

# STATES OF JERSEY

## OFFICIAL REPORT

**TUESDAY, 28th SEPTEMBER 2010**

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

[09:30]

## **APPOINTMENT OF MINISTERS, COMMITTEES AND PANELS**

### **1 Appointment of the Connétable of St. Martin to the Health, Social Security and Housing Scrutiny Panel**

#### **The Bailiff:**

Under F, Appointment of Ministers, Committees and Panels, I understand there is a nomination for appointment to the Health, Social Security and Housing Scrutiny Panel. Deputy Southern.

#### **1.1 Deputy G.P. Southern of St. Helier:**

May I just briefly say that I am pleased to be able to invite the Constable of St. Martin back on to the Health, Social Services and Housing Panel, and I am even more pleased that he has accepted but I understand there is an offer, at this time, that any other Member who wishes to serve on the Scrutiny Panel may choose to be nominated, so I await the rush just in case there should be.

#### **The Bailiff:**

You are nominating the Constable of St. Martin, is that seconded? **[Seconded]** Are there any other nominations? Very well, I have pleasure in declaring the Connétable of St. Martin elected to the Health, Social Services and Housing Scrutiny Panel. **[Approbation]**

#### **1.1.1 Connétable S.A. Yates of St. Martin:**

I would like to thank Deputy Southern for his kind invitation. I was not aware that I had resigned **[Laughter]** prior to my recent surgical operation, but I am very pleased to be back and I hope to be of help. Thank you.

#### **The Bailiff:**

A resignation without knowledge, that is a new one. **[Laughter]** We come on to Questions, and first of all Written Questions.

## **QUESTIONS**

### **2. Written Questions**

#### **2.1 THE DEPUTY OF ST. MARTIN OF THE MINISTER FOR HOME AFFAIRS REGARDING THE HUMAN RIGHTS COMPLIANCE OF THE DRAFT DRUG TRAFFICKING LAW:**

##### **Question**

Will the Minister inform Members why, in his view, the Draft Drug Trafficking Offences (Amendment No. 3) (Jersey) Law 201- (P.106/2010) is convention compliant and what Articles are relevant?

##### **Answer**

In my view this draft Law is compatible with the Convention rights based on the advice that has been provided to me by the Law Officers' Department.

The States debated the Deputy's proposition P.84/2010 (Human Rights Law: statements of compatibility) in July 2010, and voted against adopting the proposition. The resource implications of providing the information that the Deputy requested were quantified as being the equivalent of an additional Legal Adviser post within the Law Officers' Department. That Department does not

have this additional resource and it is, in my view, unfortunate that the Deputy now appears to be seeking to achieve his aim by asking this type of question whenever a draft Law is lodged.

**2.2 THE DEPUTY OF ST. MARTIN OF THE MINISTER FOR TREASURY AND RESOURCES REGARDING THE HUMAN RIGHTS COMPLIANCE OF THE DRAFT INCOME TAX LAW:**

**Question**

Given that in response to my written question dated 13th September 2010 (No. 5602) the Minister for Treasury and Resources stated that the Draft Income Tax (Amendment No. 35) (Jersey) Law 201- was considered convention compliant because it applied the existing Income Tax Law (which already applied to partnerships) to the new Partnerships Laws, would the Minister advise why the existing Income Tax Law is convention compliant and what Articles are relevant?"

**Answer**

On 19th July, 2002 the Comptroller of Taxes sent a letter to the Chair of the Human Rights Working Group at the Policy and Resources Department stating that he had carried out an audit of the Income Tax (Jersey) Law 1961, as amended, together with an audit of procedures and practices. He enclosed a signed and dated declaration that the Income Tax Department had completed such an audit for compliance with the Human Rights (Jersey) Law 2000. It is the Comptroller's opinion that all the Articles and provisions of the Income Tax (Jersey) Law 1961. as amended, are Human Rights compliant.

**2.3 DEPUTY P.V.F. LE CLAIRE OF ST. HELIER OF THE MINISTER FOR TREASURY AND RESOURCES REGARDING STATES PURCHASE CARD EXPENDITURE:**

**Question**

How much money was spent on purchase cards by Chief Officers in the last 2 years by department and how much was spent by their secretaries on purchase cards for the same period?

**Answer**

| Period 1 <sup>st</sup> September 2008 to 31 <sup>st</sup> August 2010 |               |                |
|---|---------------|----------------|
| Department  | Amount (£)    |                |
|   | Chief Officer | PA / Secretary |
| Chief Minister's  | 6351.99       | N/A            |
| (Resources)   | 556.00        | N/A            |
| Treasury & Resources  | 518.24        | 6,354.78       |



|                                |           |                   |
|--------------------------------|-----------|-------------------|
| Home Affairs                   | 1,423.58  | N/A               |
| Economic Development           | 6,561.66  | 118.49            |
| Education Sport & Culture      | 1,832.81  | 2,239.98          |
| Health & Social Services       | N/A       | N/A               |
| Housing                        | N/A       | No PA / Secretary |
| Transport & Technical Services | 555.31    | 256.07            |
| Social Security                | -         | -                 |
| Planning & Environment         | 185.63    | 11,604.74         |
| Jersey Harbours                | 24,738.11 | 2,003.54          |
| Jersey Airport                 | 21,323.68 | 4,967.63          |

- N.B. During the stated period, States Departments moved to an automated reporting system for purchase card spending through JD Edwards. The figures reported do not include money spent prior to this move as this would involve resource-intensive and time-consuming analysis of monthly paper returns from card holders. The benefits of providing this information are not considered to outweigh the costs involved and would mean diverting staff from other critical activity or, potentially, buying in the resource needed. All Departments moved to the new system at various dates throughout the period.
- Included are all Chief Officers of Ministerial Departments, the Deputy Chief Executive Officer (Chief Officer, Resources) and the Chief Officers of the Trading Departments.
- Where N/A is stated – the person in that role does not hold a States purchase card.
- As stated in Financial Direction 5.9 the Social Security Department do not use States purchase cards.

- It should be noted that secretaries and PAs use their purchase cards for booking travel and accommodation for their whole departments and not just the Chief Officer in accordance with the States policy in respect of purchase cards.

## **2.4 DEPUTY P.V.F. LE CLAIRE OF ST. HELIER OF THE MINISTER FOR TRANSPORT AND TECHNICAL SERVICES REGARDING THE DECOMMISSIONING OF THE BELLOZANNE INCINERATOR:**

### **Question**

When the new Energy from Waste plant is brought into use what will be the timetable for the decommissioning of the Bellozanne Incinerator, when will the chimney be removed along with the plant, when will the old incinerator be extinguished for the last time and what materials will be burnt in it until that time and why?

### **Answer**

My Department currently propose that, towards the end of this year, a specification will be produced defining the works that are required to demolish and return the Bellozanne incinerator site for further productive use, including removal of the chimney.

Clearly the location of the chimney is very sensitive, in a working area used by members of the public for delivering waste and adjacent to other vital strategic infrastructure, so the working methods would need to be closely scrutinised prior to confirming a precise timescale.

The work will then be tendered to experienced demolition companies, probably in early 2011, with a view to carrying out the work in 2012. In the meantime, a working group is coordinating the changes in service arrangements that are necessary for managing the Bellozanne site once the Bellozanne incinerator is no longer in operation.

Assuming that the La Collette Energy from Waste facility commissioning continues according to plan, the Bellozanne plant should finally be shut down during the commissioning phase.

In the period up until closure, the Bellozanne plant will continue to take the same waste streams it always has done, although these will be received in increasingly smaller quantities as the La Collette Energy from Waste commissioning takes place.

## **2.5 THE DEPUTY FOR ST. JOHN OF THE MINISTER FOR ECONOMIC DEVELOPMENT REGARDING AIR TRAFFIC CONTROLLERS:**

### **Question**

When NATS (National Air Traffic Services) took over from the local Air Traffic Controllers (ATC) at Jersey Airport, was a (j) category post created and, if so, has any local person now been trained to take on this post?

Has a second (j) category post been applied for by NATS and, if so, for which post?

Why was NATS chosen as sole supplier for the new ATC Centre, did this go out to tender under Financial Directions 5.7 and if not, why not

Was the Senior Air Traffic Control Officer (SATCO) influential in supplying the ATC Centre and was SATCO aware of the budget?

Did the NATS appointed SATCO and the Consultant have any input in the decision to make Air Traffic Assistants redundant?

**Answer**

1. A 5-year (j)-category licence was applied for and subsequently granted by the Population Office to accommodate the NATS employee seconded in 2007. A succession plan has been developed and is now being implemented.
2. Jersey Airport has not applied for a second (j)-category. The NATS employee originally seconded has now been recalled to the UK and his replacement has assumed the original (j)-category licence for the remainder of the 5-year contract period.
3. Jersey Airport appointed NATS on a sole supplier basis for project management, equipment procurement and integration for the new ATC Centre. The decision, based on the production of a business case, was in accordance with Financial Directions and was undertaken in conjunction with States procurement. Key factors in the decision were risk reduction and value for money for what is a specialist and unique project. Of the nine ATC facilities built in the UK over the past 12 years, NATS have undertaken this role in 7 of them. In fact, they have undertaken the role in the last 6 constructed (Isle of Man, Manchester, Newcastle, Edinburgh, Heathrow and Farnborough).
4. A project management team has been established to oversee the overall ATCC project, acting on behalf of Jersey Airport's Executive Management Team in order to ensure that correct corporate governance procedures are followed in line with States Financial Directions. While the SATCO offered advice and recommendations all decisions are made by this executive team with the support of the Minister and Ministerial Decisions where appropriate.
5. The SATCO or the consultant had no influence over the decision to make Air Traffic Control Assistants redundant. NATS personnel do offer advice and recommendations but the ultimate decision relating to the ATCA redundancy was that of Jersey Airport's Executive Management Team, Ministers and the States Employment Board.

**2.6 DEPUTY G.P. SOUTHERN OF ST. HELIER OF THE MINISTER FOR TREASURY AND RESOURCES REGARDING COMPANIES REGISTERED FOR G.S.T. PURPOSES:**

**Question**

Will the Minister produce for members a list of non-finance companies registered for GST with a turnover greater than the GST threshold of £300,000 p.a.?

Will he also inform members of how the list divides between –

- a) those companies whose beneficial owners are not resident in Jersey, and are therefore not subject to a 20% tax rate, and
- b) those companies whose beneficial owners are resident in Jersey and are subject to the 20% tax rate?

Will he further update members on the progress of consultations with industry representatives on what tax structures could be put in place to replace Zero/Ten to ensure that a fair balance is achieved between personal and company taxation?

When will the Minister be bringing a Green Paper on company taxation to match his recent Green Paper on personal taxes?

**Answer**

A full response was provided to Deputy Southern's first question which he raised as oral questions 5615. It is not possible to provide taxpayer specific information as it is confidential. It would only be possible to provide the number of companies that fall within the criteria requested but it is difficult to see how this would be of relevance.

It is therefore not possible to provide the analysis requested in the second part of the question.

The consultation on business tax matters closed on 13th September and the responses are being analysed. A summary of the responses will be published in due course. It is recognised that, as set out in the consultation document, companies must contribute fairly to the economy. It is equally important that our corporate tax regime remains competitive so that it business continues to contribute to the economy in terms of company and employment taxes. Any changes to the company tax regime which are harmful to business will have a direct and detrimental impact on tax revenues and so put additional pressure on personal taxes.

The recent consultation on the Business Tax Review was a Green Paper. It is possible that a further consultation will happen once the outcome of the Code Group meeting is known and the business tax review work completed.

**2.7 DEPUTY T.M. PITMAN OF ST. HELIER OF THE MINISTER FOR HEALTH AND SOCIAL SERVICES REGARDING THE COST OF LEGAL SUPPORT FOR FAMILY X:**

**Question**

Following allegations that the refusal of the Minister's two predecessors to accept advice that the children of Family X needed to receive treatment and support in the UK resulted in an unnecessary cost of £600,000, and in light of great public concern being expressed at the wasting of taxpayers' money and the decision to close facilities such as the hydro-pool and cut back on some public services, will the Minister advise whether this £600,000 is being paid for from the Health budget or whether the bill will be met separately by the Island's taxpayers?"

**Answer**

The legal costs identified by Deputy Pitman are not being met from the Health and Social Services budget. The Deputy Judicial Greffier is responsible for the payment out of public funds for lawyers in public law children's cases. The details of this case are set out in the response to written question 5596 to H.M. Attorney General by Senator Perchard tabled on the Monday 13th September 2010.

**2.8 DEPUTY T.M. PITMAN OF ST. HELIER OF THE CHAIRMAN OF PRIVILEGES AND PROCEDURES COMMITTEE REGARDING ATTENDANCE AT STATES SITTINGS:**

## Question

Given that attendance throughout States Sittings is required under the States of Jersey Law unless ill, on official States business or otherwise excused by the Assembly and that all States Members are effectively being paid by the Island's taxpayers to attend these meetings (for usually six and a half hours per day for two or three days per fortnight throughout the year with an hour and a half lunch break) in order that Members can listen to and analyse any arguments made in support of or against propositions so that they may then vote from an informed position in the best interests of the taxpaying public, will the Chairman clarify what sanctions, if any, can be brought against Members who abuse the allotted lunch hour to return hours late and/or regularly leave the States building premises for prolonged periods during debates for unofficial reasons; and if none, what action, if any, does the Committee propose to take to address these concerns?"

## Answer

The Committee has noted concerns that there are some elected members who appear to spend a significant amount of time outside the States Chamber during States sittings. Standing Orders do not provide for sanctions for those who regularly absent themselves from the Chamber. It is worthy of note that the States Assembly is unusual in its expectation that members will attend meetings unless they have compelling reasons not to do so. Many jurisdictions do not impose any formal obligation to attend meetings of parliament.

In addition, the quorum of the States Assembly is much higher than elsewhere, making it considerably more difficult to absent oneself from the consideration of public business.

The Committee believes that it is the responsibility of members to uphold the requirements of the Code of Conduct and to adhere to their oath of office. Senators and Deputies swear an oath in which each they promise before God, or alternatively affirm as follows –

### FORM OF OATH TO BE TAKEN BY SENATORS AND DEPUTIES

You swear and promise before God that you will well and faithfully discharge the duties of (Senator) (Deputy); that you will be faithful and bear true allegiance to Her Majesty Queen Elizabeth the Second, her heirs and successors, according to Law; that you will uphold and maintain the laws, privileges, liberties and franchises of Jersey, opposing whomsoever may wish to infringe the same; **that you will attend the meetings of the States whenever you are called upon to do so; and generally that you will fulfil all the duties imposed upon you by virtue of the said office. All of which you promise to do on your conscience.**

The Connétables also make a similar commitment as part of their oath - "*assistant aux Etats lorsque vous en serez requis*" ("attending the States where you are required to do so").

Monitoring presence or absence from the States Chamber would not be an exact science, and would require staffing to implement. Some brief absences are perfectly understandable, and it would be necessary to distinguish between a brief absence and an unacceptable more prolonged one. This might need to be coupled with finding out whether the member is undertaking important business in connection with his function as a States member and if the reason for absence is satisfactory.

The Committee believes it should not be necessary to monitor members' attendance in this way, given that the Oath of Office charges the member to attend meetings of the States 'on his or her conscience'. It would be difficult for the Committee to address a question of conscience if a complaint were received that a member had breached paragraph 2 of the Code of conduct for elected members, which states:

*“Elected members must give due priority to attendance at meetings of the States in accordance with the terms of their oath of office and should be present in the Chamber when the States are meeting unless they have very compelling reasons not to do so.”*

Should the Privileges and Procedures Committee receive a complaint with evidence that a member has breached paragraph 2 of the Code, it would endeavour to consider it in accordance Standing Orders and determine any sanction accordingly.

The Committee is conscious of finding ways to address the matter of absence from the States Chamber. There was concern that members were leaving the Chamber for long periods of time in order use the computer room on the ground floor of the States Building for example to refer to *Hansard* or to Reports on matters relevant to the ongoing debate. The Committee hopes to have addressed this to some extent with the installation of computers directly outside the Chamber which should be used for quick reference during debates.

## **2.9 DEPUTY T.M. PITMAN OF ST. HELIER OF THE MINISTER FOR TREASURY AND RESOURCES REGARDING POSSIBLE TAXATION INITIATIVES:**

### **Question**

Further to suggestions within the public consultation document regarding possible taxation initiatives to increase taxation rates on those earning more than £100,000 to 30%, will the Minister outline how much additional taxation revenue could be brought in by –

- (a) taxing individuals earning £100,000 or above at 25%.
- (b) taxing households (couples) earning £100,000 or above at 25%.

What evidence, if any, exists to suggest that such an initiative would cause individuals to leave the Island?

What evidence, if any, existed to justify the suggestion that individuals might leave if taxed at 30% as included in the consultation document on possible taxation alternatives?"

### **Answer**

The amount of extra tax from 25% over £100k income would be around £15 million based on Jersey’s database of individuals and married couples. It was not possible to calculate what the extra revenue would be for everyone on an individual basis in the time available.

Increasing our standard rate of income tax to 25% or 30% would be a significant change to our tax regime which would put us above that of our main competitors such as Guernsey, Isle of Man and Singapore, and end our reputation of long term stability.

The consultation report<sup>1</sup> which analyses the responses by individuals and businesses stated:

“However, many thought the option would be detrimental to business, and to the island as a whole... some were concerned that businesses and high earning residents would relocate or that Jersey would be less attractive to new businesses.”

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<sup>1</sup> “Fiscal Strategy Review Consultation Report”, Involve, 2010. Can be found at: <http://www.gov.je/Government/Pages/StatesReports.aspx?ReportID=452>

Jersey Finance, based on their own survey which saw input from over 1,200 individuals and firms, responded to the consultation. They discussed the possible impacts on job quality and numbers, entrepreneurship and the loss of international competitiveness and reputation for stability. They ended by saying “In summary it is our opinion that a 30% tax rate would be disastrous for the Island economy.”

## **2.10 DEPUTY T.M. PITMAN OF ST. HELIER OF THE CHIEF MINISTER REGARDING AMENDMENTS TO THE BUSINESS PLAN:**

### **Question**

Following Senator B.E Shenton’s decision to withdraw the vast majority of the numerous amendments he had lodged to the Draft Annual Business Plan 2011 (P.99/2010) shortly before the actual debate, after States Members had spent time preparing for the debates, would the Chief Minister advise what approximate cost was incurred by the taxpayer for the time spent considering and researching responses to these amendments by the various Ministers and their departmental staff?

### **Answer**

The amendment process is part of the democratic process, and is set out by the Public Finances (Jersey) Law 200-. It gives States Members an opportunity to suggest changes to the draft Business Plan after it has been lodged.

Unfortunately it is not possible to provide meaningful and accurate estimates of the cost of this process without incurring further costs to the taxpayer. However it easy to see that this process resulted in a significant piece of work, particularly in light of the number of amendments received, for both officers and Ministers. This work, involving hundreds of hours of officers time, was carried out over a short period of time from the deadline of the Amendments being submitted to the Greffe up until the debate.

## **2.11 DEPUTY M. TADIER OF ST. BRELADE OF THE MINISTER FOR HEALTH AND SOCIAL SERVICES REGARDING THE CARE OF VULNERABLE CHILDREN:**

### **Question**

Will the Minister advise the age of the child suffering with ‘serious’ liver damage from alcohol abuse who has not been to school for 18 months and is the alleged victim of years of sexual abuse has had to be ‘locked up’ because no suitable accommodation is available?’

Will she advise where this child would have been admitted to under normal circumstances and explain - in detail- why this was not possible on this occasion?

### **Answer**

States Members are reminded of the following requirement which appears in paragraph 8 of the Code of Conduct -.

*“... members should not disclose publicly, or to any third party, personal information about named individuals which they receive in the course of their duties unless it is clearly in the wider public interest to do so. Elected members must at all times have regard to all relevant*

*data protection, human rights and privacy legislation when dealing with confidential information and be aware of the consequences of breaching confidentiality.”*

It is my opinion that any further disclosure of information in relation to this case or the individual concerned serves no public interest and indeed would only increase the risk of causing significant damage to the individual in addition to adding to the potential for their personal identification.

Whilst matters of policy should quite rightly be exercised in the public domain, it is unhelpful for individual cases of such sensitivity and complexity to be the subject of a public running commentary.

If I were to provide the information requested I would, in my opinion, be acting contrary to the Code of Conduct and would risk breaching the duty of care owed to this individual to promote their welfare and as such I am not prepared to release the information requested.

I am however, pleased to provide Members with confirmation of the range of accommodation available to vulnerable young people in need. In terms of children's homes La Preference provides for older young people 14-plus, whilst Heathfield focuses on a small number in the younger age group and the White House is a small therapeutic unit. Added to this is the availability of supported accommodation at St. Mark's Hostel and through our partner agency the Jersey Association for Youth and Friendship. In addition we have access to rented accommodation in the public and private sector for young people supported by the Care Leaving Team or other community based staff. These services are complemented by a range of foster placements, used primarily though not exclusively for younger children.

In terms of plans for the future, the Brig-y-Don premises will shortly be re-designed and re-furnished to create a new fit for purpose setting, facilitating the closure of one of the existing homes which is no longer appropriate for the provision of residential care to modern day standards. In addition, the old Les Chenes building is shortly to be developed into 6 purpose built bed sit units for young people moving towards independence.

As members will see, there is a substantial range of accommodation available now, with further improvements coming on line in the near future. However, that accommodation needs to be carefully matched to the child who requires it, taking into account not only their own needs but those of existing residents. The risk of unjustifiable disruption to the hard won stability of an existing resident group must be weighed in the balance, as must the risk to the new resident of exposure to adverse influence if joining a group of residents whose behaviours remain challenging and unstable. The specific vulnerabilities, wishes and feelings of all the individuals involved and the capacity of the care team to meet any specialist needs identified, must be carefully assessed and where necessary mitigated before a placement can be made. It is for this reason that, notwithstanding the good and growing range of placement alternatives which exist, it is not always possible to immediately access an appropriate setting, and there are equally times when an identified setting suddenly becomes unavailable because of the greater need of another child. I can assure members that when such difficulties arise, my officers work swiftly and creatively to promptly identify and put in place appropriate alternatives.

## **2.12 DEPUTY M. TADIER OF ST. BRELADE OF THE MINISTER FOR HOME AFFAIRS REGARDING THE FINANCIAL STATUS OF THE FOUR SEASONS GROUP:**

### **Question**



Is the Minister satisfied that the Highlands Residential Home or its parent company, the Four Seasons Group, are in a secure financial situation to fulfil their obligations to the Health and Social Services Department and what enquiries, if any, has the Minister made to determine this is the case?

**Answer**

In order to provide some context to the Deputy of St. Brelade's question, it is important to note that the Four Seasons Health Care Group is the third largest commercial provider of care homes in the United Kingdom (UK).

The Group operates approximately 16,730 beds within 420 care homes. 80% of their clients are funded by UK Local Health Authorities and the National Health Service. This provides a solid business base. In addition, the Group owns 68% of the homes it operates which gives it a strong asset base. The Group also enjoys a reputation better than the industry average for the quality of its homes, where 84.5% of the homes are classified as good or excellent.

As far as Jersey is concerned the Group operates three homes namely Silver Springs, La Haule and Highlands, all of which enjoy a good reputation for the quality of care provided and they continue to fulfil their obligations to the Health and Social Services Department.

The department is fully aware of the financial situation of Four Seasons Health Care Group as a result of its financial due diligence processes. This is a staged process whereby a financial picture of a third party organisation is built-up through review of local accounts to group accounts and if felt necessary the purchase of an independent Dunn & Bradstreet (D&B) comprehensive finance risk report.

In the case of the Four Seasons healthcare group the D&B report indicated a high risk of business failure which led to exchanges with the group's Commercial Director and ultimately to a meeting with him and senior officers of my department in May 2010.

I would want to assure the Deputy and the House that my Department has and will continue to monitor the financial situation facing the Group balanced against the risk of delayed discharge in the hospital and the lack of suitable alternative provision for this client group on the Island.

**2.13 DEPUTY M. TADIER OF ST. BRELADE OF THE MINISTER FOR HOME AFFAIRS REGARDING THE IMPRISONMENT OF A DIAGNOSED SCHIZOPHRENIC:**

**Question**

In the context of the recent situation where a diagnosed schizophrenic was 'reluctantly' sent to prison by the court because no other suitable facility was available, will the Minister advise where the individual, in this particular case, should have been sent, why he was not and whether the Minister considers that this is satisfactory?

Will he also advise what steps, if any, he is taking to resolve this situation and/or similar situations happening again?"

**Answer**

Sentencing policy is a matter for the courts.

There are difficulties in Jersey in this area, which are caused by the familiar problem of a small jurisdiction not being able to provide the full range of services which would be provided in a larger jurisdiction. This particularly applies in the area of secure accommodation for psychiatrically ill offenders. In the UK there are a number of levels of security for such people from Rampton and Broadmoor down to low levels of security.

The situation is further complicated by the fact that prisoners who are suffering from mental illness and are taking medication may be well for long periods of time. If they become ill then arrangements are made for them to be temporarily transferred to a psychiatric hospital under prison guard. The big area of difficulty arises in relation to psychiatric prisoners who are ill for most of the time. In recent years the position has improved with a number of these having been transferred to secure psychiatric hospitals in the UK. In recent years there has also been an improvement in services within the prison.

The prison has a Consultant Forensic Psychiatrist who visits the prison on a weekly basis to carry out assessments and provide professional care and support. The prison also benefits from the services of a Community Psychiatric Nurse who attends one day per week to manage a prisoner case load and three of the Prison's nurse officers are Registered Psychiatric Nurses. Most prisoners with a history of mental illness are kept stable by the administration of appropriate medication.

I have, in the past, held meetings with the Minister for Health and Social Services to discuss this issue and it is the subject of ongoing discussions. Although the current situation is not ideal, I accept that it is the best which can be provided within the available resources.

## **2.14 DEPUTY M. TADIER OF ST. BRELADE OF THE MINISTER FOR TREASURY AND RESOURCES REGARDING ZERO/TEN TAXATION:**

### **Question**

Will the Minister state whether anything was officially given in writing from the European Union and/or the UK Government that lead to his belief that 'Zero/Ten', in its current form, would be EU compliant and, if so, will he provide the relevant text?

With regard to Zero/Ten, will he advise whether he has received any feedback from the Jersey public in relation to the policy's apparent inequity (where local companies pay tax locally and non-local ones, trading in Jersey, do not)?

Will the Minister advise if and how he is planning to amend Zero/Ten as it currently stands? If there are no amendments, will he say if and by what mechanisms he is planning to recapture lost revenue from non-resident companies trading in the Island?"

