STATES OF JERSEY

OFFICIAL REPORT

TUESDAY, 17th JULY 2012

[9:31]

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

Connétable A.S. Crowcroft of St. Helier:

Before we go on to questions, could I seek the Assembly's approval to vary the order of business today? I thought if I did it now then Members would have a chance to know. We have one major item: the Economic Growth and Diversification Strategy P.55, and the proposal is that this is taken at the end of today's business so that we deal with the other, what might be called housekeeping matters, first. If that is in order, I so propose.

The Bailiff:

Very well. Is that seconded? **[Seconded]** If Members agree that seems a sensible way of proceeding.

Deputy G.C.L. Baudains of St. Clement:

Could I seek clarification on that because there are 3 items on the Order Paper which are not yet in time which I presume would be debated in a week's time should the sitting not be concluded today.

The Bailiff:

Well, no, the Assembly is sitting again on Thursday, Deputy, so if matters are not completed today the Assembly will sit on Thursday. Looking at the Order Paper, unless Members are particularly loquacious, it seems unlikely that we will need next week.

Deputy G.C.L. Baudains:

I agree but my concern was that if we are moving off from the agenda today we may come across these 3 items rather earlier than expected.

The Bailiff:

Sorry, which items are you talking about, Deputy?

Deputy G.C.L. Baudains:

The Jersey Financial Services Commission, States of Jersey Complaints Panel and Property and Infrastructure Regeneration which, according to my calculations, fall outside of the 4-week lodging period.

The Bailiff:

I do not think it says that it falls outside the lodging period, does it, Greffier? It does not mention on the Order Paper they have not been lodged long enough so, subject to checking, we think we can take them today but obviously we will just check. So, subject to that, Members agree to take the Projet 55 last and all the other ones before that? Very well. We come now to questions and first of all written questions.

QUESTIONS

1. Written Questions

1.1 DEPUTY G.P. SOUTHERN OF ST. HELIER OF THE MINISTER FOR SOCIAL SECURITY REGARDING THE MONITORING OF CHANGES IN INCOME SUPPORT CLAIMANTS' CORCUMSTANCES:

Question

In the light of the large numbers of under and overpayments of Income Support (IS) he refers to in the answer to question 6972 of 26th June 2012 and the potential for these to cause hardship, will the Minister detail for members what measures, if any, he has in place to monitor and respond to those predictable changes of circumstances brought about by specific birthdays for members of IS units which lead to a difference in IS payable such as 16th, 19th, 25th, 60th or 65th birthdays?

Is such monitoring built into the computer programmes which are used to administer IS, or does it require a manual check?

Given that Section 13.1 of the IS policy guidelines states that IS claims are reviewed once a year and that 'working claimants' can expect to receive reviews 'several times a year, will the Minister inform members how often claims from working claimants are currently reviewed and whether this adequately meets his department's duty of care to its claimants?

Answer

As noted in the response to Question 6972 Income Support benefit is always paid in advance, on either a weekly or four-weekly basis. Any change of circumstance that occurs after a payment has been made and during the period paid for, which affects the value of the claim rate, will result in the need for a payment adjustment in respect of the over or under payment.

The response also confirmed that a change in earnings was the most common cause for an underpayment or overpayment under the Income Support system, and that the average (median) value of overpayments in 2011 was £138.

It is the duty of each adult within an income support household to notify the Department of changes in their earnings and any other change in their circumstances which could affect their income support entitlement. Failure to do this may result in an overpayment which will need to be repaid, or, in the most serious cases, the individual facing prosecution under the Income Support law. The duty of the Department is to administer the laws under its control correctly and fairly.

Operational processes regularly monitor the ages of income support claimants. Eligibility is reviewed prior to key dates including 5th birthday, 12th birthday, compulsory school leaving age, 19th birthday and 65th birthday. These processes include both automatic and manual interventions. In addition, the opening and closing of contributory benefit claims, including old age pensions, is monitored to enable income support claims to be reviewed as necessary.

Income support claims for all working age claimants are also reviewed on a quarterly basis against employed earnings information provided by employers and unexplained differences beyond a reasonable tolerance are followed up with claimants and investigated further, resulting, where appropriate, in revised benefit payments.

1.2 DEPUTY G.P. SOUTHERN OF ST. HELIER OF THE MINISTER FOR SOCIAL SECURITY REGARDING HOW ADULT CHILDREN LIVING IN AN INCOME SUPPORT UNIT ARE TREATED:

Question

Will the Minister outline for members how adult children, living in an Income Support (IS) unit, whether in work or unemployed, are treated differently under the IS system depending on their age?

In particular, will he give a worked example to illustrate whether the system provides incentives for the adult child to leave the family home when he or she reaches the age of 25, thereby occupying two accommodation units instead of one?

Given the shortage of housing on the Island, is the Minister content that the IS system contains such incentives, and if not, will he review this policy?

Answer

Whilst an adult child remains in the family home then, depending on the age of the adult child and whether they are in full-time education, full-time employment or actively seeking work, they will either be included in the income support claim of their parents, or considered as a separate income support claim.

However, regardless of the age of the adult child, if both the parent household and the adult child household receive income support, there is no difference in the value of the income support components available to the family as a whole. The accommodation component for all the people sharing the accommodation is included in the income support claim of the tenant of the property, to allow the tenant to pay the rent.

The income support accommodation component is not generally available to young people aged under 25, living on their own. From age 25 onwards, a single person living on their own is entitled to an accommodation component in respect of lodgings or a bedsit up to a maximum value of £109 per week.

Example: Parents and two children occupying a three-bedroom rented house. Family receives income support.

Note that these examples indicate the maximum value of income support available with the family receiving **no other income**. In most cases, the actual amount of income support will be less than these values, as the household will have earnings and / or other income.

1. Adult child is 18 and actively seeking work. Adult child is included with parents' claim

Maximum IS components available:

Family as a single unit

Component Type	rate	value
Adults	3 x 92.12	276.36
Child	1 x 63.98	63.98
Household	49.56	49.56
Accommodation – 3 bed house	258.02	258.02
Total		£647.92

2. Adult child is 25 and actively seeking work. Adult child has separate claim but remains living at home

Maximum IS components available:

Family:

Component Type	rate	value
Adults	2 x 92.12	184.24
Child	1 x 63.98	63.98
Household	49.56	49.56
Accommodation – 3 bed house	258.02	258.02
Total		£555.80

Adult child:

Component Type	rate	value
Adults	1 x 92.12	92.12
Child		
Household		
Accommodation		
Total		£92.12

3. Adult child is 25 and actively seeking work. Adult child has separate claim and moves into own accommodation

Maximum IS components available:

Family

Component Type	rate	value
Adults	2 x 92.12	184.24
Child	1 x 63.98	63.98
Household	49.56	49.56

Accommodation – 2 bed house	231.28	231.28
Total		£529.06

Adult child:

Component Type	rate	value
Adults	1 x 92.12	92.12
Child		
Household	49.56	49.56
Accommodation – bedsit	109.41	109.41
Total		£251.09

In scenario 3, the adult child is now receiving a higher rate of income support, but has to meet the cost of rent, utility bills and all the other expenses of maintaining a separate household. I do not believe that this situation could be described as providing an "incentive" for the individual to leave the family home. There must be a minimum age at which an adult is no longer considered linked to their parents and is entitled to occupy their own accommodation. The income support regulations set this age limit in respect of the accommodation component and this has been approved by the States.

If the family is housed by the Housing Department and an adult child moves out, then if the remainder of the family is under-occupying their property, the remaining family members can be moved to smaller accommodation. In other cases, the accommodation component will be reduced to reflect the smaller household size and the family will need to make up any shortfall in the rent themselves.

I do not consider that the income support system contains incentives for individuals aged 25 to move out of the family home. Nor do I accept the premise within the question that there is an overall shortage of housing on the island. On both counts, I have no plans to review this policy area.

1.3 DEPUTY G.P. SOUTHERN OF ST. HELIER OF THE MINISTER FOR TREASURY AND RESOURCES REGARDING HIS ACTIONS LEADING UP TO THE RESIGNATION OF THE COMPTROLLER AND AUDITOR GENERAL:

Question

Does the Minister accept that his actions leading up to the resignation of the Comptroller and Auditor General have damaged the reputation of the Island, making the recruitment of a successor extremely difficult and the holding to account of Ministers by the States impossible and, if so, will he now offer his resignation and, if not, why not?

Answer

No, the Minister does not accept any part of this statement and the Minister would refer the Deputy to the Minister for Treasury and Resources Statement to the Assembly last week.

The Comptroller and Auditor General resigned after a witness in the inquiry questioned how his evidence was recorded and reported. This means that elements of the Comptroller and Auditor General's report are not capable of independent corroboration. Faced with this situation the Minister was perfectly entitled to defend his reputation and he has no intention of resigning.

The appointment of a new Comptroller and Auditor General is the joint responsibility of the Chief Minister and the Chairman of PAC.

1.4 DEPUTY G.P. SOUTHERN OF ST. HELIER OF THE CHIEF MINISTER REGARDING WAGE NEGOTIATIONS WITH THE PUBLIC SECTOR EMPLOYEE REPRESENTATIVES:

Question

Will the Chief Minister inform members what progress, if any, he has made in negotiating a wage agreement with public sector representatives and what schedule of meetings has been arranged in order to try to ensure that agreement is reached by the end of the year?

Will he further state whether he has any indications that agreement can be reached without significant concessions on the employer's part and that action from employees can be avoided?

What success, if any, has the Minister had in communicating his vision in the related topic of modernisation of the public sector workforce?

Answer

The Employer made its final offer to all staff last week after six months of negotiation with all pay groups. The offer is both fair and reasonable recognising the prudence the Employer has to exercise with the pressures on the public purse with the need to support Health and Social care, reduction in unemployment, and stimulus to the economy. I hope public sector employees recognise that the Employer has made a significant movement during the negotiations whilst ensuring that any offer is affordable, sustainable and recognises the important contribution of public sector staff. The Employer will continue to hold meetings with pay groups as needed.

The Employer believes its offer is such that there is no reason for public sector staff to consider action which clearly would disadvantage many Islanders. The Employer has made its offer recognising the economic climate both in the Island and in the wider global context from which the public sector is not immune.

The Acting Chief Executive will be meeting public sector trade unions on 18th July 2012 to initiate discussions and engagement. I am certain this will be the first of many meetings and discussions in the coming months and years when we can work in partnership with Trade Union colleagues in the development of the public sector reform agenda.

As part of this dialogue with staff, the Acting Chief Executive and I will be conducting staff forums in the autumn to ascertain and listen to the views of staff, again as an early consultation on the opportunities public sector reform offers for them and the Island.

1.5 DEPUTY G.P. SOUTHERN OF ST. HELIER OF THE MINISTER FOR TREASURY AND RESOURCES REGARDING THE USE OF A PRIVATE FINANCE INITIATIVE DEAL TO FUND THE REFURBISHMENT OR REBUILDING PF THE GENERAL HOSPITAL:

Question

Will the Minister rule out the use of a private finance initiative deal or other source of private finance for funding either the refurbishment or rebuilding of the General Hospital on its current site or a new build elsewhere?

Answer

Work is currently underway on a feasibility study for the provision of medical services for Jersey. This will include options for the refurbishment or rebuilding of the General Hospital. Alongside this, the Treasury has begun work on identifying funding options to meet the future costs of the hospital development and a report will be brought forward for consideration by the Council of Ministers and the States Assembly in due course.

1.6 DEPUTY M.R. HIGGINS OF ST. HELIER OF H.M. ATTORNEY GENERAL REGARDING THE COST OF THE RECENT JUDICIAL REVIEW OF THE U.K. GOVERNMENT'S DECISION TO CLOSE THE LOW VALUE CONSIGNMENT RELIEF ON GOODS:

Question

Will H.M. Attorney General –

(i) summarise for Members the legal arguments put forward by Jersey's legal representatives in the recent judicial review of the UK Government's decision to close the Low Value Consignment Relief on goods originating from Jersey and Guernsey and state where these arguments differed from the legal arguments put forward by Guernsey's legal representatives;

(ii) explain how many times Jersey's legal representatives appeared before the judge in this case and the number of hours these appearances entailed;

(iii) explain how many hours the lawyers representing Jersey are claiming for preparation of the case;

(iv) explain why he believes the cost of the Jersey's action has resulted in a legal bill of £656,370.67 just for the judicial review when the original estimate was £360,000 for all court actions;

(v) advise whether Jersey's legal costs are almost eight times the cost of Guernsey's action and, if so, explain why; and;

(vi) explain how much (in Pounds sterling) firms engaged in the fulfilment industry in the Island contributed to the cost of Jersey's legal action?

Answer

(i) The legal arguments put forward by Jersey are within the public domain. They may be found in the judgment of Mr Justice Mitting in the High Court in the case and at some length in an article about this case in the June 2012 edition (Volume 16 Issue 2 page 119) of the Jersey and Guernsey Law Review.

However, in brief, there were two Skeleton Arguments prepared for Jersey.

In the first principal Skeleton Argument Jersey argued:

That the LVCR exemption is mandatory and that the relevant EU law does not give a Member State discretion to act as the UK has purported to.

That no distortion of competition has been established.

That imported goods can be cleared from other third countries for free circulation in other Member States.

That the UK proposal was neither proportionate nor reasonable.

The need for a second supplementary Skeleton Argument arose because of a change in the UK's case and the need to challenge the new lines of argument. This involved highlighting serious errors of principle as regards the construction of VAT legislation and HMRC's incorrect reliance upon RAVAS' written submissions and evidence. These were allegations which could only realistically be answered by Jersey's evidence. The arguments may be summarised as the following:

There is no vires in the relevant EU directive for a selective measure.

There is no general discretion to end the relief on the basis of distortion of competition.

That the meaning of avoidance and abuse is disputed and that the HMRC's and RAVAS' allegations that businesses had been put at a serious competitive disadvantage were unfounded.

With respect to (c) only Jersey could have reliably answered the allegations of circular shipping and split packaging put forward by RAVAS and relied upon by the UK. These and other points of evidence were vital with respect to interpretation of the relevant EU law.

Essentially, on the main legal points, Jersey and Guernsey's position on the law was the same.

Sometimes cases turn on arguments of pure law because all parties accept how the facts will fit into the Law once the legal position has been determined. Sometimes arguments are exclusively about facts and the legal position is clear. In this case, as in many, there were issues of both law and of facts. Sections (b), (c) and (d) of the principal Skeleton Argument were only possible at length (or at all) to advance with the extensive evidence submitted by Jersey. The regulated nature of Jersey's fulfilment industry meant that reliable evidence from industry could be provided to defeat the main threads of the UK's (HMRC's) case on the facts.

This application was time critical as the introduction of legislation to remove the LVCR exemption in the UK was imminent. In my view it was essential to advance both a strong legal argument and a strong argument on the facts to secure early leave to bring a judicial review application and an expedited hearing. This was itself very important as the legal position needed to be established before the UK introduced the legislative proposals into parliament. The deployment of a strong legal argument and detailed facts enabled this to be achieved.

(ii) Jersey's Leading Counsel and Junior Counsel both appeared before the judge at the High Court for two and a half days.

The majority of their representations were in written form, as is usual practice. Thus, the judge had in front of him all documents prepared or approved by both Counsel, including; the Detailed Grounds of Claim, evidence (including all witness statements), two Skeleton Arguments and legal authorities.

(iii) Leading Counsel, Junior Counsel and PWC Legal are claiming 2104.5 hours in total for preparation of the case.

(iv) The original costs estimate was given at a preliminary stage of the instructions and before substantial work had been undertaken. It was, in my view, a best general estimate based on general principles and a knowledge of the nature of the case. It was always understood to be such. As the amount of information to be collated and the number of witnesses to interview became clear, and the potential legal avenues that needed research and consideration also became clearer, the costs estimate was revised substantially upwards although it still remained an estimate. Litigation is a notoriously uncertain process and very often costs can increase due to unforeseen developments, as happened in this instance. Furthermore, Judicial Review, because of the need to put together a strong case on the initial application for leave stage, is particularly front loaded in terms of legal costs.

Of significance was the change in legal argument by the UK. This change was, as I understand it, largely a result of Jersey evidence defeating the original assertions. Of further significance was the grant of late permission to RAVAS (a retail industry pressure group) to make written and oral submissions, and an allegation of breaches of confidentiality undertakings made by Royal Mail.

The RAVAS intervention, their evidence and the UK's revised approach, prompted changes to the agreed Administrative Court directions and the ultimate production of the Jersey supplementary Skeleton Argument - the latter requiring further substantive research and evidence-gathering.

RAVAS made a number of last-minute attempts to gain disclosure of Jersey's evidence to their unnamed number of businesses and individuals across the UK purporting to be members of the organisation. For this reason, the data provided on a confidential basis had to be protected quickly, involving petitions to both HMRC and the Court, as well as the consequent work to redact the relevant material after RAVAS had been finally permitted to make their submissions and view each skeleton document.

Royal Mail made assertions of breaches of confidentiality undertakings between Jersey and HMRC, and thus Royal Mail. These accusations were later dropped but nevertheless required significant attention to prevent any threats of legal proceedings expanding.

(v) I cannot advise whether or not Jersey's legal costs are approximately eight times those of Guernsey. I am aware of a suggested headline figure for Guernsey but I do not know if that figure is accurate or final. Further, I cannot say what the cost of internal resources and the effect on the other work of the Guernsey Law Officers' department might have been.

However, I am not surprised to find that Jersey's costs substantially exceeded those of Guernsey. There are good reasons for this.

Although Jersey's and Guernsey's legal actions were joined at the hearing, they were started independently and remained independent, different proceedings, reflecting the markedly different profile and history of the fulfilment industry in each jurisdiction. It was in the interests of Jersey to base its case on a both a strong legal and factual argument whereas Guernsey may have taken the view that Guernsey's case was best advanced by relying predominantly on legal arguments and not a careful analysis in evidence of its' fulfilment industry.

For Jersey's specific case, and to provide the best chance of securing leave to make an application for judicial review, an expedited hearing and a favourable judgement, it was appropriate to use EU and UK tax experts throughout and to prepare a strong evidential case. This in turn needed substantial resources and English procedural expertise to put together the affidavit evidence, provide procedural advice and to coordinate the application.

There were differences between Jersey and Guernsey that affected the best way to present their respective cases. Unlike Jersey, Guernsey has not possessed a legislative framework at any point with respect to Regulation of Undertakings Licences or market share voluntary restraints for fulfilment companies. As a result, they were not, as far as it is understood, in a position to rely upon producing substantial evidence of tight government regulation. It is understood that various companies existing in Guernsey originated in Jersey and exited the island in 2009 when Jersey made positive efforts to reassure and work with the UK Government (HMCR). For these purposes, and for the successful progression of the case in its earliest stages, Jersey's ability to gather this evidence was essential in responding to HMRC's (and later RAVAS') lines of argument, namely, that our various industries were engaged in abusive practices and tax avoidance.

The subsequent reasoning in HMRC's skeleton argument then attempted to link such alleged avoidance and abuse to evidence of distortion of competition. The strength of Jersey's case on the facts led to this analysis being rejected by Mr Justice Mitting, the judge in the High Court hearing

As a result of Jersey's approach described above, its case and evidence when filed secured without the need for a hearing both the permission to proceed to judicial review and an exceptionally early hearing date, which, in my opinion, would not otherwise have been granted. It should be noted that when Guernsey made its application it was only given leave to proceed to a first interim hearing to decide whether its' case could proceed at all. It was the existence of Jersey's permission which subsequently allowed Guernsey to join the Jersey proceedings and latterly adopt the timetable in the Jersey case. Had Guernsey been proceeding alone then it would have faced a contested application for leave to bring the judicial review application at all and, had that been successful, may not have received the benefit of an expedited hearing. It is impossible to say what the outcome might have been but it is my view that the quality of Jersey's evidence secured both leave to proceed and an expedited hearing.

The essential Jersey evidence required to satisfy the grant of the expedited hearing could only have been gathered in the time available with the skills of a specialist legal team possessing the relevant expertise.

As mentioned at question (iv) above, when RAVAS became involved there was significantly more work involved for Jersey to protect the commercially confidential material provided by businesses in their witness statements. This was not an issue so much for Guernsey given they had not been in a position to rely upon this same level of commercial evidence.

The aforementioned accusations made by Royal Mail (that there had been breaches of confidentiality between ourselves and HMRC) were dropped. However, these required significant attention to prevent legal threats being acted upon.

In short, Jersey had a factually strong case to deploy in addition to the legal arguments. It deployed that case and secured an advantage as a result that met the need for an early hearing. It could only have done so in the time available by employing solicitors and counsel with the necessary expertise and evidence collating skills.

(vi) In total fulfilment contributions to the cost of the legal action came to £85,000.00.

1.7 DEPUTY M.R. HIGGINS OF ST. HELIER OF THE MINISTER FOR TRANSPORT AND TECHNICAL SERVICES REGARDING THE PAYMENTS FOR THE ENERGY FROM WASTE PLANT CONTRACT:

Question

(a) How much of the £99,414,332 paid out to date to contractors under the Energy for Waste (EFW) contract has been paid in Euros and what is the final cost of failing to hedge this sum?

(b) How much of the £5,482,715 to be paid to the contractor once the performance and availability tests have been completed is to be paid in Euros?

(c) What are the performance and availability standards/benchmarks laid down in the EFW contract?

(d) Have the contractors successfully met the aforementioned standards/benchmarks to date?

(e) Using the table contained within his response to question 6956 on 26th June 2012, would the Minister advise–

(i) the amount of electricity consumed by the EFW plant for its own consumption/operations on a monthly basis;
(ii) the value in pounds sterling earned by the plant for electricity sold to the JEC on a monthly basis;
(iii) the different types and amount of ash produced through incineration on a monthly basis?

(f) Have any problems occurred at any time over the dual use of the JEC chimney?

(g) Would the Minister detail what problems, if any, have been experienced to date with the operation of the EfW plant?

Answer

(a) The £99,414,332 comprises payments of £33,996,749 and €72,887,170.

With regard to the cost of initially failing to hedge the euro, the foreign currency financing is a matter for the Minister for Treasury and Resources and the Minister suggests that this question is directed to the Minister for Treasury and Resources.

(b) The £5,482,715 comprises of £1,826,853 and €4,073,300.

(c) The performance criteria for the plant are somewhat complicated, however to summarise, the plant is designed to process up to 105,000 tonnes of municipal waste per year at a Nett Calorific Value of 9.2 MJ/kg. The plant is designed to operate with wastes with a Nett Calorific Value of between 7.5 MJ/kg and 14 MJ/kg.

The plant availability test stipulates that the plant must be available to operate for 7,450 hours per year. This will be calculated from the 365 days following the issue of the Performance Test Certificate.

A summary of the measured performance indicators specified in the contract of the 14th November 2008 is included in appendix 1.

(d) The performance tests were completed on Monday 2nd July 2012. The data from these tests is presently being analysed and the results will be reviewed and discussed with CSBC (Jersey) Limited. As the results of these tests are subject to the contract agreement the Minister is unable to make further comment on this matter until the results have been agreed by all parties.

(e) (i) the amount of electricity consumed by the EFW plant for its own consumption/operations on a monthly basis;

(ii) the value in pounds sterling earned by the plant for electricity sold to the JEC on a monthly basis;
(iii) the different types and amount of ash produced through incineration on a monthly basis?

	Waste Processed	Exported Electricity	EFW Site Electricity Usage	Bottom Ash	FGT Residue

	Tonnes	KWH	KWH	Tonnes	Tonnes
Jan-11	994	0	*666,666*	39	0
Feb-11	5,027	0	*666,666*	747	275
Mar-11	3,677	919,680	*666,666*	698	138
Apr-11	5,896	1,313,116	*794,512*	1,134	231
May-11	4,674	1,577,308	*945,072*	837	255
Jun-11	5,030	2,420,847	*945,072*	981	206
Jul-11	5,280	2,337,974	*945,072*	969	152
Aug-11	8,850	3,768,930	*945,072*	2,188	275
Sep-11	7,089	3,569,562	1,000,888	1,997	305
Oct-11	6,773	3,982,166	1,052,963	1,440	248
Nov-11	7,328	4,206,740	871,310	1,795	295
Dec-11	2,268	836,962	616,807	505	72
Jan-12	7,631	4,338,835	938,472	1,719	255
Feb-12	5,528	3,169,699	767,567	1,155	213
Mar-12	3,199	2,083,491	599,079	571	144
Apr-12	6,053	3,166,506	837,704	963	139
May-12	4,135	2,177,786	722,872	1,134	136
Total to end of May	**89,432**	**39,869,603**	**13,982,462**	**18,872**	**3,337**

*The figures in grey are from the commissioning period and are estimated figures.

With regard to (ii) "*the value in pounds sterling earned by the plant for electricity sold to the JEC on a monthly basis*".

The Transport and Technical Services Department has contacted Jersey Electricity plc and they have confirmed the sentiments expressed in the Minister's original answer to question 6596 provided in June. The value of electricity earned by the plant for electricity sold to Jersey Electricity plc is based on the European power markets and is reviewed on an annual basis. The details of the agreement are commercially sensitive and public disclosure would result in a breach of the confidentiality clause of the contractual agreement between the Jersey Electricity Company and the Minister for Transport and Technical Services and The Minister for Treasury and Resources.

(f) There have been no problems with the dual use of the JEC chimney.

(g) The plant has and is operating successfully. There have been minor problems which have occurred during the commissioning and subsequent handover period, however this is quite normal for a plant of this size and complexity and the problems are being resolved by the contractor CSBC (Jersey) Limited and the Transport and Technical Services staff. In general terms if problems are caused as a result of design or construction defects then CSBC (Jersey) Limited is contractually obliged to resolve the problems at their cost.

Appendix 1

PERFORMANCE INDICATOR	Units	Guaranteed Performance Level	Rejection Level
Boiler/Grate – Values are for each thermal treatment and boiler stream unless otherwise specified. Test requirements are specified in Schedule 16, unless otherwise stated.			
1) Flue gas temperature maintained for at least two seconds after the last injection of combustion air and in the presence of sufficient oxygen to demonstrate WID compliance for all points within the firing diagram. To be demonstrated at the design stage by CFD modelling and during the Performance Tests to the satisfaction of the Project Manager	°C	850	<850
2) Maximum unburnt matter in combined bottom ash and boiler ash, referred to dry weight of the material as specified in the Waste Incineration Directive EU/2000/76.			
a) as Total Organic carbon (excluding elemental carbon), or	% w/w	3.0	>3.0
b) as Loss On Ignition	% w/w	5.0	>5.0
The guarantee is met if one criterion is met.			
Flue Gas Treatment Plant – Unless otherwise stated, the Guaranteed Performance Levels below shall be achieved with each boilers firing at 100% MCR on Design Waste.			
3) Maximum emission concentrations of pollutants at the stack as specified in the Waste Incineration Directive (EU/2000/76) under the full range of firing conditions shown on the firing diagram.		≤ any limit specified in WID	>any limit specified in WID
Noise			
4) Compliance with the external noise limits prescribed in the Planning Conditions.		compliance	non-compliance

PERFORMANCE INDICATOR	Units	Guaranteed Performance Level

PERFORMANCE INDICATOR	Units	Guaranteed Performance Level
Boiler/Grate – Values are for all thermal treatment and boiler streams in operation at 100% MCR unless otherwise specified.		
1) Guaranteed Waste throughput at a net calorific value of between 7.5 and 8.5 MJ/kg (averaged over a 4 hour period) (100% waste throughput line on Firing Diagram)	t/h	16.1
2) Guaranteed heat release from the combustion of waste at a net calorific value between 9.2 and 14.0 MJ/kg (100% thermal input line on the Firing Diagram) at the reference conditions given in 3)i) to 3)ix) below.	MW_t	38.4
3) Guaranteed steam flow rate at turbine inlet at the reference condition given in i) to viii) below, 100% MCR (Steam flow to the vacuum ejectors included; turbine in operation)[1]		
- 100 to 4,000 hours after manual boiler clean	t/h	47.5
- 8,000 hours after manual boiler cleaning	t/h	47.1
i) Guaranteed Steam temperature at turbine inlet	°C	397 ± 5
ii) Guaranteed Steam pressure at turbine inlet	bar-a	43 ± 1
Reference design conditions (items iii. to ix. not guarantees)		
iii) Feedwater temperature at economiser inlet	°C	130
iv) Primary air preheat temperature	°C	150
v) Secondary air preheat temperature	°C	150
vi) External ambient air temperature	°C	10
vii) External ambient air humidity	%	80
viii) Air preheater heat input from turbine extraction steam	kW	1740
ix) Flue Gas temperature at exit of boiler economiser / entrance to final economiser	°C	180
Flue Gas Treatment Plant – The Guaranteed Performance Levels are for all streams operating at 100% MCR [1] with raw gas emission concentrations according to section 5.2.2 of Part B205		
4) Maximum consumption of urea prills	kg/h	35
5) Maximum consumption of hydrated lime (95%) per stream	kg/h	185
6) Maximum consumption of activated carbon	kg/h	10.7
7) Maximum APC Residue production	kg/h	550
8) Maximum consumption of towns water for flue gas treatment without SNCR		
- 100 to 4,000 hours after manual boiler clean	kg/h	0
- 8,000 hours after manual boiler cleaning	kg/h	0

[1] 100% MCR at Design Point 1 per Part 201 of the specification and subject to the variation in NCV of waste away from Design point

PERFORMANCE INDICATOR	Units	Guaranteed Performance Level
Bulky Waste Facility		
9) Guaranteed Bulky Waste throughput totalled over an 8 hour operating day.	t/d	200
Steam Turbine Generation Set - Values are for the single turbine with combined steam supply from any combination of operating boilers. Test requirements and procedures are specified in Schedule 16.		
10) Gross power production measured at the generator terminals in fully condensing mode at 100% MCR steam flow and reference conditions after 100 to 4000 operating hours after manual boiler cleaning:		
- two boilers operating at 100% MCR	MWe	10.240
- one boiler operating at 100% MCR	MWe	4.400
with the following guaranteed steam conditions at the turbine inlet stop valve:		
Steam flow:		
- two boilers operating at 100% MCR	kg/h	47,500
- one boiler operating at 100% MCR	kg/h	23,200
Steam temperature at turbine inlet	°C	397 ± 5
Steam pressure at turbine inlet	bar-a	43 ± 1
Ambient sea water temperature (condenser)	°C	12
12) **Auxiliary power consumption of EfW plant** with all units operating at 100% MCR load and all normal equipment in operation. Without Step-up transformer losses and without Bulky Waste Facility of sewage sludge system in operation. (Hourly averaged value)	kW	1275
13) **Auxiliary power consumption of Bulky Waste Facility** averaged over 8 hours daytime operation processing 200 tonnes of material (Hourly averaged value)	kW	175
14) **Availability** – the Available hours of the complete Plant in the first year of operation after Take Over	h	7,450
15) Guaranteed hourly vehicle throughput for the BWF (Tested in accordance with the draft procedure set out in Appendix B of this schedule)		45

PERFORMANCE INDICATOR	Units	Guaranteed Performance Level	Action Limit
Waste Feed Crane			

PERFORMANCE INDICATOR	Units	Guaranteed Performance Level	Action Limit
1) Minimum continuous waste feeding rate of single waste feed crane feeding all streams operating at MCR with the bunker nearly empty, expressed as a percentage of the Guaranteed Waste Throughput at the 100% waste throughput line on the firing diagram.	%	200%	≤190%
Boiler/Grate – Values are for each incinerator and boiler stream unless otherwise specified. Test requirements are specified in Schedule 16 unless otherwise stated.			
2) Maximum flue gas temperature into superheater convective pass (average for any horizontal traverse) at 100% MCR.	°C	640°C	650°C
3) The maximum average flue gas temperature into superheater convective pass (measured at nine equi-spaced points in the duct according to preliminary procedure in Appendix A of this Schedule).	°C	625°C	640°C
4) Maximum moisture content in bottom ash delivered to ash containers	% w/w	20%	21%
5) Maximum concentration of ammonia corrected to flue gas reference under all firing conditions on the firing diagram.	mg/m^3	10	>10
6) Boiler and Grate Continuous Operation – Minimum number of operating hours of a stream operating at 100% MCR between outages for manual cleaning or maintenance (excluding 1 short short down period for inspection purposes).	hours	8,000	<8,000
7) Maximum speed of ID fan expressed as percentage of the synchronous speed under the following reference operating conditions:	%	84%	≥90%
a) Boiler firing rate as percentage of Guaranteed Heat Release	%	110	
b) Oxygen content at boiler exit as percentage dry gas	% v/v dry	8.7	
c) FGT in continuous operation with all compartments on line and normal reverse jet cleaning as determined by differential pressure control.			
d) Boiler operating hours 100-4000 after manual cleaning			
8) Minimum live steam temperature with at least 1,000 boiler operating hours since last manual boiler cleaning. - between 90% and 102% of MCR thermal load - between 60% and 90% of MCR thermal load	°C °C	400 ± 5 From 360 to 400 ± 5	

PERFORMANCE INDICATOR	Units	Guaranteed Performance Level	Action Limit
9) Flue Gas Temperature at economiser exit / entrance to final economiser			
a) At 100% MCR load, 100 to 4,000 boiler operating hours after manual cleaning	°C	200	210
b) Maximum temperature, 8000 operating hours after manual boiler cleaning.	°C	200	210
c) At 70% MCR load after 1,000 boiler operating hours.	°C	160	150
d) Minimum at start of run, boiler clean, maximum 100 operating hours after manual boiler cleaning.	°C	150	140
10) **Flue Gas Temperature at entrance to Stack Flues**	°C	190°C	180°C
Steam Turbine Generation Set			
11) Steam swallowing capacity of steam turbine	t/h	105% of all boilers at 100% MCR steam flow	≤105%
Start-up Time - Test requirements are specified in Schedule 16			
12) Maximum time to start one boiler and associated systems from cold to full load (without unacceptable thermal stress):	hours	10	≥16h 30min
Ash Handling Plant			
13) The grade of metal separation achieved by the magnetic separator.	% (wt)	80	90 (% of the guaranteed Performance Level value)
Bulky Waste Facility			
14) The Maximum Bulky Waste Throughput	kg/hr	25 000	90%
15) Minimum throughput of a Shredder	kg/hr	30 000	90%
16) The capacity of the conveying equipment at Maximum Bulky Waste Throughput	%	130	90%
17) The grade of metal separation achieved by the magnetic separator	%	80	90 (% of the guaranteed Performance Level value)
Noise - Test requirements are specified in Schedule 16.			
18) Maximum noise emissions			
19) The maximum noise level from any one individual item of equipment measured at a distance of 1 m in any direction from the noise source with the exception of the following items of equipment:	dB(A)	80	80

• PERFORMANCE INDICATOR	• Units	• Guaranteed Performance Level	• Action Limit
• Steam turbine • Steam turbine bypass valves • Mechanical rapping equipment • Bag filter cleaning system • Boiler feedwater pumps • Bottom ash conveyor. • Fire water pump	• dB (A) • dB (A) • dB (A) • dB (A) • dB (A) • dB (A) • dB (A)	• 100 • 100 • 95 • 100 • 90 • 90 • 90	• 100 • 100 • 95 • 100 • 90 90 90
b) The maximum noise level in general working areas during operation of the Plant.	dB(A)	85	85
c) The maximum noise level in following separate rooms / enclosures in which hearing protection is mandatory: Turbine HallFeed water pump room	 dB(A) dB(A)	 100 90	 <100 <90
Vehicle Throughput			
17) Maximum hourly vehicle throughput for the weighbridge		80	< 80
18) Guaranteed hourly vehicle throughput for the EfW		30	< 30

1.8 DEPUTY M.R. HIGGINS OF ST. HELIER OF THE CHIEF MINISTER REGARDING THE PUBLICATION OF A LIST OF ALL LIVING AND DECAESED MEMBERS OF THE BOARD OF GOVERNORS/BOARD OF MANAGEMENT/BOARD OF TRUSTEES FOR HAUT DE LA GARENNE SINCE 1960:

Question

Further to the response given by the Minister for Health and Social Services on 26th June 2012, will the Chief Minister, given his responsibility for the Historic Abuse Committee of Inquiry, publish a list of all living and deceased members of the board of governors/board of management/board of trustees for Haut de la Garenne since 1960, and if not, why not?

Answer

It is my understanding that the former children's home Haut de la Garenne was never overseen by a board of governors as such but was overseen by a sub-committee of the former Education Committee. Information about the membership of the sub-committee is available from the records of the States Greffe and having contacted the States Greffe I understand that officers in that department have collated the information and given it to Deputy Higgins.

1.9 DEPUTY M.R. HIGGINS OF ST. HELIER OF THE MINISTER FOR TREASURY AND RESOURCES REGARDING THE PAYMENT OF VALUE ADDED TAX (V.A.T.) TO H.M. REVENUE AND SUSTOMS BY JERSEY CONSUMERS SENDING GOODS TO THE U.K:

Question

Does the Minister consider it fair and equitable that Jersey consumers sending goods to the UK have to pay Value Added Tax (VAT) to HM Revenue and Customs at 20% when the sender may have previously paid VAT on them when they purchased the goods in question in the UK, or if the goods were exempt or zero rated from VAT and, if not, what action, if any, will the Minister be taking to resolve this situation?

Answer

It is not clear from the question whether the Deputy is referring to Jersey consumers returning goods to a supplier in the UK or sending them to another person in the UK, for example, as a gift.

Generally goods bought directly from a UK supplier would not be subject to VAT, as the goods have been exported and there should be no element of double charging.

Returned Goods Relief (RGR) can apply when a Jersey consumer returns an item bought from a UK supplier to that supplier, after paying VAT on it in the UK. In this case, relief from UK import VAT may be granted by HMRC in specific circumstances where the importer (in this case the UK recipient) can show that the goods have previously been subject to VAT. As noted above however, VAT should not have been charged on the original purchase as the goods were exported from the UK.

The various conditions that apply in the wide range of possible circumstances are published in HMRC Notice 236 (link below) and specifically include at paragraph 2.3 which states:-

For VAT purposes, we treat goods returned to the UK from the Special Territories and countries which have customs unions with the EC as imported goods. That is because these areas are outside the VAT fiscal territory of the Community. If you want to claim VAT RGR on such goods, you must declare them on Form C88 and use CPC 49 00 58 or 49 00 63. You can also claim a waiver of the three year time limit (paragraph 2.4) using the former CPC.

Jersey is a Special Territory for these purposes.

If a Jersey consumer buys goods from a UK supplier, imports them to Jersey and sends them to another person in the UK (for example as a gift) no such relief is available. However, as noted above, the Jersey consumer should not have been charged VAT on the purchase.

