THE LEASE OF OFFICES IN BATH STREET:**

**Question**

Would the Minister outline the annual cost of renting departmental offices in Bath Street, St. Helier, the length of the current lease and on what basis the length of the current lease was determined?

**Answer**

The annual cost of renting the departmental offices in Bath Street, with effect from 1st March 2006, is £44,000 payable quarterly in advance on the usual quarter days throughout the present lease. The period of the current lease is nine consecutive years which commenced on 1st March 2003. The basis of the current lease, being of nine years' duration, reflects standard practices of commercial lease durations. A break clause was included within the lease, which allowed the lessee to terminate the lease on 1st March 2006 by serving notice on or before 1st October 2005. This break clause has now been renegotiated and will now allow the lessee to terminate the lease on 28th February 2009 by serving six months' notice on or before 1st September 2008.

**2. Oral Questions**

**2.1 Deputy R.G. Le Hérissier of St. Saviour of the Minister for Planning and Environment regarding a land swap between the States and a local company:**

Under what criteria was the land swap agreed with Five Mile Limited of land to the south of the Watersplash (R.94/2007 refers) which includes the transfer to the company of a small coastal strip in a highly sensitive area?

**Senator T.A. Le Sueur (The Minister for Treasury and Resources):**

I will ask my Assistant Minister to deal with this answer please.

**Deputy J.A.N. Le Fondré of St. Lawrence (Assistant Minister for Treasury and Resources - rapporteur):**

Negotiations for this transfer go back to 2004 and the strip of land in question is, broadly speaking, a rutted track about 8 feet wide and which is used for vehicle access and has over time I believe expanded into additional parking in the area to the south of the Watersplash. The transaction the Deputy refers to involves a swap for this piece of land and the public will, in return, receive two significantly larger pieces of land on the opposite side of the road which are adjacent to St. Ouen's Pond. While I am not a member of planning, I would note that it is my understanding that both the areas in question are in the green zone as opposed to the zone without its own character, and given its present use I would submit that the public are receiving something that is potentially of greater environmental benefit given the proximity to St. Ouen's Pond and hopefully something that we can improve upon in the future in an environmental sense.

**2.1.1 Deputy R.G. Le Hérissier:**

Given the highly sensitive nature of this piece of land would the rapporteur indicate what understandings were reached as to the future use of this particular piece of land?

**Deputy J.A.N. Le Fondré:**

Before I go into that, could the Deputy clarify his definition of the sensitivity of the nature of the land, please?

**Deputy R.G. Le Hérissier:**

In an area of the coast of Jersey which is regarded as highly sensitive and where if not in all aspects there is a presumption against development.

**Deputy J.A.N. Le Fondré:**

That is why I defined the area as being in the green zone rather than without its own character, although we are treading out of my areas of expertise into planning matters. My understanding is that there is a proposal that involves the redevelopment of the Watersplash and which in my view should be quite a significant improvement than what already exists in the area. I do not know fully the details of the scheme and that will be a matter for the Planning Minister to resolve, however, strong support has been given by the Minister for Economic Development and the former Economic Development Committee, and it is felt that it is quite important for tourism. As I already said, I would reiterate in our opinion we are receiving something that is of greater environmental benefit by receiving the land closer to St. Ouen's Pond given the nature of the existing land strip that is being transferred.

**2.1.2 Deputy R.G. Le Hérissier:**

Would the rapporteur not acknowledge that really his department, and potentially Planning, have got themselves into a major pickle because there is a real possibility that this land could be developed and that is by implication what they have agreed to?

**Deputy J.A.N. Le Fondré**

I think that is potentially the whole point. I do not think we are in a pickle at all, Sir. It is a very, very thin strip. It is 8 feet wide. It is of little environmental benefit as far as I understand it. I understand that all of this type of scheme will be controlled by the Planning Minister and, as I said, from a public point of view, I think we have acquired something that is of potentially greater environmental benefit by acquiring something for the public on the other side of the road closer to St. Ouen's Pond, which in the context of that immediate area, is probably the most sensitive.

**2.1.3 Senator S. Syvret:**

Is it not the case that the Deputy himself is interested in properties on the coastal strip of St. Ouen's Bay and it could be argued that he may be conflicted in terms of establishing developmental precedent?

**Deputy J.A.N. Le Fondré:**

We did consider that matter because obviously I do own a property that is half a mile to a mile down the road and in the end the conclusion is if you apply that criteria to anybody within the Island of having an interest within a property within a half a mile to a mile of another transaction I think we would all be in trouble. So, essentially no. So, we did consider it quite carefully and the general view is that I do not have a conflict, Sir.

**Senator S. Syvret:**

The point was, Sir, encouraging other owners in that area to be able to develop establishes a precedent which will benefit other owners in the region.

**Deputy J.A.N. Le Fondré:**

As I said, Sir, I do not know if I want to get into the personal nature of matters. I am in a different zoning and ultimately those types of things come under the remit of the Planning Minister, Sir.

**2.1.4 Deputy J.B. Fox of St. Helier:**

I used to be Chairman of the Sub-Committee and it was always very, very sensitive that area. I wonder if the Assistant Minister could advise me, because of the sensitivity - and clearly some departments are in favour of this - was it taken to the Council of Ministers for overall consideration because I perceive that this is where, under Ministerial government, maybe such sensitivity should be discussed.

**Deputy J.A.N. Le Fondré:**

I do get slightly puzzled as to... we talk about the sensitivity of the area, Sir. As I said it is about an eight-foot wide sand and rutted track as far as I understand it. We are achieving something which is considered to be of better environmental value. In terms of anything involving development proposals and things like that, that is under the remit of the Planning Minister. What we are dealing with is a land transaction here, Sir, so it will be down to the Planning Minister with his planning and his environmental hat on to deal with whatever the nature of the scheme is.

**2.1.5 Deputy R.G. Le Hérissier:**

Just a final wrap-up: would the Assistant Minister - or the rapporteur - now concede that a major mistake was made in that a highly protected piece of land has been granted... and he has allowed a piece of land to be let out even though he trivialises and minimises its extent, and he is setting a very dangerous precedent?

**Deputy J.A.N. Le Fondré:**

No, Sir.

**2.2 Deputy F.J. Hill of St. Martin of the Minister for Home Affairs regarding the nature of police investigations into certain operational practices within Jersey Customs:**

Will the Minister advise Members of the nature of the police investigations into certain operational practices within Jersey Customs and explain why the investigations are not being carried out internally by the Customs Service?

**Deputy A.D. Lewis of St. John (Assistant Minister for Home Affairs):**

I can confirm that the following consultation with the Law Officers' Department, the force is conducting an investigation with a view to submitting a report to the Attorney General. As the investigation is live no further information can be given at this time.

**2.2.1 The Deputy of St. Martin:**

I am just concerned about the operation of the Customs Service. Are the people suspended and are those people who are suspended, are their places being implemented by someone else? I think it is interesting that Customs are running the country.

**The Deputy of St. John:**

I can confirm there are no suspensions at this time, Sir.

**2.2.2 Deputy P.V.F. Le Claire of St. Helier:**

Why is it that when I spoke to the Deputy on the Friday afternoon he was unable to tell me any of the detail in relation to something that was occurring and yet States Members learn about the detail in the *Jersey Evening Post*. Why is it that matters of this nature that are sensitive appear in the newspapers and other forms of media when States Members are unaware of the issues themselves?

**The Deputy of St. John:**

The detail the Deputy is referring to is in fact that there is no detail in that press report, if you look at it carefully. In fact, some of it was wild speculation so I can confirm that ordinarily we would inform Members of this House when appropriate before the media. That is certainly the process that we would take. Some of the speculation in the media was speculation and I cannot really comment on the case any further. You will see from that reporting that they made little comment as well because they did not have any information of any substance.

**2.2.3 Deputy P.V.F. Le Claire:**

Could I ask then, Sir, how the media came to know about the situation? Although there is no detail, how did the *Jersey Evening Post* know about the situation?

**The Deputy of St. John:**

Knowing that this situation was occurring, a press release was drawn-up should we have had an inquiry from the press - which we ended up having - and so the release was made and you will see from the statement it was very brief because we cannot give much information at this time. Quite how the press found out about it, I am afraid I do not know. They made a call to our department to ask some questions. We gave them a brief statement which was already prepared in anticipation of this possibly happening. How, effectively what the Deputy may refer to as a leak occurred, I do not know, Sir.

**2.2.4 Deputy P.V.F. Le Claire:**

Last question, Sir: would it not be then if it is prudent to prepare for the media inquiring, a general statement prepared for the States Members at the same time. If you are going to prepare information for the media in case they get leaked the story, is it not also appropriate the States Members are given a brief at the same time?

**The Deputy of St. John:**

Ministers that needed to know about this were made well aware and it... should in the future it be necessary to make such a statement to Members, we will certainly consider it, but like I say, this is a very sensitive inquiry and there was, at that stage, no need for Members to know. But I do accept the Deputy's concern that Members perhaps should have known about this before it broke in the press. I do accept that, but it was a sensitive inquiry and it was... information was released on a "need to know" basis and that field was quite narrow.

**2.3 Deputy R.G. Le Hérissier of the Minister for Transport and Technical Services regarding the cost of "lay-over" facilities for buses on the Albert Pier:**

Would the Minister identify the cost of renting "lay-over" facilities for buses on the Albert Pier and advise the cost of other facilities provided as part of this arrangement?

**Deputy G.W.J. de Faye of St. Helier (The Minister for Transport and Technical Services):**

The annual rental cost for the bus drivers' facilities on the Albert Pier is £44,000 in the first year, rising to £53,679 from year 2. The premises have been rented from Harbours and the rental has been independently validated. They require refurbishment and extension to provide a canteen and restroom at a cost of £184,296 including all fees. Furthermore, because this facility introduces a third operational site for Connex, as they will continue to operate out of the La Collette depot as well as Liberation Station and the Albert Pier premises, a minibus driver is required to ferry staff to and from the various sites as well as requirement for some supervision at the Albert Pier. This cost amounts to £27,500. The estimated increase in utility and servicing costs of the canteen over and above that currently provided in Nautilus House at the Weighbridge is £4,350 per annum.

**2.3.1 Deputy R.G. Le Hérissier:**

Would the Minister accept... notwithstanding the excellence in many respects of the new Liberation Station, would he not accept, Sir, that it is totally unforgivable to have added these costs to his budget when no indication was given that these additional infrastructure costs were going to be incurred? Secondly, Sir, could he tell us - when he is for ever complaining about his inability to lift one extra weed on the Islands' roads - where this money is coming from?

**Deputy G.W.J. de Faye:**

The fact of the matter is that in moving from the Weighbridge, the drivers for Connex were faced with losing canteen facilities. I will not go into extensive detail on the Deputy's supplementary

question because Deputy Power has a primary question on the subject of transfer from La Collette and the Buncefield issue which is a very significant feature in all this. The monies will obviously have to come out of the budgets associated with running a bus service within the Island and, no, I do not... I sincerely hope that this is not an unforgivable move; I hope the States are not just in a forgiving mood but will understand precisely the reasons why I have had to take these measures, frankly in order to make sure that the bus service continues to run properly and efficiently.

**2.3.2 Deputy P.V.F. Le Claire:**

I have received some complaints and concerns from residents in the district that live down there that are going to be affected by the increase to the traffic out of all of this. I would just like to ask the Deputy why in the past when we considered alternative locations for the buses - namely up St. John's Road - there was consultation with the residents, why in this instance there was not any?

**Deputy G.W.J. de Faye:**

My department has received one complaint from a resident who lives on the route between Liberation Station and the Albert Pier. In reality the Albert Pier area has been in the past used by Easylink as a bus lay-over position and to a large extent there is a very considerable amount of traffic running between the Elizabeth Terminal, the Albert Pier and roundabout by the underpass. Frankly speaking, I do not think that this move of Connex Buses will make any significant difference to the existing traffic situation. The reason for picking the Albert Pier site as opposed to some distant location is that in order for buses and drivers to have lay-over opportunities and rest breaks, it is absolutely critical that those can be carried out as near to the bus station as possible, otherwise it will interfere with timetabling arrangements which will, therefore, have a knock-on effect to make the entire operation less efficient than it currently is.

**2.3.3 Deputy R.C. Duhamel of St. Saviour:**

Does the Minister intend to raise bus fares in the not too distant future in order to cover these unforeseen costs?

**Deputy G.W.J. de Faye:**

The Minister has no intention of raising bus fares but may be forced to.

**2.3.4 Deputy P.V.F. Le Claire:**

It is quite helpful the response that the Minister gave me in regards to my last question. I would just like to ask how many buses are we talking about parked there and how many bus movements are we talking about on a daily basis? If the Minister does know, can he tell us, and if he does not know, can he inform us at a later stage.

**Deputy G.W.J. de Faye:**

I can give an educated guess as to the first part of the Deputy's question, Sir, and that is effectively the lay-over facilities will be used by the entire bus fleet at one time or another because all drivers are entitled to go to a break at their canteen. How many bus movements, Sir, that will involve over the day I simply do not know off the top of my head but I will undertake to give the Deputy a response to that.

**2.3.5 Deputy R.G. Le Hérisier:**

Would the Minister not acknowledge - notwithstanding the excellence in many respects from a customer point of view of Liberation Station - that this was a major planning flaw and he has basically inherited a highly defective project in that regard.

**Deputy G.W.J. de Faye:**

The Liberation Station project goes back to a States' decision of 1996, which as a Minister acting in an executive role, I have now carried through. I am very happy to sit down with the Deputy at a time at his convenience and go through the very fascinating history of the development of Liberation Station. I have my own views on the matter but they are not pertinent at this juncture.

## **2.4 Deputy K.C. Lewis of St. Saviour of the Minister for Treasury and Resources regarding whether G.S.T. would be charged on Sky or other satellite television subscriptions:**

Further to news that G.S.T. (Goods and Services Tax) will not be charged on the B.B.C. (British Broadcasting Corporation) television licence, can the Minister inform Members whether G.S.T. will be charged on Sky or other satellite television subscriptions?

### **Senator T.A. Le Sueur (The Minister for Treasury and Resources):**

Firstly I should explain to Members why the B.B.C. licence fee is not subject to V.A.T. (Value Added Tax) in the U.K. and will not be subject to G.S.T. when the tax is introduced next May. The B.B.C.'s legal status is that of a public authority. Its broadcasting activity is carried out under terms of the Royal Charter and is financed by means of the licence fee. The broadcasting activity is, therefore, not considered to be business activity for consumption tax purposes because it is carried out as part of its duties as a public authority. This is not the case for other independent television companies, including Sky, which operate as normal commercial organisations and derive income through a range of business activities which are subject to tax. Subscribers in the U.K. are currently charged 17.5 per cent V.A.T. and subscribers in Jersey will be charged three per cent G.S.T. after May next year. This is because the tax is levied in the place of consumption rather than the place of supply.

## **2.5 Deputy G.C.L. Baudains of St. Clement of the Minister for Economic Development regarding (j) category licences:**

Would the Minister advise whether the number of locals seeking employment, especially school leavers and those completing further education courses, is factored-in to the equation for granting (j) category licence under the Regulation of Undertakings process? If so, what impact, if any, does it have on the amount of licences issued?

### **Senator P.F.C. Ozouf (The Minister for Economic Development):**

The short answer is yes. The Housing Minister is responsible, of course, for the Housing Law granting (j) category to employees. I am responsible for the Regulation of Undertakings Law issuing licences for businesses, most on a three-year licence basis. However, we work together as a Migration Advisory Group with an Assistant Minister from the Chief Minister's Department so that we are entirely joined-up. Ensuring local people have jobs and receive training is our top priority. Also opportunities for school leavers is also a key consideration and is frequently discussed and made as a condition of many licences. Unemployment is at its lowest level of some years and locally qualified employment is at its highest level for some years. A standing invitation exists to any Member - including Deputy Baudains - if he would like to come and meet with me at Ministerial time to discuss how we go about this.

### **2.5.1 Deputy G.C.L. Baudains:**

Could the Minister, therefore, reassure Members that the previous requirement that employers would make sure that they actively tried - should I say - to procure employees locally, and had a process in place to train up people to replace those that were leaving in the future, that that is not being diluted or allowed to be diluted with the current issuing of (j) category licence?

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

I should preface the answer by saying it is the legal responsibility of the Housing Minister to issue (j)s but we are entirely joined-up with Deputy Gorst and Senator Le Main and myself. In fact, I would say to the Deputy that in fact we have even fortified what we are doing in terms of encouraging businesses to train. I would go further and say yesterday I had a meeting with the Minister for Education dealing with the Skills Executive; dealing how we are going to be putting in place more conditions on licences to ensure training is put in place for not only (j) categories but

also for locally qualified. All businesses have to train. They have to employ local people and I am acutely aware of the importance of job opportunities for school leavers.

### **2.5.2 Deputy R.G. Le Hérissier:**

Can the Minister give us concrete examples of where he has reduced, deferred or withdrawn or not allowed to go forward applications for (j)s and instructed a company to employ local people?

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

Again, the Deputy will know that I do not issue the (j)s. It is the Housing Minister that does so, but we are entirely joined-up. I would never discuss an individual application on the floor of the Assembly; those are private and confidential. But again I reiterate my offer to both Deputy Le Hérissier and Deputy Baudains to come and see what we are doing. The figures stand for themselves I think. Members will see that the numbers of locally qualified people under the definition of Regulation of Undertakings - those that have been here for more than 5 years - are up. The growth of employment is for locally qualified, more than 5-year resident, population and we are doing it every day. Not only at the Ministerial level but the department. Every day businesses... if you have a (j); if you have a non-qualified; you have got to prove that you have exhausted the supply of locally qualified. Moreover that you trained your locally qualified people, raising productivity; job opportunities for all.

### **2.5.3 Deputy R.G. Le Hérissier:**

Could the Minister confirm then that the number of (j) licences, as a policy issue if he is not able to deal with individuals, is now being reduced because there are many more locally qualified people available?

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

I do not think I have to tell the Deputy a third time, I am not legally responsible for (j)s. If he wishes to examine the Housing Minister on the (j) policies, then he can. But it is quite clear, the numbers of (j)s have increased but the overall employment has also increased. (j)s are very difficult to get but we do... if we are expanding into new areas of financial services, in education areas, we need to put new manpower, new brainpower, into the Island to assist the locally qualified market too. I think the figures stand for themselves and show that our policies are working.

### **2.5.4 Deputy P.V.F. Le Claire:**

I believe it is time the Minister called States Members together for a briefing as to what is happening with the immigration policies. But can I ask, while he considers that, if he would extend his personal invitation to me to come to find out what is happening, I certainly do want to know. Can I ask specifically - because of some complaints that I have had - that he will look into whether or not there is any truth in the matter that the accession countries of the European Union who were previously here through a work permit situation, have not accumulated that 5-year residency while they were on their work permit scheme? Surely it would only be justifiable after the accession came into place. People are complaining that part-time work, in particular, is not there for school leavers during holiday time because people from the accession countries are taking these positions. It might be anecdotal; it might not be factual. Will the Minister agree to look into this issue and tell us how those jobs are safeguarded and how those 5-year residencies are established in truth?

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

A lot of questions. A massively important issue. I will try and be brief. Of course the standing invitation exists. We have already had - and Deputy Gorst and Senator Le Main will confirm - briefings on population. I do not know whether the Deputy was able to attend at the time but, yes, of course we will. The Council of Ministers is discussing this week a population paper and there is going to be some public debate about the whole issue of population. As far as the accession

countries are concerned, I would draw the attention of the Deputy to the Employment Report that we published last week, for the first time reconciling the Regulation of Undertakings numbers with the social security contributions. He can see the numbers of the new accession countries and other nationalities totally reconciled for the first time. As far as job opportunities are concerned for our young people and people in part-time work, I do not think there has ever been a situation where there are more job opportunities for part-time working and we are doing everything we can to ensure that we are bringing together people who want to work with employers. There is more to do but I think that I would say that it is not just would I agree to look into it; we are doing it and we are doing it, I hope, quite well.

**2.5.5 Deputy J.A. Martin of St. Helier:**

Would the Minister inform the House how far talks have extended with Social Security in job matching people - locally qualified people - who, under the income support system, will probably be able to do a lot of the jobs that are now done by residents of under 5 years? How many talks have taken place and how many jobs have been identified that could be done by the local workforce?

**Senator P.F.C. Ozouf:**

What is happening is that we are bringing together the skills development and the job opportunity work that goes on with Education and Social Security and Economic Development. Before, they used to be three silos - I think it is fair to say - between the three different departments. The Skills Executive work that we are doing - which we discussed only yesterday - is going to bring that together. I agree with the Deputy that there is still more work to be done to bring together employers seeking staff with those staff that are seeking employment, and those discussions are going to be brought forward by dismantling the remaining silos that exist between Social Security, Education and ourselves and putting together... you are going to see some news in the next few weeks of how we intend to fortify our efforts.

**2.5.6 Deputy P.V.F. Le Claire:**

I was delighted with the Minister's response. Delighted because the reconciliation of the Regulation of Undertakings numbers and the Social Security numbers is something I have been asking for for years. I am very delighted that he is looking into the issue. I would very dearly like to have a copy of the report that he referred to. If I do not have it, could the Minister please repeat what report that is that shows the reconciliation, please, and can I get a copy from him?

**Senator P.F.C. Ozouf:**

If the Deputy's email system is working, he had it. I think it was about 12.06 p.m. last Wednesday. It is called "*The Labour Market Report*".

**2.6 Deputy A. Breckon of St. Saviour of the Chief Minister regarding the current position with the Jersey Milk Marketing Board and milk producers following the publication of the Economic Affairs Scrutiny Sub-Panel's review of the dairy industry:**

Could the Chief Minister inform the Assembly of the current position and report any meaningful progress with the Jersey Milk Marketing Board, its commercial arm, the Jersey Dairy, and milk producers following the publication of the Economic Affairs Scrutiny Sub-Panel review of the dairy industry (S.R.4/2007) presented on 25th January 2007?

**Senator F.H. Walker (The Chief Minister):**

I am pleased to report that there has been significant progress since the dairy industry was reviewed by both Promar International and the Economic Affairs Scrutiny Sub-Panel. There has been an ongoing series of talks and negotiations between the Jersey Milk Marketing Board, the States and other parties who are working to help the dairy industry move forward. This has been facilitated by



external mediation. The J.M.M.B. (Jersey Milk Marketing Board) have been working hard on many different areas to finalise their forward plan which involves elements such as the set-up of the new dairy; how the new co-operative is structured and run. There has been a cascade of progress on the elements needed to achieve a successful outcome. But to summarise some of the more recent points of progress, Classic Herd are now processing their own milk which has led to some internal competition and choice for the consumer. Jersey Dairy is now actively seeking to adjust milk intake to better match supply and demand for the new dairy and has engaged producers on this topic. It is also working on the contractual arrangements it will have with producers who supply it. The J.M.M.B. is also nearing completion on agreeing details of a lease for the new dairy at Trinity and drafts have been exchanged between the parties. Jersey Dairy is successfully achieving significantly higher prices for both butter and skim milk powder due to world price increases in dairy products, and this is favourably impacting on its financial performance. The dairy is actively pursuing the development of an export market for added value Jersey dairy products and is running trials in a major U.K. supermarket. While at the start of the year there seemed to be some potential for serious division in the dairy industry, it is clear that the parties are now actively talking to each other and I am confident that there is a consensus to work together to a common future which is looking very promising.

#### **2.6.1 Deputy A. Breckon:**

I wonder, bearing in mind that Members were asked to debate this matter with some urgency, if the Chief Minister could give some indication of any timeframe that the excellent things that he has outlined there would fit into, and if there is a target indeed for this?

#### **Senator F.H. Walker:**

It is difficult to give a precise timeframe at this moment because it is, largely speaking, in the hands of the board of the J.M.M.B. and other producers. I do know that there is a shared wish to come up with an agreed structure and to reach agreement on the new dairy at the earliest possible time, but these are important and complex issues and they have to be got right and I applaud the very detailed work and the leadership that the board of the J.M.M.B. are now putting into this project.

#### **2.6.2 Deputy R.G. Le Hérissier:**

I wonder, Sir, if the Chief Minister could be more specific. Are there any major issues outstanding where agreement has not been reached, and if there are not, has a deadline been set for the actual move to the Howard Davis Dairy?

#### **Senator F.H. Walker:**

The one major issue yet to be resolved that I am aware of is that of the importation of semen where we have encountered legal problems, but I hope that those will be overcome. Other than that, I am not aware of any serious obstruction to progress, but at the same time - as I have said in response to Deputy Breckon - these things cannot be rushed and the board of the dairy are doing a thorough job in a proper timescale and I know they share my wish that it should all be completed and they should be able to reach agreement on the dairy as quickly as possible. But it is necessary for them to get... we are looking at the entire future structure of the dairy industry in Jersey here and it is absolutely essential that we and they get it right.

### **2.7 Deputy S. Power of St. Brelade of the Minister for Housing regarding the impact of changes to (j) category accommodation on the housing market:**

Despite the Social Housing Property Plan Sub-Panel's expression of concern with in Scrutiny Report 12 regarding the impact that changes to (j) category accommodation have had on the residential housing market, does the Minister still consider that such changes are having no effect on the prices being achieved?

**Senator T.J. Le Main (The Minister for Housing):**

I have never said that the impact of (j) employees on the housing market is nil. What I have always said is that the impact of (j)s on house prices should be kept in strict context. They continue to account for just 8 per cent of all purchasers with 92 per cent of properties being bought by local people with qualifications. It is the economic growth that we are experiencing in which (j)s do have an important role that is driving house price increases. Our task is to manage this which is why I have been requesting that the Planning Minister makes sure that appropriate housing land supply is forthcoming.

**2.7.1 Deputy S. Power:**

The Minister may be aware of a report in the *Jersey Evening Post* 2 weeks ago quoting a former senior and experienced member of the Housing Department who is now a mortgage consultant. This former officer stated that changes to (j) category accommodation and licensing had accelerated the ability to purchase (j) category accommodation and as a result has had a dramatic effect on local house prices. Would the Minister go so far as to discount the remarks of this officer?

**Senator T.J. Le Main:**

Yes, Sir, I did read that in the *Jersey Evening Post* and I felt like writing a letter to the *Jersey Evening Post* to say that it was absolute nonsense and untrue. We have the figures in the Population Department which are quite clear and categorical. I invite any Member to come and see them at any time with me. The issue is that I challenge this gentleman to bring forward evidence that he has that we certainly have not got in the Population Department. There has been anecdotal evidence, if you like - or rumours going around - for a long time that (j)s are causing this issue that he quotes. It is untrue.

**2.7.2 The Deputy of St. John:**

Would the Minister agree that one of the biggest drivers that is putting up house prices in the Island currently is the lack of supply and also the fact that the lack of supply of sheltered housing which is not enabling the market to move and causing a bit of a log-jam? Would the Minister agree with that?

**Senator T.J. Le Main:**

Yes, Sir. There is a very, very large shortage of properties right across the board at this present time. The Planning Minister and I are working very closely to try and achieve this and the Planning Minister has all kinds of legal and procedural difficulties in being able to come up very, very quickly with land. Hopefully that will be resolved very soon but the Planning Minister and I are determined to put more homes in the market place right across the board.

**2.7.3 Deputy A. Breckon:**

I wonder if the Minister could tell the House if he is aware of the number of (j) cats. in the last 12 months' employment statistics that Senator Ozouf has just referred to - because my understanding is it was 150 - and if he could tell the House how many of those that were granted a (j) category would be given permission to rent or buy or indeed would be able to buy?

**Senator T.J. Le Main:**

That is correct. In fact, three per cent of (j)s make up the total workforce in Jersey and there is approximately 150 new (j)s that have come in; a majority of them, Sir, are with Health and Social Services, Education and Home Affairs. The issue is that a (j), whether he or she are on a short or permanent contract, are entitled to occupy property in this Island - (j) category property - and in cases, even short (j)s are buying property for the duration of their three or five-year contract. Reasons are, I suppose, an increasing valuation on property but it is not uncommon for short-term

(j) s to buy over a three or five-year period and selling them out of the company on completion of their (j) category.