### **Answer**

Jersey's Zero/Ten regime has not yet been formally assessed by the Code Group and as a result no formal communication has been received. However during the design and implementation of the regime public assurance was given that a Zero/Ten regime would not be harmful.

As set out in the consultation document, public reports from ECOFIN and the Code Group issued in 2003 and 2006 respectively made it clear that Jersey's proposed replacement regime was not considered to be harmful by the Code Group.

Specifically, in the report of the ECOFIN meeting dated 3rd June 2003 it states:

‘...the Code Group has considered the proposed revised or replacement measures....and...has found that none of these are harmful within the meaning of the Code.’

This report refers to a Code Group report which shows clearly that Jersey’s Zero/Ten regime was included as one of the proposed replacement measures.

The relevant wording in the Code Group’s report to ECOFIN dated 28th November 2006 is set out in the consultation document. Although this report specifically referred to the IOM’s regime, the concept is the same and so it was clear that even in 2006 there was support for the Zero/Ten regime. There has been no subsequent statements by ECOFIN or the Code Group to suggest that this view has changed.

There were a number of comments in the responses to the public consultation that refer to the apparent inequity of the Zero/Ten regime. A summary of responses to the consultation will be published in due course.

As set out in the public consultation document, the review is investigating whether it is possible to recoup any of the loss from business that resulted from the introduction of Zero/Ten. This inequity is recognised and if possible it will be addressed but only if there is a solution which will not result in the net decrease in tax contributed by business. It is important that there is a full understanding of the impact of any alternative regime before any decision is made to make any changes. Also given the fact that the Code Group is about to assess the regime, it would be imprudent to make any changes at this time. In fact the EU Commission advised Government officials directly that making changes to the regime during the assessment process can cause confusion and may affect the outcome.

## **2.15 DEPUTY G.P. SOUTHERN OF ST. HELIER OF THE MINISTER FOR SOCIAL SECURITY REGARDING THE PRIVATISATION OR OUTSOURCING OF PUBLIC SERVICES:**

### **Question**

In the light of the potential for the privatisation or outsourcing of public service delivery in stage 2 of the CSR, can the Minister confirm that TUPE (Transfer of Undertakings Protection of Employment) legislation has already been drafted?

Does he consider that such legislation needs to be in place as soon as possible and will he advise members when he intends to bring TUPE legislation to the Assembly?

### **Answer**

Legislation to protect employees in business transfer situations has been drafted, subject to further discussion and resolution of one outstanding but fundamental point relating to the definition of a ‘relevant transfer’. This includes complex jurisdictional issues.

Advice has been received and discussion is ongoing. This is particularly important in view of the UK Coalition Government’s plan to review the scope of the definition of a ‘relevant transfer’ in their equivalent legislation.

The Minister is further considering these issues and will bring forward the legislation before the end of the year.

Whilst introducing the legislation is important, the Minister believes that providing the States continues to adhere to the principles of TUPE ahead of the legislation's interpretation, improving States services and their efficient delivery should not be held up.

**2.16 DEPUTY G.P. SOUTHERN OF ST. HELIER OF THE MINISTER FOR TREASURY AND RESOURCES REGARDING THE IMPACT OF PUBLIC SERVICE CUTS ON VULNERABLE HOUSEHOLDS:**

**Question**

In the light of the reservations expressed by Dr. Harkness in her report to the Corporate Services investigation of the CSR, will the Minister advise members what specific actions he will take to identify the extent to which public service cuts affect households' welfare and in particular the poorest and most vulnerable amongst them?

Will he further undertake to produce an analysis of the impact of the proposals contained in stage 2 of the CSR on the poorest households along with the measures he proposes to protect these households?

**Answer**

The Council of Ministers is committed to minimising the impact of the CSR on vital public services and income support with the objective to minimise the impact on the less well-off in our society. In addition, by boosting economic growth, the intention is that any public sector job losses will have minimal impact as Dr. Harkness states. Ministers will continue to strike a balance between delivering savings and preventing tax rises but also protecting vital public services and the impact on all households, particularly the less well off in Jersey will be taken into account in the Council of Minister's decision making.

**2.17 DEPUTY G.P. SOUTHERN OF ST. HELIER OF THE MINISTER FOR ECONOMIC DEVELOPMENT REGARDING POSTAL LICENCES:**

**Question**

Will the Minister act to suspend any further action on the granting of additional postal licences until the employment and universal service provision issues at Jersey Post have been resolved, and if not why not?

**Answer**

The Postal Services Law (2004) has as its preamble the statement: 'A **LAW** to abolish the exclusive privilege of the States in postal services'. The Law takes a pro-competition stance and gives the Minister certain duties, to perform his functions in such manner as he considers is best calculated to protect and further the interests of users of postal services, and to perform them, **by promoting competition** among persons engaged in commercial activities connected with postal services in Jersey. Other duties refer to promotion of efficiency, economy and effectiveness; to consider the economic interests of Jersey; and to impose a **minimum of restriction** on persons engaged in commercial activities connected with postal services. The Minister must also have regard to any special needs of persons who are disabled or have limited financial resources or have particular needs.

To effect this the Minister has a power to direct the JCRA on matters of social and environmental policy in postal services, but he does not have a power to prevent the JCRA from issuing a licence under the Law. As Members will note from the description of duties just mentioned, the Law states that the Minister should impose a **minimum of restrictions by promoting competition**. As such I simply cannot interfere with the lawful duties of the JCRA under the Law. What I can do, and have done, is revisit the Universal Service Obligation (USO). Analysis of the responses to the public consultation is near completion. If the results support a redefining of the USO then I will ask the JCRA to ensure that this is taken into account when it makes a decision on licensing third parties, indeed, I intend to present the results of the consultation to the States together with the comments of the JCRA so that the States can have an informed debate on the future of postal services in this Island. That is a debate that needs to take place, but it needs to take place in an informed way once the consultation report has been completed. I expect the department to have this ready by the second week of October.

## **2.18 DEPUTY G.P. SOUTHERN OF ST. HELIER OF THE MINISTER FOR HOUSING REGARDING THE PROTECTION OF LOW INCOME HOUSEHOLDS IN RESPECT OF RENT RISES:**

### **Question**

In the light of large rises in rent levels in the private sector and the rent rise announced by the Jersey Homes Trust, what actions, if any, will the Minister consider putting in place to protect low-income households in the short term, while we await his longer term plans?

Will the Minister further assure members that any proposals he brings to stage 2 of the CSR will protect low-income households?

### **Answer**

I am grateful for this question as it provides an opportunity for me to clarify responsibilities in this area.

Supporting low income households in being able to afford to adequately house themselves is a matter which, since the introduction of Income Support, has been the responsibility of the Minister for Social Security and his Income Support system.

It has been agreed that one of the States 2011 CSR savings will be to freeze the housing component of Income Support at 2010 levels. As a reaction to that and to protect social housing tenants in the short term I elected not to raise the capped level of the fair rents chargeable for social rented accommodation, as had been planned in October this year.

It is a fact that social housing rents are already significantly behind market levels and it is unrealistic to think that social housing rents can be frozen indefinitely. We should all be concerned that the variance to market rent levels provides a hidden subsidy for a proportion of tenants.

It is clear that rental values and house prices are closely correlated and driven by the general supply and demand for housing in the Island. It follows that the best way to remedy rising rents and house prices is to balance supply and demand, while providing social housing, benefits, and affordable housing schemes, such as Jersey Homebuy, to those least able to afford adequate housing on their own.

When it comes to providing financial assistance, the most effective way of helping low income families is through the Income Support system and not for the continuation of hidden subsidies which mask the problem and hide the true cost of social benefits.

A review of Income Support is planned and I will be working closely with the Minister for Social Security in respect of the housing component. We will ensure, through that process, that the impact of any future CSR savings on low income households is properly assessed.

In the long term, I am of the view that the only sustainable way of ensuring that those on limited incomes can adequately house themselves is through the provision of suitable affordable homes. I am committed to seeing the social housing sector grow and am relying on the Minister for Planning and Environment to ensure that the Draft Island Plan 2010 delivers sufficient numbers of affordable homes over the next 10 years.

## **2.19 DEPUTY M. TADIER OF ST. BRELADE OF THE MINISTER FOR HEALTH AND SOCIAL SERVICES REGARDING RESPITE CARE:**

### **Question**

Will the Minister advise how the lack of suitable care and respite units for vulnerable and/or chronically disabled children (e.g. Oakwell) is being addressed?

Will she advise how many beds there are at Oakwell; confirm that these are meant for short term 'respite' care and advise how many of these beds are currently being used for non-respite purposes (i.e., Monday-Friday or longer periods)?

### **Answer**

Under normal circumstances there is no lack of suitable care and respite units for vulnerable and/or chronically disabled children. In comparison with many UK authorities Jersey, as a small jurisdiction, provides a good level of residential beds offering such residential respite care. We currently have Oakwell and Eden House, run by H&SS Special Needs Service, and Maison Allo, run by Les Amis on behalf of Jersey Mencap.

All of our services used for children's residential respite have historically been used on a flexible basis and this remains so. Oakwell currently has four beds at its disposal and this unit has a primary role of providing short term respite care. It is regularly used for planned breaks, holiday breaks, shared care arrangements, and has on several occasions been used as a long term home for individual children.

It remains essential that H&SS is able to respond to statutory responsibilities to safeguard the welfare of children. This means we have to be flexible to respond to any prioritised need, on behalf of children and their families.

## **3. Oral Questions**

### **3.1 Deputy P.J. Rondel of St. John of the Chief Minister regarding the security of the States computer system:**

How secure is the States computer system and access to the various databases, and have there been any breaches over the last 3 years through the loss or theft of equipment holding confidential information?

**Senator T.A. Le Sueur (The Chief Minister):**

I am advised that there have been no reports of breaches of the States computer system in the last 3 years due to the loss or theft of equipment holding confidential information. The States computer system has many controls in place to prevent security breaches and is regularly audited. This security is generally found to be adequate, however there are continual improvements being implemented, often following audit recommendations. For example, following audit recommendations a pilot for encrypting data on laptop computers is scheduled for later this year.

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

I am really surprised at the Minister's response, and I must ask whether or not he checked with all of his Ministers, at the Council of Ministers, if that is correct. Will he confirm that I handed a U.S.B. (Universal Serial Bus) stick or dongle - call it what you will, - memory stick, registered to Social Security to the Minister for Social Security only at our last sitting, therefore will the Minister confirm that he has spoken to all the Ministers?

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

No, I directed my question to the head of computer services who is the person responsible for security of the system, and I specifically, knowing that the Deputy of St. John does not ask questions without a reason for it, pressed him on this point and he said that there had been no reports of breaches to him. I did not ask individual Ministers because it is the head of computer services who is responsible for security.

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

Given that there has been a breach in the security within the computer system, will the Minister undertake a full review of the security system within our States and report back to this House within the next 6 weeks as to what he has found and speak to all his Ministers, in particular when it comes to sensitive equipment, like Social Security information, that is being left around?

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

I will certainly pursue the matter, but I would point out that the question talks about security within the computer system. I cannot speak for security of matters which are allied to but not directly linked in the computer system if dongles or U.S.B. pens or other things are left lying around, and this may well be the case. It is not something that has been reported to the department concerned. But I will take up the point of the Deputy.

**3.2 Connétable A.S. Crowcroft of St. Helier of the Minister for Education, Sport and Culture regarding the inclusion of local history in the educational curriculum:**

Does the Minister believe that there is sufficient attention paid to learning about local history in the educational curriculum, and will he agree to promote research into and awareness of the significance of such events as those which took place on this day on 28th September 1769?

**Deputy J.G. Reed of St. Ouen (The Minister for Education, Sport and Culture):**

Local history always has and always will play a significant part in the school curriculum. For the past year significant time and resources have been invested in producing a new Jersey History Unit for the primary curriculum, which will be launched in early December. This unit of work includes the key topics in the development of Jersey's independent status and relationship with the Crown. Currently the revolt that took place on 28th September 1769 is not identified as an individual topic on the timeline of significant events over the past 806 years. However, I will ask the researchers and authors to consider its inclusion.

[09:45]

### **3.2.1 Deputy T.M. Pitman of St.Helier:**

I would just like to ask the Minister, once his people have done the research would he consider proposing, as the Minister for Culture, that it becomes a national holiday? We can celebrate our progressive history.

### **The Deputy of St. Ouen:**

I know my duties are many but unfortunately I am not able to determine public holidays.

### **3.3 Deputy G.P. Southern of the Minister for Treasury and Resources regarding the use of Article 134A of the Income Tax (Jersey) Law 1961 over the past 10 years to prevent tax avoidance:**

Will the Minister inform Members how many times the Comptroller of Income Tax has used Article 134A of the Income Tax (Jersey) Law 1961 annually over the past 10 years to prevent aggressive tax avoidance by individuals or companies, how much tax has been recovered from each and what is the estimated additional tax revenue which might be generated from greater attention to aggressive tax avoidance?

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

In the short time available to research this answer it has not been possible to gather all of the information for the whole of the last 10 years. What I would say to the Deputy is that information in respect of tax investigations undertaken by the Taxes Office is published in the Comptroller's annual report and they are all available on the States website. As an indication, however, I can say that 373 taxpayers were challenged in 2008 and 284 taxpayers were challenged in 2009. Just in relation to tax-driven structures, which turn taxable income into non-taxable capital, this challenge has involved £57 million in 2008, of which 31 was taxed under Article 134A and £43 million in 2009 of which £22 million was taxed under Article 134A. These figures are indicative of previous years' challenges under the Article for similar challenges. Experience, I am advised from the Comptroller, has said that the very warning or threat of invoking Article 134A is very effective and sufficient to encourage most taxpayers to pay the right amount of tax. I am currently undertaking a review into whether improved efficiencies and tax policy changes could be introduced to ensure that all Jersey taxpayers pay the tax that they are legally obliged to do so. I will be making various announcements in this area in the budget, and also announce a target of additional tax that I am attempting to ask the Tax Department to collect.

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

Given the attention paid in the U.K. (United Kingdom) by the Liberal Conservative alliance, to helping to fill their deficit with avoided tax, the target he is setting, can he give us an idea of what sort of figure he might be looking for from the Tax Department?

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

I am certainly not the Business Secretary of the United Kingdom, and I am certainly not going to speak as though this was a party conference, which is designed to make a number of statements in the public arena, no doubt, to woo party members of a coalition government. I am certainly also not, I am afraid, going to say anything in relation to what is contained in the budget, which is going to be announced to Members on 22nd October. What I will just repeat and say is that we have been undertaking a quite comprehensive review of the Tax Department in order to direct resources in order to collect the tax that is due by taxpayers in Jersey. We have low tax in Jersey and tax at the low rate should be collected and I am going to give, and my Assistant Minister is going to ensure that we get the maximum resources in to collect the tax that is due, and changes will be made.

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



Will the Minister inform Members whether the collection of tax is made yet more difficult by the continued absence of a Deputy Comptroller in the department?

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

We have been looking, in fact, at the whole structure of the Tax Department and, indeed, it is fair to say that there have been a number of requirements to strengthen the management within the Tax Department. We are now greatly assisted by the Director of International Tax, who also helps very much on tax policy matters. We have had an additional post in the Treasury dealing with these issues, and certainly the review of the Tax Department that is currently going on is going to make some further changes to the management structure to fortify the Tax Department to collect more revenue. This is one area where I think Members actually want us to spend more money in order to collect the right amount and the appropriate amount of tax.

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

I will try an alternative approach to get an answer to the question. How long has there not been a Deputy Comptroller in position, and surely does this not make the collection of tax more difficult?

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

I am not going to discuss personnel matters in the Assembly. It would be inappropriate for me to do so. All I will say is that we are reviewing comprehensively the structure of the Tax Department, and, yes, of course, the absence of a Deputy Comptroller will make life somewhat more difficult. The Deputy knows himself that it is difficult to ask the Tax Department to get information for information purposes, but the Tax Department do their best and we are doing our best to help them in this review.

### **3.4 Deputy F.J. Hill of St. Martin of the Minister for Economic Development regarding a review of the fee structure relating to the Licensing (Jersey) Law 1974:**

Given that on 26th September 2007 the States approved P.117/2007 and requested the Minister to review the fee structure relating to the Licensing (Jersey) Law 1974 and for the review to be finalised and the findings published no later than 1st August 2008, will he inform Members why the findings have not been finalised and how much revenue has been lost due to the freezing of fees in 2007?

**Senator A.J.H. Maclean (The Minister for Economic Development):**

The Deputy of St. Martin quotes selectively in his question regarding what the States approved in P.117/2007. That proposition asked for a review of the current liquor licensing fees and it also asks, and I quote: "To finalise the review and publish its findings no later than 1st August 2008." But interestingly it also stated that no increases should be made before these licensing fees had been reviewed. Therefore P.117 only addressed the licensing fee structure and not the rest of the Licensing Law, which is also being reviewed. During the debate on P.117 I gave an assurance to the Deputy that no fee increases would be brought until the entire law had been reviewed. To honour that undertaking I did not seek any increases in 2009 or 2010. I accept that the review has taken much longer than anticipated but it also has proved to be one of entrenched and opposing views from many stakeholders. It is therefore an extremely complex area, which the Deputy will appreciate, and we are working with other departments who are also involved in the matter.

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

I know I picked up an infection last night flying back on the flight, but I think I failed to hear all the answer or maybe it was not given. I did ask what sums of money had been lost because there has not been a fee increase for the last 3 years? I did not get that answer. Is the Minister able to give it?

**Senator A.J.H. Maclean:**

The loss of fees is difficult to determine with accuracy because, of course, subject to the review, some fees would have gone up and some would have gone down, but we estimate in the region of about £25,000. I would also add that it is a somewhat surprising question from the Deputy because I notice that he supported Deputy Power's impôts proposition in December of last year where he stated that he did not think it was reasonable to increase taxes at this particular time when we were introducing pay freezes. So he seems to have a differing view, but that is another matter.

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

No doubt it is quite easy to say that. Would the Minister say it is £25,000 a year or £25,000 over the 3 years?

**Senator A.J.H. Maclean:**

£25,000 has been lost by not increasing the fees in the period stated, approximately.

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

Last year in answers there was a similar type of question, we were informed the Green Paper was due in February 2010, 8 months ago, is the Minister in a position to tell Members or, indeed, the public when this Green Paper is going to be finalised and, indeed, when the law, which was supposed to be brought back to the House in 2008 is going to be brought forward for Members to discuss?

**Senator A.J.H. Maclean:**

Again, as I have stated, I understand the frustration in this area. It is simply down to constraints in terms of resources. Nevertheless the consultation has now closed. We anticipate being able to publish the results before the end of this year, and then seek the law drafting time next year, hopefully to be able to bring a new law before the States by the end of next year.

**3.5 Senator S.C. Ferguson of the Minister for Health and Social Services regarding the collegiate Medical Director:**

Would the Minister confirm whether there are currently 4 doctors acting as a collegiate Medical Director and, if so, would she explain why this is the case when Verita recommended that a new independent Medical Director should be employed?

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

The Verita report recommends, and I quote: "That the Chief Officer should appoint a new Medical Director in advance of the current Medical Director's retirement as to ensure a smooth transition. As my department was to appoint a new Chief Officer the decision was to delay the appointment of the Medical Director until the new Chief Officer was in post. Naturally when a vacancy occurs, and to ensure cover of this important role, 4 experienced doctors, who are senior consultants and work very closely and are involved, took on the role of Medical Director. This was always a temporary measure. In conjunction with the Managing Director for the hospital, the Chief Officer has revised and expanded the Medical Director's team. In future there will be a Medical Director, Deputy Medical Director and 3 Associate Medical Director posts with particular focus on governance, which includes patient safety; training and education; and informatics. These posts are now being recruited to.

**3.5.1 Senator S.C. Ferguson:**

Given that there is this expansion of this department, is this just another expansion of the top level management in Health? Where are the savings going to be made by not increasing staffing in other areas or reducing staffing in other areas?

**The Deputy of Trinity:**

This is not increasing the numbers. We hope that it will be an internal post that will be filled to the Medical Director and also the Associates. It is strengthening the Medical Director's team that will have a Deputy Medical Director, so when the Medical Director is away on holiday or courses, or whatever, that there is someone there who will cover.

**3.5.2 Senator S.C. Ferguson:**

I do not quite understand. Does the Minister mean that there will be a Medical Director and then the rest of the team will be doubling-up as Assistant Medical Directors, Deputy Medical Director and also carrying out clinical duties?

**The Deputy of Trinity:**

As I said, the 3 Associates will be focusing... will lead. They will still continue their normal clinical activities but they will have a focus on a particular area. One of the areas will be training and education, governance, which includes patient safety, and informatics.

**3.5.3 Senator S.C. Ferguson:**

I am sorry I did not quite understand. Will these Assistant Medical Directors and Deputy Medical Directors and whatever Medical Directors, actually be running clinical duties as well as their medical duties? Will they be seeing patients?

**The Deputy of Trinity:**

Yes, I thought I already said that. Yes.

**3.5.4 Deputy A.E. Jeune of St. Brelade:**

Given that the Minister tells us that there will be additional people involved in the directorship of the hospital, the breakdown of clinical time as opposed to admin time will therefore be different. They will need more admin time to carry out their duties and giving less to clinical. As Senator Ferguson raised, how is that going to be dealt with from a cost basis?

**The Deputy of Trinity:**

As everyone should know, I am very aware of the cost pressures within the hospital, and this will be done within a set budget. The Medical Director is an important role, and I said about the Deputy Medical Director. But also what is important too is the Associate leads and they will continue their clinical practice, but they will have a speciality in those 3 areas.

**3.5.5 Senator S.C. Ferguson:**

We have not really got to the bottom of the fact that we are, for instance, bringing in a Director of Informatics, but does this mean that there will be a reduction in the informatics section in the I.T. (information technology) Department in the hospital?

[10:00]

**The Deputy of Trinity:**

No, let me make it very clear. We are not bringing anybody in. One of the consultants has a special affinity - if that is the right word to use - on informatics, and good for him because informatics will be important and are important, especially as we go ahead into the future. So to have a clinical specialist with his lead on informatics... as well as education training and governance, and patient safety, which must be my number one priority.

**3.6 Deputy T.M. Pitman of the Chairman of the Privileges and Procedures Committee regarding Members' attendance at States meetings:**

Given that, unlike our counterparts in Guernsey, the Assembly regularly becomes inquorate despite Members being required to attend (unless ill or otherwise excused) under the States of Jersey Law, the Code of Conduct and, most importantly of all, being paid by the taxpayer to do so, will the Committee agree to look into the possibility of withholding the salaries of Members who leave sittings for many hours for unofficial reasons

**Connétable J. Gallichan of St. Mary (Chairman, Privileges and Procedures Committee):**

I would refer Deputy Pitman to my written answer of today which deals with the sanctions that are available to address the matter of absence from the States Chamber. As per the written answer, the committee has given considerable thought to the way in which absence from the Chamber could be monitored and would welcome Deputy Pitman to attend a committee meeting should he wish to discuss any ideas that he might have in this regard.

**3.6.1 Deputy T.M. Pitman:**

We are only this past week hearing of additional obscene cuts that will tear the fabric of society apart. In such a climate, does the Chairman not agree that it needs strong action to stop Members slipping off to a day job during sittings, effectively earning money for themselves while being paid for by the taxpayer?

**The Connétable of St. Mary:**

My understanding, bearing in mind the best use of time of the Assembly, is that questions were to be dealt with on matters that were not already within the public domain. I have answered this question previously at length and I can refer ... this bundle of papers represents the questions that I have answered on this. I wonder if it might be more practical for me simply to remind the Deputy of previous answers.

**The Bailiff:**

It is a matter for you entirely how you wish to deal with it, Chairman. Deputy Pitman, do you wish a further question.

**3.6.2 Deputy T.M. Pitman:**

Absolutely, Sir. I appreciate the Chairman's response but it is a subject that concerns the public, so it should be a concern for us. What I would ask now is, will the Chairman support the introduction of a register that will identify who is leaving for *bona fide* reasons, as probably Ministers might have to, to see to their departments or perhaps a Constable has to for his Parish, some urgent incident, or people who are going to work. That is all I am asking for. It is an issue that concerns the public.

**The Connétable of St. Mary:**

As I have said, I have answered at length on this. This is a matter that has concerned P.P.C. (Privileges and Procedures Committee). There are great difficulties. No monitoring could be set up without intensive staffing. For example, as I mentioned previously, it has not been P.P.C.'s remit to monitor tightly what States Members are doing. There may well be a case where we would be intruding in something confidential a Member was doing on behalf of a constituent that might be very urgent at that time. There are a whole host of reasons why people might not be temporarily in the Chamber, and it is very difficult to see how an efficient monitoring system could be undertaken. Members are expected to deal with attendance at States sittings as a matter of honour, in accordance with their oath, and I think it is a very sorry state if we are moving away from a system of honour.

**3.6.3 Senator F. du H. Le Gresley:**

Does the Chairman agree with me that pursuing personal vendettas between Members is an inappropriate use of question time? [Approbation]

**Deputy T.M. Pitman:**

Is the Senator impugning my reputation, because I think he should withdraw that if he is?

**The Connétable of St. Mary:**

I would simply say that if that were the case it may well not be appropriate, but I am not alluding any kind of vendetta to the question the questioner has asked.

**3.6.4 Connétable M.K. Jackson of St. Brelade:**

Just an observation really, it is normal in buildings where there are a lot of people working to have some sort of register of those who are in and out, purely for safety and fire records. Would it not be a consideration that P.P.C. would care to consider? Perhaps the Chairman would consider looking into that.

**The Connétable of St. Mary:**

The actual mechanics of whether people are in the building or in the Chamber are quite simple. We are in the Chamber, we are seen to be here. We are in the building because we swiped-in or swiped-out. That is not really the crux of the matter. The crux of the matter is determining why people are not here at any one time. That is where my concerns about intrusion and also the level of detail that would be required rest. The actual physical presence in the building is something quite easy to ascertain.

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

I think every year the P.P.C. produces an annual report of the work done in the Chamber, the number of hours used for debating, the number of propositions lodged, *et cetera*, has the P.P.C. given consideration maybe of showing the number of States sittings that each individual Member attends, also the number of votes each Member is present for, because no doubt that may be quite illuminating to members of the public.

**The Connétable of St. Mary:**

This information is available on the website generally, especially where electronic votes are taken, but as has been pointed out in the past, when this kind of analysis had been undertaken on an *ad hoc* basis, there are many reasons why the results were skewed. For example, there might be a whole host of minor votes taken within a half hour period and a Member who was out for just half an hour could miss, say, 8 votes, whereas on another day there might be one piece of business taking the whole day, and Members could be in and out and that not even be recorded by votes. While these ideas are very nice to put forward - and, as I say, P.P.C. is not dismissing them - P.P.C. has given considerable thought... It is actually a very complex matter and not as easily identifiable as the Deputy would think.