As stated in the response to written question 6948 dated 26 June 2012, the VAT prepayment scheme is not applied to goods which are not subject to VAT at the standard rate of 20%. Therefore those which are exempt or zero rated should not be subject to VAT under the prepayment scheme.

The administration and collection of VAT on goods imported into the United Kingdom is the responsibility of HM Revenue and Customs. Although Jersey assists the United Kingdom through the VAT prepayment scheme, Jersey cannot determine the VAT rules which apply in the UK.

Link to HMRC Notice 236

http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?_nfpb=true&_pageLabel=pageVAT_ShowContent&id=HMCE_CL_000226&propertyType=document

1.10 DEPUTY M.R. HIGGINS OF ST. HELIER OF THE CHAIRMAN OF PRIVILEGES AND PROCEDURES COMMITTEE REGARDING A BREAKDOWN OF THE ACTIVITY LEVELS OF EACH CATEGORY OF STATES MEMBER IN TERMS OF QUESTIONS SUBMITTED AND PROPOSITIONS LODGED:

Question

Will the Privileges and Procedures Committee provide a list of the following information from 2005 to date:

(i) the number of questions to Ministers (oral, written and with or without notice - excluding supplementaries) asked by each category of States Member (Deputies, Senators and Constables) and

(ii) the number of propositions/amendment lodged by each type of States Member?

Answer

Collating the answers to this question would take many hours of work and this cannot be achieved before the deadline applicable to the 17th July meeting. The limited resources available to the Privileges and Procedures Committee are already heavily committed to several vital reviews on matters including public elections legislation, machinery of government reform and Standing Orders.

Moreover, the source data required to collate the information sought is already in the public domain. Available sources include the Minutes of the States Assembly and the Official Report ('Hansard'). Relevant supplementary information can also be found within the States Assembly Annual Reports for 2005 – 2011 inclusive. All of these can be accessed via the website www.statesassembly.gov.je or via the States Assembly Information Centre in Morier House.

The Chairman will be seeking the views of the Committee at its next scheduled meeting as to whether the staff resources that answering this question will require can be justified.

1.11 DEPUTY M. TADIER OF ST. BRELADE OF THE CHAIRMAN OF THE COMITÉ DES CONNÉTABLES REGARDIUNG THE USE OF WARRANT CARDS BY THE CONNÉTABLES:

Question

Will the Chairman explain what steps, if any, he has taken or will take to make sure that the advice of HM Attorney General given during the debate of P.36/2012 'Connétables (Miscellaneous Provisions) (Jersey) Law' on 16th May 2012, that 'there should be no warrant cards held by Connétables' is carried out once the Law is in force and will he also state how many of the current Comité des Connétables carry warrant cards, and if none, when the last ones were surrendered?

Answer

When it is known on which day the Connétables (Miscellaneous Provisions) (Jersey) Law will become law, as set out in the Appointed Day Act which the States will need to approve in due course, those Connétables holding a warrant card will be informed that the warrant card will have to be surrendered on the appointed day.

Currently two Connétables carry a warrant card as advised in the answer to a similar question on 6th March 2012.

2. Oral Questions

The Bailiff:

We then come to oral questions and first Deputy Young will ask a question of the Minister for Planning and Environment.

2.1. Deputy J.H. Young of St. Brelade of the Minister for Planning and Environment regarding the production of a Masterplan to promote and guide redevelopment of the Eastern Gateway regeneration Zone of St. Helier:

Will the Minister advise the Assembly whether he will be producing a Masterplan to promote and guide redevelopment of the Eastern Gateway Regeneration Zone of St. Helier in consultation with stakeholders and the local community as required by the Island Plan 2011, to enable him to consider the effects of the proposed relocation of the police to Green Street properly before the decision is made to approve this project?

Deputy R.C. Duhamel of St. Saviour (The Minister for Planning and Environment):

The production of a Masterplan is not a prerequisite for the proper consideration of a planning application and I am confident that all of the relevant material planning considerations will be taken into account in the determination of any planning application to develop a new police headquarters on the site of part of the Green Street car park. This is a requirement of the law. It is however my intention to produce Masterplans for those 6 areas defined as regeneration zones in the 2011 Island Plan, including St. Helier's Eastern Gateway, but over the 10-year plan period. The purpose of any Masterplan will be to help guide the desired regeneration development activity in the area. Due to the timetable and the staff that I have available, it is unlikely that a Masterplan will be undertaken before the application for the police station might be considered.

The Bailiff:

Deputy, do you wish a supplementary?

2.1.1 Deputy J.H. Young:

I would like to invite the Minister to elaborate on his answer because the Island Plan did in fact indicate the need for Masterplans and I would like to guide development in St. Helier, and particularly this particular project. It is bound to impact on car parking and availability into a residential area and has major traffic potential. Surely, could he not say whether or not he would consider the Island Plan policy requires him to have that in place and produce it in consultation before he makes that decision?

Deputy R.C. Duhamel:

Within the Island Plan the provision of Masterplans is not a policy but a proposal. It is entirely up to the Minister for Planning and Environment to bring forward any or no Masterplan for any particular area. I have to repeat that because there is no statutory requirement to produce these Masterplans. The determination of any planning application in these areas would not be precluded by the lack of a Masterplan.

[9:45]

The considerations in terms of traffic and transport will be major material issues to any planning application for a police station or any other public building with that type of operation and those items will be looked at in the necessary detail.

2.1.2 Deputy J.H. Young:

The proposal that the Minister has referred to in his answer, would the Minister confirm that the proposal makes it plain that where States-owned assets are developed, and these are key factors in the plan, that that Masterplan may in fact be referred to the States? If not, could the Minister tell us whether or not the Island Plan and the pages in the plans are just words and not really of any use?

Deputy R.C. Duhamel:

I would hope that the words are of use but the proposal states, quite correctly quoted by Deputy Young, that where there are significant States-owned assets that are critical to the delivery of a Masterplan, the Minister may refer them to the States for consideration. This reference was added as a result of an amendment by Deputy Le Fondré who sought to prevent the Minister for Planning and Environment at the time from simply adopting Masterplans as a planning guidance without reference to the States, particularly where this involved the use of States-owned land. As I said, the intention is not to frustrate Islanders or States Members in not having sufficient information or opportunities to discuss any planning application brought forward by the relevant authority for a police station, but the proposals for Masterplans generally go substantially wider. The Eastern Gateway Regeneration Zone is predominantly a residential area, albeit it is criss-crossed by a busy road with access to the tunnel. So, as I say, the fact that there is no Masterplan present at the moment I think will not make any material difference, I would hope, on any application brought forward for a police station.

2.2 Deputy M. Tadier of St. Brelade of the Chief Minister regarding Jersey's stance in relation to Special Purpose tax vehicles:

Further to his response to an oral question on 26th June 2012, what mechanisms, if any, does the Chief Minister have in place to ensure that the finance industry understands and agrees with his definition of "the long-term best interest of Jersey" and how will he be made aware of what special purpose vehicles exist locally and whether they meet this criteria?

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

I am meeting with financial industry representatives and discussing with them how the long-term interests of Jersey are to be best served. I do not want at this point to anticipate or pre-judge the outcomes of those meetings, however, the activities of all sections of the industry will be addressed and that will include special purpose vehicles.

2.2.1 Deputy M. Tadier:

Perhaps in a moment the Chief Minister can give a timescale to when that meeting will happen. I know he is a very busy man and meetings maybe do not always happen as quickly as he would like. Does he stand by his comments that there is no wish or need to accommodate or give encouragement to those who would seek to involve Jersey in aggressive tax-planning schemes? If so, how will he endeavour to convey that impression to those in the finance industry who may be operating perfectly legal schemes which do not meet the criteria of being in the best interests of Jersey?

Senator I.J. Gorst:

I think I have probably already answered that question previously in this Assembly. Of course I stand by my comments and, as I have said, I am having a number of meetings I hope to be completed before the summer. I have to say, so far the general consensus appears to agree with the comments that I have made.

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

Does the Minister agree with the words reported of Mr. Cook the M.D. (Managing Director) of Jersey Finance Limited that says: "For the record, Jersey will accommodate legally-planned tax schemes. If these schemes are challenged by H.M.R.C. (Her Majesty's Revenue and Customs) and deemed to be illegal, Jersey will not house them." Is that a correct statement of our position?

The Bailiff:

Standing Order 10 says: "A question shall not ask whether any statement made by any individual who is not a Member of the States is accurate" which I think you have just done, Deputy.

Deputy G.P. Southern:

I asked the Minister whether he agreed with that statement and whether that reflected his position.

The Bailiff:

I suggest you ask the Chief Minister whether he agrees with it.

Senator I.J. Gorst:

The inference of the Deputy's question is that those positions - the one I have taken and the comments that I have made, and that of the Director of Jersey Finance Limited - are opposed. They are not opposed; they both state accurately the situation.

2.2.3 Deputy G.P. Southern:

Is it the case then that Jersey will accommodate legally-planned tax avoidance schemes?

Senator I.J. Gorst:

As I have just said, I see no conflict between the statement that I made and the statement that the Director of Jersey Finance made.

2.2.4 Deputy T.M. Pitman of St. Helier:

Is it not reality when the Chief Minister's Minister for Treasury and Resources - I think it was and correct me if I am wrong - goes on TV and makes the excuse: "Well it is Jersey but it could have

been Delaware or it could have been the Caymans", does that not send out the real message to Jersey that all we are going to get is lip service, blame someone else and carry on doing what we are doing which, while it might be legal to many people, is totally repugnant in these economic times.

Senator I.J. Gorst:

The Minister for Treasury and Resources was absolutely right and I have rehearsed the argument in this Assembly. It could have taken place in any number of those jurisdictions which I spoke of in this Assembly and which the Minister for Treasury and Resources spoke of in this Assembly. Jersey has an active policy of complying with all relevant international standards. If we look around the globe and if we look at the comments made by international standard-setting bodies we find that Jersey is far more compliant than a lot of other jurisdictions. Some of those jurisdictions are those which the Minister for Treasury and Resources mentioned in his response.

The Bailiff:

Do you wish a final question, Deputy Tadier?

2.2.5 Deputy M. Tadier:

I think the final question has to be whether the Chief Minister thinks it is morally acceptable that places like Jersey, but which could also be Delaware, the Cayman Islands or Monaco, promote schemes, or are used for schemes, which allow individuals maybe in the U.K. (United Kingdom), maybe in Europe, or in third world countries to avoid paying tax which would be payable in their own jurisdictions, which would be helping the infrastructure in their own jurisdictions, especially during these austere times, to not pay that money and therefore for their own residents to not benefit from that money as a result to Jersey's benefit? Is the Minister completely comfortable with that situation?

Senator I.J. Gorst:

Tax codes and simplicity of tax arrangements are something which also I have commented on in the past. I do not necessarily believe that the link made by the Deputy is quite as straightforward as he and some other N.G.O.s (Non-Government Organisations) would have us believe and this is part of the problem. We have a simple, straightforward low tax rate and we believe that that provides the best economic advantage to our jurisdiction. Other countries are starting to see that perhaps their complex codes do not provide quite that economic advantage. Therefore, I do not, as I have said, necessarily draw the link that the Deputy has inferred.

2.3 Deputy T.M. Pitman of the Minister for Economic Development regarding the high costs incurred by Jersey in relation to the recent judicial review of the U.K. Government's decision to close the Low Value Consignment Relief on goods originating from the Channel Islands:

Would the Minister advise whether additional witness statements contributed to the higher costs incurred by Jersey in comparison to Guernsey in relation to the recent judicial review of the U.K. Government's decision to close the Low Value Consignment Relief on goods originating from the Channel Islands and, if so, how many statements were there and what did they cost?

The Bailiff:

Chief Minister, I understand you will be answering for the Minister for Economic Development today.

Senator I.J. Gorst (The Chief Minister - rapporteur):

That is right so I hope that Members will be gracious and forgive me if I am not completely up to speed. Additional witness statements did contribute to the higher costs incurred by Jersey in comparison with Guernsey. There were in total 12 witness statements which cost approximately £15,000 each and which included 3 supplementary statements to address H.M.R.C.'s detailed grounds, as well as queries raised in evidence by H.M.R.C., R.A.V.A.S. (Retailers Against V.A.T. Avoidance Schemes) and Royal Mail.

2.3.1 Deputy T.M. Pitman:

I used to be involved in buying in goods under contracts for the States; not in as big a way as this. But is it not a fact that while the States talk about savings, without strong diligence the States are seen as a soft touch by too many industries and, in particular, the legal industry who really see us as a gravy train and the Ministers are too scared to challenge such advice.

Senator I.J. Gorst:

I do not agree with that statement at all. There are good reasons. Other questions have been asked this morning and I shall be answering them in due course. Just for the record, perhaps, I should say that if I, and I suspect other Ministers who advised me in this decision, were asked to make the same decision today that I had to make earlier or late last year, I would make exactly the same decision. This was about trying to ensure that jobs remained in Jersey and defence of part of our industry and I would make exactly that decision again this morning.

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

Two sub-parts: could the Chief Minister outline the discussions that took place with Guernsey as to whether a joint strategy was going to be promoted and, secondly, how much of this sum was borne by the private companies themselves?

Senator I.J. Gorst:

We did communicate with Guernsey. I think both Islands' advice was that at the initial stages they should not be joined. They were of course joined in due course once the proceedings got underway and that is what we suspected might have been the case. I think other questions have been answered this morning. I am not sure if they are written or they are still to be answered with regard to the cost or contribution of the industry to those costs.

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

Just on that last point, the answer from the Attorney General to my written question on this pointed out that £85,000 was added on the fulfilment industry so the total bill was about £741,000. My question to the Chief Minister is, yes, we all agree that steps needed to be taken to try to address the issue, but would it not have been better to get proper costings beforehand? It strikes me that whenever it comes to a legal action we just pile-in and we pay whatever the price is. Should we not be getting proper estimates?

Senator I.J. Gorst:

There are 2 different points raised there: one costings and one estimates. We did get an estimate but as with any litigation - and I am careful not to answer what I am going to answer in a few moments' time - things changed: H.M.R.C. changed some of the tenets of their argument; R.A.V.A.S. were joined with the application; the Royal Mail involved itself; the 2 Islands were joined together; the need therefore for additional witness statements. All these things meant that the initial estimate was not met. But of course the Law Officers' Department and Ministers knew that the costs being incurred were outside of the estimate as we went along. It is just that there were no necessarily public statements that I can recall at those points in time.

2.3.4 Deputy M.R. Higgins:

Does the Chief Minister think though that the lawyers concerned should be submitting itemised bills so we can all see that we are getting value for money?

Senator I.J. Gorst:

I imagine that full bills are being submitted to the Law Officers' Department, as one would expect, and they are being appropriately considered and reviewed. But those particular itemised bills, it is right that they are considered in that way.

2.3.5 Deputy M. Tadier:

I know I sit quite far away from the Chief Minister in this Chamber but did he really say that he would make exactly the same decision again, even though he knows that the process would fail? He knows now with the power of hindsight 100 per cent that the challenge to the U.K. was going to fail but nonetheless the Chief Minister would still waste a total of £741,000 challenging a procedure which he knew was going to fail? Is that really the calibre of person that we have leading this Island?

[10:00]

Senator I.J. Gorst:

Of course I do not want to talk about my own calibre. What I was inferring was if I was asked to make the same decision today as I made earlier this year then I would make that decision. Of course, today I now know that that action unfortunately failed. But if I was making that same decision in the same circumstances I would not know at that point that the action had failed. I still stand by that was the right decision to make and I will argue strongly with any Member who suggests that it is not right for this Government to stand up on behalf of employees and jobs in this community. **[Approbation]**

2.3.6 Deputy M. Tadier:

To clarify then, the Chief Minister obviously would not be making the same decision today because he would know that it was destined to fail. Interestingly, he says that it is good to stand up for workers' rights. Will he remind us perhaps how he voted on the T.U.P.E. (Transfer of Undertakings (Protection of Employment)) legislation only last week? If he is standing up for workers' rights, will he consider perhaps giving a better offer than a derisory 1 per cent to States employees which is a 4 per cent pay cut?

The Bailiff:

That is 3 different topics, Deputy.

Deputy M. Tadier:

I do not expect an answer; I never get them anyway.

Senator I.J. Gorst:

That is a little unfair that last point. Sometimes I am aware the Deputy does not like the answer he gets but that is quite different from getting an answer. **[Approbation]** I, while Minister for Social Security, brought in a number of protections for employees' rights and I stand by those. I was simply saying last week in my vote that, yes, we should protect States employees' rights; I did not necessarily think that legislation was the appropriate way to do that. I have forgotten now what the Deputy's third ...

The Bailiff:

I do not think they were questions so we will move on now to the next question which Deputy Le Hérissier will ask of the Minister for Planning ... **[Interruption]** I return to Deputy Pitman for the final question.

2.3.7 Deputy T.M. Pitman:

I would just say at that point that Deputy Tadier was too harsh on the Chief Minister. We do always get answers, it is just that usually they are never to do with the question. What I would like to know - because Deputy Higgins has stolen my thunder somewhat on itemised bills and large sections of the legal industry, their love of not giving them - with hindsight, would it perhaps not be better to go to Guernsey for legal advice where they certainly seem to give a much better value deal?

Senator I.J. Gorst:

Perhaps in my defence I should say that I certainly always start from the question. **[Laughter]** I do not agree with the Deputy's comment with regard to Guernsey. I think that the Attorney General in a written answer this morning has made it quite clear why the approach that we took led to a very early hearing and that was absolutely critical. Because if Members cast their minds back, timing was, at that point, of the essence because if we were able to move quickly and get an early hearing, that would mean then we had a chance of retaining that industry within our community. It is the approach that we took, the engagement of external legal help from the United Kingdom, that, I am very clear, allowed us to get that early hearing. Therefore, I stand again by that decision.

2.4 Deputy R.G. Le Hérissier of the Minister for Planning and Environment regarding the removal of seaweed from beaches:

Would the Minister outline the current policy regarding the removal of seaweed or vraic from beaches and advise whether it is proving successful?

Deputy R.C. Duhamel (The Minister for Planning and Environment):

The disposal of materials at sea compose a threat to the marine environment and is strictly controlled by the F.E.P.A. (Food and Environment Protection Act). The T.T.S. (Transport and Technical Services) Department clean the beaches on behalf of the Economic Development Department. Seaweed is not removed from the beach but the movement of seaweed by T.T.S. is conducted in accordance with the code of practice between the Department of Environment and T.T.S. This code permits the moving of problem seaweed to an area lower down the beach, hopefully for its further dispersal by the sea. Following a recent review, the code is being updated to include, among other things, improved communications between departments and this is being assessed against the requirements in F.E.P.A.

2.4.1 Deputy R.G. Le Hérissier:

Can the Minister confirm that as a result of the protocol between the 2 departments, seaweed is being removed and that all the green appearance to the beaches is an illusion?

Deputy R.C. Duhamel:

That is probably a question better answered by the Minister for Transport and Technical Services but it really depends on what colour the beach is, is what colour sunglasses you are wearing.

2.4.2 Deputy R.G. Le Hérissier:

It has been noted that the Minister's sense of humour has made the *Times* when he talked about hedge investments recently with the finding of coins. Could the Minister state, is seaweed being physically removed from the beaches and not allowed to remain there?

Deputy R.C. Duhamel:

I do not think it is. The policies at the moment, as I mentioned earlier, are more about moving seaweed from one part of the beach to a different part of the beach. Personally, I think this is not only a thankless task but a pointless task and the better approach from an environmental sustainability point of view would be to perhaps go back to encouraging businesses to remove the seaweed properly from the beach, to compost it, and to make products that could be applied on to the land and to do the job properly.

2.5 Deputy J.A. Martin of St. Helier of the Minister for Housing regarding the publication of background reports which have contributed towards the Housing Consultation Paper:

Does the Minister propose to publish all of the reports from the consultants engaged by the department which have contributed towards the Housing consultation paper before consultation period ends and, if not, why not?

Deputy A.K.F. Green of St. Helier (The Minister for Housing):

I would have some difficulty with that because the consultation period ended on 5th July. That said, a number of consultants have assisted the department and myself in providing advice throughout the Housing Transformation Programme. This advice will provide the background report for my proposition that I will lodge later this year. Until that report and proposition is lodged, those consultants' reports remain, in most cases, policy in development. It is of course reasonable for States Members to request to see the relevant background information and research that has formed the basis of this policy. Where reports prepared by consultants are used, I will publish them for the benefit of Members in due course.

2.5.1 Deputy J.A. Martin:

That is quite disappointing really because, as the Minister will know, the last consultant used ... I think we have been told the cost, and we need to know what the basis is now; we needed to know why the consultation was out. I urge the Minister again to re-think this decision because he will put this back months because I, for one, will be calling whoever scrutinises this department to really have an in-depth look at what information was provided to base their consultation on. So I urge the Minister to re-think this. Thank you.

Deputy A.K.F. Green:

I will not re-think it. I cannot publish it before the end of the consultation period as it ended on 5th July for a start. But, secondly, the appropriate Scrutiny Panel is scrutinising at the moment the proposals and we are providing any information that they ask for. I hope that by the time I lodge my report and proposition, Members will fully understand the direction I have come from and the direction I wish to go.

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

If I understood the Minister's first response correctly he was open to allowing States Members to receive various of the reports that formed some of the background to the White Paper. Would that extend to the full business case?

Deputy A.K.F. Green:

When the full business case is worked out and I am in a position to publish it, yes.

2.5.3 Deputy J.A.N. Le Fondré:

Does that mean the business case, having gone through all the consultation; we still do not know what the numbers look like before we have gone out on a consultation on the preferred route?

Deputy A.K.F. Green:

I know what the numbers look like but I am still looking at that, particularly in the light of the consultation that has just finished.

2.5.4 Deputy G.P. Southern:

Will the Minister undertake to allow all Members of the States sufficient time to take in the consultation and research papers that back up his policy, including that performed by Professor Wilcox which was denied earlier in the year?

Deputy A.K.F. Green:

There will be a minimum of 6 weeks under Standing Orders. When I lodge the report and proposition then I will make myself available, and my officers, to provide any information that Members want.

2.5.5 Deputy G.P. Southern:

Will the Minister allow access to the background papers at the time he lodges, especially in the case of Wilcox that has now been taken over by Social Security and may still be policy in formation there?

Deputy A.K.F. Green:

The Member has answered his own question. The Wilcox report is not something that I have ownership of; that is with Social Security. I will answer questions that I can answer based on the formulation of my policy and my reports and proposition when the time is appropriate.

2.5.6 Deputy J.A. Martin:

This gets more and more confusing and deals done behind the scenes. The report was commissioned by Housing from Professor Wilcox and because it emphasises certain amounts of ways that income support may be involved, it has now passed to them. Is the Minister saying we are going to be asked to pass a report and proposition in this House with one hand tied behind our back and not have all this information? I am sorry, would the Minister admit that he is on a loser?

Deputy A.K.F. Green:

No, I am not on a loser, I am on a winner here **[Approbation]** and I will provide the appropriate information, together with my good colleague, the Minister for Social Security, when it is appropriate to do so. We have to have a chance to formulate our policies, listen to the consultation that has come back and then come forward with our report and propositions.

2.6 Deputy G.P. Southern of the Chief Minister regarding pay negotiations with public sector representatives:

I am looking forward to a straightforward answer to this one. Will the Chief Minister state whether he agreed to a request made at the meeting of 9th July 2012 by public sector representatives to respond within 48 hours with a new pay offer and, if so, was he able to do so and, if not, why not?

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

I believe the meeting the Deputy refers to was on 10th July between the employer and the trade union representatives. The meeting was led by the Acting Chief Executive and I was not present.

There is no doubt the Deputy is aware the employer made the final offer to all pay groups on Thursday, 12th July which I understand met the timeline highlighted at that meeting.

2.6.1 Deputy G.P. Southern:

Will the Chief Minister accept my congratulations on meeting his own deadline? Could he say how many meetings have been held over the past 6 months with representatives of the public sector and what point there will be in further meetings since, he says, the offer that he has made is his final offer?

Senator I.J. Gorst:

I do not know the exact number, however, I know there have been a number. The meetings which I hope will take place and the partnership working, which I also hope will take place - and takes place between employers and trade union representatives elsewhere in the world - are with regard to moving forward into the future and with regard to modernisation and transformation of the public sector. Therefore, I hope that many more meetings will take place in that regard.

2.6.2 Deputy M. Tadier:

If the Chief Minister is sticking by this what I would call a derisory offer - but clearly that is a subjective word - of the 1 per cent increase; and will he ensure that he speaks to other Ministers, for example, the Minister for Housing and others who are responsible for setting fees and charges to make sure that, for example, the Minister for Housing does not raise rents by more than 1 per cent for the next 2 or 3 years so that the standard of living of people who are perhaps renting are not affected by this?

Senator I.J. Gorst:

Of course the Minister for Housing is a member of the States Employment Board so he is fully aware of the offer that the States Employment Board has made.

2.6.3 Deputy M. Tadier:

It is nice to have a concise answer because I can come back in quickly. The Chief Minister is, of course, loosely responsible for co-ordinating policy throughout the Council of Ministers.

[10:15]

Does he not agree with the principle that if we are saying: "We are living in austere times, we cannot afford to give a pay rise. We can only give a 1 per cent moderation in your wages" that it should be consistent policy throughout the States not to increase and add to inflationary pressures insofar as the States of Jersey can control that? Would the Chief Minister give an undertaking to speak to the Minister for Housing and say: "It is best not to put the rents up at all, perhaps by a maximum of 1 per cent, because we need to keep inflation low"?

Senator I.J. Gorst:

I am not sure that the Deputy is really expecting me to say that I do not support what the Minister for Housing is proposing in his White Paper. As the Deputy knows, that is with regard to removing the hidden subsidy from the Housing rents component and that is, I believe, the right thing to do. There is no doubt that economic times are difficult and it is right that the employer seeks to restrain pay rises and it is right that, together with Treasury, we seek to ensure a balanced budget. But that means that there are some difficult decisions to be made and sometimes we do have to ask people to make more appropriate contributions towards some of the services that they receive.

2.6.4 Deputy G.P. Southern:

Since the Minister has taken £7 million out of the Annual Business Plan for 2012, can he state where the 1 per cent on consolidated offer for 2012 is coming from; which fund? Has he received the message through his officers that the public sector will not accept any unconsolidated award for 2012?

Senator I.J. Gorst:

The Deputy tries to suggest that I have the power to remove items from the Business Plan. It was this Assembly which removed the £7 million for potential pay deals from the Business Plan; not me and not the States Employment Board. The States Employment Board has been working with that in mind when it has been seeking to reach a pay deal. That was a decision of this Assembly and it is right that the States Employment Board tries to manage that to the best of its ability. The Treasurer assures me that a 1 per cent non-consolidated amount can be met within the spending envelope which the States has approved. Of course I am aware that some States employees would rather a larger rise than the one that we are being offered but this Assembly has set the envelope of the spend that the States Employment Board must negotiate within. We have recognised that times are difficult, and they are difficult for individuals, and that is why we have moved away from our opening position of no pay increase to a 1 per cent non-consolidated amount for this year.

2.6.5 Deputy G.P. Southern:

Will the Minister clarify who recommended that we reject the £7 million in 2012 and will he state, as requested, which fund this money is coming from now?

Senator I.J. Gorst:

I think I have already answered the latter part of that question. The Deputy uses the term "fund". I am not sure that it is from a fund as such; it is simply, as I said, the Treasurer has assured us that it can be met within the current spending envelope for this year.

2.7 Deputy M.R. Higgins of the Attorney General regarding the cost estimate of the recent Low Value Consignment Relief court case:

Will H.M. Attorney General explain to Members how the cost estimate of the recent Low Value Consignment Relief court case was arrived at, whether the firm chosen to act for Jersey under-budgeted the costs when quoting for the work and why his department did not take up the *pro bono* offer made by legal costs consultant Jim Diamond to cost the exercise properly?

Mr. T.J. Le Cocq Q.C., H.M. Attorney General:

The Law Officers' Department asked PwC Legal to produce a cost estimate up to the High Court hearing which they duly did on 13th December 2011. This figure was an estimate inclusive of predicted counsel and court fees, application preparation, a possible interim relief hearing and the substantive judicial review hearing. In the estimate, each of these main stages to the proceedings was also broken down further to detail the preparation, review and service of documents required, correspondence and court attendance. In my opinion, on the basis of the information known to them at the time the estimate was given, PwC Legal did not under-budget. The estimate was, however, superseded when a better understanding of the case, its complexities, evidence required and the potential legal arguments developed. There were also a number of unforeseen developments in the case that materially affected the costs. Mr. Diamond's offer to consider the budget arrived on 25th January 2012. At that stage the case had been in progress for 2 months and Jersey had, on the strength of the documentation prepared and filed, already received from the High Court both leave to bring the application for judicial review and an expedited hearing. The case was, and continued to be, in a state of urgent preparation. We had already received revised

estimates from PwC Legal. There would, in my view, have been no practical benefit at that stage to engage Mr. Diamond's services as there was by then less than 7 weeks before the High Court hearing and to do so would have risked disrupting case preparation. At that point we were, and continue to be, satisfied with the professional advice of PwC Legal.

2.7.1 Deputy M.R. Higgins:

When did the Attorney General find out that the costs were going to go from £360,000 to £656,000 and even higher? Because, as we know now, with the £85,000 also being contributed by the fulfilment industry, it has taken it to £741,000 already. When were you aware that the costs were going up like an escalator?

The Attorney General:

There was no specific moment where the original estimated sum and the final sum was translated from one to the other. There was an ongoing discussion and an evolution as to understanding with costs by the middle to late January 2012, as I recall it, and I had already received significant further information relating to potential costs from PwC Legal. There was ongoing discussion between my office and PwC Legal, both as to the rates and the amount of time being spent and our understanding of the likely end costs evolved over time and with that discussion, so there was no precise moment. Equally, with regard to the contribution from industry, that was a matter that developed over time. There was not a fixed amount at the beginning. It was a matter, as I understand it, for ongoing discussion but that was not something that involved my department.

2.7.2 Deputy R.G. Le Hérissier:

Would the Attorney General advise the House, in looking at this escalating cost situation, was he advised politically that this case was to be pursued at all costs or was an assessment made of the percentage likelihood of success or failure? If so, what was that percentage?

The Attorney General:

It would not be appropriate for me to discuss the instructions that I may have been given or the advice that I gave in detail but I certainly can say that there was at no point any suggestion that a case is pursued at any cost and at all costs. That is certainly not something I can recall in any way at all. As to the percentage for success, I do not think a percentage was given. We were advised by specialist counsel in the areas that we had a good prospect of success and that advice did not change at any stage during the preparation. In fact, when our evidence was prepared and our understanding of the strengths of our evidentiary arguments evolved, if anything, our feelings of optimism would have strengthened over that period rather than otherwise.

2.7.3 Deputy R.G. Le Hérissier:

I wonder if the Attorney General could outline why his optimism was so cruelly dashed. At what point did this assessment of risk get turned on its head?

The Attorney General:

I felt that there was every possible prospect that we would succeed in our argument until probably halfway through the judge delivering his judgment. **[Laughter]**

2.7.4 Deputy J.H. Young:

Could the Attorney General confirm whether or not the figure quoted by Deputy Higgins of £741,000 is correct and could he advise whether or not that is our own costs and whether or not there are costs awarded against us still to come? Could he also undertake to publish a breakdown of local costs, U.K. chambers' costs and other parties' costs in view of the public interest of the very high amount that has been incurred here?

The Attorney General:

I cannot confirm that the costs figure is accurate; I have not worked that out myself. I can say that there are further costs to come. Jersey and Guernsey were ordered to pay each 25 per cent of H.M.R.C.'s costs and those costs are yet to be quantified. Incidentally, any negotiational discussion with regard to those costs, we will be represented by PwC Legal who have agreed to conduct that representation *pro bono*. As for the publication, I do not see any difficulty in making specific figures relating to solicitors' costs and barristers' costs as a headline amount to publish that information; that I think is the appropriate level of detail.

2.7.5 Deputy J.A. Martin:

I have every faith in the Attorney General's office to scrutinise these accounts and bills and I look forward to seeing them but on the other end, would the Attorney General not agree that he said this case was not taken at any cost. In my opinion, it should have been taken at any cost. We did lose and I think there would be a lot of people in this House today who would not be asking these questions if we had won the case. It was worth every penny and what about the hundreds of people who are now unemployed? We had to take on the U.K. Government; sadly, we lost and there was going to be a cost. Would the Attorney General not agree that we had nowhere else to go and this is the way we had to take them on? To take on the U.K. Government as we are is not going to be cheap. Unfortunately, we lost. Thank you.

The Attorney General:

In my view, it was absolutely essential that to advance its case Jersey had the best possible legal representation. That best possible legal representation, in my view, is precisely what we achieved and had. As a result of the work that was done, as a result of the evidence that was prepared, we were in a position to secure leave on the papers, in other words, without a hearing. We were further in a position to get an expedited hearing so that a legal determination could be made at an early stage with all of the importance that that had for the Island at the time and indeed before legislation in draft was lodged before the United Kingdom House of Commons. That, to my mind, was extremely important. Jersey's approach in this seems to me to be vindicated by the fact that when we filed our papers, we received that leave and had expedited hearing on the papers alone without a hearing. When Guernsey lodged its application, it did not get leave to conduct the case. It was given the opportunity of a hearing to determine whether the case would go ahead at all. It was only when Jersey obtained its leave that Guernsey was able to join with the Jersey proceedings and take advantage of the expedited hearing. I think it was essential at the time that we got precisely the kind of representation that we did.

2.7.6 Senator S.C. Ferguson:

If Guernsey was joined as a party to Jersey, does that mean they will fall to take up some of our expenses? **[Laughter]** I agree with Deputy Martin and the Chief Minister that we should have done this but Mr. Attorney General has also said that bills of the various parties should not be revealed. Well, that is my money he is spending. It is taxpayers' money. In this era of transparency and accountability, does he not think that perhaps these amounts of taxpayers' money should be listed and given to the public?

The Attorney General:

I do not anticipate any contribution from our sister Island in connection with Jersey's legal fees. It is absolutely essential of course that a proper scrutiny of the legal costs that we have incurred takes place; that we check them. That is, in my view, best done by my department and that is what has been done.

[10:30]

I do not see any difficulty, as I mentioned earlier, with publicising the headline figures: the amounts charged by counsel in general terms; the amounts charged by solicitors. But it seems to me that the legal advisers to the States are the appropriate people to scrutinise legal costs submitted to the States.

2.7.7 Deputy T.M. Pitman:

Obviously a complicated subject, but could the Attorney General advise if Guernsey had the same problems that are referred to with R.A.V.A.S. and Her Majesty's Royal Mail?

The Attorney General:

Clearly at the time that R.A.V.A.S. became involved and the Royal Mail made the allegations related to confidentiality that it did, the Guernsey course had been linked to the Jersey course inasmuch as leave had been given and we were proceeding to the same hearing, so to an extent they were involved in that. They did not, however, have the same involvement because the R.A.V.A.S.' case was based very much on R.A.V.A.S.' evidentiary interpretation of the industry and what was happening. It was only Jersey, in my view, who was in a position to counter that because we had the evidence and we had the means to procure further evidence. Guernsey was not as heavily involved in the R.A.V.A.S.' argument as Jersey was.

2.7.8 Deputy M.R. Higgins:

Just a comment first just so Members are aware. The written answer that the Attorney General gave me this morning has become garbled and he has very kindly sent me a note saying that there were parts missing or have been mis-transcribed and so on. I would ask the Attorney General if he would circulate that as soon as possible, not only to Members but also to the media who have an interest in this. The other thing I would say is that in my questioning last week, I asked whether the firms concerned did submit itemised bills and we were told they did not. I did ask that question; that was the answer that was given. I would ask that the Attorney General makes sure that we get itemised bills in future from the people who represent not only the States in the same way I would like to see the legal profession give itemised bills, which they should do. Would the Attorney General give an assurance to the States that in future there will be itemised bills provided for services drilling right down into what they are doing and that they should be scrutinised by an independent body as well as his own department?

The Attorney General:

It may be if I said that no itemised bills had been provided last time, I had misunderstood the thrust of the question. When bills are provided for payment we require that they are broken down. We do not require they are broken down necessarily into a line by line: "Mr. X looked at this letter on such and such a day and it took 5 minutes" but we need to satisfy ourselves that in general the time spent is an appropriate amount to spend on a particular activity and that the right level of expertise is devoted to that: neither too great, which would of course be more costly, or too low which would be not necessarily appropriate. We certainly do scrutinise it. We do not simply take it as a headline amount and we do ask for it to be broken down and we compare it of course to the detailed estimates that we are provided with at the start and as they change as our understanding increases. It is not therefore the case that we simply get a bill with an amount and we look at it and say: "Yes, that should be paid." We do scrutinise it and we do give it consideration and satisfy ourselves that it is reasonable.

2.7.9 Deputy M.R. Higgins:

The second part of my question was: do you think that lawyers generally should be giving itemised bills?

The Attorney General:

If I may say so, I think that is perhaps outside the ambit of the question and it calls for an expression of an opinion on my part. Lawyers do provide entirely itemised bills when they are making adverse costs claims to be scrutinised by the court for payment. Those are, as I recall it from my days in private practice, provided on a line by line basis. As to what information lawyers provide to their own clients that, it seems to me, is a matter between the client and the lawyer themselves.

2.8 Deputy R.G. Le Hérissier of the Chief Minister regarding the independence of the post of Comptroller and Auditor General:

What reassurances, if any, will be given to candidates for the post of Comptroller and Auditor General that preserve and enhance the independence of the office?

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

I, together with the Chairman of the Public Accounts Committee, am currently discussing with the National Audit Office a temporary contract of service which I believe will ensure the independence of the office is maintained.

2.8.1 Deputy R.G. Le Hérissier:

We have heard the often trumpeted phrase: "Lessons have been learnt." I wonder, given the considerable attacks that have been made upon the methods and, by implication, the integrity of the C.A.G. (Comptroller and Auditor General), could the Chief Minister be clearer and tell us how he will explain these recent incidents to candidates and how he will explain to them that they themselves will be protected from, where they have occurred, unwarranted attacks?