## **2.8 The Deputy of St. Martin of the Minister for Education, Sport and Culture regarding the funding for children aged 3 and 4 years to access free education:**

As the Minister was unable to secure funding via an amendment to the Annual Business Plan in order to extend the opportunities for children aged three and four years to access free education, what steps, if any, will the Minister be taking to secure funding from other sources?

### **Senator M.E. Vibert (The Minister for Education, Sport and Culture):**

We will continue to explore options for funding and nursery education for all and will be meeting with the Jersey Early Years Association shortly to further discuss the issue. However, funding of the magnitude required cannot be found from within existing resources without seriously impairing existing services. I will, of course, also be reflecting on comments made by States Members during the debate on nursery education and will look again at alternative options. The issue is being examined by the Education Home Affairs Scrutiny Panel and I will, of course, be taking their conclusions into serious consideration.

### **2.8.1 The Deputy of St. Martin:**

Will the Minister consider looking at partnerships, probably with the finance industry? There is probably quite an interest there and one remembers most States Members were circulated with a number of emails from people within finance. So, would he not consider making contact with industry and see whether any financing inducements can come that way?

### **Senator M.E. Vibert:**

I am prepared to look at all options but my concern is to provide nursery education for all as well as nursery education for certain sections of the community.

### **2.8.2 Deputy R.G. Le Hérisier:**

What is the Minister's view towards the means testing of nursery provision?

### **Senator M.E. Vibert:**

I will look again at the means testing but in the many papers we have presented to the States there were serious arguments based on very long research showing that it had some very detrimental effects on the very poorest in our society. So, I would need considerable convincing given that evidence, but as it was raised in the debate I will be reconsidering it.

### **2.8.3 Senator S. Syvret:**

Does the Minister now accept that it is not particularly responsible to come to the Assembly with a proposition seeking a great deal of additional spending without indicating how the additional revenue should be raised, given that he was not indicating that it should be taken from another budget?

### **Senator M.E. Vibert:**

No, Sir.

### **2.8.4 Connétable A.S. Crowcroft of St. Helier:**

Is the Minister concerned that his inability to deliver equitable funding for nursery care means that the Council of Ministers will be in breach of its agreement in the Strategic Plan to deliver this by the end of the current year?

### **Senator M.E. Vibert:**

We will be increasing the provision by a new nursery class, whether it is at the end of this year or beginning of next year and, yes, unfortunately it looks like we will not be able to meet all the aspirations as highly as we would wish and, of course, that was a decision of the States.

**2.8.5 Deputy C.J. Scott Warren of St. Saviour:**

Concerning the Minister's reply regarding means testing, does the Minister accept that he used the word "detrimental" but there is nothing more detrimental than continuing this present totally unfair system to parents?

**Senator M.E. Vibert:**

I have been trying to convince the States for some time now of how inequitable and unfair this system is, but like I said, I will look again; but I do not believe that means testing will get rid of all the inequity and that is part of the problem.

**2.8.6 Deputy K.C. Lewis:**

I am sure the Minister is aware there are a considerable amount of mothers who would dearly love to get back to work but are unable to do so because it is simply uneconomic to do so. Does the Minister agree that there will be savings in other areas and this will not be a complete write-off?

**Senator M.E. Vibert:**

I totally agree there will be savings in other areas; not just with some mothers being able to get back to work though we do have a very high percentage of working mothers. But the real savings will be in the long term for a better society for the future if we provide nursery education for all.

**2.8.7 Deputy S.C. Ferguson of St. Brelade:**

Does the Minister not concede that if the nursery care is purely for the purposes of getting people back to work then that really is not the purpose for which it was intended?

**Senator M.E. Vibert:**

I thought I just made that clear in the answer I just gave, Sir. The primary purpose of extending nursery education for all is for the whole benefit of society, to give every child in the Island a better start in life. One of its ancillary parts is that it will allow some mothers, if they so wish, more freedom to return to work possibly on a part-time basis. But the *raison d'être* for nursery education - and it has been agreed by the States for over 20 years - is for the benefit it gives to young children for their future lives.

**2.8.8 The Deputy of St. Martin:**

The Minister said he was opposed to means testing because it might affect the poorer people in society. Will the Minister explain why then he went for means testing for old aged pensioners and not for nursery education?

**Senator M.E. Vibert:**

I have never been for means testing for old aged pensioners.

**The Deputy of St. Martin:**

I meant to say for T.V. licences, Sir. I am sorry.

**Senator M.E. Vibert:**

I came to this House first of all with a proposal that T.V. licences should be available to all over 75 year-olds. This House turned it down and suggested I came back with a system of means testing instead, and I did.

**2.8.9 The Connétable of St. Helier:**

The Minister, on a couple of occasions, has appeared to lay the blame for the failure of delivering equitable childcare and nursery provision on the States. Could the Minister remind us how long he has had this portfolio and whether he does not accept some responsibility himself for not having cracked this problem by the due date?

**Senator M.E. Vibert:**

I accept the responsibility that I have yet to convince the States that we should provide free nursery education for all by increasing the funding to do so, yes.

**2.9 Deputy G.C.L. Baudains of the Minister for Health and Social Services regarding interim measures employed to ensure the Children's Service performed adequately:**

Would the Minister advise what interim measures, if any, he is employing to ensure the Children's Service is performing adequately in advance of any recommendations that may arise as a result of the present inquiry?

**Senator B.E. Shenton (The Minister for Health and Social Services):**

My Assistant Minister will act as rapporteur for this question as he has special responsibility for Social Services.

**Senator J.L. Perchard (Assistant Minister for Health and Social Services - rapporteur):**

Clearly it would be wrong to anticipate and thereby potentially undermine the Andrew Williamson Inquiry which is now underway. It is expected that Mr. Williamson will report before the year-end, possibly - and if necessary - by means of an interim report. The House will be mindful that the previous Minister for Health and Social Services appointed Professor June Thoburn as Chairperson of the Jersey Child Protection Committee. Members may be aware that Professor Thoburn visited the Island last week to attend meetings with senior officers, senior social care professionals, politicians and others. I met Professor Thoburn on two occasions during her visit, once with the Minister for Health and Social Services and then with the Ministers for Home Affairs and Education, Sport and Culture. I remind Members that the three Ministries represent the corporate parent on the Children's Executive, all of whom fully endorse the appointment of Professor Thoburn. The previous Health and Social Services Minister also formally invited the Howard League for Penal Reform to undertake an examination of child and young person custody provision in Jersey and pass judgment on the Grand Prix system which once operated at Greenfields. The details of their visit have yet to be finalised, however, I can assure Members that all of us at Health and Social Services will co-operate fully with the representatives from the Howard League. Also, the Minister has appointed me as his Assistant Minister with special responsibility for Social Services which includes the important element of the social care and welfare of our vulnerable children. Since my appointment, I have met senior officers and senior social care professionals on a number of occasions. Having received answers to very clear questions, I am satisfied that all vulnerable children requiring a service from the States of Jersey are being supported appropriately. Therefore, in the interim period from my time of being appointed until after the publication of the Williamson Inquiry, I assure Members that the service will be robustly managed with all staff being supported and encouraged through what is a difficult, sensitive and challenging time.

**2.9.1 Deputy G.C.L. Baudains:**

I thank the Assistant Minister for his answers, Sir, but I was slightly concerned when he told us that all vulnerable children are being supported appropriately, Sir. Not according to what I read in the *Evening Post* and certainly not according to messages I have had from very concerned parents. Frankly, some of the decisions which the service is coming up with are outrageous, Sir. Does the Assistant Minister not agree that we need an immediate solution to rectify the situation before a tragedy occurs, Sir, and in order to assist Members, would he consider issuing us with a breakdown of the structure of the Children's Service and how it interacts with other bodies such as the States of

Jersey Police because I am becoming concerned about the situation. He did tell us that Mr. Williamson's report might be with us by the year-end. Would he not agree that that may be so, but then it has to be analysed and actions drawn-up? Clearly we will not have any action much before Easter, Sir. Would the Assistant Minister not agree with that?

**Senator J.L. Perchard:**

The timescale on action will depend on the recommendations in the report. I do not accept, Sir, that there is a crisis with regards to child welfare. There are issues that will need to be dealt with. There is a new Ministerial team in place and we are working very closely with the professionals that we have engaged at the moment. It would be unreasonable to take any dramatic actions to the contrary before Mr. Williamson has reported, and in fact, the Howard League have reported, because I place a lot of value on their report as well.

**2.9.2 Deputy J.J. Huet of St. Helier:**

I have to say right away this happened last week. Is the Assistant Minister aware that if anybody, say myself or different places or people, would have any concerns about young children living with drug taking people - adults - when reported to the Child Care because of these concerns... I am sorry, I cannot make it very... the only advice that they will give is that you must report it to the police, and if the police are convinced that there is a case, the police then will report it to Child Care and they then might take it up. My worry is, Sir, that I have had an official complaint in with the police for the last three months about 'Prison, me? No way' expenses. Nothing has been done in 3 months and goodness knows what could happen to a child if you cannot present the evidence because I could present the evidence with one but not with the other.

**The Bailiff:**

You must come to the question, Deputy, please.

**Deputy J.J. Huet:**

Yes, well, I am just this does not agree, sir, with what he is saying here in the Chamber, that these children are covered. They are not covered and I would like his assurance that he will do something about it.

**Senator J.L. Perchard:**

On any specific case that the Deputy is concerned about, I would be delighted to meet with her and the officers at Social Services to discuss in detail and I will do that immediately. With regards to the decision as to whether a child should be taken from a parent, it is a huge decision and it is a decision that perplexes officers all the time. I know that because they have explained the complexities of those type of decisions to me. The fact is there is the facility and ability to remove a child from a parent. It is done as a last resort, of course, and it is a decision made by professionals and not politicians.

**2.9.3 Deputy D.W. Mezbourian of St. Lawrence:**

Will the Assistant Minister advise the House whether it is still the case that children who are in care at Heathfield Children's Home are still absconding from the premises during the evening thereby tying-up valuable police resources in trying to locate them?

**Senator J.L. Perchard:**

Regrettably I am unable to answer that specifically. I will undertake to answer that at a later date for the Deputy, Sir.

**2.9.4 Deputy C.J. Scott Warren:**

Does the Assistant Minister agree that any evidence should be given to Mr. Williamson rather than giving any credence in public to anecdotal and potentially unreliable evidence?

**Senator J.L. Perchard:**

Yes, I do agree but I do also agree that there is serious concern over the provision of childcare and welfare on the Island and that it is the Deputy's right to raise these issues in a public forum, and the service will be robust enough in time to be able to hold its head high and offer a service that we are proud of. It is my intention to be part of that regeneration.

**Deputy C.J. Scott Warren:**

Can I make it clear, I was not referring to one Member in this House's comments. I mean generally.

**Senator J.L. Perchard:**

I completely agree. The appropriate forum is Mr. Williamson or the Howard League.

**2.9.5 Deputy J.B. Fox:**

Appreciating the Assistant Minister is new to post, have you had a chance yet to visit the children's homes like Heathfield and Greenfields, please? Thank you.

**Senator J.L. Perchard:**

I am sorry, Sir, I missed the first part of that question.

**The Bailiff:**

Have you had the opportunity to visit the children's homes?

**Senator J.L. Perchard:**

I have met with the professionals that operate most of the children's homes. I have not been on site. I felt that my time has been best spent thus far not looking around facilities but looking at policy.

**2.9.6 Senator S. Syvret:**

Further to the question raised by Deputy Huet, I can confirm that there are many examples of children left with drug taking parents...

**The Bailiff:**

Senator, you must ask questions; not give answers.

**Senator S. Syvret:**

I am going to ask a question. No, it is quite fascinating if you allow other people to ramble on at great length but you interject against me immediately. Yet more naked bias. Would the Assistant Minister agree that there are, in fact, many examples of children being left with junkie parents - sometimes very severe and heavy users - and there is one case in particular which he can confirm via the department where a 15 year-old daughter also became addicted through being left with these parents? Would he also agree that there is grotesque lack of consistency in cases? Would he agree to undertake a detailed qualifications audit of all of the people working in this field because many of the people who are working in the field - and this is not a criticism of them - are not adequately trained, have not been adequately trained and are not adequately qualified for the kind of work they are being asked to do?

**Senator J.L. Perchard:**

Taking the last point first which is the very essence of the question as far as I am concerned, I will remind the Senator that the fourth term of reference for Mr. Williamson is to: "Investigate and report upon the standards, experience and qualifications of staff at all levels within all relevant departments." Again, I want to advise the House that the officers tell me it is a huge dilemma as to whether to remove children from parents and at what stage do they intervene. It is not because they do not want to; it is a professional decision they make. What we have here are politicians advising

me that our professionals are not making the right decisions. I will go back to my team and Social Services and challenge them on this but at the end of the day, Sir, we engage professionals and we must support them. At this stage, I and my Minister are not prepared to do anything rash while we are waiting for Williamson and the Howard League to report.

**2.9.7 Deputy J.J. Huet:**

Is the Assistant Minister not aware that these professionals will not even listen? A child can die within three months.

**Senator J.L. Perchard:**

That is not the case. These professionals do listen and I will arrange a meeting in the next 24 hours with the Deputy - if she is available - at Social Services where we will air this matter fully with our officers.

**The Bailiff:**

I am afraid I cannot allow a debate to develop so I will ask one final supplementary from Deputy Baudains.

**2.9.8 Deputy G.C.L. Baudains:**

I am becoming slightly concerned the Assistant Minister keeps telling us that he is taking professional advice. Could he assure us, Sir, that that advice is not from the organisation currently under examination because if it is, surely it is hardly likely to be objective?

**Senator J.L. Perchard:**

I can assure the Deputy that the advice I am taking is from our professionals that we engage and I am proud to take that advice. As I will repeat, that the whole process is under investigation; I have been in the job 2 and a half weeks. I am spending every waking hour on this issue and I intend - and it will not, Sir, take me 8 years - to deliver a service that we are proud of.

**2.10 Deputy K.C. Lewis of the Chief Minister regarding the impact of Guernsey's sewage disposal system on Jersey:**

Further to reports that Guernsey has no intention of modifying its sewage disposal system and will continue to pump raw sewage into the sea, will the Chief Minister agree to discuss this matter with his opposite number in Guernsey to ensure that this will not impact negatively on Jersey?

**Senator F.H. Walker (The Chief Minister):**

This has been, I have to say, informally discussed with the Chief Minister of Guernsey on more than one occasion over the years but the discharges of untreated sewage from Guernsey - undesirable as they may be - do not affect the waters around Jersey due to the very strong tidal circulations that exist around our respective Islands. Nor is there any foreseeable international issue for Jersey arising from this.

**2.10.1 Deputy K.C. Lewis:**

I feel differently regarding the Bay of Grouville, however, although Jersey's sewerage treatment is excellent, there is always room for improvement. If sufficient funds were made available to Transport and Technical Services, the outflow pipes could be extended further out to sea. This could eliminate at least 85 per cent of the bright green seaweed on our beaches and would benefit locals and tourists alike. Does the Chief Minister not agree?

**Senator F.H. Walker:**

I do not have the technical expertise to answer that question at all. What I think we should do though here is celebrate the investment that we in Jersey have made in sewage treatment as opposed to our near neighbours. We are very close to being world leaders for small communities here and we should not overlook that fact.



### **2.10.2 Deputy K.C. Lewis:**

Absolutely. Transport and Technical Services should be congratulated on that part. It is not the bacterial line I was looking for. It is more the nitrates which feed the algae on the beach and there is room for improvement there. We are excellent but there is always room for improvement. Does the Minister not agree?

### **Senator F.H. Walker:**

There is always room for improvement in anything, but as I said, I am not technically informed enough to answer such questions. I would suggest that the Deputy takes them up directly with the Transport and Technical Services Department.

### **2.11 Deputy S. Power of the Minister for Transport and Technical Services regarding the construction of facilities for Connex drivers on the Albert Pier:**

Can the Minister inform the Assembly that following reports into the explosion at the Buncefield Oil Storage Depot at Hemel Hempstead, Hertfordshire on 11th December 2005, he has decided to move part of the Connex bus operation to the top of the Albert Pier and, if so, whether he has authorised the construction facilities there for Connex drivers? I know he has answered part of this already. Thank you, Sir.

### **Deputy G.W.J. de Faye (The Minister for Transport and Technical Services):**

Although the review is not yet complete, I can confirm that phase one of the hazards review of the La Collette Fuel Farm quantified the impact of a potential vapour cloud explosion following the issuing of a consultation paper by the U.K. Health and Safety Executive into possible stricter land use planning arrangements around fuel storage facilities in response to the Buncefield explosion. Until such a time that the U.K. Health and Safety Executive has concluded its consultation and determined which land use planning zones will apply around fuel farms, the hazard review group have advised the Planning Authority that any new development within the vicinity of the fuel farm which increases the population density should be precluded unless a detailed site-specific risk assessment has been undertaken. The Connex depot is immediately adjacent to the fuel farm at La Collette and construction of new canteen facilities for all the drivers on rest periods at La Collette would have increased the number of occupants and, therefore, the population density at La Collette contrary to current planning guidance. The proximity of the bus depot to the fuel farm meant it was thought highly unlikely that a detailed site-specific risk assessment would identify acceptable mitigation which could be applied to the bus depot that would have reduced the risk levels, that would have been acceptable under the United Kingdom Health and Safety Executive guidelines. For this reason an alternative site was urgently required to enable the move from the Weighbridge to Liberation Station. The only feasible site identified was the south end of the former passenger facilities on the Albert Pier which was vacant and required alterations and extension to allow its use as a drivers' canteen and rest room. I was fully aware of the issues concerning the site of the canteen and the works were authorised by Transport and Technical Services officers under my delegated authority.

### **2.11.1 Deputy S. Power:**

Is the Minister then in a position to confirm that his department and his senior officers are planning and have instigated to keep to a minimum personnel of various kinds in their employ at the La Collette site? Thank you, Sir.

### **Deputy G.W.J. de Faye:**

I need to emphasise a couple of aspects here. The department has not insisted on the movement of any Connex personnel from La Collette to the Albert Pier site. What has taken place is that with the creation of the new Liberation Station, facilities that were previously available to drivers on the Weighbridge - their canteen and rest room - have fallen by the wayside and effectively need to be

replaced. The reason that they could not be sited down at the La Collette depot which might have been the more perhaps obvious approach, is as I have outlined; the current planning guidelines indicate that because of the potential risks identified under early risk assessment, the view is that no further personnel should be located down near the fuel farm than are currently there. Those are the prevailing guidelines that we are following.

### **2.11.2 The Connétable of St. Helier:**

Would the Minister advise the Assembly how long he anticipates this report will take into the risk posed by the fuel farm, and would he further advise us what are the implications of the report he has had insofar as lots of members of the public are being encouraged by his department to deposit their green waste at the composting site?

### **Deputy G.W.J. de Faye:**

Maybe the Connétable of St. Helier did not hear what I said now twice. The situation is that no new development should be entertained under current planning guidelines. Operations that are currently in existence are effectively deemed to be allowed to continue as they are. In terms of timescale, I can advise the House that we are now into the final phase of the hazards review. I think from what I have already seen of the review, the implications are fairly clear and that is that the industrial zone that exists around the current fuel farm depot is one where new development is likely to be limited and any acceptable development is likely to be any operations that have a very low level of personnel associated with them. I think at this stage, until I have seen the final report, that is about as far as I can report to the House.

### **2.12 Deputy G.P. Southern of St. Helier of the Minister for Economic Development regarding the benefit to Jersey of the introduction of unregulated investment products:**

Would the Minister advise how the introduction of unregulated investment products such as those offered by hedge fund institutions will benefit Jersey if there are no requirements for Jersey domiciled administrators, directors or local audit sign-off? Would he also explain whether such investments will be subject to taxation and how the Jersey Financial Services Commission will ensure that these “unregulated” investments are not used for money laundering purposes?

### **Senator P.F.C. Ozouf (The Minister for Economic Development):**

To avoid any misunderstanding I should start by explaining to Members that what the Deputy is referring to is the proposed creation of a new specialist fund vehicle called “unregulated funds”. This new product is targeted at sophisticated and institutional investors such as investment banks and conditions for its use will be very strictly prescribed including a minimum subscription amount of one million U.S. dollars per client per fund and a clear investor warning regarding its unregulated nature. The proposed creation of this product is a key issue as far as our competitiveness with other jurisdictions, including Luxemburg and Dublin. The proposed product would generate considerable additional benefit for the Island. Each fund structure would comprise a Jersey vehicle with consequent revenues generated by way of set-up fees, legal fees, administration fees, and finally, winding-up costs when the fund is closed. As to issues concerning taxation, Jersey funds and, in general, funds internationally are already tax-free so there would be no difference in this compared to existing structures. The Financial Services Commission will ensure that Jersey will maintain its high quality anti-money laundering rules by the application of all the existing laws to these funds. I, therefore, asked the Law Draftsman to prepare the legal requirements and will, of course, consider the proposal once the law drafting is ready.

### **2.12.1 Deputy G.P. Southern:**

Would the Minister accept that in proposing unregulated funds in Jersey we are joining some sort of free-for-all or race to the bottom? It seems to me that one of the things that we are justly proud of

is the fact that we are a clean community and that our regulation is in place to govern the use of funds and in going to unregulated investment we are joining a race to the bottom of low standards?

**Senator P.F.C. Ozouf:**

Not at all, Sir. There has been nine months of consultation that has been taking place between Jersey Finance, the funds industry and the Jersey Financial Services Commission about how best we can position the Island to develop Jersey as an internationally competitive well-regulated international fund centre. I am very pleased with the outcome of the discussions that have happened between the Commission, who this proposal has the full support of. I think it is very clear that we are going to be effectively branding this as an unregulated fund as regards the investment is concerned, but of course our gold standard, in terms of anti-money laundering provisions, to be examined by the I.M.F. (International Monetary Fund), and by the fortified rules that this Assembly is going to be considering on 9th November remains intact.

**2.12.2 Deputy G.P. Southern:**

Judging from the first answer he was suggesting, I believe, that administration would be Jersey domiciled, directors would be Jersey domiciled and local audit would also be occurring on the Island and thereby gaining benefit. My understanding of the proposals is that there will be no requirement for such administration to be Jersey-based and it would be Jersey in name only. Can he clarify?

**Senator P.F.C. Ozouf:**

It is absolutely correct to say that the proposal is not that there should be a compulsory Jersey-based administrator. There has been a lot of discussion within the industry and the Commission and the representative bodies on this issue, but what is clear - the industry is clear and the advice that I have - is that this will provide in reality a lot of additional on-Island administration. The levels of service that we provide in Jersey is seen as certainly being comparable and if an administrator is to be used off-Island then they have to be comparable to the standards.

**2.12.3 Deputy G.P. Southern:**

Could I ask that the Minister give me a written answer showing how this non-local requirement would benefit the Island?

**Senator P.F.C. Ozouf:**

The Deputy is the Chairman of the Economic Affairs Scrutiny Panel. He can ask me questions, he can ask me written questions and I will be happy, of course, to provide any answers to him.

**2.13 Deputy G.P. Southern of the Minister for Economic Development regarding the June 2007 manpower statistics:**

Do the June 2007 manpower statistics showing annual growth in jobs of 1,210 or 2.2 per cent - which amounts to 2,720 over the 3-year period 2004 to 2007 with average job growth of 1.7 per cent - show that the strategic target of sustainable economic growth rate of two per cent within job growth of less than one per cent, or 500 a year, contained in the Strategic Plan has failed or been abandoned, and if so, what measures does the Minister propose to achieve his strategic target of one per cent job growth?

**Senator P.F.C. Ozouf (The Minister for Economic Development):**

The short answer is no. We are meeting our economic target in a way that I would suggest has not been achieved in a generation, keeping long-term job growth in the residentially qualified working population below target and anchoring inflation at or below target levels. The States' Strategic Plan includes an annualised target for growth in the working population of one per cent. While growth to June 2007 exceeds this figure, the longer five-year average is at or slightly below the target level of

0.9 per cent. It is entirely predictable, however, that at certain points in the economic cycle growth in the working population will fluctuate around the long-term sustainable target of one per cent. The growth in working population has been outstripped by the real economic growth in Jersey in 2005 and 2006 indicating that it is delivering significantly improved productivity, a fundamental component of economic growth and, frankly, the Atlantis of all Economic Development Ministers around the world if they had these sort of results. Our policies are working and working well. The tough decisions that we have all taken are now bearing fruit.

### **2.13.1 Deputy G.P. Southern:**

The Minister appears to feel that historical figures show that the limits have not been passed. However, if he will project forward into any 5-year period the growth that he has engendered will produce greater than one per cent job growth. Does that not amount to that particular target which was supposedly sustainable - one per cent or 500 jobs per year - being broken and, if so, what does this Minister propose to do about it?

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

It is not me, with respect, Sir, that is the lever of economic success. It is the hard-working people of Jersey who are being given sufficient manpower resources to grow the economy. There is going to be a fundamental debate about population over the next few months but as far as targets are concerned, we are meeting them, and we are more than meeting them. We have delivered economic growth - real growth - of 7 per cent with an increasing working population this year of 2 per cent. It is within our overall labour market projections and I would repeat to the Deputy, I do not think that anybody would have believed a few years ago we would have achieved such a formidable set of results for the people of Jersey. Rising prosperity; job opportunities for all. Is he saying that is wrong?

### **2.13.2 Senator S. Syvret:**

Taking the figure 2.2 per cent growth for one year, or a growth in numbers of 1,210, if you calculate the doubling period of this, it is 31.8 years, therefore, if you maintained that rate of growth in 31.8 years, your growth would have to go up by 4,840, so one doubling would be 2,420; two doublings 4,840; three doublings 9,680 and so on. Therefore, growth would be doubling in comparatively short time periods. But even this doubling of the job population would not mathematically keep pace with the ageing population. Will the Minister take some advice on the physics of exponential growth and the second law of thermodynamics?

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

The Minister takes good advice and he is discussing the whole issue of population with the Council of Ministers to have this important debate about population and the worker/non-worker ratios for Jersey and that is why we are going to be having an important public debate on it. Can the growth that we have seen last year and this year continue? Well, no, it cannot. That is very clear. But what we do need to do is we need to position the Island ... Deputy Southern seems to be remonstrating. But, of course, we have seen the Island take a big slice of a growing international financial services market. We have to position the Island to be at the right time at the right place to seize that growth. Will it continue? Would we have seen - would we have imagined - the credit crunch difficulties that we have seen in the last few weeks? Will that have an impact on Jersey? Yes, it probably will, so we probably will see a downturn, but what we have to do is we have to position the Island to be put in the right place at the right time to deliver economic growth, prosperity, accompanied by low inflation, and that is what we are doing.

### **2.13.3 Deputy J.A. Martin:**

Thank you, Sir, but would the Minister not accept ... I thought we already had had the debate on how many people we could employ at one per cent of the working population, and it seems that the

Minister or the Council have already exceeded that, so again another debate in this House wasted. What I would like to ask the Minister, Sir, is earlier in an answer he said we can be assured of these figures because Regulation of Undertakings now reconcile their figures with Social Security. Can he tell me when Regulation of Undertakings, Social Security and I.T.I.S. (Income Tax Instalment Scheme) will all be reconciled, because on asking questions of I.T.I.S., we have thousands more employees than there are under Regulation of Undertakings or Social Security.

**Senator P.F.C. Ozouf:**

I have to say we have failed to target the economic growth number accurately. We targeted 2 per cent; we have delivered 7.1 per cent. But we have done so - the Deputy, I must correct her - within the target of a one per cent average increase in the working population. Last year was much higher than that because the economy was performing well, financial markets were performing well. So I am sorry that we have achieved higher economic growth, but we have done so within labour market targets of one per cent that we promised, so she cannot say that we have not met the targets on that level. In relation to Social Security and Reg. of Uns., I would imagine that she would welcome the issue. I am not sure what she is referring to in relation to I.T.I.S.; I am happy to talk to her in the coffee room about that and see whether or not there is a number issue there, because I am not sure that I understand the questions.