**3.6.6 Deputy T.M. Pitman:**

Does the Chairman not consider that it really is of importance to the public that when we have Members bringing perhaps a proposition to freeze Members' salary that a member of the public can then look up at see that person is hardly ever in the Chamber and goes to his day job?

**The Bailiff:**

Deputy, sorry, what was the final bit?

**Deputy T.M. Pitman:**

Does the Chairman not think it is important if a person is bringing a proposition linked perhaps to States Members' remuneration that that person should be able to be checked out to see if the person bringing that is even in the Chamber and earning his money? It is quite clear, I think. Certainly a concern to the public who I talk to.

### **The Connétable of St. Mary:**

That question, of course, does relate specifically to another Member, and I would simply refer to answers given previously. There is no impediment in the States of Jersey Law or in our Standing Orders, apart from certain restricted categories of public employee, of a Member having a second place of employment. It is a matter for the electorate to judge how they view that. We are responsible ultimately at the ballot box. I would also reiterate what I have said previously, the people of the Island of Jersey are not fools.

### **3.7 Deputy P.V.F. Le Claire of St. Helier of the Chief Minister regarding the protection of staff under the ‘whistle-blowing’ policy:**

How does the States protect employees raising serious concerns under the whistle-blowing policy from reprisals?

#### **Senator T.A. Le Sueur (The Chief Minister):**

The States of Jersey’s Serious Concerns Policy, otherwise known as the “whistle-blowing policy”, was introduced in April 2009 and offers protection to people who work within the States of Jersey who raise legitimate concern about either the activities of the States or persons employed within the States. We recognise that the prospect of raising a concern may cause distress and anxiety and that people may be afraid of reprisal or victimisation if they raise a legitimate matter. Therefore within the policy, we have given assurances about protecting them if they raise a legitimate concern. There are a number of safeguards in the policy. There is a designated person under the policy who is charged with ensuring the concerns made under the policy are addressed appropriately. This designated person, the Comptroller and Auditor General, is independent of the States and concerns can be raised directly with him. Chief Officers in departments are also required to advise him of all concerns which have been raised within their department, which acts as an audit trail and a checklist. Individuals are encouraged to seek advice and support from a number of sources, including the Human Resources Department, their trade union, or their professional association. Finally, if the concern involves theft or fraud the Chief Internal Auditor can provide confidential and impartial advice about how the individual should progress the matter.

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

I am sure it may just be an interpretation in relation to the answer the Chief Minister gave me, but I certainly will review this on Hansard and, before I do so, I would like to ask the Chief Minister to confirm that these employees if they ... he said: “If they raise legitimate concerns.” I would like him to qualify that sentence by assuring me that those legitimate concerns do not necessarily have to meet a certain criteria but they just have to meet the criteria that the individual reporting them believed them to be legitimate concerns at the time.

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

I can confirm to the Deputy it is not a question of a checklist of does or does not. The person concerned will no doubt raise the concern with the Comptroller and Auditor General in good faith, and, unless the Comptroller and Auditor General believes that the concern raised is facetious or irrelevant, he will pursue it. This is just to indicate that it should be for legitimate reasons and not just for scaremongering or making unfounded accusations.

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

I appreciate and thank the Chief Minister for his answers. May I just inquire please, in open session, who is the Chief Internal Auditor as I have a constituent contacting me on a potential fraud issue?

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

One normally does not mention the name of individual employees within the States Chamber. If the Deputy wants to know the individual's name I think it is more appropriate for me to tell him outside of the meeting. But it is available on the States website anyway.

### **3.8 Deputy M.R. Higgins of St. Helier of the Minister for Housing regarding the impact of the recession on demands for social housing:**

Could the Minister advise the Assembly how many people, since the onset of the recession in Jersey, have been housed, or are currently waiting to be housed by his department, as a result of having been made redundant and/or losing their houses due to repossession by banks or other home lenders?

#### **Deputy S. Power of St. Brelade (The Minister for Housing):**

This is not an easy question to answer. When exactly Jersey entered the recession... the answer is probably one that the Minister for Treasury and Resources and myself might agree or disagree on, but certainly it slowed down in the beginning of 2009. As I mentioned, in the last Assembly sitting, the Population Office and the Minister for Housing has noticed a 60 per cent drop in the number of (j) purchase applications, consequentially we have also seen a 43 per cent rise in the number of applications for housing on the grounds of homelessness or financial hardship in the last 12 months. The trend seems to be continuing with 151 similar applications having been made so far this year, which are new. I can confirm to the Deputy - I will confirm these figures in writing - we have a current waiting list of 305 for one-bedroom units; 335 for 2-bedroom; 155 for 3-bedroom and another 102 for other types of accommodation. The current average waiting time for a one-bedroom need is 14 months; for a 2-bedroom need is 12 months; and for a 3-bedroom need is over 13 months. With regard to the methodology of repossessing property, the Housing Department does not deal with this as a matter of course, because we are a social rented provider, but normally my understanding is that the banks will allow people to move out or to move on without forcing a sale but will allow a certain period of time for it to be done. But we do not have any accurate data on that.

#### **3.8.1 Deputy J.A. Martin of St. Helier:**

43 per cent is a stark very high rise. I wonder what work... and it was an amendment when income support was brought in. How much work has the Minister for Housing done with Social Security to look at the circumstances of the person, it may be a marriage break-up, it may be a redundancy.

[10:15]

At the moment income support will not cover ... the amendment brought by the panel was 6 months... it was a year, I was told afterwards it might have got 6 months. But I am now meeting constituents whose mortgage was about £500 or £600 a month for their family home and Social Security will not meet that, not even for a short period of time, and they are covering over £1,000 when they have moved them out, and making the Minister for Housing's list. Will he endeavour to work with Social Security and look at this 43 per cent of people, probably 20 per cent of that, given a bit of time, could pay the money back and stay in their own homes.

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

I will try. The housing component of income support is, I think, around £30 million a year. That is broken down between the Housing Department, the trusts and the private rental sector, an area I have some concern on. The department is currently revisiting everyone, every single person, on our waiting list and transfer list to reassess their housing needs. This is a large piece of work, and it will take some time to complete. This will provide an opportunity to look afresh at household composition and financial means. If the Deputy is interested in seeing this, I will circulate that report once it is done. I can also confirm to the Assembly that my Assistant Minister, the Constable

of St. John, is now actively working with the housing trusts and the Parishes in creating a combined waiting list, which will be far more accurate than any system we have ever had before, and we will have very accurate information when the result of that work is done. So there is a lot of work going on. We do have regular meetings with the Social Security Department, very regular meetings. We will summarise that in a report in due course.

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

Deputy Higgins asked a question to the Minister for Housing to see or to extrapolate how many people had approached the Minister for Housing as a direct result of being made redundant or having their house repossessed due to the downturn. The Minister for Housing has said this morning that it is difficult to identify from his waiting lists how many of those people are on the waiting list because of that eventuality. Given that the Minister must have cognisance of the economic climate before bringing for approval reductions in qualification periods, is it not now time to ensure that his department has cognisance of economic factors before they consider policy objectives?

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

Both in my time as an Assistant Minister, and in my time now as the Minister for Housing, we always take into account economic factors to do with any review of the qualification period being reduced. It has sat at 11 years, since January 2009. It is being reviewed at the moment and we would not be able to make a decision on that unless we thought it was appropriate. I hope that gives the Deputy some comfort.

### **3.8.3 Deputy A.E. Jeune:**

The figures the Minister gives for those on waiting lists - for example waiting for a one-bedroom accommodation - does that include persons already housed in States accommodation or housing trust properties who want to downsize?

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

It does not include people who are in trust property but we do have a transfer list, which is included in that. On the specific one-bedroom need, of the 305 I mentioned, 155 are on the waiting list and 150 are on the transfer list.

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

What discussion has the Minister had at Council of Ministers level over the potential for redundancies in the public sector, which are pencilled-in for the comprehensive spending review stage 2, and has he put in to discussions at Council of Ministers level the potential impact upon house repossessions?

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

I am not quite sure what the overall level of expected redundancies will be in relation to this question. It has been discussed at the Council of Ministers, and I have given the Council of Ministers my indication as to how many voluntary redundancies there might be in my department. It has been as simple as that. I cannot remember the second part of the question.

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

That the issue is not just voluntary redundancies, which are in place at the moment, but redundancies *per se*. There may be 400, there may be 600 coming, through the second stage of the comprehensive spending review, what impact will that have on his department?

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

It will increase my waiting lists and that is why it is so important that sites like Ann Court, which at the moment is a temporary car park, are brought forward and redeveloped as soon as possible. I



will have increased waiting lists. It could go from nearly 900 now, it could double in the next 2 years. I do not know, I simply cannot answer the Deputy's question.

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

Would the Minister confirm there is much concern from elderly people in need of more appropriate accommodation to suit their needs, and the lack of progress in finding land and sites to build new sheltered or lifetime homes to accommodate these people who are serving a lifetime of misery at the moment?

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

Contrary to the impression given in last week's *J.E.P. (Jersey Evening Post)* there is an overwhelming need for an increase in accommodation for the over-55s and old age pensioners. I can break down the statistics with my own department. There are people at the moment who have paid tax and social security all their lives on this Island who are not adequately housed, and it is my department's wish to house these as quickly as we can. But I do add the warning that we have increased and growing waiting lists.

### **The Bailiff:**

We are drifting off the question a little, I think. I saw Deputy Martin, the Deputy of Grouville and then Deputy Higgins to wind-up.

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

I thank the Minister for his comprehensive reply, except he did not answer the part about proper discussions with Social Security, about keeping people in their own homes for a short time and they will be able to pay back the money, so I hope that work is ongoing. Secondly, would the Minister not confirm the people on the transfer list for one-bedrooms are not coming in from redundancies but they do not choose to downsize, as Deputy Jeune has said, they have to downsize because they are prisoners in a 2-bedroom flat, probably on the third floor, and they cannot get in or out, and the criteria has to be met to go on the transfer list for a one-bedroom?

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

The Deputy is right. We have to, as a department, force people to move because we need ... on those transfer lists we need people to move from a one to a 2 because of an increase, or people to move from 3 to a 2 to a one, and as Professor Whitehead said in the review of Jersey's social housing, it is, in some ways, a very inequitable system. But it is the only system we have got. If we were not to move people our waiting lists would be even higher. With regard to people who get into financial trouble as a result of losing a position, they come to Social Security first... and I did not avoid the question. Social Security is doing a lot of work in this area, and we work in tandem with Social Security to house these people as best we can.

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

The Minister described an overwhelming need for the over-55s. Would he like to describe exactly what criteria he is using for this need and what criteria there is in putting people, assessing people to be put on the waiting lists?

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

We do not put people on the waiting list. The people put themselves on the waiting list. The Constable of St. John and I share surgeries at Age Concern and Communicare twice a month, and I can say with absolutely consistency in the last 4½ years I have been doing these surgeries, the greatest number of people who visit me at Age Concern and Communicare are elderly. It has been a consistent demand for housing over the last 4½ years, and I am prepared to produce the figures and the waiting lists and by age analysis.

### **3.8.8 Deputy M.R. Higgins:**

Although the Minister has touched on these, just for the avoidance of doubt, can he explain that if someone is made homeless what his department will do to house them, considering the waiting list he is talking about, and equally if people are made redundant and have their homes repossessed, what steps can be given to house them, or are they left on the street?

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

If somebody becomes unemployed and becomes financially distressed, the first point of contact with the department is the Allocations Team. The Allocations Team meet at Social Security, I think it is very regularly, almost twice a month - maybe 4 times a month - and then we assess the need financially. They then go on a waiting list. The waiting list is broken-down between urgent need, high need, moderate need, and so on, and we assess them on that basis.

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

May I ask the Minister to circulate his initial answer to Members?

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

I will circulate the figures and the statistics to all States Members.

### **3.9 Deputy M. Tadier of St. Brelade of the Minister for Health and Social Services regarding the provision of respite care:**

Will the Minister inform Members if there are any plans to increase the amount of bed space and/or the level of staffing at Oakwell Respite Home and, if not, what guarantees can she give that in future children who need long-term care outside the home will not be put into this facility which currently caters for short-term respite care?

#### **The Deputy of Trinity (The Minister for Health and Social Services):**

I would just like to refer the Deputy to the written answer that I gave to his written question on the same subject, and it is number 19 in the bundle. Therefore I shall not repeat myself at length. There are no plans to increase the bed numbers at Oakwell.

#### **3.9.1 Deputy M. Tadier:**

I will ask a supplementary because the written question is slightly different, although I do take that on board, and I thank the Minister for that. Will the Minister answer the part about levels of staffing at Oakwell, whether they will likely to be increased?

#### **The Deputy of Trinity:**

The level of staffing at Oakwell is assessed as the needs of the children who become resident in Oakwell.

#### **3.9.2 Deputy M. Tadier:**

Can the Minister give a best estimate as to when she thinks the situation will be resolved and normal service will be resumed at Oakwell?

#### **The Deputy of Trinity:**

Oakwell is for respite and, at times, it does take the children who need perhaps long-term care. Each one is assessed on an individual basis because the welfare of the children in my care is the most important.

#### **3.9.3 Senator B.E. Shenton:**

Can the Minister confirm that she is having trouble getting long-term employees and has been using bank staff, which has caused problems because they do not want to work evenings to provide respite facilities?

**The Deputy of Trinity:**

As I said, the staffing is assessed on a needs basis because the number of children and the severity does differ, and sometimes there is a need to put the children on a temporary long-term basis.

**3.9.4 Deputy A.K.F. Green of St. Helier:**

I wonder if the Minister would agree to carry out a review of respite generally, because there are clearly problems at Oakwell, and clearly some in the community that are not getting the support that they should be getting. Would the Minister agree to review respite generally, but particularly for children?

**The Deputy of Trinity:**

The review of respite is continually being reviewed because the most important thing is to address the children's needs, wherever that is appropriate. Sometimes that is out of my control. It is where the needs are the most important and sometimes that does involve long term care at Oakwell, as I said, on a temporary basis with a view of having other needs put in place. I will finish there.

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

On a point of order, some of us are finding it very difficult to understand some of the answers that have been given orally from across the Chamber. I wonder whether I could ask Privileges and Procedures whether the questions that have been put orally could be sent out and written-up in a written form to Members?

**The Bailiff:**

We can deal with this another time I think, Senator.

[10:30]

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

Well it is very difficult for us to understand and to comprehend some of the speeches coming from some of the Members on that side of the Chamber.

**3.9.5 Senator B.E. Shenton:**

I would just advise Senator Le Main that there are some very good hearing aids available these days. Rather than push the Minister on this, may I just say that the Minister does not seem to be particularly well-briefed on this subject and may I just simply request that after this sitting that she goes back to her offices and has a full briefing on the problems to do with respite care.

**The Deputy of Trinity:**

I am sorry about this, Senator Le Main, I have got a cold so I will try and speak a bit louder. I am fully well-briefed. Oakwell is for short-term respite care ideally but from time to time there is a need to put a long-term child there on specific needs. That is addressed and the needs are assessed regularly, from time to time, to make sure with a view of trying to put in long-term placement and with those needs we have to be flexible and it does happen from time to time. I know Senator Shenton has been involved with particular families in the past and he has addressed those issues with the department as well as myself, so he understands the problem. We just have to be very flexible and move as quickly as we possibly can. The introduction of Highlands has helped significantly for those 18 and over and I know some Members took the opportunity to go and see that and that has helped dramatically.

**3.9.6 Deputy A.E. Jeune:**

There seems to be some concern that staffing should be increased but is the Minister satisfied that the skill mix is appropriate for the patient dependency levels? Thank you.

**The Deputy of Trinity:**

As far as I am aware, yes.

**3.9.7 Senator P.F. Routier:**

Does the Minister share my view and the view of many parents who use the respite services that it is an extremely valuable service to be able to have a respite service because it enables them to continue to look after their children in their own homes for a longer time and not put the pressure on health services to have a permanent placement?

**The Deputy of Trinity:**

Yes, that service at Oakwell is very valuable to parents but especially the children too. It is a good service and it goes up to the age of 18. Now we have Highlands on stream, thanks to Senator Shenton's proposition last year. It is a very important service and we must continue with it but also continue to be flexible as well.

**The Bailiff:**

Deputy Green and then a final question from Deputy Tadier.

**3.9.8 Deputy A.K.F. Green:**

I am still not comfortable. I wonder if the Minister would agree to look at guaranteeing the availability of respite care for those families that need regular care? Because somebody is staying there on a long-care basis means that people cannot access it on a weekly basis, if you understand where I am coming from, and this is not acceptable. Will the Minister look into it and try and prevent people from being let down from having respite care when they so desperately need it?

**The Deputy of Trinity:**

I understand the Deputy's concerns and it is very difficult to 100 per cent guarantee because we never know what is going to come around the corner. I do have a statutory right to respond to the welfare of each child and if it means that that child is best placed in Oakwell then so be it, but I understand the parents' concerns. My department has worked with the parents over the summer with a view of trying to be as flexible as we possibly can because I understand that respite is important and will continue to be important.

**3.9.9 Deputy M. Tadier:**

Like Senator Routier I think it is important to acknowledge the importance that these facilities do provide for families and they are appreciated. In the written answer the Minister has acknowledged that the primary function of Oakwell is for short-term respite. Will she at least give an acknowledgment that given the fact that 2 of the 4 beds are effectively currently being used for permanent, albeit temporary, respite that only leaves 2 beds - and the reason that there were 2 beds is one is from Monday to Friday, the other one all round the week - that puts an enormous strain on the choice that parents are able to have. As has been mentioned, if there are unforeseen circumstances, holidays and other court orders, for example, then we are in a very precarious situation. Can the Minister give that acknowledgement and an assurance that she will be working on this as a matter of priority to get this resolved by the end of the year?

**The Deputy of Trinity:**

I would like to give that reassurance. I know respite care, as Senator Routier said, is extremely important to all families as well as the children. As my department have, over the summer, worked hard with the families to try and come in the best possible way for these families and the children that need respite and we will continue to do so.

**The Bailiff:**

Very well. We come next to a question which Deputy Trevor Pitman will ask of the Minister for Treasury and Resources. Deputy Pitman.

**3.10 Deputy T.M. Pitman of the Minister for Treasury and Resources regarding the impact of the savings agreed as part of the Annual Business Plan 2011 on Income Support claims:**

Does the Minister consider that there will be an increase for those requiring income support as a result of the savings agreed as part of the Annual Business Plan 2011? If so, will the majority of this cost be borne by those in middle Jersey rather than the Island's wealthy residents?

**The Bailiff:**

Minister? Oh, he is not here. Assistant Minister? **[Laughter]**

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

Thank you, Sir.

**The Bailiff:**

All right, back to the Minister. Your Assistant Minister has had a heart attack. **[Laughter]**

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

I do apologise, Sir. We are dealing with Deputy Pitman's question I assume. I am sorry, I apologise to the Assembly. I think there is generally an acceptance in this Assembly that the States is facing a forecast deficit which cannot be ignored and must be tackled by a combination of reductions in spending, economic growth and some increased taxes. The Comprehensive Spending Review is designed to be a fundamental restructuring and rethinking of services that taxpayers pay for. Salami-slicing, *pro rata* cuts and tinkering with short-term savings is not going to be enough and I do accept that if that was to be the case we could be unfairly affecting some sections of our society. The initial level of savings we need, as part of the Business Plan, will include potential voluntary redundancies for some States staff. The approval process for this is ongoing and is robust. Once individual applications are considered the more detailed effects will become clear. I am convinced that the measures that we are putting in place will benefit the economy for all Islanders. We can do all we can to make the C.S.R. (Comprehensive Spending Review) process as smooth as possible for all those involved, staff and Islanders. But to achieve savings we need to work hard and we need to have a proper process. If we do not achieve savings and if we do not get the tax-raising measures through in the budget, there will be more painful - and inevitably for the public sector - compulsory job losses. That will affect low income people more than others.

**3.10.1 Deputy T.M. Pitman:**

With due respect, I am not sure if that was a yes or a no. However, given that we do not ask those at the really sharp end of the economy to pay tax, yet quite rightly ask those who earn a little more to do so, in the light of the economic climate does the Minister agree that out of fairness it is high time that we ask those who earn significantly more again to contribute accordingly, i.e. progressive taxation and, if not, why not?

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

I am not going to reveal what is in the budget because it is still being worked upon and will be revealed to Members on 22nd October. It would be wrong to conclude at this stage the outcome and the conclusions from the Fiscal Strategy Review. I agree with fairness and we are looking at the issues of progressive taxation. We also need to be aware that Jersey has sent out a very clear message and have built a successful economy on stable certainty and low taxes. Any suggestions

or discussions we have about higher taxes for higher individuals we must not send out the message that Jersey is going to become uncompetitive and undo the economic value that we have created over the last decades. **[Approbation]**

**3.10.2 Deputy G.P. Southern:**

Does the Minister not concede that in attempting to achieve £65 million worth of cuts to public services he will inevitably be causing a number of job losses which may be up to 400 and that these 400 job losses will kill any economic growth stone dead?

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

We are going to have a comprehensive debate on P.113 where Deputy Southern is asking us to put on hold both the Fiscal Strategy Review and the Comprehensive Spending Review. We have set out a clear policy to deal with Jersey's deficit within 3 years and to make those decisions by the end of this year, concluding in the budget. That is going to be ... when we have made those decisions that will send a clear message that Jersey has balanced public finances and we continue the stability that we have enjoyed over previous decades. Deputy Southern does not want that. If he succeeds in persuading this Assembly to put off difficult decisions we will store-up problems; for low income families, for the economy and for the rest of the Island and I do not want to go there.

**3.10.3 Senator S.C. Ferguson:**

The overall savings target has been increased to £65 million over the next 3 years. I would have preferred a bit higher but there we go. What changes will that make to the tax to be raised and have the tax forecasts been changed?

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

That is a very good question. The Council of Ministers, as a result of the C.S.R. discussions last week - as Members will have been informed by the Chief Minister - are now targeting £65 million worth of savings in 2013 and again the conclusions of that will be announced on 22nd October. What I need to be very clear about in the short term is that that does not change the tax-raising target for this year's budget which is in the region of £20 million to £25 million. There is a range of income and the latest information that I have is that the income this year and next year may well be at the lower end of the income range. That is not something that is unexpected, I have said that before. That means that it will be appropriate for me to still maintain the target of £50 million in terms of tax-raising measures. If we can reduce it we will of course do, but it does not change anything for the arrangements for next year.

**3.10.4 Senator S.C. Ferguson:**

Supplementary. Will the Minister also confirm that 18 per cent of the possible taxpayers, based on the 2008 figures, produce 60 per cent of the tax, being the 12,000 or so people who pay tax at the 20 per cent rate; 57 per cent who pay at the marginal rate produce 40 per cent of the tax raised; and the remaining 25 per cent pay no tax at all? Will the Minister also confirm that the 20 per cent tax rate - the full rate - commences, for a single person, at about £40,000 a year? So that we have 12,000 people or so, whose tax starts at around £40,000, are the people who pay ...

**The Bailiff:**

Is that the end of your question, Senator? It is a very long one.

**Senator S.C. Ferguson:**

Yes, I am just getting to it, Sir. Does the Minister confirm that the profile of taxpayers is that?

**The Bailiff:**

I have to say that it is drifting away somewhat from the original question.

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

I am sure the Senator is right if she is probably referring to a written report before her. The point she is making is that everybody in Jersey pays low tax across all income levels, and long may that continue. But we do have to balance our books and there are going to have to be some changes and some difficult changes that are going to be required on tax.

**3.10.5 Deputy D.J.A. Wimberley of St. Mary:**

Returning to the question which was about numbers requiring income support as a result of the savings, can the Minister tell the House about the impact of voluntary redundancies and enforced redundancies on income support, rent support and housing costs? We have just heard the impact on housing and can he assure us that these costs have been taken into account in the Comprehensive Spending Review? In other words, if you are targeting savings at £50 million are you also taking into account the additional costs caused by all the redundancies?

[10:45]

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

Reducing public expenditure, with a wage bill in excess of 50 per cent of total spending, is going to mean that there is going to be a reduction in the number of people that the States employ. There is also going to have to be a review, and a review is being done, of all the terms and conditions and remuneration for States workers. Again, there are going to be some important decisions that we are going to have to be making on those issues in the next couple of years. The voluntary redundancy scheme has not yet come to a conclusion. I have not seen any of the final numbers or any of the final lists but those are still being worked upon. There will be a political consultation process in voluntary redundancies and I have asked Senator Le Gresley, for example, if he would be willing to be part of a group to look at those voluntary redundancies and yes, of course the total cost will be looked at. I am looking in the voluntary redundancy scheme proposals for departments coming forward with jobs at management level that can be removed and deleted. I think the public wants us to maintain front line public services but deal with the management of the organisation and that is one of the key issues that we are looking at in the C.S.R.

**3.10.6 The Deputy of St. Mary:**

A supplementary, if I may. The Minister has singularly failed to answer the question. That was a wonderful exposition of all sorts of things that had nothing to do with the question. Please, is the Minister going to or has the Minister assessed the additional costs of the redundancies that will fall on the taxpayer directly or indirectly and will those costs be clearly stated to Members in the event of the debate on C.S.R.?

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

The Deputy wants me to say - which I do not agree with and I fundamentally disagree with - that if the public sector is going to shed some individuals that those individuals cannot do anything else apart from go on to income support and be unemployed. That is exactly why I say there are 3 things that we need to be doing; we need to be cutting spending and boosting economic growth and looking at taxes. We need to be creating the job opportunities for individuals that will no longer be employed by the States of Jersey. That is how we will boost economic growth. That is how we will not incur the kind of costs that he is concerned with.

**The Bailiff:**

We have next the Deputy of St. John then the Deputy of Grouville and then a final question from Deputy Pitman. Deputy of St. John.

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

Given that middle Jersey are hurting, will the Minister look at the fairness to all? It was only yesterday I was, along with the Deputy of St. Mary, at the aqua fish farms on the east coast and met

the local aqua fish farmers. There are 3 farmers paying Jersey income tax and one farmer - a French company - who does not pay any income tax locally. This is totally out of sync with what should be happening on the Island, when you have 3 operators having to contribute to the Exchequer and one that does not. We see the same in King Street with Voisins & Co and De Gruchy's. It cannot be right, at a time like this, that we have got people working alongside each other; one pays income tax and the other does not. Will the Minister agree ...

**The Bailiff:**

I am sorry, Deputy, that is a very good question but it cannot arise out of the income support for ...

**The Deputy of St. John:**

Well it mentioned, Sir, the middle Jersey and that is where I am coming from.

**The Bailiff:**

Yes, good try, Deputy but ...