Senator I.J. Gorst:

Hopefully the indication that I gave in my opening answer, if we can secure the National Audit Office to provide a temporary contract of service - let us say for 6 months - that will give some stability and renewed independence to the office. Of course it is right that the National Audit Office and any future candidate understands what has recently occurred as a result of the retired Comptroller and Auditor General. We must be absolutely clear about that with any incoming person into the office. The reason I am confident around that is because the National Audit Office has processes and procedures in place which will be removed in the first instance from the performance of the duties here. Therefore any incumbent will be able to rely upon those to provide satisfaction of independence and hopefully it will mean that those processes are followed in a slightly removed way and therefore can provide that confidence.

2.8.2 Deputy G.P. Southern:

Does the Minister agree with the statement made in answer to written question 7026 today, a serious allegation made by the Minister for Treasury and Resources, that elements of the Comptroller and Auditor General's report are not capable of independent corroboration?

Senator I.J. Gorst:

I have not had the pleasure of reading the Minister for Treasury and Resources' written question yet so I do not know quite what the context is. Of course the Minister for Treasury and Resources at the last sitting outlined some of his concerns with regard to process.

2.8.3 Deputy G.P. Southern:

Does the Chief Minister further support the call in P.68 for a Committee of Inquiry into the resignation of the Comptroller and Auditor General?

Senator I.J. Gorst:

Like any other Member I have the same number of hours in a day. That proposition was on my desk, it is by my side now to be read, so I have not read it, so I cannot comment on the grounds for which it is being called. However, I would say that following on from the questioner, I do believe that it is very important that the independence of the office is maintained. Therefore, I am not certain that a Committee of Inquiry where potentially the former Comptroller and Auditor General would have to appear before and release - I am not sure whether it would be required - evidence, and discuss his process, is helpful to the independence of that office. However, it may indeed be that a new incumbent of the office feels that carrying out an inquiry themselves is the appropriate way to go to hopefully answer some of the questions which remain.

2.8.4 Senator S.C. Ferguson:

In the spirit of the question, how will the Chief Minister explain to any new Auditor General that, despite his independent role, he will be vilified if he is critical of the regime and in effect his reports will be ignored?

Senator I.J. Gorst:

I do not believe that I will have to do that. I have clearly talked about lessons to be learned. I have found the Comptroller and Auditor General's previous reports to be helpful. I am bringing forward, and Members will see in the Medium Term Financial Plan, investment in areas that the Comptroller and Auditor General highlighted needed investment in. That is the correct course of action. Perhaps I could just point out of course that it will not simply be me and therefore I have to be careful this morning what I say because this is very clearly a joint role, and it will be for the Chairman of the Public Accounts Committee and myself to consider how those approaches are made and obviously the information provided and how that is relayed.

2.8.5 Deputy M. Tadier:

It seems to me that the outgoing Comptroller and Auditor General left because, as he said, his role had become politicised and his report had become politicised but it had not become politicised by himself because obviously he was independent. So it seems to me the question we should be asking today is what reassurances will the Chief Minister be seeking from his Ministers to ensure that the role of Comptroller and Auditor General remains one of independence? Because it seems to me - and I hope the Chief Minister will agree - that it is not the Comptroller and Auditor General who is at fault, rather it was his own Minister or Ministers who politicised this issue and made the outgoing C.A.G. resign.

Senator I.J. Gorst:

I am not aware that any Minister made the outgoing Comptroller and Auditor General resign and I think it is unfair to say so. The Comptroller and Auditor General wrote to me saying that he had decided to resign and he gave the grounds. It is extremely important that the Office of the Comptroller and Auditor General is independent. Sometimes the questions in this Assembly and the opinions that I am being asked to proffer are not helpful for the independence of that role. It should not be for me or politicians sometimes to behave in that manner. I believe that each Minister recognises the need for the Comptroller and Auditor and General to be independent.

2.8.6 Deputy M. Tadier:

In that case, does he not accept that while it may well be valid for material and substantive critiques of a report to be made in the context of a censure motion in this Assembly, when statements

criticising a report are made by Ministers, casting aspersions on the content and, perhaps by extension, on the character of the individual who created the report in the public domain, that is making the Office of the Comptroller and Auditor General political, especially when the said individual is not able to make a response in the public domain and therefore has to resign in order to maintain his own integrity and that of the States of Jersey?

Senator I.J. Gorst:

I am not aware of any character reference made with regard to the former Comptroller and Auditor General. I have said very clearly that the office must be independent and free from political influence but that is quite different to the fact that no office should be above question. It is and can be right to question, and from questions one would hope that answers would arise.

2.8.7 Deputy J.A. Martin:

The Chief Minister bangs on about staying independent. Two questions ago he replied: "Up until this report I found the C.A.G.'s report always very helpful and have incorporated some of their recommendations." My question of this Comptroller and Auditor General - the Minister speaks of a new Comptroller who will have recourse to the Audit Commission - who did employ this Comptroller and Auditor General? He was not retiring, he was resigning, and the Minister has said "retiring" a couple of times; quite clearly he resigned. Who does he have recourse to if we do not have a Committee of Inquiry? Is he not a member of the Audit Commission? Can he not have recourse to the Audit Commission? People are shaking their heads so obviously we oddly employed this Comptroller and Auditor General somehow. Can I have an answer please?

Senator I.J. Gorst:

It is my understanding that the office has recourse to this Assembly and that is the mechanism in place to ensure that no individual politician has undue influence but it is the Assembly as a whole which makes the appointment.

[10:45]

But the law requires that the Chairman of the Public Accounts Committee and myself bring forward a name for approval by this Assembly.

2.8.8 Deputy J.A. Martin:

On the question of independence then, why did the Chief Minister say that all other reports except this one were helpful?

Senator I.J. Gorst:

I am not sure that I said "were helpful". I will have to listen to Hansard to see if I did. But certainly no other report has caused the controversy that this one has caused.

2.8.9 Deputy M.R. Higgins:

Does the Chief Minister have any reason to doubt the integrity and competence of the previous Comptroller and Auditor General and does he, again, following on from Deputy Martin, doubt the quality of any of his reports?

Senator I.J. Gorst:

Information came to me which raised questions. While not wanting to have any political influence, I believed, upon advice, that it was right that that information was put into the public domain. Those questions remain so it is not a matter of the terms in which the questioner wishes to phrase the question; they are the facts of the situation.

2.8.10 Deputy M.R. Higgins:

Can I just seek clarification? Would the Chief Minister just confirm that he is doubting the integrity and competence of the Comptroller and Auditor General? That is what he is saying effectively.

Senator I.J. Gorst:

I have been quite clear. Members are trying to pull me into a politicisation of the Office of the Comptroller and Auditor General and I will not do that. Information was provided to me which, upon advice, I felt that I had no choice but to provide to Members.

Deputy M.R. Higgins:

Can the Chief Minister tell us where the appointment came from? Sorry, it is important this ...

2.8.11 Connétable D.J. Murphy of Grouville:

Would the Chief Minister please acknowledge that the only information that came into his hands arrived in his hands after the vote of censure was proposed on his Minister for Treasury and Resources?

Senator I.J. Gorst:

Yes.

2.8.12 Deputy G.P. Southern:

I return back to the statement made by the Minister for Treasury and Resources. Does the Chief Minister consider the statement that elements of the Comptroller and Auditor General's report are not capable of independent corroboration impugns the reputation for competence of the outgoing Comptroller and Auditor General?

Senator I.J. Gorst:

I do not believe that it does. I have been quite careful, as I believe becomes a requirement of my office, that I do not politicise the Office of the Comptroller and Auditor General and I will not be drawn into doing so.

2.8.13 Deputy R.G. Le Hérissier:

A 3-part question.

The Bailiff:

We will see about that, Deputy.

Deputy R.G. Le Hérissier:

Given the reliance he has placed upon advice received, would he announce to the Assembly upon whose advice did he release that email? Would he, secondly, announce to the Assembly why he did not release the full picture as opposed to just one email at a highly contentious time as outlined by the Constable of Grouville. Thirdly, how does he intend to convey this confused, confusing and very worrying picture to the National Audit Office as they embark upon the recruitment of a successor?

The Bailiff:

I suggest you answer just the first 2, Chief Minister. They appear to link; the third appears to be very different.

2.8.14 Senator I.J. Gorst:

Yes, perhaps I would prefer to answer the first and the last. I hope that the Deputy will not be surprised, and I know it is not customary to say so in this Assembly - and I am not making eye contact with anyone - but I took appropriate legal advice. The full picture: I am not sure to what the Deputy is referring when he talks about the full picture. The report of the Comptroller and Auditor General has already been released. The final one, I am quite happy to answer that: in a very straightforward way. I suspect that the National Audit Office might also ask for copies of Hansard, of questions and answers in this Assembly. It is absolutely right that we deal with it in a straightforward way.

2.9 Deputy J.A. Martin of the Minister for Treasury and Resources regarding the convening of a public meeting on the relocation of the Police Station to Green Street car park:

Will the Minister undertake to arrange a public meeting as soon as possible on the relocation of the police station to Green Street car park and ensure that the traffic impact study is published before this meeting and, if not, why not?

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

Deputy Noel is ably handling matters concerning the police station so I would ask him to be rapporteur.

Deputy E.J. Noel of St. Lawrence (Assistant Minister for Treasury and Resources - rapporteur):

I am grateful to Deputy Martin for her question as it allows us to explain the consultation that has been and is continuing to take place. As part of the extensive communication strategy for this project, a meeting is planned to take place on the evening of Wednesday, 1st August. This follows a series of meetings held in February as part of the consultation process. These meetings included an open public meeting but others were particularly targeted at neighbours and other interested parties. The planned meeting on 1st August will focus on responding to the comments made during the consultation exercise and on ensuring that those with an interest in the project are as informed as possible before a planning application is lodged. Separate meetings for States Members and relevant staff are also planned for earlier on in the day on Wednesday, 1st August. The traffic assessment has been prepared by the project team in conjunction with officers from T.T.S. and will be published when a planning application is tabled. However, I am happy to release the completed version to Members in advance of the meeting scheduled for 1st August. Naturally, there will be further opportunities for members of the public to comment on the proposed development when a planning application has been tabled.

2.9.1 Deputy J.A. Martin:

I know the Assistant Minister does not mean to mislead, but he knows through email and the question I am asking for a public meeting. I have been in the area drop-in sessions, again, planned for States Members; drop-in sessions. Myself, I will say to the Assistant Minister, I have had people with expert knowledge in this House come up to me and say as a Deputy of that area: "Do you know this? Do you know that?" This needs to be aired in a proper presentation to States Members in a public meeting held at the Town Hall by his officers. Will the Assistant Minister commit to do this? It is not "head them off at the pass" because it will come back and bite him if he does not have this proper public meeting. Thank you.

Deputy E.J. Noel:

As I have already said, a public meeting will be taking place on 1st August. The venue is yet to be decided because we are looking at the availability but it is likely to be in The Willows or The Limes where we held our previous meetings. The reason for this is the people that are directly impacted upon by this proposed development live in that area and it is easier for them to get to that area than it is to Town Hall.

2.9.2 Deputy T.M. Pitman:

I have to echo what Deputy Martin said: the meetings were drop-in meetings. That is a big difference to an actual publicised public meeting. The Willows are not really suitable, in my opinion, and as the Deputy and Minister will know, I have put forward the idea of using the Town Hall. For some reason - I am not sure what - Lime Grove House is a very interesting subject to the public, and would he not undertake to put out very strong advertising right now so that as many people who are going to be impacted by what will be a major change can have their views and put forward their ideas before we reach the point of no return?

Deputy E.J. Noel:

I would just like to take the opportunity to remind Members of the public consultation that we carried out in February. We had a series of drop-in meetings for States Members on 21st February; we had a media briefing on the same day. Specific meetings with neighbours were held on 22nd February. They included local businesses, the residents of Lime Grove Apartments and the staff and the residents of The Limes. We also did a mail-shot in the area to some 1,500 addresses and a public drop-in meeting was held on 29th February. We have done a substantial amount of pre-planning application consultation on this; we are continuing on that. We have a planned consultation and communication strategy and we are going to continue with that. We have names and addresses of those who provided them to us and they will also be getting additional information when we lodge the planning application. All those in the area are going to be fully informed of what we are doing and why we are doing it.

The Bailiff:

Assistant Minister, I think the question was whether there would be a fully publicised public meeting.

Deputy E.J. Noel:

As I said, there is a public meeting to be held on 1st August.

2.9.3 Deputy T.M. Pitman:

I would like if the Assistant Manager could advise how many people dropped in to this drop-in meeting and does he not accept that this affects everyone in the Island, not just the immediate vicinity?

Deputy E.J. Noel:

I do not have the precise figures but from memory there were probably close to 100 people that dropped-in during the evening of 29th February. I am happy to get the precise feedback figures from the department and pass those on to the Deputy.

2.9.4 Deputy J.H. Young:

Would the Assistant Minister advise the Assembly whether he considers that public consultation needs to be properly informed and that there is a difference between drop-in meetings and token consultation and arranging for plans to be properly on display, for officers to be there to explain the traffic layout and parking and so on, with an opportunity for the members of the public who view

those plans to make comments? Would he not consider that those processes are appropriate consultation for this project?

Deputy E.J. Noel:

We did that and, in fact, did do most of that apart from have a formal public meeting. The public meeting that we did have was on a drop-in basis. There were experts there from the architects, from the police, from T.T.S. to provide the road traffic information. That type of environment is better for members of the public to get their detailed questions answered where meetings are perhaps maybe dominated by politicians asking questions or members of the public asking questions. It gave individuals who live in that area, who are going to be impacted by this development… to ask their questions in a non-intimidating environment. I believe that that is the best method for those individuals to have their questions answered.

2.9.5 The Connétable of St. Helier:

Given my willingness to hold a non-intimidating public meeting in the Town Hall if necessary on the evening of 1st August so long as the Visite Royale has finished by then, is the Assistant Minister willing to attend with his officers so that we can have the public meeting that people obviously want?

Deputy E.J. Noel:

As I already said, I would prefer that the venue is closer to the residents of the area affected. I will give that consideration and I will revert my answer back to the Constable in due course.

2.9.6 The Connétable of St. Helier:

Could I just press the Assistant Minister to accept that the residents of the whole Parish, and indeed the whole Island, will be affected by the location of the new police station, and really the Town Hall is the appropriate place to have that meeting?

Deputy E.J. Noel:

I am happy to agree to disagree with the Connétable and I said I will consider the matter and get back to him.

2.9.7 Deputy M. Tadier:

I do not know how the Deputy does things in St. Lawrence but in St. Brelade when we have a public meeting we either use Communicare or the Parish Hall and we invite the public along and they can ask questions in an open forum and then the Ministers or the Deputies respond accordingly in a public forum, not behind a closed door. It seems to me that what the Assistant Minister there has been describing is basically a propaganda exercise, which occurred in February, and another propaganda exercise which is planned for 1st August. Does the Assistant Minister agree and will he not take up the offer - a very generous offer - of the Constable of St. Helier, which I presume is to use his hall for free? Will he also perhaps state whether he has to pay to use the current location where the quasi consultation is taking place at the moment?

Deputy E.J. Noel:

There are a number of questions there. I have already answered the question concerning the offer by the Constable of St. Helier. I do not agree that this is a quasi consultation process.

[11:00]

This is a fair way to meet the people that are directly affected by this proposed development. It has been a detailed plan. We will continue along that plan to make sure that all those affected have an

opportunity to get the information that they require. Let me say again, this is part of a process. The formal actual part of the consultation process comes when we lodge the planning application.

2.9.8 Deputy M. Tadier:

The offer has only just been made by the Constable of St. Helier and the Assistant Minister has not even had the chance to speak to the Minister or his department as to whether they want to take up the offer. Is he not being a bit premature in rejecting it now and should he not consult perhaps, even behind closed doors, with his own Minister and the department?

Deputy E.J. Noel:

I think Hansard will prove that I have not rejected the offer. I said that I would get back to the Constable after considering it.

2.9.9 Connétable D.W. Mezbourian of St. Lawrence:

What will the Assistant Minister and the department do if there is an overwhelming rejection by the public at the meeting proposed by the Constable of St. Helier?

Deputy E.J. Noel:

If there is a lack of strong public support for the proposed development on that site, that will come out in the planning application process. If that is the case and a planning application is not granted, then I will have to liaise with my colleagues at Home Affairs and further colleagues in the Treasury to see if we have an alternative solution. Until that time, I think we need to go through the proper process, which is the planning application process.

2.9.10 Deputy J.A. Martin:

For open consultation, I do not think I have met such resistance from an Assistant Minister to not say we will have a public meeting. As for affecting the residents in the area, what about the knock-on effect to my residents and the Constables' residents in Ann Court, say, because we have parking there that will now not move to Green Street? The Assistant Minister is being so blindsided about the few people who live in the area that he is absolutely missing the point. It would have been better if he had called the meeting. It is obvious he has not. The Constable has offered the meeting and he will get support from St. Helier representatives and there will be a public meeting. If his officers are not attending, so be it. I ask the Minister to reconsider now. He has been well-briefed by his Minister and he can have an answer.

The Bailiff:

That is your question, is it? Your question is would the Minister reconsider, is it?

Deputy J.A. Martin:

Yes, and with the answer being yes, please. **[Laughter]**

The Bailiff:

I am not sure the Standing Orders allow a questioner to dictate the answer.

Deputy E.J. Noel:

Deputy Martin has said that I have said there will not be a public meeting. That is simply not true. There will be a public meeting on 1st August. As the venue has not been decided yet, I am considering the kind offer of the Constable. A public meeting will take place. I do not know the venue but, as soon as I do, I will let Members know.

2.10 Deputy T.M. Pitman of the Chief Minister regarding the adequacy of the provisions of Article 3 of the Royal Court (Jersey) Law 1948 regarding the suitability of candidates for election as a Jurat:

Does the Chief Minister consider that the provisions of Article 3 of the Royal Court (Jersey) Law 1948, regarding the suitability of candidates for election as a Jurat are adequate and, if not, would he consider, after consultation with the Legislation Advisory Panel, bringing an amendment to the Law?

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

I can inform the Deputy that Article 3 of the Royal Court (Jersey) Law 1948 has already been identified for review by the Legislation Advisory Panel and is due to be considered at a forthcoming meeting.

2.10.1 Deputy T.M. Pitman:

Thank you. That is reassuring news. Could I ask the Chief Minister then, given that I am sure he would agree that all those who find themselves in court, for whatever reason, should be able to rest assured that those judging them will have sound judgment and a commitment to law, order and justice, if that is so, does the Minister not think that it is more important to legislate to prevent individuals who perhaps have failed to report child abuse and have even asked that a paedophile colleague be allowed to continue working at a school, work out their notice and leave with dignity? It is much more important to prevent that sort of person, than under the current law, 1948? One great example is that it prevents people who, in the last 12 months, have had to receive poor relief, which I suppose today would be income support. Does the Minister agree, in essence, that paedophile apologists should not be okay but poor people should be okay?

Senator I.J. Gorst:

I do not think it is right for me to go into any particular detail. The current incumbents of those posts obviously have been duly, appropriately elected under the law and comply with the judicial codes. If the Deputy has any particular concerns he could either address them to you, in your judicial role, or perhaps he might like to appear before the Legislation Advisory Panel to discuss it with them, but we must be very careful not to go into particular personal individuals or cases.

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

The Minister commented that the panel will be considering this matter in due course. Is the Minister able to give an indication of when that will be: next quarter, next 6 months, last session of their term?

Senator I.J. Gorst:

The initial brief that I had from my department was at its next meeting. I do not know when its next meeting is, but I think it is better to say that they will be considering at a forthcoming meeting. It might be that the Deputy wishes to appear before the panel and, therefore, that timescale has to change.

2.10.3 Deputy M. Tadier:

My question very much follows on from that. First of all, what is the nature of the reconsideration or the amendments that the Chief Minister or the panel are likely to be considering? Would there be opportunity for States Members or other interested parties to come along and give recommendations as to what amendments may be worth considering?

Senator I.J. Gorst:

As far as I am aware there are a number of amendments that are being considered and that is why I invite the Deputy, if he has other amendments that he thinks would be appropriate to be considered by the panel, to appear before the panel. Of course, it is this Assembly that will decide any ultimate amendments to that law.

2.10.4 Deputy M. Tadier:

Just in case I am not in office by the time the meeting takes place, perhaps I can ask on record? Would the Chief Minister give special consideration to the way in which Jurats are elected - that is to say, by only being elected by the Electoral College consisting of States Members and Advocates - and give thought to whether it is appropriate that States Members, in particular, are appointing members of the Royal Court and whether Advocates should be appointing members of the Royal Court as well, in line with the theory of separation of powers which we know about?

Senator I.J. Gorst:

I have no reason to consider why that might need to be considered. Obviously it is a privilege that is afforded to Members of this Assembly. I am not sure it is one that many Members take up and get actively involved in. Perhaps, if some Members do have concerns, that might be the best approach for them to take.

2.10.5 Deputy M.R. Higgins:

Am I right in saying that Jurats are the lay members of the court and determine fact and, because of this fact, does the Chief Minister believe that they are representative of our community by gender, race, education and income, as lay magistrates are in the United Kingdom?

Senator I.J. Gorst:

I have no reason to doubt that they are not broadly representative of our community but, as I said, it is not right for me or for Members to go into particular individuals.

2.10.6 Deputy M.R. Higgins:

It was a generalisation. I was asking in general does he believe that they are representative of the mix of Islanders, as opposed to specific individuals. I am not talking about specific individuals.

Senator I.J. Gorst:

As I said, I have got no reason to doubt it is anything other than that but, as I tried to indicate to Members, Members are members of the Electoral College. That does give them a right to nominate any individual and, of course, any individual that meets the criteria of the law can be nominated.

2.10.7 Deputy T.M. Pitman:

I would just say the Chief Minister does not need to be nervous. I am going to save most of my comments for outside the States and for a proposition. Given that we have great concern from many in the public - the care leavers and victims of abuse generally - about the forthcoming inquiry into historic abuse, does the Minister not agree that fact - and it is a fact - that for the past 12 years we have had a Jurat who was happy to ignore child abuse? Does that send out a message of reassurance to the people of Jersey? Is it acceptable and should it really be for a Deputy to have to act on that when nobody has done anything for 12 years?

Senator I.J. Gorst:

It is not appropriate for me to talk about individual Jurats and I am not even sure that it is appropriate for the Member to make that ... I am not sure if it is allegation or accusation, Sir, but I leave that to you.

2.11 Deputy G.P. Southern of the Chairman of the Electoral Commission regarding the Commission's efforts to seek out the views of the public on electoral reform and research with comparative jurisdictions:

What efforts has the Commission undertaken to seek out the views of the public on electoral reform, how successful have these been and what research, if any, is being undertaken into comparative jurisdictions?

Senator P.M. Bailhache (Chairman of the Electoral Commission):

Shortly after the Commission was established it published a consultation leaflet which was sent to every household in the Island, inviting submissions to the Commission. Copies of the leaflet were also sent to doctors' surgeries and community centres, for example, with a request that they be left in public areas for Islanders to read. The Commission has advertised very widely in the media. It issues frequent press releases to publicise its work and to encourage Islanders to make submissions. So far the Commission has received more than 170 submissions from members of the public. It continues to receive submissions on a daily basis and I hope that this will continue until the closing date of 31st August. Research is being undertaken in respect of other jurisdictions and an external adviser has been appointed to advise the Commission in this respect. The Commission is also undertaking its own research in relation to other jurisdictions. Members visited Guernsey at the beginning of the month and held a productive series of meetings with members and officers of the States of Guernsey. The Commission is also planning a visit to the Isle of Man and is considering visits to other jurisdictions as well.

2.11.1 Deputy G.P. Southern:

Could the Chairman state which other comparable jurisdictions he is considering visiting, apart from the Isle of Man, and state how many members of his committee are likely to visit there and what the potential cost might be?

Senator P.M. Bailhache:

The Commission is contemplating visits to Gibraltar, to Barbados, to Antigua and to Bermuda. The last 3 of which have jurisdictions which have bicameral legislatures; not Gibraltar. The plan would be for a limited number of members of the Commission to visit any of the more far-flung jurisdictions to which visits might be paid and I am not able to assist on the question of cost.

2.11.2 Deputy G.P. Southern:

In terms of researching the information required on comparable jurisdictions, would not the use of Skype and the internet be considerably cheaper than physically going to some of these places, which appear to be across the Atlantic and a long way away?

Senator P.M. Bailhache:

The Commission is acutely aware of the cost of any visit involving members of the Commission and that will certainly be taken very much into account.

2.11.3 Connétable P.J. Rondel of St. John:

Will the Chairman give details of the number of States Members who have given oral or written submissions to the Commission to date? Many of the Members in this Chamber will have attended Commonwealth parliamentary meetings around the world. Of those Members, have any of them made reference to other jurisdictions within the Commonwealth of a similar nature to ours?

Senator P.M. Bailhache:

Only a limited number, I am sorry to say, of the Members of this Assembly have so far made submissions to the Commission.

[11:15]

I am pleased to say that the questioner is one of them and I would very much encourage any Member who would like to say something to the Commission to do so. As I have said in this place and elsewhere, it is important that the ultimate recommendations of the Commission find favour not only with members of the public in a referendum, but also of the Members of this Assembly. I therefore hope that many Members would make a contribution.

2.11.4 Deputy T.M. Pitman:

I would just like to reassure the Senator that I am making submission. I would be very pleased to come and talk to the Commission. What I would like to know is, with any of these visits to far-flung places, will those flights be first class or will they be economic or business class or what will they be? Will we get value for money?

Senator P.M. Bailhache:

I am sure the Assembly can be assured that value for money will be obtained and that any visits will be in accordance with the standard procedures of this Assembly or of departments of the Government.

2.11.5 Deputy T.M. Pitman:

So he is going first class then; did I understand that right? I think that is the policy, is it not? Perhaps the Senator could clarify?

Senator P.M. Bailhache:

Unlike the Deputy, I have never travelled first class, I do not believe. I do not know exactly what the policy is but, whatever the policy is in relation to long-haul flights that is the policy that will be adopted.

2.11.6 Deputy G.P. Southern:

Does the Commission actively use Facebook or Twitter in order to assess opinions in the general public?

Senator P.M. Bailhache:

I am sorry to say that I do not personally use Facebook or Twitter. The question of whether or not the Commission should use these methods of communication was considered and perhaps remains under consideration. The difficulty with modern methods of communication of that kind is that they require quite an intensive amount of time in order to monitor and the resources of the Electoral Commission are only finite. If the Deputy wishes to make specific recommendations to the Commission, either in the context of his submission or more generally, the Commission would be pleased to receive them.

2.11.7 Deputy G.P. Southern:

If I can have a final bit of what might be clarification. Is the Chairman saying that a visit to a Caribbean jurisdiction is a more profitable use of time and resources than manning and getting a suitable response time worked up for an internet site like Facebook?

Senator P.M. Bailhache:

I do not think I am saying any such thing.

2.12 Deputy M. Tadier of the Minister for Health and Social Services regarding the recruitment of 210 additional staff required to deliver Phase 1 of the planned White Paper initiative:

Will the Minister state what concrete plans, if any, there are to ensure that it will be possible to recruit the 210 additional staff required to deliver phase one of the planned White Paper initiative, given that some 100 frontline posts remain unfilled as indicated in the written answer to question 6993 on 10th July 2012?

Deputy A.E. Pryke of Trinity (The Minister for Health and Social Services):

This Assembly is already aware of the plans in place to tackle the challenges relating to the recruitment and retention of nurses. This is a key area both with regard to our existing vacancy rate and any future growth. With regard to the other posts outlined in my answer to question 6993, it was clearly stated that the number and nature of these posts will inevitably change pending a States debate on the White Paper and the medium-term financial plan, in addition to completion of the final business cases. Until we know the final details we cannot finalise our recruitment strategy. It would be unwise to do so. At this stage, too, it would be very wrong to assume that all these additional posts would be States employees or, where they were States employees, external recruitment is required. Some of our existing staff would doubtless take on some of these new roles.

2.12.1 Deputy M. Tadier:

I thank the Minister for that initial response. Will she talk about how the current pay negotiations are affecting morale at the hospital? Staff have talked of a derisory pay-off that is being made. Will that affect positively or negatively the retention and recruitment of additional staff in the Minister's opinion?

The Deputy of Trinity:

Pay is only one factor when you are looking at recruitment and retention. What is most important is that my nurses are treated and rewarded fairly for their skills and the work that they do. That is why Health is working in partnership with the unions to review equal pay for work on equal value. An interim report is going to be presented to the States Employment Board next week in line with the original terms of reference.

2.12.2 Deputy G.P. Southern:

The Minister states that pay is not the only thing, but the figures show that she is something like 80 nurses short, 11 registered childcare officers short and 6 doctors short. Pay must surely be a vital element in recruitment and retention of those positions. For example, just picking one area, the rapid-response team requires a social worker, occupational therapist, physiotherapist, occupational therapists' assistants, nurses and homecare assistants. How is she going to recruit and retain the level of skills required in order to deliver her White Paper? Is it not the case that, without a substantial pay rise, she will fail?

The Deputy of Trinity:

I hope the Deputy has not made up his mind already about the White Paper. As I have said many times, pay is only one issue. Childcare comes into it. The cost of accommodation comes into it. Relocation costs come into it and also employment of nurses' or other posts' partners and spouses. They, too, are real issues which we are working to address. He mentions about the rapid response. As I mentioned in my opening comments, these staff might not be employed by Health and Social Services. They might be employed by other external agencies such as Family Nursing Services.

2.12.3 Deputy G.P. Southern:

Is it built into her plan that she will substantially expand the role of third-sector delivery of these services and, in particular, is she considering using full-profit organisations to supply some of this demand?

The Deputy of Trinity:

We consider and will continue working with the third sector, be it the charitable sector, the voluntary organisation or in the private sector. That is happening now and we are consulting very closely with them. This White Paper very much concerns them because it concerns the community.

The Bailiff:

Senator, I believe we may be inquorate.

Deputy M. Tadier:

Can we call some more people to come back? I know there are some individuals who need to get out for the call of nature.

2.12.4 Deputy J.M. Maçon:

Can the Minister explain what training or secondment programmes have been put in place so that we are able to grow our own to fill these vacancies and upcoming vacancies?

The Deputy of Trinity:

Part of grow-your-own involves linking with a university to make sure we have the right qualifications and that our education system is in the right place to grow our own. That is only one area. Another area is doing a back-to-nursing course, which has proved very successful.

2.12.5 Deputy J.M. Maçon:

I wonder if the Minister can inform the Assembly whether secondments have been considered as a vital part of this ongoing programme?

The Deputy of Trinity:

Secondment with other health areas, yes; we are always looking at ways of getting best practice. If that means working with other health authorities or primary care trusts, yes, we do that. I think there is a programme that starts fairly soon within the Mental Health Services of working with S.E.P.T. (South Essex Partnership University N.H.S. (National Health Service) Foundation Trust) P.C.T. (Primary Care Trust), which is in Essex.

2.12.6 Deputy M. Tadier:

Obviously I appreciate the work that is going on by the Minister in trying to tackle this issue, but does she accept that, while she says pay is only one factor, pay is vital when it comes to paying the rent and to buying food and will she also try to tackle the high cost of living in Jersey? Is that within her control, if she does not want to increase the wages by what they should be, the shortfall, and the high cost of accommodation in Jersey, which is a big issue among many? Does she have a plan to tackle those issues if the 20 or 25 per cent gap that is needed for parity cannot be met?

The Deputy of Trinity:

These are areas for all the States departments to work at, not just Health and Social Services. We have not got the answer to everything. I value, as I said, that my nurses are treated fairly and rewarded for their skills. That is important. The ongoing discussions with the States Employment Board prove that and those discussions will be taking place fairly shortly.

2.13 Deputy M.R. Higgins of the Chief Minister regarding the differential between the estimated costs of the legal action in the Low Value Consignment Relief court case and the actual costs to date:

Will the Minister explain why the estimated costs of the legal action in the Low Value Consignment Relief court case differed so much from the actual costs to date when Legal Costs Consultant Jim Diamond accurately estimated the cost without full view of the facts? Who calculated these figures and will he agree to release all the documentation showing how the estimated costs were reached and if not, why not?

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

Litigation is a very uncertain process and it is quite usual for costs to increase because of unforeseen factors. The reasons the estimated costs differed from the actual costs to date are largely due to additional witness statements required to counter the argument put forward by H.M.R.C. Also to demonstrate the need for expedited action, the need for additional research and meetings to counter H.M.R.C.'s change in legal arguments and analysis, the court's late permission to the U.K. pressure group R.A.V.A.S. to be heard at the judicial review itself and claims that were made by Royal Mail alleging that their confidentiality had been breached. At the very beginning of the legal process PwC were commissioned to produce cost estimates of the full process, which they duly did on 13th December. There are issues of commercial confidentiality. However, I will discuss the releasing of the requested information with the Attorney General.

2.13.1 Deputy M.R. Higgins:

Does the Chief Minister not accept that there is concern about the costs of these legal actions? I accept his argument for taking the action against the U.K. Government but, again, when we are talking about figures which are originally estimated at £360,000 and which are going to end up with a bill of £1 million to this Island ... we have already got to £741,000 and yet we have got the U.K. court costs to come. So if we estimate the U.K. court costs to be at least £250,000, does he not think we should have more control over the costing of these exercises?

Senator I.J. Gorst:

As the Attorney General has said, we do not yet know what the U.K. costs will be and we have been, as I understand it, ordered to pay 25 per cent of those costs. It is too early to say what the total cost might be. I think I have outlined this morning why the costs rose above those that were estimated and, of course, the Law Officers' Department will review to make sure that the increase from estimate to cost is appropriate.

[11:30]

2.13.2 Deputy M.R. Higgins:

I am estimating the cost of £250,000 to the U.K. Government based on our own costs to date. If we are paying £741,000, you can imagine the U.K. Government's costs will be the same. We are supposed to be paying 25 per cent. Can the Chief Minister tell us - 25 per cent is Guernsey's, 25 per cent is ours - who is paying the other 50 per cent?

Deputy G.C.L. Baudains:

Could I ask, Sir, whether we are quorate?

The Bailiff:

We are one short, yes. Well spotted. Very well, we are now quorate again.

Senator I.J. Gorst:

Of course, the simple answer is I do not know, but I suspect that H.M.R.C. will be meeting its own costs.

3. Questions to Ministers without notice - The Minister for Education, Sport and Culture

The Bailiff:

That concludes questions on notice. So we now come to questions to Ministers without notice and the first period is to the Minister for Education, Sport and Culture.

3.1 Deputy M.R. Higgins:

Can I ask the Minister for Education what input he has had into the economic growth plan as the education skills and flexible minds of our work force is obviously vital to the future prosperity of the Island? What role has your department played in this exercise?

Deputy P.J.D. Ryan of St. John (The Minister for Education, Sport and Culture):

No direct role other than obviously, as the Deputy states, the question of skills - and skills development is very high on my agenda, as it is on the Council of Ministers' agenda. So there is input there but no direct consultation other than through the Skills Executive and the Skills Board on skills development generally. That is part of the strand of the growth plan.

3.1.1 Deputy M.R. Higgins:

Can you go to the extent of what provision you have made for increasing the skills of the workforce to achieve the ends in the economic growth plan?

The Deputy of St. John:

This will become very apparent in the Medium Term Financial Plan, which details the spending plans for the department for the next 3 years. It would be difficult for me to talk about it at this stage because that plan is not yet finalised, as the Deputy knows, but I know that it will be very shortly. If the Deputy could save his questions until then I would be more than happy to answer.

3.2 Deputy J.A. Martin:

Has the Minister canvassed his staff on the reaction to the 1 per cent consolidated pay increase from the very high earning civil servants to the, say, teaching assistants and the lunchtime supervisors because my argument always is 1 per cent of a lot is something to have, 1 per cent of hardly anything is not worth having either. Has the Minister consulted his staff?

The Deputy of St. John:

It would be extremely inadvisable and inappropriate for me to canvas my staff. That is, as the Deputy knows, very firmly in the remit of the States Employment Board, which is led by the Chief Minister.

3.3 Deputy T.M. Pitman:

Given that it demonstrates unequivocally that there are huge flaws in the way we allow inappropriate people to become Jurats, will the Minister for Education finally agree to release the Sharp report to all States Members so they can fully understanding this important, very worrying, issue?

The Deputy of St. John:

I think the Deputy is asking me again, repeating questions that he has asked me in terms of oral questions in the recent past. I think my answer then remains pretty much the same, that I have

taken advice. This was a report which contains much information and evidence from people who are covered by strict legal confidentiality agreements. So I would be against the law if I were to release it. There is a suggestion from the Deputy that possibly a redacted version could be provided but my advice also legally is that the report was never intended to be a public domain document and hence it is not written in the terms that would make it in any way readable if it were to be a redacted version. However, I have no wish to stand in the way of a Member who is carrying out his legitimate duties by way of a potential proposition. What I will say to the Deputy is that I will revisit that advice that I had been given, particularly about the redacted version, but I do repeat that my advice is that it is likely to be a pretty nonsensical report once it has been completely redacted and it would also be a fairly expensive exercise to undertake. But I do undertake to review that once again.

3.4 The Connétable of St. John:

Will the Minister give information; given £75,000 was given to the rugby club, will this have any impact on his sports budget from within his department? I am aware that it came via E.D.D. (Economic Development Department) but going on from year on year, which is likely to happen, does he believe this may impact on his budget some time in the future?

The Deputy of St. John:

I will answer the last question first, which is no, it should not impact on my sports budget at any time in the future. I would like to say that I would absolutely support the rugby club and the high profile it creates for Jersey. Any sporting endeavour that attracts visitors or business is obviously good for the Island. I also think that the E.D.D. sponsorship of the rugby club highlights the 2 very different contributions that sport can make to the Island. The Education, Sport and Culture Departments focuses on the health, community, and social advantages that sport and participation in sport can bring. We continue to support sport in all its guises. E.D.D. however is looking at the issue from a very, very different angle.

The Bailiff:

Minister, if you would not mind a reasonably concise answer. This is questions without notice and Members, I am sure, will have questions.

The Deputy of St. John:

The reason it was a little bit completed was because it was a multi-faceted question.

3.5 Deputy G.P. Southern:

My understanding of what happened in this House was it agreed to suspend the reduction in grants to fee-paying sector of education pending the arrival of the results of the consultation process in the Education Department White Paper: where is that White Paper and when will we see it?

The Deputy of St. John:

The first 6 months of my tenure have been very intensive for me. First of all with resolving the C.S.R. (comprehensive spending review) in general and, secondly, on the M.T.F.P. (Medium Term Financial Plan). It has taken me a little longer than I had hoped to complete those 2 exercises. The question of the White Paper will be the next ... there might be a series of White Papers and/or Green Papers and that will be my next focus over the next 3 to 6 months. There will be a report published after the summer break, which will précis, shall we say, all of the responses from the consultation exercise earlier in the year.