**2.13.4 Deputy R.G. Le Hérissier:**

At the risk of sound churlish, would the Minister not accept that this economic growth is not the result of his own personal efforts, but is the result of global economic trends?

**Senator P.F.C. Ozouf:**

I have just said that. It is not my efforts that have done it, but what we can say as an Assembly is that we have positioned the Island to take a significant upswing in financial markets. We had the Economic Development Minister - whatever his title is - in Guernsey saying that Guernsey is not seeing that additional growth; they are not open for opportunities for financial services. Guernsey is, I think, losing out as a result in comparison by sending the clear message out that they are not open for business. We have and we have seized that opportunity. But I would also say for the first time that other sectors of the economy are growing. Agriculture grew last year and for the first time tourism is up in terms of passenger numbers this year. 4.1 per cent more passenger arrivals translating through to some growth; we will analyse those figures in the next few months. It is not only financial services that are working. The domestic economy is working, tourism, and we have not even seen what we are going to be doing in intellectual property over the next few months. The future is looking quite good for Jersey.

**2.13.5 Deputy G.P. Southern:**

What figure is the Minister predicting for this year's economic growth and job growth?

**Senator P.F.C. Ozouf:**

I am not in the game of giving statistics in terms of what I think the number is. I think that any figure given 2 months ago would certainly not have been right in terms of the turbulence experienced in financial markets. We have yet to fully appreciate, I think, and understand exactly how that turbulence of the credit crunch will filter through into financial services. There is no complacency; I cannot give figures.

**3. Questions to Ministers without Notice - The Minister for Housing**

**The Bailiff:**

That concludes oral questions. We come now to Questions to Ministers without Notice. The first question period is of the Minister for Housing and I invite questions.

### **3.1 Deputy A. Breckon:**

In an answer to an earlier question today, the Minister mentioned the (j) categories of 3 and 5-year duration were being given the right to buy. I wonder, Sir, if he would like to comment on whether he considered whether this could be perhaps considered as speculation and how it would affect the policy that we are supposed to have about encouraging wider home ownership for the general population.

### **Senator T.J. Le Main (The Minister for Housing):**

The reason why a (j) is now allowed to purchase shares in a company is because the States were doing it themselves and decided it was a very unfair advantage of the States being able to do it. The issue is that (j)s can only occupy the property and it is a mechanism allowing a (j) category to purchase the shares in a company to occupy that property for the duration only of that contract. It relieves the burden on some of the employers out there who had to take on that role. There will always be, in my opinion, someone who will think that there will be an advantage in purchasing for speculation, but generally the people that are buying are buying because they need somewhere to live and they are contributing greatly to the benefit of this Island.

### **Deputy A. Breckon:**

May I follow that with a supplementary?

### **The Bailiff:**

I am afraid we are inquorate, Deputy, so I must ask you to pause until some Members in the precincts are able to return to their seats. The Greffier tells me that my arithmetic is not very good, so we will invite you to continue.

### **3.1.1 Deputy A. Breckon:**

Can I just ask the Minister what category for resale that property would fall into? It would still be (a) to (j); therefore there is a probable price increase in there. It is not restricted in any way by this permission being given to a (j) category.

### **Senator T.J. Le Main:**

The category will remain always (a) to (j) except if it is worth over £250,000 after it has been occupied as an (a) to (h) property for a minimum of 2 years. But the property when sold out of the company has to revert back into the residential market out of the company.

### **Deputy A. Breckon:**

Is that (a) to (h) or (a) to (j)?

### **Senator T.J. Le Main:**

I did say (a) to (j). They can only occupy a (j) category property and it reverts back; it is still a (j) category property.

### **3.2 Deputy R.G. Le Hérissier:**

The Minister has made much play, and I do admire his energy in this regard, about the need for sheltered housing or over 55s. Could he tell us, in response to the question he asked other people, what is his precise evidence for wanting this massive expansion of sheltered-type housing?

### **Senator T.J. Le Main:**

The evidence is quite clear that the Housing Department currently, as of today, have approximately 380 names of people over 60 who are in need of accommodation that currently they are not occupying; in fact, accommodation that has to be for their needs medically, physically and

accessibility. They are currently in unsuitable accommodation, whether it be in the private sector or families or within our own accommodation. Of course, the Deputy must understand that over a period of time the ageing population is getting more serious by the month and by the year and by 2030 - as I have often said in this Assembly - double the amount of people will be in retirement than at this present time. It is a very, very serious problem which has to be addressed now.

### **3.3 Deputy G.P. Southern:**

Does the Minister consider that it is appropriate under his zero-tolerance policy to threaten his tenants with sanctions which include the immediate cutting-off of heating or hot water - if such elements are included in rental payments - for rental arrears which may be as a little as one month; a move which would be illegal if threatened by any authority in the U.K? Does he believe that is appropriate?

#### **Senator T.J. Le Main:**

I would never see anyone in rental arrears - unless there were exceptional circumstances, have their heating and electricity cut-off. My Assistant Minister and I have a zero-tolerance policy on deliberate non-payment of rent in those areas and we do send out these notes. But the issue is that all evictions or otherwise have to come to the Assistant Minister and me and every case is taken on its merits.

#### **3.3.1 Deputy G.P. Southern:**

Can the Minister justify sending through the post as recently as August to a tenant with a mere one-month's rent deficit - and she is paid monthly so it was the normal to and fro - can he justify sending such a letter threatening to cut-off heating and electric in those circumstances?

#### **Senator T.J. Le Main:**

I do not know at all about this case. If the Deputy would like to give me details in confidence I will check it out, but I am unaware of this case he mentions.

#### **Deputy G.W.J. de Faye:**

Could I just ask for a point of information I do not understand and I would like some clarification from Deputy Southern. Is Deputy Southern saying that the threat was made to cut off these services or were the services cut-off?

#### **Deputy G.P. Southern:**

The threat was made in a letter to a tenant who was a mere one month in arrears.

#### **The Bailiff:**

We must not have the banter across the floor of the Assembly.

### **3.4 Connétable G.F. Butcher of St. John:**

Could the Minister advise the House as to what mechanism will be put in place to monitor incomes, tenancy, occupancy on properties with the fact that the abatement forms will no longer need to be filled-in now that it is going over to Social Security? How will this be monitored?

#### **Senator T.J. Le Main:**

The Low Income Department will monitor all that, but the Housing Department have tightened-up on the tenancy agreements and the tenants now have to disclose any property, any assets, in regard to being able to continue or otherwise as a tenant. The new tenancy agreements have very much tightened-up on previous. I would like to just return to Deputy Southern. I must remind Members of this Assembly it is all very well for Deputy Southern to be quoting this particular case he knows

about, but there are 2 sides to every story with many of these issues and I would not like to comment without knowing the full facts. There are always 2 sides to a story.

### **3.5 Deputy P.V.F. Le Claire:**

In the last week there has reportedly been a situation where a property that should have been occupied by somebody with qualifications was rented-out to people without qualifications. I personally applaud the stern rebuke the court gave to this individual, but what is the opinion of the Minister in regards to this type of occurrence and what is being done to check that people who should be occupying premises with qualifications are holding those qualifications?

### **Senator T.J. Le Main:**

The department have a highly experienced officer in crime detection and otherwise who is now fully employed within the Population Office in regard to illegal occupancy or infringements of the Housing Laws and Regulations. We have had a difficulty in that there have been several cases over the last year forwarded to the Crown Officers and the Crown Officers are so very busy that they have been unable to take these on as matters of priority. I am glad to say, Sir, that there are several cases in the pipeline now that have been handed over to a private law firm. This case highlighted by the Deputy was handled by a private law firm and we intend to show the public that those who are defrauding or breaking the Housing Law and Regulations, particularly in a tight housing market, will be severely dealt with.

### **3.6 Deputy S.C. Ferguson:**

One of the largest employers in the Island is proposing to remove the compulsory retirement age. Will the Minister revise his draconian estimates of sheltered housing and the like in the light of this trend which will probably spread to other areas?

### **Senator T.J. Le Main:**

I do not really understand the question.

### **Deputy S.C. Ferguson:**

Given that one of the largest employers in the Island - after the States - is proposing to remove the compulsory retirement age, will the Minister start revising his somewhat - I said draconian - large estimates of sheltered housing and so on for the ageing population in view of the fact that there will be a trend for people over 65 not wanting to be packed into sheltered housing but going out to work?

### **Senator T.J. Le Main:**

I encourage that employer; that is welcome news that employers are going to be employing people over retirement age and the polices of the Housing Law and Regulations and the Housing Department in regard to occupancy would take care of the changing market. I have no problem in trying to meet the needs of all these people whether they no longer work or otherwise. I would work with the Deputy and other Members in achieving those aims.

### **3.7 Deputy J. Gallichan of St. Mary:**

This morning the Minister alluded to delays to builders being caused by the planning process. Does he accept that the vital importance that all development is subject to the full and due planning process and will he comment on an apparent open letter he has recently circulated to developers?

### **Senator T.J. Le Main:**

Yes, I would like to very much say that I did circulate a letter to developers, because I have a role not only as Housing Minister in trying to find some land and getting land approved, but I have a duty to find out what the actual market is at the current time when I am having to grant (j) category



licences. I have sent a letter out which indicates that I seek some information on various issues, predominantly to find out what the housing market is at the present time and what are the issues, because I know that currently in the Category B market there are approximately 8 or 10 people chasing every home in the market. In fact, you will have noticed that the agents have changed over from setting the price; they are now asking people to write in with guidelines of a price. It is like a bidding war at the moment. The invitation to electricians and scaffold companies and developers, and all that I have sent out the letter, is specifically to give me some information because I have a very, very difficult job in processing some of the applications that are coming forward by businesses who want to employ (j) category staff. I must make sure in my own mind that there is a supply in the marketplace to meet the needs of all Islanders.

**The Deputy of St. Mary:**

The first part of my question, Minister, was do you accept the importance that notwithstanding any delays, the full and due planning process must be followed in every case?

**Senator T.J. Le Main:**

Yes, I do, but you must remember that we are very short of homes for first-time buyers, shared equity and sheltered housing. Currently, while the States have sites like Lesquende that have been sitting there for a number of years, which has States' approval and has been rezoned, there is still not a home being built upon it. There has to be some method of achieving and getting some of these sites delivered for the people of this Island. I can think of the nursery in St. Mary which has been to public consultation; it has the public support of the Parish; it has the support of the Connétable and the Deputy and we are still seeing those sites not being developed as quickly as I would like.

**4. Questions to Ministers without Notice - The Chief Minister**

**The Bailiff:**

That concludes the first question period without notice. We come to the second question period and I invite questions of the Chief Minister.

**4.1 Deputy A. Breckon:**

I wonder if the Chief Minister would like to comment on the idea of a national gallery and whether - if it is a realistic proposition - any funding has been identified to either build it or to run it?

**Senator F.H. Walker (The Chief Minister):**

I have seen no details whatsoever for plans for a national gallery. I have seen no information on funding, on operations or any details or data at all. I think it remains a very desirable objective; whether or not it is achievable, I cannot say today. I have no information.

**4.2 Deputy R.G. Le Hérisier:**

In the light of the enhanced role for the 3 cost-cutting Deputies, would the Chief Minister announce what reports he has received to date from the 3 Deputies and on what topics those reports were?

**Senator F.H. Walker:**

I am sorry; I just did not get the question.

**Deputy R.G. Le Hérisier:**

In relation to the activities of the 3 Deputies who are being officially sanctioned to carry out more cost-cutting or value for money studies, would he announce to the House the reports received to date and on what topics?

**Senator F.H. Walker:**

We have received no reports to date. I announced in the Business Plan debate the structure that is being set up to enable expenditure to be critically and independently reviewed. I do not expect any information out of that process for some time yet.

#### **4.2.1 Deputy R.G. Le Hérissier:**

Sorry, Sir, a supplementary. The group has been in existence for several months. What reports have been received to the present?

#### **Senator F.H. Walker:**

None have been received at the present because the 3 Deputies concerned lack resources and - not least - time. That has now been addressed and amended and to the Deputies' satisfaction they now have the resources they require and they, like the Council of Ministers, are looking forward to making a very positive contribution to the 2009 Business Plan.

#### **4.3 Deputy J.A. Hilton of St. Helier:**

In answer to a question I asked the Chief Minister in May this year about the lack of a States' policy relating to the employment of individuals with learning disabilities, he informed the House that the Council of Ministers would be receiving a major presentation by the Director of Human Resources and this was one of the topics that the Director had been asked to address. Is the Chief Minister able to give me any further information regarding that question, please?

#### **Senator F.H. Walker:**

Not specifically. I think Deputy Gorst could provide more information than can I, but, of course, he is not being asked the question.

#### **4.4 Deputy S. Power:**

Would the Chief Minister agree with me that the organisation and management of the 2007 Standard Chartered Jersey Marathon was excellent and was as successful as the previous one and would he not agree that this is exactly the kind of event-led tourism that the Island should encourage and build on?

#### **Senator F.H. Walker:**

Absolutely, Sir. Every report I have had back suggests that the marathon was a triumph of organisation and a wonderful advertisement for Jersey and I very much hope - and indeed believe - that it is now firmly entrenched in the events calendar in Jersey on an annual basis. I would like to express my warm thanks and congratulations to all those hundreds if not thousands of people who were involved in one way or another in the quite splendid organisation.

#### **4.5 The Connétable of St. Helier:**

The Chief Minister is reported to have said at a recent speech at the Chamber of Commerce that the G.S.T. (Goods and Services Tax) petition was collected in many cases under false pretences, that some of the signatures were not valid. I just wanted to ask whether the Chief Minister was willing to apologise for those remarks which clearly cast a slur not only upon the members of the public who signed the petition, but on the Members of the Greffe who verified it before it was presented to the States?

#### **Senator F.H. Walker:**

The remarks were made based on reliable information received at the time, but however - and I have already made this clear to Deputy Breckon who I have little doubt has shared the information with the Connétable of St. Helier - I have made it very clear that now that the signatures have been checked by the Greffier, which at the time I made my statement I was unaware of, I am satisfied that the signatures are valid and I apologise to those who have signed the petition for suggesting otherwise.

#### **4.6 Deputy K.C. Lewis:**

Further to my question to the Minister earlier on regarding Guernsey sewerage, in the European perception Jersey and Guernsey are the Channel Islands and anything one Island does can negatively impact on the other. Does the Chief Minister not agree?

**Senator F.H. Walker:**

Guernsey do lots of things that negatively impact on Jersey. No, Sir, I do not agree that in this context there is any cause for concern as far as our international reputation is concerned whatsoever; rather the reverse. As I said in answer to an earlier question, I think it is generally well known how far advanced Jersey's sewage treatment procedures and processes are, and Jersey is held up as a good example of a small community in this respect. I do not believe we need have any concern about a negative impact from Guernsey at all.

**4.7 Deputy P.V.F. Le Claire:**

I do not believe I stand alone in wishing to register my frustration about the prison situation that has been dragging its heels over the last few years. I understand that there was a successful meeting yesterday with the Minister for Home Affairs and the Chief Minister at the prison and it is going to come to the Council of Ministers in short order. Would the Chief Minister give us his opinion as to the situation there and whether or not he would be supportive of the Home Affairs Minister in seeking the funding necessary to sort the matter out once and for all? If the funding is not available, would the Chief Minister approach or be willing to approach the Treasury Minister to come to the House to seek for approval for those funds?

**Senator F.H. Walker:**

The situation I found when I attended the meeting together with the Home Affairs Minister yesterday was one of intense frustration. This has been caused by the fact that the money allocated - and this House did approve significant allocation of funds to the prison improvement plan not just for one year but on an ongoing basis - has been eaten-up by other operational requirements. At this moment I am not clear why that has happened or indeed how that has happened. Some time before the current problem erupted into the headlines, the Council of Ministers at the behest of the Home Affairs Minister had commissioned a full report into exactly what is happening with the funding. That report is due to come to the Council of Ministers on 7th November and we will be giving it our full consideration then. But I have no hesitation in saying that there is a problem at the prison and it is a problem that one way or another we have to resolve.

**4.8 Deputy J.B. Fox:**

The Council of Ministers each fortnight, or whenever it is they meet, always discuss the future propositions and then make subsequent comments. Today we have just heard of a land swap being conducted by Property Holdings in relation to a small patch of land at the Les Mielles area at the Five Mile Road, which is an extremely sensitive area at the best of times. Can I ask the Chief Minister if such land swaps or sales, et cetera, are discussed by the Council of Ministers prior to notifications being accepted or being brought to the notice of States Members in the usual way? In other words, is there a way that these decisions can be challenged before they are ratified; signed and sealed, in other words?

**Senator F.H. Walker:**

No, land swaps such as the plot in question are not the subject of Council of Ministers discussions before they are implemented. That is very much in the hands of the respective Minister.

**4.9 Deputy C.J. Scott Warren:**

Does the Chief Minister agree that nice-to-haves, such as a national gallery, should only be considered after we have the prison building and facilities up to scratch?

**Senator F.H. Walker:**

Yes, I do. Also, my understanding is that it is likely, should a national gallery project proceed, that it will not need to be funded by the States, but that is very preliminary, superficial information. But clearly we have to put our needs before our wants, yes.

**4.10 Deputy G.C.L. Baudains:**

If I might pick upon that last subject, there is a suggestion being bandied about that the Council of Ministers is basically requesting W.E.B. (Waterfront Enterprise Board) to put £1 million or £2 million towards this national gallery. In light of the comments made earlier on in this question session by the Chief Minister, would he therefore deny that? I presume that is not true.

**Senator F.H. Walker:**

I think the Deputy is adept at picking up every rumour or half rumour that he wants to that suits his cause. I can emphatically deny that that is the case.

**4.11 Deputy J.A. Hilton:**

In response to the non-answer to my question the Chief Minister gave me about 5 minutes ago relating to the States' employment policy of people with learning difficulties, can he confirm to me that the Council of Ministers did indeed receive a presentation from the Director of Human Resources and, if so, when will he be in a position to report back to the States Assembly about those very important policy changes which will address the needs and rights of all Island residents with varying degrees of learning difficulties?

**Senator F.H. Walker:**

I can indeed confirm that the Council of Ministers did receive a presentation and now I have had time to think further and my memory has stirred a bit, we did agree that we would double the number of positions offered in the States to people with one handicap or another. I am quite happy to provide that information to the Deputy and to the House if Members so wish.

**4.12 Deputy R.G. Le Hérisier:**

Would the Chief Minister confirm that he is enthusiastic about Double Summer Time and, if so, when does he propose to introduce it?

**Senator F.H. Walker:**

I am personally very enthusiastic about Double Summer Time, but it is not my call. We are still working on a proposition or a request put to us by Senator Perchard. The work is still underway. It is taking, I would accept, quite some time, but I would equally accept it is not exactly top of our priority list at the moment, but it will be coming forward in due course. What the answer will be at this point I do not know. Personally, I am in favour, but there are very strong reasons, very strong problems, related to the proposition as well.

**4.13 The Connétable of St. Helier:**

Is the Chief Minister able to state categorically that no behind-the-scenes deal has been struck with a supplier of energy from waste or, in common parlance, incinerator technology; that no contract has been entered into and no commitments made?

**Senator F.H. Walker:**

That is a question better addressed to the Transport and Technical Services Minister, but I am certainly unaware, and I am sure I would be, of any such deal. Again, I suspect that this is more rumour than reality.

**4.14 Deputy G.C.L. Baudains:**

Like many other people, I think I was surprised by the Council of Ministers decision to reduce the overseas aid budget, or attempt to reduce the overseas aid budget recently. I know the Chief Minister is not going to name those Ministers who voted for and against, but could he give us some indication of the support that it did receive on the Council? We know that 2 Ministers were absent.

Senator Vibert, I believe, has said that he opposed it. Of the 7 remaining Members, could the Chief Minister tell us if any abstained or opposed it; if they registered their dissent or whether in fact there was a casting vote?

**Senator F.H. Walker:**

There was no casting vote, nor do I recall there being any voices of dissent, but there was no vote taken. It was a proposition, as very frequently happens, that emerged without a vote, but I think the question is totally pointless because the States have taken their decision and the issue is firmly closed.

**4.15 Deputy P.V.F. Le Claire:**

I wonder if the Chief Minister might like to comment: I was struck recently, while walking up Hill Street, to notice that one of the employment agencies has been identified as the preferred employment agency of the States of Jersey, along with a couple of other banks, et cetera. Is it not anti-competitive and strangely peculiar that the States of Jersey would have a preferred placement agency so prominently advertising the fact that it is? Is it not fundamentally...

**The Bailiff:**

Deputy, if you want a reply to this question, you had better stop pretty quickly. We have 15 seconds, Minister.

**Senator F.H. Walker:**

I do not have a clue. It is not something that has ever been brought to my attention before, but I will find out.

**The Bailiff:**

That concludes the question period. There are no personal statements under J.

**STATEMENTS ON A MATTER OF OFFICIAL RESPONSIBILITY**

**5. Statement by the Chairman of the Privileges and Procedures Committee regarding the future composition and election of the States:**

**The Bailiff:**

On to K: statements on a matter of official responsibility. The Chairman of the Privileges and Procedures Committee will make a statement on the Committee's proposals on the future composition of the States.

**5.1 Connétable D.F. Gray of St. Clement (Chairman, Privileges and Procedures Committee):**

At its meeting last week, P.P.C. (Privileges and Procedures Committee) considered the appropriate way forward on the reform of the composition and election of the States following the decision of the States on 26th September 2007 that the term of Deputies should be extended to 4 years from the 2008 elections to mirror the extension of the term of office of Connétable agreed on 19th July 2007. As stated in its comment on Deputy Troy's proposition, P.P.C. believes that an extension of the term of office of Connétables and Deputies without any consequential change to the position of Senator would lead to electoral chaos. As a result, the Committee does not believe that it should bring forward reform of Deputies and Connétables in isolation, as elections would be held at random intervals and the consequential change of membership in the Assembly would make it almost impossible to plan an effective programming of Executive and Scrutiny business for any reasonable period. I would draw Members' attention to the table at the end of this statement, which shows the confusing situation which would arise - if no changes were made - to the position of Senator. Having noted the decision of the States on Connétables and Deputies, the Committee is

therefore agreed that reform of the position of Senator must now be debated by the States so that a workable system of elections can be put in place as soon as possible. The Committee believes that the decision to move to a 4-year term for Connétables and Deputies has the inevitable consequence that Senators must also be integrated into a 4-year States cycle. P.P.C. believes that an 8-year term, with half of the Senators being elected every 4 years would be an unacceptable long term of office. P.P.C. has therefore concluded that the only realistic and workable option is for the term of office of Senators to be reduced as soon as possible to 4 years. Although there is clearly support in some quarters for all members of the States to be elected at one time, P.P.C. does not believe that it would ever be feasible or desirable to elect 12 Senators at one time. If that was done, there could be a very significant number of candidates, and electors might cast significantly less than 12 votes. This would mean that candidates elected in 11th or 12th place might have received a very small proportion of votes cast. P.P.C. therefore believe that the number of Senators should be reduced over time to 8, which is the maximum number that the Committee consider can reasonably be elected at one time. In order to achieve a transition to the proposed new structure, P.P.C. will, as a matter of urgency, be bringing forward legislation for debate to provide for the following: (1) an election for Connétables in the autumn of 2008 which any of the 12 Connétables will be able to participate in on a voluntary basis. Those that do will serve for 4 years until 2012 with any who choose not to participate having their subsequent term of office curtailed to end in 2012. In that year all 12 Connétables will definitely be elected on one single day. (2) An extension to the term of office for all Deputies to 4 years from 2008. (3) An election for only 4 Senators in 2008 with the successful candidates serving for 4 years until 2012. The legislation would further provide that 4 more Senators would be elected in 2011 at the expiry of the term of office of the 6 Senators elected in 2005. These 4 Senators would then serve for 5 years until 2016 when all 8 Senators would be elected on one single day for a 4-year term. P.P.C. will propose that the Senatorial and Connétable elections should be held on the same day with the Deputies election following shortly after, as happens at present. Under the above proposal, the membership of the Assembly will reduce to 51 from 2008 and to 49 from 2011. P.P.C. wishes to stress that this reduction is a consequence of the decision to move towards a manageable number of Senators in an election process. P.P.C. believes that steps need to be taken in due course to review the current distribution of Deputies across the Island, as it is possible that any such review could result in an increase in the number of Deputies. In the short term, P.P.C. will bring forward, in parallel, proposals on the maximum size of the Executive to ensure that the balance between the Executive and the non-Executive is not affected. P.P.C. is aware that some will criticise moves to align the terms of Senators with other Members and some may claim the position of Senator will become less attractive and devalued. As a result, P.P.C. nevertheless sees no realistic and workable alternative if the States are to give effect to their decision on the term of office of Connétables and Deputies. The Committee will bring forward legislation for debate as soon as possible so that changes can be in place for the 2008 election. It will of course be open to any Member who disagrees with P.P.C.'s suggested way forward to bring amendments to that legislation in the normal way.

#### **5.1.1 Senator P.F.C. Ozouf:**

Does the Chairman not accept that this is frighteningly tinkering with our constitutional position? Does he really believe that this Assembly can agree to effectively take a pickaxe to the Senatorial mandate, effectively allowing those people who stand for Senator next year unable to stand for Chief Minister, myself not included? Is he saying that you can reform Senators without reforming 29 Deputies and is he proposing anything in his statement about the reorganisation of the 29 Deputorial seats?

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

I do not say there is any problem with the 4 Senators elected becoming Chief Minister. I do not see there is any problem there at all. They have to be elected by the House anyway, but I cannot see what problem the Senator is proposing. I think we might be accused of being piecemeal, but I do

not think we are. I think what we are trying to do is to rectify the piecemeal decisions of this Assembly that has agreed on the Connétables doing 4 years and the Deputies doing 4 years without addressing the Senators. That is what P.P.C. are trying to do to address this problem.

#### **5.1.2 Senator P.F.C. Ozouf:**

Can I just confirm: no reform of the 29 Deputorial seats, yes or no? No reform of the makeup, number, allocation of Deputorial seats, yes or no?

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

I think I said in my statement that is a possibility but at this stage we have not looked at it. The 29 Deputies will still be in place. I really cannot see the problem. It will have to be addressed, I think, but not at this stage. We cannot have this piecemeal position being extended.

#### **5.1.3 Deputy C.J. Scott Warren:**

I think I may have already the answer to the question I was going to ask, which is whether Privileges and Procedures have discussed their proposals with the Senators. Also has Privileges and Procedures considered that if you kept 12 Senators assigned with an Island-wide mandate, they could possibly be linked-in, each Senator, with a Parish to bring U.K. and international issues to Parish Assemblies? I think that I would like comments regarding whether he considers sufficient discussion has taken place to bring this statement.

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

I think that is the Deputy's opinion; it is not P.P.C.'s opinion. Nevertheless, I did say in my statement that it is open to any Member who disagrees with P.P.C.'s suggested way forward - and it is only a suggested way forward - to bring amendments to that legislation. I would suggest the Deputy did that.

#### **5.1.4 Deputy C.F. Labey of Grouville:**

As these proposals in effect give no incentive whatsoever to stand for the office of Senator, does the Chairman not feel obliged to bring forward some sort of incentives; for example, only Senators to become Ministers, a term of office of Deputy has to be served before coming a Minister, et cetera? These proposals are, in effect, going to do away with the Island-wide mandate.

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

Of course that is quite possible, but what P.P.C. are trying to do - and I keep on emphasising this - is to make it sensible that we do not have Senators at vast odds to the rest of this Assembly. They are elected at different periods and different times and I would again draw the attention of the Assembly to the table that we gave to see how impossible it would be to have any way forward for the Ministers to act.