**The Deputy of St. John:**

You are cutting me off at the knees yet again, Sir. [Laughter]

**3.10.8 The Deputy of Grouville:**

Could the Minister confirm that of the 25per cent of people who pay no tax at all, claimed by Senator Ferguson, that this percentage could be made up of wealthy residents who structure their financial affairs in a certain way?

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

I jolly well hope not and my answers to Deputy Southern earlier indicate that we are strengthening the Tax Department to ensure that tax is collected. Later, during the course of the day, I will be issuing the first of 2 reports on 1(1)(k)s, for example, which I think sets the record straight of exactly what the history of 1(1)(k)s are and there will be some further announcements in the budget, I expect, after receiving some further advice on 1(1)(k)s in the future. To suggest that wealthy people do not pay their tax is not the information that I have from the Tax Department.

**3.10.9 The Deputy of Grouville:**

I was not suggesting it. I was asking the Minister if that figure could be made up of some wealthy residents? I was asking the question.

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

In theory, if the Tax Department was not alert and the Comptroller was not using Article 134A for tackling income to capital funds then yes but I jolly well hope that is not the case.

**The Bailiff:**

The final question then from Deputy Pitman.

**3.10.10 Deputy T.M. Pitman:**

I wish I had 6. The Minister talks about fairness but does he consider an example of this fairness to be public sector workers made redundant, through ideology really, then having to apply for the same jobs in the private sector but at minimum wage?

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

I am not a pessimist about the fallout and the consequence of restructuring. We are going to have to make some decisions to cut costs in 2012 and 2013. These are going to mean that in some areas we are going to have to make reductions in staff numbers but these individuals need to be assisted. They need to be helped in order to set up their own businesses and reach their full potential in the



private sector or the voluntary sector. That is why we need to be optimistic and not constantly pessimistic by saying that reductions in one area, avoiding necessary restructuring, means that people cannot have fruitful successful lives outside. That is not the case and certainly not my aspiration.

**The Bailiff:**

Very well, we come to the next question which Deputy Tadier will ask of the Minister for Health and Social Services. Deputy.

**3.11 Deputy M. Tadier of the Minister for Health and Social Services regarding the accommodation of vulnerable children:**

Following the news that a child with liver damage from alcohol abuse, who had not attended school for 18 months and was also the alleged victim of sexual abuse, had to be locked-up because no appropriate accommodation was available, will the Minister inform Members whether she considers the situation satisfactory and what steps, if any, she has already taken to ensure this does not happen again?

**The Deputy of Trinity (The Minister for Health and Social Services):**

I would ask my Assistant Minister to answer the question ...

**Deputy M. Tadier:**

Sir, I think I specifically asked for the Minister to answer this in person when I submitted the question.

**The Bailiff:**

Greffier, is that right, was it a specific question?

**The Deputy of Trinity:**

It was just the other question, Sir ...

**The Bailiff:**

We are just checking whether there was a specific request in relation to this question.

**Deputy M. Tadier:**

Sir, to facilitate procedure I will be happy to, on this occasion, receive an answer from the Assistant Minister but I do generally ask for and expect indeed for questions to be answered by Ministers and not the Assistants.

**The Bailiff:**

Very well. I will ask the Assistant Minister then to answer on this occasion.

**Deputy J.A. Martin (Assistant Minister for Health and Social Services - rapporteur):**

Thank you and he probably will not be very happy on this occasion with my answer either. Given the question and the identifying factors in it I refer the Deputy to question 5638 and basically I wish the Deputy had asked a policy question and I would be able to answer it. I cannot put any more answers to this question because of the identifying facts and if the Deputy thinks he can refer to a question that I can answer I will be more than happy to do so. Thank you.

**3.11.1 Deputy M. Tadier:**

With due respect this question and any answer does in no way identify the child. The question itself is in order and I would expect that the Assistant Minister should be able to answer in a way which does not identify the child. The question I want to ask and I refer to the court judgment of

7th September which basically notes the dissatisfaction and frustration of the court and then it asks later on: "We hope that the Minister will make inquiries and ensure that the court is not again placed in such a position of having to make such an order." Simply my question is similar; can the Assistant Minister, on behalf of the Minister, give an assurance that we, as States of Jersey, but also the court, will not be put in such a situation again because suitable accommodation is not available?

**Deputy J.A. Martin:**

Well, we do have a difference of opinion of what identifies a child and what does not identify a child. There is also a difference of opinion of whether the court was put in an embarrassing situation, as the Deputy said. Maybe the children's services were not given ... advice was not taken. I mean we do have a facility which is now Greenfields. The Children's Service have to weigh-up whether they think a secure order for a child ... and this is the best place for them because they may be self-harming or there may be other difficulties ... a fantastic facility and then we have the courts, who always have to weigh-up, what is the rights of the individual and this is where we are. This begs a bigger question and I still cannot answer the Deputy's specific question pertaining to this case. Thank you.

**3.11.2 Deputy M. Tadier:**

If I may, again, this is complete nonsense. I do not know why the Assistant Minister continues in this shroud-waving. We are not talking about specific details. We are talking about the direction of the court and the Minister's response, which in no way identifies any individual. Will the Assistant Minister respond and does she agree with the statement of the court that such accommodation should not be used because there is no other available accommodation for children in the care of the Minister? Does she agree with the statement that the court was put in an invidious position to the same extent the Health Department was also put in an invidious position? Will she give assurances that the department is going to work on this so that we are not put in this position again?

**Deputy J.A. Martin:**

I am sorry, the Deputy does keep referring to this particular case and he wants me to answer; was the court put in an embarrassing situation or was Health? There could be very, very difficult decisions to be made in any case and I can only generalise. I am sorry, I am not prepared to say anything more. The questions the Deputy is asking now may not be able to identify an individual but there are 3 identifying factors in this question and if you are a family or friend of this person you will know who they are. I do not think the Deputy's question is any help in any way. Thank you.

**The Bailiff:**

Very well, we will move on to the next question which the Deputy of St. Martin will ask of the Minister for Treasury and Resources.

**The Deputy of Trinity:**

Sorry, the request was only made for the respite question that I should answer it.

**The Bailiff:**

Yes, I have been given the same message that the Deputy only asked that you specifically deal with the Oakwell question. Very well, we come to question 12 which the Deputy of St. Martin will ask of the Minister for Treasury and Resources.

**3.12 The Deputy of St. Martin of the Minister for Treasury and Resources regarding the current use of Haut de la Garenne:**

Will the inform Members of the current use of Haut de la Garenne and whether any decision has been made for its long-term future?

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

Sir, may I ask Deputy Le Fondré who has responsibility for property?

**The Bailiff:**

Yes.

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

Yes, throughout the spring and summer of 2010 my department has continued to permit the use of accommodation at Haut de la Garenne, primarily to provide a summer home for the Island's lifeguards but in addition any spare room capacity has been let for occasional use by visiting groups, both military and private. As an example, a kayaking group was provided with accommodation for a number of weeks in May. As usual the building will be closed for the winter and obviously appropriate and suitable security arrangements implemented to take care of the premises. As regards to the long-term future, no decision has yet been made. We are considering a number of options and we have received a number of expressions of interest from organisations, which seem to continue with hostel-related uses, which are being evaluated. Thank you.

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

I am grateful for the answer. It is also pleasing to see that the premises are being used during the summer but one is concerned about the winter. Who will be paying for the cost of the supervision or the security of those premises over the winter?

**Deputy J.A.N. Le Fondré:**

As with many things property-related it comes out of the Property Holdings budget.

**3.12.2 Deputy M.R. Higgins:**

Could the Assistant Minister tell us whether he has been approached by any property developers for developing the site as well?

**Deputy J.A.N. Le Fondré:**

The short answer is no. What I would just say is that the former purpose of the hostel was obviously both a financial benefit - in fact in 2007 it provided the best return we have had to date for £75,000 direct to the States - but most importantly it had a very strong social benefit from the perspective of, effectively, budget accommodation for the tourism industry. I think, certainly at this stage, if it is at all possible we would very much like to see some form of social benefit continue which is why certainly, in the short term and the medium term, we are looking at the present uses and seeing how we can gently reintroduce the building back into society. I suppose, almost from a medical term, the situation has been stabilised and now we have got to see where we are going.

**3.12.3 Deputy A.E. Jeune:**

Having been told last week by somebody who had visited the Island for a wedding, there was a large group of them and how they had stayed at Haut de la Garenne when it was a hostel and how wonderful the experience was, how soon does the Assistant Minister believe that he could bring forward returning it to that former state?

**Deputy J.A.N. Le Fondré:**

There are 2 issues in that question.

[11:00]

One is in respect of the actual Y.H.A. (Youth Hostel Association) which provided a very high level of accommodation provision, my understanding at the moment is that they have indicated that they would not presently be willing to return for the use of that building, which is obviously a disappointment but equally understandable. However, they do have a long-term interest in re-establishing themselves in the Island because obviously the offer and the business they generated fitted-in with their business plan and evidently was profitable. In terms of the exploration of hostel-related uses, I cannot give a timeframe. I would certainly hope that we would be pursuing that in the next few months.

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

During the police investigation half the building was wilfully destroyed by the police, not dismantled but destroyed by the police. We were told that it would cost something like £300,000 to bring it back to its proper condition again. Could Members be told if work has been done on this? Has money been expended in putting this building back to its original condition and who paid for it? Of course it is the taxpayer that would have paid for it.

**Deputy J.A.N. Le Fondré:**

The Senator is right, ultimately it is the taxpayer that pays for it. There was an allocation of money set aside out of the whole funding that was put towards this matter for restoration of the building. The Senator is correct in the approximate sum of about £300,000. In terms of work that has been done to date, some restoration work has been done. Certain floors have been reinstated to allow the present use but not all the significant structural stuff has been completed. Principally, as I said, the building has been stabilised. It is acceptable for present use and then I think a judgment will be made as to if there is an acceptable future, from the point of view of hostel work, *et cetera*, then obviously the rest of the money will have to be expended in order to put the building back into a fully useable state.

**3.12.5 Deputy A.T. Dupre of St. Clement:**

I know it sounds a bit silly but could we just change the name of the building and then it might stop some of the bad memories?

**Deputy J.A.N. Le Fondré:**

To an extent that is a political decision and I would have a degree of sympathy with that, but one needs to weigh that judgment up very carefully and I would not want to comment on that properly today until we have made a considered decision on the whole matter.

**The Bailiff:**

I have seen a question from Deputy Power. I do not usually allow one Minister to question another Minister. Deputy ...

**Deputy S. Power:**

He answered my question, Sir.

**The Bailiff:**

Very well, then Deputy of St. Martin, do you wish a final question?

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

Yes. Just to assist Senator Le Main, maybe the Assistant Minister will confirm that in an answer he gave last year he said that the costs of the particular partial restoration of works were £31,000 and that possibly the extra work required will be replacing those floorboards and possibly the bottom staircase which will need replacing, so therefore the figure of £300,000 is well over estimate and is unlikely to cost that sort of money?

**Deputy J.A.N. Le Fondré:**

That is not strictly the case. The breakdown I have of numbers adds up to something like £225,000. If you add a degree of contingency and professional fees in there the estimated total is potentially £300,000. The Deputy is correct that things such as the staircase are a significant portion of that money but there are obviously a number of elements to that and not all that work has been done as yet.

**The Bailiff:**

Very well, we will move to the next question then which Deputy Southern will ask of the Minister for Treasury and Resources. Deputy Southern.

**3.13 Deputy G.P. Southern of the Minister for Treasury and Resources regarding investigations under Article 134A of the Income Tax (Jersey) Law 1961:**

Will the Minister state the number of income tax investigations into transfer pricing, re-invoicing, licensing, thin capitalisation, corporate restructuring, inversions or the transfer of local ownership of non-finance companies to foreign ownership, thereby taking advantage of the Zero/Ten rules under Article 134A of the Income Tax (Jersey) Law 1961?

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

Can I ask Deputy Noel to be rapporteur for this question?

**The Bailiff:**

Very well, Assistant Minister.

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

This question will take a little longer than the customary 90 seconds to answer and I ask for Members' patience. I presume from the nature of this question that the Deputy is primarily referring to the potential for Jersey to be used for the evasion of international tax. Investigations instigated and undertaken by the Comptroller of Tax can only be in respect of suspected evasion of Jersey tax by Jersey taxpayers. Jersey cannot instigate an investigation of the avoidance of non-Jersey tax by a taxpayer. This is the same as in any other country. However, though it is actively involved in the exchange of information programmes, Jersey can, and indeed does, assist other countries to investigate their own taxpayers who might seek to use Jersey to avoid tax in other countries. In respect of the transfer of locally-owned companies to foreign ownership there is potential scope to avoid the deemed distribution rules. If a Jersey taxpayer structures his affairs so that it looks like his investment in a Jersey company is foreign-owned, he might indeed be trying to evade Jersey tax. In this case the rules apply to indirect holdings as well as direct holdings and so such structures will be challenged by the Comptroller when they come to his attention. To date there has not yet been any investigations in respect of such transactions as Zero/Ten is in its infancy and the Comptroller is only now starting to receive the information in respect of transactions that would fall under the new rules.

**The Bailiff:**

Deputy Southern, do you wish a supplementary?

**3.13.1 Deputy G.P. Southern:**

Yes. In fact the Assistant Minister has misinterpreted the question. The question was intended to refer to Jersey tax on Jersey companies and not international tax. Nonetheless, all of these mechanisms are mechanisms used by international companies and recognised internationally to avoid paying tax - not evade paying tax but avoid paying tax - and I just wondered, in the light of

the previous answer which seemed to refer only to capital gains as the means to avoid tax, whether any such investigations were taking place in Jersey about avoiding Jersey tax?

**Deputy E.J. Noel:**

If the Deputy means that he is referring to Jersey local companies being transferred to foreign ownership he is mistaken as the majority of Jersey companies pay tax at zero per cent and so, therefore, there is no tax to avoid. The structures he refers to will not avoid the deemed distribution rules. The 10 per cent companies are often owned by companies resident in higher jurisdictions, so there would be no benefit in trying to avoid the Jersey taxation. The 20 per cent companies could not avoid Jersey tax, as usually in such structures they are charged 20 per cent tax by their deemed activity such as utilities. This all points to the view that he is talking about Jersey individuals trying to evade tax by trying to transfer their ownership of their Jersey assets offshore. That is a blatant breach of 134A and as such the Comptroller would pursue that with vigour.

**3.13.2 Deputy G.P. Southern:**

The question was how many pursuits have there been? Is the answer zero or is the answer a definite figure?

**Deputy E.J. Noel:**

I have already answered that in the first question. To date there has not been any investigation in respect of transactions under Zero/Ten as it is in its infancy and the Comptroller is only just now starting to receive the returns that will enable him to carry out any investigations should he see fit.

**The Bailiff:**

Very well, we will move on to the next question then which Senator Ferguson will ask of the Minister for Health and Social Services.

**3.14 Senator S.C. Ferguson of the Minister for Health and Social Services regarding hospital doctors prevented from practising their contracted clinical duties:**

Would the Minister advise whether a number of hospital doctors are presently prevented from practicing their contracted clinical duties and, if so, state what grade of doctor, what specialities, how long they have been affected and outline precisely what work are they permitted to undertake; whether that be personal study or office work only, observing but not practicing clinical work or limited clinical work?

**The Deputy of Trinity (The Minister for Health and Social Services):**

I will not be able to divulge the grades, specialities or periods affected but I confirm, however, that there are currently 4 doctors in the hospital under restricted clinical practice. Restricted duties are used to protect patients from risk while concerns are properly investigated. All training is put in place to address any deficiencies in skills. Restricted practice is also used as a measure to avoid unnecessary exclusion of a doctor from work. The precise restriction will vary with the nature of the concern but can include restricting the practitioner to certain forms of clinical duties, working under the supervision of a more experienced colleague, office-based clinical work with no patient contact including research, clinical audit, teaching, observation or other educational duties.

**3.14.1 Senator S.C. Ferguson:**

Supplementary, Sir. The Minister has said that she cannot mention specialties and so on but does the Minister think it satisfactory that the surgeon suspended after the Moyano case is limited to desk work only and has only seen one patient, which was last May, contrary to what this House was told. That the surgeon suspended in late 2008 may enter the operating theatre but only watch and

that a surgeon requiring retraining is finding little co-operation in obtaining a training place? Is this satisfactory and, particularly the first case, is this what the Minister led the House to believe?

**The Deputy of Trinity:**

I have a duty of care to all my employees and the most important thing is patient safety and retraining or whatever medical skills are required must be paramount and each one is dealt on a needs basis.

**3.14.2 Deputy M.R. Higgins:**

Can the Minister explain whether replacements have been brought in to cover the duties that are currently restricted and, if so, at what cost, and also explain what the consequences of these restrictions have been on hospital waiting lists?

**The Deputy of Trinity:**

Regarding those specific questions I do not have that information but I can get it for the Deputy.

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

In stating that there are 4 surgeons who are not working - they are working but not to a full capacity - is the Minister accepting the fact that this is really a way of circumventing the new States suspension policy? In other words, they are not suspended from their real job but they are suspended nevertheless. What right of appeal have these 4 surgeons got to ensure that they are treated fairly?

**The Deputy of Trinity:**

They are 4 doctors, I would not like to specify which grade or speciality. As I have said, I have a duty of care to my employees. They all go through due process of H.R. (Human Resources) as set down in policy and I am kept abreast of where we are on a monthly basis. As regarding training or whatever, training is important and I have said patient safety is important. Each one is an individual doctor with specific needs and is addressed in that way because I would like to think that no doctors are excluded or on restricted practice but I live in reality and sometimes, unfortunately, that does happen.

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

I did not get the answer to the right of appeal. If the surgeons are not able to carry out their full duties because they are put on restricted practices what form of appeal have they got to ensure they are able to carry out their job in the proper manner?

**The Deputy of Trinity:**

I would say that the right of appeal is set down in the H.R. policy.

**3.14.5 Deputy A.E. Jeune:**

While I respect the Minister's view that patient safety must always come first, of the 4 doctors who are currently on restricted practice, how many of those actually have no patient contact at all?

[11:15]

Can the Minister identify the value and benefit that the Island gets by continuing to employ such persons? Thank you.

**The Deputy of Trinity:**

For anyone in this situation it is the last resort but as I keep on saying patient safety is the most important thing. But also we are looking at the doctors' needs and training is put into place for any deficiencies in skill. As I said, I do get a regular update but also we have now introduced

workshops for doctors that are already in place and we have had some and will continue to have some.

**3.14.6 Deputy A.E. Jeune:**

Supplementary, Sir. If one of those persons was able to obtain training in an N.H.S. (National Health Service) trust in the U.K. for example, would the department support the person in doing that? Thank you.

**The Deputy of Trinity:**

We would set any training on a needs basis, working with the doctors and working within H.R. policy. It would be addressed on each specific need. As I said, we have a duty of care to the employees - to my employees - which includes a duty of care to employees.

**The Bailiff:**

Senator Perchard and then the final question from Senator Ferguson.

**3.14.7 Senator J.L. Perchard:**

Will the Minister confirm that she does not sit on the States Employment Board and, as a consequence, has little or nothing to do with the H.R. practices of the States and that this question and these types of questions would perhaps be better directed at the Chairman of the States Employment Board?

**The Deputy of Trinity:**

Yes, the Senator is quite right. I do not sit on the States Employment Board. As I said, I do get regular updates from my H.R. director.

**3.14.8 Senator S.C. Ferguson:**

The Minister mentions a duty of care and of safety. Can she say that it is fair that a surgeon, who was exonerated in the Verita report, is limited to office work while the team responsible for prolonging his suspension are still working without any restrictions?

**The Deputy of Trinity:**

I do not want to go down in any specific detail because of the confidentiality. As I have said, the needs of each doctor is taken as an individual and - if it is training or whatever - investigations, training or whatever is necessary for that doctor will be put in place alongside addressing the doctor's needs.

**The Bailiff:**

Very well, we come next then to the question which the Deputy of St. John will ask of the Minister for Treasury and Resources. The Deputy of St. John.

**3.15 The Deputy of St. John of the Minister for Treasury and Resources regarding the impact of the introduction of another telephone company to the Island on the profits of Jersey Telecom:**

Is the Minister concerned that the introduction of yet another telephone company to the Island will dilute the profits of Jersey Telecom? Will he advise whether the States has any direct or indirect holding in any of the rival telephone companies and, if so, which ones? Have any of the directors of the newly licensed company ever held directorships within any companies owned or controlled by the States?

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



To take the points in turn I should just start by saying there is a clear segregation of duties between the Minister for Economic Development and myself. The Minister for Treasury and Resources acts as the shareholder of the incorporated Jersey Telecom. In that capacity I appoint a board and hold the company to account to ensure best value is achieved by taxpayers' investment. I require the board of directors to manage the company efficiently and effectively. On the other hand, the Minister for Economic Development is responsible for competition with the J.C.R.A. (Jersey Competition Regulatory Authority). They issue telecom licences and it is important to remember that the regulator and the Minister's responsibility, set very clearly out in Article 7 of the Telecoms Law, makes a requirement for deregulatory decisions to take account of the financial state of the entity. J.T. (Jersey Telecom) has and continues to face fierce competition and the board has responded incredibly well to this competition positively and continues to improve the company's performance, efficiency and effectiveness. I have been very impressed to see how well J.T. has been performing throughout my time at Treasury, and particularly recently. I can say, finally, that as regards to the direct or indirect holdings in rival telephone companies, the J.E.C. (Jersey Electric Company) had a longstanding interest in Utell Holdings Limited which is of course a matter for public record. The inquiries that I have made in respect of directors of the new licence company have not revealed to me that any of the directors of that company have ever held similar positions in any companies owned or controlled by the States. I say that with some hesitation as I know that the B.A.T.D.C. Club, which the Deputy is aware, is sometimes more well informed than I am.

**The Deputy of St. John:**

Given the answer I will put something in writing for the next meeting. Thank you.

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

Sir, may I just respond? I think I may be aware of one individual - and I am not going to go into individuals - but he was not a director of J.T. and the question asked specifically about directors.

**The Bailiff:**

Very well, Deputy Tadier.

**3.15.1 Deputy M. Tadier:**

I am still not sure what the answer to the first part of the question was so I will ask that again. A yes or no answer or maybe or something else would be appreciated but preferably one of the first 2 answers. Is the Minister concerned that the introduction of another telephone company to the Island would reduce the profits of Jersey Telecom?

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

I think I will respond by saying that I am concerned that it could dilute profits but only if the company itself did not take up any action. I enjoyed, I hope, a useful discussion with Deputy Tadier and the Deputy of St. Mary talking about postal matters on Friday. I referred to the Postal Law and I refer the Deputy to the Telecoms Law too. I am not afraid of reminding the J.C.R.A. of their obligations in respect of licensed companies to ensure that they can continue to fund operations. But just simply sending out the message that we do not want competition and that is our way of protecting Jersey Telecom is not the future. They respond to competition very well and they are doing a fantastic job for the shareholder, for consumers and the Island.

**3.15.2 Deputy M. Tadier:**

I thank the Minister but like the Minister said previously that is not his job to promote competition, whether or not it is a good thing, that is the job for the Minister for Economic Development, so is that the case?

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

It is, but I have to be a helpful political shareholder of J.T. and I am not going to say to J.T.: “I am sorry, I am just going to write to the J.C.R.A.” and say: “I do not think there should be any competition.” First of all the J.C.R.A., rightly, would not listen to me. Competition drives efficiency and effectiveness and I do not think that we should be afraid of more telephone companies investing in Jersey. J.T. responds to the competition. They are doing a fantastic job of responding to the competition in the existing mobile phone markets and everybody benefits because of that and long may that continue.

**The Bailiff:**

Do you wish a final question, Deputy of St. John?

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

Will the Minister confirm that his department or E.D.D. (Economic Development Department) will not in the future be looking at selling all the underground services that were paid for by this Island in the past?

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

I think that is a new matter but I am happy to confirm, for the avoidance of any doubt, that there are no plans to dispose of Jersey telecoms and certainly I was a fan originally of structural separation at some point which kept the infrastructure. I think there should be vigorous competition at the retail level. I do not think you can always get competition in terms of the infrastructure. That has moved on. I have certainly got no plans of bringing forward a proposition to dispose of J.T. J.T. is strong and it is doing extremely well.

**The Bailiff:**

Very well, then we will move to the final question which Deputy Higgins will ask of the Minister for Transport and Technical Services. Deputy Higgins.

**3.16 Deputy M.R. Higgins of the Minister for Transport and Technical Services regarding the advertisement of vacant positions:**

Would the Minister confirm that his department only advertises genuine vacant positions and that all positions advertised are open to all States employees?

**The Connétable of St. Brelade (The Minister for Transport and Technical Services):**

T.T.S. (Transport and Technical Services) is committed to following the processes and procedures advocated in the States recruitment policies and these will be available to the Deputy. There may be circumstances whereby recruitment to a specific role may be restricted to one department in line with the exceptions categories held within the Appointments Commission recruitment code. It must be said that the C.S.R. processes are certainly sharpening our minds with regard to recruitment at this time. But I would say just that if the Deputy has any particular issues regarding my department and recruitment I am happy to discuss it.

**3.16.1 Deputy M.R. Higgins:**

Yes, I would like to discuss one at the present time. Can the Minister assure the House that the recently advertised vacancy “Head Mechanical Engineering Manager” is a new post open to all civil servants to apply for and has not been written, as many States vacancies are written, to fit a particular individual?

**The Connétable of St. Brelade:**

Not that I am aware of. Any particular role that requires specialist knowledge obviously will narrow the field but I am not aware of a particular individual being lined up for any particular job.

### **3.16.2 Deputy M.R. Higgins:**

If I could ask the Minister to undertake to have a look at that and report back not only to me but also to the House?

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

I think it is important for the Deputy to come and discuss with me what the particular issues are because I am certainly not aware of them.

## **4. Questions to Ministers Without Notice - The Minister for Social Security**

### **The Bailiff:**

Very well. That concludes all questions on notice. We then come to questions to Ministers without notice and the first period is to ask questions of the Minister for Social Security. The Deputy of St. John.

#### **4.1 The Deputy of St. John:**

At the last sitting I handed a memory stick to the Minister for Social Security which I had found in the Members' Room. Is the Minister happy that no serious consequences have arisen from finding that stick and the information within it? Also, can he tell us what security is in place within his department in relation to ...

### **The Bailiff:**

One moment, Deputy. I am afraid we are not quorate. Usher, could you summon Members back please? We are now quorate. Can I just say this, questions without notice were introduced in order to hold Ministers to account so it really does seem to me important that Members should be here in order to fulfil that role. **[Approbation]** Deputy, please continue.