3.6 Senator L.J. Farnham:

In relation to fee-paying schools, could the Minister confirm the current position? I understand from a recent statement he plans to take no action in reducing funding to the fee-paying schools for 4 years. But what does he propose to do after 4 years and does he not agree that it would be a good idea if there are going to be proposals to reduce funding to fee-paying schools that he thinks about giving notice to schools now?

The Deputy of St. John:

I have said some 3 weeks ago that the reduction in grants to fee-paying schools was not part of my C.S.R. proposals and Members will be aware that that is extended from 2013 to 2016 by agreement with the Council of Ministers because some of the savings in the C.S.R. are over that timescale. Members and the public are now aware that there is nothing in that period to 2016 which includes cuts to grants. The question was: should I be talking to the schools about it now? I think one of the most important things for our education system is stability and that is something that I have tried to re-establish after a period of somewhat instability over the last 3 years.

3.7 Deputy J.H. Young:

Will the Minister be releasing the former d'Hautree site to Property Holdings as surplus for future use in the best interests of the Island and could he update Members on his review of the asset state of the Education Department, and his intentions regarding releasing those sites?

The Deputy of St. John:

The d'Hautree site was included by the previous Minister retained for educational use in the last Island Plan. That position at the moment has not changed because we are still considering the whole future of education and there is the possibility that at this stage… although there is nothing specific that I can talk about, but it is part still of the Education portfolio with the possibility of some future use. There will come a point in time though that if we finally decide that it is not suitable for educational use in the future that it will be handed over to Property Holdings, yes.

3.7.1 Deputy J.H. Young:

Could the Minister perhaps update us on how many years we have been holding that site for education purposes, and it has been in the same situation as he has just described?

The Deputy of St. John:

Since the previous Island Plan.

3.8 Deputy J.M. Maçon:

At a recent Scrutiny hearing the Minister advised that the Gigabit Jersey initiative and skills that go along with that will be a key branch of the department's skill strategy going forward. Can we expect a specific I.T. (information technology) skills development strategy and when is that expected to be delivered?

The Deputy of St. John:

Again, the Deputy is asking me questions which are covered in the Medium Term Financial Plan. Again, unfortunately, as the Deputy knows - he has seen the draft Medium Term Financial Plan - there are strands in that on I.C.T. (information and communications technology) strategy so we will have plenty of time to debate that in the future, I am very sure.

3.9 Connétable J. Gallichan of St. Mary:

Can the Minister advise me whether it is included in the curriculum a basic understanding of the major world religions and would the Minister be surprised to learn that there are children leaving our schools who do not know the Lord's Prayer?

The Deputy of St. John:

Yes, I would be surprised if there are children leaving our system who do not know the Lord's Prayer. Also one of the areas that I am considering, as part of the overall future of education, is the question of faith-based education into the future.

3.10 Deputy G.P. Southern:

I thought we had plenty of faith-based education on the Island. What plans or even thoughts does the Minister have in mind for how teachers can contribute to the modernisation, which we hear so much about, of delivery of the education service?

The Deputy of St. John:

Once again, I am afraid that this falls into the area of the States Employment Board, which is part of the Chief Minister's Department. Also I would say that whatever thoughts I have should remain in my head until they become concrete plans.

3.10.1 Deputy G.P. Southern:

Can the Minister attempt to answer how he sees in the general terms how teachers can contribute to modernisation of the public service that he leads, which is the Education Service?

The Deputy of St. John:

My officers will obviously be talking to the States Employment Board on their views on that but I am sure the States Employment Board will have their own views on that.

3.11 Deputy T.M. Pitman:

Working with my very good friend the previous Minister for Education, Sport and Culture the Deputy of St. Ouen, we seem to be progressing to finally do something about improving access to Fort Regent. Could the Minister advise the Assembly where exactly that possibility is now and has hopefully not been abandoned?

The Deputy of St. John:

Jersey Property Holdings were asked to prepare a report on the development options for Fort Regent and Jersey Heritage were also asked for a report on enhancing the historic aspects. Obviously the Property Holdings side includes the access to the Fort. The issue is being moved on by a reconstituted steering group, led by Deputy Eddie Noel in his capacity as Assistant Minister for Treasury and Resources with responsibility for Jersey Property Holdings, as this is primarily a property management matter. The next meeting, as I understand it, is scheduled for the end of July and one of my Assistant Ministers certainly will be attending.

3.12 Senator S.C. Ferguson:

The Minister talked about modernisation and so on, and the teachers inclusion in this being part of the States Employment Board. Surely though, if you are having modernisation of education, your teachers must be an integral part of it. How can the Minister say that it is nothing to do with them?

The Deputy of St. John:

I did not say it was nothing to do with us. What I said was that it was under the remit of the States Employment Board and I am not going to be drawn at this stage of a particularly sensitive point in time.

[11:45]

3.12.1 Senator S.C. Ferguson:

We are talking policy here. Education policy devolves upon the Minister for Education, Sport and Culture. Surely this is something that he must be considering?

The Deputy of St. John:

I may be having my own thoughts, but I do not have any concrete plans. As the Senator well knows, I cannot talk about States employment terms and conditions and modernisation at this point in time.

Senator S.C. Ferguson:

I was not talking about just terms and conditions, I was talking about the broad picture.

The Bailiff:

You have had your 2, you can come back if you want a third one.

3.13 The Connétable of St. John:

Nice and short, the Minister's response to faith education; were his comments to be taken in the positive?

The Deputy of St. John:

Yes.

The Bailiff:

Senator Ferguson, if you wish to answer another question…? No, you are too late. **[Laughter]**

Senator S.C. Ferguson:

Touché, Sir.

4. Questions to Ministers without notice - The Minister for Home Affairs

The Bailiff:

That brings questions to the Minister for Education, Sport and Culture to an end and we now move to questions to the Minister for Home Affairs, the rota having been changed, as Members have been informed.

The Connétable of St. John:

Given the contract for the stevedores has gone to a Southampton company to operate our docks, can you please tell us how many local company/groups applied to run the docks and in making the decision to have this go off-Island **[Interruption]** ... My apologies. **[Laughter]** Economic Development it says, Sir.

The Bailiff:

As I just mentioned, Connétable, in the absence of the Minister for personal reasons the Minister for Home Affairs is in ...

The Connétable of St. John:

Maybe he can try and answer it. **[Laughter]**

The Bailiff:

I think we will rule that one out of order.

Senator B.I. Le Marquand:

Do I get extra time, Sir?

4.1 Deputy T.M. Pitman:

Could the Minister clarify why and how a respected U.S. (United States) journalist and best-selling author, I believe, came to be embarrassingly prevented from re-entering Jersey to continue her research into Haut de la Garenne?

Senator B.I. Le Marquand: (The Minister for Home Affairs):

Yes, I can. She was refused entry into the U.K. The position was that this particular person had been advised locally that if she wished to write a book while in Jersey, because this was a non-E.E.A. (European Economic Area) national, that she would need to apply for a writer's visa. The lady in question did not heed that advice, turned up in the U.K. not having applied for a permit, gave incorrect information to the authorities in the U.K. as to where she was intending to go and they refused her entry. If she had applied in the correct way, as she was advised, I think she would have been granted the necessary permission, but she did not follow the correct process and it was the U.K. authorities who refused her entry.

4.1.1 Deputy T.M. Pitman:

That is obviously the Minister's version, I am sure it is in good faith. But could he advise us; is it normal when a person has gone proactively to local authorities to ask if her visa details are in order but she then finds herself stopped upon entering the U.K., as the Minister said, held for 12 hours - which I think is probably illegal, I might be wrong - denied speaking to her consulate, all on the basis of some notes which had been sent through and attached by the Jersey authorities when she had gone to them to inquire and try and make sure that she was in the right, so to speak?

Senator B.I. Le Marquand:

Unfortunately, having inquired of the authorities, she did not do what they told her she should do. I cannot comment on the actions of the U.K. immigration authorities, they are not within my responsibility.

4.2 Deputy M.R. Higgins:

Last week the Minister told the Assembly that the police had not lost any evidence with regard to Haut de la Garenne victims' statements and evidence. I have had conversations with one, and others have come forward to say that information has been lost. Will the Minister be prepared to organise a meeting between himself and the Chief of Police and myself and those people to run through these allegations?

Senator B.I. Le Marquand:

I do not think I said it had not been. I think I said that neither the senior police officers or myself were aware. I did make an offer last week to Deputy Higgins of a meeting. I am very happy to meet with him and if he thinks it is helpful for the Chief ... the only difficulty is the Chief Officer of Police would not normally deal with the following-up of details on that, normally it would be something devolved down. I would suggest that Deputy Higgins comes and sees me first and then we will work out the best way of processing the issue.

Deputy M.R. Higgins:

If I can add to that, there are some other Deputies who would like to come as well with other concerns.

Senator B.I. Le Marquand:

If other Deputies are aware of similar circumstances I am very willing to meet with them.

4.3. Deputy G.P. Southern:

The last time I discussed Home Affairs and their cuts programme and their contribution to the £65 million worth of cuts I think it was at a Tribal meeting and Health were let off, Education and Home Affairs said that they could not meet the targets at that time. Could the Minister inform Members whether he has met the targets made originally back in 2010 for cuts and if not when will we see what cuts he has managed to perform and by when?

Senator B.I. Le Marquand:

The position was that I indicated to my colleagues on the Council of Ministers that we would not be able to achieve a full 10 per cent figure and that we would aim to achieve a figure of £1 million less than that. If we could do better without damaging services we would do better. The position is, in fact, that we are not able to achieve more than the figure of £1 million less than the 10 per cent. That is what we are still aiming for.

4.3.1 Deputy G.P. Southern:

Is the Minister for Home Affairs aware, is that £1 million not achieved on the £65 million to add to the Education Department's failure to meet its targets?

Senator B.I. Le Marquand:

No, my understanding is that that was a known factor and was included within the £65 million figure.

4.4 Deputy R.G. Le Hérissier:

Can the Minister inform us when the prisoner repatriation programme will start and can he further inform us which countries have signed-up at present and which are about to sign-up?

Senator B.I. Le Marquand:

What has happened here is instead of entering into bilateral agreements with individual countries we found a better way of implementing this by becoming parties to the overall… I will call it treaty, I think that is not the right word, but it is the equivalent of a treaty. We have completed all the documentation in relation to that and sent it off some time ago and are now awaiting a response. Effectively what this means is that if we become a party to the overall arrangements we can then start to deal with individual cases with individual countries. So we are not entering into bilateral agreements, we are entering into becoming a party over the whole system, which operates in the European area.

4.5 Deputy R.G. Le Hérissier:

Can the Minister therefore confirm that all relevant countries, i.e. those with what you might all a reasonable proportion of residents at La Moye, all relevant countries it appears will be taking part in the arrangements?

Senator B.I. Le Marquand:

My understanding is that Poland had indicated that there would be a 5-year moratorium period during which they would not take part. I am afraid I am not sure as to when those 5 years began. But apart from that, I am not anticipating other countries not participating.

4.6 Deputy M.R. Higgins:

Following the Scrutiny Report on Tasers, will the Minister tell us whether he and the police are still intending to bring forward a proposal to introduce them to the Island?

Senator B.I. Le Marquand:

We are, yes.

4.7 Deputy G.P. Southern:

Following his mention of it some time ago, has the Minister made any further progress in his investigation into outsourcing the transport of prisoners and, in particular, does he have G4S in mind, given the latest debacle in the U.K.?

Senator B.I. Le Marquand:

I am not sure it was outsourcing of prisoners' transport we were looking at. It was the outsourcing of security arrangements around the courts. That may of course have also extended to that. We have had some difficulties in relation to that and work on that is still ongoing. But there are certain difficulties in the way of it, which are slowing down progress.

4.7.1 Deputy G.P. Southern:

Does he have a blacklist of ones that include G4S?

Senator B.I. Le Marquand:

If we were going to enter into any arrangement with any company we would want to have very firm contractual arrangements and be clear that they would be able to fulfil their responsibilities.

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

Could the Minister outline the procedure as regards off duty members of the Emergency Services when a Code Red is declared?

Senator B.I. Le Marquand:

No, I do not think I can. Not with any sensible detail. These are operational matters. The phrase "Code Red" I am not sure is the right phrase either in this context. If the question relates to what happened in relation to the gas company, which I suspect it does, what happened was that senior officers decided to form a Gold Command group at a fairly early stage to take command of the overall arrangements. But, as I say, I am not directly involved in the operational issues on these things so I cannot give a detailed answer.

4.9 Deputy J.P.G. Baker of St. Helier:

Will the Minister consider re-establishing the position of the Island's Military Liaison Officer? Over the years the previous I.M.L.O.s have brought many hundreds, if not thousands, of British servicemen and women to the Island who have enjoyed the Island and it appears this position has lapsed or certainly disappeared. Will the Minister consider re-establishing it?

Senator B.I. Le Marquand:

We are continuing to exercise the core functions in relation to this but doing it in a different way. One of the problems was that in fact the previous post suffered what the Americans call "mission creep". The officer, rather than just simply doing the things required, all activities got drawn into all sorts of other areas, and I am satisfied that we can fulfil the same functionalities but without having a full-time officer in order to do that. There has, in any eventuality, been some reduction in the numbers of inquiries because financial cuts and so on in the U.K. have led to organisations being less willing to travel such distances and so on. But I am quite satisfied that we are able to fulfil the same functionality, as I say, without needing a dedicated officer for that purpose.

4.10 Deputy R.G. Bryans of St. Helier:

Is the Minister aware of an investment vehicle called the "social bond" as introduced by Iain Duncan-Smith in the U.K. based on Peterborough Prison, and if so does he think it is a good idea?

Senator B.I. Le Marquand:

I am not aware of it.

4.11 Deputy M.R. Higgins:

I would like to come back on the question of the Island Military Liaison Officer. The post actually contributed probably £1 million to the Jersey economy in terms of military personnel coming to the Island, and as I have stated in this House before, it was a cynical ploy taken on the books of the T.A. (Territorial Army) and then disposed of the post as part of the C.S.R. review. Will the Minister undertake to provide figures showing the number of personnel who have come to the Island over the last 3 years and explain how proactive the T.A. or whoever it is who is doing it, have been over this period because I do not believe they are, and I think they are letting the Island down badly.

Senator B.I. Le Marquand:

As I indicated, there has been a reduction in eventuality to the reduction in inquiries in relation to the matter. If Deputy Higgins would care to ask me a specific question by way of written question I will gladly provide the information.

PUBLIC BUSINESS

5. Draft Income Support (Amendment No. 8) (Jersey) Regulations 201- (P.56/2012)

The Bailiff:

That completes questions to the Minister for Home Affairs. There are no matters under J or K so now we come to Public Business. Members have agreed that we will take first therefore Projet 56 - Draft Income Support (Amendment No. 8) (Jersey) Regulations - lodged by the Minister for Social Security. I will ask the Greffier to read the citation.

The Deputy Greffier of the States:

Draft Income Support (Amendment No. 8) (Jersey) Regulations. The States, in pursuance of Articles 5 and 18 of the Income Support (Jersey) Law 2007, have made the following Regulations.

[12:00]

5.1 Senator F. du H. Le Gresley (The Minister for Social Security):

The income support system provides benefits to individual households based on the composition and income of each household. The rate of benefit paid is governed by both the level of the components available and the disregards applied to household income. As Minister for Social Security I am required to review benefit levels on an annual basis. Although it is not specified in the income support legislation, the annual review normally takes effect from the beginning of October to coincide with the uprating of other Social Security benefits, including the old-age pension. This year I am also bringing forward proposals to amend the treatment of adults who are included in income support households but who do not satisfy the residency test for income support in their own right. I will provide more details of these proposals when we discuss the individual regulations, but at this point I will summarise the changes that are proposed. Accommodation components will be increased by 3.5 per cent, which is the rate for R.P.I.(Y). (Retail Price Index Y) to the end of March 2012. R.P.I.(Y). excludes the impact of direct taxes such as G.S.T. (Goods and Services Tax). Under the present system the maximum accommodation components and the maximum Housing Department rents are set at the same level and I am grateful to the Minister for Housing for his continued support in this area. Changes are planned to the way in which social housing rents are set and income support is provided as part of the major Housing Transformation

Programme. These changes will be brought to the States in the near future. Until then this increase in accommodation components ensures that the current level of income to the Housing Department does not fall behind inflation and that tenants in the private sector will see some additional assistance where their rents have increased over the last year. Increases are also proposed for the household component, the clinical cost component and the childcare component. However, as in previous years, a major element of the uprating of income support this year will be provided through improvements in incentives. As my report explains, I am not able to give firm figures for the size of these improvements until August, when the earnings index for 2012 will be published. The earnings index determines the increase in the old-age pension and I am committed to improving the pension disregard by the same value as the increase in the full rate pension for this year. This will ensure that all income support claimants aged 65 and above who are supporting themselves as far as possible through their own pension will benefit from the full uplift in the old-age pension. As well as improving the position for pensioners who are able to partly support themselves through a pension I also intend to improve incentives for working age people who support themselves through employment. As part of the income support calculation, gross earnings are discounted by 26 per cent, which includes the 6 per cent social security contribution. I hope to improve this by a further 2 percentage points bringing the disregard to a total of 28 per cent. These incentives are included in the Income Support (General Provisions) Order and I will make amendments to this Order at the end of August following the publication of the earnings index and the final calculations of the income support budget for next year. This will allow income support claims to be adjusted during September and for the new rates to apply to all claims from 1st October. These Regulations also include changes to the treatment of adults within income support households. The Income Support Law requires that a single adult within the income support household needs to satisfy the residence condition. Income support households can comprise an adult couple and their children, including young adult children aged over compulsory school age who continue in full-time education or are actively seeking work. At this stage, I would like to reassure Members that this is the full extent of income support households and that where other relatives share accommodation they are not included in the same income support claim. If a couple with 2 young children share their accommodation with an older relative, such as a grandparent or aunt, or with other relatives such as siblings or cousins, these other adults would need to apply for income support separately and satisfy all the income support conditions in their own right. Under the current regulations a single person must live in Jersey for 5 years or 10 years in the past, before they can apply for income support. On the other hand, someone arriving in Jersey as the partner of a long-term resident can receive income support immediately. My amendment seeks to create a fairer treatment in respect of adults recently arrived in Jersey. An adult who has lived in Jersey for less than 5 years and is the partner of an income support claimant will still be included in the income support household but will no longer be able to claim the income support components specifically for that person. These are the adult component, the carers' component and impairment components. If an adult in this situation is working and receiving a childcare component to cover the cost of childcare this component will still be available. As there are a number of ways to satisfy the residence condition claims will need to be reviewed on an individual basis. Initial estimates suggest that approximately 140 claims will be affected by this change. These claimants will see their income support benefit reduced by up to £92.12 per week, being the value of the adult component. The main residence test for income support is 5 years' residence before the start of the claim. At present individuals with 10 years' continuous residence at any time can also apply for income support. This test is similar to the current test for residential qualifications under the Housing Law but it is not identical. When the new Control of Housing and Work Law is introduced later this year I will amend the Income Support Order so that any person with entitled status will be able to claim income support. This will help to streamline the application of these claims. The Regulations being debated today propose that the change in entitlement will apply to

new claims from 1st August and that existing claims will be amended from 1st January next year. This provides sufficient time to inform claimants of the changes and to update claims where the partner does not satisfy the residence condition. The great majority of adults affected by this change will be the partner of the income support claimant. In a handful of cases the adult will be an adult child of the family that has arrived in Jersey less than 5 years ago and is either in full-time education or is a jobseeker. Income support components will continue to be available for children included in the income support household up to compulsory school leaving age. An initial analysis also suggests that there are a very small number of partners who may be affected by this change and are claiming an impairment component, which will no longer be available if this proposal is adopted. In summary, these regulations maintain housing components in line with Housing Department rentals, increase the rate of household, clinical cost and childcare components, remove the disparity between the treatment of adults recently arrived in the Island, depending on whether they are either single or living with an income support claimant. As part of the uprate process I will also be improving incentives for both pensioners and wage earners. I propose the regulations in the First Reading.

The Bailiff:

Are the principles seconded? [**Seconded]** Does any Member wish to speak on the principles?

Deputy J.A. Martin:

I do not really want to speak, I want to ask a question of the Attorney General, and unfortunately he is not in the House and I did read the P number a few weeks back and it was made clearer by the Minister's speech about some of this Regulation being retrospective because people are already getting something that is going to be taken away and I just wondered where that stood in the law. I presume that it has been checked, I just wanted to know from the Attorney General his opinion on this.

The Bailiff:

Can we find out whether the Attorney General is available? In the meantime, Deputy Southern?

5.1.1 Deputy G.P. Southern:

While some elements of this particular amendment are worthwhile and to be encouraged it does appear to me, listening to this speech and reading through the document, that it is very much a fiddling at the edges. For example, if one wanted truly to improve incentives for pensioners one would look at the incentive to save and the punitive regime that takes away qualification for income support from those who have saved throughout their lives and have significant savings, and if you wanted to make their lives a bit better that is where I would start and not with the minor adjustments that have been made in this particular case. Equally with childcare, it occurs to me that there are already significant difficulties with childcare and accessing childcare for people who do want to work, despite having children, and need childcare in that if your earnings do not equal or surpass the level of childcare that you apply for you simply do not get it. This means that a lot of people on or near the minimum wage, a lot of women cannot afford to go out to work because as soon as they do they may well not qualify for childcare, and that is a significant problem which appears to have been ignored in this particular adjustment when it could have been addressed in some way or other. I was going to comment on one more thing but I suppose I may have to leave that until we come to the actual Regulations, when it will come back to me.

5.1.2 Senator L.J. Farnham:

I do support generally the whole amendment but, like Deputy Martin, I am not generally a fan of retrospective legislation. I would ask the Minister just to clarify the position in relation to families with children who are going to lose income. It does say in the third paragraph of page 7 of the

proposition that any additional take-up of childcare support following the proposed change will be balanced by an increase in the earnings of the household leading to a minimal net change in the cost of income support to the household. Could the Minister just clarify in as practical an example as possible what that will mean in pounds, shillings and pence?

The Bailiff:

Does any other Member wish to speak on the principles? Deputy Martin, you have already spoken.

Deputy J.A. Martin:

No, I did not speak, I asked for a clarification on a point of law from the Attorney General. **[Member: Oh!].** I would have continued; can I?

The Bailiff:

Very well.

5.1.3 Deputy J.A. Martin:

Sorry, Sir, I did not realise. I perhaps should have pushed that at the time. It is really to say, to follow on from what Senator Farnham is saying, and I fully understand and in principle support the principles of the law and many parts… As Deputy Southern says, there are different ways to skin a cat - and I do understand but I think it does... people really want to know that people are contributing to then get money back from income support, and the adult person. But my problem, and obviously we will hear from the Attorney General, but just on morality and fairness, we may have a family where one partner has been here for years and they have in all good faith brought their partner and younger children over.

[12:15]

Now this partner may be here of 3 years and looking after the children and giving them all the care that they need. This I think being retrospective will have some ... I think the Minister said 104 claimants this would affect. I do not know how much money it would save and if there is ... as I say, starting in January for all new arrivals or even tomorrow for all new arrivals as long as it was like when they took housing qualifications away never to be reintroduced. You had to be in the Island by December 1979, on 1st January 1980 no qualifications. But this was known quite a few months in advance. I understand, I fully support where we are going, again we are chasing our tail, something goes up this goes up, something goes up another thing goes up, and it is not completely fair but just to say people in the private sector have just noticed the increase in rents and it probably does not cover them all. But this is just a main thing that I do have a problem with and I am sorry that the Minister wants to make it retrospective. I understand where he is coming from but I do think it will impact on children in those families, and he did say, I think, all the recipients did have children and it will have a severe knock-on effect on their care. Who will pick up that tab? Education, Health, after school clubs; I do not know. But I do not think the research has been done either.

The Bailiff:

Deputy, the Solicitor General is now here. Do you want to pose your question of him then?

Deputy J.A. Martin:

In these Regulations new claimants will start, I think the Minister said, in August. Claimants already receive this but a partner who has not been here 5 years will be now denied claiming after 1st January. My question was about retrospective law and is it fair under human rights? Is it something that you have looked at in conjunction with these Regulations or your department?

Mr. H. Sharp Q.C., H.M. Solicitor General:

The position at law is that there is no legal right to a benefit.

The Bailiff:

Just so we are clear from that, Solicitor General, does it follow from that that you are saying that as there is no legal right therefore to remove it is not objectionable law?

The Solicitor General:

Yes, Sir.

Deputy J.A. Martin:

Albeit for me to question but the Income Support Law was a law we passed in this House and subsequently brought in Regulations. Is the Solicitor General saying we can take away the whole of income support or entitlements under that law? I am a bit confused, sorry.

The Solicitor General:

Of course this States Assembly can pass laws which provide benefits to different classes of society that satisfy particular criteria. That is not the same as saying that that person for ever more has a right or legitimate expectation that such benefits should continue.

Deputy G.P. Southern:

May I ask for clarification? Is the Solicitor General saying that the law permits this House by Regulation or Order to define who shall receive and who shall not receive any particular benefit?

The Solicitor General:

Yes, this States Assembly can, by Regulation, set down criteria explaining who can and who cannot receive a particular benefit.

5.1.4 Deputy J.A. Hilton of St. Helier:

Just a point of clarification for the Minister for Social Security; I am aware in the proposition somebody would have required to have lived here continuously for 10 years in the past to qualify for low income support, but could the Minister clarify for me because I have been approached by a constituent who informs me where they cannot understand why somebody who left the Island at a young age and spent their entire working life away from the Island could come back to the Island and then claim income support as a pensioner. Can the Minister confirm for me that that is correct please?

The Bailiff:

Does any other Member wish to speak? I invite the Minister to reply.

5.1.5 Senator F. du H. Le Gresley:

I thank those Members who have spoken. I think the Solicitor General has clarified that when it comes to benefits administered in this Island there is no legal right to a benefit. That is not to say that we do not have a duty to look after our citizens and I am very mindful of that responsibility. However, when Deputy Martin first spoke because she managed to get 2 bites of the cherry, as I saw it, she was inferring that maybe this is something that this current Minister is doing for the first time and nobody has done this before. But I would remind Members that the previous Minister removed the right to the adult component for people between the ages of 17 and 19 last year and introduced the youth incentive payments as a substitute. So there is precedent for doing this and I am not breaking new ground, shall we say. Deputy Southern suggested that maybe I am fiddling at the edges. Well I would like to fiddle a lot more but I only have a limited budget to work with, and for me we have to remember that the Strategic Plan that we have agreed in this House, the number-

one priority was getting people back into work. I will suggest to Members that the proposal to increase the earnings disregard by another 2 per cent is one of the fundamental ways that we will make work pay. Something that the U.K. are struggling with is to give incentives for people to come off Jobseekers Allowance, or whatever it may be, and to take up maybe jobs that are lower paid than what they have been used to in the past. By increasing the earnings disregard we will encourage more people into work. We have to do something to bring down the numbers of unemployed who are seeking work and who are on benefits and this is one way to do it, and I hope Members will support that stance I am taking. Of course I would like to give more money to pensioners but I have to remind Members that the proposal to increase the disregard for pensions is of benefit to those pensioners who are in receipt of a pension less than the full Jersey rate of pension. Of course when we talk about pensions they do not have to be the Jersey old-age pension, it could be an occupational pension, it could be a pension from the U.K. This is a general disregard and it will be beneficial to pensioners who are in receipt of a pension, slightly less or considerably less, than the full Jersey rate of pension. Senator Farnham wanted me to explain paragraph 3 on page 7 of the report and I will have to - if Members will allow me - to look at it while I am talking about it. This is in reference to the fact that the childcare component will still be available to a family where the second adult has not got 5 years residence and is therefore losing or will lose if we approve these Regulations today; the adult component. The point of retaining the ability to have the childcare component means that that person can of course go out to work. We would encourage them to work. While we would expect, as a result of this proposal, that within those 140 or so households there could be an increase in requirement for childcare component this will be balanced, therefore an extra cost to income support, by the reduction in the allowance for the adult component, so it is a balancing exercise that could be taking place and that is the purpose of that particular paragraph. Insofar as Deputy Hilton, I think she was inquiring about the fact that children born in Jersey can go away, leave the Island and come back as a pensioner and start to receive benefits. This of course is something that we will all have to address when we look at long-term care benefit because that is an issue that may well attract pensioners who have not lived in Jersey for many years to come back to Jersey. There is a 10-year rule and it is made up of 10 years continuous residence although in respect of people who were born here we do look at a combination of residence but that person who has not got their 10 years continuous would certainly have to have a period back in Jersey before they could complete their 10 years and therefore qualify for income support. There is a different situation where somebody is accumulating their years of residence as opposed to having the 10 continuous years. I hope I have explained or clarified the issues that were raised, and I maintain the Regulations.

Senator L.J. Farnham:

May I ask for some clarification on the issue I raised and the Minister answered quite rightly that the adult component of £92.12 would be removed from a family? I just wondered if the Minister knew what net effect that would have on a family with children. I understand that the childcare component would be made up; would it be made up to the £92? I am just trying to gauge the sort of actual financial loss a family might suffer in the short term.

Senator F. du H. Le Gresley:

No, the adult component does not match with the childcare component unless there are a considerable number of hours of childcare which we would assist with, in which case it is possible that it could match. The fact is that what we will be proposing when we come to the Regulations in detail is that we will be making a decision today - and it is for the States Members to make this decision not for the Minister for Social Security - as to whether we believe that it is an equitable position that a person can arrive in Jersey, join an income support household, this could be as a partner, civil partner, or a marriage, and immediately have income support effectively through the

adult component. This does not happen for anybody who arrives as a single person. They have to wait 5 years. It is about equity and we have to decide that today. It is the Members' decision not mine.

Deputy J.A. Hilton:

Just to confirm, the Minister in his response to my question that a person can be born in Jersey, live here for the first 10 years of their life, go away and then come back at 65 and claim income support? If he could just clarify that is what he means by his answer.

Senator F. du H. Le Gresley:

If they have done their 10 years, that is correct.

The Bailiff:

Were you seeking clarification, Deputy Southern?

Deputy G.P. Southern:

Yes, Sir. Two pieces of clarification: one, in respect of Deputy Martin's question about retrospective or not, those who are already here and in receipt of income support that will now be removed, is it the department's - the department appears to have identified these people - responsibility to communicate with them and how long before you remove the benefit will you tell them and say this is going to happen to you? Are you going to give them sufficient notice that their benefit will change and is it your responsibility to identify them and not their ...

The Bailiff:

This sounds remarkably like a new point, Deputy.

Deputy G.P. Southern:

I am confused about it. The second point of clarification is this change around 10 years to match up with the new legislation coming through for work and housing; is there a change from 10 years continuous to 10 years made up of bits or is that not the case?

Senator F. du H. Le Gresley:

Some of these points will come out when we go through the Regulations in more detail, but in answer to the first question of Deputy Southern the families affected by these changes if approved today, we will proactively find out who the families are and contact them and they will have the opportunity to provide any other proof of residence that we may not be aware of. In those cases where we establish that there is an adult in the household, it could be an adult child as well as a partner, we will not make the changes until 1st January 2013, so we will give them time to adjust. The new Regulations, which would stop any further claims for adults with less than 5 years residence, will come into force on 1st August if the Regulations are approved. That will, in a way, send out a message to the public of what we are proposing to do.

[12:30]

As far as the 10 years' residence is concerned, I have forgotten what the point of Deputy Southern's questions was.

Deputy G.P. Southern:

I think the matching is there is a disparity between what your department operates and what Housing will operate in that I think you do 10 years continuous and they do 10 years in bits and now you are going to match from 10 years continuous to 10 years in parts.

Senator F. du H. Le Gresley:

This is very much a streamlining of the process to claim income support for the first time. We will be going with what is known as entitled status under the Control of Housing and Work Law. Entitled status will be available to current people living in Jersey who have completed 10 years residence, whether it is a combination of years of residence or 10 years continuous. This will make it a much easier process than the current system where we have to seek evidence of residence, which sometimes is very difficult, particularly if it is old school records in the case of somebody who is educated in Jersey.

The Bailiff:

Very well, all those in favour of adopting the principles? The appel is called for then in relation to the adoption of the principles and I invite Members to return to their seats and the Greffier will open the voting.

POUR: 43		**CONTRE: 0**		**ABSTAIN: 0**
Senator P.F.C. Ozouf				
Senator A. Breckon				
Senator S.C. Ferguson				
Senator B.I. Le Marquand				
Senator F. du H. Le Gresley				
Senator I.J. Gorst				
Senator L.J. Farnham				
Senator P.M. Bailhache				
Connétable of St. Helier				
Connétable of Grouville				
Connétable of St. Clement				
Connétable of St. Lawrence				
Connétable of St. Mary				
Connétable of St. John				
Connétable of St. Ouen				
Connétable of St. Brelade				
Connétable of St. Martin				
Deputy R.C. Duhamel (S)				
Deputy R.G. Le Hérissier (S)				
Deputy J.A. Martin (H)				
Deputy G.P. Southern (H)				
Deputy of St. Ouen				
Deputy J.A. Hilton (H)				
Deputy J.A.N. Le Fondré (L)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy K.C. Lewis (S)				
Deputy M. Tadier (B)				
Deputy E.J. Noel (L)				
Deputy T.A. Vallois (S)				
Deputy M.R. Higgins (H)				
Deputy A.K.F. Green (H)				
Deputy J.M. Maçon (S)				
Deputy G.C.L. Baudains (C)				
Deputy of St. John				
Deputy J.P.G. Baker (H)				
Deputy J.H. Young (B)				
Deputy S.J. Pinel (C)				
Deputy of St. Mary				

Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				
Deputy R.J. Rondel (H)				

The Bailiff:

Deputy of St. Peter, do you wish this matter to be referred to your Scrutiny Panel?

Deputy K.L. Moore of St. Peter (Chairman, Health, Social Security and Housing Scrutiny Panel):

No, thank you, Sir.

The Bailiff:

Very well, then we move on to the individual regulations. How do you wish to propose these, Minister?

5.2 Senator F. du H. Le Gresley:

Sir, I would like to, with your permission, propose Regulations 1 and 2 first and then the remaining Regulations. Regulation 1 is the usual interpretation of the law and the meaning of the Regulations. Regulation 2, this Regulation resets some component rates: (a) refers to the household component, which is increased by 3.5 per cent. Most households that occupy their own accommodation receive a household component. It represents the cost of household bills which will be at a similar level for a single person and a couple. These include things like TV licence, rates and utility bills. (b) and (c) refer to the accommodation components. As Members can see these are set individually for tenants, that is (b), and owner-occupiers (c), and for different size units of accommodation. Components will be increased by 3.5 per cent. This will fully compensate the Housing Department and housing trust tenants in respect of the 3.5 per cent increase in rents expected in October. (d) refers to clinical cost elements, these are available to individuals who have a medical need for regular monitoring from a G.P. (General Practitioner). The lower rate is paid to those who need between 5 and 8 G.P. visits a year and the higher rate is paid to those who need 9 or more visits a year. Both rates will be increased by 3.5 per cent. (e) refers to the childcare components, which we have been discussing earlier. These are hourly rates and will be increased by 2.5 per cent in line with the increase agreed by the Education, Sport and Culture Department in respect of the Nursery Education Fund scheme from September 2012. I propose Regulations 1 and 2.

The Bailiff:

Are they seconded? **[Seconded]** Does any Member wish to speak on either of those 2 Regulations? Deputy Tadier.

5.2.1 Deputy M. Tadier:

I am not sure if it is directly relevant but I think it is a good time to bring this issue up - just to remind the Minister the feeling of, I believe, many individuals in this House and certainly the public who have an issue - and if we are looking at part 2(a) and (b) and right down there with taxpayers' money being used to fund those to stay in hostels and bedsits and that goes straight in the back pockets of private landlords. There is a massive issue here which needs to be tackled at some point by the Income Support Department in working with the Housing Department because simply we do not have enough housing in the Island, so what do we do? We take the taxpayers' money and we give it to private hostels, hoteliers, landlords, some of whom have many properties and make their living from this way of life, and many individuals who may even be in the States Assembly, and that cannot be a good and effective use of taxpayers' money. Of course, while I do

not have any problem with this, these Regulations here today are merely housekeeping an amendment, I think something does need to be addressed quite urgently if we are to take the use of taxpayers' money seriously. We are looking at C.S.R. cuts, *et cetera*. It cannot be right in this day and age simply to be handing taxpayers' money over to rentiers who do very nicely out of the misery of others and the lack of provision that our Government is providing for the most vulnerable in the Island.

5.2.2 Deputy J.G. Reed of St. Ouen:

Just very briefly, could the Minister for Social Security confirm that, as the accommodation component as proposed reflects the increase in housing rents, that in the event of housing rents increasing dramatically over the next 12 months that we will see equivalent increases within the accommodation rates, as described in 2(b)?

5.2.3 Deputy G.P. Southern:

The 2 matters here in (d), first of all, change of the clinical cost element. The clinical cost element is only given to those with a chronic condition or something that eventually may kill them and it seems to me that whatever the rate is set here that your criteria for being eligible for this should be widened because there are a lot of people who struggle to have their medical bills met and yet are not eligible. One example would be children: near birth or young children often require a lot of assistance and do catch illnesses quite regularly. They often need up to 12 visits a year and yet this clinical component does not meet their needs and people find paying for their doctor very difficult. Equally, is the issue I mentioned before, the rates payable for childcare are not applicable to anyone who earns less than the amount of childcare they wish to claim. That means that some females, some single mothers particularly, cannot take advantage of their desire to go out and keep their hand in, do a part-time job and bring up their child for the rest of the time because they do not meet the criteria. They are prevented from going out to work because they cannot afford to pay for their childcare and they are not eligible for this particular childcare, if they did 20 hours a week, say, and then spent the rest of the time looking after their child. While this looks very neat and we are operating the components, there is some major work that needs doing on eligibility for these components to make sure we are getting these components to the right people, be it single parents or be it parents with children who end up having high medical bills and they are not covered by the components. I think we need to do some hard thinking and the Minister needs to do some hard thinking very soon to try and ensure that the elements that we do have in this structure that we have set up - it is now 4 years… time to revise many elements of it, I believe, and we need to target it better.