#### **5.1.5 Deputy G.W.J. de Faye:**

The table being put forward as supporting the case for so-called electoral chaos gives voters a greater opportunity to have their say in their representatives and the workings of this States than anything I have seen previously. Given that that appears to be increasingly the value of democracy in the Island, I wonder whether the Chairman has any further evidence to support his pejorative claim that this is leading to electoral chaos. I would also like to know - and I think we need to know this as a matter of urgency - what is the evidence that indicates it is an inevitable consequence - an inevitable consequence - that Senators must be integrated into a 4-year cycle, when I see absolutely no correlation between the roles of Senators and Deputies and Connétables of that type. Also, would the Chairman explain why he is concerned about Senatorial elections where he claims it could mean, if 12 are elected at one time, that candidates in 11th or 12th place might receive a very small proportion of the votes cast, when he knows full well that Connétables and Deputies are

regularly elected unopposed with no votes to their accreditation - no votes to their accreditation whatsoever? Given his Committee's track record in electoral reform, does he not think it is time to give up on it?

**The Connétable of St. Clement:**

That is the Deputy's opinion. We have tried to make a rational way forward out of, I think, a completely confused position. That is all we are trying to do; it is up to this Assembly to decide whether they approve that way forward or not.

**5.1.6 Senator J.L. Perchard:**

Would the Chairman of P.P.C. agree that Members look to him and his Committee for leadership and regretfully it has been sadly lacking when it comes to constitutional reform? Could I remind the Chairman that he sought the opinion of Islanders through the M.O.R.I. (Market and Opinion Research International) poll? I will quote the most stunning of statistics the M.O.R.I. poll produced. That is 46 per cent of people polled wished to retain those selected on an Island-wide mandate. The Chairman has just conceded to a question from the Deputy of Grouville that the Island-wide mandate is now unlikely to survive the reconstitution of the States. Does that mean he is ignoring the views of those polled in the M.O.R.I. poll?

**The Connétable of St. Clement:**

Can I just correct the Senator; I did not say that it would lead to the demise. What I said was it was possible that it would, agreeing with the Deputy of Grouville who suggested that might be a way forward. I would draw the attention of the Senator again to the fact that in July we did bring forward a comprehensive reform proposition to the States, which had all the elements of reform and it was rejected by the States. They instead decided that they would prefer to have piecemeal reform; in other words, reform the length of office of the Connétables and then later, because the House agreed to that, to reform the length of office of the Deputies. The Committee therefore feel that if those 2 reforms go ahead then the Senators' length of office must also be addressed and that is what exactly we are trying to do.

**5.1.7 Deputy P.V.F. Le Claire:**

I think we are in danger of reopening the debate rather than seeking clarification from the Chairman as to what exactly he is saying in his statement to us today. I understand and accept that the proposition that is being brought forward, for whatever reasoning occurred on the day, will be amendable, and therefore this is also something that can be factored-in. Given the overwhelming consideration in relation to the reduction or withdrawal of membership of the Assembly to referenda, what consideration was given, if any, to these decisions being put to the people in a referendum?

**The Connétable of St. Clement:**

The Committee has not considered that at this stage because they felt that the need was urgent if the reforms were to be put in place in 2008.

**The Bailiff:**

That is the end of the period allowed for questioning of the Chairman.

**6. Statement by the Chairman of the Corporate Services Scrutiny Panel regarding G.S.T:**

**The Bailiff:**

We come now to a statement by the Chairman of the Corporate Services Scrutiny Panel and I invite him to make it.

**6.1 Deputy P.J.D. Ryan of St. Helier (Chairman, Corporate Services Scrutiny Panel):**

The Corporate Services Sub-Panel on G.S.T. will shortly be issuing its third report; I am reviewing its final draft now. This will deal with the draft Regulations which are due to be debated in this



Assembly on 23rd October 2007. However, I have decided to make a statement on this occasion, prior to that debate, because of a matter of concern that has arisen in the course of this stage of our review. The draft Regulations provide for the supply of hotel accommodation to be zero-rated for a temporary period until 1st January 2007. The reasons for this extension are covered in our report; there is not the time to delve into them. The concession to the hospitality sector came as a surprise to us, as it appeared in the draft Regulations without any previous notification that this was being considered. We were given no indication of these negotiations at the time of our public hearing with the Minister in August of this year. In contrast, we had received prior notice of the intended policy decisions on other exclusions which have been incorporated in these Regulations. We were concerned to discover that the estimated revenue loss for 2008 as a result of this extension is around £750,000. While we appreciate that, in principle, transitional arrangements are part of the normal course of affairs in the introduction of a new tax, there are a number of features in this case which give us cause for concern. My reasons for raising this issue now are about the way this extension was introduced into the draft Regulations at a very late stage. Firstly, we believe that the extent of the loss of revenue and a sum of this nature ought to be accountable in a more transparent way. In our view, and without evidence to the contrary, the hospitality industry will, in effect, be receiving through this proposal a significant market subsidy for 2008. A solution might have been for the matter to have been raised by the Economic Development Minister in the debate on the States' Business Plan. We simply have been given little opportunity to fully consider the implications of the proposal. Secondly, we believe that the hospitality sector have had adequate notice of the introduction of the tax and ought to have made provision for the tax in their holiday brochures for the forthcoming year in good time. It seems disappointing that the matter was brought forward by the tour operators at a very late stage and that pressure was applied on the Minister to make a decision within a short timescale. Thirdly, the late introduction of this proposal appears to us to parallel the attempt to introduce certain late amendments in the principal Law in relation to the treatment of the financial services industry. We successfully resisted that development, Members will recall, at the time, on the grounds that the proposal had not been properly scrutinised. Further detailed discussions have ensued between the Treasury and stakeholders on that matter and we will have an adequate opportunity to scrutinise the proposals before they are brought back to the States for consideration in the next set of regulations. We are disappointed that in both cases the normal Scrutiny process was bypassed due to pressures applied to the Minister by stakeholders at a late stage in the preparation of legislation. We are concerned that decisions may be made in these circumstances without full consideration of alternative options. It is our role in Scrutiny to ensure that such decisions are challenged and, if necessary, reconsidered. Having given much careful consideration to this proposal, we have reached the conclusion that it would not be in the best interests of the States to seek to change the arrangements that have been agreed in principle with the hospitality industry. We understand that this would cause serious disruption to booking arrangements now for 2008. Nevertheless, we urge the Minister not to assume our assent in future to significant policy decisions and also to make stakeholders aware of the importance of early involvement of the Scrutiny function. Finally, we would make the point that, in general, the co-operation we have received from the Treasury and Resources Department in the course of our review of G.S.T. legislation has been very good. Information and discussions at formal and informal levels have usually been, other than these few cases, informative and helpful.

#### **6.1.1 Deputy G.P. Southern:**

Could I seek a point of clarification? I heard and read 1st January 2007 in the second paragraph; is that really what the Chairman is saying? Is that 1st January 2009?

#### **Deputy P.J.D. Ryan:**

Sorry, Sir, that is a typographical error; that should read 1st January 2009.

#### **6.1.2 Senator T.A. Le Sueur:**

Would the Chairman of the Corporate Services Panel accept my apologies for not keeping him informed on this occasion? We do have a good working relationship; I am sorry that this one has

sullied it. It happened in the middle of the summer recess when at some stage I was away and at other stages ... for whatever reason, anyway, communications were not adequate and not what they should have been. There has been subsequent communication, but I can only apologise to him for not having the timing correct in this instance.

**Deputy P.J.D. Ryan:**

I thank the Treasury and Resources Minister for his apology, and it is accepted. Could I just caveat that slightly: the position with the financial services industry and a very late amendment was also apologised for and was accepted. I would just say to the Assembly that once is a mistake; I begin to wonder about twice and I would certainly hope that 3 times would never happen.

**6.1.3 The Connétable of St. Helier:**

Would the Chairman of the Panel advise whether his Panel is investigating similar problems being faced by other groups that have yet to be offered exemptions; I am thinking of charities in particular? Do his concerns not suggest that to some extent - if I can, not to mince my words - the finer detail of G.S.T. seems to be being made up as we go along?

**Deputy P.J.D. Ryan:**

I am not sure what the Connétable is referring to in the case of charities. We have certainly done a considerable amount of work on charities and our view is that as far as charities are concerned the arrangements are extremely good and are considerably better than most charities in other jurisdictions; I would almost say all charities in other jurisdictions, but I cannot quite say that because I do not have the final information. I am afraid I can make no comment finally about the Connétable's last part of his question. As far as my Panel is concerned, generally speaking the arrangements are good but there are one or 2 areas where we are concerned and we have not had, as my statement says, a chance to look into these interim arrangements or these transitional arrangements for the hotel industry.

**6.1.4 Deputy A. Breckon:**

I wonder if the Chairman of the Corporate Scrutiny Affairs Panel is aware of any other pending concessions or exemptions due to stakeholder pressures that may be forthcoming. I have in mind perhaps for senior citizens on foodstuffs, basic essentials and utilities.

**Deputy P.J.D. Ryan:**

My Panel's view on these other pressures on G.S.T. is fairly well known. I have a little bit of a quandary, although quite clearly I am standing here as the Corporate Services Panel Chairman. My own personal view on such things as zero-rating, as I am sure that the Deputy and the Assembly are aware, is slightly different to the Panel's view. The Panel's view is that the States have made a decision to start G.S.T. - or to have a G.S.T. - with as few exemptions and zero-ratings as possible and I think that our previous reports have quite clearly shown what the revenue implications are of zero-ratings on these other sectors. I do not think there is much more that my Panel can add to that. It is quite clear from our previous reports we have done an awful lot of work on what those various implications are in revenue terms, and our view is that the States have made a decision and we hopefully have assisted the States by providing information to come to that decision. That is the decision that has been made on the various ratings and exemptions.

**6.1.5 Deputy S.C. Ferguson:**

Just a point of clarification. The exemption seems to be based on a matter being brought forward by the tour operators. Are these local tour operators or external tour operators coming into the Island?

**Deputy P.J.D. Ryan:**

My answer to the Deputy is I wish I knew because I wish I had had the opportunity to scrutinise it, and I do not have the information.

### **6.1.6 Deputy G.P. Southern:**

Is the Chairman aware of one of the conclusions arrived by my own Scrutiny Panel looking at price marking and charging, that the absence of exemptions on food will have significant costs for those who bring food into the Island, which is automatically priced for the U.K. market, such as the Co-Op and other big food supermarkets? Does he believe that this will have a knock-on effect on inflation and the costs of G.S.T. on implementation?

### **Deputy P.J.D. Ryan:**

I do not think it is the right time that I enter into a debate on price marking when my statement was specifically about a transitional arrangement and a zero-rating for the hospitality industry. I think that the States will have the opportunity in the fullness of time to debate that in some real detail and I look forward to that point when I will make my own comments on that one. I am not sure that this is the appropriate time to have a special debate about price marking.

### **6.1.7 The Connétable of St. Helier:**

In his statement, the Chairman referred to the lost revenue of £750,000. Would he not agree with me that what this amounts to is £750,000 that will not be taken from the pockets of our prospective visitors?

### **Deputy P.J.D. Ryan:**

The straight answer is yes, I would agree with the Connétable, but I would also remind the States that they made the decision in principle that one of the essential and basic elements of the G.S.T. design was that we would be able to export some of our tax base through charging some of the tax to off-Island visitors. That was seen as an advantage rather than a disadvantage.

### **6.1.8 Deputy G.P. Southern:**

Is the Chairman of the opinion that with such late amendments and changes to G.S.T. Law, it is inappropriate to be debating the whole issue on 23rd October?

### **Deputy P.J.D. Ryan:**

I will leave that up to the Assembly to decide; that is not something that I would like to comment on.

### **The Bailiff:**

We come next to a statement by the Chief Minister and I invite him to make it. Sorry, Chief Minister, there is another statement to be made before your statement, to be made by the President of the Scrutiny Chairmen's Committee.

## **7. Statement by the President of the Scrutiny Chairmen's Committee regarding the release of information to the media:**

### **7.1 Deputy S.C. Ferguson (President, Scrutiny Chairmen's Committee):**

The Chairmen's Committee is extremely concerned about the release of 2 documents to the media in the week beginning 1st October 2007 arising from the work of the Education and Home Affairs Scrutiny Panel on the role of the Centenier in the Magistrates Court. Firstly, the Chairmen's Committee deplores the action of the Deputy of St. Martin, as an individual Member, in releasing into the public domain an early draft of the report prepared by the Panel's legal advisor in conjunction with the Deputy of St. Martin who was then the Chairman of the Panel. This draft report was not approved by the Panel and therefore was subsequently amended. The Deputy, having resigned from the Panel, does not have the authority to release any documents which are the property of the Education and Home Affairs Scrutiny Panel. Members should note that the Panel

has rigorously observed confidentiality in relation to the document. The draft report of 4th June was prepared for and financed by the Education and Home Affairs Scrutiny Panel. For the Deputy to have published it as a private Member is inappropriate. The Chairmen's Committee takes an extremely serious view of this episode. If a Member of a Scrutiny Panel disagrees with the conclusions of a Panel or how it has reached its conclusions, they are at liberty to have their dissenting views published as a minority report or, if that is deemed insufficient, to resign from the Panel. Furthermore, if a Member is no longer a member of that Scrutiny Panel, as in this instance, then that Member is able to bring a proposition to this Assembly or to bring an amendment to a relevant proposition. By following one of these routes, their concerns can be aired and fully debated in the Assembly. This Assembly is based on the freedom of the individual Member to bring to the attention of the public such matters as are deemed to be in the public interest. That freedom is not a licence to publish incomplete documents which are the property of another party. Secondly, the Chairmen's Committee also deplores the release to the media, by persons unknown, of a confidential letter addressed to the Education and Home Affairs Scrutiny Panel. For the avoidance of doubt, the Panel makes it clear that the decision to release documentation as part of its review remains a matter for it alone. The Committee is, however, aware that this case also raises fundamental issues about the conduct of Scrutiny proceedings, particularly the need to ensure that, except in rare cases, they are conducted in public.

#### **7.1.1 The Deputy of St. Martin:**

Can I make it clear to the House the first I knew of this document was when I arrived this morning at 9.25 a.m. I certainly welcome the Chairman's interests in public rights issues. It is rather a pity that it did not look at Article 6 of the Human Rights Law which gives a person a right to a fair and proper trial. In this particular case I was not given even opportunity of explaining myself. Will the Chairman explain why I was not invited to a formal Chairmen's Committee meeting to be given the opportunity to explain my reasons for my actions?

#### **Deputy S.C. Ferguson:**

The Chairmen's Committee is concerned that a document was released into the public domain. It does not matter who released it or where. This was a document that was the property of a Scrutiny Panel and should not have been released. Any Member who is not aware that documents in progress should not be released until they are completed and all assented to ... I am sorry; Members should be aware that this is not the honourable thing to do.

#### **7.1.2 Senator S. Syvret:**

Does the President agree that, contrary to the impression given by her statement, it is the people of Jersey who paid for this work, for these reports, and therefore the reports are the work - are the property - of the people of Jersey? Also, is she familiar with the code of practice on public access to freedom of information which stipulates a range of exemptions, certainly, but they are not obligatory exemptions and that the public authorities may release documents even if they are potentially covered by the exemptions, especially so if the client, in this case the Panel, wished to release them? Could she inform the Assembly whether she really thinks it satisfactory for the States' Scrutiny Panel to seek to withhold from the public information which may indicate that the convictions of many hundreds and possibly thousands of people over a period of decades are unsafe?

#### **Deputy S.C. Ferguson:**

Yes, the people of Jersey do pay for this. On the other hand, the people of Jersey deserve a complete picture and to have an incomplete document issued is not conducive to proper information for the public. In actual fact, no information has been withheld at all. If the Senator has read the report - if he has looked on the website - then all the information relevant to this report is freely available in the public arena and was immediately the report was issued.

### **7.1.3 Deputy G.P. Southern:**

Will the Chairman make known to Members the fact that I objected to the sending of this statement and withheld my assent from this statement last night?

### **Deputy S.C. Ferguson:**

Yes, Sir.

### **7.1.4 Deputy J.A. Martin:**

I think it is more clarification. In the first part of the second paragraph, the Deputy refers to: "An early draft of a report prepared by the Panel's legal advisor in conjunction with the Deputy of St. Martin who was then the Chair of the Panel." Then it goes to the bottom: "The draft report of 4th June was prepared for and financed by the Education and Home Affairs Scrutiny Panel." Were they one and the same report or was this a different report? I seem to be getting the impression that the Deputy of St. Martin and a legal advisor were working on something that the rest of the Panel may not have agreed with and it has not been released. Can she clarify that if what the Deputy has released is the first part - a report worked on by himself, with probably a lot of man hours, and a legal advisor - it would not be the same report that was prepared for and financed by the public of the Island?

### **Deputy S.C. Ferguson:**

It is my understanding that in fact the draft report of 4th June is the report that was prepared by the legal advisor in conjunction with the Deputy of St. Martin; they are one and the same report. Obviously, as the legal advisor was being paid for, eventually, by the public of the Island of Jersey, he was sub-contracted to the Panel to work on this. Therefore, this report, which was not approved by the rest of the Panel, was work in progress. To release something which is only an interim stage report is not in the best interests of informing the public of the Island.

### **Deputy J.A. Martin:**

The Deputy says an interim report released is not in the best interest of the Island. Surely the report from 4th June was released a long time after the official new Panel's report on Centeniers.

### **Deputy S.C. Ferguson:**

Yes, but it does not help to release interim documents which are incomplete, and they were not complete because the Panel had not agreed all the evidence and conclusions. It is irresponsible to do this. Yes, people have the right - and we hear a lot of talk about the rights - but there are responsibilities as well.

### **7.1.5 Deputy P.V.F. Le Claire:**

I am confused. No doubt there were a lot of questions and a lot of people unhappy about the incident itself, not least of which now we add the Deputy of St. Martin to that list. But what I am particularly confused about is how this is being presented to the States by the Chairmen's Panel of the Scrutiny Committee. Why was this not referred to the Privileges and Procedures Committee for consideration and why is it not the Privileges and Procedures Committee Chairman who is standing up and giving his opinion of the Committee which was put in place by the States to adjudicate upon the actions of States Members? If it has been deemed the right organisation to put this before the States of Jersey, the Scrutiny Chairmen's Panel, where in the States of Jersey Law does it give that authority? I am not aware of it. Why was that statement this morning not read out, if it belongs in the domain of Scrutiny, by the Chairman of the Education and Home Affairs Scrutiny Panel? Why was it not forwarded to the Privileges and Procedures Committee?

### **Deputy S.C. Ferguson:**

We are questioning a matter of principle here, and it is a matter of principle that the release of information by a Scrutiny Panel is undertaken by the Chairman of that Panel with the consent of a majority of members. This is a principle that should apply to all Scrutiny Panels and all Scrutiny Chairmen. Therefore, it is within the remit of the co-ordinating Panel of the whole of the Scrutiny function to bring this to this House so that it is understood that this sort of behaviour is not in accord with the best principles of Scrutiny.

**Deputy P.V.F. Le Claire:**

On a point of order, Sir, if we are discussing a principle of the actions of an individual within the remit of Scrutiny, then we can be at that kind of analogy all day long. What I am asking is is it the right Committee to be presenting this type of a report, under the procedures of the States of Jersey. Should it not have been considered and presented by the Privileges and Procedures Committee?

**The Bailiff:**

No, it is absolutely the right Committee, Deputy. Standing Order 143 gives the terms of reference of the Chairmen's Committee, which are at paragraph (c): "To keep under review the operation of the Scrutiny function." If the Chairmen's Committee considers that the Scrutiny function is being abused in some way, it is perfectly open to the Chairmen's Committee to say so.

**7.1.6 The Deputy of St. Martin:**

I had a number of questions I would like to have an opportunity of asking, but I strongly question the Chairman's assertion that Scrutiny Panels have the right to suppress matters of a public interest, particularly when the public have paid for that information. Will the President confirm that she and the rest of her Panel have read the perceived confidential letter and agree that the advice given by the Attorney General was unsolicited and of a political nature and therefore something which could be put in the public arena?

**Deputy S.C. Ferguson:**

We are talking matters of principle here. The point was that there was a letter sent in confidence. This letter had no bearing in the end on what information came out in the report. If Mrs. Bloggs who works for ABC Company sends a letter in confidence into a Scrutiny Panel, she needs to be able to be confident that her letter will not be released into the public sector. As far as the Chairmen's Committee is concerned, it is a question of confidentiality with regard to a letter. As it happens, I do not think it matters who it is from, whether it is the Queen of England, the Attorney General or Mrs. Bloggs who works at the Co-op. The whole point is confidentiality should be observed. The fact is that it made no difference to the way that the report was finally presented. All the information, including the legal opinion about which there has been so much talk, is freely available on the website of the Scrutiny Panel.

**The Bailiff:**

That completes the period allowed for questioning of the Chairman. We come now to a statement to be made by the Chief Minister.

**8. Statement by the Chief Minister concerning industrial action by members of the T.G.W.U. (Transport and General Workers Union) at the harbour:**

**8.1 Senator F.H. Walker:**

Members will recall my statement to the States in April this year at the time when industrial action by members of the Transport and General Workers Union had disrupted services at the harbour. At that time I also issued a fact sheet, copies of which I have again provided overleaf. Essentially, the reason that a dispute had arisen is that the employer - in this case, of course, the States - wants to

move some members of its workforce from the harbour to other workshops both at the harbour and at Bellozanne and the workers concerned are so far refusing to go. The issue that has arisen is that some of the staff contracts stipulate that their place of work is the harbour and therefore new contracts, after all due process, have been drawn-up. The only change from the old contracts is that the place of work has changed from the harbours to anywhere within the States. The movement of staff from one States employment location to another is established practice which has been agreed to by staff, including manual workers, on a number of previous occasions. There are no other changes to the workers terms and conditions of service and no threat to the security of their jobs. The reason behind these moves is to ensure that the existing workshops, which are now surplus to requirements, are made available for commercial use. The estimated rental income to the States is £330,000 per annum. Small though it may be in the overall scheme of things, this is the sort of change that is essential if the States is to maximise its efficiency and maintain control over expenditure. Protracted discussions have taken place through the manual workers joint consultative machinery with a view to reaching an agreement and all appeal procedures have been followed to the letter. They are now exhausted and culminated in a meeting of the Joint Council on 2nd October 2007. Following that meeting, the Employers Side has written to the Transport and General Workers Union by letter on 5th October setting out its final position, which is that in return for the employees in question agreeing, when instructed, to relocate to the T.T.S. (Transport and Technical Services) workshops at La Collette and Bellozanne, the employer will (1) provide a 10-year service level agreement for the provision of engineering and maintenance services by T.T.S. to the Harbours Department; (2) enter into meaningful discussion with the T.G.W.U. without commitment on the possibility of introducing a grade 9 - the current highest manual worker grade is 8 - into the manual worker factor comparison grade structure; and (3) redraw the new contracts. This final offer is now under consideration by the T.G.W.U. and its members. The States Employment Board hopes that the T.G.W.U. will accept the offer and the employees in question move as requested. If, however, the offer is rejected and the employees do not move voluntarily, the employer will then instruct the employees concerned to move their operational base.

## **PUBLIC BUSINESS**

### **9. Employment (Jersey) Law 2003: therapeutic work schemes (P.141/2007)**

#### **The Bailiff:**

We now come to Public Business and I am informed by the Minister of Employment and Social Security that his opening speech on Income Support Regulations will take at least half an hour. It is suggested that we might therefore deal with other shorter matters before lunch if Members are content to agree with that. I think that Deputy Gorst has been put into frame in that respect, if the Deputy is willing to deal with Projet 141 before lunch.

#### **Deputy I.J. Gorst of St. Clement:**

Yes, I am, Sir. Hopefully it will not take the full half hour, so I am not sure if the Minister wishes to revert or for my proposition to go now.

#### **The Bailiff:**

Let us dispose of that anyway. I ask the Greffier to read the proposition.

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

The States are asked to decide whether they are of opinion (a) to request the Minister for Social Security to use his powers under Article 19 and 20 of the Employment (Jersey) Law 2003 to direct the Employment Forum to consult on whether the operation of the Employment (Jersey) Law 2003 prejudices therapeutic work schemes, particularly in regard to the minimum wage, and for the forum to make its recommendations within 3 months following the approval of this proposition;

and (b) to further request the Minister for Social Security to bring forward for approval any appropriate amendments to the Employment Law based on his consideration of the Employment Forum's recommendations made under paragraph (a).

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

I apologise in advance if I am a little bit stammering, picking up my notes roughly and quickly written. I believe that one of the fundamental roles of government is to ensure that those in greatest need are both supported and protected by society and specifically by its government. I was first made aware of the potential detrimental effect that the Employment Law was having upon, or potentially having upon, therapeutic work schemes through anecdotal evidence and approaches. Never one merely to take anecdotal evidence and potential hearsay, I undertook to do a short review of therapeutic work schemes and the effect of employment laws in other jurisdictions. That short review led me to see that in the United Kingdom, where minimum wage requirements are dealt with by the Low Pay Commission, they - in their most recent report - raised also this issue and expressed concerns about the effect that, in particular, the minimum wage regulation was having upon the provision of therapeutic work schemes to disabled members of its society. In fact, it has been on their radar for a number of years and, like the Jersey legislation whereby therapeutic work schemes are covered under codes of practice, this is exactly the same in the United Kingdom where they covered work schemes under codes of practice. The Low Pay Commission asked the Department of Trade and Industry to review those codes of practice and they have now carried out that review and changed their codes of practice to try and address this particular concern. However, they are aware that it may not have done the job and they - in their report - say that they will continue to review and keep a close eye on the situation. Looking a little bit further from the United Kingdom to the Isle of Man, they are also aware - and have been aware in the past - of this potential conflict, so much so that in their legislation they have an exemption from the minimum wage requirements for therapeutic work schemes. I also felt that there might be another way of approaching this issue rather than having to bring a proposition to the States today, and therefore some of those people who contacted me in turn contacted the Employment Tribunal to see if some certainty and clarity could not be gained around the codes of practice and what the Employment Tribunal's position would be on a particular scheme in light of the codes of practice. The Employment Tribunal felt that they were not able to make a general ruling on therapeutic work schemes; they would only be able to rule if a particular case was brought before them, so you can imagine that people providing these schemes were not prepared to put either their scheme or members within the scheme to such an extreme position whereby they felt they were being abused and breaking the codes and therefore they needed the Employment Tribunal to rule. I am therefore left with the proposition which we have before us today, which is to call on the Social Security Minister to ask the Employment Forum to review this situation and if it is found that we are experiencing problems in Jersey, as they have experienced in the United Kingdom and in the Isle of Man, I will then ask him to bring forward any necessary amendments to that legislation which the Employment Forum might propose. Having said all that, I am aware that it is indeed a very sensitive area and we, as Government, would not want to do anything which was seen in any way, shape or form to take advantage of the least advantaged within our society. Therefore, I believe that this approach ... we are not making a prior judgment upon what the Employment Forum might decide or recommend. I suspect that a possible solution to this problem might be that we went along the lines of the Isle of Man and allowed specific exemptions, providing those exemptions were administered on a case-by-case base, potentially by the Department for Social Security. I am also aware that within any given therapeutic work scheme, there might be people who are much more able-bodied and would want to enjoy the benefit of a wage which was above the minimum wage, let alone the minimum wage. However, there are potentially some people for whom the enjoyment of a therapeutic work scheme is about the provision of day service and not necessarily about the provision of money for work provided. So one thing I do not believe that we should allow is for our Regulations, our improvements in the Employment Law which corrected one problem...



we must ensure that they do not create another problem by swinging in the opposite direction, and certainly, I do not believe that we should be encouraging laws which mean that some of the least able members of our society are sat at home without any provision whatsoever as a side-effect of a legislation that we passed in this place that we did not see that consequence there. So, I maintain this proposition.