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

Yes. I will repeat the question for those Members who were not present. At the last meeting I handed the Minister a memory stick which I had found in the Members' Room. On it there was some sensitive information, I presume. Could the Minister tell us what he did with the stick, whether he has taken disciplinary action, whether the police have been called in and is his security within his department as strong as it should be in relation to computer theft?

#### **Deputy I.J. Gorst of St. Clement (The Minister for Social Security):**

Yes, indeed, the Deputy did hand me a memory stick at the last sitting and it did have a Social Security tag on it, as assets across the States are tagged by department. I can confirm to the Deputy and put his fears to rest; there was absolutely no personal data whatsoever on that stick. In actual fact it was a stick that belongs to the Information Systems Department. As Members will be aware members of the I.S.D. (Information Systems Department) helped build States Members' computers and they have sticks with generic applications on. They use those sticks to build the computers for States Members. There was no absolutely no personal data on it. As I understand it an employee was down in the States Chamber on that day carrying out that particular work. The work had not been completed. Why does it come to have a Social Security tag on it? That is quite simply because some of the I.S.D. members operate from my department and therefore it is tagged, as one would expect it to be tagged, because it is an asset of the States. Thank you.

#### **4.1.1 The Deputy of St. John:**

I thank the Minister for his response. I am somewhat happier now that we have found out where it has come from. That said, the Minister has not answered the second part of my question; what is there in the way of security within his department in relation to computer theft of information?

**Deputy I.J. Gorst:**

I am not sure if the Deputy is still referring to the stick. The only thing I really can say is that it would be rather similar to a plumber leaving a toolbox on a job at the end of the day. We do have robust procedures around data security, as one would expect. Even I, as Minister, do not have access to the Social Security database.

[11:30]

I have to have a specific reason for requesting information about an individual, and we take that data security very seriously indeed, as I believe do other departments, and the Information Systems Department as well.

**4.2 Deputy D.J. De Sousa:**

Bearing in mind the recent release of current unemployment levels and the fact that the bulk of the unemployed are in the younger age bracket, and these members have a lot of years ahead of them in the working environment, is the Minister considering in his role looking at other courses to enable retraining for appropriate jobs for the Island?

**Deputy I.J. Gorst:**

Yes, indeed, it is a constant concern, not only of myself, but my Assistant Minister in our department regarding the increase that we have seen in the levels of unemployment in the Island. Of course we know that some of that has been driven by calling people as part of a requirement to register for income support to be actively seeking work. We are considering many options. The Deputy will be aware of our work with the Skills Executive. Only this week, we have rolled-out a new programme for, as it were, office training. There are 12 people piloting that at the moment. We have got the Advance to Work too, and we are also considering whether we cannot do some sort of very short-term training in the trades, because we are working together with a major employer now, looking at job matching in the trade section. My Assistant Minister has been meeting with employers to push forward that message. It might be that we have to send Jersey individuals abroad for a short period of 4 to 6 weeks with the understanding that they will come back and then they will have a job to take up here. So in effect, we are looking at right across the board, and we are looking at as many options as we possibly can. We are looking at the way that the work zone is working in the department, and I shortly expect to receive a report on that to consider what changes and how we can use those resources even more effectively, and of course a lot of this work I should say has been funded from the fiscal stimulus fund.

**4.3 Deputy J.M. Maçon of St. Saviour:**

As part of the C.S.R. 2 process, is the department looking to generate a genuine efficiency saving by working with the Treasury Department to amend the Data Protection Law, as much time is wasted by individuals having to get information from either department which the other needs in order to progress its work?

**Deputy I.J. Gorst:**

This is quite a difficult area. I, as an individual Minister of a department, of course would love my officers to have access to the information in the Tax Department, I am not certain that the tax department would see it in quite those terms. I should say, however, in answer to the Deputy, that work is being undertaken even now to consider the way that our 2 departments can work more actively together where there are efficiencies and economies that can be reached, but perhaps that is more likely going to be in the collection of contributions and tax, rather than a straightforward sharing of information. But the Deputy is quite right, were we to go down the route of sharing information, then this Assembly obviously would have to change some of the data protection legislation, and that is where we get into what can sometimes be quite difficult political areas, but

he raises a very good point. A piece of work is already taking place. I am not sure what the timescale is for the release of that information.

#### **4.3 Senator F. du H. Le Gresley:**

Reference the recently released *Jersey Income Distribution Survey 2009-10*, does the Minister agree that 8 years after the last survey, it is disappointing to find that one in 5 households are still in the category of relative low income after housing costs, and what does he intend to do to try to remedy this before the next survey is due?

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

I have to say what I am slightly disappointed about is the headlines that we have seen across the media about what is in actual fact a broadly positive report. We can see from this report that median equivalised incomes in Jersey are 52 per cent higher than they are in the United Kingdom. In actual fact, the U.K. median equivalised income is £343; Jersey it is £522. When we look at our low income measure, which is 60 per cent of the median equivalised income, we are still at £313. So, in actual fact, our local income measure is only around £30 less than the actual median equivalised income in the U.K. However, improvements have been made. We can see that those percentages are reducing, inequality is reducing in Jersey, perhaps in a slightly greater way than the U.K., but we must of course never rest on our laurels. It will be a concern, and it is something that the Council of Ministers are cognisant of, but of course we want to see improvement year on year. But we are improving, the numbers and percentages are going in the right direction, so this is a positive report, but of course it is something that we are now going to build upon and we are going to use to inform government policy going forward.

#### **4.4 Senator S.C. Ferguson:**

There is anecdotal talk of people becoming benefit-dependent, and that it becomes a lifestyle. What is the Minister doing to ensure that people are encouraged back to work, rather than relying on benefit?

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

There are a number of things that we are doing. We do not want - and I, as a Minister, do not want - anyone to become benefit-dependent in the negative sense. However, of course there will be always members of our community, particularly those who are ill or suffer with disabilities, and it is right that they are dependent on benefit, and it is right that we provide benefit for them. It is those that could work that I would like to see working. As the Senator will know, I increased the working disregard, or it will increase from 1st October. The States approved that policy in July. I am also looking at currently if one gets into work, one has the first month's salary and benefit, so in effect salary free. I think perhaps we need to do more there, we might need to extend that to 2 months. At the same time, of course... that is carrot. We must make sure that the stick is working, and I hope shortly to be bringing forward some small amendments to ensure that stick is working as well as the carrot. It cannot be either/or, it has got to be both, and we are mindful of that and we are continuing to work on it and Members will see the fruits of that moving forward this year.

#### **4.5 Connétable D.W. Mezbourian of St. Lawrence:**

I believe Deputy Martin gave an instance this morning of a case whereby a householder was not able to afford their mortgage repayments, but was refused help by the Social Security Department to pay those payments on their behalf, and has been forced to sell their property and move into States accommodation, whereby the housing component being paid by the department is greater than would have been the mortgage repayments. Will the Minister comment on that, please?

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

I am not aware of that individual case. However, Members will be only too fully aware that income support does not cover mortgage payments. That was a decision of this Assembly when

income support was introduced. There is an element under the discretionary payment element of income support where, in exceptional circumstances, up to 3 months, I think it is, of mortgage interest could be paid. But if income support is to change and cover mortgage payments, that is a topic for political debate and it should be debated by this Assembly. I should just say that I did put forward as part of the fiscal stimulus funding - what seems now months ago - a proposal to perhaps have a similar component within income support, which would help people to meet their mortgage payments. That was not accepted by the independent panel which oversees fiscal stimulus funding. I am perhaps minded to revisit that in light of what the Minister for Housing has said today in the increase of the number of people looking for social rented accommodation. As I said, I am not adverse to it, but I think probably it is something that both the Minister for Housing, the Minister for Treasury and Resources and myself should sit down and just reconsider if we are seeing more activity in this area, which we were not seeing a year to 18 months ago.

#### **4.6 Senator F. du H. Le Gresley:**

Relating again to the same report, the *Jersey Income Distribution Survey 2009-10*, is the Minister concerned that the equivalised incomes are 64 per cent higher in Jersey than in the U.K. before housing costs, and I think it is 52 per cent after, whereas our minimum wage is only 5 per cent higher than in the U.K. and this is despite a recent increase from 1st October in the U.K.? Does he not feel that it is time to seriously review our minimum wage?

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

I am not sure whether the Senator wishes me to be concerned because it is a positive number and we have seen increases in median equivalised income over the last 8 years, or concerned because he thinks it is too low. I think what it shows is that the combination of the tax and benefit package that we have introduced over the last 8 years is working and resulting in positive incomes for relatively low income families. I have just forgotten what the second part of his question was, if he could perhaps remind me.

#### **Senator F. du H. Le Gresley:**

It was reference to the fact that Jersey's minimum wage is only 5 per cent higher than the U.K.

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

The Senator might be aware that the Employment Forum will today be releasing its latest recommendation for the minimum wage. There has been in this Assembly a number of comments made about the relationship between minimum wage and income support. I am by no means certain what that relationship is and I have asked my officers in this income distribution survey, and the underlying data should be able to help us to understand what that relationship is. We have got to remember that one is not entitled to income support unless one is locally qualified, i.e. the 5 years' residence, and perhaps I think anecdotally that the minimum wage is mostly received by those individuals who are newly arrived in the Island, but of course there will be elements of retail, individuals working in that sector who are receiving minimum wage. So we need to understand what that relationship is before we can draw these conclusions and say: "No, we must radically increase the minimum wage" because my concern is - and I know that it is a concern of the Employment Forum - that we raise radically the minimum wage, we put more people out of work, and that is absolutely the last thing that I want to see happen to anyone in this Island.

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

The recently published unemployment figures show an increase, quite an increase. What is the Minister doing about this? Is he really concerned and could he give us comfort that he will work with other Ministers on this unemployment problem at the moment, and I think we are getting really concerned that figures are increasing on a monthly basis now, and some dramatic, serious chatting and discussing the issues with the other Ministers needs to take place?

**Deputy I.J. Gorst:**

I would not necessarily use the vocabulary of Senator Le Main. However, I am concerned and it has been a concern of mine since coming into the office that we must make sure that there are jobs available for local residents and that we do everything that we can to get people into work. This is a particular passion of my Assistant Minister, and I am sure that the Senator will realise that she does not give up on issues easily. We are constantly a thorn in the flesh of the Economic Development Department who grant licences. We work very closely together. Our officers work closely together and my Assistant Minister is constantly challenging any request for new licences and whether they need to be locally qualified or non-locally qualified. She constantly reviews the job situations available in the department and she constantly contacts employers to make sure: “Why are you not offering that job to a local individual?” That is absolutely right and proper, and she has my 100 per cent support in that. We are working more closely with Economic Development than we ever were. We are working more closely with employers than we ever were. We are rolling-out a job matching scheme. As I said, we are looking at possible new training opportunities for this in the trades with the idea of coming back and filling those local jobs. I am no longer prepared to accept that some people are not able to work. I believe that a lot of people are able to work and we should be encouraging them every which way, shape and form that we can to get into work.

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

Could I have a follow up on that?

**The Bailiff:**

Sorry, Senator, time has run out.

**5. Questions to Ministers Without Notice - The Chief Minister**

**The Bailiff:**

So we then move on to the second period, which are questions without notice to the Chief Minister. Constable of St. Helier.

[11:45]

**5.1 The Connétable of St. Helier:**

Could the Chief Minister tell us when we are going to have sight of the *Napier Report*, which is now extremely overdue, and could he also tell us how much that report has cost so far to produce?

**Senator T.A. Le Sueur (the Chief Minister):**

Yes, I have now received a copy of the *Napier Report* and I have also shared a copy in confidence with the Deputy of St. Martin. We have a couple of concerns about it which we wanted to talk about. The Deputy has been away for a week, but now that he is back, Sir, we will be talking together and hope to update Members by or before the next meeting.

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

The cost of the report?

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

I have asked my officer to ascertain the cost. I do not at present have a figure.

**5.2 Deputy G.P. Southern:**

Can the Chief Minister point to any signs of the recession ending, any signs of economic growth, whether it be in the housing market, retail, the unemployment figures or business confidence figures at all? Has the recession ended? Are there any signs of it at all?

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

I think there are various signs of encouragement that the recession is coming to an end, but certainly not anything to say that the recession has ended. There is new business confidence, there are new business activities coming forward, there has been quite a bit of diversity in that respect, but they are, I say, fragile shoots rather than clear shoots of recovery. But I am optimistic, and I remain optimistic, as long as we nurture those shoots and continue to encourage new business growth, we will continue to see our good path out of the recession back to a situation of greater economic activity.

**5.2.1 Deputy G.P. Southern:**

A supplementary, if I may. In which case, does he feel it is appropriate to further cut by £65 million public services, with the accompanying redundancies, which will further depress the economy?

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

Absolutely, and those will take place in 2012 and 2013, by which time I am hopeful that the economy will indeed be showing more positive signs of recovery than it currently is. That is why we are managing it in an appropriate way, with limited activity in 2011, and greater activity in 2012 and 2013.

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

For some of us unintelligent Back-Benchers, I wonder whether the Chief Minister could explain to the Constable of Grouville and myself exactly what the *Napier Report* is all about, or what is it supposed to do?

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

I am sorry, it is quite a long time ago now, but it was a report commissioned to investigate the suspension of process of the former Chief Officer of Police, to be carried out by a Q.C. (Queen's Counsel) from the U.K. called Mr. Brian Napier.

**5.4 Deputy M.R. Higgins:**

As the Chief Minister is essentially the head of the board for the Council of Ministers, can he explain to the House what the Council of Ministers growth policy is, because we have been led to believe you do not have a growth policy, and also if he can explain which sectors of the economic he expects to recover first.

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

The growth policy is one which has served the Island well over the years, and that is maintaining a highly-trained workforce in a competitive tax environment with good regulation and good policing of that. In terms of the second part of his question ... sorry, I have forgotten what it was now.

**Deputy M.R. Higgins:**

I was asking which sectors of the economy he expects to recover first.

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

The Statistics Department now does a business tendency survey, that gives detailed information on a variety of issues and I do urge the Deputy and others to take note of that. The indications are that the finance industry, followed by the construction industry, are the first ones to show real improvement in that respect. That information is updated quarterly and I look forward to the next



quarter's figures, which I hope will confirm that trend and I urge the Deputy to read them when they come out.

#### **5.4.1 Deputy M.R. Higgins:**

A supplementary, Sir, yes. Would the Chief Minister not agree that as this was a financially-induced recession that it will take longer for the finance sector to get back to the levels that it was prior to the recession? Secondly, although the industry itself from a profitability point of view may be doing better, the policies that they are pursuing by not lending to small and medium businesses are not conducive to growth of other areas of the economy?

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

I am not a fortune-teller, and I would not like to predict how long it might take to get back to former levels of activity in finance or anywhere else, and indeed, it may well be that we do not regain our former levels of activity, and that is why, quite rightly, we are taking steps to restrain States spending in order to continue to have a balanced economy which will further encourage the economic growth that the Deputy and all of us would want to see happen. I cannot indicate on particular sectors of the economy, because they are all at the moment in a very uncertain, fragile state, which we need to encourage and support, so I cannot do any more than that to help the Deputy.

#### **The Bailiff:**

I think there was an aspect of the Deputy's question about the sort of lending the banks were doing.

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

Well, one has to take comfort from the fact that interest rates are low, but business prospects, business cases have to be properly made. One of the drawbacks in the past perhaps had been a willingness for banks to lend too easily, and that may have been part of the contribution to the downturn that we have seen. I think banks are learning from that, but where there is a good business case, I am satisfied and bankers have satisfied me that they are prepared to lend on good business cases.

#### **5.5 Senator J.L. Perchard:**

The States have a centralised human resources department and policy. The H.R. function of the States of Jersey, in my opinion, is quite rightly the subject of much criticism, both from inside and outside this Chamber. Does the Chief Minister agree that the H.R. function of the States of Jersey is operating below par, and will he undertake to do something about this, particularly in light of the opportunity that would be provided if the States endorsed the Breckon proposals for more Ministerial support, or more support for the Minister, and perhaps have a States Member with a designated responsibility of H.R.?

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

It is certainly true that we have a more centralised H.R. function, but we do have H.R. activities also in certain large departments of the States. Is there scope for improvement in the H.R. function? There is scope for improvement in all our departments, and part of any C.S.R. process is to ensure that those improvements are encouraged and new methods of working further that improvement. Whether, if there was a change in the government structure, there would be in future a Minister for human resources, I rather doubt it. I think one can have Ministers for this, that and the other. What I would prefer to see in an efficient organisation are fewer Ministers rather than more. That is a personal view.

#### **5.6 Senator S.C. Ferguson:**

Given the various H.R. matters that were raised in question time this morning, will the Chief Minister, as Chairman of the States Employment Board, confirm that he will look at these matters more closely and come back to the House with recommendations?

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

I will certainly look at them more closely, although I have to say that what we have here is a situation of clinical judgment. We are talking about the particular cases raised earlier today. The suspension policy is quite clear, that we want to encourage staff to get back into the workplace as soon as possible, but recognising that that is a managed process. In the management of that process, it is only right that the clinical experts in those fields, whichever field it may be, have an input into the progress of that activity. I am disappointed that it appears to be taking longer than I would have liked for that to happen, but I am no clinician, and all I can do is inquire and press, as the Senator suggests, and see if that will generate some action. Ultimately I do not want to second-guess experts in their particular field.

**5.6.1 Senator S.C. Ferguson:**

Will the Minister look at the administration side of this coming back to work that appears to be the area where there has been a lack of support and assistance?

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

At this stage, I am not convinced where the lack of support, if any, may have arisen. One needs to look at the administration side and the clinical assessment side and any other factors which might affect this issue, so it will take more than just a quick look. It will be a more serious and in-depth approach required.

**5.7 Deputy M. Tadier:**

Will the Minister join me in congratulating the organisers of the Branchage Film Festival, which is in its third year, to all those who organised it for putting on a splendid show. Does the Chief Minister also acknowledge its cultural impact for good in Jersey as well as its role in promoting Jersey positively abroad and contributing to diversity in the economy?

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

Absolutely, Sir, I am more than willing, and indeed, welcome the question from Deputy Tadier. Branchage is a good example of an innovative idea which is growing all the time and is also growing in quality as well as quantity. I think it is also a good indication that what perhaps started off with a bit of seed corn capital ultimately is able to stand on its own 2 feet, and in fact I am sure continues to grow, particularly with the enthusiasm of all concerned, both on the Island and outside the Island. So I thank all those who contributed to the success of this year's Branchage - and indeed, the previous one - and I hope this will continue for many more years to come and grow further.

**5.8 Deputy A.E. Jeune:**

When the Chief Minister responded to Senator Ferguson's question about centralised H.R. function, we do not have a real centralised H.R. function, as the Chief Minister identified. Would he agree to looking at bringing in all the satellite H.R. departments and having a proper centralised H.R. department? Thank you.

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

There often appears to be a benefit in having all staff under one roof dealing with a particular issue and I accept that, but human resources is very much an issue where you need to be in contact with your staff at relatively close quarters, and so while in generality policy and so on can be centralised and administration can be centralised, day-to-day contact with the employees may in many cases be

better off nearer to what one might call the coalface. So I do not think it is a case of not having anyone in those particular areas, but policy certainly does need to be and is centralised.

**5.9 Deputy C.H. Egré of St. Peter:**

As the Chief Minister is aware, the Corporate Service Sub-Panel reviewing the setting up of the States of Jersey Development Company has requested on 3 occasions particular information which they require to complete their review. Despite the fact that the panel has given assurance that this information will be held confidentially, it has not been made available to us. Would the Minister please make that information available to us?

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

It is a matter of ongoing correspondence between the Deputy and myself, because what seems to be happening is that every time we think they are coming to the end of this review, a further question gets asked on a topic, when really what we thought we were reviewing this time was simply the consolidation of previous matters. I am in ongoing correspondence with the Deputy and I hope we can find a satisfactory resolution to the matter, but I do suggest that this is getting to the case where no matter how much information is produced, there will still be more required.

**5.9.1 The Deputy of St. Peter:**

A supplementary. The Chief Minister is aware that the requests that have been made for specific information have been over the last month and we do feel that this so-called extended failure to provide the information is not based on a short-term, short-thinking basis. Would he please make that information available?

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

I will make available any information which I believe is relevant to the review of the States of Jersey Development Company. I am not convinced that the information sought by the panel at this stage is relevant to that particular review, but I am quite happy to continue talking to the Deputy in that respect.

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

Would the Minister give serious consideration when we debate the reform of the States in the next few days or weeks to supporting a name change which I am proposing, whereby currently scrutiny panels are not held in the highest esteem, but also so that we can raise the stakes, shall we say, or the standard of the work and the way it is produced to supporting a name change to call them select committees from scrutiny panels.

[12:00]

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

What is in a name? What I am interested in is it improving the way in which we carry out our business? If part of those improvements require a name change then I am sure the Members of the Assembly will debate that. I have said, and I repeat, that I am satisfied and supportive of the proposals put forward by Senator Breckon and I think it is important that we look at the general principles of those proposals, rather than the detail of particular name for a committee or a Senator or any other person. Those are secondary to the main thrust, in my view, of improving the way in which we go about our business.

**STATEMENTS ON A MATTER OF OFFICIAL RESPONSIBILITY**

**The Bailiff:**

Well, I am afraid that brings questions to the Chief Minister to an end. There are no matters under J. Under K, Statements on a Matter of Official Responsibility, we have first a statement from the Connétable of Grouville in his capacity as Chairman of the Jersey Tidal Power Commission.

## **6. Statement by the Connétable of Grouville regarding the Jersey Tidal Power Commission**

### **6.1 Connétable D.J. Murphy of Grouville:**

I would like to take the opportunity to update Members about the work that the Tidal Power Commission has been undertaking over the last year. Members will recall some preliminary work carried out by the Tidal Power steering group in December 2008. We were unanimous then in believing that tidal power could, in the medium term, make a real and increasing contribution to the energy requirements and energy security of the Island for the rest of this century. We had no hesitation in recommending to the Minister for Planning and Environment that the possibility should be actively pursued. The Minister agreed and asked for more detailed investigation to be carried out, appointing a Tidal Power Commission consisting of some of the members of the steering group with myself as Chairman. The first key step for us was to carry out a feasibility study into the area of prime resource, the Le Ruau Channel, which is positioned between the north-east coast and Les Ecréhous. Real time survey work in the Channel was supported by detailed economic analysis and scoping work in respect of the environmental and economic considerations that would need to be considered. I am delighted to report to the House that the initial optimism regarding the potential for tidal stream energy from Jersey waters was not misplaced. Indeed, the available tidal resource has commercial feasibility with the potential of providing energy equivalent of 50per cent of Jersey's electrical demand. However, at the current time to produce this energy would be more expensive to produce than electricity imported from France. But we believe that as the costs of energy production rise there will be a break even point in the future at which the generation of renewable energy from local waters will become a reality. This time could be brought forward significantly if Jersey were to be eligible for the renewable energy subsidies available for European and U.K. generators. Our work has also identified a number of steps that need to be initiated before a detailed commercialisation strategy is developed. These include considerable investigation into the environmental issues associated with the site. As well, it would be important to define the consenting and leasing requirements of any sites of interest. Many of these initial steps are technology-blind and allow the emerging tidal stream technology sector to mature. By providing the legal and consenting framework, there is also the opportunity for other renewable technologies such as offshore wind projects, should developers wish to forward an application for this more established technology. We recognise that these are very early days in what will undoubtedly be a long journey into the generation of renewable energy for Jersey. There is much groundwork to be carried out, especially when we consider that the lead-in times for these large engineering projects are many years. For any future project to be successful there will need to be a transparent and consultative assessment involving all the stakeholders and people of Jersey. Recognising this, the Commission have opened several productive lines of discussion. Even at this early stage the Commission has maintained a dialogue with the fisheries industry and other stakeholders, such as the National Trust and Save Our Shoreline. Of course, these were preliminary discussions but they have alerted us to areas of concern that will need to be addressed. Importantly, we have approached Her Majesty's Receiver General in respect of the ownership and leasing arrangements for the seabed to the 12-mile limit. The Channel Islands Renewable Energy Forum has been formed, with representatives from all the islands to discuss areas of commonality and cooperation across the Channel Islands. Already this is proving a very helpful forum and it will be critical for the islands to work together if we are to be in a position to export energy through the C.I. (Channel Islands) electricity grid. Through the Island's place on the British Irish Council, Jersey has approached the E.U. (European Union) to define how renewable energy subsidies may be applicable. The Commission has also opened discussions with the new Minister for Energy and Climate Change in the coalition government to clarify if Jersey could be eligible for Renewable

Energy Certificates (R.O.C.s) if it were to export energy to the U.K. In summary, we believe that if Jersey is to have a truly sustainable energy future, with a low carbon energy source and increased resilience from external markets, this work stream must be continued. The Commission will be providing a detailed report to the Minister by November and I look forward to updating the House of progress in conjunction with the Minister for Planning and Environment. **[Approbation]**

**6.1.1 Senator S.C. Ferguson:**

The Chairman mentioned renewable energy subsidies. Does the Chairman not remember from where these subsidies arise? Is he not aware that these subsidies increase the direct cost to the consumer substantially and represent a stealth tax?

**The Connétable of Grouville:**

Well, there is indeed a cost to these Renewable Energy Certificates, they are issued I believe by the U.K. Government and the cost to the U.K. Government is £4.3 billion a year and the benefit to them is only £400 million. So obviously there is a cost to the taxpayer.

**6.1.2 Senator S.C. Ferguson:**

Which is added on to the bill for the consumer. Does he not agree that if a project is only commercially viable on the basis of subsidies we should not support it?

**The Connétable of Grouville:**

Well, if you took that to the *n*th degree then you would not support anything. I believe that the main consideration here is not cost; it should be the sustainability of our energy in a crisis. I believe, as the Senator does, that these subsidies should be avoided at all costs. However, in this situation we are talking about the future and we are talking about a situation which could arise where the price of oil leaps again to \$150 a barrel in which case we are then going to look a bit silly if we are paying that much when we could have renewable energy at a lower cost.

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

Could the Chairman confirm that they have been in contact with Defra/Ramsar, given that the areas concerned are within the designated areas, and also have been in talks with our French cousins in the Normandy area, given that they themselves are, at this time, looking at or in some cases opposing energy from the sea in their area? Are these talks ongoing or have they not made approaches to these 3 areas, and the Ramsar would be obviously through Defra?

**The Connétable of Grouville:**

The sites that we have identified are not part of the Ramsar sites, they are not in the Ramsar area. As to the discussions with the French, they are going on through the Channel Islands Energy Forum and I think the Deputy is probably misinformed about the French being anti any building in the sea. I have spoken to the convocation of the Mayors of the coast of Normandy quite recently, whereas they are looking at tidal power as being quite friendly, they are very much against wind turbines being put up there and I think you will find that in the minutes of many of the meetings of the towns on the coast.