5.2.4 Deputy S. Power of St. Brelade:

I will be brief. I do agree with some of what Deputy Tadier said but I would disagree with him on the following. There are many men and women on this Island in hostel-type accommodation who would be homeless were it not for the housing component of income support that was paid to those hostels that do provide accommodation on this Island. I think that it is important in Senator Le Gresley's summary that he does clarify that the assistance that is paid for the housing component of income support to the men's refuges, the women's refuge and other hostel-type accommodation is a vital component. I would say to my colleagues that it is an extremely effective and efficient way of keeping people out of being homeless.

The Bailiff:

Does any other Member wish to speak on these 2 Regulations? Then I call upon the Minister to reply.

5.2.5 Senator F. du H. Le Gresley:

I do not share Deputy Tadier's rather bland view of the support we provide to people living in the private sector, that we are just handing over money to the landlords, which I think were his words that I am quoting. The majority of the rent component that we pay for people on income support who live in the private sector is paid to the applicant themselves. There are very few situations where we pay direct to a landlord, unless there is proven difficulty with ...

Deputy M. Tadier:

Sir, will the Minister give way?

Senator F. du H. Le Gresley:

Yes.

Deputy M. Tadier:

I think it is quite clear that one way or the other, all I am saying is it does not matter who is handing the money over. Taxpayers' money is going into the back pockets of those who rent out properties, whether it is via the person or directly and I know it goes to the individual. If they do not have the money to pay their rent they use that money to pay their rent, but does the Minister acknowledge that it amounts to the same thing?

Senator F. du H. Le Gresley:

No. He more or less cut me off in my flow there. My point I was coming to is that there is a shortage of social housing but I do not believe that there is an Island shortage of housing and, therefore, it is quite right that we support people who remain in the private sector. Predominantly, we have to remember this is something that perhaps Members have forgotten with the period of time, that when we changed from rent rebate and rent abatement to income support we changed the rules whereby people who did not have housing qualifications for the first time, who had 5 years residence or more, were entitled to assistance with the cost of their housing. This was one of the big changes that occurred when we introduced income support. Therefore, we have people who are on income support who are in that period of time between 5 years' residence and building up to getting their full housing qualifications. They, of course, cannot rent the qualified accommodation and, therefore, predominantly they will be living in bedsits, one-bedroom flats or the hostels, which Deputy Power quite rightly praised, and I share completely his endorsement of that type of provision, which is essential in our Island. But I do not agree with the premise that we are just putting money in the pockets of landlords. We are helping people live in our community and I would trust that landlords behave appropriately and look after their tenants. I know that the Minister for Housing plans to tighten up on the regulation of accommodation in the private sector. The Deputy of St. Ouen was concerned about, I believe, the housing conservation programme and the proposed increase in rents and I can assure him that I have had assurances from the Minister for Treasury and Resources that any necessary increase in income support to pay the higher rents will be funded by the Treasury and that there is a likelihood that more people perhaps will fall into a position where they will come to our department for assistance with a small amount of their rent as a result of those increases, but we do not know the exact numbers as yet. Deputy Southern is quite rightly concerned about the high cost of medical costs for people with chronic conditions and that is something I also am concerned about. We have to remember that aside of the clinical cost components that we are discussing today, there are special payments that we use to assist people with high medical bills that are not covered by clinical cost components. We do, at the end of each year, have large sums of money being used to repay, shall we say, debts relating to medical bills and that provision has been around for a long time. With regard to childcare, this is an issue that Deputy Southern quite rightly highlights but I would just say in response to that, is there any real sense in paying a young mother perhaps to go out to work where her wages are less than the childcare cost components? Is it not a case that the best care that a child can receive is from the

mother rather than from a paid childcare nursery or whatever? I think the policy is correct, although I accept that as a child is getting closer to school age that it would be beneficial if, particularly, a single parent could be encouraged to start training for a place in the workplace but at the moment I think the policy is about right. I think that covers the points and I maintain regulations 1 and 2 and ask for the appel.

[12:45]

The Bailiff:

The appel is called for then in relation to Regulations 1 and 2.

The Connétable of St. John:

Sir, can I declare an interest being a landlord and I would like to abstain from this and leave the Chamber, given some of the comments that were passed by one of the Members.

The Bailiff:

That is a matter for you, Deputy. I do not consider it is a matter which is direct and personal which requires any withdrawal. Very well, the Greffier will now open the voting.

POUR: 42		**CONTRE: 1**		**ABSTAIN: 0**
Senator P.F.C. Ozouf		Deputy G.P. Southern (H)		
Senator A. Breckon				
Senator S.C. Ferguson				
Senator B.I. Le Marquand				
Senator F. du H. Le Gresley				
Senator I.J. Gorst				
Senator L.J. Farnham				
Senator P.M. Bailhache				
Connétable of St. Helier				
Connétable of Grouville				
Connétable of St. Clement				
Connétable of St. Lawrence				
Connétable of St. Mary				
Connétable of St. Ouen				
Connétable of St. Brelade				
Connétable of St. Martin				
Deputy R.C. Duhamel (S)				
Deputy R.G. Le Hérissier (S)				
Deputy J.A. Martin (H)				
Deputy of St. Ouen				
Deputy J.A. Hilton (H)				
Deputy J.A.N. Le Fondré (L)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy K.C. Lewis (S)				
Deputy M. Tadier (B)				
Deputy T.M. Pitman (H)				
Deputy E.J. Noel (L)				
Deputy T.A. Vallois (S)				
Deputy M.R. Higgins (H)				
Deputy A.K.F. Green (H)				
Deputy J.M. Maçon (S)				
Deputy G.C.L. Baudains (C)				

Deputy of St. John				
Deputy J.P.G. Baker (H)				
Deputy J.H. Young (B)				
Deputy S.J. Pinel (C)				
Deputy of St. Mary				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				
Deputy R.J. Rondel (H)				

The Bailiff:

Do you wish to propose the remaining Regulations, Minister?

5.3 Senator F. du H. Le Gresley:

Regulation 3; this Regulation imposes an extra condition on the adult members of an income support household, so that in future they individually need to satisfy the residence condition in order to receive the income support components that are personal to them. (a) this regulation removes entitlement to the basic adult or lone parent component in respect of a member of income support household who does not satisfy the residence condition. The law drafting has referred to the removal of the lone parent component, as well as the adult component, for the sake of completeness. In reality, it would be extremely unlikely that an income support household would ever include a lone parent who did not satisfy the residence condition. The child component continues to be available in respect of all children within income support households. (b) and (c), these 2 paragraphs mean that an individual who is covered by paragraph (a) cannot claim any impairment component or the carer's components. Regulation 4, this creates a transitional arrangement so that the change will not apply to existing claimants until 1st January 2013, a point that Deputy Southern was seeking clarification on. This will give the department time to review claims that may be affected. Regulation 5, the change in the residence test will come into effect on 1st August of this year but as per regulation 4 the existing claimants will not be affected until January 2013. The change in components, however, will take effect from 1st October. Claimants will receive letters in September advising them of the new rates. I propose the remaining Regulations.

The Bailiff:

Are Regulations 3, 4 and 5 seconded? **[Seconded]** Does any Member wish to speak on them? Deputy Southern.

5.3.1 Deputy G.P. Southern:

Yes, can I ask the question, what is the function of not allowing the carer's component because my understanding is that if one were to make an application to be a carer of somebody in that household, that would only be because they were on impairment level 3, which is very seriously impaired? They would likely be practically bedridden in order to get the carer's component and what you end up doing is using the services elsewhere in society to administer to this person. A person applying for a carer's allowance is saying: "I am going to become a carer; I am going to look after this person. It will save the State money" and yet, we seem to be saying there are some people who can care and some people who cannot and get that benefit.

5.3.2 Deputy J.A. Martin:

I come back to the figures on pages 9 and 7 which I had difficulty with and I think it follows on from what Deputy Hilton was saying. On page 7 it identifies that 187 adults will be affected but by

knowing that 47 of these will probably complete the residence test this brings the claims down to 140. I have to stand here and decide whether a partner, who has been here 5 years, contributed to social security, income tax and everything, who is entitled to bring their children over and then is now receiving something for a partner who has been here 3 years, is going to lose that. Or am I quite happy that these 47 people - and there may be more - who have never contributed a penny in their life in Jersey, just because they were here between the ages of birth to 10, 5 to 15 or 10 to 20, never worked, never contributed, they are now back in the Island and they will do the 10-year residency test and they will get the benefit? This is where I am asked to make a decision and I find it very difficult to support this part of the regulation. My point in the beginning was we are going to give it to children, just coming over possibly or who are here… the adult who may be the main carer and I have just heard it from the Minister for Social Security's lips, who is the best to be the main carer? The mother of a young child and they should be allowed to do this. They are obviously being allowed to do this now and I have severe worries for education facilities, health facilities if young children lose their carer or even under this. I do not know how far thought through this has been. In January this year qualified people on income support are sending just for their children and the other carer is staying in the country. Who will the bill fall on? But the main point is this has to be fair. It has been established quite clearly by Deputy Hilton and the Minister for Social Security, 47 people here may have not contributed one penny and they will not be affected, the others will possibly, we are not quite sure. I presume we will be going to recess, so I really ask people to think about this. I absolutely understand where the Minister is coming from. My problem is it being retrospective. My problem is that we are now 17th July and it comes into force on 1st August. As Deputy Southern said: "Where is the warning?" For people already in receipt it comes into force on 1st January but the whispers will be out there. I have concerns for the care of the children; you are taking money away from this household. I have concerns for those who will be caring and I have deep concerns for the pockets of Education, Health and charities who will pick up the pieces, if not now, a few years down the line where these children have been neglected and not had the proper care. I really think people should understand what it is we are doing today. I fully support it if it was coming in in January for all new claimants, not this, because it does not answer the questions. We have not had the questions answered, except that nobody is really entitled to a benefit; that is the legal interpretation. We have the moral obligation in this House to be fair and this regulation is not fair.

The Bailiff:

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

5.3.3 Senator F. du H. Le Gresley:

In response to Deputy Southern who is concerned about the loss of the carer's component in the situation where the second adult does not have 5-years' residence, I would remind him that we have Invalid Care Allowance, which is available at the full rate of benefit and the only qualification there is 6-months residence. It is not based on a contribution into the Social Security Fund and, therefore, if we did have a situation where we have somebody who is a carer in a household they would be able to apply for Invalid Care Allowance, if they are not already doing so. I understand exactly what Deputy Martin has been saying to the House and, of course, this is something we all have to reconcile in our own consciences as to whether this is a fair way forward, it is entirely for Members to decide. I maintain that I have been very strong to insist that the child component is retained for all these families and really if one was to be totally draconian you would have taken away the child component as well. I am very mindful that children have to be looked after, cared for and I do not necessarily agree with the assumption that by voting for this today we will be placing a burden on the Health and Social Services and charities. I do not believe that is necessarily going to be the case and if it was I would be very concerned. I do not believe that is the case. I

maintain the proposition and ask Members to support ... sorry, where am I? Sir, am I on the Regulations still?

The Bailiff:

You are on Regulations 3, 4 and 5.

Senator F. du H. Le Gresley:

Yes, maintain the Regulations, the last...

The Bailiff:

Did you ask for the appel? The appel is asked for then in relation to Regulations 3, 4 and 5. I invite Members to return to their seats and the Greffier will open the voting.

POUR: 32		**CONTRE: 7**		**ABSTAIN: 0**
Senator P.F.C. Ozouf		Deputy J.A. Martin (H)		
Senator A. Breckon		Deputy G.P. Southern (H)		
Senator S.C. Ferguson		Deputy M. Tadier (B)		
Senator B.I. Le Marquand		Deputy T.M. Pitman (H)		
Senator F. du H. Le Gresley		Deputy M.R. Higgins (H)		
Senator L.J. Farnham		Deputy J.M. Maçon (S)		
Senator P.M. Bailhache		Deputy R.J. Rondel (H)		
Connétable of St. Helier				
Connétable of Grouville				
Connétable of St. Clement				
Connétable of St. Lawrence				
Connétable of St. Mary				
Connétable of St. Ouen				
Connétable of St. Brelade				
Connétable of St. Martin				
Deputy R.C. Duhamel (S)				
Deputy R.G. Le Hérissier (S)				
Deputy of St. Ouen				
Deputy J.A.N. Le Fondré (L)				
Deputy S.S.P.A. Power (B)				
Deputy K.C. Lewis (S)				
Deputy T.A. Vallois (S)				
Deputy A.K.F. Green (H)				
Deputy G.C.L. Baudains (C)				
Deputy of St. John				
Deputy J.P.G. Baker (H)				
Deputy J.H. Young (B)				
Deputy S.J. Pinel (C)				
Deputy of St. Mary				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				

The Bailiff:

Do you propose the Regulations in Third Reading, Minister?

5.4 Senator F. du H. Le Gresley:

Yes, Sir. Could I just thank Members for supporting these regulations today? I would just like to say that we will be producing a new award letter, which will be much clearer for recipients of income support as to how their components are made up. This will be available from October. We are finalising a new application form, which will be simplifying the process for applying for income support. We will be releasing new updated policy guidelines, which will go on to our website and we are currently working on an income support calculator. I do believe that we are making great strides with improving income support delivery in the Island. I thank all the staff at Social Security for their patience and diligence in assisting people and I propose in the Third Reading.

The Bailiff:

Seconded? **[Seconded]** Does any Member wish to speak in Third Reading? All those in favour of adopting the regulations in Third Reading kindly show, those against. The regulations are adopted in Third Reading. The Greffier has advised me that she omitted the name of Deputy Rondel among the 7 who voted contre.

LUNCHEON ADJOURNMENT PROPOSED

The Bailiff:

Yes, the adjournment is proposed. Are Members happy to return at 2.15 p.m.? Yes, then the Assembly will reconvene at 2.15 p.m.
[12.56]

LUNCHEON ADJOURNMENT

[14:15]

6. Draft Waste Management (Amendment) (Jersey) Regulations 201- (P.57/2012)

The Bailiff:

We come next then to the Draft Waste Management (Amendment) (Jersey) Regulations, Projet 57, lodged by the Minister for Planning and Environment. I will ask the Greffier to read the citation.

The Greffier of the States:

Draft Waste Management (Amendment) (Jersey) Regulations, the States, in pursuance of Articles 107, 108 and 110 of the Waste Management (Jersey) Law 2005, have made the following Regulations.

6.1 Deputy R.C. Duhamel (The Minister for Planning and Environment):

Right, by special request I am asked to do the short version. **[Approbation]** Well, I have decided to ignore that. **[Laughter]** Right, the main reason for bringing these amendments to the regulation is threefold: one is to allow waste management licences to be issued to non-landowner applicants so that Jersey can comply with the supplications under the Basel Convention. At the moment we do not and it is a serious legal loophole to be filled. The second reason is to update references within the law to the current E.C. (European Communities) legislation to which it refers because it is sensible if we have a law that it should be current. The third major reason is to enable the consent period for trans-boundary movements of wastes to be extended from the one-year period, which is current, up to a period of 3 years before further requests are made to extend those orders. Without further ado, I propose the amendment.

The Bailiff:

Very well, the principles are proposed. Are they seconded? **[Seconded]** Does any Member wish to speak on the principles? Very well, all those in favour of adopting the principles kindly show, those against. The principles are adopted. Deputy Young, this matter falls within your Scrutiny Panel, do you wish for it to be referred to your panel?

Deputy J.H. Young (Chairman, Environment Scrutiny Panel):

No, Sir, it is a very non-controversial matter.

The Bailiff:

Thank you. Then, Minister, do you wish to propose all the Regulations together and just take questions?

6.2 Deputy R.C. Duhamel:

Yes, Sir.

The Bailiff:

Are the regulations seconded then? **[Seconded]** Does any Member wish to speak on any of the individual regulations? Yes, Deputy Le Hérissier.

6.2.1 Deputy R.G. Le Hérissier:

Will this affect farmers and growers who wish to place rack upon their land?

The Bailiff:

How long did you spend last night thinking up that question? **[Laughter]**

Male Speaker:

Obviously not very long, Sir.

The Bailiff:

Very well, does any other Member wish to speak? Deputy Rondel, did I see your light?

Deputy R.J. Rondel:

I was just going to say it certainly will not prevent me.

The Bailiff:

Very well, I call upon the Minister to reply then?

6.2.2 Deputy R.C. Duhamel:

In regard to Deputy Le Hérissier, I am not quite sure; I would have to rack my brains, as they say. **[Laughter]** I put forward the proposals *en bloc*, and ask for Members' support.

The Bailiff:

Yes, the appel is called for then in relation to the numbered Regulations 1 to 8 and I invite Members to return to their seats and the Greffier will open the voting.

POUR: 34		**CONTRE: 0**		**ABSTAIN: 0**
Senator A. Breckon				
Senator B.I. Le Marquand				
Senator F. du H. Le Gresley				
Senator I.J. Gorst				
Senator P.M. Bailhache				

Connétable of Trinity				
Connétable of Grouville				
Connétable of St. Clement				
Connétable of St. Peter				
Connétable of St. Mary				
Connétable of St. John				
Connétable of St. Ouen				
Connétable of St. Brelade				
Connétable of St. Martin				
Deputy R.C. Duhamel (S)				
Deputy R.G. Le Hérissier (S)				
Deputy G.P. Southern (H)				
Deputy of St. Ouen				
Deputy J.A. Hilton (H)				
Deputy J.A.N. Le Fondré (L)				
Deputy S.S.P.A. Power (B)				
Deputy K.C. Lewis (S)				
Deputy T.A. Vallois (S)				
Deputy M.R. Higgins (H)				
Deputy A.K.F. Green (H)				
Deputy J.M. Maçon (S)				
Deputy G.C.L. Baudains (C)				
Deputy J.H. Young (B)				
Deputy S.J. Pinel (C)				
Deputy of St. Mary				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				
Deputy R.J. Rondel (H)				

Do you propose the Regulations in Third Reading, Minister?

Deputy R.C. Duhamel:

I do, Sir.

The Bailiff:

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

7. Income Support: mileage allowance (P.62/2012)

The Bailiff:

We come next to the Projet 62, Income Support: mileage allowance lodged by Deputy Southern and I will ask the Greffier to read the proposition.

The Greffier of the States:

The States are asked to decide whether they are of opinion to request the Minister for Social Security to take the necessary steps to disregard any mileage allowances received when assessing household income for the purpose of income support awards.

7.1 Deputy G.P. Southern:

I have been asked several times to withdraw this proposition but I am maintaining it because there are one or 2 points I wish to make. The first one, I suppose, is about income support and the oft repeated complaint by some Members of this Assembly that it is very difficult to deal with income support on some occasions and that the rules are not clear and this illustrates it perfectly well. The next time I make the complaint do not dismiss me out of hand because I just dug out the 2 emails sent to me by the son of the person who has initiated this inquiry and the first one starts on 12th April and says: "I hope you can help us with our problem as we have tried and hit brick walls." This is dealing with the department. My proposition came about when I intervened and asked if voluntary payments, mileage payments, were in fact disregarded or not and I received the answer that is contained in P.62, that in certain circumstances there could be a 25 per cent disregard. I have done the calculations and shown that that does not cover the costs of running a car and using your car to do voluntary work. The final answer I received back was dated 14th July, so 12th April to 14th July. It has taken me and the department and these particular people 3 months to solve this problem. They have hit brick walls and they were very frustrated back in April. It had probably gone on longer than 3 months. So the next time a Minister says income support is very straightforward and the answers are always there, they are not. People on the front desk, those up to a level, did not know that mileage for voluntary work was disregarded; nobody in the department appeared to know, but now it has been established that on page 26, there it is, and the Minister says: "I totally concur with what Deputy Southern is bringing because that is already in the rules." Page 26: "People undertaking honorary service with a Parish or charity and other volunteers may receive payments from these organisations to cover their expenses. These payments are not included as income." Clear as a bell. No one in the department dealing with income support knew this until quite recently because the people who were applying for this received one answer, I received another answer and we finally found out that they are disregarded. Whether or not I push this through to a vote, the reality is that the department does not deal very clearly with some queries. The second thing, I think, we need to draw from this is that if we are indeed to deliver the Health and Social Services White Paper, which talks about getting services into the community, we are going to have to, not just in this particular case, adjust things in very many departments to cater for this thrust for community work for volunteers and third-sector work to a far greater extent. It applies perhaps to many Ministers, who ought to have this in their mind, that this is the direction we are moving in. Can I assist with this? Do I have little regulations that might get in the way of it? Can I clear them out of the way, please, before we have to rely on a large swing to third-sector workers? Thirdly, there is another issue that has come up because the person who brought this to my attention, the person who does the driving, is 63 years old. Now she is saying: "Can I apply for income support, even though I have my pension?" She was told: "No, because you have all this mileage that you are getting paid for, you will not qualify" but now she does qualify. Accepted, on page 63 - but they are disregarded - she can qualify, provided that at 63, she becomes an active job seeker. She is saying: "Hang on, I do some voluntary work driving people around, I do not want to go back to work. As far as I am concerned I retired at 60 when I could claim my pension and that is what I did". The 63 year-old is a pensioner. She is below pension age which, in the rules, is 65. It is going to be 67 coming up. What about the 63 year-olds? Are we really going to expect them to actively seek work while they remain under 67? How are we going to do that? I do not have the answers. I do not think the department has the answers but it is a question that needs to be asked, it is a question we are going to have to find a solution for in the near future. So, 3 things that have come out of this, which I think are lessons to be learned, and at which point I am glad the Minister

agrees with me that these payments should be disregarded. I am glad that it opens the way for anyone on income support, and not just the wealthy, to do voluntary work and receive expenses payments. I welcome the Minister's acceptance that this is the way forward. I do not know whether to withdraw it or maintain it, either way it is a quick vote I think.

The Bailiff:

Can I, Deputy, from the Chair, I understand why you wished to make the points you have, which you were perfectly entitled to do, but given that the Minister is saying that the Regulations already do what you want, then I do not think you can properly proceed.

Deputy G.P. Southern:

Thank you, Sir, and we found the page they were on and I know now that everyone dealing with income support in the department now knows this.

The Bailiff:

Yes, you have clearly sort of flushed out certain things but this particular point, I do not think it is really in order for you to...

Deputy G.P. Southern:

At which point, because it is rare for me to withdraw anything, I will withdraw. **[Approbation]**

8. Jersey Financial Services Commission: appointment of commissioner (P.63/2012)

The Bailiff:

Very well, thank you, Deputy. Then we move on to the Jersey Financial Services Commission: appointment of commissioner, Projet 63, lodged by the Minister for Economic Development. This is a matter which, under the law, has to be in camera, so I will ask the Greffier to read the proposition.

The Greffier of the States:

The States are asked to decide whether they are of opinion, in pursuance of Article 3 of the Financial Services Commission (Jersey) Law 1998, to appoint Mr. Stephan Wilcke as a Commissioner of the Jersey Financial Services Commission for a period of 5 years.

The Bailiff:

Could I then ask the gallery to be cleared? Hopefully it will not take long, so do not go too far.

[Debate proceeded *in camera*]

The Bailiff:

Very well, then we have to have the vote in public, so I ask the usher to invite the public gallery to return. Very well, all those in favour of adopting the proposition kindly show. The appel is called for then in relation to the proposition and I invite Members to return to their seats and the Greffier will open the voting.

POUR: 35		**CONTRE: 0**		**ABSTAIN: 0**
Senator A. Breckon				
Senator S.C. Ferguson				
Senator B.I. Le Marquand				
Senator F. du H. Le Gresley				
Senator I.J. Gorst				

Senator L.J. Farnham				
Senator P.M. Bailhache				
Connétable of St. Helier				
Connétable of Trinity				
Connétable of Grouville				
Connétable of St. Clement				
Connétable of St. Mary				
Connétable of St. Ouen				
Connétable of St. Brelade				
Connétable of St. Martin				
Deputy R.C. Duhamel (S)				
Deputy R.G. Le Hérissier (S)				
Deputy of St. Ouen				
Deputy J.A. Hilton (H)				
Deputy S.S.P.A. Power (B)				
Deputy K.C. Lewis (S)				
Deputy M. Tadier (B)				
Deputy T.M. Pitman (H)				
Deputy T.A. Vallois (S)				
Deputy M.R. Higgins (H)				
Deputy A.K.F. Green (H)				
Deputy J.M. Maçon (S)				
Deputy G.C.L. Baudains (C)				
Deputy of St. John				
Deputy J.H. Young (B)				
Deputy S.J. Pinel (C)				
Deputy of St. Mary				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				

9. States of Jersey Complaints Panel: appointment of members (P.64/2012)

The Bailiff:

We come next to the States of Jersey Complaints Panel: appointment of members, Projet 64, lodged by the Privileges and Procedures Committee and I will ask the Greffier to read the proposition.

The Greffier of the States:

The States are asked to decide whether they are of opinion, in accordance with Article 5(2) of the Administrative Decisions (Review) (Jersey) Law 1982, to appoint the following persons as members of the States of Jersey Complaints Panel, from whom members of Complaints Boards can be drawn for the following periods - Chairman, Advocate Richard John Renouf (3 years); Deputy Chairmen, Mr. Nigel Peter Edgar Le Gresley (3 years) and Miss Christine Vibert (18 months); Members, Mr. John Geoffrey Davies (12 months) and the following members for 3 years, Mr. Christopher Beirne, Mr. Robert Frederick Bonney, Mr. Frank Dearie, Mr. Stephen William Platt, Mr. John Frederick Mills CBE, Mr. Graeme George Marett and Mr. Patrick David McGrath.

9.1 The Connétable of St. Helier (Chairman, Privileges and Procedures Committee):

Perhaps I could begin by making a slight declaration of interest in that I have an indirect family relationship with Mr. John Mills, who is married to my ex-wife, that is a pretty distant relationship **[Laughter]** but I thought I would make it known anyway. I am very pleased to be able to present the names for approval as members of the States of Jersey Complaints Panel. Previously known as the Administrative Appeals Panel it is a useful means whereby members of the public can seek an independent review when they are aggrieved by a decision taken by a Minister or a States department. It is, therefore, important that the members of the panel, from which individual complaints boards are selected, are people who are able to get to the bottom of the facts of a case and have the ability to take a totally impartial and independent view of the case. Before asking Members to approve the new and re-appointed members, it will be remiss of me not to thank the outgoing Chairman and members who are standing down. Mrs. Carol Canavan is retiring from the panel after 15 years' service, the last 9 years of which she was Chairman. Mr. David Watkins served for 15 years as a member of the panel and Mrs. Mary Le Gresley and Mr. Tom Perchard have both completed 12 years as members, which I am sure Members will agree is a significant contribution to this Island. **[Approbation]** These appointments are, of course, honorary and we are indeed grateful that people of this calibre are still willing to give many hours of their time to serve. Best practice has been complied with in the recruitment process. It was undertaken without any political involvement by the Privileges and Procedures Committee. It was overseen by Mr. Brian Curtis MBE from the Appointments Commission, who chaired the selection panel. The Committee's role has been limited to approving the resulting proposition and presenting it to the States today. I am pleased that one of the 2 current Deputy Chairmen, Advocate Richard Renouf, has been selected to serve as Chairman and I am sure his experience as Deputy Chairman will serve him well as Chairman. I am grateful that Mr. Nigel Le Gresley, the other Deputy Chairman, has been selected for a further 3-year term and the other now vacant Deputy Chairman position is being filled by Miss Christine Vibert, who has served on the panel for a considerable number of years. As Miss Vibert has served for longer than the normal 10-year maximum period allowed by the Appointments Commission, the Commission felt that her appointment should be restricted to a period of 18 months but this will provide a useful period of continuity as newer members of the panel gain experience. In a similar way, Mr. Geoffrey Davies, who has also served for longer than the normal tenure term, will serve for just one further year to provide further continuity. Fortunately, the remaining existing members, Mr. Christopher Beirne, Mr. Bob Bonney, Mr. Frank Dearie and Mr. Stephen Platt have all agreed to serve for a further 3-year term and their re-appointment was recommended by the Appointments Commission. Following an open recruitment process 3 new applicants were selected by an interview panel, comprising Mr. Curtis, Advocate Renouf and the Greffier of the States, and they have been asked to join the panel, Mr. John Mills, Mr. Graeme George Marett and Mr. David McGrath. C.V.s (curriculum vitaes) for all the applicants are attached to the proposition and I am sure we will be appointing a very strong group of people to carry out this work. The Privileges and Procedures Committee is grateful that the members being proposed have agreed to serve in this way in an honorary capacity. I therefore make the proposition and I am happy to answer any questions.

The Bailiff:

Is the proposition seconded? **[Seconded]** Does any Member wish to speak on the proposition? Very well, all those in favour of adopting the proposition? I do beg your pardon, Senator Le Gresley, I misjudged.

9.1.1 Senator F. du H. Le Gresley:

I commend the volunteers who have agreed to sit on this panel. I just would ask the Chairman of the Privileges and Procedures Committee whether his panel has considered increasing the powers of this board, particularly because it says in the opening paragraph of the report: "If the board finds

in favour of the complainant it can request the Minister or the department concerned to reconsider the decision." My feeling on this is that a request is not enough and I think it is something that the panel should be considering, along with the P.P.C. (Privileges and Procedures Committee), as to whether their powers should be increased, so that it is more akin to that of a Public Services Ombudsman, such as they have in Gibraltar, which I did visit many years ago. I just wondered whether we are still really stuck in the past with this panel and that maybe they should be given more powers and I appreciate if the Chairman could give his view on that.

The Bailiff:

Well, so long as we do not intend to debate on that because the debate is purely on the membership. Does any other Member wish to speak? Yes, Deputy Young.

9.1.2 Deputy J.H. Young:

I think this is such an important group of appointments that I really think we must, in approving this today, absolutely give really sincere thanks because these are very demanding roles. Without an Ombudsman we really depend on members of the community coming forward and performing the incredible valuable service that we have had and certainly in the existing members over 15 years, retiring one, and here we are very, very fortunate to have such quality citizens doing this and as voluntary. I would just like to add my voice, I think we should not just rubber stamp this, I think we should acknowledge that we are so lucky to have that voluntary service in the Island. It does not detract from the arguments that I think that Senator Le Gresley made. In the fullness of time I really do hope we start to give the Panel greater teeth because the role is more and more demanding. But I think that we are so fortunate to have this quality of applicants and I wholeheartedly support this. **[Approbation]**

The Bailiff:

Does any other Member wish to speak? Then I invite the Connétable to reply.

9.1.3 The Connétable of St. Helier:

I understand, in response to Senator Le Gresley, that there is a problem where you have decisions of elected members being overturned by a panel of unelected people and that certainly in the U.K. the Public Sector Ombudsman schemes are unable to impose their findings. I will certainly, however, agree to look at the Gibraltarian example to see what we can learn from that, I think it would be useful. I would refer to a former Chairman of the panel who said: "The panel does not need more teeth, we need departments with ears" and I think that is a useful message that the panel will indeed continue to inform States departments about. I thank Deputy Young for his comments and fully endorse his praise for the members past and indeed present who put forward themselves like this to serve on the Committee and maintain the proposition and ask for the appel.

The Bailiff:

The appel is asked for then in relation to the proposition of the Privileges and Procedures Committee. I invite Members to return to their seats and the Greffier will open the voting.

POUR: 36		**CONTRE: 0**		**ABSTAIN: 0**
Senator A. Breckon				
Senator S.C. Ferguson				
Senator B.I. Le Marquand				
Senator F. du H. Le Gresley				
Senator I.J. Gorst				
Senator L.J. Farnham				
Senator P.M. Bailhache				

Connétable of St. Helier				
Connétable of Trinity				
Connétable of Grouville				
Connétable of St. Clement				
Connétable of St. Mary				
Connétable of St. John				
Connétable of St. Ouen				
Connétable of St. Brelade				
Connétable of St. Martin				
Deputy R.C. Duhamel (S)				
Deputy R.G. Le Hérissier (S)				
Deputy of St. Ouen				
Deputy J.A. Hilton (H)				
Deputy S.S.P.A. Power (B)				
Deputy K.C. Lewis (S)				
Deputy M. Tadier (B)				
Deputy T.M. Pitman (H)				
Deputy T.A. Vallois (S)				
Deputy M.R. Higgins (H)				
Deputy A.K.F. Green (H)				
Deputy J.M. Maçon (S)				
Deputy G.C.L. Baudains (C)				
Deputy of St. John				
Deputy J.H. Young (B)				
Deputy S.J. Pinel (C)				
Deputy of St. Mary				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				

10. Property and Infrastructure Regeneration: appointment of member to the Regeneration Steering Group (P.65/2012)

The Bailiff:

We come next to Projet 65, Property and Infrastructure Regeneration: appointment of member to the Regeneration Steering Group, lodged by the Chief Minister and I would ask the Greffier to read the proposition.

The Greffier of the States:

The States are asked to decide whether they are of opinion to refer to their Act, dated 13th October 2010, in which they adopted the proposition entitled 'Property and Infrastructure Regeneration: the States of Jersey Development Company Limited' as amended (P.73/2010), setting out the proposal and structure of the new Property and Infrastructure Regeneration process in establishing the States of Jersey Development Company Limited; and to appoint the Connétable of St. Helier as a member of the Regeneration Steering Group.

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

Yes, as Members will know from 2010 there is a requirement for a Member of the States to take a position on the Regeneration Steering Group, who must be elected by this Assembly with a St.

Helier mandate and, therefore, it gives me pleasure to propose the Connétable of St. Helier who has agreed to allow his name to be put forward for this position.

The Bailiff:

Is the proposition seconded? **[Seconded]** Does any Member wish to speak on the proposition? Deputy of St. Ouen.

10.1.1 The Deputy of St. Ouen:

First of all, I welcome the involvement of the Constable of St. Helier on this group but it is interesting to note that one of the other members of this Regeneration Steering Group is the Minister for Treasury and Resources, although we continue to hear that it is actually the Assistant Minister for Treasury and Resources that is responsible for Property Holdings, and I just flag that up as an issue that the Chief Minister might choose to comment on or consider later.

The Bailiff:

Does any other Member wish to speak? Very well, I now invite the Chief Minister to reply.

[14:45]

10.1.2 Senator I.J. Gorst:

Yes, I thank the Deputy of St. Ouen for his comments and, of course, I will consider it but I believe that the accountability remains with the Minister for Treasury and Resources, even though the responsibility for property is with his Assistant Minister and I maintain the appointment.

The Bailiff:

Very well, all those in favour of adopting the proposition kindly show, those against. The proposition is adopted.

11. Economic Growth and Diversification Strategy (P.55/2012)

The Bailiff:

We then return to the first matter on the Order Paper, Economic Growth and Diversification Strategy, Projet 55, lodged by the Council of Ministers. I will ask the Greffier to read the proposition.

The Greffier of the States:

The States are asked to decide whether they are of opinion to refer to their Act dated 1st May 2012 in which they approved the Strategic Plan 2012 and agreed, *inter alia*, that the introduction of an Economic Growth Strategy that assisted job creation and better aligned inward migration with new high value employment opportunities for local people should be one of the Key Actions of the Council of Ministers; and to approve the draft Economic Growth and Diversification Strategy of the Council of Ministers, as set out in the Appendix to the report of the Council dated 31st May 2012.

11.1 Senator I.J. Gorst (The Chief Minister - rapporteur):

As Members will appreciate this afternoon I am acting as rapporteur for this proposition as the Minister for Economic Development is in the United Kingdom dealing with an urgent family medical issue. The new Economic Growth and Diversification Strategy has been developed by the Minister for Economic Development and his team working with the Council of Ministers and across States departments. I would like to take this opportunity to thank the Minister for completing the difficult task of setting out a strategy that, when deployed in the weeks, months and

years to come, will effect a step change in Jersey's economic performance. So I know that if the Minister could be here today himself, he would be, but clearly circumstances mean that that is not possible. We should be under no illusion regarding the significant challenge the current economic environment poses to delivering many of the key objectives of the Strategic Plan to give Jersey a strong and sustainable economy, to get people back into work, while at the same time, achieving low net inward migration. We live in a time when making difficult decisions is the norm and not the exception, as the economic tail winds of the past have swung around and we face protracted economic uncertainty. The years when Jersey could expect strong economic growth, year on year, as all sectors of our economy moved consistently to higher value added activity, are, to a great extent, behind us. Let me describe 3 harsh but accurate realities, firstly the transformational change in Jersey's economy in the 1970s, 1980s and 1990s, driven by increasing productivity across the whole economy and the development of a genuinely world-class finance industry is going to be difficult, if not impossible to replicate. Secondly, population growth, which can seem unpalatable, has increased the depth and breadth of the working age population and in doing so supported economic growth and diversification. In future, while being vigilant, we must be prepared to allow immigration, but only where it supports job creation and economic sustainability. If we do not, the influence of an ageing society will see a dramatic decline in the working age population, placing greater pressure on those in work to provide for the young, the old and those who are not fortunate to have employment. Such a burden is unsustainable. Finally, as Members are aware, the financial crisis of late 2008 led to a global recession on a scale not seen since the Great Depression. It would be a brave forecaster who suggested that we are out of the woods. The ongoing euro crisis could yet lead to the exit of countries from the currency union, placing further strain on already fragile financial systems. Of course, some might say that we should not worry. I think the phrase of the day is: "Keep calm and carry on" but it is clear from recent economic indicators that Jersey's economy has been knocked off course by the continuing economic turmoil. The recent survey of financial institutions showed that total gross operating surplus across the sector was marginally higher than in 2010 but was marginally lower than in 2009. The latest Business Tendency Survey, while not unexpected, does not make for good or pleasant reading. In the non-finance sector, trends that were negative last year have deteriorated further with activity reported to be falling at a rapid rate in construction, wholesale, retail and other sectors. Trends on the High street have been well publicised as retailers struggle against weak local demand and increasing competition from the Internet. I do not need to remind Members that unemployment is now at record highs and is likely to rise further as we see the continued impact of the removal of Low Value Consignment Relief on our fulfilment industry with many other businesses reporting that they also plan to reduce employment. However, while this negative outlook cannot and will not be ignored, it must be put in proper context. The latest Business Tendencies Survey indicates that nearly 50 per cent of businesses reported that activity was at a similar level to the previous quarter. While not a reason to celebrate, by comparisons to the larger economies just a short distance north and east of here, economic conditions have remained relatively resilient. Notwithstanding this, government, business and regulators must align their activity to improve the underlying rate of economic growth and create a significant number of new jobs to reduce the current record levels of unemployment and get people back into work. Growth, for want of a better word, therefore is good for Jersey. Without economic growth it will be harder to fund the increased demands on the provision of fundamental public services such as Health, Education and Social Services. In the absence of growth, the consequences are such that in addition to further, more dramatic cuts in public expenditure and delivery of services, the burden of providing additional income to fund public services would fall upon Jersey's fiscal system and taxes may have to rise. This is neither desirable nor acceptable and I am therefore pleased that in recent weeks, building on his robust fiscal policies, the Minister for Treasury and Resources has made a commitment not to introduce any new taxes over the next 3 years. Although we have made significant reductions in public expenditure

through the comprehensive spending review, we cannot continue to simply cut our way out of recession and as I have made clear, neither can we or should we tax our way out of trouble. Rather, we must, while being prudent with expenditure, invest to grow our way out of trouble. In the next few days, the Council of Ministers will lodge the medium-term financial plan, the first ever 3-year Business Plan for the States that is aligned to the new Strategic Plan priorities. What Members will see is a plan that is characterised by investment to deliver a better health service, a better education system, a more effective and efficient public sector and yes, a growing and more diverse economy that provides a broad range of job opportunities. It is to deliver a sustainable economy and provide jobs that the Council of Ministers has lodged the Economic Growth and Diversification Strategy for debate, and I now turn to the detail of that strategy. We are not starting with a clean sheet of paper in developing this new strategy. We have built on the success of the last Economic Growth Strategy agreed by the States in 2005. That strategy, developed in 2004 and published in 2005, was focused on improving productivity and our underlying economic performance. In 2004, it was not and probably could not have been envisaged, that the global economy would go through protracted difficulties or that by 2012, we would be facing the threat of the eurozone break up with the wider ramifications for the global and local economy that it might bring. Let us be in no doubt that if we are to meet the challenges that we face today, then not only do we have to continue where the good work started in 2005, but we must develop a new way of working, governed by a new strategy for a new economic paradigm. We have to improve job creation in the short term, in ways that are consistent with the medium term requirements to improve our economic performance. Other economies are facing up to the fact that the young people of today may not have the same opportunities that we have all benefited from in the past. We must recognise that while Jersey is in a relatively good position, we have a duty to do everything we can to ensure that the young people of today and the future have the best chance of achieving the standard of living and the jobs that go with it that we have come to expect and, I have to say, perhaps we have even taken for granted. We must work together to improve the competitiveness of new and existing businesses so that local firms can improve market share in what are bound to be fragile export markets and in doing so create employment. Working together is an easy thing to say but what does it mean? It means working within Jersey, across government and between governments, business, regulators and the third sector. But it also means working in partnership with others, including the Isle of Man and our sister isle. We are increasing our joint working with the Isle of Man, and I am pleased to say that Economic Development has taken the lead in collaborative working with our Guernsey neighbours. We have a single Director of Civil Aviation, we have merged our Competition and Utility Regulators, both of which have saved money and moved us towards regulating the islands as a single market. We are developing a joint Financial Services Ombudsman, and I hope that we will shortly move to the development of a Channel Islands Aircraft Registry. We work closely on air and sea transport policy and the allocation of spectrum that is so vital to the future of mobile broadband services. So even though they were victorious in last week's cricket match, we will continue to drive collaboration with Guernsey to reduce cost and increase efficiency. The Island has always been good at innovating and adjusting to global conditions. We must look and continue to look for new and innovative solutions so that in an environment where bank lending is difficult to obtain, the government can ensure that business can adapt and develop the new products and processes that are necessary to underpin economic growth. In challenging times, we must respond and accept that where a new approach is merited, this might require us to take risks and invest in additional resources for future growth. As I have already said, the new economic growth and diversification strategy is underpinned by a desire to invest, support and develop business and employment. The strategy set out the objectives and key priorities that will deliver results and details the level and type of investment required to secure the economic growth that was envisaged by this strategic vision for Jersey.