**The Bailiff:**

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

**9.1.1 Senator M.E. Vibert:**

I would like to speak, if I may? I would like to congratulate the Deputy bringing forward a way ahead in this very difficult area. Because, as he explained, it is vitally important that the least able to defend themselves in our society are not taken advantage of, but it is equally vitally as important that we encourage such schemes so that the individuals concerned can take advantage of therapeutic work schemes. They have fantastic value in broader education on social benefit to individuals in such schemes and we will be facing increasing need for such schemes as more and more young people leave education where they may need to take advantage of such schemes as their improvements in health and survival rates continue. It is very important that this is looked at. We need to find a very, very sensitive way through. I believe that such therapeutic work schemes should be encouraged and it is important that no unnecessary barriers are put in the way of such schemes, which is what I believe the Deputy wishes to achieve, and I believe and hope that this review by the Minister and the consultation can achieve that and it is likely to be, I think, on a case by case basis. But it is a difficult area but it is one that needs addressing because we must encourage therapeutic work schemes for the benefits of the individual concerned.

**9.1.2 Deputy A. Breckon:**

I should say that I have been fortunate enough to be on the board at Oakfield Industries and at Acorn and I also served some time on the Special Needs Employment Board, so I did see the benefits and the tremendous work that went on in some of these areas. I think if other Members are not aware of that then perhaps they should make some effort to find out exactly what is going on. I think this proposition is cleverly crafted, if I may so, because I think what it does, Sir, it finds a balance between fulfilling a need and helping the individuals. And touching on that perhaps, if there is some exploitation of people stuffing envelopes for long times on a commercial basis for small amounts of money that is not really where we want to be, and I think the Deputy has touched on that, albeit briefly. I have seen, Sir, where perhaps but there for the grace of God could go some of us because I have seen people who were fairly able and were unfortunate enough to suffer from a stroke and they have benefited by these schemes in that it has given them some incentive to get up and get out during the day and it has given them something to do, and the feeling of wellbeing and, indeed, worthwhile. I think this is where this proposition lies, and that is really the sentiment and what it is all about. It is about the balance, the benefit for the individual, but the balance of that is to take the bureaucracy out of some of this where it may destroy the opportunity for the person who may be in such circumstances, have learning difficulties or whatever, and I think this is a sensible thing. Nobody wants to see anybody exploited and I do not think we are here with this. This is about a sensible way round that serves people in the community with particular difficulties or needs. I think, Sir, I am sure that Members will support that and I think it demonstrates by supporting this proposition it shows that we, Sir, are supporting those people who may be in either temporary difficulty or have ongoing difficulties, and we are sympathetic towards that. But not only are we sympathetic, Sir, we are demonstrating that we recognise it and we wish to deal with it in a pragmatic way, Sir. I have no hesitation at all in supporting this proposition.

**9.1.3 Senator P.F. Routier:**

Members will perhaps be aware of my involvement with people with learning disabilities and the desire to ensure that they are able to achieve their goals and to get a job and be able to support themselves within the community and do as much as we possibly can to ensure that does happen. I am also a director of Jersey Employment Trust and have been on Acorn and Oakfield for a number of years, and another hat is I also chair Les Amis which looks after people with learning disabilities in the community. I am aware that for people to get into work it is very, very difficult. The consequences of the Law we currently have, I mean I am responsible for bringing forward the Law in the first place, but we did put into the Law the codes of practice which we believe do do the job. That is what we believe. But, I have to recognise that there are some employers who do not have the same view and they have been advised by the legal profession that they may not be covered by the codes of practice to enable them to take on people with learning disabilities. I am pleased Deputy Gorst has taken a great interest in this area of work. Obviously from what I have said earlier on, I am conflicted in quite a lot of these areas because I want to achieve what is best for people with learning disabilities and for all people with disabilities, and we need to achieve that in the best way we possibly can. I brought forward the original Law with the codes of practice and I am pleased today that Deputy Gorst has brought forward this proposition for me to review that. I am happy - not for me to review it - for the Employment Forum to review it. I am very happy to accept this proposition. I have one caveat, which is that the timescale the Deputy has put forward of 3 months may not be achievable because the process of public consultation with the Employment Forum can take longer than 3 months to give it a fair crack of the whip. But certainly, with regard to 3 months I am very happy if the Forum has not come back with their full report, to report back to the States as to where things are heading. I do support the proposition, Sir.

#### **9.1.4 Deputy C.J. Scott Warren:**

I have been on the board of the Jersey Employment Trust for several years and I have seen the excellent work being done. I would like, Sir, to congratulate Deputy Gorst for bringing forward this much needed proposition in my view, because we have to get this right and I believe that asking the Employment Forum to look at this is our best way forward. We have to ensure that what recommendations come, we have to ensure not only that we have to get it right, we are also getting adequate provision for people who otherwise may stay at home and may not be able to come within the schemes and sometimes may languish at home for several days each week, if not all week. So, Sir, I very much welcome and support this proposition.

#### **9.1.5 Senator P.F.C. Ozouf:**

I agree with this proposition, moreover I think we should be doing more. I think that it is absolutely right to consider the issues of the minimum wage but what we also need to do is we need to encourage employers to take on more staff as part of these different schemes. What I can advise Members is that last Friday at the Migration Advisory Group - and again yesterday at our Skills Executive meeting - we considered how we could use, potentially, the issue of the granting of 3-year job licences under the Regulation of Undertakings to encourage employers to take more people on to schemes. I am not suggesting a compulsory levy or quota of additional people as part of the job licences but certainly there can be a consideration to putting and encouraging employers in granting their 3-year job licences to allow more people to be on the schemes. There are some very good employers but we need more, and I think that the States and Economic Development working with Social Security has an obligation to bring the universe of employers much closer to the universe of people who are seeking work. It is part of getting people into productive employment and I would propose that in parallel to the work that has been proposed by working with Social Security that we, at Economic Development, using our powers under Reg. of Uns. will also progress work to make this as a consideration in the granting of licences and job licences. I think we can do more and we will.

#### **9.1.6 Deputy J.B. Fox:**

I too am a trustee on the Jersey Employment Trust which is Oakfield and Acorn Industries, et cetera, and I am also on Education, Sport and Culture where increasingly through our work with young people and through disabled access units, et cetera, that we are looking at beyond the compulsory educational stage of 16 and going on to 17 to 25. It is in these important areas that I am starting to receive the concerns of parents with such children that are needing this extra support from the transition of compulsory education through to the workplace. Indeed, I must commend Deputy Gorst on dovetailing together or, in effect, helping to dovetail together many things that are already appearing and starting to appear to dovetail together. But I think that this will provide the impetus to increase that progress and we have already heard from the Ministers for Social Security and Economic Development today and, indeed, my own Minister. I perceive this as a very important way forward, not only for the young people concerned but we also must remember their families who spend a great deal of their life and effort in finding things for their young people to do to increase their learning capacity and capability and at the same time the skills for them to pay a full part of life. So I shall definitely be voting for this proposition.

#### **9.1.7 Deputy G.P. Southern:**

I am listening to people stand one after the other and praise Deputy Gorst for bringing this proposition. I am afraid I cannot quite meet the proposition with the same enthusiasm. Deputy Gorst quite rightly pointed out that this is fraught with difficulties. It seems to me that we have some very clear arrangements and directions made in the Employment Law 2003 which clearly set out what constitutes work and what does not, and what constitutes a contract and what does not. We must, at all costs, avoid, if we possibly can, making arrangements whereby those with a disability are seen and treated as some form of cheap labour. Now, I am not saying that any employer is likely to do that, I am saying that this proposition is fraught with that problem. In particular, it seems to me that in breaking up this proposition into 2 parts, the first part is, I believe, is worthy of support: "To direct the Employment Forum to consult on whether the operation of the Employment Law prejudice therapeutic work" and to make recommendations. That seems to me is a perfectly straightforward and logical thing to do. But then the proposal assumes that the case has been made, and there is something wrong. And then says: "Come back with amendments." It could well be that the Employment Forum takes a look at it and says: "No, I think we have got it right. There is no need to amend the Law; it is perfectly straightforward." So while I can support (a) as a way forward, investigate it - that is perfectly safe - I would be seeking that (a) and (b) are brought separately because (b) I think assumes the answer; we are going to get an amendment to the Law and I do not believe that is appropriate at all. I would question whether the 2 parts can be brought separately because I would intend to vote against (b).

#### **9.1.8 Senator F.H. Walker:**

Can I just respond to that? I am absolutely astounded by that speech because part (b) of the proposition says: "To further request the Minister for Social Security to bring forward for approval any appropriate amendments to the Employment Law based on his consideration of the Employment Forum's recommendations." It does not say he has to bring forward amendments. It says: "Bring forward any appropriate amendments." I think we just heard a speech for the sake of making a speech or opposition for the sake of opposition, Sir. This is a first class proposition and the Deputy deserves our 100 per cent support.

#### **9.1.9 Deputy P.N. Troy of St. Brelade:**

I must admit that I am concerned that some agencies may wish to pay those on therapeutic work schemes a lesser rate than the minimum wage, and I do believe that Deputy Gorst has been lobbied by such organisations for a review of the current legislation. Let us call a spade a spade. I feel that the vast majority of those who participate in work schemes can work with an understanding employer and receive the minimum wage, especially as the vast number of employees around the Island receive in excess of the minimum wage. I am quite concerned as to where this is taking us. I

know the motives are well-intentioned but I think the outcome would be detrimental in many ways to those who are working with employers very well, who are placed with employers and receive a great deal of support from their employers. I think this could be a retrograde step in my opinion. There are many employers who make an effort to take on those with challenges and I really do congratulate them on their readiness to work with people with special requirements in the workplace, and I feel that there are a sufficient number of employers in this Island who really do care about those in our community who have special requirements and I personally feel that our current legislation does not need to be changed. I am Assistant Minister at Social Security **[Laughter]** and I am very seriously considering voting against this. I think when we brought in the minimum wage... let us go back, Members of the States Assembly, when we brought in the minimum wage we were fully aware of what we were doing. I do feel that Deputy Gorst is taking us back a step.

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

I think I must first apologise, we seem to be running over the half an hour. Perhaps we would have preferred Senator Routier's opening speech after all. I would like to thank those Members who have spoken in favour of this proposition, particularly the Minister for Social Security for accepting it and I look forward to the findings of the Employment Forum. I am aware that he feels that it might be slightly onerous, the 3-month window in which I am asking him to carry out this piece of work, however he is aware that he has the powers to direct the Forum under Article 19 and 20 of the Law, and I take his reassurance that if the work does get a little bit bogged down he will come back with a progress report and I thank him for that, and recognise the workload that his department is under at this current time. I also just want to touch upon something that Senator Ozouf said, and thank him for his comments, it is vitally important that we do start to have a joined-up approach to these issues and the incorporation into R.U.D.L. (Regulation of Undertakings and Development Law) licences, et cetera, seems eminently sensible to me. It really is dealing with the issue at the core of the problems, and I thank him for that. I think there probably is an over-arching need for agencies, Social Security, the Jersey Employment Network, Jersey Employment Trust, to work slightly more closely together in future to ensure that people with disabilities are placed into open employment and are treated fairly. Having said that, I think it is worth recording for the record that Jersey Employment Trust did last year place 40 disabled people into open employment and that was an increase, and that can only be good news for society as a whole. If I turn briefly to Deputy Southern, I thank him for his comments. I am sorry that he is not able to support part (b). I do not really need to say much more about part (b) because the Chief Minister said exactly what I wanted to say; (b) says: "Any appropriate amendments." If the Employment Forum finds that there are not any issues or concerns that need to be address then the Minister will not be bringing forward any amendments whatsoever because none will be appropriate. Deputy Southern also felt in his opening remarks that the codes, as they currently stand, give clarity. That surprises me because, as I said in my opening speech, that certainly has not been the case in the United Kingdom and not the case in the Isle of Man, and certainly the Low Pay Commission feel that it is something that needs to be continually under review, and the Employment Tribunal have said that they are not able to make a ruling on the codes alone, and therefore I do not believe that they do give clarity and it is clarity that is required and will help in this particular situation. I will come to Deputy Troy, I thank him for his comments. I disagree with him in entirety. As I just said, there is clarity needed, the codes are not, I believe, dealing with this matter sufficiently and that is proved by the United Kingdom and what the Isle of Man have done. He says that this proposition is a step backwards, I fail to see how that can be the case at all because my proposition asks for the appropriate independent body to review this situation. If there is no problem whatsoever their findings, I hope and fully expect, will be that there is no problem and we will be able to move on, therefore I cannot see any way, shape or form that this proposition is a detrimental step. Sir, I will allow Members to go for lunch and maintain the proposition.

**The Bailiff:**

I invite any Member who wishes to vote who is in the precinct to return to his or her seat, and I ask the Greffier to open the voting which is for or against the proposition.

**POUR: 44**

Senator S. Syvret  
Senator F.H. Walker  
Senator T.A. Le Sueur  
Senator P.F. Routier  
Senator M.E. Vibert  
Senator P.F.C. Ozouf  
Senator T.J. Le Main  
Senator B.E. Shenton  
Senator J.L. Perchard  
Connétable of St. Mary  
Connétable of St. Peter  
Connétable of St. Clement  
Connétable of St. Helier  
Connétable of Trinity  
Connétable of St. Lawrence  
Connétable of Grouville  
Connétable of St. Brelade  
Connétable of St. Martin  
Connétable of St. John  
Deputy R.C. Duhamel (S)  
Deputy A. Breckon (S)  
Deputy J.J. Huet (H)  
Deputy of St. Martin  
Deputy G.C.L. Baudains (C)  
Deputy C.J. Scott Warren (S)  
Deputy R.G. Le Hérissier (S)  
Deputy J.B. Fox (H)  
Deputy J.A. Martin (H)  
Deputy S.C. Ferguson (B)  
Deputy of St. Ouen  
Deputy P.J.D. Ryan (H)  
Deputy of Grouville  
Deputy of St. Peter  
Deputy J.A. Hilton (H)  
Deputy G.W.J. de Faye (H)  
Deputy P.V.F. Le Claire (H)  
Deputy J.A.N. Le Fondré (L)  
Deputy D.W. Mezbourian (L)  
Deputy of Trinity  
Deputy S.S.P.A. Power (B)  
Deputy A.J.D. Maclean (H)  
Deputy K.C. Lewis (S)  
Deputy I.J. Gorst (C)  
Deputy of St. Mary

**CONTRE: 1**

Deputy G.P. Southern (H)

**ABSTAIN: 1**

Deputy P.N. Troy (B)

**LUNCHEON ADJOURNMENT PROPOSED**

**The Bailiff:**

May I, before we adjourn, encourage Members if they would be so kind to return to their seats promptly at 2.15 p.m. so that they can hear the beginning as well as the end of the Minister's speech. [Laughter]

**LUNCHEON ADJOURNMENT**

**PUBLIC BUSINESS - resumed**

**The Bailiff:**

Before we move to the next item of Public Business can I draw Members' attention to a number of projets on their desks: Projet 154 - Draft Employment Relations (Jersey) Law 2007 (Appointed Day) Act; Projet 155 - Draft Employment Relations (Amendment No. 2) (Jersey) Law 2007 (Appointed Day) Act; and Projet 156 - Draft Income Tax (Amendment No. 29) (Jersey) Law; and the projet which was lodged this morning, Projet 153 - JT Group Limited, I think is now also on Members' desks, so all those other matters are lodged.

**10. Draft Income Support (Jersey) Regulations 200- (P.90/2007)**

**The Bailiff:**

We now come to the Draft Income Support (Jersey) Regulations 200-, Projet 90, and I ask the Greffier to read the citation of the draft.

**The Greffier of the States:**

Draft Income Support (Jersey) Regulations 200-: the States, in pursuance of Articles 3, 5 and 18 of the Income Support (Jersey) Law 2007, have made the following Regulations.

**10.1 Senator P.F. Routier:**

I do not know if it is at this stage we decide whether we are debating it as amended or not or that comes at a later stage?

**The Bailiff:**

You are proposing the principles at the moment.

**Senator P.F. Routier:**

It was this time last year virtually to the day that I stood here and proposed the Law and I was extremely pleased that all bar one Member voted in favour and supported the Law itself. At that time I said that I believed it to be the biggest step in social protection in Jersey since the introduction of the Insular Insurance Scheme in 1951. The Law itself set out the structure and the framework of the new income support system. The States' endorsement last year of the structure of the income support set in train the next piece of work, which are these Regulations. They support the Law. These Regulations do not change the structure but provide the details of the system. So that Members could have an overview of the Law, the Regulations, the Orders and the discretionary principles, I made available to Members 2 weeks ago a draft of the overall guidelines which pull together everything into one document. Once these Regulations are approved we will then be able to finalise the guidelines and make them a public document which will advise everyone exactly how the income support scheme will operate. It will be open and transparent for everyone. The new system is intended to tackle real needs effectively while promoting work and encouraging self-reliance. It will be equitable, consistent, sustainable, easily understood and accessible while taking account of the whole needs of the family. What we have at the moment is an outdated, complicated and cumbersome system of 14 benefits which are fragmented and unco-ordinated and often difficult to access. The financial support that the new system gives is vitally important. The existing systems

which must be replaced are no longer fit for purpose and do not support the most vulnerable people in the community. We currently exclude some people in genuine need while a number of benefits are too generous to the better-off. Perhaps the most significant point is that when the existing benefits all work together they can and do produce a real poverty trap for people who do try and improve themselves. The new system removes that poverty trap. I make no apologies for reminding Members of some of the reasons for the move to the income support system even though the States have approved the principles on at least 3 separate occasions. The principles for the design of the system were set out in P.86 of 2005 after so much comment had been received about the existing disjointed systems. The principles we were aiming for were to effectively tackle real needs, to promote work, to encourage self-reliance and for it to be easily understood and accessible and to be equitable, consistent and sustainable and finally to take account of the whole of the family. Standing here a year on, since the Law was approved, I can say that I am convinced that the new system meets these principles. I am convinced because the community involvement, the extensive consultation and, very importantly, the information we now have about the data that has been collected over the last year from the existing beneficiaries, we now know exactly the position of people in the community. It is clear to me that the current system provides financial assistance to some people who do not need it at all and targets benefits disproportionately to those who have relatively higher incomes and assets. The current system does not effectively support those who have limited income and assets. That cannot be right and if there is one reason for change it really has to be that. Members and, I have to say, Age Concern over the years have criticised me and my department over the generosity of the Disabled Transport Allowance and the lack of H.I.E. (Health Insurance Exemption) to those just outside what is the current low income threshold for H.I.E. The Housing Minister and the States generally has been rightly concerned about the over-generous and untargeted rent rebate and abatement schemes. I am sure Members do not need reminding that rental support can currently be received by those with incomes up to £46,000 a year. The Health Insurance Exception scheme which has been accused of being poorly targeted and open to abuse by patients, general practitioners, and has also been subsumed into the system to create an accessible route for more low income households to access primary care. The income support medical components will be available to all claimants as opposed to the badly targeted limited group of people who currently have H.I.E. This is the time to put all those things right. This is the time we can do it. Members, by supporting these Regulations will deal with the failings of D.T.A. (Disability Transport Allowance), the failings of H.I.E., and the housing benefit system all in one go. That is exactly what Members have asked me to do and that is what we are doing today. I remind Members we are not here today to discuss the structure or the framework of the Law but we are here to debate the Regulations. The first series of Regulations is the Draft Income Support (Jersey) Regulations which essentially apply to regular payments of benefit rather than the one-off lump sums which we will discuss later in the Special Payments Regulations. Members will also see that the report accompanying the Regulations also includes a draft of the General Provisions Order which is there solely for information, but it is there to provide a more complete picture. It includes a section on income and income disregards which is at the centre of some of the criticisms of the Scrutiny Panel on work incentives. Although it is not part of the debate on these Regulations I think it is appropriate to perhaps deal with the matter of work incentives. I would just like to quote from the report we commissioned from the Centre of Research in Social Policy (C.R.S.P.) at Loughborough University in 2004 and their quote was: "In Jersey unemployment is a relatively recent phenomenon and remains at relatively low levels so that the issue of work incentives might not be as important here as in societies with higher levels of unemployment." More recently we have received similar advice from Professor Walker and Dr. Stella Hart. I am sure Members recognise that with the improved accessibility of the new system and with its focus on work and self-reliance this will go a long way in helping the relatively few unemployed we do have to avoid the risk of poverty. The Scrutiny Panel implies that there are no incentives to work in the new system. This is not true. In fact, the existing system has real disincentives when people do try and help themselves. Income support is a major improvement because it removes completely the

poverty trap which people currently fall into when they try and help themselves. Income support will provide much better support for parents in work for the first time and the full cost of good childcare will be included. Some existing benefits are only available to people who do not work or only work restricted hours. Income support will remove all these restrictions making it much easier for individuals to move into work without losing benefit. The Scrutiny Panel failed to mention these major improvements. I have made it quite plain on several occasions that I recognise the need to have incentives and that I would like to see greater incentives to work in place. On day one, income support establishes the first steps towards greater incentives to work. Putting more money into work incentives can be done immediately but this would be achieved only by reducing the basic living components for all claimants, including pensioners, or an increased budget. I am not sure how that sits with Members just after the Business Plan debate in the last sitting regarding the cutting of expenditure. I noted that the cut to my budget were supported by the members of the Sub-Panel so I can only assume that they wanted to reduce the core benefits to the poorest in the community to create the incentives for those higher up the income ladder. Thinking about how we move forward, and keeping the desire to have greater incentives in mind, I have to point out that the benefit systems evolve with time and experience. Members only need to look at the social security system to see how changes and, indeed, corrections need to be made. I see the income support system in the same light, and if we all sat in a room for a year I doubt we would be able to identify all the scenarios that would make a perfect system. Changes will have to be made and, indeed, have been as the system has developed. Members may recall that in my previous life as the President of the Employment and Social Security Committee I presented a progress report on income support in November 2004. At that point the Committee was proposing an income top-up system, however such schemes have no incentives; for every pound of income someone has a pound is reduced from their benefit, so we have moved some way from that. We have progressed, we have built a framework that does provide incentives and is capable of increasing incentives as more information and, crucially, more funds become available. Sir, I will just briefly touch on the Regulations and the amendments. While I shall be accepting some of the amendments as they are reasonable and do not add any significant cost there are others that create the potential for significant additional cost for which we have absolutely no provision. There are also some amendments which have unknown costs and also have inappropriate social outcomes. We will debate those later in the next day or so. With regard to work requirements I have to say that some confusion has been created around the definition of full-time work. The limit of 35 hours I am proposing is for the purpose of the Income Support Law. All it does is define a limit of the number of hours that constitutes full-time work under the Law. The limit is necessary to fulfil one of the eligibility criteria for income support that comes under Article 2(1)(c) of the Law which says that a person is eligible for income support if he or she is a member of the household of which all adult members are engaged in full-time remunerative work, or they are exempted under Article 3, which is the many exemptions that there are. What it does not mean is that only people working at least 35 hours work a week are eligible for income support. In fact, people over 65 and carers of children under the age of 5 need not work at all, and carers of people with disabilities, carers of children over 5, people with disabilities or illness, people training and those who are actively seeking work need not work full-time. Many individuals in these categories will not be required to work at all. In essence, part-time workers and those that are unable to work can receive income support. Clearly the amount of work that can be undertaken depends on individual circumstances and this will be considered when clients are interviewed. I am confident that my department can cope with the number of job seekers. I can say that from the information already supplied and with the follow-up clarification of the information over the next 6 months - that is through the declarations and initial reviews - a gradual release of work-focussed interviews will occur. The initial focus is likely to be on those fit, healthy individuals within the income support households with no family responsibilities who are under the age of 30 to 40 years of age. I will be urging Members to reject what would be the most damaging and costly amendment which the Scrutiny Panel has brought forward. The amendment seeks to reduce the working week to 25 hours and 20 hours for someone who worked those hours the



previous year. It was said to me by one taxpayer: "Why should I have to work for 40 hours only to have my taxes subsidise someone who is not required to work the same hours as me?" That person was commenting on the 35 hours that I was recommending so what his thoughts are on the reduction to 25 hours I hate to think. If we want the system to be equitable and fair to all, then we also have to be fair to taxpayers who fund the benefits. Looking at Part 2 of the Regulations, this also contains explanations of what is meant by remunerative work, availability of work, and effectively seeking work. These definitions and explanations are matters of commonsense in my view. Members will find that in Schedule 1, the criteria and the rates for the components are set out. The Minister is required to review the rates at least annually, and I believe these powers give flexibility to the scheme which will be required as we continually monitor its progress and it also provides for the democratic accountability as the matters can be debated by the States as a whole. The basic component provides for the normal and reasonable costs element in a household; the number and the status of household members and household costs. Other components provide for additional but reasonable costs that some households have difficulty meeting, such as housing, disability, childcare and caring. We will no doubt be debating, when we get to the Regulations as amended, but at that time we will see that the earnings and the retail price indices have been recently published and we have up-rated the benefits accordingly. I have also lodged an amendment to the rates to further increase income support component rates when G.S.T. is implemented. The eligibility for a housing component is fairly simple. A person in a household must occupy a dwelling as a tenant or an owner and the dwelling must be the principal residence. I am proposing that the current age limit of 25 years that applies in the housing rent rebate and abatement system is retained for income support. It is right to say that this age limit has oscillated between 21 and 25 during the consultation process and only recently have I settled on 25. Let me say right from the start that this age limit has been specifically checked with regard to the compliance with human rights legislation. I would not be bringing it to the House if it was not human rights compliant. We will be debating an amendment from the Scrutiny Panel which proposes that the age limits be reduced to 21. Members will, I am sure, see my comments about the potential additional cost and the reasoning behind rejecting this amendment. We will debate that obviously when we get to it. The rates of the housing component for rental accommodation are set at a maximum which is equal to the current fair rent figure set by Housing. There will, of course, be close co-ordination between the Housing Minister, myself and the Treasury and Resources Minister to ensure that a balance between rental income and income support budgets is maintained. This is vitally important and I am assured by my fellow Ministers that this will be monitored jointly. Turning to the impairment component; that component replaces the existing range of non-contributory disability benefits and the H.I.E. system, and I am grateful for the expert advice that I have received and the assistance given by Professor Mansel Aylward and Dr. Roger Thomas, senior advisors from the Department of Work and Pensions. The largest current non-contributory benefit is Disabled Transport Allowance which costs nearly £6.5 million in 2006 with 3,237 beneficiaries at the end of December 2006. Along with all the other contributory disability benefits, D.T.A. is effectively a so-called universal benefit in that it has an income bar of £55,498 a year. Few, if any, people are denied the benefit on the grounds of income. What is more, those with higher incomes receive the same amount of money as those on lower incomes and no account is taken of capital assets. This really just does not seem fair. Just by way of illustration, based on the information from the over 7,000 returned forms we have - and I am not picking on pensioners here - it is clear that the people receiving existing benefits, approximately a third of pensioner couples who are owner/occupiers have capital, not including their home, of over £100,000. Some 46 per cent - nearly half - have capital over £50,000. The States decided in 2004 that non-contributory disability benefits should be incorporated into the income support system. D.T.A. and the other non-contributory benefits have also been criticised for their secretive and subjective nature. I have often had complaints about the perceived different treatment, differing medical opinions and, in some cases, complaints about the attitudes of G.P.s (General Practitioners), consultants and some doctors who perform examinations on behalf of my department. It is clear that there has been no objective or scientific way of