**The Deputy of St. John:**

If I could come back in, I understand where the Minister is coming from ...

**The Bailiff:**

I see a number of people wanting to ask and we only have 10 minutes so I think I am going to confine people to 1 question.

**6.1.4 Deputy T.M. Pitman:**

Perhaps unlike some Senators, but over this side of the House I think like the Constable, some of us tried to take the long-term bigger picture view. The Constable talked about grants, could he tell us what that would entail, what kind of hoops would Jersey have to jump through to be eligible for such a grant?

**The Connétable of Grouville:**

Well it is not so much the hoops we have to jump through, it is the information we have to gather and this is why it is taking so long. It is very frustrating, I must say, that we cannot just get on and do something. I am not saying that we should immediately jump in and build turbines, what I am saying is we should immediately set down the platform for what we intend to do in the future. In order to arrive at these conclusions in this stage, we are dealing in a very friendly way with all the people who are involved. We are dealing with the fishermen, we are dealing with everybody, and with obviously the Receiver General who is going to be an important factor in our discussions. As well as that, we have to deal with 6 or 7 departments of State in the U.K. as well when we are coming to these conclusions.

**6.1.5 Deputy M.R. Higgins:**

While I support the search for renewable energy, what makes the Commission convinced that the U.K. Government will purchase electricity from Channel Islands waters rather than from other waters around the British Isles?

**The Connétable of Grouville:**

I am not convinced at all. The fact that at the moment Alderney are talking to the U.K. about this, they are closer than we are, they have probably got a much bigger resource than we have, I would put the U.K. at the bottom of the list as far as purchasers are concerned.

**6.1.6 The Deputy of St. Mary:**

Can the Constable confirm that when he is talking about the break-even, the future break-even point, it is not just a financial break-even, or that the break-even point includes a cost for carbon reduction, because the U.K. Government already has a social cost for carbon at £25 a tonne when I last knew?

**The Connétable of Grouville:**

When we have gathered all the information that we need or we think we need we are going to present this report to the Minister and the decision will then really be up to the States of Jersey as to which way they want to go on this. Do they want to take a long view and put a preparatory basis or a foundation down for the day when we need to do something? Do they want to go ahead with it now? Or do they want to forget all about it? That is going to be up to this House.

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

Could the Constable please inform as to what is happening with regard to partnering with the Scottish executive? We were told most recently that we were going to piggyback on some of their schemes. Also, would he agree with me that the concern about the availability of uranium, and only 10 years life expectancy within the rest of the world, is going to cause nuclear energy some real issues in the future?

**The Connétable of Grouville:**

Well, I am afraid I was unaware of both of those points. I did not know anything about the Scottish Energy, I know that we went to a meeting in Guernsey where Scottish Energy were presenting us with further facts and figures, but we did not have any discussions with them at all. As for the nuclear option, I am sorry I just know nothing about that.

**6.1.8 Deputy A.E. Jeune:**

I was fortunate last year to go to see the Alderney work on tidal power with the Connétable of Grouville and other Members, and my understanding was that they were not going for any governmental U.K. subsidies. Is that still the case or was the Connétable suggesting that they are now looking for U.K. governmental sponsorship?

**The Connétable of Grouville:**

I can tell the House that Alderney are the closest to getting a production of electricity from the tide at the moment, and we have supported them in their approaches to the U.K. Department of Energy and Climate Change. Obviously we were all there together and we went to see them about how they are going, and I understand that the Minster of State, Lord McNally, was in Alderney last week talking to the Alderney Renewable Energy company. So I think, without trying to jump the gun or anything, Alderney are well ahead of everybody at the moment and we will just have to see how they go. But these Renewable Energy Certificates are vital to the costing of this project.

**6.1.9 Deputy M. Tadier:**

If I can first of all congratulate the Constable on the giving of this statement and also the good work that has been carried on, I know it is not easy. The question relates to the previous one in the sense that, in the Channel Islands, what scope has there been for cooperation up until now, and is that a likelihood and what have the pros or cons of that been?

[12:15]

**The Connétable of Grouville:**

Through the Channel Islands Energy Forum we are in constant touch with our Guernsey counterparts and Sark, Guernsey is pushing-up for the Sark side as well because the latest report they issued was that if there is good energy source then it is going to be between Sark and Herm. So obviously Guernsey and Sark will be involved together in harvesting that resource. I cannot remember, sorry, what was the other part?

**Deputy M. Tadier:**

It was essentially just to know whether we would be able to co-operate with the other Channel Islands, if they are amenable.

**The Connétable of Grouville:**

Yes. Sure, it is not just only that but we do have a situation where if we are to export electricity, if we get to the stage - a happy stage - of being able to export we have the whole of Europe wide-open where many, many countries over there are not going to meet their Kyoto requirements in the near future. They are desperate to buy renewable energy. We can supply it, we have the cabling in place and we have the contacts with the Guernsey authorities as well where our joint cable could supply into Europe. The way it happens is that we could supply into France for the benefit of Italy. So, in fact, the French would receive the energy, the Italians would clock it up as renewable and pay the French and then whatever. So this would hopefully give us a chance at upping the price of it and perhaps, you know, making some money out of it as well. But this is just another avenue we are exploring at the moment.

**The Bailiff:**

Well, I am afraid that the time has run out for questions to the Chairman. We come next to a statement to be made by the Chairman of the Health, Social Security and Housing Scrutiny Panel.

**7 Statement by Deputy G.P. Southern regarding the Health, Social Security and Housing Scrutiny Panel**

**7.1 Deputy G.P. Southern:**

The Health, Social Security and Housing Scrutiny Panel welcomes the early publication of the *Income Distribution Survey Report 2009-2010*. The States of Jersey Statistics Unit are to be praised for achieving such a comprehensive report so quickly. With such a wealth of information, it is too early to draw definitive conclusions about what it says. It does, however, like its predecessor, point to the impact of high housing costs on the whole population, but especially those on low incomes. The early publication of this new data means that the sub panel can draw an accurate picture of the impact of income support to inform policy decisions as to the way forward. It further enables us to use the 2010-2011 benefit levels and to include the impact of the withdrawal of transitional protection in our report. Unfortunately this will mean a delay in finalising our work on the review of benefit levels, however, this will still enable our work to be incorporated with the social survey and to feed into the Minister's proposed review of income support. Our goal of developing a sound database on which to make informed social policy decisions remains.

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

If I could just join with the Deputy in thanking the Statistics Unit, it is indeed an excellent piece of work carried out in a very timely manner. The Deputy does raise in his statement the issue of affordable housing, I am not certain whether his panel has to date reviewed that particular issue or worked with the Housing Department. I wonder if he could confirm whether that is going to be on his agenda because I think he is right in raising that issue and it is something that we, as an Assembly, should be working together on.

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

I will answer that in 2 ways. Firstly that in our report it is very clear from the work we have already done that the impact of rent levels is a very significant one for significant numbers of our population, and also that it is early days yet but it is certainly my intention that the next review that we do will be about the provision of social housing, whether that is affordable or not and whether that is the issue that we take on. But it certainly will be concentrating on housing, it is an area that we have not done a great deal of work on and it is time, I think, to move on to that. Despite our big brief, that is the next target and I think the Minister is aware that we are coming to see him next.

#### **7.1.2 Senator S.C. Ferguson:**

Will the Deputy, when he is using this information in his work with his panel, will they be looking at absolute poverty levels as opposed to relative poverty levels?

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

No. I can say to the Senator that is definitely not our intention. The universal standard around the world is 60 per cent of median income which gives an indicator of relative poverty within a particular community and since we are dealing with a particular island community with its peculiar circumstances, that is the measure we shall be using.

#### **7.1.3 Senator S.C. Ferguson:**

There is a certain amount of discussion going on at the moment among the cognoscenti that in fact we should be looking again at our measures and perhaps not relative so much as absolute measures. I wonder, will the Deputy look at that for comparison?

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

The simple answer is no.

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

The Deputy is rightly concerned in his statement to refer to the impact of high housing costs on low income families. Does he accept that, while well-intentioned, government subsidies help landlords and do not help tenants? Will his review accept that political philosophy and help Ministers find a solution to that?



**Deputy G.P. Southern:**

Our review will examine carefully the evidence of the impact of rents. It does not take a political point of view, it will be evidence-based.

**7.1.5 Deputy S. Power:**

Will the Chairman, in his review, be looking at the size of the private rental market and its relationship to social housing? Because I think that is an important area.

**Deputy G.P. Southern:**

Is the Minister referring to this particular review of benefit levels? In which case it has not come up as a significant factor so far, as I am aware, so the answer is probably that it will not be, although having drawn my attention to it, I will investigate to see whether that is a factor.

**7.1.6 Senator P.F. Routier:**

I am just a little bit surprised at the Chairman's response with regard to the relationship between relative income and absolute poverty, because I understood the Chairman was a mathematician and understood that it is unachievable for everybody to get up to 60 per cent because it is an impossible thing to do. Does he accept that aim of getting everybody to 60 per cent is practically unachievable?

**Deputy G.P. Southern:**

While I can accept some of the statements made by the Senator contained therein, no, it is absolutely the point that in order to make comparisons with any other jurisdictions one has to have a marker and the universally accepted international standard now, accepted by all of the western world and by all economists everywhere, is 60 per cent of the median income. That is the marker of relative poverty and it is no good flat-earthers saying otherwise. Absolute poverty is a concept that is obviously relative to wherever you are. The level of poverty in India relative to Jersey is nothing like what exists here. One cannot make comparisons unless one chooses relative income.

**7.1.7 Senator J.L. Perchard:**

Can the Deputy assure me that he has not already written the executive summary of this report and just has to fill in the details of it?

**Deputy G.P. Southern:**

The Member is impugning my integrity. I object to that question absolutely. [Laughter] Will you make a ruling on it?

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

The Deputy scolds me for not answering his questions, the boot is on the other foot, I do not believe he answered my question. Does his review commence on the premise that subsidies in the housing market help owners of property, landlords, not tenants?

**Deputy G.P. Southern:**

I will answer it this way, if I may. My understanding of the way which the rent subsidy scheme works in Jersey is that indeed - I agree with the Minister - that it works to the advantage of the landlord far more than the tenant. That is the case. However, that is a political philosophy and an approach that I hope will not filter into the independent and evidence-based report that I produce. If it is does, if that conclusion is anywhere in it, then it will be based on evidence and not on my political philosophy. Is that clear?

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

I know nothing about these things, which does not say that I know anything about anything else either, but there we are. It does seem, however, that there is a political stance being adopted by the

Members on my right, which predominantly form-up the Council of Ministers, in relation to an absolute indication and a relative indication. I wonder if that was applied to a minimum wage, if we could have an absolute minimum wage or relative minimum wage and whether that could be factored-in as well?

**Deputy G.P. Southern:**

It seems to me that a minimum wage must be relative because it is to do with conditions in the particular community on which it is based, and it will be different around the world. While we are on this topic, if the Members questioning me today have evidence that real poverty or non-relative poverty is a marker that I should be looking at then I look forward to receiving the evidence and the papers on which that is based.

**7.1.10 Deputy I.J. Gorst:**

While the Deputy is quite right that 60 per cent is the internationally recognised comparator, does he not agree that there is some merit in jurisdictions looking to see what relative low income looks like at 50 percent, particularly when we bear in mind the statistic which I gave earlier whereby Jersey's 60 per cent figure is only £30 less than the U.K.'s actual median figure?

**Deputy G.P. Southern:**

Yes, there is some validity in looking at other measures, 70 per cent, 60 per cent, 50 per cent, because that gives a picture of the depth of poverty and so, therefore, has some validity if one wants to examine those particular factors as indeed a report commissioned by his predecessor, actually looking at the depth of poverty in Jersey, has already commented on.

**Deputy I.J. Gorst:**

Perhaps the Deputy will be pleased to know that I shall be commissioning a very similar report on the back of these figures.

**The Bailiff:**

That concludes questions to the Chairman. Now, I have given leave under Standing Order 17(5) for the Minister for Treasury and Resources to make a statement in relation to the administration of Woolworths, and perhaps this would be a convenient moment.

**8. Statement by the Minister for Treasury and Resources regarding the administration of Woolworths**

**8.1 Senator P.F.C. Ozouf (the Minister for Treasury and Resources):**

Members will recall that further to the administration of the Woolworths group of companies in January 2009, the administrators terminated the contracts of employment of all Woolworths' Jersey employees. On the 4th of February 2009 Members voted in favour of providing financial compensation in accordance with the U.K. Redundancy Scheme, 38 former employees received compensation payments in return for each person entering into a formal deed of assignment to enable the States of Jersey to reclaim the compensation paid from the administrators. Subsequently, under a consent order approved by the Royal Court, the Viscount was empowered to receive the sales proceeds from the Jersey real estate sold. The Viscount subsequently received approximately £1.3 million from the sale of the real estate. Claims were lodged with the Viscount in respect of £93,661 for compensation paid to the former Woolworths employees, as well as unpaid I.T.I.S. (Income Tax Instalment System), G.S.T. (Goods and Services Tax) and income tax. The final total of these claims amounted to £135,185 with further Jersey creditors bringing the total value of unsecured creditor claims to £524,503. The administrator sought to argue that funds held by the Viscount should be remitted to the administrator's account in the U.K., this would have meant that Jersey unsecured creditors received nothing. Lawyers for both the Viscount and the

Treasury opposed such a transfer, arguing that the Jersey unsecured creditors should be paid in full. Ultimately the issues raised would have been for the Royal Court to determine. Arguing the case in the Royal Court would necessarily have resulted in substantial legal fees being incurred by all parties, much of which would have been irrecoverable. In the circumstances, without prejudice negotiations took place between the parties' advisers to explore whether contested proceedings could be avoided. Negotiations concluded in what is considered to be a commercial, pragmatic settlement subject to creditors' consent and Royal Court approval. Creditors were notified and the Royal Court approved that settlement on 27th September 2010. I approved the proposed settlement on the advice of legal advisers employed by the States to represent our interests in this matter. The proposed settlement was also reviewed by the Attorney General who was asked to indicate whether he thought that the settlement was one which I could properly enter into as being in the interests of the States. I am, therefore, now able to make this statement.

[12:30]

Under the settlement arrived at, the States legal fees are to be paid in full, agreement has also been arrived at in respect to the Viscount's fees and charges. The result of this settlement is that all Jersey unsecured creditors are to receive a payment approximately 76 pence in the pound. This results in an additional £103,611 being received by the States of Jersey. The administrators also paid all G.S.T. and I.T.I.S. in connection with the Jersey store incurred during their appointment and up until it ceased trading. I would like to recognise the work of our advisers in achieving this positive outcome; I believe this represents a good result, not only for the States of Jersey but all Jersey creditors. **[Approbation]**

#### **8.1.1 Deputy J.M. Maçon:**

The Education and Home Affairs Panel have been following this issue and I would like to echo the sentiments brought by the Minister for Treasury and Resources regarding the legal advisers and the Viscount who I think have behaved in a very professional manner. But my question is how much does it leave us short?

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

The settlement is 76 pence in the pound. I have not got the working with me but I will do it on my calculator outside and send the Deputy the results. But all of the costs. Certainly we have changed the Income Tax Law subsequent to this event, making G.S.T. and I.T.I.S. and all those other matters as absolutely 100 per cent guaranteed as secured creditors. There is a shortfall but, in the circumstances of the legal costs, I think this does represent very good value for the public and I am grateful for the Deputy's comments.

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

Can I declare an interest and retire? I was not aware that this was coming up today.

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

Unfortunately it is not quite a question, I just wanted to add my congratulations, particularly to the Viscount's Department and Law Officers' Department for what I believe is an excellent settlement they have negotiated on behalf of the people of Jersey and I would like to personally thank them for the work that they have undertaken on our behalf. Thank you.

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

I wondered if that was a question, because I would also like to try to frame something in that vein. Will the Minister, in recognising the good job of work that has occurred here in this instance, also recognise the political efforts that were made on behalf of the employees at Woolworths by Deputy Southern in particular, and his colleagues, in helping to achieve this? There was a debate, a lengthy debate, and there certainly was a political strain to get this process underway for those people, and

in recognising the good job of work that has been done by States departments and lawyers on behalf of the Crown, would he also recognise the good work that has been done by the Deputies?

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

I certainly would. I think that this has been an example of almost politics at its best in terms of bringing something to attention, debating something in the Assembly, and making a difference. We have all learned of the tragic circumstances of redundancies and bankruptcies and the effect that can have on individuals. Of course Ministers are put into a difficult position having to defend budgets *et cetera*, but on this occasion we have had a debate, Ministers have worked hard - Social Security particularly in dealing with the employees - and a good result has been taken out. I am not a lawyer but there has been no declaration about the issue of Jersey creditors versus U.K., but certainly this is an important decision, a negotiated position which sends out a clear message of the position that the States will take.

**8.1.4 Senator J.L. Perchard:**

Will the Minister accept my congratulations on the outcome of this, and does he agree that it is good fortune that indeed Woolworths P.L.C. (Public Limited Company) owned property on the Island? It is good fortune only and hence we get a conclusion to our reasonable satisfaction. Could he then take on board the suggestion that any company trading on the Island that is non-locally owned, that owns assets on the Island, must register those assets on the Island with a company that is locally registered, rather than a company trading here but could own the properties outside the Island?

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

There are certainly lessons to be drawn from this experience and I have not had a chance yet to discuss with my colleagues on the Council of Ministers what the lessons are and any further corrective action that needs to be taken. The Senator is correct in saying that because the company owned property - valuable real estate - a claim was able to be made. That is not the case in all circumstances. The Minister for Social Security is certainly now progressing the matter of the statutory scheme for redundancy and if there are any other lessons that can be learned we will take them. Clearly we do not want to see bankruptcies, we want to have a healthy economy which stops this, but sometimes matters completely outside of the Island affect businesses and we will certainly have a wrap-up session now the settlement has been made.

**8.1.5 Senator J.L. Perchard:**

Indeed lessons have been learned, but lessons will be learned by companies trading on the Island that are not owned by Islanders and they will then learn from this lesson that they should perhaps, if they own property, register that property in ownership of the company outside the Island. Will the Minister take on board this serious opportunity to ensure that should we have another *désastre* that we insist that properties owned by companies are registered in ownership on the Island to ensure that should this happen again we are in a position to recover costs?

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

I am certainly happy to look at that but if the Senator is asking for us to create a significant bureaucracy of registering property in the event of bankruptcies, I would not want to do that. Certainly, as far as Jersey Woolworths is concerned, they owned assets in Jersey and if they are a foreign owned entity they are going to have assets elsewhere. Well, which assets can be ring-fenced for the Jersey activity? This is a very complex area. I am happy to agree to look at it and I take the point that he takes and we will do our best to deal with any loopholes or lacunas.

**8.1.6 Deputy G.P. Southern:**

I am just looking at the numbers, as is my wont, and apart from feeling glad to be alive and active in politics, I note that there is something like a total of £800,000 worth of payments. I might have

assumed that was paid at 76 pence in the pound, which is about £600,000 paid to various authorities on the Island, or various people on the Island, out of a total of £1.3 million on the settlement. Does that mean that something like £700,000 went to the U.K., is that the sort of divvy-up? Is that the way it has worked in this end, this agreement?

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

Following the discussions between the different parties, the 76 pence in the pound dividend was the settlement that was agreed. So, yes there was, and that was a judgment. I have been briefed all along in relation to the discussions and there was a trade-off, at the end of the day, to be taken as to whether one would engage in potentially a court action that might not have been successful. The advice was strong, however, not certain of course and I am not going to say anything in relation to what the Royal Court may or may not have decided. This was a negotiated settlement which was pragmatic and in the interests of all the parties and particularly the States of Jersey.

**8.1.7 Deputy G.P. Southern:**

In particular, the payment of £93,000 to the former employees, we have got that back in terms of 76 pence in the pound. I remember the arguments we had about we would be able to reclaim a substantial amount from this payment. I am glad to see it worked.

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

I believe that is exactly the case. We recovered 76 per cent of them. Having said that, there have been costs incurred, I regularly saw people from Social Security signing-off the declarations, there is a great deal of work that has been done and effort made as we have already said.

**8.1.8 Deputy A.E. Jeune:**

Perhaps, if I may, I could reassure Senator Perchard that the Legislation Advisory Panel do have this on their agenda and we can now progress being as this matter has now been concluded. Thank you.

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

I am very reassured to hear it.

**8.1.9 Deputy I.J. Gorst:**

I was going to issue a question or comment in a similar vein. I am not certain that Senator Perchard is looking at this from the correct angle. Was it not the fact that it was a Jersey-situ asset which had to go through the Royal Court that enabled the monies to be put aside in the way that they were, rather than it being owned by a Jersey or a non-Jersey company, therefore, I perhaps could put the Senator's mind at rest in that respect.

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

I am not a lawyer and not an expert in these matters. I act upon advice and I am grateful for the clarifications that the 2 previous questioners have made.

**PUBLIC BUSINESS**

**The Bailiff:**

That brings that to an end. That moves us on to Public Business. Deputy Southern, I take it you would not wish to start now?

**Deputy G.P. Southern:**

I certainly have more than 5 minutes worth of introduction to say and know that the guaranteed way to lose a proposition is to keep people from their lunch.

**The Bailiff:**

Would Member's wish to take one of the very short ones, possibly P.98, for example, if that is thought to be short?

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

Sir, while they are considering that, could I just take 2 minutes which might help in informing Members to my intention to withdraw, for the time being, P.87 because of a request from the Minister to meet with me about matters that have recently come to our attention, which is the Jersey Financial Services Commission Companies Register. So I would ask that be moved back at least a couple of months to give us time to meet on that. It has not been possible because one of the officers was away and I have received correspondence overnight which we need to look at. Also, the Privileges and Procedures Committee have commented, as has the Council of Ministers, on my Financial and Manpower Statements proposition. Given the positive comments from P.P.C. on P.92, I have discussed this briefly with the Chairman this morning, I am happy to withdraw that on the grounds that P.P.C. have every intention now of looking at this themselves and bringing forward an appropriate set of amendments in due course. So those 2 will fall off the Order Paper and I will be just debating work permits today.

**The Bailiff:**

Can I just be clear that the second one you are withdrawing altogether, or you are deferring?

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

No, I am withdrawing P.92.

**The Bailiff:**

You are withdrawing P.92 but deferring P.87?

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

Please, Sir.

**9. Appointment of Commissioner to the Jersey Law Commission (P.98/2010)**

**The Bailiff:**

Understood. Well that is helpful to Members. Would Members agree to take P.98, for example, Appointment of Jersey Law Commissioner, if the Chief Minister is willing to do that? Very well, I will ask the Greffier to read that proposition.

**The Deputy Greffier of the States:**

The States are asked to decide whether they are of opinion to refer to their Act dated 30th July 1996, in which they approved the establishment of a Jersey Law Commission and to appoint Mr. Malcolm John Le Boutillier as Commissioner of the Jersey Law Commission for a period of 5 years, with immediate effect.

**9.1 Senator T.A. Le Sueur (The Chief Minister):**

I have paid tribute in the past to the good work and voluntary work done by the members of the Jersey Law Commission. At the end of last year I sent round a note to Members inviting other topics for consideration by the Commission. As a result of that, and looking at their workload, quite a bit of it requires consideration of Jersey land law and that is a fairly specialised area in which some people have more experience than others. Mr. Le Boutillier is a person with such experience and he has the additional merit of being prepared to volunteer for this work. I am grateful to him for volunteering. His C.V. (Curriculum Vitae) is set out in the proposition and I

think it shows that he is eminently suitable for this position. I have great pleasure in nominating him as an additional member of the Law Commission for a period of 5 years.

**The Bailiff:**

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

**9.1.1 Deputy D.J. De Sousa:**

I would just like to ask the Chief Minister, is there any monetary gain at all in this position?

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

No, as I indicated I thought, this is done entirely on a voluntary basis and I am very grateful to the person concerned and other members of the Commission who have done this work, in many cases for many years. I thank the Deputy for her interest, and maintain the proposition.

**The Bailiff:**

Very well. All those in favour of adopting the proposition kindly show. Those against? The proposition is adopted.

## **LUNCHEON ADJOURNMENT PROPOSED**

**The Bailiff:**

The adjournment is proposed, so we will return at 2.15 p.m. and being with P.113 on the Order Paper.

[12:43]

## **LUNCHEON ADJOURNMENT**

[14:15]

### **10. Public Sector Cuts and Alternative Taxation Measures (P.113/2010)**

**The Bailiff:**

We come then to P.113: Public Sector Cuts and Alternative Taxation Measures, lodged by Deputy Southern. I will ask the Greffier to read the proposition.

**The Deputy Greffier of the States:**

The States are asked to decide whether they are of the opinion (a) to request the Council of Ministers to – (i) suspend the proposed programme of cuts to public services until 31st March 2011, especially where this will result in redundancies or reductions in front-line services, to allow time to engage in – (1) full consultation with the users of, and stakeholders in, these services; (2) full negotiation with employee representatives to find an agreed set of reforms and timescales, to include a new voluntary redundancy policy for 2011 and beyond, and Transfer of Undertakings Protection of Employment (TUPE) legislation; and (3) an investigation of the potential to extend the period of reform in both service provision and taxation changes from 3 to 5 years to ensure both proper evaluation and acceptance from the public, to include examination of the use some of the interest from the Strategic Reserve Fund (“Rainy Day Fund”) to cover the deficits involved during the 5-year period above, or failing this, to borrow on the financial markets (through a bond issue) to do so; (ii) suspend privatisation and/or outsourcing of public sector services until agreement with employee representatives has been reached as outlined in (a)(i)(2) above; (b) to agree that no proposals to increase the current 3% rate of Goods and Services Tax should be brought to the States for consideration before 2013; (c) to request the Minister for Treasury and Resources to bring forward for approval proposals in time for the Budget 2011 debate this year to set targets for raising business tax revenues, especially for non-local, non-finance companies which do not currently pay income tax.