[15:00]

The strategy is not a standalone document; rather, it is backed by extensive economic research, published alongside this proposition. That research is a frank wake-up call for the whole economy. It is very clear in concluding that our future is allied to increase productivity across all sectors. It is very clear that productivity increases are pivotal to the delivery of economic growth and economic growth is pivotal to the future provision of the quality public services that we all benefit from. It is very clear that we need a step change in the nature, scale and scope of States support for business. So this is an Economic Growth and Diversification Strategy that seeks to deliver. Although led by the Economic Development Department, my department, the Treasury Department and others were fully engaged throughout the development, consultation and drafting stages and that process, as I have just said, included extended consultation with the business community and others. Members will be aware that the strategy has received constructively critical responses from both the Chamber of Commerce and the Institute of Directors, albeit with their own rather different approaches. We have carefully considered the relationship between economic growth, population growth and the pressures that will emerge from the predicted decline in Jersey's working age population. If, in future, growth and diversification is to be achieved with only limited net inward migration, Jersey must better align the policies that define who can reside in the Island to their ability to grow high value businesses and create employment for locally qualified people. Within this new strategy, a huge amount of work has been crystallised into 4 simple objectives. First, to encourage innovation and improve Jersey's international competitiveness, we are recommending the creation of an innovation fund to make investments - and I stress investments - in private and public sector projects to drive greater innovation in Jersey and improve competitive advantage. The Innovation Fund, which will be capitalised with £10 million, is designed to move States support for business and innovation away from the only option we have at the moment and that is grant funding. A range of options that also includes the provision of repayable grants and, for the first time, the ability of a fund to take an equity investment in innovative, new and early stage businesses is to be considered. I hear Members say what will this mean? Evidence from elsewhere indicates that such an approach can be self-sustaining, in that successful exits from equity investments generate significant returns that are recycled into the fund to allow even more investment in the future. This, I recognise, is a new approach for Jersey but it is the bedrock of the success of one of the most innovative economies in the world, in the State of Israel, which is known universally as the start-up nation. Government investment in innovation is common in many other jurisdictions that are our competitors, for example Singapore, Malta and the United Kingdom. I am quite clear that we must join them. Evidence from these jurisdictions and elsewhere, which are part of the report accompanying this proposition, clearly demonstrate that an innovation fund can make a real difference to economic growth and prosperity. As Members who attended the briefings on the strategy will know, we are working on the details of how the fund will operate, its corporate governance arrangements and the eligibility and assessment framework that will govern investments. This work is being undertaken by officers not only from Economic Development but also from my department, the Treasury and the Law Officers, assisted, of course, by input from private sector investment specialists. I hope that the details of the fund will be lodged as a proposition after the medium-term financial plan for debate in the last quarter of 2012 at the latest. The second objective is to grow and diversify the financial services sector capacity and profitability. Many think, erroneously, that diversification means a move away from financial services. That is not the case. The financial services sector will continue to be the main pillar of our economy and despite the challenging environment within which we operate there is still significant opportunities to generate even greater value, develop new innovative products and create new market opportunities. To facilitate this, we are developing a clear policy framework that gives direction from Government to allow the industry and the regulator to better align themselves to sustain and grow the sector. We will, through increased support for Jersey finance, further develop existing markets in the United Kingdom and Europe and open up new markets in the

Middle East, Brazil, Russia, India and China. We will improve the speed to market with new products by investing in the legislative development programme to make sure we have first mover advantage in an increasingly competitive marketplace and we will continue to raise Jersey's international profile as a transparent and co-operative jurisdiction. Finally, working across government, we will continue to develop tax policies to maintain Jersey's competitiveness in the international market. The third objective of this strategy is to create new business and employment in high value sectors through building on our successful track record. To this end, the new strategy recommends enhancing the efforts to attract and bring new investment to Jersey and the Minister for Economic Development has created a dedicated unit within his department, Locate Jersey, to deliver a step change in our inward investment activity by driving the open for business message internationally. Through the newly established body, Digital Jersey, we will support the growth of the information, communication and telecommunication sector and leverage the significant investment made by our telecoms operators to deliver high speed broadband both in and off the Island at competitive prices. Of course, in addition to inward investment, there is very significant home-grown potential. Through the newly formed private sector-led Jersey Business, we will increase the rate of high value start-ups and growth of existing businesses in the Island. We will work across all States departments, including Environment and Education, Sport and Culture to develop a whole of government approach, to align policies that govern skills development, training and commercial property development to enable rather than place barriers to growth. It is only by working across government that we will send out the message that Jersey is a good place to do business. In an increasingly competitive marketplace, such a message is vital if we are to succeed. The final objective of the strategy is to raise the productivity of the whole economy and reduce the reliance on inward migration. In future, we must align the education and training of the current and future workforce with the needs of employers. Employers here are still reporting that finding appropriately trained and motivated staff continues to be a barrier for business growth. This has to change if we are to start to reduce the pressure to import more labour into the Island. Under the guidance of the Skills Board, we must prepare our young people for a new world of work through further development of our academic and our vocational curriculum. We must remove the barrier to new and early stage businesses so that they can reach their full potential. We must continue of course to support the policies in the 2011 rural economic strategy and after appropriate consultation, which is currently taking place, we must develop a new strategy for the future of tourism in Jersey. To achieve the objectives of the strategy, the Economic Development Department has adjusted its existing financial and human resources and submitted a growth bid as part of the medium-term financial plan. That growth bid, which will in effect increase the department's cash limit by 20 to 25 per cent for the plan period, will drive a step change in funding, a step change in the level and nature of government support for businesses across all sectors and, when successful, it will deliver a much needed step change in our economic performance. As I said, by working across government and in partnership with the private sector, I am confident that this 2012 growth and diversification strategy will secure a strong economic future and continue to provide new and exciting job opportunities, in particular for our younger generation. I am confident that, after having been involved in the consultation and after having seen recent responses from industry leaders, the policies recommended in the strategy are robust and will both deliver and address the barriers to growth. Finally, I am confident that by working together with Scrutiny, the successful implementation of this strategy will deliver the priorities contained within the strategic plan. I ask Members to provide a much-needed injection of confidence to the thousands of businesses that operate in Jersey by voting in favour of the 2012 Economic Growth and Diversification Strategy. **[Approbation]**

The Bailiff:

Is the proposition seconded? **[Seconded]** The Deputy of St. Martin?

11.1.1 The Deputy of St. Martin:

I am glad to be able to speak early in this debate so as to put my view and the view of the Economic Affairs Scrutiny Panel that I chair. I am also glad that the Chief Minister has chosen to make the proposition himself because it shows the importance and significance that he attaches to the document we have before us today. This Economic Growth and Diversification Strategy sets a direction of travel, but the detail will lie in the new policies that will flow from it in the coming months. I am acutely aware of the huge importance of the strategy and I have discussed with my panel in some length the best approach to ensure the effective, detailed and considered scrutiny that these proposals merit. At this stage and in general terms, I am comfortable with this document and support the broad direction it sets, but I can assure the Assembly that Economic Affairs will be examining in no small detail the key strategies and policies at the appropriate time as they come forward, for example, the Innovation Fund during the last quarter of this year and the Tourism Strategy, which is currently at the green paper stage.

[15:15]

The proposed Innovation Fund will be crucial to this new approach and to the opportunity of encouraging economic growth and diversification, however there will be many questions that will need to be answered as the details emerge. Questions such as the expertise required in the administration of the fund, the lending criteria and questions about the eligibility of candidates and also about the targeting of the fund. While I am determined to scrutinise every detail, I am also committed to a streamlined operation for this strategy and a red tape-free administration of the proposed Innovation Fund. Let us keep it simple to access and uncomplicated to deliver. I do not want to stifle ideas before they get off the ground and the possible proliferation of boards and committees could well do that. We need to put things in place and make this policy work for us and not the other way around. This growth strategy represents, as the Chief Minister said a number of times in his speech, a major step change in the States attitude towards investment risk and, while we may give this initiative our full support, it is support that is qualified until such a time as we have seen the detail. I would urge the Economic Development Department to come forward with this detail at the earliest opportunity. My panel will not hold things up, but we need to be allowed an appropriate amount of time to scrutinise these proposals properly and in the manner Members would expect us to. This scrutiny time is important, because the proposed growth strategy steps away from the traditional grant-based model to investing for a return. The Economic Affairs Panel sees this as absolutely appropriate, especially where taxpayers' money is being directed in such large quantities towards the private sector. With this new model, the Economic Development Department is accepting that inevitably some investments will fail but they also expect the potentially high overall returns will negate these failures, leading to a much better and, more importantly, sustainable model for the future. Some Members will understandably question the principle and accuse E.D. of gambling with public funds but they can be assured that my panel fully recognises that suitably robust criteria and frameworks must be in place before any funds can be used in this new venture. Many Members will also have noticed that there are crucial links between this proposition and the medium-term financial plan and that this proposed strategy is relying on funding not yet approved by this Assembly. However, I feel that we cannot wait for the funding to be passed before commencing work on the details and that we need to be as ready as we can be in the hope that the monies are forthcoming later in the year. The growth bids for this Economic Growth and Diversification Strategy will come from the use of contingencies and that is an issue that will be examined by the medium term financial plan sub-panel, along with the forecasting models that have been used in the M.T.F.P. While supporting this proposition, I do have some concern about the reliance of the forecast and the use of some, what appear to be, potentially outdated economic data. I would need to be assured that the financial information that has been used is still relevant, because as much as I hate to say it, the economic climate that we

currently find ourselves in could still get much worse. I, and my panel, will be looking very closely to make sure that our forecasts are as accurate as they possibly can be. Appendix 1 of the proposition gives examples of other jurisdictions that use their own types of innovation funds. Places such as the United Kingdom, Israel, Malta, Singapore, and Jersey appears to be playing catch-up in bridging the current lending gap and stimulating innovation. While it would be nice to see others following us, I very much hope that this strategy will allow us to use the best examples that we have to draw on and make us well placed to attract the types of high quality business that we so desperately need to help us out of these difficult economic times. The skill strategy, coupled with education policy, will play a vital role in the proposed growth strategy in supporting the new innovation and minimising increases in immigration. I can only urge all Ministers to work together to provide an environment that allows our local youngsters to acquire the skills relevant to our future economic needs. This is crucial work and the skill strategy cannot get up to full speed soon enough if we are to have the local talent available to meet the future needs of the businesses we are so keen to encourage here in Jersey. Those industries that this growth strategy seeks to promote. So what will success look like? I suspect that the targets as they stand may not be considered specific enough. More detail and definite goals will be required before moving forward and, again, I would need to be comfortable that we will know exactly when it is time to say: "Stop. This particular idea is not working" and that we need a change of direction to get us back on track. Finally, strong and co-operative cross-departmental work will be required to deliver this Economic Growth and Diversification Strategy in the whole of government approach. I would urge the Chief Minister, as strongly as I possibly can, to play a leading and co-ordinating role as the strategies and policies from this proposed plan are rolled out over the coming months. His theme of working together has never been so important. I would urge Members to support this proposition. **[Approbation]**

11.1.2 Deputy T.M. Pitman:

I have not got a pre-prepared speech so I hope Members will bear with me. It is just some notes that I made while listening to the Chief Minister speak. I do not want to say too much and one of the reasons for that is I am not sure how helpful these debates are at this time, but there we go. The Chief Minister made reference to the President of the Chamber of Commerce. He described the plan, I think, as uninspiring and I think I know why the President said that and I would probably echo some of that myself. I think the problem that so many people have with these plans that we do is that it is all words that have been heard before and that too often nothing comes out of it, and that is going to be the real proof of the pudding, is it not? What does come out of it, or are we going to be here in 2000 and whenever, saying it all again and doing it all again? I would like to speak briefly on tax breaks and most Members probably would not associate me as being a supporter of tax breaks and I certainly do not, if we get back very little in return such as we do with most, and I repeat, most 11Ks. We need, with 11Ks and I quote Ha-Joon Chang as I do every chance I get, to ensure that we regulate to make those wealthy individuals, who benefit from a discriminatory two-tier taxation system, to make sure that they invest and then those tax breaks can be worthwhile. I mention that, slightly off track, only because I would like to see developments in that way alongside real tax breaks and again the President of the Chamber of Commerce has mentioned this, real tax breaks for genuine industries that have got potential to make a real difference. We could do this, I think, leaving aside the Innovation Fund … we could do this to much more dramatic effect with use of the Strategic Reserve and in partnership with others, push forward on things such as Channel Island film industry. It has been mentioned before but we have not really done anything with it, and even to re-examine the great big taboo of the casino, because after all, we are all happy to gamble … well, I am not a gambler, but we are happy to vote for gambling in private, are we not? Offline, because no one can see it. We can all pretend it is not there. Yet, if we are going to benefit the community then I think we really have to in this economic climate consider that casino

option. Something we can manage. There are some funny noises going on over there, I am not sure … must be a gambler, I think, perhaps lost some money. One thing I do want to talk about is finally facing up to the realities of offshore … it is never going to be what it has been, and the talk in the Chamber, I do not think it is helpful when people live in this cloud cuckoo land that it is all going to come good, it is all going to be hunky dory and we are all going to carry on as we were in the golden geese days. It is not. We could stick our heads in the sand but these plans have to take in the fact that the world is going to change around us. Jersey is not going to stop it. We are a little dot in the ocean. It is time we faced up to where we are going to be in 10 or 20 years. It should not be the outlook of an Assembly that just because most of us are not going to be here then in the Assembly, hopefully we will still be alive, that we do not worry because it is our children and their children that we should be looking for and this head in the sand nonsense that finance is going to carry on, the world view is changing. Tax dodging is no longer a nice word, it is very dirty word, and in fact it is a positively filthy word. I also want to mention young people because what I want to flag up here, as a former educator, is that I fully support what the Chief Minister says about promoting young people and I am pleased that he mentioned vocational education but what we have got to do is start re-engaging with young people's aspirations. We are not out to mould young people to what we want just to fodder for one industry. I speak to young people, probably because of the work I used to do, all the time and many are planning not to return to the Island and I have said it since I have been in this House, once a small community loses its young people it will wither and die. Nothing can be more certain. We have got to move on from trying to force square pegs into round holes. Finance is a great industry for some but it is not for everyone and if that is all we have become then I think our future is pretty bleak. What else would I like to say? I must be able to say something nice. Tourism. I seem to remember the first political campaign I got involved in supporting some other candidates, the big buzz words "event-led tourism" and "eco-tourism". What has happened in those areas? Not a lot really. Not a great deal has happened in those areas and that is where I can support and do support the Chief Minister in his talk of a more inter-Island approach. I think that is a key way forward and I am pleased to see him saying that. But all of this, with all his best intentions, and no Chief Minister would ever come forward with a plan that he did not want to do his best to see develop, and I am sure this one is no different, but I have to say that my ending piece would be that none of this will count for anything unless we get to grips with population and if we do not get to grips with population, as I say, we will be back here in however many years just saying it all again. So I hope that was not too pessimistic but it is a reality check, I think. I will support it but, as I say, I am not sure how useful these debates are. Thank you.

11.1.3 Deputy J.H. Young:

In preparing for this debate I wondered, strategy; how can we give confidence to the community? I was prompted to speak by the comments of the Chamber of Commerce, and I think those reactions are fully understandable because strategy is always difficult. It is dealing in abstract concepts and I think we all like to look for action plans: tangible, real, immediate results. I think the temptation we have is when we are asked to interpret and look a little bit further ahead, that is not easy for us. But I could not do better. The Deputy of St. Martin sums it up. It sets the direction. I do not think, following the last speaker, it is a plan for 10 to 20 years. None of us know that. I mean, we cannot predict that sort of horizon but I certainly am viewing this document as a plan probably for 3 to 5 years. Absolutely the world is changing around us, there is massive uncertainty, uncertainty in financial services and every other area, and I think what this strategy does is to try and create a framework for us to make best use of the opportunities that there are while they are there and to respond flexibly, and I think that is one of the things that I think is really important. Again, echoing the Deputy of St. Martin's words, we must avoid setting up complex bureaucratic structures in how we take this forward because if we make these mechanisms too cumbersome we will run the risk of shutting the door on opportunities that others will take from us. So a few key

points in reading through the plan that I would like to highlight because I think they are really worthy of mention.

[15:30]

The Innovation Fund, this was mentioned by the Minister for Economic Development when we had a debate on the Tourism Development Fund, which I regret I was not able to support. The reason for that is because I felt that we had no clarity about loans or grants and I really felt very disappointed to have to do that. But here we have got a proposal which does provide this element of repayable grants and equity investments, and so on, which the Chief Minister explained to us and I think that really, really is a very powerful vehicle that we should fully embrace and take forward because the States cannot make innovation, the States can only create conditions to encourage them. Yet, equally, if we do things wrong by selling up bureaucracies and have non-joined up government - I will refer to that in a moment - we can in fact put barriers in the way of it. Financial services; I was very, very pleased to see that the document recognises that this is the main pillar of our economy at the moment and that we need to ensure that it does change, that it adapts to new situations. It is often said that our regulation, that we have established effectively, has made it more bureaucratic and difficult to do business and yet the evidence is that Jersey's regulatory regime, having been improved over at least the last decade to my knowledge - and I have worked in the industry for some period - is that there has been a key to our success. It has been leading to a drive to quality and I think the document recognises that and it puts in place proposed mechanisms, for example this joint policy statement, which I think will be really helpful and help us deal with some of these issues about these issues of tax policy and so on that frequently come up. One of the particular… under Strategic Aim 3, which is about creating new high value businesses, I noted particularly the kind of warning bell that was mentioned there, that our progress will be impacted by the speed of legislative development and a good thing, of course, Foundations. Foundations were introduced into the financial services offering some time ago and successfully. But I wonder; where is intellectual property? We have been hearing about intellectual property, well certainly, as I remember it, the 1980s and of course Jersey's Law, I think if I am not wrong, is founded in 1911 where the U.K. Copyright Act was extended to Jersey by a 1908 … sorry, a later law, 1913. Now, I was trying to find this out and perhaps the Chief Minister will be able to tell us. There was a public consultation and there was a draft law came before this Assembly and, if I am right, I think it was approved on 1st December 2010. What has happened to it? I mean, here we are now in July 2012 and yet Guernsey has had this on their Statute book since 2004, 2005.

Deputy J.M. Maçon:

If the Member would give way? Just on a point of information, I served on the previous Economic Affairs Scrutiny Panel. The particular legislation was that of the unregistered rights, as I understood it, there is the whole tranche of registered rights to come before the Assembly but it is taking a long time to get here.

Deputy J.H. Young:

Thank you, I am very grateful for the Member's clarification. I did not have a great deal of time to research it and I was really puzzled. But I think the point of principle there is that I do not know what it is that slows down our introduction of legislation, but in this area, Guernsey does seem - and that is only one example – that is able to steal an advantage on the Island, steal or earn it, perhaps because their systems are more flexible. But we seem to be in a position where really important concepts, big consultation, that everybody buys in to… how can we have an I.T., an intelligent new media Island if we do not have a proper base for that? Now the other point I was going to discuss, Strategic Aim 4, which talks about raising the productivity of our present businesses. Absolutely right. The strategy says we have got to have a whole of government

approach to doing business. I try not to be negative but I think we have got a very long way to travel here. We are stuck in a rather silo-led Government, which creates vertical bureaucracies like no tomorrow. People trying to struggle to do new business or an existing business have to travel through these multiple layers to try and get the various consents they need under various laws, and the analogy I have got is like saying trying to run the Grand National and just before you get to the last fence, somebody says: "Oh, you have to go around again" and I almost think that kind of analogy is what we do to a business and, of course, I have not had, since leaving States as a civil servant... I have had 7 years in the private sector on the receiving end of bureaucracy and I know what it feels like. So I think it is lovely to have a strategy that says this, do this, but I think that it really has to follow some initiatives to do that and, as I say, the Deputy of St. Martin said, I should certainly be or we all will, be looking with a close eye at the action plans to see that what is in the strategy is delivered. Of course, I could not resist this, land use planning, government intervention. Absolutely. We have got, I am pleased to see in the papers there is £100,000, if I did not misread the papers, to enable some initiatives to help join up land use planning with other things. Just 2 things here: airport regeneration zone. I have long thought that there is a need … if we are going to attract and build up a base of new high tech industries, where will they go? Will they go to some tin shed in the back of the countryside? No, they cannot because the planning policies do not encourage that. Where shall they go? There are probably a couple of opportunities. One is if we get it right at the regeneration zone at the airport, the other one is possibly in the North of Town Masterplan areas. Thinking creatively about what we are going to do with the back streets of St. Helier, which are declining as a result of the investment that is likely to go on and move towards the St. Helier waterfront in the west. So I think trying to make that happen … and so we need to have flexible responses, they are a big challenge for the planning system. I was reading through the Island planning policies, because I am not that familiar with all of them **[Laughter],** and I opened the page on the economic policies and I thought: "Well, these are really good, so why are they not happening?" So I think there really does need to be some initiative and challenge there to try and help businesses do that. Now, in this section as well, because there is quite a lot in this Strategic Planning 4, existing sectors, I do think there will be a wish and a need… there is a strong need outside this House to see more information on what is proposed for the future of our tourism industry and our rural economy particularly, but also retail and construction are mentioned. I think they are dealt with very lightly in this strategy and I can understand because the main thrust is about new and exciting new ventures, but really, I think in terms of balance, there needs to be some follow up strongly in those areas. There is mention of the shadow board for tourism, but that is not explained, and then I slowly turned into the resource figures and I have to admit I am really quite puzzled with these. I looked at the pretty drawings on pages 19 and 20 and I tried to tie them up with the budget and the economic development, sorry the actuals last year, and unfortunately the form of analysis there is completely different and the figures do not tie up. Really what I am wondering is can we have at a later date some kind of clearer analysis that we can see how the resources are changing. My very crude figures suggested that the effect of the extra money will reduce funding to the rural economy sector by 10 per cent, increase tourism by 5 per cent, increase finance by 36 per cent, put 233 per cent into skills and 16 per cent in the overheads and 180 per cent into enterprise. Now, I can see what is being done there - rebalancing. But I think, when one looks at this, there is not quite enough information in the strategy to help get a handle on that strategic shift of budgets, in the assumption, of course, that the medium-term financial plan bids go ahead as the Deputy of St. Martin said to us. If, of course, it does not, well there is a whole new ballpark. So those are the points I would like to highlight. In conclusion, I think this is a strategy that is well deserving of support but I think there is absolutely a need to follow it up with more detailed plans in the areas that I have suggested and I shall be supporting it.

11.1.4 Deputy G.C.L. Baudains:

I will be brief. I think most people, if asked about diversification of the economy, would believe that that means making a broader base and becoming less reliant on our finance industry. I was therefore quite disappointed when the Chief Minister told us yet again that diversification is not only about diversifying into other areas but is also about diversification of the finance industry itself. I am concerned about that because for a start I think that is probably where we will find most of the money goes and, given the global situation at the present time, diversifying our economy so that in fact we are less reliant on the finance industry is probably the best thing we could be doing because that finance industry may not even be around in 10 years' time, such is the state of the global economy. So what I would like to hear from the Chief Minister in his summing up is that his Council is not going to focus mainly on the finance industry but instead broaden our economic base so we are less exposed to these issues, which, according to the information I get, are probably only going to get a lot worse. Finally, these initiatives are all very well and good but, in my view, what would help our economy the most would be a serious reduction in the number of laws and regulations, which only seem to stifle the economic activity that we are trying to stimulate here, because if we are not careful, most of this fund will end up simply being absorbed within compliance management.

11.1.5 Deputy R.G. Bryans:

I too, like Deputy Pitman, did not write anything down. I just made a few notes, so I hope you forgive me if I jump around a little bit. I read the same comment from the President of the Chamber of Commerce; the notion of this being uninspiring and rather than take it on board and agreeing with it, or suggesting that it has some notes of validity, I think it galvanises me into thinking differently. I think we all become anaesthetised by the same government rhetoric but I find this document exciting. Why? Because it uses a dialogue of creativity and innovation and it couples it to risk. We need to take risks. I have said this before. In the middle of a crisis, look for the opportunity. I can give you some flavours of the sort of thing I have been talking to with other Ministers and cross-departmentally and I do not feel I am siloed. I feel I can talk to anybody at any particular point in time and we need to do that. So at the moment, in education, we now have pilot schemes to teach I.T. skills. They were not there months ago. That was negotiated by a member of the private sector, asking us if we could respond and we did, immediately. We are looking at a kick starter website to garner local entrepreneurial ideas from Islanders and I have spoken to the Minister for Treasury and Resources and we are looking at maybe some sort of a tax relief on that. We are contemplating a design council, created to address social problems and a better society, the sort of thing that the U.K. model has. We are hungry for ideas and innovations. We are willing to take risks and make them happen. I find this document both provocative and motivational and I will support it.

11.1.6 Senator S.C. Ferguson:

I am glad to hear that we are going to work with the other Islands. I have found it quite interesting that the Isle of Man are developing a space programme, and I looked round the Assembly **[Laughter]** and wondered who we were going to volunteer for the first flight. Passing swiftly on but with no obvious connection, the Minister for Treasury and Resources **[Laughter]**...

Senator P.F.C. Ozouf:

I have reserved my right to speak, have I not? **[Laughter]**

Senator S.C. Ferguson:

The Minister for Treasury and Resources only said: "No new taxes". He did not say that he would not increase tax rates on existing taxes but there is a point. Yes, I agree entirely with the ethos supporting this plan but, unlike Deputy Bryans, I cannot really get that excited about it because I have heard it all before. You know, the diversification - the lot. But I think the important thing is,

is Government really the body to be selecting projects and dishing out grants or loans as the case may be? If Government was that good at picking business winners, we, and all our civil servants and no doubt including the Greffier, would not be here. We would be sunning ourselves on our enormous boats in Monaco. So, think about it.

[15:45]

Where is the money coming from? There is a proposed £10 million Innovation Fund, but they have only found £5 million and, if I remember correctly, that is coming from the contingency fund, which rather contradicts the correct meaning of the word "contingency", because according to the Oxford Dictionary, a contingency is: "A provision for an unforeseen event or circumstance." So why are we allocating contingency money? I hate to mention the country yet again, but I will. In the appendix to the proposition, there is an account of the Singapore Technology and Innovation Fund with funding of about £160 million and what are we proposing? £10 million. But I am not sure that is not too much with the current economic prospects, but yet again, Government is taking the risk. Surely there is a better way and there is. Government should be cutting red tape and providing the correct framework, not throwing money at the problem. Unfortunately, we have a problem in that politicians always feel that they must be doing something, even at times when they should not. I have no problem with training, Advance to Work and so forth, but all this investment being spoken of, the brighter economists are recommending temporary reductions in G.S.T., which they have just done in Canada, or fiscal incentives, tax breaks, tax relief. I mean there has been one illustrious precedent, the supply-side economics, implemented with success by the Reagan administration in the early 1980s. We do need to seek to promote innovation; that is fine. Investment and job creation tend not to happen without innovation and we cannot just wave a magic wand and say: "Here is innovation." But it can be nurtured through fiscal incentives that favour risk-taking, tax breaks for R. and D. (research and development) and capital spending will be likely to form the major building blocks of any budget policy to stimulate supply. One extremely eminent economist, Robert Barro of Harvard, says that to achieve a real recovery government policy should focus on individual incentives to work, produce and invest, and central to this are tax rates and regulations, including especially clarity about future policies. In a successful policy package, the Government would get its fiscal house in order, I have heard that before, and it would make meaningful long-term reforms to entitlement programmes and the tax structure, including, as I have said, reduction. It only need be a temporary reduction of G.S.T., but the big thing about that is it is much quicker than, for instance, an infrastructure or construction programme. It is almost instantaneous. So where is any of this in the plan? We have the Innovation Fund, which would be fine if we had enough money. What about the question of who will distribute the money? Not a job for politicians or civil servants. Then there is the corollary, we need to keep the lid on immigration, and, as I have said, we should be going for fiscal incentives, not cash handouts or loans. We have: "Diversify the financial services sector" and "Raise Jersey's profile." There is a Chinese proverb, which is something of the order of: "The tallest tree is the first one to be cut down." It has been put to me by former committee presidents that the low-key approach of our former economic adviser was greatly to be preferred to the current brash approach emphasising how well we are doing and what a great financial position we are in. At the same time, I understand that the cost of doing business in the Island is not helping local business to expand and has driven some business away. For the ability to speed up legislation, it reminds me of the Chief Executive Officer of Wells Fargo some years ago who said he really could not understand the rush to invent new ways of losing money when the old ones still worked so well. **[Laughter]** What about the limited liability partnership, which we rushed to get to work and has not gone anywhere. So we go on, create new businesses, attract high net-worth individuals, adaptation and alignment of policies to those that will govern migration and commercial property development. But this needs to balance with the quality of life, education, services available and so

forth. So we have Aim 4, which addresses the inward migration pressures. I am afraid the problem with this plan is that it is all words. Even when there is an effort to quantify and demonstrate the intention to provide funds, the amount deemed necessary cannot be funded in total. This week we have the Innovation; last week we had the Tourism Development Fund. I would suggest to the Minister, through the Chief Minister, that this strategy should be withdrawn, rewritten, and sharpened up. We need to take a closer look at the alternatives of cutting G.S.T. and tax incentives. I would like to see also an economic analysis of the effects of the happenings in Europe. We do not appear to have had one of those and I think that is extremely pertinent to our future. This strategy in its current form does not cut the mustard and I cannot support it.

11.1.7 Senator L.J. Farnham:

I wish I was standing to cheer everybody up. Senator Ferguson today is a hard act to follow but I am disappointed that she is not going to support this because I am going to support it, although I have to level a little bit of criticism at certain aspects of it. Incidentally, I just want to refer to the comment Senator Ferguson made about if we were so good we would all be sunning ourselves on our yachts and not being here. We are here because we all choose to be of course and it is called public service; that is the reason we are here. Not all of us have yachts in the South of France, but if Senator Ferguson's yacht is available for a couple of weeks in August I am free. **[Laughter]**

Senator S.C. Ferguson:

Complete with a rubber duck and a golden bath.

Senator L.J. Farnham:

I rise briefly, as Members will not be surprised, to talk about tourism. Firstly, I would like to say that the Jersey Hospitality Association, of which I am President, were consulted and did make a submission on the strategy before us, and we are generally supportive, but I will not say too much about the strategy because anything anybody says about the strategy in this debate may have an impact on the debate but it will not have an impact going forward. I have sat in the States Assembly and debated many strategies and what is said today has little impact on the way the strategies are conducted in the fullness of time. I remember the States sat in Committee to debate the tourism strategy, I think it was in 2000, somebody might correct me if I am wrong, it was about that time, and we had a great debate on the tourism strategy. It did not make a lot of difference, still not a lot was done, and all we have done since then is slowly manage and watch and observe a very gentle decline in our tourism industry. Members should be brave. I do not always agree with Deputy Tadier, but he had the courage to come up with an idea that might not be practical, but he had the courage to do it, and we should start to consider these sorts of ideas. Whether the hospitality industry was generally disappointed with the fact that it had hoped that the marketing function of tourism would be put into a private organisation and operated in a similar vein to the very successful way Jersey Finance has operated, and we had been promised that, in face we still have been promised that, but we have now ended up with an interim position of a shadow board, which is proposed in here. Only because, after dialogue with the Minister, we were assured that the top of the list for the shadow board… in fact I am not sure why it is called a shadow board, it is a board, it is going to be a tourism board, I do not think it is shadowing anything, and I hope the Chief Minister will clarify this. But top of the agenda for this new board is to look at and decide the right way forward for the tourism marketing effort to be managed and whether it stays in the public sector or goes into the private sector. I am again, in the Minister for Economic Development's absence, looking for the Chief Minister to be able to confirm that when he responds to the debate. We have a great opportunity in Jersey, we are a small Island, we make our own rules and we make our own laws, so, if we are bold enough, we really do have an opportunity to be world

leaders, we can be world-class in what we do. We have not been brave enough. I am not sure we can quite make it into space, but you never know, where there is a will there is a way. Thank you.

11.1.8 Deputy R.C. Duhamel:

I think it is a real shame that we do not have what is known in the trade as a fuzzy voting system because at the end of this debate we are going to be asked whether or not we support, or do not, the whole document. For those who have taken the time to read through the strategic aims, what happens if you agree with 3 or 3 and a half, it means that you are going to have to kind of say: "Yes, I support the whole lot" even though the half or the one issue that you are not supporting might be the cuckoo in the nest to upset the whole strategy. I should start at the beginning I suppose. The Strategic Aim 1: establishing a new Innovation Fund. Yes, this is a good idea, providing control is kept on how we spend our money. The idea of having government take part of a risk in supporting others in their business creativity I think is a sound one and should be supported. So I can give 100 per cent support to that Strategic Aim. Strategic Aim 2 though is really the root of our problems as I see it. We are suggesting that, because the cuckoo in the nest of the economy being finance, it is a pretty big bird, it still has to be fed, and it is going to be fed. I think this is a shame because we have all, for a number of years, suggested that what we really need to be doing, counter to what the Chief Minister suggested, is to properly diversify the economy. That for me, and for a whole host of others, the Deputy of St. Clement, Gerard Baudains and others, we do think that diversification means exactly that, a proper diversification into other services. Not just putting all your eggs into the finance basket, however successful it may well be at this point in time. So I have serious question marks about supporting at that 100 per cent level Strategic Aim 2. When we get to 3, I would have hoped that the whole policy would have been engineered a little bit more carefully in order to give me some encouragement that diversification, if it does happen through the creation of new businesses, is generally going to be worthwhile. But unfortunately the suggestions under 3.1 and so on, that we are going to look, for example, for growing high-value businesses and we are going to define those high-value businesses as those that are targeted towards, but not limited to, the following sectors: financial services, surprise, e-commerce, intellectual property, I.C.T., and a little bit of renewable energy. The crux of my worries with this particular section is how you define high value. If you only come forward and suggest that a high-value business is one that pumps a lot of money into the system or it is a business that generates outstandingly high profits compared to the number of persons who are working in the industry, then all well and good. But I think that if any budding economist or any politician, who has some passing interest in the state of our economy, they would really want a better definition of what we mean by high value.