indicating the effective or medical condition on an individual's way of life. I am very aware from research elsewhere that this problem is not confined to Jersey. In the U.K. it has led to a more objective test of the effects of clinical conditions on individuals, and we have been fortunate in being able to incorporate this most forward thinking and appropriate assessment process in our scheme. There has been considerable testing with the people of Jersey and voluntary agencies who have confirmed that the process is sound. At this stage it is worth mentioning and thanking all those individuals, groups, organisations and professionals, particularly those in the Health and Social Services Department, who have not only helped with the research and testing of this particular assessment tool, but also those people who have given their views and advice on the whole income support system. The impairment component consists of 3 elements: a personal care element, a mobility element and a clinical cost element. The first 2 elements replace the existing non-contributory disability benefits while the clinical cost elements target individuals who have chronic conditions requiring more attention from a general practitioner. The overall criterion for the award of impairment is that the condition must have lasted, or is likely to last, at least 6 months. Sir, I am disappointed that in recent days a view has been circulated that the income support clinical cost element does not meet the objectives of *New Directions*. It is absolutely crystal clear that the new element is based on diagnosis of a chronic or progressive illness at one level and on the second level, that more money will be targeted if the treatment, based on recognised clinical guidelines warrants even more attention from a general practitioner. This is part of the chronic disease management proposals which are an integral part of the *New Directions*. The M.O.H. (Medical Officer of Health) has confirmed that this funding approach is in line with the policies behind *New Directions*. I can assure Members that officers from Health and my department have been working closely on this. In essence, I can say that the scheme allows each individual with a chronic condition to see his or her G.P. regularly. This is in comparison to the H.I.E. system which does not recognise chronic illness and does not help people who are just above the existing low income bar. H.I.E. is based solely on the status of the head of the household and not the medical condition of those within the household, especially if they have any children. An H.I.E. is not generally accessible to households which have a person in work. The new system widens assistance that can be given to families on low income which may also have someone with a chronic illness. The new system does away with the abuses and the excesses of the current system. I fully understand that certain groups of people are at risk of illness and need to visit the doctor more frequently. But when I hear about the case of a husband and a wife, both seeing the doctor 100 times each; or a person seeing the doctor 135 times a year; or a child seeing the doctor 32 times a year with the mother and also seeing her G.P. an additional 48 times a year, making a total of 112 times, my department is being charged with those sort of excesses at the present time and I have to wonder if that is right. In fact, I do not have to wonder any longer, I am convinced that it is not right that the current H.I.E. system is appropriate; it just is not working. It is not achieving its aim, particularly when you realise that out of the 11,000 people who come into the scope of income support there are only 4,000 H.I.E. holders, so we are missing another 7,000. Another piece of evidence about the H.I.E. system, about its failing: 400 H.I.E.s do not even visit the doctor once a year. H.I.E. is totally inappropriate for what it is trying to achieve. It is just not viable. So what we have to do is achieve something new and that is what the new medical component does do. It deals with this matter once and for all. Moving on to something new is the carers' component. The States have already agreed that the invalid care allowance should not be incorporated into the income support benefit. Invalid care allowance is paid to those people who essentially give up work to look after someone in the home who is very severely disabled. It remains as a benefit to help care in the community and will be linked to the 2 highest levels of the impairment component. The new carers' component can be paid in addition to invalid care allowance thereby providing further support to carers who may be on a low income and, in particular, providing support to some elderly and young carers who are unable to claim invalid care allowance. This is a major improvement because currently pensioners claiming old age pension are not recognised for their care role. If they are on low incomes they will now be able to claim a modest amount and be recognised for the important role that they are doing

in caring for people within the community. So while we have had our ups and downs with the Scrutiny Panel during the last few weeks I have to say that the contribution from the Panel and their advisor since early last year has been extremely useful. They have added to the process and the eventual outcome. We may not see eye to eye on some policy matters and that probably will always be the case, but I can assure Members that even though it can be frustrating at times, Scrutiny have well and truly scrutinised income support. Of course, the Panel will be able to continue to scrutinise the future fine-tuning of the system as we move forward and as circumstances change, and I thank them for their input. In recent days there has been some unnecessary concern and worry caused to some pensioners. In fact, some pensioners have spoken to me and others have called the department. They have been distressed, concerned about the call for the delay by the Scrutiny Panel. They are concerned because they are among the poorest of our community and with the implementation of income support they would see an improvement in their circumstances. Let me just give Members some examples of how income support will improve the standard of living of some of them. 57 per cent of single pensioners in rented accommodation and 55 per cent of pensioner couples in rented accommodation currently in receipt of benefits will be better off. Those 57 per cent of the poorest pensioners in Jersey surviving only perhaps just on a part pension, the average weekly income of this group is £138 for a single person and £248 for couples. On average, these poorest pensioners will see their benefits increase by £38. Single pensioners in rented accommodation on pensions of £180 per week, or less, and savings up to £11,000, will be better off under income support. Couple pensioners in rented accommodation on pensions of £310 per week or less with savings up to £18,000 will be better off under income support. Delaying income support will continue to keep those poorest pensioners at their existing levels. If any Member has a desire to delay the introduction of income support for whatever reason, I suggest that they firstly think about those people who are most in need and who are, as we speak, being let down by the current system. If any Member wants to delay improving the lives of these people, the poorest in our society, I suggest they speak to them, look them straight in the eye and tell them that while we play our political games they can remain in poverty. Sir, this is the first steps and there will be continuing work with interested groups and Scrutiny to monitor and refine the scheme. I would like to have Members full support today so that we can start income support in January, which will improve the lives of those people on the lowest incomes in our community. I urge Members to support these Regulations and I propose the preamble.

**The Bailiff:**

Are the principles seconded? [**Seconded**]

**10.1.1 Deputy G.P. Southern:**

I would like to thank, as I start, the Minister for his kind words. It is kind words, I am afraid, but no cigar because while he may have said that we contributed significantly to the process he appears to have ploughed ahead and ignored a lot of what we had to say. Which is why I stand now to debate the principles of the Law. Despite the fact that a year ago, 10th October, we debated the Income Support Law it was clearly set out in that report, the law does not set out details of a system or, indeed, the rates of a new benefit component which will be debated in full by the States once the enabling law returns from its passage through Privy Council. With the leave of the Chair, Sir, I will take the time to discuss and debate these principles because I believe they have not fully been explored before because it is only now - now that we have got the regulations in front of us - that we can see the nature of the beast and fully explore what it means and whether this particular proposal can deliver what it sets out to deliver. Members will be aware, of course, that we have expressed serious reservations about the content of income support and its capacity to deliver in our Scrutiny report, and I sincerely hope Members have read that. If they have not got a copy of the report with them then I would encourage them to take one - I believe the usher has many copies over in the corner if anybody would like to signal to him - because I will be referring in my speech in some depth to the contents of that report. Within Scrutiny Report 17, the first question I suppose

to ask is, whose report is it? I think to a certain extent it is not Deputy Martin's report, and it is not my report. It might be described as Dr. Evans' report because 99 per cent of what is in there has come straight - unadulterated - from our advisor. I ask Members to bear in mind that Dr. Evans is a senior research fellow at Oxford University; he has been 20 years researching benefit systems. He has been 10 years advising countries about how to best deliver benefit systems. One of the sources of pride I have in presenting this report was that we found the right man for the job. This was, indeed, the right person to talk to about how best to organise a benefit system. In fact, so impressive was he that I believe it was on his third visit to the offices of Social Security they quietly asked him whether he would consider coming to work for them and offering them advice as to how better to present what they had. Who does this report belong to? I think it belongs to the Scrutiny system and thereby it belongs to this Assembly. This Assembly is in charge of Scrutiny and this Assembly, if you like, has organised that Scrutiny has done its job and done its job, I think, very well. It has examined critically what has been proposed; what has come forward from the Social Security Minister. So I take pride in that report, and I hope that Members of this Assembly equally take pride in it because I believe it is a damn good report. I would love to be able to stand here and give 100 per cent support to the Minister for Social Security in his proposals. I would love it. To be able to say with confidence that having examined what was proposed critically, to have some confidence that he was doing the right things and moving in the right direction and could be made to work, I would have been equally proud to do that. However, unfortunately I cannot. The content of our report, as Members will be aware, contains serious concerns and serious reservations that we are setting out in the right direction. I would ask Members to bear in mind that we are looking at - as the Minister said - at a major piece of legislation here. One that should, if we set it up right, last us for 30 years, at least. However, as I will demonstrate I hope to Members, I do not believe that is the case. Listening to the Minister I was struck when he said that we need time to bed something down, we need time to tweak systems, we need time to adjust systems, and that that was possible with this particular system. The structural flaws we have identified in what is proposed mean that I do not believe that we should set-off in this direction and that it is not a case of tinkering. But even if it were, I do believe that tinkering and adjusting and adding a little bit here and a bit there is the way we arrived at the system we had. If you want to arrive at 14 disparate benefits, tinkered with and played with, that do not mesh together, then start tinkering. Start tinkering now and perhaps in 30, 40, 50 years, you will have a system that looks remarkably like the one we just got rid of. No. Fundamental flaws are contained in what is proposed which mean that I believe we cannot go forward with it. So, for example, as anybody should, I looked at this major piece of legislation and examined how it fitted with the Strategic Plan, and what do I find? Under commitment 2: "Jersey is well prepared to meet the challenges and opportunities presented by an ageing population indicated by an increase in personal financial provision for old age, savings, pension schemes, investments, et cetera." So the first question I have to ask about what is proposed; does it promote financial provision for old age? Savings, pensions and investments. I believe it does not. It penalises saving. Better health and wellbeing, 2.2, for all the people of Jersey under which is indicated by: "Fewer financial barriers preventing access to primary health facilities including medical, dental and optical." "Fewer financial barriers" from free access for some to a £5 co-payment for many. A contribution up to 4 visits to the G.P. contained in your benefit amounting to something like just over £2 a week to cover medical, dental and optical needs. I do not think so. The last time I went to the dentist, you open your mouth, £50. Indicated by the appropriate use of health facilities, visiting a G.P. rather than Accident and Emergency, and I will develop the argument further when we come to look at the health provision but I believe what we have got here will far from promote visits to the G.P., it will promote a change in behaviour to more readily access free services. So look out the new Minister of Health. It could well be that one of the consequences of adopting these proposals is that instead of Social Security's budget being raided and paying for visits to the G.P., it is his budget where people end up paying. Then on commitment 3, we see: "Introduce a unified income support system that supports people in times of need and promotes work by mid-2007." Well, we have slipped the timescale a bit, we will not argue with that. But "and promotes work" and as I

examine what is proposed I think Members will find that promotion of work is not what this proposal does. Then I turned to, again, another fine sounding set of aims: "Social policy framework for Jersey of May 2007. Corporate recommendation one: all major policy initiatives that impact on social issues in Jersey should be addressed by the aim and key principles of the social policy framework." What are they? The key principles are promoting independence, supporting those at risk and protecting those in need. Supporting independence. A set of proposals that do not promote saving for old age. A set of proposals that do not promote people getting into and maintaining work. They cannot because the incentives are not there. I see a statement there which recites the old way of doing things. It said: "Social policy development was thought to be constrained by political structures and procedures that encourage short-termism and inhibited the exercise of political leadership. Respondents argued that the Committee structure did not necessarily map well on to social problems resulting in fragmentation and inhibited policy development. By default the social policy of the States has been weighted towards quick fixes of managing and funding social protection rather than creating and supporting independence." The question is, does this proposal support independence? I think the argument is that it does not. The question must be asked, is this, albeit it has been 10 years plus in development... have we ended up with a quick fix rather than something which promotes independence? The report we produced contains serious reservations. What might the answer be? The answer surely is not to throw extra money at the problem. The Panel were roundly berated during the week by the Chairman of the Citizens' Advice Bureau who suggested: "How dare you oppose these proposals on income support? What you should be doing is fighting for an additional £20 million to go into the fund and that would do the job." I am up standing here before you because I know what the budgetary requirements are, saying: "Throw some more money at this, that is the way to cure it." In fact, I will be foolish to ask Members to do that. Not only because they cannot, but in fact we think the system is so flawed if you threw another £20 million at it you would just be throwing it into a machinery that we think is broke. It is not going to work. So you would be throwing good money after bad. Even the Chief Minister when he passed me on the corridor a couple of days ago, he almost rubbed his hands and said: "I hear you have got a solution to our income support problem. You are going to ask us to throw some more money at it." No, I am not. I am not talking about the only way to fix this is to put some more money into it to make it better and fairer. What I am saying is that the structure is wrong. What we need to do before we set out on this road is to rebalance the thrust of the monies that we do have. So this machinery can be mended. That is the thrust of our argument and before we set out down this road let us see if we cannot better target it to do more of the things that we want to do, and have to do. But while I am on the money, let me just refer back to the origins of income support, way back in P.44 of 2000. Minimising material and social deprivation, low income support. There is a comment there from the then Policy and Resources Committee: "The Policy and Resources Committee wishes to draw attention to the fact that a better support system will almost certainly increase the amount spent on benefits." However, this was made clear during the debate which resulted in the adoption of the Poverty and Deprivation Strategy. So way back in 2000 the then P and R (Policy and Resources) Committee accepted that if we wanted to do better we would have to spend some more money. That has changed. They went on to say: "We must do some more research. A detailed research programme yet to be completed but 3 important strands of the investigation are underway. (1) analysis of the welfare system; (2) a study on marginal deduction rates and incentives; and (3) research into household budgetary requirements. The second point, marginal deduction rates, I will return to in a minute. That is vital in terms of incentives to get people into work. Research into household budgetary requirements was what is known as the *C.R.S.P. (Centre for Research and Social Policy) Report* and set out minimum budgetary requirements for a moderate life, a moderate level of support. Further research was done: "Social protection in Jersey, comparative study 2004" by Dr. Hart and Professor Walker, as is already mentioned. I will just briefly point out some of the points that they make: "Jersey spends less on social protection as a percentage of its G.D.P. (Gross Domestic Product) than any other European country. Spending on social protection per head of the population is similarly relatively low.

Conversely pressure on welfare services in Jersey is significantly below that in many European countries. This is because Jersey has a below average proportion of elderly citizens and a comparatively low unemployment rate.” There is the key. Low unemployment rate. Nevertheless, being a welfare society with low pressure on welfare means that poverty and social exclusion could be significantly reduced without a dramatic increase in relative spending. So we can do a lot without expanding the budget. Further work was done - my favourite - by the Jersey income distribution survey of 2002 which established a baseline by which we measure poverty with 60 per cent of the median income, and that has been used by our research too. That is the way to compare poverty rates. On table 11, page 14, of that report it revealed that some 33 per cent both of children and of pensioners were in relative poverty after housing costs, and they must be measured after housing costs. Children and pensioners below the after housing cost threshold. That ties-in well with the minimum budgetary requirements, if Members would turn to the report on page 42. You will see the result of the C.R.S.P. minimum budgetary standards and it has a figure for a basic adult budget of £128.03 back in 2002. If you were to take the 60 per cent of median income from the income support figures, you have a figure of £133 per week; £133, £128, you see the C.R.S.P. work established levels which were at or around the poverty level - the mark. That is important to remember. So we do not have to throw money at the problem and we have researched what it takes to alleviate poverty. If Members will then turn to pages 18 and 19 of our report, they will see an extract from R.C.48 of 2004 where we talk of the Nottingham University work, which talked about relative poverty. Does it lessen poverty? Talk about level of household budgets, that is the C.R.S.P. work. Further, then started talking about cost estimates: “Oxera. (Oxford Economic Research Associates) has begun to model the overall cost of the scheme based on early assumptions.” So we got Oxera in to do some modelling to say how much this was going to cost. It looked like we were building up into something that was well researched and hung together. By 2005, however, we saw a different development. P.86 of 2005 entitled Income Support System debated in June 2005 took a different tack. It started to talk about financial constraints and instead of the C.R.S.P. standards, minimum budget standards, it says the following. In 3 small paragraphs out of 28 pages not contained in the proposition but in the report it changed direction, and it said: “The financial climate in Jersey has changed since the Employment and Social Security Committee started developing this income support system. In estimating the likely financial effects of the proposals the Committee took a realistic view that the cost of the new system may need to be at an equivalent level to the overall cost and existing means tested benefit systems.” £51 million in 2004. The Committee also recognises that any change to current fiscal strategy will have to be reflected in these final proposals. It then goes on to say: “Therefore the Committee has maintained the premise that income support will have to be afforded at current benefit expenditure levels.” The Committee firmly believes that this basic allowance must be set at a level that is higher than the current Parish welfare rates, and then goes on to give a table. That table says: “Welfare rates. Welfare rates plus 5. Welfare rates plus 10.” The decision was the scenario has used a living allowance at 5 per cent above the welfare rates and a marginal deduction rate of 90 per cent. That is some 20 per cent below previous levels devised from C.R.S.P. 2005, we took a step sideways from the thrust of the past decade and reduced the amount that we were going to spend. So that by the time we came to the Income Support Law a year ago, the 2 sides of report say the following: “In approving P.86 of 2005 the States agreed that the funds available to the new income support system would be equivalent to the overall cost of the existing means tested benefit systems.” “The States agreed that the funds available to the new income support statement would be the equivalent of the overall cost of the existing means tested benefit systems.” What does that mean? That means that we have thrown out a decade of research. C.R.S.P. set minimum budget standards which corresponded to income distribution figures, which said: “This is the way to address poverty, to alleviate poverty.” The Oxera work on modelling and the cost was then only used to produce the transition protection. The aims were still there, the means of delivering them were not. If we turn to page 21 of our report under section 7.2 we can see those aims still sitting there but I believe incapable of being delivered. “Income support should seek to guarantee an adequate standard of living for all”. Does it? Our

report says not. “No one wants to create a culture of benefit dependency, yet there is a need to achieve a level of financial support high enough to produce a basic standard of living without it being so high as to undermine the incentive to work and save.” Are those incentives to work and save there? Our report says they are probably not. “In Jersey this has to be achieved within the Island’s existing future means, the ultimate aim is that of producing poverty in the Island.” Do these measures reduce poverty? We do not believe so. “While promoting work and encouraging self-reliance”, we believe those aims are not achievable with this system. So, does this income support scheme encourage savings? Does it provide an incentive to go to work? Can people find and maintain work with those incentives? Does it alleviate poverty? Does it better target medical provision to those most in need? We believe it does not. If Members will turn to pages 25 and 26 we will see the clear rules based on research, based on evidence of what works in delivering benefits. Five rules: (1) put in place clear rules of entitlement that when receiving benefits to being in or looking for work; (2) put in place a range of effective and efficient employment services to match people to jobs; (3) ensure people are better off in work; (4) ensure that people maintain incentives to improve their earnings; and (5) ensure some stability and support for work. Avoid changing the rules, avoid clawing-back additional money when you do not have to. Only on point 5 has the Minister listened to what the advisor had to say. On all other conditions he has been steadfastly ignored. In terms of objectives one and 2 on page 27, can we get people into work, can we provide effective and efficient employment services to make sure that we improve their ability to get jobs and to stick in work? Well, you can see on table one the potential load of people who need to be interviewed and need to be actively seeking work. It is of the order of up to 2,000 based upon a sample of 5,000 received applications. That is a massive workload, if you consider that the workload for somebody trying to assist somebody back into work, supporting them back into work, helping them do all the bits that need to get into work and stay in work. You are talking about a workload of 30 to 40 per job coach. That is a big load. We have seen no evidence that that sort of demand can be met, apart from by doing a very softly, very slowly, let us pick the easy targets first and then work up to it. We are suggesting that is the wrong approach and that the resources are not there. There is no evidence there to say that resources are. What is more, we find an assertion that in difficult cases officers will provide a plan or job seekers’ agreement; negotiate with the person in question as to the appropriate way to get back into work. Now, the evidence from the rest of the world says that if you want to use job seekers’ agreements, you apply them to everybody from the start. That is the way, so that everybody knows from day one the terms on which they are seeking benefits and receiving benefits. The job seekers’ agreement must be applied universally. To apply it piecemeal, just apply it to the worst cases, the most difficult cases; it does not work. That is what the evidence says, and yet the department has decided that that is the softly, softly approach that they wish to adopt. So, lack of resource; not proven. Job seekers’ agreements; not effectively applied. That is the conclusion we have come to. So that is (1) and (2). Not very good so far. Making work pay, and here we come to the issue of job incentives, and if Members will turn to table 3 on page 34 of our report, where we take a set of households: single non-householder; single householder; couple householder; lone parent, one child; couple with 2 children; and examine what the disregards do and what the replacement rates are, and effectively what the effective hourly pay is for those in work. We see that the gain for 35 hours’ work on minimum wage is of the order of £24 per person per household, apart from the lone parents, who for some reason get additional help and additional disregard of £33, £34. That effectively means that the effective hourly pay for the difference between being in work or just on benefit is approximately 70p an hour for most of those cases. I ask you to think about the incentive to go to work for 70p an hour. I do not believe that that is much of an incentive. The effective hourly pay is very small. But if Members will turn to page 35, we will see the graph there that the Minister made much of, and yes, under the old system - labelled here the current system, but never mind - the blue line shows that there is indeed a poverty trap where you see that dip in the graph. Where that slope goes down, it means that working loses you money, because the claw-back on benefit is more than you earn. So that downward slope is

what is called a marginal deduction rate of greater than 100 per cent, and that is a real poverty trap, as the Minister said.

**Senator P.F. Routier:**

Can you just confirm that is the existing system?

**Deputy G.P. Southern:**

That is the existing system, yes.

**Senator P.F. Routier:**

Not what we are proposing?

**Deputy G.P. Southern:**

Not what you are proposing, no. No, that is the existing system, the old system, the 14 benefits combining to make a mess. Now, obviously we had to do something about that. The Minister had to do something about that. What has he done? Remember, if you turn the page to page 36, this marginal deduction rate. A marginal deduction rate of 100 per cent means that when you go back into work, for every pound you earn, you lose a pound. If it is higher than that, it is greater than 100 per cent, you are worse off in work - and that is a real poverty trap - than you are not. A high marginal deduction rate means you are worse off in work. On the current system, as you can see, single parents - couple parents - a marginal deduction rate under 50 per cent. That is good. That is good. That means you go to work, you earn more. You take more home. You do not lose it all in benefit claw-back. Of the current cohort, 55 per cent, 84 per cent. 100 per cent meaning for every pound you earn, you lose some; 24 per cent total across single parents and couple parents; parents working. Over 100 per cent, 25 per cent, and 12 per cent. Yes, that trap is there. Yes, it affects a small number of people. Examine what happens when you move to the new system. You do not even have to look at 50 per cent, which is good, but you only go down to 75 per cent, and this is good. Of single parents, 4 per cent now have that relatively low marginal deduction rate, so they are better off. Of couple parents, 2 per cent. Of single parents, 17 per cent have a 94 per cent marginal deduction rate, i.e. they are working for 6p in the pound. Of single parents, 79 per cent have 100 per cent deduction rate. So for every pound they earn, a pound comes off their benefit. There is absolutely no incentive to work one more hour than you absolutely have to. Again, for couple parents, the same thing applies. With low marginal deduction rate, 2 per cent - that is good. Now 98 per cent with a relatively high marginal deduction rate of 94 per cent. What you take home is 6p in the pound. What will that mean? That will severely curtail the benefits of entering work for those with working partners. One of the things we are trying to do is get partners back into work. Absolutely no incentive to do that, because effectively you are working for 6p in the pound. It will probably result in more job access and lower job retention. If you do not make work worthwhile, what you get is recycling. You find somebody a job; they take the job up; they leave it, and they recycle between joblessness and in work, perpetually, because the incentives to work are just not good enough and may result in reduction in hours currently worked. If you are working for 6p in the pound, do you work extra hours? Do you do more? No, you do not. If at all possible, you do less, because you are no worse off, and that is the system we are setting-up. I do not believe that can be made to work. I believe that what it is doing is saying sit on your settee, because you will end up no worse off than if you are in work. It is not an in-work benefit; it does not incentivise work, and it will not work. You will not be able to deliver any more people in work with this system, because no matter how big a stick you use to get people to get into work, they are just going to see it is not worth their while, and they will be back out of work in a fairly short period. If Members will turn to figure 8 on page 44, we can see what that means in terms of poverty rates. Now in the last couple of months, the department put out their explanation of income support, change in the way we help people, and it contains the chart here, which suggested that the difference between the new system and the old system would be that the average single pensioner



would be £4 better off under the new system. The average pensioner couple would be £5 better off under the new system. The average couple with 2 children would be £10 better off. That is good. But then for some reason, we have decided to focus strongly on lone parents. Lone parents will be £37 better off. Yes, I see people frown. Why should that be? Why should we be targeting these to the detriment of others? Why not share that more widely? Are we rewarding single parents against couple parents? It would appear so. And no, I will not give way...

**Senator P.F. Routier:**

Point of order, Sir. The additional money to go to lone parents will be directed at the children, not at the parents.