**10.1 Deputy G.P. Southern:**

The first point I want to make is that this proposition is, I believe, just as important and vital as the proposition that we discussed at the last meeting, which was the Annual Business Plan. It is equally as important because I believe that we are, I think, rushing headlong into what may be a serious mistake and I come back to a fundamental statement about recession and recovery, which is on page 5 of my report, which uses the words of David Blanchflower, former member of the Bank of England Fiscal Policy Committee, and renowned economist which says: "Lesson one in a deep recession is you do not cut public spending until you are into the boom phase." Until you are into the boom phase. The danger is that you spiral-down and lengthen the recession and you do not find recovery if you do. I believe there is a serious danger of us doing that. I keep giving the Minister for Treasury and Resources, and other Ministers, the Chief Minister, opportunities to say they have some firm evidence, they have some evidence at all that the recession is coming to an end and that recovery is on its way and recovery is here. Time and time again, and it happened this morning, I gave the Chief Minister the opportunity to say, can he point to any signs of recovery in the housing market, in the confidence survey, in the retail sector, anywhere. The unemployment figures, up to 1,300 now, and looks like staying there. He could not produce anything that he could describe as the green shoots of recovery. So we are not into recovery. Very dangerous then to start making cuts. When I got up this morning I had a frown on my face at the prospect of yet again bringing an important proposition to the States and wondering how it would be treated. My wife reminded me that I choose to do this job, which made me smile in the first place, and then I got a second smile after I had walked around the coffee room saying: "Smile, Geoff, smile. You can smile." Which was noticed at the end of the session that proposals I had made in earlier years had proven to be correct and that we were able to claim back a substantial, significant sum from the compensation that we paid to Woolworths employees way back then. It feels very nice, very good to be doing this job when that happens. To be proven to have been right is nice. I just hope that in this particular case, should we not accept this proposition, I do not have that satisfaction again of being proven right, because I would hate to see us, if we plough ahead with the rate of change and the degree of cuts that we are undertaking. If we were to tip ourselves into double-dip recession and make life worse for us I do not want to be proven right should this be rejected. So I will give it my best shot. The first thing to say is, I think, what this proposition is not, because people - no names - keep putting words into my mouth. It is not a statement which says: "Let us not make cuts. Do not believe in cuts, let us not do it, let us stick our head in the sand." It is not a proposition that says: "Let us not remove a single job." It does not say that either. What it says is: "Let us take a little more considered and well planned approach to what we are about to do, because there is a risk that we put ourselves deeper in recession, rather than recover." So, it says: "Suspend the proposed program of cuts to public services, especially where there are redundancies and reductions to front line services to allow time to engage in full consultation with the users of and stakeholders in these services." If any Member here can say that we have taken the public of Jersey along with even the first 2 per cent of those cuts, I think they are deluding themselves. I think already the 2 per cent cuts, the £12 million, which include closing the hydrotherapy pool; reducing physiotherapy services; removing school milk; removing some language assistance; removal of Customs Officer at the borders; reduction in policing levels; watering-down, reducing the Christmas bonus; and an attempt to remove the G.S.T. bonus have been met with, I believe, shock among the population of Jersey. Heaven knows what they are going to make of £65 million worth of cuts. While I am on those £65 million worth of cuts, I will just start to refer to what the Ministers' comments are on this particular proposition. At the very top of their 14 page submission I have got 2 words, right at the very top: "Blind faith." This is a very confident statement which asks us simply, as in the old fashioned days when we had Presidents and Committees, to trust the President. "We know what we are doing, we are in charge." So, for example, they say: "The Council of Ministers urges Members to reject all parts of P.113. The Council has set an achievable target for savings by 2013 of £50 million in real terms." No it has not, because at the last minute - and it is the last minute - they have raised the target to £65 million. We can throw in another £15 million worth of cuts just like that, within 3 weeks, is it? Within 3 and a half weeks of making the final decisions. So is this



planned? Is this achievable? We have no idea. This is last minute, this is haste. "This is a significant saving which can be achieved without serious detriment to the level and performance of front line services." But we have already seen the minute 2 per cent cuts have lead to reductions and damage in frontline services and everybody knows that out there so what is to come? "The highest priority for savings is through efficiency in existing practices and reorganisation of functions where this will reduce the cost and improve performance." Efficiency: we have had 8 years of efficiency savings. We have just seen the piecemeal nature of what has been proposed, and the Council of Ministers are saying: "Trust us, we know what we are doing." They then say: "It is inevitable that some services will be cut but this will be done in a way that maintains the high standards of our key public services." Well, there is a very confident statement built on absolutely no evidence. Nothing at all. "The Council of Ministers knows that savings must be well-planned and targeted if the result is to be a sustainable budget." Well-planned and targeted, and thrown-in an extra £15 million at the last minute when we have got 3 weeks to view it and decide on it. They go on to say: "Savings will inevitably lead to job losses in the public sector." We touched on this morning in question time, what is the cost of those job losses? The assumption is that the economic recovery is around the corner and that we could quite happily have those public sector jobs, they will be taken up by a flourishing private sector, there will be nobody extra laid-off. Based on what evidence? Based on no evidence whatsoever, based on nothing. So they say: "Public services being delivered with less States and more private sector involvement, this could simply mean that employment is transferred to the private sector." On the basis of no evidence. So the second part, (a)(i)(2) says: "To allow, to engage in full negotiation with employee representatives to find an agreed set of reforms and timescales to include a new voluntary redundancy policy for 2011." That has not been undertaken yet. That has not been seen by anybody yet. What is the new voluntary redundancy policy? Nobody knows. No consultation, no negotiation has taken place on that issue and yet we are told we can plough ahead with £65 million cuts. So have we taken the representatives of public sector workers along with us? No, we have not. "Transfer of Undertakings Protection of Employment (T.U.P.E.) legislation." Now, we heard this morning that is ready, that is ready to be lodged and there is one issue to be negotiated, or to be resolved, and that is ready to go. So that could be negotiated and could be out in the open very soon, but it is not there yet. Nor has it been negotiated, and what this first part of the proposal says: "Let us give that negotiation, that consultation process, time in order to resolve the issues." Effectively, in terms of redundancy and in terms of agreements, we are talking about a 3-month space.

[14:30]

An additional 3 months breathing space to make sure that we take people along with us, from January to March, for most of these changes will not occur until January at the earliest and I am saying let us just hold that until the end of March. Let us take our time and get it right. Thirdly: "An investigation of the potential to extend the period of reform in both service provision and taxation changes from 3 to 5 years to ensure both proper evaluation and acceptance to the public, to include examination of the use of some of the interests from the Strategic Reserve Fund, (the 'Rainy Day Fund')." Here, again, is saying: "Look wider", it is being presented to us as cuts, there is growth and there is taxation. There is also the Strategic Reserve which, for the moment, the Council of Ministers has turned its back on with its traditional view of: "We must never touch it until the bomb goes off." Opinion out there says: "Why not?" Here we are, we are in sticky times, we have got over £500 million in the bank, why do we not touch it? If the household was going through a sticky patch and had £5,000 in the bank, I think that they might want to touch it to tide themselves over until things got better, if they could see it getting better. We are told: "Things will get better so why can we not tide ourselves over for a little longer?" Then I say, finally, failing this, if we still do not want to go near the interest on the "Rainy Day Fund", to borrow on the financial markets through a bond issue to cover that time. Again, we have had no hint of that, it has just been said: "No, we do not want to do that, we will never do that because that is the tradition we have operated on." Notice that the words are being used in this particular part of the proposition;

all I am asking for is an investigation into this. Let us see the case: could we borrow? What sort of terms might we get; how would that be used; what does that do over a longer period? Does it enable us, for example, to reduce the raises in taxation that we are just about to enact? It might well do but let us see the evidence, let us take that little time - a 3-month period - that is all it is asking, to investigate that and come forward with the evidence. In particular, you then move on to (a)(ii): "To suspend privatisation or outsourcing of public sector services until agreement with employee representatives has been reached, as outlined in (a)(i)(2)." I think that is a reasonable step to make. Surely, before you start - and we do not know what will be suggested - large-scale outsourcing and privatisation, surely, you have to get the protection in there, an agreement with the representatives of the workers to have them say: "Under these circumstances, perhaps, it is acceptable, we are sufficiently protected that this can go ahead." Because if we do not, there will inevitably be confrontation because that is the only reasonable way to approach it. T.U.P.E. (Transfer of Undertakings (Protection of Employment)) surely has to be in place before we start doing this. Then we move on to (b), and I believe that this is an option: "To agree that no proposals to increase the current 3 per cent of Goods and Services Tax should be brought to the States for consideration before 2013." I know what we will hear from the Minister for Treasury and Resources, he is saying: "That will deny the full-scale consultation that has already taken place." Let us have a look at the results of that consultation. We were presented with 4 options: G.S.T. raised by 2 per cent; social security, raise the ceiling to £115,000; domestic rates up by a factor of 3; income tax of 30 per cent rate on income over £100,000. Each of those suggested will raise £30 million. Misleadingly, the regressive elements of those are described as: "Mildly regressive" when, in fact, they are harshly regressive, absolutely. So G.S.T., we have seen what we do with G.S.T., we invent all sorts of ways to pay back the poorest for the extra costs of G.S.T: we raised the income support level to compensate those on income support, we changed the allowances for those people in income tax, and we have a G.S.T. bonus for those in between those 2 bands. We have already seen how trustworthy this Council of Ministers is in the last round of the budget where it was proposed that 3 years on we can just scrap the G.S.T bonus, we can just get rid of it, even though it was promised to compensate the least well-off. If we go to an extra 2 per cent, can we guarantee that 2 years or 3 years down the line it is not going to come up for the chop again, especially in the light of the fact that we have got to find £65 million worth of cuts. The evidence on past performance is that I do not think we can just cross our fingers and trust people that they would not do that. They would not pull the carpet out from under our feet, would they? There is no evidence that they will not. G.S.T, I think, needs to be debated as an issue in its own right. We know what the controversy was, we know what the ongoing controversy about G.S.T. is and will be, and I believe we should debate that now, we should come to a conclusion on that now. Why do I say that? Because let us look at the split in the consultation process that has occurred and what we find is that most people, ordinary people, are very sceptical about raising G.S.T. and are saying: "That will hurt the least well-off and will damage people's standard of living, please do not go there." However, there is a counter argument from, by and large, the representatives of the finance sector who say: "No, of the options, G.S.T. is perhaps the best one." So there is a clear dichotomy. Could that be something to do with the fact that financial services does not pay G.S.T, it pays a sum to be excused from G.S.T., it does not affect their business one jot, and they say: "Let us go the G.S.T. route." I can almost see the ears of the Minister for Taxation pricking up and he is rubbing his hands saying: "Yes, G.S.T., simplest and most straightforward way" which, in fact, impacts on ordinary people but does not impact on our favourite industry. We then have social security raised, not to remove the ceiling, but to £150 million, which happens to be more or less the ceiling put on Guernsey's social security. This rate is £30 million but raises it from people who are already paying £10 million worth of Zero/Ten and we are upping our social security. No wonder we get a split vote on this one because people can see that that is going to damage them twice over because the current ceiling is at £43,000 and so they will pay more in '20 means 20' and in social security. That is really an ill-thought-out option which, no wonder, has not received the massive backing that it might have done. Domestic rates up by 3per cent, again the same old split, people saying:

“Please, no, that is regressive, that is going to damage the poorest, the asset-rich but income poor, in the Island” apart from the financial services sector which again says: “Oh yes, that is a perfectly acceptable way, that will not affect our business whatsoever.” No, because they do not pay domestic rates, clearly. Then we have got an income tax proposition, again proposed in a very confused way, and it became apparent because we have got to change the law in order to make sure that raising a higher rate does not discriminate against married couples. People were saying: “How does this affect married couples?” Is this couples; is this households; is this individuals; how do we raised £30million? Again, no clear steer on that, it is not a clear option; no wonder the consultation process is split, because the options were ill-thought-through and ill considered. Again, we need to go back to that and take our time about what the real options are. Then, finally, to request the Minister for Treasury and Resources to bring forward for approval proposals, in time for the Budget 2011 debate this year, to set targets for raising business tax revenues, especially for non-local non-finance companies which do not currently pay income tax. That is a vital issue because if we are going to impose increases in personal taxation we have to, surely, make sure that it is acceptable by saying that: “And businesses will chip in. Our tax rises will be fair and therefore we can get behind them.” That is not happening. We have an investigation of what tax changes might take place but we have no end date on that consultation. In 3 weeks’ time we will find out what is in the second wave of cuts and we will find out what is being suggested for ways of raising additional taxation. We will not know that until then, then we will have a month, approximately, to take that in - as will the population, as will our residents - understand it and agree it, by the first week of December, the usual budget debate. That is a rushed process. That dictates how the next 3 years will go. This proposition says: “Slow down, let us take it in a considered way, give ourselves 3 months to come up with the right arguments that will win over the right people” otherwise, as I said, at the end of the Annual Business Plan debate, the pain starts here. Indeed it did start here a fortnight ago. But not only that, the strife starts here, the potential for strife starts here. It is a very dangerous route that we are on. I am suggesting that we have a little consideration and take it in a much more relaxed way. I refer to the comments on page 5 of the Council of Ministers’ paper, where they say: “The unprecedented scale and nature of the policy response from central banks and governments across the world has so far prevented a replay of the 1930s Great Depression.” Heavy words. “The larger economies have returned to growth this year but recovery remains fragile not least because, once the policy stimulus is withdrawn, it is unclear how strong the underlying economies will be.” Wait, hold that and now apply it to Jersey. Serious crisis, so far we have avoided the Great Recession of the 1930s by putting in fiscal stimulus not by cutting, but the recovery is fragile because people do not understand how much of the recovery is down to fiscal stimulus and not a natural bounce back. Other governments are supporting their economies still: the Americans are still talking about putting in some more fiscal stimulus to support their economy, they are still doing it because their economy is flat-lining. No signs of us doing anything but flat-lining. A double-dip global recession is still a risk, although it is not a central scenario for some economic forecasters.

[14:45]

It is still a risk. In the world, it is still a risk; in Jersey it is still a risk. Do not make the error or rushing headlong into double-dip recession is what this proposition is about. Finally, I point out that the way this proposition is structured, it is possible to vote separately on every single paragraph and I will be proposing that that is what we do. You can vote on (a)(i)(1) and then (a)(i)(2), (a)(i)(iii) and vote separately on (a)(ii) and then vote on propositions (b) and (b). Each is different and unique and it could well be that some of you, some Members, through the Chair, will be attracted by parts of this but not the whole, or object to other parts of it. It is possible to vote straightforwardly with your conscience for any part of this element, they all stand alone. With the voting, I will bring paragraph by paragraph and I expect to get some or all of this through. Please support this proposition.

**The Bailiff:**

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

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

We spoke before lunch about Woolworths and something that I miss from Woolworths is the pick-and-mix counter, and those last seductive comments by Deputy Southern were, I think, quite worrying, even though they are quite seductive. The Council of Ministers has provided a very detailed comment which was published on 9th September in respect of this proposition. The Council does not apologise for that, this is an extremely important proposition and we have taken it extremely seriously. Having said that, of course, some of the elements of this proposition are almost a re-run of some of the matters that we discussed in last week's Business Plan debate. I think that it is important that the Council of Ministers did take soundings and a steer from Members from the Business Plan debate. I thought the message from the majority of Members was that Members, in the majority, expected the Council of Ministers to do or to attempt to do more, not less, in 2011, providing economic conditions improve. Certainly, also, there was a commitment by the Council to consider lifting the target of £50 million savings and see whether or not it was possible to increase that and I thought the debate on the Business Plan, while it was long and frustrating in some cases - in some cases individual speeches - we had a good debate and it was useful. Subsequent to the Business Plan debate, the Council of Ministers, as Members will probably know, were locked away for almost 3 days, some of which was with Assistant Ministers, in order to conduct the second part of the Comprehensive Spending Review. The conclusions of that review are still being worked upon, there is a lot more work to be done, but the conclusions will be published on 26th October and be debated by the Assembly in the budget. Members have been invited now to a workshop on 11th October and there will be other engagement with States Members right the way up to the budget. It is important that Members are fully informed and engaged with the C.S.R. Undertaking a proper C.S.R. is difficult. When this process commenced I think that there was, it is fair to say, a large amount of scepticism, both within the States Assembly in some quarters and outside of this place, that savings could be made. On the one side, people were sceptical whether or not there was an appetite for us to make some difficult decisions, the right decisions. On the other side, there were people who have, if I may say ... and some particularly vociferous people in the run-up to the Business Plan debate, outside of this Assembly, do have, I am afraid some unrealistic views about how much it is possible to cut States spending. The clear message, if it is possible to deduce something from the public at this stage from the fiscal strategy consultation, is there should be cuts and efficiencies first and taxes second. I have got, certainly, in all of the engagement with people that I have met, a very clear view that the public expects us to be planning cuts in efficiencies in a targeted and a proper, comprehensive way. I think that the previous experience of this Assembly in terms of efficiencies, most recently in the Fundamental Spending Review that was carried out in 2004 and 2005, is that efficiencies do not need to simply be salami-sliced, they need to be sustainable and long term. There are a lot of lessons that the Council has taken on board from other C.S.R.s and, indeed, from the States' previous experiences. This review is taking a lot longer in terms of its research and its analysis. It is also recognising, in a way that was not done before that, to make change requires restructuring investments and also, I am quite clear from everything I have seen, that if we are to deliver the type of scale of change and reductions in expenditure, the States of Jersey is going to have to really undergo quite a transformational change and we need to ensure that the management is capable of delivering that. Savings are uncomfortable, and it will lead to some changes in manpower levels across the public sector, but it is important. I know that this is something that Members are concerned about and Deputy Southern represents as a problem, it is really important to note that the savings programme is planned over a 3-year period and this will allow ... the Deputy asked whether or not I was seeing any green shoots of economic recovery; well, the recovery is patchy: financial services is, in some parts, recovering quite strongly - not least of which because of the marketing effects that we are doing in overseas marketing and raising the profile of Jersey - but there is a long way to go, but we are starting, certainly, the path to international growth, but there

are some risks. The Deputy of St. John is waving to me a headline in last week's *J.E.P.* about unemployment and he is right to be worried about unemployment and we are also, I should say, targeting the particular areas of unemployment that are particularly problematic. I am sure the Deputy will have carried out his own research and looked at those unemployment numbers and he will see where the particular pinch points of unemployment are in the younger age group of individuals, people who have left school, who are leaving higher education, and there are real issues in that area. But that should not be concluded as being a wide-spread economic problem. Certainly, we can do an awful lot to help that particular cohort of people and we have been very successful in delivering that in terms of the Advance to Work, *et cetera*. I just want to make the very important point that the savings plans that are being made are on the assumption that the economy returns to growth in 2012 and 2013 and that starts in the latter part of this year and early part of next year. So the difficulty with this proposition is that it fails ... it almost denies, if I may say, the financial reality that the States finds itself in. It advocates delay, not only in the C.S.R. but in the Fiscal Strategy Review as well and accepting it would have a serious and a dramatic impact on States finances. The Consolidated Fund, the current account of the States, will be overdrawn by 2012 or 2013 if Deputy Southern's proposition is successful. I would ask Members to cast their eye on the Council's comments and that balance of the Consolidated Fund in the back of the report on table 1. The proposition by Deputy Southern does not present Members with all of the correct information concerning public finances, it fails to explain what would be required to bring the Consolidated Fund back into balance in 2012 and 2013. What I should also say, as set out in the comment, is that the Stabilisation Fund will also have had its balance extinguished by the end of this year because we are plugging the public financial position as a result of the downturn by use of the Stabilisation Fund. Deputy Southern and I have agreed often in terms of economic policy and today is not one of those occasions; we occasionally agree, but we do not agree on this issue. He has stood for Minister for Treasury and Resources and he gave the States an opportunity of almost putting somebody into the position of Minister for Treasury and Resources who had a different view. My advice to the Assembly is that we need to endorse and have a credible plan to bring public finances back into balance by 2013. Yesterday, we heard the I.M.F.'s (International Monetary Fund) assessment of the U.K. Coalition Government's plan to eliminate their deficit. Although, having said that, if you look very carefully at the numbers, they are not putting back their public finances in anything like the way that they should do because of the severe hangover of debt which, I fear, is the legacy that Deputy Southern would bequeath subsequent Assemblies. We are a small Island, we are dependent, whether we like it or not, on a limited number of activities and, while I am confident about Jersey's future, that does put a vulnerability on us and it leads the people who advise us to conclude that we should be taking no risks with our public finances; our I.M.F. in this regard, is the Fiscal Policy Panel. This Island has been built on stability and certainty, one of those areas is stability and certainty in our public finances and that is why we attempt to learn the lessons from the past, to remember what has brought ourselves to the successful position that we have today and continues it. As uncomfortable as it is to say, we have to tackle the problem that we have got, we cannot put it off, and Deputy Southern asks us to do that. We have a 3-point plan to deal with the deficit, a 3-year horizon means that we will be supporting the economy through the worst of the downturn, undertaking discretionary fiscal stimulus, as I have said. The delay is not what the F.P.P. (Fiscal Policy Panel) advises us to do, their advice is to tackle the problems. I would like to be a Minister for Treasury and Resources who brings a promise to this Assembly not to increase taxes, but I have to be responsible and we as an Assembly have to be responsible. We have been running a fiscal strategy review for a number of months and the conclusion of that review will be published in October. This proposition, I am afraid to say, jumps ahead of the conclusions of that fiscal strategy review, it eliminates one of the options set out in this review. Preventing any increase in G.S.T. before 2013 short-circuits the budget debate and the F.S.R. consultation and it devalues the input of over 1,000 people that we are still evaluating in terms of the F.S.R. I would ask Members what jurisdiction facing the fiscal challenges would tie their hands ahead of a budget debate by arbitrarily ruling out the possibility of one of the major

potential forms of revenue raising? As unpopular as it will be, the debate to be had is at the budget and not now. Should we also ignore the advice of the Fiscal Policy Panel and harm, potentially, the long-term competitiveness of Jersey? The final part of this proposition deals with business tax and we have also been consulting on business tax too, and there is a separate document, as Members will be aware, which was published in parallel to the fiscal strategy review document on personal tax. Most importantly and crucially, we are also in the midst of a review of our business tax regime by the E.U. Code of Conduct and, as Members will be aware, our international team, including the Chief Minister's international adviser and the Director of International Tax, were in Brussels last week explaining and clarifying issues concerning Zero/Ten, and that is a process which is underway.

[15:00]

I am optimistic that Zero/Ten will be continued to be regarded as code-compliant but there may well be issues that we may well have to address as a result of that review. It is wrong to make changes to Zero/Ten until that assessment process has been made. There is a commitment to look at Zero/Ten in one other respect, which I also want to confirm: I am frustrated with this issue of non-finance, non-local business and the extent to which that has impaired revenues in the Island, but I have to be realistic, I want to find a solution to that, but I can only do so, and we as an Assembly can only do so, when we understand what the assessment for Zero/Ten has been from the code group. We cannot make knee-jerk decisions on the back of a proposition such as this to change our business tax review, the process of review of business tax has to continue. It is right that this Assembly debates public finances, however, it needs to be done in an orderly way and with the Assembly fully informed of all of the work that the Council is carrying out on the C.S.R. and F.S.R. This proposition, as the Deputy of St. John says, cuts the Council of Ministers off at the knees in terms of the work that it is carrying out at the moment. I realise that there are difficult decisions ahead and some Members are quite pessimistic about Jersey's future. It is easy to be dramatic about some of the changes that are needing to be made, it is also easy to be disheartened with what we have to do. We have strong public services, we have a strong economy and we have low taxes. Even after the changes in the C.S.R. and F.S.R., I am confident that that will continue. If we make decisions in a positive way and we balance our books, we will once again I hope, in the second week of December, be able to send out a strong message, we will be able to trumpet the fact that Jersey has credible public financial plans and we can prepare the Island for a further decade and a future of economic growth and prosperity and investment in new public services. This proposition effectively stops the work of the Council in its tracks and it denies the reality that there is a problem that needs to be done and I urge Members with the temptation of pick-and-mix approach in relation to the voting, to vote down every single part of this proposition and to allow the work of the Council to continue.

### **The Bailiff:**

Deputy Pitman?