[16:00]

I can think of many jobs that I consider to be very much high value. Our teachers do a high-value job, not necessarily for high financial reward, but in terms of bringing our youngsters on and passing on knowledge, that is a vital high-value job. Likewise, our nurses and doctors, looking after the Island's health, again perhaps some of them are earning slightly more if we apply the high-value definition to them, but in general people who are looking after people, those jobs have to be valued according to what they do and not just the profits that they are generating. There is nothing really within the Strategic Aim 3 that really kind of gets to grips with this missing definition. If we do stick to the definition of high value as meaning high profits, then it generally means that we are going to be adhering to standard economics and standard economic systems whereby, at the end of all of this high value, is exploitation. That is either exploitation of natural resources, sometimes good, sometimes bad, or indeed perhaps what is even worse, maybe exploitation of human resources in terms of providing substandard jobs, in terms of what can be provided for those persons who are not in a position to be the high flyers generating the highly values high-value jobs

that this policy is seeking. So, as I say, I would like to see, as Senator Ferguson started to talk about, some of the quality of life issues beginning to be put into the arguments to properly address what we mean by high-value businesses, to establish within this Strategic Aim, which is vital I think if we are going to have a balanced progress forward, to deliver job satisfaction, proper sustainable growth, steady State economics perhaps, and a whole host of other things that this policy does not really begin to get to grips with. So I think the policy is fairly deficient on that front. Strategic Aim 4, yes, that one is supportable, because by raising productivity across the whole economy and reducing the reliance on inward migration then we will be able to establish success in our other Strategic Aims, which is to limit as far as possible the Island population to some 100,000 persons. We are almost there. I think in a lot of instances, and we are still yet to have the debate later on this year, this is the other hidden big argument that the Island has to get to grips with. It is not just about making money, it is about looking for satisfaction in life, providing opportunities for those who are not as capable of providing them through their own efforts across the board, and generally sharing the wealth. That is how we attract to these shores, as far as we are able to, for as long as it lasts as well. So, on that basis, I think my assessment, if I had to mark it on one to 10, is probably about a 6 and a half, 7, and on that basis, if I am going to be called upon to make a decision one way or the other, I quite clearly am on the supportive side, but I would have liked to have been an 80 per cent supporter or perhaps an even higher percentage supporter, but at this point in time I am not able to do that. Admittedly, this is a strategic document and there is a whole host of policies that flow out of these strategies, and it might well be that at a later stage, then perhaps according to the words that are spoken in this debate this afternoon, then perhaps more tailor-made policies will be able to address some of the failings of the overall strategy, the strategic directions, that have been mentioned. So, all in all, I am probably going to have to flip a coin when the time comes to make up my mind. But, as I say, fuzzy voting would be the best way because then we would be able to assess whether or not the Chamber supported 100 per cent or 85 per cent, or even 65 per cent or lower, the drift towards this important set of strategies to take us into the future. So I will wait and see.

11.1.9 Deputy J.P.G. Baker:

I had hoped to follow Senator Ferguson's speech because she did a very good job of warming the Assembly up and I am not sure if it is coincidence or not but people are looking a little bit less enthusiastic now after the past speaker, or maybe it was Senator Farnham, sorry, I do not know. I cannot compete with space travel, Monte Carlo, Ronald Reagan or Chinese proverbs, but I will say that this strategy, while it is built on the previous strategy, 2005 strategy, it is not more of the same, it is a new strategy for the new world that we find ourselves in. It very much reflects where we are and I hope that Members will see this, and I hope they will see that we are committed to meaningful diversification, to diversification that is real, that is sustainable, and contributes significantly to the Island. The strategy shows that we are committed to acting, an often-used term, as Jersey being open for business. Not only are we open for business, but we are open for innovation; the innovation that is within our demanding and visibly finite resources. This strategy provides direction and better confidence to all sectors so business can plan and prepare for the future. Its focus is to increase productivity and profitability of all sectors. The strategy's objectives will safeguard employment and provide greater job security for those 55,000 people or so who are currently in employment and, if fully implemented over the coming years, it will reduce the Island's reliance on inward migration. I will focus a bit on the Innovation Fund, and so the fund is there to make investments in projects to drive greater innovation in Jersey and improve our competitive advantage. This is a new approach for Jersey and it means that the Government is looking at risk in a different way. It is, as shown in the report, a well-proven model around the world and we should welcome this opportunity to launch our own fund. As has been said, this sort of innovation is common in other jurisdictions, such as Singapore, Malta, and indeed the U.K., and

it is right that we should join them. E.D.D. and Treasury are working on the details of how this fund will operate, its corporate governance, and the eligibility and assessment framework. It is not a task that is taken lightly, but we must embrace this opportunity and be excited by the opportunities that it can and will present to us. The Innovation Fund and the inward investment will create new job opportunities that the Island and the record number of job seekers desperately need. Overall, this strategy is about returning the whole economy to growth. This growth enables the States of Jersey to continue to fund the high-quality public services that residents quite rightly should expect, without recourse to increased taxation or cuts in public services as we have seen across much of the U.K. Members should note that we have 3 choices in how we fund our future, as does any economy, and there are good and bad examples of this around the world. We can borrow money, we can print money, or we can grow our economy and support, welcome, and be proud of our wealth creators from whom we all benefit. So I suggest we should get on and do this. I will sum up by saying that, as a businessman, I am pleased to note a step change in the Government's approach to diversifying the economy. This is not for the benefit of the few but for the benefit of future generations for which we are responsible and I would urge Members to support this proposition that shows a clearer direction and a more agile response to the current and forecast economic future.

11.1.10 Deputy M. Tadier:

Thank you for the pre-emptive foot stamping; that is much appreciated. **[Laughter]** The 65 per cent support that Deputy Duhamel would like to give to this proposition I think is a good reason for him, to vote against it, because otherwise we need to find 18 Members out of the 51 in order to get that 65 per cent support from the Assembly that Deputy Duhamel so wants. But joking aside, he is quite right to perhaps challenge some of the received logic and traditional way that we do business, not just in Jersey, but throughout the western world. So I want to really talk about this proposition in 2 ways. The first way in the conventional economic sense, the analysis of this document and also the analysis from that of a green economic perspective, if Members will indulge me for just a few minutes. I bring this issue up because it was mentioned by Senator Farnham and he used that classic trick where he pays somebody half a compliment only to then poo poo it saying ... I think the words were: "I came up with an idea so at least I am thinking out of the box, but it might not be practical." But it might be practical of course. The analysis needs to be done; that is why I put my tourism idea to Scrutiny initially, because I wanted them to have a look at it and I want Economic Development to have a look at it to see if it is economically viable. But the point is that it is not that it might or might not be practical; there is a risk it might not be practical, but there is an even greater risk that it might work. Then that would give the Economic Development Department an unfortunate...

Senator L.J. Farnham:

Just as a point of clarification, I was simply saying it might not be practical because there are shipping passengers that come into the Island as well that might need the same treatment; that was all, just to help the Deputy.

Deputy M. Tadier:

Thank you. We are not here to debate that particular proposition, but I think it is topical. The idea is that Jersey Tourism can have any kind of competition they want to. If they want to offer free flights to the Island in the form of a competition and put it on their website, they do not then have to provide free boat services from Timbuktu to come to Jersey. That is purely the way. Also the idea, I understand that some members of the public are quite rightly concerned in general about using taxpayers' money, which may end up in the back pockets, as some people have told me, of hoteliers who are already doing quite all right for themselves. But I have said to them that is no

different to what already happens with tourism anyway. There is a tourism budget; nobody complains that the tourism budget should be used to advertise the Island. Of course some of that money will go in profits to individuals, however the rest of that money will find its way back into the economy or into States coffers as taxes and that is the way our current system works. If the tax rates are not set right for certain individuals then that is another point of contention. My point with that really is, if we are going to pay for advertising, why do we not just have advertising with a guaranteed return rather than saying that Jersey is the hottest place in the U.K. and presuming that necessarily people will come to Jersey because of that logic, which is not necessarily true anyway? That is what some people have said to me. But, leaving that aside, I feel I needed to say that. From a conventional point of view, I agree with the logic that we are not seeing true diversification here. We talk about high net-worth economies and my question would be: "Why do they have to be high net-worth economies? It says in the introduction that it is recognised that the high net-worth economy of finance and professional services that are related to them have been in part responsible for the diminution of tourism and agriculture because they cannot compete; that is understood. So what do we do? Rather than investing in tourism and agriculture, we aim for more high-value services, which are intensive and which will only lead to the depletion of what are already struggling industries. It does not make sense. If I look at the figures that my colleague Deputy Young was talking about, about the growth incentives, it is only 5 per cent in tourism between now and 2015; it is 36 per cent in finance. So the gap, far from closing, we are creating even a bigger gap between those 2 industries and that really is worrying. If I come to the green economics, which I feel we do not have enough of in this Island, in this Assembly, it is a shame we do not have a more active green presence in the civil society. I know we have groups like Jersey in Transition; they do some great work, they know about the value of life, which is not necessarily always to do with economics. I would simply ask some philosophical questions: are we happier now than we were 50 years ago? Are our family units stronger? Do we look after each other as a community as we did in the past? Let us think of the Gas Place incident; that was perhaps a great example of how the community can come together, both in terms of our public services, the frontline services, which have been proven to be vital in emergencies. Where would we be without our vital public services? Let us hope they remain there and remain strong. We saw the community come together in St. Helier to provide housing in the Town Hall and elsewhere for those who were kicked out of their houses due to the unfortunate events as a precaution. What occurred to me is that, why were there people in that situation in the first place? There are individuals in this Island who have nowhere else to go. If there is an emergency I would pick up the phone and stay with my parents, stay with some friends, perhaps at the other side of the Island. There are lots of people in this Island now who are living in bedsit-land who have nobody else in the Island and this is a consequence of economic growth.

[16:15]

There have been many commentators about economic growth and what they would call a myth about it. There is one individual called Richard Douthwaite who is an author on the subject and he talks about how economic growth has enriched the few, impoverished the many, and endangered the planet. I am not an expert on these things, but I do have to say, what is the point of having this constant search for growth if we are in a position now where our young people and some of the older people, cannot afford to buy houses? The elderly cannot afford to downsize into smaller accommodation because they may be richer, but if everything is becoming more expensive and is proportionately more expensive, or even more than what they earn, we have become a lot poorer as individuals. Where are the proceeds from the economic growth going to? They are going somewhere because you cannot have rich without poor, so if growth is happening it is being diverted to the top and we have what is increasingly becoming a 2-tier world and a microcosm of that is a 2-tier society developing in Jersey. So, in that sense, I cannot support this, it has been said

before, because I think we made the mistake; first of all conventionally I do support sustainable economics, I do not think we have sustainable economics. Why is it that we do not have Jersey Royal Vodka in Jersey? That would be a great thing for the Island. Why has nobody developed that? Where does the support come for these kind of ideas? Why is it that we have that building on top of St. Helier, which is just next to the rotunda on the right, or the left if you are looking at it from the St. Clement side, which is just sitting there? It is completely dilapidated. What is that building doing there? Where is the casino? Or, if we do not like a casino, what are the other alternatives? We have lots of bookies in St. Helier, we have these poker halls that are tucked around the back, which are perfectly legal now. We have fruit machines in the pubs. But we will not allow a very wealthy businessman or tourist, who wants to go somewhere on a Wednesday night or on a Saturday night to spend maybe £200, £500, entertaining themselves. Why are we not inviting businesses to come into Jersey to invest in Fort Regent, give them a lease of 20 to 30 years, say: "You can take this section; you can develop it", private-public partnerships. Where is the imagination? Is it in this document? I would like to think it is in this document but I do not see any evidence for that. I see, rather than sustainability, as the Assistant Minister for Economic Development suggested, I am just seeing more of the same, more of the same, and it is not surprising that the Chamber of Commerce, even they called it an uninspiring document, or words to that effect. So I will be part of the 35 per cent hopefully who do not support this proposition.

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

I went to the briefing on 1st June for this Economic Growth Strategy and I sat down and listened and I was quite inspired by what I was hearing and thought: "Wow we might have something here." Then I went home and I read the document. Maybe I am too analytical for my own good, but I read through the document and all that jumps out at me going through the document is "high value, high value, significant". No definition of that. There are no timelines even for the Strategic Aim 1, with regards to the Innovation Fund. We have, on page 11, which goes through examples of they have to: "clearly demonstrate a significant leverage in terms of improving Island competitiveness, infrastructure improvements, developing innovation and diversification towards high value activity." "The fund will be used to support projects across all sectors, from enabling investment in I.C.T. infrastructure, to additional support to attract innovative businesses to the Island." "To the Island", people coming into the Island. The areas that I am concerned about when I look further down, and you read through all of that, eligibility, support projects, blah, blah, blah. The next part it explains 1, 2 and 3 as to an area on how the checks and balances will be used for the Innovation Fund, and we have: "Dedicated Officer support will check and make sure compliance in terms of information or key criteria. Those that do not will not go forward to the Officer Board." Then we have an Officer Board who: "will consider applications and decide whether they merit more detailed consideration." Then: "Projects that merit further consideration would be assessed on their net economic impact by the Economics Unit and in terms of financial code, *et cetera*, by Treasury and Resources (and other officers where appropriate)." How long do we think that is going to take? By example of everything else that goes on in the States, I would probably say 6 to 9 months before you get an answer. If we are talking about innovation and giving these people a chance of setting up businesses, employing local people and diversifying our economy… having all that, do not get me wrong, checks and balances are right, but at that level, where there is no timeline? So we will have a dedicated officer, how long is that dedicated officer going to take? We are going to have an officer board. How long are they going to take? There is no idea of how long these people are going to take to check and balance all this area in order to provide the money. The other area of that is the part where we talk about an initial investment of £10 million. So at the moment it is £10 million, in the future we may see more money put in there. So there is a big question mark over that because we cannot even find the £10 million at this precise moment in time. So we will see where that takes us. In terms of the financial and manpower implications of this, we are going to

have to provide an additional £4 million and 3 full-time employees, but yet we do not have any analysis at all from the Economic Development Department as to how the last economic growth plan spanned out, and how we achieved those areas. I am glad the Minister for Treasury and Resources is showing me a document, which I do not have in front of me or have not read, but the Economic Development Department, when I questioned them over the last 3 years, and have been in and spoken to them about anti-inflation, inflation strategies, how the economy is going to work, how we are going to diversify the economy, and the fact that a Deputy next to me had to argue in the States Assembly for the last Strategic Plan to have a diversification area placed into the Strategic Plan. I do have serious concerns that this again is all just words. I want inspiration and I want us to work and I want action; I want to see things happen. Education is the most fundamental part of this economy diversifying. Education can provide so many different areas and opportunities for this Island. We have I.T. skills that are being pushed for, finance, but there are plenty more things that can be done out there. What about the little guy off the street that has this creative idea, can be able to go ahead and make something happen, but is not backed because he cannot fill out all the paperwork and all the forms and be pushed from pillar to post to do this, that and the other? We are only a small Island and I know we have to complete globally. I understand the need for checks and balances and I understand the need to be careful with public sector money, but I just feel like sometimes we are too scared to take the risks.

11.1.12 Deputy M.R. Higgins:

My reading of this document, I came to the conclusion that they are all fine words, which I am sure we all agree with, but to me it is largely hot air. The reason I say that is because in reality I think it will be much more of the same that we have had over the last 5 to 10 years. I have no confidence in our Council of Ministers delivering this particular thing. We talk about innovation, but there is absolutely nothing unique in this document that we have been given. If we examine what our competitors are doing, the answer is they are doing exactly the same thing. There is nothing unique that we are doing that they are not going to be doing, or doing already. Many of these states that we are competing with have deeper pockets. We may talk about having £5 million or £10 million that we can offer for grants and so on, but our competitors have deeper pockets, much larger sums, which they are going to put towards it. They also have a larger and better-qualified workforce in many cases. So I believe that we can offer incentives to get people to come here, yes, and I am sure that some of the firms that do may be successful and some are likely to fail. But I also wonder how many of them will stay. The reason I say this is that anyone who has studied economics and economic history and looks at regional development and the sort of various grants that have been given and various initiatives that have been given, see that many of these things are transitory. There are many firms that will come and take advantage of a grant, stay the minimum period, and then move on to the next state that is offering them a bigger pot or a better deal. You also are going to get, I am afraid, charlatans coming as well to take advantage of these things. Look at DeLorean in Northern Ireland who fleeced the U.K. Government by hundreds of millions of pounds for the car plant and was a total failure. Again, the comment has already been made that governments do not pick winners. Effectively what will be happening is, we will be using this fund to pick winners and there is no guarantee that we have the expertise to do that. To my mind, the biggest deficiency in this document is the fact that it does not put education at its very core. We as an Island have very, very little that we can offer. We have tourism, we have agriculture, they are all both small scale in most things, they are very important, and I do not want to see them diminish, but at the same time we do not have national resources, unless we talk about tidal power and everything else, but every time I hear arguments about tidal power I think, where are we going to sell it to? The U.K.? They have a bigger coastline than we have. They may not have the rise and fall, but you do not need that for wave energy, you do not need it for everything else. Are we going to sell it to the French? They have a big coastline as well. Yes, it may help us to reduce our costs, but I am not

sure it is going to be a big earner for us necessarily. So we do not really have the resources, other than our own people. For this Island to be successful, and even to attract these so-called innovative firms that are going to come here, if you do not have a fully-qualified adaptable flexible workforce, they are not going to come anyway. What we also have to realise is that in this world India is churning out far more graduates than we send to university a year, and so is China, and we are going to be competing, not only in low-cost industries, but we are going to be competing in the knowledge economy as well. So what I am trying to say is, this document is not going to be the panacea for all our problems for the future. We are competing in a world where everybody else is going down the same routes. I am sure Ministers will dress it up as: "The fantastic scheme that we have"; in the real world we are just like everybody else. One of the things, the Chief Minister made a number of comments, which worried me, earlier. He said: "Growth is good for Jersey." Growth can be good, but it does not necessarily follow that it will be good, it depends on the nature of the growth. If you look at the policies that were being pursued by the Council of Ministers before 2008, which led to a large influx of people into the Island and which caused a building boom in very expensive properties, I would not say that was beneficial to this Island. For a start, it priced many locals out of the market, because the apartments that were being built and the houses that were being built were very expensive ones. Plus there were more people coming into the Island who were competing for those properties. Look what it has done to our coastal areas, look at Portelet, how can anyone be proud of Portelet. I know he is not here anymore, the former Minister for Planning was obviously delighted with it, he said he made improvements over what was there before. I think it is appalling. So growth on its own is not the be-all and end-all, it is the nature and how we try and achieve that growth. Secondly, our concentration on high productivity/low footprint business has added to the decline of some of our traditional industries, tourism and agriculture. It has also been a factor in our recent unemployment. If we look at the people who by and large are on the unemployment rolls, they are people with relatively low skills. Because we have put all our efforts into finance, there just are not the jobs for people elsewhere and we are going to have a structural unemployment problem, I think, for some time to come. So we have to have a very broad policy, not just high tech, high productivity. Yes, we want all the sort of hospitals and everything else that we want, and we want the latest kit. But we are going to have high unemployment for some time to come or we are going to drive the unskilled out of this Island. Many of those unskilled are Jersey citizens. Is that what you really want?

[16:30]

The Chief Minister also mentioned that he wanted to see regulator and finance sector alignment. To me that sounds like dumbing-down again on regulation. What did dumbing-down do to us? It created the world financial crash in 2008. If we look at the problem, we had the casino banks and the retail banks, all being allowed to sort of work together. In America, they separated them, there used to be the Glass-Steagall Act, which separated the casino banks from retail banks and stopped a lot of the contagion and some of the practices that went on. All that stuff was put aside through dumbing-down and it has resulted in the problem we have. So my big fear is, is this going to be a further race to the bottom, the lowest possible denominator when it comes to regulation? He also mentions new tax policies to improve competitiveness of the finance industry. We already dropped company taxes from 20 per cent to 10 per cent into Zero/Ten. We have a situation in the Island now with something like individuals paying 90 per cent of the taxes and companies pay about 10 per cent. I am just wondering, is he suggesting that we should reduce the tax down to zero, as some of our competitors are doing? Or is he even suggesting that we give them grants to come here? Because, of late, we are hearing more and more we should be grateful they are here because they are employing people. They are not paying any taxes but they employ people. So the logic, if you keep on going with it, is we will end up paying them to be here to employ our people. I am also concerned about the statement about: "We must align education with the needs of industry." I

believe that education is vital but I do not believe it should be aligned to any particular industry, because that industry can move on. I always think courses like "David Beckham studies" or "Goth studies" are a complete waste of money, time and effort. However, the point is we want a workforce that can work in finance or they can work in other areas, which is adaptable and trained in a way of thinking and operating. So I am afraid in conclusion I am not a big fan of this document and what I would say is that they are all fine words. It is the same, for example, I was criticised for not supporting the Strategic Plan. I supported all the words in the Strategic Plan until it came to the finance area, and, to be honest, when it came to that section, I realised it was unobtainable because we were not going to achieve the cuts, despite what we had been told, and some of the other stuff did not stack up. It goes back to what Deputy Duhamel was saying earlier; the fact is there are many things you can agree with this thing, but you cannot agree with it all, and a straight yes or no answer, which is recorded in the press, is not always what you think. There are good points and bad points. But on the whole I do not see this, I am afraid, generating what they think it is going to generate. Just one other point, it was Senator Le Marquand who pointed this out first; I have to give him credit for this, and that was, when we have looked back at economic growth over the last 10 years we found that economic growth in Jersey was about half a per cent, and that was with the amount of resources and effort that we put into finance going back in the past. As I say, it is not something that can be miraculously achieved by this document and the policy. We have to pursue policies, exactly, and we have to try and achieve some of these things, but do not think it is going to be the panacea and result in securing Jersey's future. Thank you.

11.1.13 Senator P.F.C. Ozouf:

I have held back in speaking in this debate because I did regard the fact that I am going to try and assist, I hope, the Chief Minister in wrapping up some of the comments that have been made. Because he did say, and he was right, that this has been very much a joint piece of work between Economic Development, the Chief Minister's Department and Treasury and Resources Department. Indeed, I am proud of this document and I warmly congratulate the authors of it and the iterative versions that have been made to it because it was strengthened as a result of the consultation. I am sorry that Deputy Vallois is not in the Assembly at the moment because it is a shame, she is a Deputy who is known for her research and is known to prepare, and it is a shame that, for whatever reason, the Economic Growth Analysis, 128 pages of it, which formed the basis of the Economic Growth Strategy, that she had not read it. I suspect, listening to this debate, that not many Members have read it, even though this debate will conclude I hope with a roaring more than 65 per cent support. It is the basis of the plans and the policies that are put in it and it does have a number of wake-up calls for us, which I am going to come to during the course of my remarks. But just in summary, she, and other Members, have almost tried, during the course of this debate, to rewrite economic orthodoxy, to rewrite the rules of economics. Economic growth is about growing the national pie. It is not about dividing it up differently, it is about growing the national pie. It is about productivity and, yes, it is absolutely vital to have education at the centre of it, as Deputy Higgins correctly said. That is what the plan is saying. We have put a great deal of focus on skills and skills development in the creation of the Skills Board and there is good work that has been done, but there is more to do. Enterprise matters, leveraging investment into the economy matters, and we need to create the conditions to do that. Competition matters and appropriate regulation of cartelised and monopolistic market matters, and all of these are the essential ingredients in growing the economy. Why do we grow the economy? We grow the economy to produce tax, which pays for better public services, which this Assembly constantly calls for, but it also raises the standard of living of everybody in the economy as well, and it allows people to reach their potential. I have no desire to be a Member of this Assembly that wants to cast our economy into a low-value, low-skilled, low-aspirational economy of the future. I want a high aspiration, I want everybody in this society and in our Island to be given the opportunity, to be given the life chances to reach their

potential. That is why economic growth matters and that is why understanding the basics of economics and understanding the analysis of economics is absolutely vital. I said that I think that this is a good piece of work and I think that Members deserve to give the Economic Development Department more credit. There are important linkages, as Members have said, with the other strategies in the States. I am going to deal with the resource issues, which are important, and certainly there are a number of questions that have been made importantly about the Innovation Fund and where that money is going to come from, and I am going to address that. So I look across the Assembly and I look at the Minister for Health. Last night we did a consultation, the final bit of consultation, on the health strategy. That health strategy, as Members will know, is going to command significant attention and significant resources. Phase 2 and 3 are going to need a step change, and a further step change in funding, and we are putting the phase one numbers of the Economic Growth Strategy and we are putting the phase one of the health strategy in the Medium Term Financial Plan (M.T.F.P.) We are going to need to do this. We are going to need to do all of the things that Members have said are words, not aspirations, because if we seriously want to improve our social services and health services in the longer term, this plan has to succeed. Because, if it does not, we are going to see rising tax levels and rates and, for the avoidance of doubt to Senator Ferguson, I have said that there will be no significant changes in tax rates as well as the introduction of no new taxes. I have said that, yes, the exception to that is the long-term health arrangements, and certainly I reserve the position in relation to duties. But that is the commitment that we are giving, because we want to give Islanders certainty about their own household expenditure in an uncertain world. We want to Islanders to be more confident so that they are not seeing an ever-greater proportion of their salaries taken in taxes. I believe that we can do that with a significant degree of confidence and I will say why in a couple of moments. The Innovation Fund has been mentioned and I can confirm that we have identified £5 million for it immediately, which is going to be in the M.T.F.P., and we are working on finding out where the second £5 million is, but I remain optimistic and I believe that we have to find it. The first £5 million is going to come from the repayment of J.T. (Jersey Tourism), the preference shares, which will come back to the States. We are going to be using that to strengthen the capital programme and the Innovation Fund. I have to find the remaining. I am very clear that has to do so, but, as the Deputy of St. Martin said, there is an important issue of the governance and the arrangements for that. When the detail has come forward and it has been scrutinised, then I think that we will have the confidence to put the second £5 million, and I believe it needs to be done. So I thought the Deputy of St. Martin was the model of a critical friend, he was right to say that there are elements that are going to need to be scrutinised. We are going to need to refocus, and we are going to need to have scrutinised a revised financial services strategy. There is going to be a need to onward going review and scrutiny of the skills and education part, of which he and his colleagues in scrutiny need to work on. If we are serious about developing an I.C.T. strategy… and I think it has been a feature of this debate that there is negativity and I am sorry, I regret that. I think the idea of positioning Jersey as an I.C.T. centre of excellence is a brilliant one. It is a multi-part strategy, which is about putting infrastructure in place, which is about funding Gigabit Jersey, it is about setting up Digital Jersey, but Deputy Higgins was correct in saying that, yes, we do have no other future in terms of economic growth and economic prosperity, apart from being a service-based economy to a great extent. Whether or not we are services, whether or not we are providing services in financial services or I.C.T., it does not matter, they have to be high value, they have to be high skill, and we have, as a role in government, to try and make the environment appropriate for it then to happen. The I.C.T. environment and the creation of it is going to be absolutely important. It was interesting for those Members who were in Guernsey on Friday, there were a number of us that read the *Guernsey Press* and we lifted the front cover and we read the words of the new Minister for Economic Development in Guernsey and they were almost the same words as our own Minister for Economic Development said about I.C.T. and, if Guernsey is behind us on

that one that is fine. We are certainly of the view, as many other jurisdictions are, that I.C.T. is an important and exciting new world for us, whether it be application development, whether it is hosting internet firms, whether it is intellectual property, I.C.T. is a massively important future line of business and work for the worldwide economy and we are uniquely positioned to make that a reality in terms of jobs and certainly within the next 5 years I would say that there should be at least hundreds of people involved in I.C.T.. Malta is a great example of how that has happened. I heard with great interest Deputy Pitman's remarks, and I appreciated his remarks, he did say that they were somewhat off the cuff, and I do hope that he is one of those Members that we can get to be more optimistic about our past and about our future. We will not agree about financial services, and I think that some Member of the Assembly needs to stand up and say that our financial services industry is not based upon tax dodging. I would encourage him and perhaps other Members to get a better understanding of the reality of what happens in our financial services industry. We are a well-regulated financial services industry. We have sound laws. We have some of the best regulation in the world, as confirmed by the I.M.F. (International Monetary Fund) and that is all based on sound public finances. Financial services activity comes to this jurisdiction for all of those reasons. Taxes are an issue and tax neutrality is important, but it comes to this jurisdiction for all those other issues. Deputy Southern laughs, and this is the kind of reaction that is unfortunate, because people do not understand what financial services Jersey does these days. Yes, there was a past, but that past has moved on. We need to understand, we need to respect, and we need to also recognise the quality financial services that exist in Jersey and that are the foundations of our tax receipts and are absolutely, with confidence, with no embarrassment, with encouragement we need to say are also going to be the driver of our economic growth in the future, but not exclusively. He did say something about tax breaks, which was interesting, because he said that he welcomed tax breaks. I cannot help but recalling that of course tax breaks were one of the *Times'* problems that are identified in tax dodging, and indeed tax breaks have been used by governments around the world as ways of putting in place political vanity projects; they have been also ways that populations, particularly high-value people, have been able to avoid tax perfectly legally.

[16:45]

But we need to be aware that tax offsets or tax breaks do need to be looked at very carefully so that they do not have unintended effects. I am not saying that they do not have a role, but certainly they can be abused. Events, I agree with Deputy Pitman that events are an important part of our tourism industry and they make the economy and Jersey the vibrant place that it is. Again, Members have been negative. What about Branchage? What about Jersey Live? What about the Boat Show? What about the other events that have happened in the life of the last economic growth strategy approved in 2005? Did they happen by accident? No, they did not. They happened with support and encouragement from the Government, and more of that please, and I am sure that is at the heart, and that is referred to in the Economic Growth Strategy. So Deputy Bryans was optimistic and he is right to be. Deputy Young said that he has had 7 years in the private sector, since he and I knew each other on Environment and Public Services, and he said the importance was to de-block and to make sure that Government does not crowd out and make things too bureaucratic. That is a very welcome statement from a former civil servant as senior as he was **[Laughter]** and certainly that is an important mantra for him to have when he is scrutinising his colleague, the Minister for Planning and Environment, on that bench, when he is dealing with fast-moving planning applications. Because planning does have an important role in delivering economic growth, the Minister for Planning and Environment knows that, and I know that his department is important. Senator Ferguson, I felt like I wanted to sit on the rocket that she was suggesting that I **[Laughter]** and propel myself into almost another place, because, my goodness me, she is depressing sometimes, if I may say so. **[Laughter] [Approbation]** I think we really do need to be a little bit

more optimistic and we need to be a little bit more realistic of what we can achieve. Back to fiscal incentives where she said that she was in favour of them. The problem is, with some aspects, - and I am just going to develop a little further on the issue of fiscal incentives - when you have a zero tax rate, it is quite difficult to put a fiscal incentive on that. That is very important to know about in terms of the fiscal incentives that other governments do because of their very high corporate taxes, and that is a problem for us. Also, a 20 per cent higher rate of tax is not exactly a massive amount of tax in order to leverage somebody to get an investment decision that will make the difference between investing and not investing. I have to say that, as far as the G.S.T. cut is concerned, I am afraid that is not an accepted orthodoxy of economists around the world, and if you do want to be targeted, if you do want to be effective in terms of a fiscal incentive, then the advice is, do not compromise your fundamental public finances. Clearly, if she would like to engage with the Fiscal Policy Panel (F.P.P.) that is here this evening and that will be here in the next couple of days, I am sure that the Fiscal Policy Panel… I know she has a view that they are some sort of left-wing group of economists; I do not think they are, they may be a little different from...

Senator S.C. Ferguson:

I would prefer it if the Minister did not attribute thoughts and intensions to me that are totally incorrect,

Senator P.F.C. Ozouf:

I do apologise if that is the case.

Senator S.C. Ferguson:

We are meeting with the F.P.P. at 5.30p.m., so if the Assembly will excuse us, when the Scrutiny Panels disappear at that stage.

Senator P.F.C. Ozouf:

I have no intention of speaking until 5.30p.m. but I will just be a few more minutes. **[Laughter]** The fact is that it is really important for us to base economic growth policies on the basis of good economic advice and good economic analysis. I am going to be very clear with the M.T.F.P. when it is lodged on Monday - and it is linked to this debate - is that, if the F.P.P. are going to come forward with advice, with the latest issue of economic analysis, and their outlook of the global economy, then I will change and I will propose amendments to the M.T.F.P., because it is vital that we listen to good economic advice. I have to say to the Assembly that cutting the rate of G.S.T. is not advised by any of our advisers that we have. Neither is it the advice of virtually any government in the world. Canada is a unique issue in terms of controversy with G.S.T., but it is not the best way to get the economy moving. The best way to get the economy moving is to vote in favour of this economic growth plan and to give the Economic Development Department all the encouragement to implement it. Deputy Tadier said I think also the same suggestion as Senator Farnham, and I think that we should be optimistic about tourism. This is not about crowding out tourism. We should also say that we have done very well, when compared with many jurisdictions, of maintaining our tourism industry, 4-star, 5-star properties, of which he is involved in one. We have a route network that is second to none of any comparable jurisdiction, and Deputy Tadier is right to have the aspiration of free flights, but the delivery is wrong. We have provided incentives for companies such as easyJet who are bringing in thousands of passengers from destinations such as Liverpool and Glasgow. That did not happen by accident; that was E.D. working with the Ports of Jersey actively engaging in getting people into Jersey. So we need more of the same with that, and that it is important that we do not forget. Somehow we have these debates and we say: "Everything is wrong and everything has not worked." It has not. The maintenance of our tourism industry, development of the route network, has been one of the successes of the last economic growth strategy, and I pay tribute to the Economic Development colleagues that have achieved that.

I am not going to say much more about Deputy Tadier, but he did say one thing important about community values. He is right that it was Jersey at its best when we had the gasometer problem, and it was Jersey at its best when last night we heard at the health meeting about the community support group that has been set up by St. Clement in helping parishioners with a volunteer scheme of 30 people. **[Approbation]** That is the kind of society that we want. We want a society and people want to contribute, they want to have good jobs, they want to have good pensions, they want to have good optimistic views of the future, but the economy does not happen by accident. We want both, and it is not an either/or of social values or economic growth, you have to have both. The Jerseyman has been known on previous generations of having a number of attributes. I went to a funeral of a very fine Jerseyman who had a fine agricultural career and his son gave an oration for his father and said that his father had never borrowed a penny in his life. He then also said that he did not spend much either. **[Laughter]** Certainly that was a hallmark of the Jerseyman of the pre-war period, and indeed the economy of Jersey prospered throughout the agricultural years when we could export tomatoes, new potatoes and flowers and be the earliest on the markets. So when my great-grandfather came to Jersey, the boom economy was agriculture, and of course everybody did like to despise the boom economy at the time, and we have always done it. So there is no difference in terms of the fact that we always do not quite like, not the cuckoo in the nest, but the thing that is successful. The late-1990s of Jersey I think was a period moving on somewhat, that there was somewhat, complacency. I sat and listened to States debates, of listening to States Members with very well-intentioned ideas of intervening, regulation, control, we must do this, we must stop that, we can say no, we do not want that piece of business. That changed and we became slightly hungrier for economic growth in the early-2000s and we certainly rode the crest of the wave. But of course the solutions of the past and the industries of the past are not necessarily going to be the industries of the future. We are in a good place. We are in a spectacularly good place compared to virtually anywhere else in the world. We have not seen casino banking, we have not seen poor financial regulation, we have not seen - touch wood - a bank collapse in Jersey, unlike other places. I am an optimist and I believe that we can build on the successful economic model that we have, but we need to do more. This proposition and this approval is about putting a focus on skills, raising productivity. There is an important wake-up call in this economic analysis that we are not as productive as we need to be and this focus is about a skilled workforce and getting us to the top end of education. We need to see things like an I.C.T. institute, modelled perhaps on the Institute of Law, which is now giving people opportunities in legal training that was never there before. That is in this strategy and it is supported. Our financial services industry has been a success but we must not be complacent. We have to go to the new areas of the world where there is growth, where we can provide good-quality financial services; the Middle East, Asia, China, India; those are the places that we need to provide for. This Economic Growth Strategy supports that and puts money in for opening Jersey Finance offices in those new places, which is working and working well, but we need to do more. I.C.T., as I have said, is a fantastic opportunity for Jersey. We are going to be the only jurisdiction in the world to have ubiquitous fibre to every single home. We will have the best laws for I.T. and we need to then put the promotion of the digital opportunities, with real muscle and real resource. We need to have Digital Jersey up there in the same quality as we have with Jersey Finance. I lament, I regret the negativity of this debate. I hope that I have given Members some reasons to support this debate and the Chief Minister will I am sure in his summing up put some more reasons to vote in favour of this. We have to vote in favour of this. What are the messages we are giving to our community; that we are not confident of our economic future? That we have a doubt? That we do not have the right policies in place? This is an excellent document, but, as Members have said, it is a lot of words and the action needs to follow. The first action is voting in favour of it; the second action is confirming the resources in the M.T.F.P.; and the third action is then scrutinising the individual strategies that will come to it and

approving them; and fourthly giving Economic Development every single opportunity and motivation and encouragement to get on and deliver. Thank you. **[Approbation]**

11.1.14 Deputy S. Power:

I will not take as long as the Minister for Treasury and Resources. I think Members need to realise that this report and proposition is not a panacea for all our problems and all our downturns in terms of economic development on the Island. Whether we spend £5 million or £10 million or even £15 million, the results will take time and they will be small incremental results over a period of time. I do support the effort; I do support the initiative. I think it is part of a much bigger picture, which includes the work that Senator Le Gresley is doing; it includes the work that all the other Ministers are doing, and I think this is part of a bigger picture, and I think Members need to realise that. In fact I would say the work of Social Security and back-to-work is as important, if not more important. A number of Members have referred to different aspects of the strategic aim of this P.55, but the one that leaps off the page to me, on page 22, is 3.3: "Align the policies that govern the operation of Planning, Housing and Work Laws such that they support the creation of employment." I think there is a message in that, if nothing else, that the bureaucracy that grinds down entrepreneurial effort and those who want to employ people on this Island has to be reduced. I say to the Chief Minister and the Minister for Treasury and Resources and to the Assistant Minister for Treasury and Resources in front of me, that has to be our number one priority, to grind down the road blocks, the silo thinking, the mentalities that cause so much frustration and grief out there. Some entrepreneurial Jerseyman wants to do something and all he finds is roadblocks. The Minister for Planning and Environment, myself and the Minister for Treasury and Resources were at an official opening last Saturday in Grouville. It was an oyster processing plant that shall remain nameless, but here is a case study, here is an absolute case study of a Jerseyman with another Jerseyman sitting on the front row of the Deputies' Benches over there, who set out to put the oyster industry on a proper footing and to compete internationally. They had many, many problems over many years with being listened to in what they wanted to do and how they wanted to produce and how they wanted to build a building. They now have that building and they are exporting hundreds of tonnes of Jersey oysters and Jersey mussels every year to different parts of Europe and indeed I believe soon to the Far East.