**Deputy G.P. Southern:**

The children are going to pick up the cheque, are they? I do not think so. It will be paid directly into the parents' bank account. But £37 as distinct from £10. At least 3 times, almost 4 times the amount of single benefit going to single parents than to other family types. It is one way of doing things. It is not necessarily the right way. In terms of lifting people out of poverty in work, on figure 8, we can see the net result. For single parents, the lines are there in red. Yes, we have succeeded in lifting single parents out of poverty and increasing their earnings, increasing their income if they work for up to something like 10 hours. Thereafter, they get no further benefit or very little further benefit from working, so there is no incentive there to work 40 hours or fulltime, because again they are on high marginal deduction rates. On the minimum wage, in order to get yourself well out of poverty, you have to work something like 100 plus hours, to make a difference, a real difference to your poverty level. For couples, they start at 80 per cent of the relative poverty line threshold, and they more or less stay there. Even if you worked as a couple 100 plus hours, you are still not going to get yourself out of poverty, because for every pound you earn, we are going to claw-back damn nearly the full pound, all bar 6p in the pound. You are not going to be able to get yourself out of poverty. Table 9 sums it up. Single parents, an average gain, let us say, of £40 a week. Of single parents, 93 per cent are gainers. They do not have to go to work. Out of work, 93 per cent will be £40 better off. No incentive to go back into work. Couple parents, out of work, almost £20 better off. That will apply to 83 per cent of couple parents, out of work. Still not above poverty lines, but no incentive to go back to work. Single people, ditto; couples without children, ditto. For the majority, they will be better off out of work. For those who are in work, we look at the losers. Of single parents, 34 per cent will lose at work under the new system compared to how they are now. Couple parents, almost half of them will lose, in work, compared to how they are now. Single people, 84 per cent of them will lose. Many of them, most of them will fall out of benefit altogether, and again, 74 per cent of couples, and half of them will fall out of benefit altogether. That is a massive transfer from in work benefit to out of work benefit. That is a recipe for people staying on their settees and not getting back into work. That is what we built. When we turn to pensioners, a similar story applies. Again, table 10 on page 47. Pension only, single person, with savings. A pensioner on a state security pension only will be at 90 per cent of the poverty threshold. He or she will be allowed up to £15,000 of savings and still be in the same position. Any more savings, for example, £25,000, and they start losing benefit to the extent that they go further and further into poverty. They will have to use their savings to maintain their standard of living. This is a disincentive to save. The message that that is giving out is if you are saving for your old age, do not, because we are going to penalise you. Couple pensioners, again on a States of Jersey pension at 75 per cent of the relative poverty line. With some savings, that goes up. Benefit is not clawed-back, but then again up to £25,000 in savings and it starts to drag them back down again. The message that is giving is do not save for your old age, because save too much and we are going to penalise you. It is not worth it. The Minister was talking about receiving phone calls. Well, I have got the first one, I think, from somebody who said: "Is there an incentive to save? Because I am in a pension scheme; I am paying £100 a month towards it, and I can just about afford it. I am scraping by at the moment, and I have to question whether it is worth it, because when I get to my

retirement, will benefit be clawed-back again or will I be better off?" Serious questions. Does this incentivise savings? It does not, and that is a serious problem with the system we are about to set up. I shall stop there. I think what I have demonstrated is that the system as currently proposed does contain serious disincentives to work and to savings, and that this is no way to go forward. But instead of just giving you a message of doom and gloom, I asked our advisor - even though it is not our job to devise alternative policy - to say, what are the first things you would do to try and fix this? Can you fix this without throwing some more money at it? His answer was: "We could have a good go at it." I will just suggest to you some of the things he says. The copies of the model given me by the Social Security Department do not allow full-cost modelling alternatives. We have not gone through with the modelling. There is no ability to await the outcomes from the model to total spend on full case load rather than the completed returns we have got. This is worrying, because welfare returns are far lower than rent abatements, for instance. The way that the model is set up locks-in some fundamental assumptions about how components disregard the set-up. It means we cannot change the child component to cater for a different age child. Many systems do that; it is fairly straightforward. It means we cannot change the couples underlying component from 2 to 1.7, reflecting economies of scale of living as a pair, which every other system I know does. So the norm is 1.7 factored in instead of 2, for 2 adults instead of one. It also means we cannot introduce conditional components, like those I have suggested for looking for work, to give a bonus for looking for work and staying in work. Again, many systems do this and it seems to work. Carrot and stick. The carrot works; the stick often does not. Stick only works if you have got incentives to stay in there, financial incentives. Obviously we cannot cost the second order effects, and this is key. If you get more people back into work, then your benefit bill goes down. The second order changes of behavioural change mean that getting people back into work and keeping them in work - i.e. setting up proper incentives, proper disregards, so that people can clearly see they are better off in work - starts to reduce your bill. At the moment we cannot do that. Nonetheless, he says, if you want to redirect resources away from out of work people with no kids towards children and towards pensioners, in order to illustrate a logical policy of targeted anti-poverty action, then what you might do is, for example, remove the householder rate and subsume some of this into the basic components. So restructuring; perhaps have an age related difference for under 21s or under 25s, as in the U.K. But at this stage it cannot be costed. Remove the lone parent additional amount and allow all maintenance to be disregarded. Again, we do not know quite what the costing is, but it is worth investigating. This is an interesting anomaly. We are saying we are giving lone parents this additional almost £40 additional allowance, but we are not disregarding maintenance. So you can chase your maintenance and you can get it, but it will come off your benefit. Where is the motivation to chase maintenance? There is not one. Whereas if you could take that away and say: "Get maintenance and we will disregard it, and that will be a constant in work or out of work, at least you have got your maintenance." It is worth, then, going back to work. It automatically builds an incentive in. Now he says, for example, these 2 changes alone would give you some 28 per cent of the budget to play with. So 2 what seem like relatively small changes give you almost 37 per cent of the budget to play with, which you can then re-orient, you can then rebalance. For example, he then says you might use these savings; you could improve pensioner rates to £120 per person, thereby doing something about pensioner policy. Straight away. Child rates you can move to £84. Just for example. He then says you will admittedly then have spent 95 per cent of what you have just gained. But that is one way of doing it. That 5 per cent that you have left over could compensate the smaller family losses elsewhere. I would then, he said, impose a factor of 1.7 on couples to replace the current assumption of 2. Age-weighting, again, should be investigated. Under such a system you could encourage work and reward it. Under such a system, you could direct more help to child poverty and pensioner poverty. Those are the 2 central issues. So as I started at the beginning, it is not a question of throwing extra money at it - the only way to fix this is to throw some money at it - it is not. You can rebalance it. Already our advisor is thinking of ways in which you might. It can be done; it can be done in a shortish sort of time. It is worth doing. The key thing which he keeps coming back to is incentives to work. If you really want to deliver what you have

set out to deliver, an in work benefit, then you have to do something about marginal reduction rates; you have to do something about the incentive to work. That is the key to it. You can tinker all you like, but you will not fix a broken system. You are starting from the wrong place. And he writes in what is quite a down mood, I think: "I am not clear what there is to gain from making positive suggestions to improve work incentives at this point in time. I can clearly advise the Panel on a variety of strategies to improve replacement rates and reduce marginal tax rates, but it is not clear that there is any appetite in the Social Security Department to reflect on these or to change anything before the matter comes to the legislature for debate. I have been making the same points since July 2006, and the whole issue of incentives still seems very stuck. The implementation process now seems to be set on taking highly flawed structures forward for debate and decision, and the focus is on the task of implementing the new scheme no matter how flawed it is." He wrote that back in April of this year, and I believe that position has not changed. That is the advice we have been listening to; the department and the Minister seem not to have heard it. The danger is that if we go ahead with this income support scheme as proposed, then what we are facing is not 30 years of better delivering benefits but 30 years of trying to mend it and get it right. That will be an extremely resource and finance-hungry way of approaching it. You just have to think that without those incentives what you are likely to get is people bouncing in and out of work on a merry-go-round, taking up the time of a job coach, somebody assisting them stay in work, when the incentives are not there and the thing will not work. It may cost us very dearly if we go ahead. I urge Members to reject these principles.

#### **10.1.2 Senator T.A. Le Sueur:**

Many years ago I shared with Deputy Southern a certain knowledge of sciences, and it struck me listening to him today he was rather like the alchemist who read the textbook the wrong way round and managed to turn gold into base metal; or turn good news into bad. To me these proposals from the Minister for Social Security are good news, and I wish that the Deputy would recognise that. My objective would be to turn this good news ultimately into great news, and that is an objective which I am sure the Minister for Social Security would share and I think we would all share as well. We have to start somewhere, and while there are various arrangements, the fact of the matter is that if you try to benefit one person and only have the same pot of money overall, someone else is going to be worse off. What we have here is a system which for the same amount of money gives arrangements which are better, far better than what we currently have. So I ask Members to consider: have these proposals provided a better scheme? My answer is yes, yes, yes. Yes, they provide a better scheme, because they have eliminated one of the real problems with the old scheme, and that is that of disincentives and poverty traps. Deputy Southern talks about marginal deduction rates and how some people get potential benefit from working. The present arrangements mean that many people are far worse off the more they work, and that is a disincentive which we have to eliminate. But again yes, it is a good scheme, because it targets the benefit to those in most need. The present schemes, the variety of them, target in different ways. The result, with 14 different benefits, is that they do not necessarily always go to the persons with the most need. What even Deputy Southern admits is that these new proposals benefit those on the average and below the average. Is that not a good thing? Is it not those that we really want to help? Finally I think yes, it is a good scheme, because this scheme is tailored to the needs of the individual. It is personally-focused. You tailor the scheme to the individual, not the individual to the scheme. Can we do better? Well, time will tell, and I expect we can. But this, I think, is a good start, and we have to start somewhere. When I was President of the Employment and Social Security Committee 12 years ago, I said to my Committee of that day: "We need to reform the income support system." It has taken 10 years since then. I gave a target time scale of 2 years; I was a bit naïve, I think. It has taken 10 years since then, and we still have not reformed it. Today, we finally have the chance to do that. This is, in my view, a good start. I have been waiting 10 years for this to happen. I do not want to wait another 10 years till we have got, perhaps, the perfect scheme, because I do not know - and I do not think Deputy Southern even knows - what the perfect scheme is. But having improved

it, we can then continue to improve it. I forget what business motto it is that says it is a policy of continuous improvement, but if we do not start we would never improve. I think that if we follow Deputy Southern and continue to do nothing, that is not a solution. What I do know is that the present proposals, if not ideal, are a significant improvement on what we have now, and I urge Members to support them.

### **10.1.3 Deputy P.V.F. Le Claire:**

This has been a long time coming, and there have been a lot of debates in the time I have been in the States about the allocation of available resources for people in need. I have been on a number of occasions to the Minister for Housing when he was President, and the Social Security Department and the Connétables, to take up issues in regard to people that were caught in between peculiarities. I remember one individual who was on H.I.E. and was not able to receive benefit because of some peculiarity with the Law. She could not afford her medicines and the lady was wheelchair bound. It just seemed that if you looked at all of the different issues, they were not working. The frustration and the real need in the woman was great. She had no legs; she was in a wheelchair. She had had legs about 6 months before she came to me. So this was a traumatic time for her, and a time of great need. The systems were set up in such a way and have been set up in such a way that they were working against her. Luckily for me at the time, the ex-Connétable of the Parish - no longer here - sat down with me; we looked at the issue and went along to Social Security, and after much around the houses, back round the back end, whatever, we managed to solve the problem by not crediting her with money she had received; we credited it to her landlord, so that she was then able to afford the medication that she needed. That woman for a period of about 6 weeks with me in tow was backwards and forwards from all the departments, and I felt useless, absolutely useless. Finally, Social Security came to the rescue, and it was clear to me the problem was not that nobody wanted to help her; the problem was the system that was trying to help her. In some respects the system was helping her to her detriment. It was helping her so much in one respect that she could not access the other parts of the system that were discounted to her, which would give her the money she needed for her medication. Ever since then, I have been totally convinced the system needs to change. Totally convinced that it is a complete mess to give all these people the transport allowances, watch them not spend any of the money on the transport, and all of the rest of the anomalies that we will hear today. It is a difficult thing being an independent Member in the States of Jersey these days, because I am finding that sometimes I am upsetting everybody; sometimes people wonder where I am coming from. I see a lot of what Deputy Southern said as real and genuine passionate need and care for people in these circumstances, that he and his Panel have a great vocation for. My problem is that I do not see any workable amendments before me to support in that, other than in a rescindment proposition or a delaying proposition, where one could get one's teeth into it to support, perhaps, and then one would be working against the very people that we are trying to help. As the Minister for Social Security said, there are a lot of people out there that will be benefiting from these changes. It is the old conundrum, really, is it not? We are damned if we do and damned if we do not. I am not going to go on at length. I would just like to say that I have got to - in my heart of hearts - support the income support proposals, although I recognise that there are possibly some shortcomings. It is experience of seeing the system not working that has brought me to this position. I would ask and I have asked and I continue to ask; I just cannot grasp it. I am wondering whether or not I should have a proposition to ask the States whether or not they are satisfied with the current arrangements for those people that are in the Island who have qualifications and have needs for housing and work. Because ever since I came to the States and before, I have been crying - along with a lot of other people in the Island - for better job controls and better access to work and the jobs that this wealthy Island is creating for those people that it is educating. The fact that we do not have an unemployment register that we can count on because there is no requirement to register for unemployment, is as ludicrous as the day that we used to hand out social security cards to anybody under any name without asking for identification. Senator Le Main, when he was a Senator, I think, for the first time, brought a proposition to address those

issues. Senator Le Main went with me back in 1999, 2000, I think, along to Policy and Resources, to talk about I.D. (identification) cards. We were told they could be introduced within a week. Here we are, 2007; not one on the horizon. The point is that this is all based around the ability for people to be supported if they find that they cannot access work or adequate resources within the workplace. While supporting in principle the issues today, I implore the Minister to talk to his other Ministers and see if some common sense cannot prevail, and difficulties such as, for example, an unemployment register being tied-in with the ability that everybody has at the moment required under Jersey law to fill out a tax form. Link those 2 things and then find out how many people are unemployed. Look at the availability of work for the ordinary people in Jersey. Look at the incentives for the ordinary people of Jersey to go to find work. Look at the instances where the 8 new accession countries from 2005 now count for 18,000 independent contributions, not necessarily people, but 18,000 independent contributions within this community. Even if you were to say they had 3 jobs between them, split 18,000 in 3, newly arrived working people accessing jobs that local people are finding it more difficult to access. We have seen anecdotal evidence in the media. The bottom line is this: people have never wanted handouts, no matter what condition they are in. They have always wanted - the old saying - a hand-up, and putting whatever system we want is not going to come to the basic needs of man and woman in society, which is: "Give me a job that is worth waking up and going out the door for in the morning; one that I want to go to; one where they train me; one where they value me; one where they employ me and guarantee my rights in that employment; and keep your benefits."

#### **10.1.4 Deputy J.A. Martin:**

I will not be repeating anything that Deputy Southern has said. I do feel that there is an overriding principle here, and it is about who is giving out the correct figures as well as is the structure right or wrong. Everyone who has read our report and listened to our advisor should believe that the structure is wrong. I have stood quite early to talk, because I can hear a lot more speeches from what I would call probably far right politicians like - well, maybe not Senator Le Sueur - but I can see a lot more coming from the Chief Minister and people who would never normally say: "Is it not our duty? Must we not look after the poor first?" but only normally pay them lip service. Who are the poor, Sir? Social Security have been giving out press releases daily about who will be the winners. I want to know who are the losers, and I think something started going very wrong with figures after P.86 in 2005. I would like to quote that the Committee would suggest "raising the exemption savings [and this is for people under 65] to £9,000 and £15,000 and to review the situation in time. However, during discussions it has become apparent that there are strong arguments to allow higher levels for pensioners who may not be in a position to increase their income. A higher level would also encourage people to save without penalty. Therefore, the levels of saving exemptions being proposed for pensioners over 65 of £15,000 for a single pensioner and £25,000 for a couple." We have moved down drastically from that, and every £250 a pensioner is assumed of having £1 income. This also mentions this. It says: "At present welfare apports an income of £1 per week for every £200 worth of savings or reliable assets above the relevant exemption levels. It is important to realise that this is not meant to reflect an economic rate of return. The Committee proposes starting at this level with the higher capital exemptions." Well, the Minister has slightly moved from £1 for every £200 to £1 to £250, but that is on £11,000 something for a single pensioner and £18,000 for a couple pensioner. Anything between that, they are deemed an income. Simply, £10,000 over the limit, you have £40 a week income. Now these people will lose. I never thought these people would lose in 2005. Deputy Southern has already mentioned our graph on page 36, and I think that basically states very clearly where we are, and so does it on page 37. The workers that will gain apparently - on page 34 - the £24 across the board, until you get to a lone parent... You must remember none of these figures include in-work cost - travel, clothes - just being at work. We have all been there; it costs you. There is a collection - none of these extra monies, small as they are, do that. As I say, we moved away from those savings in P.86, rightly or wrongly. I think we have now dragged in the very people that we did not want to touch. In 2006,

£25,000 was considered moderate savings for a couple who had worked all their life, not to be touched. That is now reduced down, and considerably reduced down for a single pensioner. So which is right? The moderate savings of 2005 or the moderate savings being introduced today? I know we will hurt the people that we are not using the higher amount for, not the people that you want to hurt. This is not only me, Sir. Again in 2005, and I apologise for quoting, but I wish I had written this. I was going through some old evidence that we gathered, and this says: "The calculation of income support would include the withdrawal of support at a much faster rate than was currently the case with the rent subsidy system. It was proposed that the income increased support would be reduced by 90p in the pound. Rent subsidy presently reduces disposable income by a maximum of £26.34 in the pound." So we know, and it has been intimated to us, we have supposedly sent Social Security away to get rid of the high earners - I think 46,000 has been mentioned - who get rent rebate. But if you look at their figures, and they have given me couples, 2 children, living in a 3-bedroom house, start reducing at £600 a week. It is £31,000 a year and £26,000 a year. If you were earning £600 on the new system with 2 children, 3-bedroom house, your benefit reduces down to £17.67 a week. Not much incentive, when people the other end of the scale are better off. Again, on the same report: "The effect of the proposed scheme on pensioners with occupational pensions living in rented accommodation could be drastic, particularly as they would have no means of substantially improving their income and would be consigned to low incomes for the remainder of their lives. Given the limited financial arrangements, it was doubtful that those in rented property would consider it worthwhile in the future to contribute to a retirement pension or take any part time work or overtime. If the proposals were introduced without transitional arrangements, to maintain current subsidy levels the majority of rent subsidy claimants would be worse off, some by as much as £100 a week. A long transition period, perhaps 10 years, would be essential, but moderation of the rate of regression would also be required." The 90p taper has now gone to 94p. It has been increased. Lastly, Sir: "The scheme proposed to implement a savings cap of £9,000 for a single person, not a pensioner, and £15,000 for a couple, not pensioner, after which an income of £5 per week will be deemed for every £1,000 of capital held above these levels. These considered proposals are extremely punitive, and I believe that this could have a major impact on some pensioners whose life savings, while still relatively modest, exceed the maximum level." Did I write that? Did I put that in my report? I see the Minister for Housing shaking his head at me, because this is Housing minutes from 2005, and nothing has changed. The system we are bringing in does everything that these say. We are hitting the pensioners. We are not helping them save. I would like to move on to the health benefit, because I think most of what I wanted to say has been touched on by Deputy Southern. In our report, we reproduce figures on page 53 of the amount of times people go to the doctor - people who do have an H.I.E. card, I must admit. But it is a U-shape. Under the new system, and I do not really know why they have done this, the Minister is proposing that the basic component gives somebody £2.50 a week for an adult and a child to go to the doctor's 4 times a year. This is also to cover dental - I think that has already been mentioned - but it is also prescriptions and other things. I cannot understand - and we have asked for the figures - as the Social Security Department administer the whole of health subsidies, i.e. every time one of you or me go to the doctor, we pay our £25 or £27 or whatever it is, and the doctor gets a top up from Social Security, and they know how many times everybody in the Island has gone and visited the doctor, but they have not, and it has been proven in their own H.I.E. figures, it is more from zero to 5, 5 to 10 years, and extremely more when you reach over 65s and 75s. These are not chronic illnesses; these are just illnesses you get with old age. So the theory of the Minister saying this is not against *New Directions*, because once we have diagnosed a chronic illness you will get your extra doctor's visits - that is possibly right. But when you have got such a small budget, how many times are you going to go to the doctor? How long are you going to wait before you are seriously ill and then you have to be put in a hospital? It does not work with the theme of *New Directions*. This £5 paying the doctor and a household medical account that anybody can opt into, well, you are going to give people X amount of money and then you are going to say: "And would you like to give us back £2 or £2.50 for you, your husband, your child or your 2

children, and we will keep it in a medical account for you down at Social Security?" It is a very, very strange system. If this has taken 10 years to implement, I would say it is a very, very poor system as well. If we do nothing today, when it comes to rescinding the laws, one of them being H.I.E., I hope that we do not do that, because I think the whole of the health part needs fundamentally more work done to it to produce something that caters for the children and caters for the elderly who need the extra visits but do not have a chronic illness. I would just like to take you as well to the transition. I call it 'sugaring the pill.' Now, we all know people are going to get hit, and if it is the people on £46,000 who may be getting a slight rent rebate, if you look at Social Security's transition figures, and I will read you the households that they are: "Household 4. Households with a high calculated income, at least 300 per cent of the total household components have no transition after October. Approximate amount of household receiving in this area, 5 per cent." Of 8,000 households, 5 per cent might have that very high level of income. Then we go to level one. These are people - and there is 42 per cent in this area - households including at least one individual over 65 years old or at least one individual with an existing disability benefit. 25 per cent reduction per annum over 4 years. And that type of household is 42 per cent of the 8,000 people. Are they the people you want to be taking money away from at that rate? I am not sure; it goes to £2,011 and after that they get nothing. The second household - households that do not include anyone over 65 or with an existing disability - 33 per cent reduction over 3 years. Again, 42 per cent of households. So who is getting this £22 million? I really, really have to applaud whoever put this paper together on giving out the good news story on example of transitional calculations. It is talking about pensioners. I will read it, Sir: "A pensioner couple with capital assets of £20,000 and an income of £400 per week ..." It could be lower, because people on a lower income will still lose, but they have gone through the one that they think sounds probably: "Oh, they have got £400 to live on." So that is £400 a week or £20,800 per year. They rent a one-bedroom flat at a fair rent of £143. Due to the generosity of the current housing system, this couple are eligible for a benefit rate of £43.24 per week. Under income support, this couple will receive no benefits. But of course there is transition, and because they are pensioners they have tried to push it out to 4 or 5 years. In the first year they carry on getting their £43; the second year they get £32; the third year they get £21.62; the fourth year they get £10.81, and after that they get nothing. But this is where I say the art of creative accounting can be seen: "Looking at the total income for this household and assuming that pensions rise by 3.5 per cent from year to year, as an estimate of the average earnings index, this household will not see any reduction in total cash income at all." Well, of course, the rest of the world have got to stand still for that; rents cannot go up; costs of living cannot go above 3.5, and people will see actual money reduce. Then they go on to give a graph which dips down, and then in 5 years' time they end up £10 a week cash wise than they are today. Taking nothing else into consideration, money in their pocket after it has all gone down, pensions have gone up, hopefully; rents have stayed the same; cost of living, as I say, has stayed the same. This pensioner couple who I think have helped themselves - probably a lot of these people are £10 a week better off. Well, I said I would applaud Social Security for something and that is the best set of accounting figures I have ever seen to demonstrate that people are not really going to lose. As I say, I really do not want to go on much longer, Sir. Again, who do you believe? I know the sugar-coated pill is there. It will run out, firstly, next October; £10 million will come out, basically, because that is when the first hit is and then it dips off over the £22 million over the next 3 years. Pensioners, working parents, some single working parents, will all be worse off by £10 million. I do not want to hit these people and I will not be accused of not wanting to direct money to the poor because if anybody in this House has always stood up for the poor, I think I could be possibly be named as one of them... always rubbished, as usual, because I am not doing it the right way or I am doing it piecemeal. But as I started this there has been a lot of spin. I have not had the resources or the money under Scrutiny to counteract this in the paper every night. I know when the letters go out, maybe not in the first year because people will get the same; there will be their income support, their existing benefit and their transition. So in January, I agree, most people... except, as I say, they are on the 46,000, I presume those are the people that will get nothing in transition, or

sometimes people on D.T.A. are not now applying for it because of the stricter means test, so I have been told. As I say, Sir, what it really comes down to is who are the winners and who are the losers? I know, or I believe I know, the losers are not what we set out to do 10 years ago in income support. In fact, I saw a slide show over 10 years ago and saw practically the same slide show in 2003 and 2004. Not a lot of work, Sir, had been done. So this system might save 7 years but the actual work and the speed and the abandoning of the Oxera, abandoning C.R.S.P. all happened in late 2005. I have got Committee minutes to say that there are concerns because they were published. I know there were concerns when it went to the Council of Ministers. I know there were concerns when it went back to the Council of Ministers: a 4-day meeting. But because it was informal discussions I do not know what any of those concerns were. Was it: "We might be going to hit the people we did not expect to hit but we can sell this because we can tell them we are redistributing money to the very, very worst off on the Island"? I will also query that one, Sir, because we, the Sub-Panel, begged Social Security to find out what the cost would be of topping-up a pension, a part pension, because they know who is on part pension. We said: "Can you ask the Connétables who are asking for a top-up?" They said they could not ask the Connétables and then they also said they could not ask the people. So the people they are saying will be better off might already be getting that other benefit from the Parish. But Social Security told me that they could not ask for that information until the system went live and the system will not go live until we pass it, if we pass it today. I am sorry, Sir, I was one that was waiting for income support hoping it would get rid of the debts and it would encourage people to be more self-sufficient. It would help them and give them some respect. This system does not do it. I cannot support it but I will just repeat, it is a matter of who do you believe. Who do you really want to help? The Social Security Minister has said who he is going to help; I have no problem with that. The problem I do have is with the redistribution of the budget from the people who are already helping themselves. They are clinging-on and they are working. Some couples are working 35 hours or more a week each. Their children are left mainly to their own devices, and do not have a go at the children because the parents are working and it is the parents' fault. But these are the people who are working. So, as I say, I cannot support this. I know it is very hard at this late stage and I think it would be a very brave Assembly but it would also be a very honest Assembly to say: "No, you have not got this quite right, Minister." We have heard figures here, figures there, information here, information there, who is telling the truth? Are you all prepared to wait for the letters that are going to fall on the people's doorsteps, 8,000 homes, between October and January to find out that you have brought in a system that is going to hurt the people you admire most, the people that are trying, the people that have worked? I know it is hard and, as I say, it would be a very brave decision. But I think that is what we should do. We should ask the Minister. He has been given some good suggestions by our advisor. Apparently he wanted to employ our advisor. I think I heard this mentioned but I am not sure. I am sure he would come back and work with them or they could get somebody else if they felt he was conflicted. But it can be fixed. So, Sir, I will not support it and I urge some courage, a lot of courage. Not: "We have worked on this for years and let us tinker around with it. I promise I will tinker around with it and I will bring back better benefits in the next few years" because it cannot be done. They will be snowed-under with the people who are screaming from the rooftops: "What have you done to me? I cannot survive on this income and now I have saved and you are taking income away from me." Thank you, Sir.

#### **10.1.5 Deputy P.N. Troy:**

Our benefit system has needed a major redesign for many years. To claim benefits in the past has been a logistical problem for all claimants. Our benefit system has required claimants to individually approach Social Security, Housing, the Parishes and other agencies to access the system and, quite frankly, it has not been user-friendly. We are on the brink of moving to a far better system than that which we have in place at present. Existing benefits will be replaced by a single system based on a single and current evaluation of income with regular ongoing reviews of the claimant's circumstances. The new system will be comprised of a series of components which



are described in our report on pages 7 to 12. Essentially, there will be 4 basic components, as shown on page 7 of P.90. A rate for each adult in the household, a rate for each child in the household, a rate for the household, and an enhanced rate for a single parent in a household. There will also be special components consisting of the housing component, impairment component, a child daycare component and a new carers' component. The Regulations which we are to approve today will see the rates for the components, as shown in Schedule one on pages 50 to 56, and it is our opinion at Social Security that the new structure in conjunction with clearly defined component rates will ensure a consistency across the benefit system that adequately protects the more vulnerable in our society. We, at Social Security, have made it quite plain that we are distributing funds from those existing claimants who have highest incomes and savings to those with lowest incomes and savings. Frankly, without resources to increase our benefit funding it is only through redistribution of funds that we can provide improved protection to those at the lower end of the income scale. Yes, there will be losers but as Senator Routier said earlier, we have negotiated funding to smooth over the losing process for higher income claimants who will be affected. The Scrutiny Committee have expressed in their report concerns regarding incentives to work being inadequate and have suggested that the introduction of income support is delayed. Members should recognise that months of preparation would be hijacked by such action and it would cause major logistical problems for our department if delay occurred. Data collected from applicants, on which we are relying for the calculation of their benefit, would perhaps have to be rechecked and at worst, resubmitted by the applicant. Under no circumstances should the Assembly take any action which would prevent implementation on 28th January 2008. Deputy Southern said that we have not got a perfect scheme and that our incentives to work are flawed. I would perhaps concede that if we had more funds to invest in the scheme we would wish to have improved work incentives. But we could not have it all; the cake just was not big enough. Perhaps in the future we can bake more cake. By that, of course, I suggest that in the future we may be able to direct additional funding to work incentives or, as Deputy Southern suggests, there may be other ways of targeting funds from one area of income support to another, so we can review the system and we can change the system in the future. Regarding the comments about pensioners; Scrutiny has not given any idea of how much pensioners have in savings. A great majority of pensioners have savings below the lower limit; that is £11,000 for a single pensioner, £18,000 for couple pensioners. Well over three-quarters of pensioners have savings below the limit set out in income support; 77 per cent of single pensioners and 84 per cent of couple pensioners are below the limits. A very high proportion of pensioners are below the limits. There are a small number of pensioners with savings between this limit and £25,000. So, the vast majority of pensioners are not going to be affected. Then we come to the other group, the 10 per cent of pensioners who have savings above £25,000. This group have substantial savings. On average £49,000 for single pensioners and £76,000 for couple pensioners. Really, should we be giving to people with very large sums of money in the bank? Our objective here is to help those at the lower end of the scale and if you have got £70,000 in the bank you are not quite at the lowest end of the scale. Let us implement the system. Let us bring it in first and then after 12 months let us review it. Let us look at it afresh and following review we can look at what changes need to be made, if any. If we do need to make any changes then obviously, we would have to decide whether we have the funds to achieve it or whether we have to switch funding between sections within income support. Certainly, I think, if we were able to make changes to work incentives in 2009, I am sure that it would be an area of high priority. I acknowledge the work that Scrutiny has put into this. We acknowledge their comments and we value their comments for the future but we just could not do everything at this moment in time and that is why the work incentives issue is there. We can, of course, do our best to address that in the future and I hope the Members recognise that and that they, despite the comments from Scrutiny which are valuable comments, support this today and that we can move this forward and we can review that area in the future. Highest priority must be getting income support up and running in January 2008. Those on lower incomes are desperate to see a system considerably better than the disjointed system we currently have in place. Please give us your support today.

#### **10.1.6 Deputy C.J. Scott Warren:**

I believe that this income support scheme does obviously end the totally unsatisfactory current system of 14 separate benefits whereby when you earned more money you ended up worse off. However, I do have some concern that despite the extensive work which the Social Security Minister and department has carried out, the system has been said by the Panel, and the Panel's expert, to fall down on the 2 important incentives: the incentive to look for and stay in work and the incentive to save. I would like to comment to the Assistant Minister that £25,000, which he has said is a large amount, is for many people not one year's earnings. So, the important question is can these incentives be improved upon after the introduction of income support next January. The next question, Sir, is will these incentives be improved upon following the introduction of income support? If the answer to that is that an ongoing review of the new system will happen and that there is a definite yes, that improvements will be made to this system and incentives put in place if at all possible, I will be supporting and can support the introduction of these Regulations.

#### **10.1.7 Deputy A. Breckon:**

I would like to pay tribute to the work of the Sub-Panel, especially Deputy Martin who Chaired it. This came from the former Panel when the Health, Housing and Social Security Sub-Panel were not in existence. Not only have they produced the final report, they also produced an interim report and that was partly because of the delay and the uncertainty of how the whole thing was going to proceed. I think we all acknowledge it is a complicated area as we can see by the papers that we have before us today. There were some time constraints and I think the Scrutiny Panel were under a certain amount of pressure and I think there is credit where credit is due, they have worked with officers at the department and the Minister to try to get something out of this so that there was not a necessity for amendments at the end. I think there has been a mutual respect in that process and that is perhaps something that we can all learn from. As Chair of the existing Panel, Sir, I would take absolutely no credit for any of the work that has been done, I have just done some peer review but in the best traditions if there is any blame then I will gladly take that as Chairman of the Panel now with the responsibility for it. Senator Le Sueur said that the situation is not ideal and he also said: "This is a long time coming." We all understand that we need to move on; the question, really, is how? Questions that Members may wish to apply their minds to; are they confident that what we are discussing today is better? Is the answer to that yes or no? If it is better; who for? Is the evidence there to show that? We have had some stories, perhaps some scaremongering and maybe even some sensationalism attached to that. If it is better; yes or no, who for, and how? Again, it is difficult to assess all the figures and come out conclusively and say: "Yes, it is. That is where it is and that is where it is and that is what we are trying to do." But we all understand we need to move on. So, the question, perhaps, for Members having some analysis of that is, are they comfortable? If they are, Sir, then it is quite simple, just approve it and let us move on and let us proceed. But if Members have some doubts, where are they? Are they with a particular set of circumstances, or wherever, and perhaps we should be asking some more questions and perhaps even, I would suggest, getting some more advice. If that is the case what would be the cost if we waited, if we deferred for a few more weeks and months when it has been, as Senator Le Sueur said, a long time coming, 10 or 12 years. Now, I am not saying we should try and defer everything but there may be areas we can move on where we need to have some more certainty perhaps. I understand this because to some extent it will be a leap of faith; it will be the unknown because we do not know until we test and try and the proof of that will be when the system is in place. I would also remind Members that we did propose initially to do this from August this year and that did not happen and that did not happen again because of the complexities, the technicalities in some of the discussions that were going on. The idea was to have more certainty before we proceeded. There was a windfall there in that there was £3 million set aside in Social Security's budget which went to supplementation. So, it is not all bad news as other people have said. We have had some early debates about the principle and this always, always happens; when we have that debate do not

worry about the details you will get the opportunity later and that is when we will have that debate. When we get to this stage, I would suggest, the detail is fairly complex and it is perhaps not the easiest thing to debate and to make the case. But it is said that this is the second chance, if not the final chance, to do that. I am not sure, really, how anybody could get up and convince anybody that this is the right way and the wrong way because there are a lot of grey areas and even smoke and mirrors, I would say. It is complicated. We have the principle Law, we have Regulations, we have some amendments - and when you read the amendment without the narrative it does not really mean anything - some of which have been accepted, and later there will be Orders which will be the substance to some of the thing with the amendments and the figures and the circumstances. The question perhaps is what does all of this mean? It is, I still contend, a difficult area. There has been lots of dialogue which is listed in the back of the Scrutiny Panel report and I would say it is an excellent, informative, evidence-based report, and there have been the meetings with the Panel, the Minister, the department. I should say, Sir, I am surprised that the Social Security Department and the Minister themselves did not have some external advice and I think that is where Dr. Evans, the advisor to the Panel, has given this a wider perspective. I was very impressed at the time I met him at his presentation last week and I think the department have got some benefit from that - I do not know if we have charged him for that, Sir, we shall need to look at that - because I think the whole thing could have benefited if we had had a wider debate a little bit earlier in the last week or so rather than getting to today when it has been perhaps a bit frenetic. Deputy Southern mentioned perhaps there were other ways and the same money could be split differently. Well, that maybe is the case but sometime or other we need also to make a decision and the question perhaps for Members to put in mind is, is this the day and are they comfortable; a question for Members' conscience? But I think if we had had that wider debate and a little bit more transparency before we had got to this stage then perhaps we would have all been better informed. I know that Deputy Martin, Senator Shenton and Panel members were working throughout the summer on this report to get it to this stage. It seems to be perhaps a problem we have with Scrutiny is that we are on the back-foot and any delays could be then put in the ball of Scrutiny and perhaps be seen as a delay in a frustrating process. But I do know, from what I have seen from the sidelines, that the Sub-Panel were working really hard, long hours and throughout the time when many other people were on holiday, to get this to where it is. Another thing that has been mentioned is scaremongering. Maybe we should ask by whom? When the early application forms went out for benefit, the 26 to 28 pages, I know many elderly people were confused and upset and: "Why do they want to know this?" and: "What is it all about?" Some people saw it as an invasion of their privacy: "Why do I have to answer this?" "I cannot walk." "Why do you want to know if I have got any stamps? What has that got to do with it?" I attended one meeting of Age Concern and there was the question of assets and something that was mentioned there was: "Well, we need to look at what you have done because you might have bought a racehorse." I thought that was very interesting when that was seen as sort of diversion of assets. I do not know if the thing would win or not but that was what it was seen as and people sort of laughed at that. I said: "Well, hang on; you are talking about people over 70 when this is not what we are on about." The other thing that came from pensioners, and I was interested in what Deputy Troy said, some pensioners are in this income band, they do not have savings and some others do. He mentioned some high numbers and he questioned whether people with those savings should have had any support and supplement. The way that was put to me was: "Should you not as States; Members apply that to yourself before you do it to other people?" So, again, that is something that Members might bear in mind. Somebody else said: "Well, if I fill in this form who sees it? I have got stuff that has been in the family for years. I have got some paintings, I have got a few coins, is somebody going to burgle my house if I put this on a form? Who sees it?" That is really how people felt about some of the questions. The other one was about the 7-year rule, what happens about this? I know it is the system that happens in the U.K. and I could really understand the fears of some elderly people about having to answer all these questions. It is somewhere they have not been before and it was unknown and some of the outcomes were unknown: "What is it all about?" "Is it going to affect me?" "What am I going to get?" Hopefully,

as the thing develops through the department people will be able to get some clarity and hopefully it is not all bad news because I am sure it is not. The other main thing we all recognise is the system that we have had can be an absolute nightmare when people are going from A to B to C. You have got different thresholds, different understandings and even different interpretations in some cases. So, we have had to standardise that and I do not think that is in dispute. The question is how we do it and what is the framework in which we work? I think that is where the debate is and I am not sure yet if we have had it. I think we all recognise that something must be done. The idea of this new system is to take out some of the bureaucracy that was with it where some people, perhaps, did not get benefits that they were entitled to. I would like to think that if people are entitled to something they do not have to fight for it or bare their soul or get down on their knees even if not automatically, but with compassion as it should be and that people are not demoralised by the system. But on the other hand we should not be giving money away either because we have to be accountable for it. Having said that, Sir, I think whatever we do we must proceed with caution. The question I would ask Members to ask themselves is, is today the day that you feel comfortable that we can do that? If it is then let us go ahead. If you feel that perhaps we need to be better informed, we need more certainty, not that we will get absolute certainty, but perhaps we need some more, then if we do wait I do not believe it would hurt. Perhaps working together as a total House we could do that and where there is uncertainty we will perhaps bring more clarity; we can give comfort to people who might feel uncomfortable and we can also move on together. With that, Sir, I would urge Members to bear that in mind for the rest of the debate and obviously vote how they see fit but remembering the length of time that it has taken to get this far, I can live with a little longer if that gives people outside a bit more comfort if it gives them information and mostly if it gives them comfort - especially the elderly, those vulnerable, those ill and infirm - then I for one can live with that.

#### **10.1.8 Deputy R.G. Le Hérissier:**

Like a lot of Members I am very confused, I suppose, because one of the problems, as Deputy Breckon of St. Saviour has said, is that the Scrutiny report - which I think is excellent and they really deserve a lot of praise - has come very late in the day. It is quite clear that the House has not had the big debate on principle and policy that it should have had. The emotional kind of mild blackmail that is being used - we have been at it for 10 years, we have got everybody lined-up, we cannot change the figures at this late time, et cetera - is, I think, rather unfortunate. It does strike me, Sir, that the Scrutiny Panel has raised some very good points. I have asked them several times: "Why are you so late with your comments?" because clearly we were going to be embarrassed on this point. The answer they have given is that: "The devil truly did lie in the detail." They simply could not or their advisor could not reply in sufficient detail - this was asked of him at the meeting also - because he really needed to see the figures so that he could assess whether the policy intentions were going to be implemented. His conclusion is that that could not be the case and, in fact, Sir, in a very thinly-veiled statement from the Minister, we have had confirmation of that because what he has told us is that he is very constrained by budget and this is the best he can do within the budget which other than the transitional sum is essentially a budget-neutral affair. That is what he is telling us even though the cynics do feel that parts of this policy are going to run away with themselves, so to speak, in terms of all sorts of need is going to float to the surface which has not previously floated because people have been afraid or inhibited or simply not bothered to apply and all of a sudden they are going to apply. That, in my view, is slightly disingenuous. Although the Minister keeps saying it is budget-neutral, one of the great failings which the Scrutiny Panel has not dealt with to a great extent but this House keeps revisiting, is that other than dealing with the issue at the top end of rent rebates - and I look to 2 of our Connétables who I know from the Housing Scrutiny are very, very exercised by the elephant in the room - there is no word of a radical reform of rent rebate. Is it not sad that one of the prime components, so to speak, other than getting rid of people at the top end who Senator Le Main has often quoted as earning £45,000 plus, there is no word, whatsoever, of change. This is very, very unfortunate. So, on the one hand we are

told that this is budget-neutral and somehow the Social Security Department are going to moderate demands on the system to keep it within budget. Given that it is, in a sense, a demand-led system, it seems almost a miracle that they are seeking to perform, but obviously we have seen better things come out of the department so that is possible. On the other hand, and I have not even got to supplementation - my favourite one - they are dealing with budgets which in some respects are, by wide acknowledgement, running out of control. I do not think by trimming them at the top end the Minister has provided a solution. He keeps saying he has but I do not think he has. The other thing, and the point that was made by the expert at the briefing, was that this was 2 systems rolled into one. There is one system where you deal with people who are at or below the poverty line; you just basically provide support and you do not really deal with incentives because you are really dealing with the whole issue of just keeping people or hoping to give people a leg up, so to speak, beyond the poverty line. The second system, which is buried here, is providing incentives and that is almost a very different kind of system which requires different kinds of support and it requires a fully-fledged employment support service which I know the Minister will argue is coming. But once he lets the genie out of the bottle he really has to ask himself unless he controls it by proper work supports and monitoring, quite frankly, some of which can be distasteful, but unless he can do that he might well end up running an unemployment insurance scheme by default. That is what he has been told and I think he is, quite frankly, avoiding that issue. There is this view, for example, Senator Le Sueur did indicate: people may have been dreaming about this for 10 years but I do not think they have been working full-tilt at it for 10 years. I would counsel against this view that there is this pressure building-up and I am sure people like the Connétables are saying: "It took us a long time to get to this point, we have to be persuaded. We have now got here, please, please, get on with it, we are really getting quite fed up with all this." But it would seem very unfortunate if the Minister is ploughing ahead with a system where he has got a constrained budget which is, by its very nature, undermining what he is seeking to achieve. If he has not wrestled to the ground the big money - not wasters - the big out-of-control monies or particular funds like rent rebate that he now has responsibility for and if he is trying to run 2 systems as one when they should be much more clearly separated and they should each be given a chance to take off, I do not think, Sir, quite frankly, in certain crucial respects he has proven the case. I look forward to his summing-up.

**The Bailiff:**

I call upon the Minister to reply.

**10.1.9 Senator P.F. Routier:**

A very, very interesting debate on the way we have worked over the last few years. There has been a theme of some of the speeches with regard to the lack of time that Scrutiny have had and they have not had perhaps a good enough sort of working relationship with us. I have to say right at the very outset in January of last year I approached the Scrutiny Panel to ask them to meet on a monthly basis. We agreed to do that and we met in March, we met in April, we met in May, informal meetings just to make sure the policies we were carrying out... seeing which way we were going so we could all understand what was going on. It came to a stage where the Scrutiny Panel decided to pull out of those meetings because they did not want to be involved on policy any longer; they just wanted to talk about numbers. So they would wait until the numbers were available. That was, to my mind, a totally wrong decision that the Scrutiny Panel made at that stage. It made it more and more difficult for them to keep up with what the process of developing the scheme would be. I would have loved for them to have been involved all the way along. We have tried to keep them informed. It has been a very, very open process all the way along and now they are seeking to defer because they have not had time to do what they want to do. Deputy Southern spoke about the Dr. Evans report, not the Scrutiny Report, the Dr. Evans report and he felt that obviously the major part of this report is all about incentives; incentives for savings and incentives to work. I have to say I was quite disappointed with the Scrutiny Report; it did not talk about any of the positive things at all. It did not talk about the issues with regard to the additional money we

have given to childcare. It did not talk about the carers' components. It did not make highlights of all of these things. It just focuses on all the negative things. Deputy Southern mentioned about the barriers there are to getting health care and criticised the way we were going about it and among it there would not be sufficient money for dental costs. We recognise that dental costs are expensive and we have a system whereby people can, if they are having a large dental bill and they are on low incomes, get a special payment. That is how that would operate. As I said, the main part of the discussion point was about incentives to work. Remember where we are today. We have disincentives to work. If you have looked at the graphs that we have there is a graph which shows that people are doing fairly well if they are supported by Parish welfare. As soon as they try to help themselves they are worse off. It is appalling. What this does today is get rid of that and it adds a little bit more of an incentive. Not enough, I admit that. I would love to see it higher but the only way you can achieve that is, for instance, as Deputy Southern and the Panel's advisors have said, and all the rest of it, is to readjust all the other benefits within the money that we have. That means taking money away from other people - other poorer people - to give to those who are in work and are helping themselves and have more money than the very poorest. It just does not stack-up. Deputy Southern went on to talk about the advice that they have had and there was inference from other people about us not having any advice. Well, we have had loads of advice, external advice. We have had Nottingham University. We have had Professor Aylward, who is now a colleague of Dr. Evans - he works in the same place. We have had external advice. We have had a lot of support in bringing forward the proposals we are. There was some suggestion that our basic benefit rates should be lowered a little bit so it would give incentives to other people. A mark was put in the ground a couple of years ago that we could not go below welfare rates. We did start off by wanting to go above welfare rates for our basic, basic components. What we did is say: "Well, we cannot go below welfare rates." But I am afraid if we were to follow Dr. Evans' proposals and the Scrutiny proposals we would be below the welfare rates for the basic person who needs support. I could not do that. It is entirely up to you. There was criticism about the availability for jobs. They talk about a graph of a number of about 2,000 people who would all be looking for work as soon as income support comes in. Well, within that they have got mums with children; we are not going to be asking them. They have got other people in there who just would not be considered at an early stage, or at any stage, to be asked to go to work. Those numbers there, I am afraid, include people which we would not be asking to work. The labour market could not cope with 2,000 extra people to go into work. The system would not be trying to work that way at all. As I said in opening comments, what we would be doing is looking at those people who are fit and able to get work and who are in the 30 to 40-year age group. Those would be the first people we would be inviting in to have a talk and say: "Come on, let us find some work for you. Let us help you and give advice on how to get into work." Deputy Le Hérisier spoke about this: we need to have good employment advice and we need to make sure that is all in place. That will be developed as we go along. I recognise that from day one what we will have is people working on benefits at first and some of the people who are working on benefits will then be able to shift across into helping people with work advice. They themselves might need re-skilling to help with job opportunities and help in advising people. We will be doing that. We are also working very closely with the Education Department and with the Economic Development Department with the skills strategy. That is all in train and that is happening. Deputy Southern went on at great length to talk about the relationship between people who are working on the minimum wage and their relationship. As an aside, Members, it will be seen that I have just agreed the Employment Forum's recommendation to increase the minimum wage higher than earnings in debt, higher than the R.P.I. (Retail Price index) and I believe is one of the additional mechanisms which we are using to ensure that people who are in the work force are being paid a decent wage. But in saying that - the population of people who are within the income support remit - it has to be remembered that people on a minimum wage are predominantly seasonal workers who come to the Island who are predominantly in agriculture and predominantly in the hotel industry who would not be within the circumstances of applying for income support. There have been a few comments which, I am afraid, I am concerned about the

way they have been said about the additional support we propose to give to lone parents. That is a very focussed piece of initiative to ensure that children within lone parent families are supported better than they currently are because at the present time they are being let down. We know from other social initiatives that are going on within the States that children from lone parents are more at risk of poverty than children within families and all the knock-on effects that happens with the way they grow up and the risks to their general wellbeing. We want to ensure that we do put in sufficient money for those children to be protected. We have talked, obviously, about the rebalancing that is going to be going on with income support with the way there will be some people who will be assessed as having less benefit in the future that they would do as of today. We also need to talk about those people who from 28th January will be better off from day one. There are a significant amount of pensioners, families, who will be better off. The people who will not be receiving as much money are the ones which Deputy Le Hérissier has just spoken about, the ones who have been getting high rent rebate support. He mentioned that we were not doing anything about rent rebates. I am struggling to remember the percentage figure now. It is something like we are knocking-off about 20 to 30 per cent off rental payments to be used with other benefits elsewhere. I will have that confirmed. That definitely a sizeable figure is being moved from rental payments to ordinary supporting benefits for people's daily living. I think it was Deputy Southern who suggested again about this incentive business, about the way we could achieve those incentives. He talked about we could re-jig the budgets with the advice of their advisor; that 28 to 30 per cent could be used elsewhere. As I said, that is 28 to 30 per cent which would come from the basic benefits of the people on the lowest incomes so that we could create the incentives further up the scale. We have got to remember that besides wanting to have these incentives in place income support is the safety net for those on the lowest incomes. It is the safety net. It is the modern-day version of the Parish welfare system. It is a system which gives the very basic safety net to ensure that people do not fall into poverty. The work regarding incentives and all the rest of it which their advisor has done is a useful piece of academic work, I have to say. It is a very useful piece of academic work. It does not put into place the realities of what was happening in Jersey. People are on existing benefits today. You cannot deny the fact if you are starting with a clean sheet of paper the academic piece of work which has been brought forward, therefore, is suitable for large countries, it does not talk about small countries. It would have been useful perhaps to have had an advisor who was used to dealing with small countries' economies. But that is the reality of it. Fair enough, day one; a clean sheet of paper, nice and centred all the way up but you cannot ignore that people are on existing benefits. Deputy Le Claire quite rightly identified the failings of H.I.E. He gave a good case example of what is wrong with H.I.E. H.I.E. just does not work. It does not support people with their care needs, their medical needs and as I said in my opening remarks, the way people use it is totally disjointed. There are 400 people who do not even go to the doctor who have got H.I.E. cards. Deputy Le Claire also mentioned the issues regarding population matters and work opportunities and skills initiatives. That is, obviously, big pieces of work which are going on with the Migration Working Party and the skills initiatives and I can assure him that I am working closely with my colleagues at officer level also ensuring that we do put in place the right things. Talking about rights, I have been accused of being a far right politician. Yes. **[Laughter]** Well, obviously I have probably been too smart or I have got the wrong tie on or the wrong suit on or something. But, seriously, the reason I got into the States was the social policy issues; that is why I am here. I believe that what I am coming forward with in income support is putting right all the wrongs that exist with our current system. It is supporting people far better than we have ever done before. With regard to the health things, it was Deputy Martin who mentioned health matters and talked about the birth rate and being old, in that they go to the doctor more often. Statements which have been said to me by somebody in the medical profession: being young is not a disease and nor is being old a disease. The majority of elderly people can be fit. The diagram that was used there just makes a presumption that because you are young you have to go to the doctor a lot of the time and because you are old you have to go to the doctor a lot of the time. That is not the case; that is not the facts. You might need to go a few more times, fair enough, but our proposals allow for that.

Anybody who needs to go to the doctor will be able to go to the doctor. The medical accounts which we will be establishing will enable people to go to the doctor and it will be a seamless piece of work. They will not know what is going on between the transferring of money between the G.P.s and my department. They just will not be aware of it but the practical matters of allocating 4 visits, 8 visits, 12 visits, that is just an internal thing that goes on within the department and the computer system which already exists. It is not as if it is a cumbersome piece of new thing which we have to establish. We already have this in place. There has been a suggestion that the health scheme will not work together with *New Directions*. Well, it does and it will. It might be useful for Members if I were to read a letter which was sent from the Chief Officer of the Health Department to my Chief Officer: "The political accountability for *New Directions* rests with the Minister for Health and Social Services. I, together with James Le Feuvre, the *New Directions* Programme Manager, Dr. Rosemary Geller, Medical Officer of Health and Richard Jouault, Director of Corporate Planning and Performance Management are the principal architects of *New Directions*. As you know, to ensure joined-up government both of our departments meet regularly, having established joint machinery. To ensure that your income support proposals and the proposals of *New Directions* resonate at all times and are not contradictory to one another. Importantly, I am more than satisfied that your income support proposals do not contradict *New Directions*. Indeed, your income support proposals seek to establish a range of incentives and payments aimed at establishing independence and empowered living; independent living being a major tenet of *New Directions*." It goes on to say: "None of the above named officers were called before the Health and Social Services and Housing Scrutiny Panel to give evidence on the income support proposals. If we had we would have been able to make extremely clear that the formulation of health and social care policy is the preserve of *New Directions* not your income support proposals. I note, for example, from Section 11(3) of the Scrutiny Report that the absence of any explicit stated assumptions about meeting the costs of dental care and ophthalmic services is worrying. I do not see the absence of any explicit stated assumptions in your income support proposals as being worrying as these issues, together with diabetic care, which is also alluded to, are entirely the preserve of *New Directions* and very clear proposals are made on these within the latter." It goes on: "I note also that the Scrutiny Report asserts more generally the whole approach of the Regulations is founded on one that apparently places no importance on encouraging preventative health care. Again, the important agenda of preventative health care is fulsomely addressed in *New Directions*. There is nothing in your income support proposals that compromises or prejudices our *New Directions* proposals in this important field of medicine. I am not sure why the Scrutiny Panel felt able to make these and other assertions because my reading of the Scrutiny Panel's methodology would suggest that no evidence or expert opinion has been brought to bear to support those assertions." I hope Members will recall that letter - I might have to repeat it - when the Scrutiny Panel wish to delete the components regarding to medical care at a later stage when we get to those. There has been, obviously, discussion about the transition amounts and the way that operates. Obviously more money will be used to protect those who are on the highest incomes. It has been suggested to me right at the outset, many years ago: "You are redistributing benefits around; people are getting benefits who should not be getting them. Why on earth are you still protecting them?" I came to the conclusion that was a very, very harsh thing to do and I thought it was not an appropriate thing to do. It was at that stage I felt that it was right to approach the Treasury Minister - there were not even Ministers at that stage, I do not think: they were either Presidents of Finance and Economics Committee at that stage - and the President of the Policy and Resources Committee to ensure that we did get the extra money for that. So, that is what will be happening. We will be protecting people. Remember even in transition, no one is going to lose any benefits until October of next year. I thank Deputy Troy, my Assistant Minister, for his very sound words. The only thing I would like to pick up on that is to re-emphasise that if the deferment was not supported logistically, within the department, it would be a nightmare. Everything is ready to go. The staff are there and it would be a total waste of everybody's time, effort and money and States' money to have these people not doing what they should be doing. I want to give Deputy Scott Warren an assurance that not only will the benefits be



reviewed on an annual basis, also the incentives will be reviewed as well when we do that because that is the process and, indeed, it is a legal requirement for the Minister to carry out these reviews anyhow on an annual basis. So, I can give that reassurance. Deputy Breckon generally spoke about deferral and not having enough information. I would say, and as I said in my opening remarks, having more information today is not going to help in 2 weeks' time, 3 weeks' time, 4 weeks' time - it is not going to help anything at all. All it is doing is just putting off the implementation all the time. At some stage we have to say we have sufficient information to make major, major improvements from January and that is what we will do and we will refine it as we go. Even Deputy Breckon says something has to be done, those were his own words: "Something must be done." I agree entirely with that. He wanted more comfort. I can give comfort to him that what we are doing is appropriate for the income support system and people as from day one, 28th January, will be receiving some more benefit. There is a large number of people who will be better off. Deputy Le Hérissier was concerned about the expanding budget. He is right; it is a demand-led, needs-led issue; it always has been. The Parishes know about that. They have to react, that is what social protection is about; reacting to the needs of the community and the States will be faced with those decisions. If we put in a system which is right, fair and appropriate and we are comfortable with that we may have to ask for more money at some stage and that is the reality of it. We cannot deny that. That may well be what happens. What we are doing today is to put right all the ills of our current system. You have asked me to do that. In fact, a number of you voted for me to stay Minister for Social Security so I got it done and I am prepared to do that. I am prepared to do that and I want to do it, and with Members' support I am convinced that setting-off on 28th January with what we are proposing today and moving it along and reviewing it is the way to go. I urge Members to support the preamble.

**Deputy R.G. Le Hérissier:**

Can I just have a point of clarification? Would the Minister say whether the 20 per cent odd means a reduction in claimants' rent rebate or a reduction which he will redirect of the budget?

**Senator P.F. Routier:**

There will be less people being able to claim rent rebates because of their circumstances.

**The Bailiff:**

I ask any Member in the precinct who wishes to vote to return to his or her seat. I ask the Greffier to open the voting which is for or against the principles of the regulations.

**POUR: 43**

Senator S. Syvret  
 Senator L. Norman  
 Senator F.H. Walker  
 Senator W. Kinnard  
 Senator T.A. Le Sueur  
 Senator P.F. Routier  
 Senator M.E. Vibert  
 Senator P.F.C. Ozouf  
 Senator T.J. Le Main  
 Senator J.L. Perchard  
 Connétable of St. Ouen  
 Connétable of St. Mary  
 Connétable of St. Peter  
 Connétable of St. Clement  
 Connétable of St. Helier

**CONTRE: 4**

Senator B.E. Shenton  
 Deputy A. Breckon (S)  
 Deputy J.A. Martin (H)  
 Deputy G.P. Southern (H)

**ABSTAIN: 0**

Connétable of Trinity  
Connétable of St. Lawrence  
Connétable of Grouville  
Connétable of St. Brelade  
Connétable of St. Martin  
Connétable of St. John  
Deputy R.C. Duhamel (S)  
Deputy J.J. Huet (H)  
Deputy of St. Martin  
Deputy G.C.L. Baudains (C)  
Deputy P.N. Troy (B)  
Deputy C.J. Scott Warren (S)  
Deputy R.G. Le Hérissier (S)  
Deputy J.B. Fox (H)  
Deputy S.C. Ferguson (B)  
Deputy of St. Ouen  
Deputy P.J.D. Ryan (H)  
Deputy of Grouville  
Deputy of St. Peter  
Deputy G.W.J. de Faye (H)  
Deputy P.V.F. Le Claire (H)  
Deputy J.A.N. Le Fondré (L)  
Deputy D.W. Mezbourian (L)  
Deputy S.S.P.A. Power (B)  
Deputy A.J.D. Maclean (H)  
Deputy K.C. Lewis (S)  
Deputy I.J. Gorst (C)  
Deputy of St. Mary

### **ADJOURNMENT PROPOSED**

**Senator S. Syvret:**

Now might be an appropriate time to propose the adjournment.

**The Bailiff:**

Yes. If Members agree we will adjourn and reconvene at 9.30 a.m. tomorrow.

### **ADJOURNMENT**