[17:00]

But, if you talk to that entrepreneur, if you talk to that Jerseyman, he will say that the 7 to 8 years of frustration that he put up with to get to where he came to last Saturday was enough to give him grey hairs, and even though he does not have grey hairs, he is young enough to write a book on the problems he had in setting up this business, a Jersey business by a Jerseyman in Jersey. This is the sort of stuff we need to tackle. I was privileged to be picked by Senator Ferguson to chair this recent review of the Tourism Development Fund and I apologise to Members for not being here last week but I was doing something else, for and on behalf of the Island *en France*. My good colleague Deputy Rondel, who was my vice-chair, was thrown in the deep end and had to make a statement on my behalf. But one of the things I think the Deputy of St. Martin and Deputy Rondel will agree is that when we talked to the Economic Development Department about how the Tourism Development Fund worked, and indeed how the Innovation Fund worked, we came across what I would almost say was, what you would call in weather terms, an occluded front. It was not that clear as to what were the boundaries between what was the then T.D.F. (Tourism Development Fund), or what is the T.D.F., what will be the Innovation Fund, and how there will be overlap. Having sat with the Minister for Economic Development and his head of department for the best part of nearly an hour and a half, 2 hours, I think the 3 of us came out of that meeting with no clear view as to how the part of economic development works. I say this to the Minister for Economic Development and to his rapporteur today, the Chief Minister, and my good colleague to my right,

Deputy Baker, who was involved directly, is one of the things that worried me. I think worried my 2 colleagues on that, was the level of bureaucracy within Economic Development that sometimes is met when people try to do things on this Island. One of the things that we did notice was that the public-private partnership that was supposed to have happened last year in terms of moving tourism on into a quasi private sector has not happened. When you put that in the framework and the template of what is being discussed today, which is an Innovation Fund, a little sort of red flag goes off in my head saying, I just hope, and Deputy Vallois alluded to it, that the application and process and the way that this is approached must be fairly quick and fairly innovative. If we are having an Innovation Fund, it has to have an innovative way of delivering it, because otherwise it is a complete waste of time. So I urge that sense of caution. I did start by saying that this is not a panacea for all our economic ills and it is not. But we are living at the moment… and Members will have seen last Sunday, the enthusiasm that was seen on the Island for the celebration of the Olympic torch in Jersey. We will be living very shortly in the legacy of the London Olympics. Why do I say that? Because reference has been made today on at least 5 occasions to the importance of education and sport in the future of this Island. What does that have to do with an Innovation Fund or this particular important proposition? To me, and other Members have said it, there is very little in this that refers to education and sport or is education and sport linked. I brought it up on the T.D.F. review and that is there is potential on this Island. We are at the moment a centre of sporting excellence in a number of disciplines, we are; we are already there, particularly in the shooting area, with all due respects to Deputy Maçon and his recent review, but we are regarded as experts in shooting, we have world expert shooters. There is absolutely, I would say, a case to be made for looking at the next generation of young men and women, and throughout the U.K. to look at Jersey as a possible centre for sporting excellence. Indeed, I would suggest that it is one of the areas that we should look at. If you look at the south coast of the U.K., particularly as we have this great debate about Fort Regent and the AquaSplash - and I use this as one example - we have this great debate about swimming in Jersey and the lack of facilities but there is a huge interest in competitive swimming on this Island. If you look at the whole of the south coast of the U.K., post London 2012, there is only one 50-metre pool. There is a second one proposed in Plymouth but at the moment there is only one. I would say this Innovation Fund, as it sits, and as I hope will be approved today, will have to be innovated, will have to be changed, will have to be adapted to the way we progress this Island, and we will have to adapt and we will have to use innovation, Innovation Fund, and money, to diversify the economy. I agree with Deputy Vallois about centre of financial services strategy, excellent this, high-tech that, and all of those words, and I would have liked to have seen more of using some of the resources that we already have, but we have this template today and we will use it. I would also like to say that the importance of planning, and I do not want to tread on my boss's toes, but it is very important that the Department of the Environment, and particularly the planning section within the Department of the Environment, understands that planning can make a key difference in innovating and creating opportunities for economic development. That does not mean huge areas of concrete; that does not mean huge areas of undesirable development. What it means is that the Department of the Environment would have to adopt an innovative approach and perhaps look at the Island Plan again with regard to supplying the sort of solutions that we may need in the future to have more useful employment in this Island and to employ people who are already here. Finally, I would say, with regards to education, I spoke to somebody yesterday who is an entrepreneur in Cloud Computing who has come to the Island to set up a business, and that person said to me that to a large extent the type of locals that they would like to recruit, the disciplines in I.C.T. and in software teaching at Highlands, may need to look at whether it keeps up with some of the demands within software applications, particularly the moving away from Microsoft to other technology and that kind of thing. I would say that education has a major role to play in the future education of our children and how they can adapt to a life outside the financial services industry. That is perhaps something

else that can be looked at. I do not want to say too much else so I will support it. It is a template, it is a start and it is innovative in certain areas. There is a lot more to be done and I think in time we will see that this template changes. I would urge a note of caution to Senator Ozouf not to cling to any rocket designed by our engineering colleague, Senator Ferguson, because we may not know what planet it might orbit and it might be something he might regret. So thank you.

11.1.15 Deputy G.P. Southern:

It has been a long old debate so far and I will try to be as brief as I can. One of the things I have been taught by my wife who is an English teacher is to pay careful attention to the quality of the English in any report that comes in front of you, because if it reveals poor standards of English it is usually hiding poor thoughts and unclear logically thought out thoughts. What we have here is a document that simply is full of management speak. Management speak is dead easy to learn but it does not reveal meaning, it tends to hide meaning. If you look through this document, you will find things like "diversification, innovation, enterprise, competition, high value, improvement, leverage", and you can combine those words in any combination you like. It seems to make sense; people think they know what you are talking about, but it is meaningless. I am just going to show how bad this document is by using one sentence in a minute. I have been in the States for 10 years and in that time I have seen an economic growth plan, around about 2005, it worked to a certain extent, it certainly grew the finance sector for a number of years. I have seen a rural development plan, I have seen a tourism strategy, I have seen a financial services growth plan in those days, and they all looked the same. What has happened over that time is that, for most of that time, we have had a stable government, we have only had 2 Ministers for Economic Development, one of them is the current Minister and the other one is the current Minister for Treasury and Resources. So it is stable and all of the time, 2002, 2005, 2008, 2011, every time we come to an election, every 3 years or 6 years, appropriately, they can trot out this string of words. I will just pop through some of Senator Ozouf's: "It is about growing the economic pie." Cliché Olympics we hear. "Innovation matters, enterprise matters, competition matters, when you have cartelised and monopolistic sectors." Wow, and he took that out in one, he has improved over the 10 years but the themes are the same, and it is about growth. It is a shame that what we have is this incoherent string of words. I am reminded, as soon as I do that, of Eric Morecombe, when accused of playing the piano badly, and he said: "I am playing all the right notes, not necessarily in the right order." That is what we have here: all the right words but not necessarily in the right order. Why not in the right order? Let us have a look at 1.1 on page 10; the first priority is to: "Establish a new Innovation Fund pursuant to Article 3(3)(a) of the Public Finances (Jersey) Law 2005 – managed by E.D.D., with an independent Board including E.D.D., Treasury and Resources, and Chief Ministers." Is that the politicians and officers? If it is politicians and officers that is 6. How are we going to make that up? We are going to get some: "representatives and non-Executive Directors drawn from the private sector." So how are we going to balance that, so let us have even numbers, 6 of them and 6 of us, or let us weight it towards the private sector, let us have 8 of them. You have one heck of a Dragon's Den there, because they are going to assess the projects. How are they going to assess the projects? Look at this, nobody mentioned it yet I do not think; one person maybe did. Point 2, on the opposite page: "Direct support to innovative businesses that may be unable to find finance." Wow, that is a joyful thing. Points 2 and 3 below that: "Eligibility will not be sector-specific." They will be assessing: "What efforts have been made to access private sector funding" and "Why private sector funding is not available." So here we have a bunch of people in front of a Dragon's Den who have knocked on the doors of whatever it is, 35 banks that we have in the Island, and said: "I cannot find any funding for this idea; will you fund it for me?" That is a real recipe for a real humdinger of investments, and it is going to make a profit because we are talking about paying back and keeping the Innovation Fund topped up. It is going to make a profit. Not according to the bankers that they have already knocked on their doors. It is not worth investing in. Listen to this

sentence now, how will we view success? What will success mean? Look at it on page 12: "Success for this Strategic Aim will be to have established a fund, and assessment framework, that could be used for strategic investments into innovation and new technologies." So to establish the fund and an assessment framework, about Dragon's Den, which could be used, not has been used, which has successfully been used, but could be used, and: "that would deliver a competitive advantage for Jersey, attract additional private sector investment and create new high value businesses resulting in significant new job opportunities in a more diversified economy." Wow, that has to be the record for that combination of words in one sentence. Have a look at it. See if you can read it in one breath. It has all the buzz words in there, it is absolutely meaningless and a sentence that long, it is bad English. But then we go on to Strategic Aim 2; that is Strategic Aim 1, incredibly complex set up, marker for success is to have established a fund that does all those wonderful magic words. Izzy Whizzy let us get busy. Strategic Aim 2: "Grow and diversify the financial services sector, capacity and profitability." Until the recession really hit home, we did all those 3 very successfully in the last 10 years.

[17:15]

We grew the finance sector. How? We grew it by importing expertise, individuals and their families, and, oh look, we have just been told, we had a target for restricting immigration, we missed it. Not only did we miss it massively while we were growing in 2006, 2007, 2008, but following the recession, 2009, 2010, 2011, we still imported more people than our target was, even while the sector was declining. So I am quite confident about this one, we can probably grow the finance sector. That is what we have successfully done for the past 40 years, certainly in the last 10 years. How will we do that? Look at it, come on, 2.2: "Over the next 4 years performance in existing U.K. and European markets will be measured against growth in the volume, quality and market share of business Jersey attracts. This will be impacted" wait for it "in no small part, by the speed of legislative development." So we are going to fast-track anything the finance sector wants and make law creating diversity in the finance sector. So anything they want, we are going to do. For example, look how quickly Q.R.O.P.S. (Qualified Recognised Overseas Pension Scheme) has been suggested by the Minister and subsequently dropped because U.K. said: "Hang on, that sounds awfully like one of your scams to get money out of us and into your Island, saving tax for a particular device there." So that has been dropped. But, hang on, just 2 months ago. That was the latest hot idea and we were going to steamroll this through at short notice. It did not happen. Thankfully it did not happen. Listen to this. Success for this sector, success for this strategic aim, will be: "2. Within the financial services sector, improve productivity and maintain employment numbers" wait for it "at or above current levels while diversifying into new product services and markets." Again, it contains most of those key words and it is badly phrased. It is woolly thinking; it is bad thinking; it should not be voted for. On to 3: "Create new businesses and employment in high value sectors" and under 3.1 it says: "E.D.D.'s inward investment team, Locate Jersey, will co-ordinate all inward investment activity, including the work undertaken in attracting high net-worth individuals to the Island and build upon what has been achieved to date. Future overseas activity will be targeted towards, but not limited to, the following sectors" and guess which sector comes first? Oh, financial services. At least that is clear and this is inward investment into industry in Jersey. Hang on; inward investment means foreign owners. Foreign owners equals zero tax, not a penny. Only tax on the jobs and the workers employed; no tax out of them. So that is a wonderful idea. Listen to the success criteria: "Success for this strategic aim will be that by 2015, in addition to exceeding previous levels of business development and inward investment success, a minimum of 10 flagship projects will have been delivered over the next 3 years [this sentence is awful] leveraging significant economic and growth opportunities for Jersey or Jersey businesses." So we are going to have 10 flagship projects which are leveraging significant economic and growth opportunities. Well, if somebody can recognise a flagship project and identify it, then can they

please let me and the Minister for Economic Development know, oh, but then no, the Minister for Economic Development can recognise a flagship project when he wants it. **[Aside]** Deputy Le Hérissier, stop it, you are distracting me. Strategy Aim 4, I am almost there: "Raise the productivity of the whole economy and reduce the reliance on inward migration." If only, if only, the whole economy. Hang on. I see in previous economic growth propositions it says and analyses. How much increased productivity can you get from tourism? How much increased productivity can you get from agriculture? Can you get the levels of sort of £70,000 to £80,000 profit per employee or as we used to in the good old days, £100,000 profit in finance sector? No, you cannot. You have got no chance of doing that. So will we see massive increases in productivity? No, we will not, because the way to increase productivity is to make sure workers in tourism end up in finance or its equivalent. That is the reality of how you improve productivity. You employ more of your workforce in the finance sector making lovely big fat profits which presumably are going to occur as soon as this recession is over. We are going to align education and training of the current and future workforce with the needs of employers, the needs of employers presumably, I am hearing, within tourism or within agriculture. Can we meet the demand for skilled work? Have we got enough university or A-level to fill all the gaps in the finance sector if it starts expanding again? No, we have not. The last 10 years has proved that. We cannot fill the maw of the finance sector with enough of our young people. That is the reality. That is why every time finance takes off, they import expertise from the mainland and abroad and elsewhere. "New strategic priorities will have the effect of limiting migration to fulfil roles in low value sectors." Well, that has been the aim for the past 10 years. We were told in the last economic growth plan we were not going to suck in low value workers, we were only going to get, and I think I remember, young high-skilled employees. That is who were going to migrate to us. It did not happen as is witnessed by our income support bill that has gone up over the years and the amounts that we have to top up our minimum wage earners and our supplementation bill. While we are at it, that is the marker. Then it finally says: "The 2012 Enterprise Strategy will detail how the development of new and existing businesses in Jersey will be supported and encouraged by a new first stop shop in Jersey business." 2012 Enterprise Strategy. It sounds like the Starship Enterprise, never mind anything else. The success marker, the final nail in the coffin of this awful document: "Success for this strategic aim would be improvement in the productivity of existing businesses, increased number of high value start-up enterprises, reduced numbers of hard to fill vacancies and skills gaps reported by employers and increases in the percentage of locally qualified staff working in the traditional sectors." So we are going to train our locally qualified staff to work in the traditional sectors, agriculture and tourism. Do not be born here; you will have low value jobs. If you want to have a high value job, you will probably be invited in from somewhere else. The reality is it is badly written, badly thought through and it is absolute junk. Anybody who votes for this is voting for pie in the sky.

11.1.16 The Deputy of St. Ouen:

I would just like to focus on 2 issues, basically: population and resources. The Chief Minister recently told us during the Strategic Plan debate that one of the Council of Ministers' priorities will be to manage population growth and migration, as he realises that it is an important issue for Islanders and for Members. At the time, he stated that any meaningful debate needs to be properly informed by accurate information so we can assess the impact of the conflicting demands and make proper choices. He went on to say that we will have a full debate on population levels and migration as soon as the information from the Statistics Unit will be available, which will be no later than the summer of 2013. I ask, how on earth are we supposed to support any proposal to better align inward migration with new high value employment opportunities for local people before we have had that full debate on population levels and, indeed, understand what level of inward migration is required to support the strategy? Let us not forget the term that I think the

Chief Minister used earlier about: "Growth is good for Jersey." We are now dealing with the consequences of that and an uncontrolled growth in our population over the last decade. I ask the Chief Minister, does he really think that that was worth the cost that we will now face and, indeed, our children in the years to come as we deal with all the infrastructure problems and other matters associated with that? We also were promised co-ordinated long-term planning as one of the key priorities of the Council of Ministers and, in their own way, they say it is vital to many government services to make informed decisions that will affect future generations. Again, if this is the case, why is this Assembly being asked to approve a draft Economic Growth and Diversification Strategy with, I hasten to add - and please look at the proposition and the wording of it carefully - with all the corresponding financial and manpower implications outside of the medium-term financial plan framework? Furthermore, we are asked to approve significant additional expenditure as set out in the appendix of that report and yet the draft medium-term financial plan is still to be lodged, let alone debated later this year. We have heard all sorts of numbers. In fact, if you read the report, you will see all sorts of figures varying from £3.5 million on one page to £6 million on page 22 if you total up all those numbers and that is £6 million additional expenditure that is required to deliver the strategy that is linked to the agreement and approval of the sums included in the medium-term financial plan. In addition, there is a further £11 million required for one of the key deliverers of this strategy which is Innovation Fund. Again, we are told in the report that that sum might be found or will be found by the Minister for Treasury and Resources. On his own admission, he is telling us: "Well no, I have found £5 million of it so far." So we are talking of £6 million based on the figures that have been presented to us, ongoing revenue expenditure in addition to what Economic Development already have plus the £11 million that is required for the Innovation Fund. Well, where is the money coming from? We cannot even find £10 million to finish off and provide for the Tourism Development Fund. That was a good idea at the time. That was supported by the Minister and many others in this Assembly and yet today we are struggling to even provide £500,000 for it. We need and we cannot grow our way out of trouble. It is all very well for the Minister for Treasury and Resources to make statements and the Chief Minister: "No new taxes in 3 years." Well, wake up and smell the coffee because we might not see new taxes in the next 3 years but we will certainly see them after that because you are not going to get a Health Service, you are not going to get improvements in Liquid Waste Strategy and all the other matters that we believe should be delivered without increasing taxation. Let us not forget that the reality is that following the changes to corporate taxation, the burden of providing additional income to fund public services already falls on local residents. We know and we have experienced what that is like. Can we really, at this time, commit because that is what we are being asked to do by the Council of Ministers in this proposition, to commit to those significant additional sums without knowing what else we need to provide for and what is included in the medium-term financial plan and how it is going to be paid for. I am sorry. Although I do support economic growth, it needs to be and the whole proposal needs to be determined within the proper boundaries that this Assembly and, indeed, the Chief Minister and the Minister for Treasury and Resources have set, and I cannot support this proposition at the moment.

[17:30]

The Bailiff:

It is now 5.30 p.m. so it is for Members to decide whether they wish to continue or to adjourn.

Senator P.F.C. Ozouf:

How many people do you have down to speak at the moment?

The Bailiff:

I have at the moment 3 Members who have indicated they wish to speak.

Senator P.F.C. Ozouf:

I think the view is that we should attempt to continue this debate because it is not worth coming back for probably half an hour on Thursday. So I propose that we continue until completion.

Senator S.C. Ferguson:

In that case, can I ask the leave of the House for the Corporate Services Scrutiny Panel and sub-panel to go and meet the F.P.P.?

The Bailiff:

Wait a moment, Senator. Let us decide first of all what the Assembly wants to do and then you can decide. So the proposition is that the Assembly should continue. Is that seconded? **[Seconded]** So it is a matter for Members but all those in favour of continuing, kindly show? The appel is called for then in relation to whether the Assembly should continue until the close of this debate. I invite Members to return to their seats and the Greffier will open the voting.

POUR: 35		**CONTRE: 7**		**ABSTAIN: 0**
Senator P.F.C. Ozouf		Senator S.C. Ferguson		
Senator A. Breckon		Connétable of St. Mary		
Senator B.I. Le Marquand		Deputy R.C. Duhamel (S)		
Senator F. du H. Le Gresley		Deputy R.G. Le Hérissier (S)		
Senator I.J. Gorst		Deputy M. Tadier (B)		
Senator L.J. Farnham		Deputy J.M. Maçon (S)		
Connétable of St. Helier		Deputy G.C.L. Baudains (C)		
Connétable of Grouville				
Connétable of St. Clement				
Connétable of St. Lawrence				
Connétable of St. Ouen				
Connétable of St. Brelade				
Connétable of St. Martin				
Deputy J.A. Martin (H)				
Deputy G.P. Southern (H)				
Deputy of St. Ouen				
Deputy J.A. Hilton (H)				
Deputy J.A.N. Le Fondré (L)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy K.C. Lewis (S)				
Deputy T.M. Pitman (H)				
Deputy E.J. Noel (L)				
Deputy T.A. Vallois (S)				
Deputy M.R. Higgins (H)				
Deputy A.K.F. Green (H)				
Deputy of St. John				
Deputy J.P.G. Baker (H)				
Deputy J.H. Young (B)				
Deputy S.J. Pinel (C)				
Deputy of St. Mary				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				

Deputy of St. Peter				
Deputy R.J. Rondel (H)				

Senator S.C. Ferguson:

Right, Sir, can I now ask if the Corporate Services Scrutiny Panel and sub-panel can go and meet with the Fiscal Policy Panel because they are over and we are obviously starting scrutiny of the medium-term financial plan and we might well get rid of your quorate.

Senator P.F.C. Ozouf:

If it is helpful, I am having dinner with the F.P.P. and I can push them back by half an hour.

The Bailiff:

The Senator is raising this matter because Standing Order 138 says that: "The Chairman shall decide when a Scrutiny Panel is to meet, but a Scrutiny Panel shall not meet at any time when the States are meeting except with the leave of the States." So the Senator, on behalf of Corporate Services, is asking for leave for the Scrutiny Panel to hold a meeting now at 5.30 p.m. Is that request seconded? **[Seconded]** So it is a matter for Members.

The Deputy of St. Ouen:

Although we do have a prior appointment, if the Minister for Treasury and Resources can defer/delay the meeting for half an hour, then I think it is far more appropriate that we complete the debate.

The Bailiff:

We will see if that can be achieved.

11.1.17 Deputy J.M. Le Bailly of St. Mary:

I shall very briefly add my support. To move forward, to be successful, we have to be positive and we need to believe in ourselves to do that. We have a document with people who are trying to achieve that. I do not see the doom and gloom-mongers among us coming up with a better alternative. I wish to remain positive. We need to support this to move on to enable the whole Island to benefit. This is our only option.

11.1.18 Deputy R.G. Le Hérissier:

I am sorry that this is being rushed because I think this is an important debate and I think there have been some very good contributions and although people have criticised the doom-mongers, as our dear friend from St. Mary just has, I think in the midst of doom-mongering, there have been some very good points. There was a good debate on Radio 4's *Today* programme this morning about why is Germany more successful than the U.K. I do not know if anyone heard that and obviously the issue was about population growth. It was not the usual issue about that the Germans, although it came in, are better at manufacturing and so forth. It was more about population growth and what does population growth do to a country and so forth and so on. What the proposition lacks, I think, is an analysis of other jurisdictions. When you look at the appendices, there is a look at really old hat stuff about grants, government grants and loans. We all know when places like Northern Ireland are involved and so forth, it is heavily competitive. They are there because of the particular social and economic situation that they face and the fact that they have to compete very aggressively often with government money to get business and it is not necessarily to do with the intrinsic merits of their economy and the intrinsic benefits which they can give incoming businesses. So all that said, I do support it overall but what worries me, and the Deputy of St. Ouen made this point, and other people have made it, is we cannot be seen to be giving a lot of money,

which according to the Deputy of St. Ouen has to be conjured up from somewhere, unless other parts of our infrastructure are really being developed and, as people have said like Deputy Vallois for example and Deputy Southern, that means education. We know and if anyone saw that interesting programme about retirees entering the workforce last week and where they were pitted against young people, and I mentioned this in a debate last week, we know that there are enormous cultural problems in getting a lot of young people into the service industries and I know that. As I said last week, despite the heroic efforts of the Minister for Social Security, they are struggling there. Because despite what Deputy Higgins said, the problem of young unskilled people, NEETs as they are called in the United Kingdom, people without education or training sadly, the problem exists in most countries. It is a post-industrial phenomenon. It is not unique to Jersey and the only advice you can give is you have got to upgrade yourself. You have not got to squander your opportunities in training and education and you have really got to try yourself out in other industries like the service industries if you really want to progress in life because every country is facing this problem, countries like Spain, like France and certainly Britain and increasingly because it has been disguised by the wealth that has been swilling around, Jersey as well. So I do not like participating in C.S.R. type discussions where we become even more miserablist and make further cuts to services like education because what we are doing… I am not saying things are all right with education, there are changes that can be made, new directions and new ways forward. However every time we do that, we are cutting away at the foundations of our economic recovery not because we want to train everybody in a mercenary sense, because that is not necessarily what education is about, but because it helps a society in economic and other ways to have a well-educated society. Every time we do not deal with that and we make services like that take their proportion of cuts, we are damaging the essence of this plan. So I hope people can think of that. That is why, to put in another commercial, I was very pleased at the creative thinking shown by Deputy Power about the role of sport in economic growth, let alone its social benefits as outlined by the Minister in questions this morning. I have got a meeting at 6.00 p.m. where we are going to look at quite frankly trivial little grants to sports teams and we should not be talking at that level at all. Again, we are taking this miserablist attitude to the way we finance these activities and failing to see the growth potential as well as the social benefits. I am very pleased that Deputy Power drew attention to that and got us away from the conventional economic thinking. I do agree with the critics and having been on the planning panel and admiring the role of the officers, there is an issue I am afraid I have to tell people like Deputy Young. In a way Deputy Young is as much part of the problem as he is part of the solution **[Laughter]** because the idea with all the protests we get from St. Brelade on the planning panel, the idea that Deputy Young is going to lead the charge for an industrial zone in St. Brelade adjacent to the airport is really a pleasure to behold **[Laughter]** and I shall be going to the parishioners of St. Brelade appointing him as industrial tsar for industrial expansion in the Les Quennevais area. **[Laughter]**

Deputy J.H. Young:

Do I get a right of reply, Sir?

The Bailiff:

I am afraid not, Deputy, unless you can persuade Deputy Le Hérissier to give way.

Deputy R.G. Hérissier:

Well, it may be in St. Peter, Sir, but as we know, the industrial zone, as proposed by the Deputy, abuts on to the Les Quennevais area in quite a big way so I think it is the greater airport area we are talking about. So again that is a big issue and I hope the Minister - I know he is cognisant of this issue - I hope he appoints an internal ombudsman in Planning and when business people come and complain and say: "This has been sat on for 3 to 4 months," he looks at what they are saying and he

says to somebody: "Get off your proverbial. If not, you will be in the vrac collection team before I can say 'expand the airport'." **[Laughter]** That is a contradiction I think we all have to live with. In one part of our split personalities, we are N.I.M.B.Y.s (Not In My Back Yard). In the others, we are telling people get rid of red tape. What I would like to say is there any way the Chief Minister can appoint an ombudsman to business because there are people there… I know they are exceptionally patient as was mentioned with oysters for example, and we are not talking about a shelf company there we are talking about an active company. There are people there who have fought and fought bureaucracy and we have not given them the support not because they should not have had to overcome the obstacles, it is the slowness the procrastination that they have sometimes found. We need somebody who can operate adjacent to Economic Development and say: "Give me your explanation; that is not good enough; I want some movement" because if it does get enmeshed in the States committee structure, the States panel structure, we will all die a slow bureaucratic death, which some of us have already died in some ways. So I hope he can look at the idea of an ombudsman for business. The other point just a minor point well in a sense I think the Chief Minister he knows that the population policy is a failed policy. We were made promises by the Census which: "Oh, we do not need a census, it is all under control, we will have interim reports." They did not prove to be accurate and I disagree with Deputy Southern because the growth in finance was based on a comparatively small number of (j) people. The real growth has been unregulated almost as Eastern Europe opened up to the rest of the E.U. (European Union) and the unregulated immigration that occurred as a result of that for people to staff essentially the service industries not to a great extent the finance industry. So that is a bit of an urban myth to put the blame to that group of people. So let us see whether we can rise above normal bureaucracy. Let us see when we are being N.I.M.B.Y.s whether we realise what the impact of being a N.I.M.B.Y. is in another context and let us see if we can appoint an ombudsman for business so we can get real movement. When we ask every ministry to be miserable and to engage in cuts on an equal basis, let us be aware of what it is doing to the foundations in terms of activities like education and, indeed, sport.

11.1.19 The Deputy of St. John:

First of all, I would like to congratulate myself on my innovation; an inspired choice of Deputy Le Hérissier as an Assistant Minister. No zeal like that of the converted within education. I see Deputy Reed over there with his head in his hands. So thank you for that, Deputy Le Hérissier. Innovation, I think we have seen some doom and gloom protractors around the Assembly and that is understandable. I think Deputy Young talked about silos and things like that. I would just like to assure the Assembly that there is cross-departmental working very well. I will give you 2 examples. One is E.S.C. (Education, Sport and Culture) and Social Security where we have transferred the very successful Back to Work scheme, Advance to Work and Advance Plus schemes to Social Security. That has now been transferred although it was developed by E.S.C. over the last few years. The second one is there indeed has been an agreement between Economic Development and E.S.C. to transfer the existing and somewhat stagnant, should I say, apprenticeship scheme into E.S.C., including the base budgets which is a result and I thank the E.D.D. Minister and his department for that.

[17:45]

So innovation is absolutely alive and well in our department. We are going to take an extremely radical approach to provide a new apprenticeship scheme. It is effectively what will become a national apprenticeship scheme and it follows the French and German models somewhat. It will no longer in our new apprenticeship scheme be a requirement that an apprenticeship is employed by a business. It will be run by the department so you can as an apprentice be either in or out of employment, and it must be highly valued to be successful both by the participants and their

families, by employers and new innovators. It must be relevant and it is not going to be just in traditional so-called trowel industries. We must provide equal opportunities and in the other industries, which I will talk about in a second. We have got to provide a route to long-term employment and it has got to provide an alternative to the more traditional academic route. In short, it has got to prepare young people for the world of work much better than we have done in the past. How will I measure success? It will be when I have to come back in 3 years' time and ask for more money due to the demand and over-subscription in the new apprenticeship scheme and it will not be cheap. New places will not come cheaply over and above what we have planned for. That will become apparent in the medium-term financial plan. Mr. Minister for Treasury and Resources, I hope I do not have to come back and apply to the Innovation Fund to get more money if we are that successful. I sincerely hope not. Inward migration was talked about by the doom and gloomers and yes, it is important, of course. These are relevant issues but they are not a reason to do nothing and certainly not in the education area. But, hey, I have got my own secret weapon rather like an Exocet missile. Mr. Innovation himself, Deputy Lightning Rod Bryans, my other Assistant Minister, and he is already being sent in to break through the silo mentality that has been talked about. We are going to see apprenticeship schemes I hope in I.C.T. We are going to see apprenticeship schemes in all sorts of other areas that Deputy Bryans is going to be leading politically. So it is good news and I say once again we must not do nothing. We will be utterly castigated as an Assembly if we vote to do nothing at this particular time. There are too many problems out there for that to be an option so I would encourage everybody to really think seriously before they press the contre button on this one. We really do need to support the Economic Development Department to at least provide some of the impetus for moving forward and I leave it there.

The Bailiff:

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

11.1.20 Senator I.J. Gorst:

I would like to thank all Members who have spoken in support of this proposition today and those who have not I shall be referring to the Minister for Economic Development with comments upon his return. I will not go into the comments of each Member who has spoken. I think they have been generally very well picked up as speakers have gone along. I would, however, want to pick up on a number of themes raised. One or 2 Members said that they did not feel that they were able to support the plan in its entirety but generally they were giving it 2 or 3 out of 4 for those strategic aims or 6 or 7 out of 10. I do not believe in a perfect world. I am not a perfectionist and I believe that if something is generally going in the right direction and generally is seeking to achieve and will achieve, then we should support that. Therefore I ask those Members to give their support for the bits of this strategy that they have said this afternoon they can support. Other Members have said that life is not all about economic growth and they are absolutely right but why am I standing here supporting this Economic Growth and Diversification Strategy this afternoon? Quite simply because I believe it is one of the keys that is going to enable the rolling out of the social policies that I believe are absolutely crucial to the wellbeing of our community. Life is not all about high value and money; it is about quality of life and Members will know that in due course these are areas that we are going to be addressing and having a quality of life survey is something that the Statistics Unit are providing. So we will have even more data about the quality of life in our community and then be able to bring forward policies which address that if it is not being addressed. But I would just add a note of caution and that is that one Member asked are we happier now than we were 50 years ago? Well, I am not because I do not yet have the privilege of saying that that is how long I have lived. Contrary to appearances, I have not always enjoyed the wellbeing that I do now and nor has my family and so we must not forget that for many, many

people around in our community and in the United Kingdom and the rest of Europe, the quality of life and the disposable income that they had 50 years ago was not something that made them happy. While not fixating on money, we must recognise the value that it has brought to many, many people, that economic growth and financial sustainability and that financial strength has brought to many families within our community. We should not just pass over those questions lightly and suggest that we are worse off now because we are better off financially than we were 50 years ago. I do not think that is right. Are families stronger than they were 50 years ago? Another question entirely but not one necessarily connected with economic growth because in some instances, families are much stronger than they were 50 years ago but in others, they most certainly are not. Other Members have suggested that we are scared to take a risk. Unfortunately, I think, in the past we have been scared to take a risk. This plan proposes, if I can use this term, appropriate risks will be taken going forward because the challenges are so great and so fundamental that we cannot do anything else other than take a risk. That will mean that some Members in due course will stand in this Assembly and say: "Ah, you have got it wrong Minister, ah, you made that investment and you surely should have seen that that would not work out." Well, that is as may be but that does not mean that as we stand here today, we should not take a risk to try and address the issues which our community, our economy and every individual in our community faces. We should and I would suggest to Members and ask them not to be scared but this afternoon to take that risk. We do not know all the details yet of the Innovation Fund and how the governance will be set up exactly. There is a balance. If there had been no governance structure in place, Members would be dissatisfied with that. If the fund is overly governed, then it will not function. That is absolutely right and those Members who made that point are right but, as I said in my opening comments, it will come back to the Assembly for Members to be able to consider what the appropriate governance structure is. Other Members have spoken about education being the fundamental key to economic growth and diversification. Perhaps I will just say, and I know that Members have been extremely busy, but there was a very good piece of work published by the Economics Unit which was published alongside this strategy and there are a number of pages there that talk about education and skills strategy and I just turn to page 11: "A new skills strategy for Jersey." Members are absolutely right. A new skills strategy, upskilling and ensuring that the skills provided and the education provided is fit for the economy that we have got. Those points are very well made and they are pieces of work which are already being undertaken and will be strengthened by supporting this proposition today. The Deputy of St. Ouen challenged me when I said that growth is good for Jersey. My priority when I stood for this office - I did not wish to use a tired political phrase but I am going to now but I am going to change it slightly - and that is jobs, jobs, jobs. I make no apology for that being my priority. I believe that getting people into work is a fundamental requirement of this Government. I believe that it is a fundamental need of every member of this community and it is out of that, jobs, jobs, jobs that I say growth is good for Jersey because it is that growth that is going to provide those jobs. It is not us necessarily as a Government. We have a role to play and we are playing that role but I ask the Deputy not to forget that this is about jobs, jobs, jobs and therefore I hope that he might find his way to supporting this this afternoon. There is just one speaker I was not quite sure whether he was supporting the proposition or not and that was Deputy Southern but perhaps I misheard him. **[Laughter]** This Economic Growth and Diversification Strategy is putting to the fore the work that the Economic Development Department will do, is putting to the fore innovation. That means taking risk. It is putting to the fore increased productivity across all sectors. We know it is difficult. Just because it is difficult we do not say we are going to vote against it. No, we work together to achieve it. It is putting to the fore reducing the reliance upon inward immigration. It is putting to the fore encouraging inward investment. It is putting to the fore creating new business and jobs through Locate Jersey and Jersey Business, and Deputy Le Hérissier is right when he says one of the fundamental roles of the Economic Development Department should be advocating on behalf of

business across government departments. I am not sure that should be an ombudsman, it sounds slightly bureaucratic for my taste, but he is absolutely right. That is one of the fundamental jobs that Economic Development should be doing. Over the last number of months, this Assembly has rightly struggled with some difficult issues. We as a community have had to deal with some difficult international headlines.

[18:00]

This, I believe, will be the last proposition before the summer recess, albeit that we will meet again tomorrow but I would ask that perhaps we could end this session in the same way that we started it. This strategy is not perfect but I believe it is going to set the foundations for economic growth for the future 3 years and I ask some of those Members who came here today not necessarily convinced, I hope that this afternoon they have been convinced and that we can show that we are a responsible Assembly, that we are going to support the members of our community, that we are going to support business in their drive to provide opportunities and jobs for members of our community and that we can work together. There have been a lot of great ideas about how we can drive our economy forward this afternoon and my challenge would be not to see this document as a static document but as a rolling document, to approve it, to get the investment and innovation moving and to work with the department with individual Members' ideas to make sure that they are driven forward. We each have a responsibility to do that, not to criticise each other but to work together to deliver the growth and why is that important? I come back to that tired phrase because it is going to provide jobs, jobs, jobs that we agreed as this Assembly was our number one priority for the next 3 years. I commend warmly to this Assembly the Economic Growth and Diversification Strategy that we have before us. Let us send a message that we have not given up, that we will continue to work together and we will support business in our community.

The Bailiff:

The appel is asked for then in relation to the proposition of the Council of Ministers. I invite Members to return to their seats and the Greffier will open the voting.

POUR: 35		**CONTRE: 8**		**ABSTAIN: 0**
Senator P.F.C. Ozouf		Senator S.C. Ferguson		
Senator A. Breckon		Deputy G.P. Southern (H)		
Senator B.I. Le Marquand		Deputy of St. Ouen		
Senator F. du H. Le Gresley		Deputy M. Tadier (B)		
Senator I.J. Gorst		Deputy T.M. Pitman (H)		
Senator L.J. Farnham		Deputy T.A. Vallois (S)		
Connétable of St. Helier		Deputy M.R. Higgins (H)		
Connétable of Grouville		Deputy G.C.L. Baudains (C)		
Connétable of St. Clement				
Connétable of St. Lawrence				
Connétable of St. Mary				
Connétable of St. John				
Connétable of St. Ouen				
Connétable of St. Brelade				
Connétable of St. Martin				
Deputy R.C. Duhamel (S)				
Deputy R.G. Le Hérissier (S)				
Deputy J.A. Martin (H)				
Deputy J.A. Hilton (H)				
Deputy J.A.N. Le Fondré (L)				

Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy K.C. Lewis (S)				
Deputy E.J. Noel (L)				
Deputy A.K.F. Green (H)				
Deputy J.M. Maçon (S)				
Deputy of St. John				
Deputy J.P.G. Baker (H)				
Deputy J.H. Young (B)				
Deputy S.J. Pinel (C)				
Deputy of St. Mary				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				
Deputy R.J. Rondel (H)				

ARRANGEMENT OF PUBLIC BUSINESS FOR FUTURE MEETINGS

The Bailiff:

Very well, that completes Public Business so we then come on to arrangement of Public Business for Future Meetings and I invite the Chairman of P.P.C. to speak to it.

12. The Connétable of St. Helier (Chairman, Privileges and Procedures Committee:

Business is as set down on the Consolidated Order Paper under 11, 3 items for 11th September.

The Bailiff:

Very well. Does the Assembly agree to take that business?

Senator P.F.C. Ozouf:

It is probably worth noting that there will be a lodging on Monday for the medium-term financial plan, which will also be added to this. I do not know whether the Chief Minister needs to say anything.

The Bailiff:

Very well so that concludes the business. I remind Members that there is a special sitting of the Assembly tomorrow then in the presence of the Prince of Wales and the Duchess of Cornwall and until then, the Assembly is closed.

ADJOURNMENT

[18:03]