#### **10.1.2 Deputy T.M. Pitman:**

I do have to make quite clear that I am strongly against going down the route of borrowing, i.e. through the use of bonds. Nevertheless, I am going to support the proposition and I will do so for the following reasons. The proposal to extend the timeframe from 3 to 5 years is, in my view, eminently sensible. If it has been said in the *J.E.P.* it must be true, come on, especially with the bonkers - I can only use that term - additional £15 million cuts that we have just heard. "Some pain" the Minister for Treasury describes; well, this will transform Jersey into a wasteland of division of haves and have-nots. Five years, far from delaying recovery will, in the long term, be far more sensible because it may prevent us committing to decisions from which there is no return and it is really the social impact that I want to focus on, rather than going over all the details at length which Deputy Southern has spent his time doing. It is abundantly clear to me that adequate

consultation has never been entered into with lots of those who are going to be most affected by this, the people who will be thrown on to income support, lose their jobs, lose their futures. There has not been a consultation inasmuch as there has not been in a business plan from the Council of Ministers any proper taking into account of what the social impact will be of following that route and ignoring the proposition before us now. All the Council of Ministers seem to have on offer is a kill or cure quick-fix for the economic situation, there does not seem to be any real consideration of social matters. Deputy Southern's proposition, even with my own reservations, gives us an opportunity to attempt to alleviate at least some of this. At the very heart of this issue in my view is the very dangerous... bar some, who still cling to - I have to say it - a redundant 1980s Thatcherism of playing private against the public sector. What can that bring us? Nothing for our community but division and, ultimately, despair. It is a dangerous game and I think that it is below any politician, or should be in this House, to go down that route, yet we are seeing it. I have worked in both private and public and I have to say that most people, the vast majority in both, do the very best at their jobs and to see public sector workers now pilloried as if they are all lazy, as if they are all overpaid, as if they are all inefficient, I find it quite upsetting and it is appalling. I do know what some of them think because a lot of them speak to me and I have to say, whether deliberate or not, this is what this Council of Ministers has brought about, division. Yet, only 2 years ago, so many of us stood on the Senatorial platform, everyone was talking about bringing things closer together, getting rid of the haves and the have-nots. I meant what I said in my manifesto, I know Deputy Southern did and I think that is the question for people now: is it just words or is it going to be actions? Of course, no doubt, many in the Assembly will be tempted to vote against the proposition with the excuse that we have had this debate 2 weeks ago; I think that would do a disservice to the proposition and the Deputy himself and, to be fair to the proposer, he did seek to debate this before, let us remember that. The fact is that fine words notwithstanding, going with the Council of Ministers' vision rather than Deputy Southern's, even with the bits I am not happy about, at least offer an opportunity to reflect and adjust as recovery hopefully gains pace, a recovery of which we keep hearing; there is no evidence to even say it is here. Voting against this absolutely guarantees that Jersey will become a divided, broken society and here I wonder whether the Council of Ministers, and those who follow them, understand who will pick up the tab when people are thrown on to the income support scrap heap. I wonder who they think is going to foot the bill when people lose homes, when people lose futures and people's children lose their futures because this is going to have long-term impacts, let us not kid ourselves. They must surely know or else they would be stupid beyond belief so perhaps the answer is that they just do not care; now, that would be a terrible thing. It is going to be other ordinary people, other ordinary tax payers who pick up the tab for what the Council of Ministers want, even without the £15 million which miraculously appeared in our newspapers just the other week. People who are made redundant, with the Council of Ministers' vision, will not all just disappear, they will not all just be people with roots away from the Island, they will mainly be local. Will they all find jobs? Hopefully, but the reality is that they will not; many will end up on income support, as I say, with those other working people footing the bill or, maybe, some will fund jobs, likely their very same jobs but under some private sector big wig who will do very nicely, thank you, while they are paid minimum wage to do exactly what they did before. Does that fit in with the commitments in our strategic plan to a fairer society? I do not think it does. Of course, as Deputy Southern points out, on what evidence is optimism based that any of them will find jobs in this mushrooming private sector? We hope that this will all come to pass but what evidence have we heard? None. Without wishing to have the Business Plan debate all over again, because I do not think any of us could stand that, Members may recall I had an urgent question accepted, just a couple of weeks ago, it was. We do find ourselves with another £15 million worth of savings, as the Ministers call them, but, let us be honest, they are cuts. Of course, the truth of it is that it is cuts that will, they have to, impact on front line services. As for how such additional cuts can be achieved as painlessly as the Minister would claim, we learn not a jot, they are just words, there is nothing to back them up, which brings me back to the total imbalance in this executive's approach to the social and the

economic. Only today, in answer to one of my questions, we learnt that a rise of 25 per cent tax for individuals earning over £100,000 would raise £15 million; well, would that not be handy, surely? As one of those middle earners, and there are a lot of them paying more tax than some multi-millionaires - fact, we have seen the figures in this House in answer to some of my questions - I am not very happy about that. How can we just disregard such possibilities? Deputy Southern also pointed out that business should chip-in accordingly in these times of belt-tightening, and I have got to support him fully and that is what constituents are saying to me: "Why is it that the words of big business always count and for the little man in the street it never does?" Is it because, so far, he has not risen up? How far can you push people? The bottom line for me in supporting this increase of timescale - as I say which is definitely commonsense in my view - and the opportunity the Deputy has given us to support individual aspects of the proposition, and I think that he has taken the right choice there ... it is not perfect but then he is asking for explorations in some areas. What I want to focus on is what will the result be if we do not? Deputy Southern mentioned the potential for possible confrontation; I would say that it will not be possible confrontation, it will be pretty nigh on certain confrontation. Let us be honest, I have been a union representative for a large part of my life - and I was a very committed and very fair, I think, one - and we had good negotiations when I was involved. Because if public sector workers - and they are a diverse bunch but, in my view, very hard-working and fair-minded people - do not stand up now and fight in whatever way they can then, to be quite honest, they really should just roll over now and wait to be buried. This is where we are, this is where the Council of Ministers are taking us. Indeed, as I was discussing with a couple of constituents last night, given that there are a number different versions of the poem by Pastor Niemöller (I hope I have got his name right) from Germany in the Second World War, I wonder if he was with us today if he might possibly rewrite it slightly to fit Jersey: "First, they came for the public sector workers, but I did not speak up because I was private sector worker and the *J.E.P.* had given some nice headlines about what lazy so-and-sos they were. Then they came for the progressive politicians; I did not speak up because I had always believed the spin of the free marketeers. Then they came for the benefits of the old and vulnerable and I did not speak up because I was not old or vulnerable yet. And then they came for me but, by then, there was no one left to speak up." I will definitely be supporting this.

### **10.1.3 The Deputy of St. Mary:**

I am glad that the proposer began this debate, and indeed the Minister for Treasury and Resources who was good enough to reply immediately - I think that is very important so that we can hear both sides straight away - both of them said this is an import debate and I am glad they said that because otherwise we might be in danger of marginalising it and saying: "Oh well, it is just another re-run." This is the last chance to turn back from the brink, from the Minister for Planning and Environment's cliff. We are, in my view... and I think that the previous speaker spelt out why, looking at the end of Jersey as we know it if we do not pull back. **[Approbation]** I am going to focus on 2 main things, although I will make a number of other points after, and the first is the question of "rushed". The proposer, quite rightly in my view, on page 3 says: "The proposals so far have been rushed." From the Council of Ministers, we get a very different range of words used. In the Annual Business plan debate, the Minister for Treasury and Resources talked of "sensible efficiency savings" and you can just feel how nice and cosy that sounds. In the comments today that the Council of Ministers issued for this debate, in the second paragraph on page 2: "Savings must be well-planned and targeted." In the fourth paragraph: "Adopting a pragmatic and realistic approach to savings." There are 2 very different views there: rushed, too rushed and pragmatic, realistic and sensible. I just want to remind Members of the timeline of the major reviews.

[15:15]

These major reviews were trumpeted right at the outset of this C.S.R. process by the Minister for Treasury and Resources, he was going to set up review boards to look at the 6 major areas: E.S.C. (Education, Sport and Culture), Health and Social Services, court costs, terms and conditions,



Home Affairs and another one that escapes me; the 6. We find out in answer to my written question on 13th September that, in fact, these reviews have taken 2½ months in the case of E.S.C., apparently, 3½ months in the case of Home Affairs. Health and Social Services: we do not have a review yet and this is supposed to be pragmatic, realistic and sensible. I cannot understand how we are being sold the notion that this process is a responsible and a thorough and a sensible process with that sort of timescale. In addition to the issue of timescale, I know from 3 departments that they are playing round this. E.S.C. has said in a written answer, effectively: "We are doing reviews but we have to consult with stakeholders, it takes time and, no, we will not be rushed into this." One department has said: "There are so many new initiatives it is hard to keep up and we would like to do our job" and another has said: "We will say we can do it but we do not know how." Those were in scrutiny hearings and I cannot remember whether they were in private hearings or public ones so I am not going to say which departments they were. But that is 3 out of the 10. It is not satisfactory and, as I said, Health and Social Services, we do not even have a review at all. Then that was £50 million, so we have got these reviews 2½ months, 3½ months or totally non-existent, and then on Friday we learn another £15 million. They have moved the goal posts by a third and those new savings must be with the Council of Ministers, we learnt this morning, by 22nd October; 3 weeks. You have to say that is farcical; £15 million of savings in 3 weeks. It is absolutely unacceptable for this House to be even contemplating, and for the Council of Ministers to come to us with a straight face and say that we can plan thorough-going, sensible measures in 3 weeks. That is the first point. The second point is consultation, and I am going to take a different approach to consultation. Indeed, as the proposer spoke a lot about consultation with the workforce, I am going to challenge the Council of Ministers as to what consultation there has been with the public. Right at the outset of this process, from the Minister's budget speech: "The C.S.R. will be a significant investment of time, energy and resources but it is essential to increase the efficiency of the public sector" and I do not disagree with that: "raise public confidence" and I do not disagree with that either: "and ensure that we have an informed debate about the level of services that the public is willing to pay for." Mr. Chief Minister, who has not spoken - or indeed any of the other Ministers - could you please let the Assembly know, can you point to, the consultation that has taken place about the level of services that the public is willing to pay for? In my view, that would involve at least identifying services and facilities and their value to the community and to different sections of the community, you would then have to evolve restructuring proposals, which is where those review panels should have come in, and then you would look at the tax and spend mix. You would then come with proposals that made some sort of sense and had some sort of route in the community who, after all, we are here to serve, and it has not happened. Or I challenge the Ministers to point to the consultation documents, to point to where that overarching discussion about how much we should be spending on our public services, has taken place and not just out of a hat, 50-50: "It is going to be 50 per cent savings and 50 per cent tax increases and that is that." I am sorry, I did not notice the consultation, maybe there was one, but I certainly did not see it as it flew past. "We have to do this", we are going to be informed, I am sure in the debate and I am pretty sure the Minister for Treasury and Resources more or less said that: "We have to do this." I will not go over the whole ground again but not only do we have to do it, but we have to do it fast. I would just remind Members that we have no debt, we are the wealthiest jurisdiction on Earth - pretty well - and we spend the lowest percentage of our national wealth on public services and facilities. The problem is not as we are being told, but there is an additional issue which the proposer rightly referred to quite strongly, which was the risk of continuing the recession by putting more people out of work at the peak of the recession and that also seems pretty extraordinary to me. I do not buy the line, and I do not think anyone should buy the line, that we have to do this. The next point I want to make is that the cuts are completely impossible. I do not quite know where the Council of Ministers are coming from because, in one form or another, there will have to be more spending and I have said that before as well. We simply cannot do it. However our sewerage infrastructure is funded, because it is falling apart; however our roads are funded, because they too are falling apart; however our housing is funded, whichever which way -

it is basically a public provision and it is going to have to be funded somehow. When the Council of Ministers say things like: “Financial management will not improve and the changing culture required to put States spending on a sound footing will not occur unless we do X, Y and Z” I just wonder where they think these massive savings are going to come from. Deputy Pitman rightly pointed out that the implication is that there are lots of people being profligate and/or lazy in the public sector. I am sorry, I do not accept that view; there are inefficiencies, I am sure, there are management layers that can possibly be taken out but not £50 million, not £65 million. The effect on morale, the people who work for us, when they are constantly being asked to do more for less, more tomorrow than today and more the day after than tomorrow, you are stretching the notion of public service, in my view. We heard a bit in relation to the Power and Warcup affair about people not wanting to come and work in Jersey, I am just wondering who of really good calibre will end up wanting to work for the meanest and the richest jurisdiction in the world. There is an issue there. It is the meanest, because we spend the lowest percentage. I am hearing murmurs behind me, I am being heckled, so I respond very quickly to heckling: we are the meanest, we do spend the least and we are the richest, it is on page something of the stats report from the Stats Unit so both statements are true. A quick word on borrowing: the proposer mentions borrowing and the Council of Ministers make an extraordinary statement about borrowing. They say on, I think that it is page 10 of their document that: “Borrowing, or using our reserves, is not a sustainable option.” Tell that to almost any business: “Borrowing is not a sustainable option” obviously borrowing over the top, getting yourself completely in hock like the U.K. or, if you are a real basket case, like Greece then that is totally not acceptable; apologies to Greece, but I am talking about their nation. But we are not in that position, so it is a false comparison and borrowing is sustainable, provided you use it to fund the right things. Borrowing or using the interest, if we were to do it to make our society a lower cost, better-quality-of-life society, more resilient for the shocks that are coming, more efficient in the use of resources, especially land and energy, then that would be a good use of borrowed money and you would get the returns in the form of a better economy, more resistant to the shocks that are still going to come our way even after the recession that we are in now. Taxation, G.S.T. Again, I hope to hear from some Minister or other about the social security ceiling, if it were to be raised. We are told by the proposer that would yield £45 million, that seems to me to be pretty well what we need, and yet we are still talking about G.S.T. We have heard about the split in public opinion about G.S.T. and I just challenge one of the Ministers to tell me why not with regard to raising the ceiling on social security? I am not going to take that heckle because I did not hear it. Finally, inequality. Inequality, under these proposals, particularly the £65 million, but even under the £50 million, will increase. We do have a strategic goal and the Minister for Treasury and Resources has himself said that he is committed to greater equality, and not just inequality but every other goal in the strategic plan is now at risk, have no doubt about it. You can read through all the fine words, and they are in the drawer underneath my speech, all the fine words will come to very little. Public expenditure is the social wage and it acts as an equaliser and that is what it was meant to do, that is why people struggled through the centuries for exactly a more mixed economy. We have left the days of the workhouse behind and children going up chimneys, and there is a long history of struggle behind this greater equality and behind the mixed economy that we have today with equality of opportunity and equality of treatment. I want to see a society based on common decency and shared values and this £15 million on top of a £50 million cut needs to be looked at again, the balance needs to be looked at again because we are in danger of going backwards to a place that we should not go to.

#### **10.1.4 Senator A. Breckon:**

I would like to start on paragraph (c) because Deputy Southern is asking that the business tax revenues, especially for non-local non-finance companies who do not currently pay tax... and in the comments we are told that the Minister for Treasury and Resources has already committed as part of the business tax review to investigate ways of recouping the tax loss from these companies which effectively cease to pay corporate tax in Jersey on the introduction of Zero/Ten, without

incurring unintended economic costs. This has probably been going on for about 4 years, maybe 5 years, his predecessor said the same thing - there is some leakage here - and we must look at some way of doing it. There was a proposal to tax jobs under Regulation of Undertakings, that was seen to be non-compliant with something or other, and that did not happen. We have some leakage there that we have not plugged. Again, we are being told: "Yes, this is in hand" but what it says is: "Has already committed as part of this issue to investigate ways" not to do it, but just say: "Yes, that is a good way; that is not; this might be." So in 3 years' time we might even be in the same place. I think that what part (c) of Deputy Southern's proposition does it perhaps gives a bit of focus to this and says well: "Somebody could get on with it, tell us what it is, how much will it raise and if we need some money then this is one way of doing it." I do not agree with what the Minister for Treasury and Resources said about it being a pick-and-mix proposition, I think that the proposition is carefully crafted and I think that Deputy Southern is to be congratulated on that because what it asks is to request somebody; it talks about full consultation; it talks about full negotiation; it talks about an investigation; and it talks about a suspension of something until we have more information.

[15:30]

I think in anybody's eyes that would be a fair and reasonable request and it would be a rational thing to do, rather than use the term of the Council of Ministers: "Have a knee-jerk reaction" which is what seems to be happening with reviews, with the number of people involved, they are going at different paces and where are the conclusions and when? None of us knows, I certainly do not. The other thing is in the response, the Council of Ministers are saying: "Well, we have got some plans here" because on page 3 they are saying: "This is not correct. The Council's strategy is based on detailed analysis." It is based on detailed analysis. It says in brackets: "Much of which is summarised in the attached report." Well, for me that is about as clear as mud because it is not and I will explain why in a minute. Although it says ... and it is very clear, it is, and the first bullet point says: "To maximise savings without inflicting unintended damage on front line services." Well, I do not know where whoever it was who wrote this was while the Business Plan debate was going on, but we have been there already talking about people with diabetes, people with disabilities who needed to use facilities, so if that is not front line services I am not sure what really is. So, I mean, as I say, I do not know who wrote this, but then it is decoupled, in my opinion, with reality. The other thing that we talk about here, another bullet point, says: "To boost economic growth." Okay, let us look at the economic indicators. Now, if you are doing this rationally then you would say: "Well, what are the signs? What are the signs that would assist that?" Well, if you look at economic indicators, what is employment like? Is it good? Are the unemployment figures going up or down? What about the percentage of under-25s actively seeking work? It is increasing. So I would say that is not a good economic indicator. Also, if you look at things like retail sales, they are flat or going down, except in essentials: food, supermarket shop. If you look at another indicator, restaurants are closing. That is fact. That is fact. It is not something made up; it is true. So, with their discretionary spend, people are making decisions. They are making decisions. That discretionary spend has been pinched by us, to some extent, because we are taking money out of the economy with I.T.I.S. and '20 means 20'. So, if we are doing that already then what are we going to do with that? Where is that going? If you look at earnings, the increase in average earnings is perhaps year on year at the lowest level it has been for quite a long time. So, as I say, with doing the things we are doing we have already put some brakes on the economy. So how do you get economic growth out of that? Are people confident? Are they walking up and down the street spending money? No, they are not. They have reined-back in a number of areas. There is proof with that if you look up in the street. If you look at housing sales, they have cooled off. They have cooled off. But, coupled with that, rents - private sector rents - have gone up at an alarming rate. So again we have some indicators here where if we want to take jobs away and take money out of the economy then I would say now is probably not a good time to do it because we can make a crisis out of a drama here. That is a very real possibility. I have not seen the evidence

in a response from the Council of Ministers or anybody else that says: "At the moment we are possibly, depending on budget decisions, going to take the right decisions." Because if we tax people more with G.S.T., and again that looks a favourite if you look at the comment, because the comment says: "Preventing any rise in G.S.T. before 2013 would short-circuit a wide-ranging fundamental spending review consultation process." Well, people are not going to volunteer to pay G.S.T. on Corn Flakes and Weetabix and stuff like that. They have been given it because if they are earning more than £100,000 they said: "Well, you can have some of that rather than me paying an extra percentage in tax or an extra on my social security." That is where some of that is coming from. I think it is a choice ... some people have made a choice between a rock and a hard place, but been not given too many alternatives. If we also look at the jobs market, where is the confidence? We know jobs have gone at the Waterworks, at the Post Office, at Telecom, wherever. Where is this permeated through the economy if we have got people unemployed? Where is the confidence for the under-25s to build on this? That is why I support this in general because I think it is a bit of a stand-off. The other thing accompanied with this, as we are seeing, is there is a pressure on benefits. That is bound to happen if you are taking money out of the economy and people do not have the money to live, then it needs to come from somewhere. I do not know if Members have read the 2009 Social Security Report, but perhaps if they have not they should because there are signs in there that we are all going to have to pay more. It is there already; that is going to be towards health benefits, it is going to be to future pensions, and it is going to be for the general system that we have come to value. But there will be a cost to that and again that will take money out of the economy. So I think Members should ask themselves before they vote on this, forget who is proposing it; just remember perhaps is the confidence out there for us towards the end of the year to take lots more money out of the economy and perhaps to take some drastic action? For me, there are enough warning signs to suggest to me that now is perhaps not a good time to do that. The question then is can we do it now, or can we perhaps delay it and do it over a longer period with perhaps a softer landing. There is no guarantee of that because where are the levers, where are the brakes, where are the accelerators? I am not sure that we have got these as blunt instruments, or that we are using them properly. What we can do is we can have a hard landing and we can possibly deflate the economy. Now, some of those out there that are going gung-ho about the cuts, when people do not have the money to spend for their businesses or to buy a new kitchen or do whatever then they might be squealing a different tune. But when it affects them ... and I think this is now filtering through the economy and I hope Members will be aware of that when they vote because for me personally I think we can wait a little longer. What this does, it asks us to consult, it asks for negotiation, investigation, and it will be based in not that many months time - 7 or 8 months' time - on more information. I think, personally, we need that and we need to know what happens in the interim if we think of, for example, the U.K., the economy there is changing. The bulk of our visitors come from the U.K.; what affect is that going to have? So there are all sorts of other things that I have not mentioned. This is not necessarily an economic debate, but I am afraid we have not really had an economic debate because we have not discussed some of the things that I have only just touched on there, but we need to be aware of them because they are very real issues out there if somebody has not had a job for 3, 6, 12 months, especially a young person, 18 or 19. It does make a difference to them. I think with some right decisions ... the economic stimulus is right to support people like that, but we are going to perhaps have to extend that. As the Deputy of St. Mary mentioned, we are going to have to put money in as well as perhaps take some money out at the pinch points. For me, that is the reason why I will be supporting this. I do not think it is a pick-and-mix; I think it is carefully crafted and I congratulate Deputy Southern for bringing it forward. Thank you.

**The Bailiff:**

Does any other Member wish to speak? Very well, I call upon Deputy De Sousa.

**10.1.5 Deputy D.J. De Sousa:**

Can I just say, as I have said a few times recently - and I do not normally like to repeat myself - this whole process has been flawed. While we all seriously know that we need to tighten our belts and that we will need to make savings in certain areas, this is what I am talking about, savings rather than cuts. If we look at things in the round and if we do as we are being asked to do here today and seriously look at it, we can make savings rather than cuts. We have already done away with any savings we are going to make this year. That was done with the Article 11(8) request that was brought by the Minister for Treasury and Resources. We inflated this year's budget by £15 million or £15.5 million, so any savings that we are supposed to make of £12 million have been ruled out. We should have started at the top, not at the bottom. With the 2 per cent we picked on the weaker links. We picked on our services within Health, within Education, within Home Affairs and other areas. We should have started at the top where we have duplication, even triplication. We have top-heavy management with 2 or 3 people doing exactly the same job. We command report after report and what do we do with most of these reports? We put them on the shelves. These are real savings we can make by not incurring expenditure where we do not need to. Education has taken on, ever since the Minister was appointed, to do a full review of all Education services to see if any savings can be made. This Minister has been in post for some 20 months now. We still have not heard any results of those reviews, although we are told they are imminent. I cannot see a problem with just deferring until March next year. We are not being asked not to make any cuts. It is just to look into it more deeply and make sure that we make the right decisions. Although I do have some issues with part of the proposition, I will be backing it and I urge other Members to do so.

#### **10.1.6 Deputy M.R. Higgins:**

I believe that the Minister for Treasury and Resources and the Council of Ministers are walking in a single-line, blindfolded and roped together towards a cliff and possible catastrophe and I feel that they will take many Members and Islanders with them. Now, saying that does not mean that I do not support the Comprehensive Spending Review, which I do, because I think it is absolutely vital that we ensure that we are getting value for money or cannot find better ways to deliver public services or to determine whether we should be engaged in particular services. I think that is absolutely vital. I think every organisation needs to look at itself and do it thoroughly. It should be a thorough review from top to bottom leaving no stone unturned. It is for this reason why I have supported the Minister for Education, Sport and Culture who has been at odds with his own fellow Ministers on the Council of Ministers because he will not be rushed into determining what savings need to be made. I am sure he will come up with some well thought-out options for the Assembly to consider. We all know that there is waste in the political sector and, yes, we have got to find it and we have got to eradicate it, but it is the pace at which we do it that concerns me and the level of the cuts. I believe that it is utter folly to cut expenditure during a recession and where there is no data to suggest that we have or are about to come out of the recession. Firstly, we do not have sufficient or adequate data regarding the economy, despite the much-needed improvements that have been made in the States Statistical Unit. We have no idea of the true level of unemployment in the Island because Islanders are not required to register as unemployed, whether they claim benefit or not. Banks and other finance companies are quietly shedding jobs with employees tied contractually not to disclose the fact that they are going and their packages. We have no idea how much money banks are lending to businesses and to individuals. But we do know, from what the Minister for Economic Development told us, that they have had to increase the number of grants they give to businesses because the banks are not lending. In fact, one of the things I find obscene - in fact if I had realised it before I would have raised it at the time of the Business Plan debate - is the size of the grants that are going to certain millionaire farmers who are well capable of financing their activities but certainly know how to exploit the system.

[15:45]

Yet, at the same time we are cutting back essential public services. What we have no idea of is what the jobs that are going to be shed are going to be replaced with. There is absolutely nothing

out there that will give you a clue as to how people are going to find new employment. Remember, when the money runs out they are going to have to turn to income support. In addition to that, they are going to have to call upon savings and they are going to have to sell assets. Now, as has already been mentioned, the housing market is flat at the present time. How many job losses and how many house sales will it take to prick the Jersey housing bubble and lead to plummeting house prices and negative equity? We are on a fine line. I am afraid that this Government - this Council of Ministers - will push us over the brink. Now, what do we know? We also know, as we have been told, that retail sales in the non-food sector have declined each quarter for quite some time and will decline further with the proposed cuts. Now, I think Members need to understand, there is a concept in economics known as ... the concept of the circular flow of income; how money flows around an economy. If you have a certain level of income flowing around in the economy you will have the full employment of the factors of production: land, labour, capital. The economy can be maximising its potential that is flowing around. Now, there are withdrawals from that flow, there are injections to that flow. Just look at some of the withdrawals from the flow, the circular flow of income. Savings: now, what we have is we have had the Minister for Treasury and Resources who has created a climate of fear, in my view, in the public sector, that every public sector employee believes he is going to lose his job. Now, what is the first thing you would do if you thought you were going to lose your job? You would start looking at your expenditure levels and say: "Do I really need this? Is it essential? Can I put it off? Should I wait and see what is going to happen?" Now, why are we having declining sales in the retail sector? Because many people are doing exactly that. They are looking at the future with trepidation. They are cutting back now. Now, when those people, if some of them do lose their jobs... there are going to be even further cutbacks. So, as I say, the confidence issue is one that really concerns me. Also in terms of withdrawals from the circular flow of income ... so there are savings, there is the idea of the Government. If the Government cuts back its expenditure then there is going to be less money spent. One of the things I find absolutely amazing are the members of the Chambers of Commerce, also the Institute of Directors, who are going around saying: "Cut, cut, cut!" Do they not realise that much of the money that they receive in their businesses and keeps them going comes from the public sector? So, some of them are going to benefit greatly by the cuts, especially if there is privatisation, because they will move in to try to reap the benefit of that. But the vast majority of them are going to find that the level of demand in the economy will go down and they will suffer. What happens when they suffer? They will start shedding some of their own employees. They will try and cut their costs. So you get into a vicious cycle which is declining. We are making decisions about the economy that is going to have a far-reaching impact on the citizens of this Island. I do believe that we are going into it with our eyes blindfolded. We have had next to no real information from the Council of Ministers. The same as this extra £15 million of cuts; no idea when they are going to come or what effect it is going to have, yet we are making these decisions today. Now, this is where I happen to agree with Deputy Southern. I do believe that we should be taking this over not 3 years; I think we should be looking at it over maybe 4 or 5 years. We have no idea how the world economy is going to go. Just going back to another point; the Jersey economy is largely based on what happens outside this Island. We are relying on one dominant industry: the finance industry. In the main, the Island is almost like a savings box. People put their surplus cash into the Island, which is then uploaded into London and so on. Well, we know that the rest of the world - not all of it, but a lot of the Western world certainly - is not doing particularly well. Where is that money going to come from? Now, we are told by the Minister for Treasury and Resources that is why we have got offices in China and India. It does not mean to say it is going to come here. The point is we may not see all those flows of money coming into the Island. The point I would make, and I have made it before, is that financially induced recessions such as this one are the worst to get out of. The industries that tend to recover slowest are the finance industry. Many of the economic reports that I have been reading have stated that we can see reduced growth for quite some period of time. It is going to take the finance industry many years to recover to the level it was before we got to the financial meltdown. Now what alternatives do we have? Tourism? Well, we have

already cut back on tourism. We are not going to invest in that. Although there was an economist from the National Australia Bank in the Island I think it was a week ago who came in and applauded the opening of the offices in the Far East, saying: "Excellent idea." When he was pressed by the interviewer I think expecting that he would say: "Yes, you have got to sort of really plug finance", what did he say? He did not mention finance at all. He said: "Yes, tourism. You have got to be going for tourism. Get tourists. These people have got money. They will be coming to see the rest of the world. Try to encourage them to come here." We are not doing that. We are focusing on one industry, which is going to have slow growth going forward. Now, we are being told, if you read the economic press, that the banks are starting to recover. Well, they are recovering; they are restoring their balance sheets, but there is still doom and gloom around the corner because there is an awful lot of corporate lending that has got to be refinanced. There is sovereign debt that is still a great worry. We have talked about Greece; look at Ireland, the state of Ireland at the present time or Portugal. There are an awful lot of other factors there that can push the banks even further over the brink. Do not expect them to be lending to industry and investing in this Island because they will not be; they will be looking after their own self-interest as they have been doing for some time. So, I have come into this speech much earlier than I intended to, but the truth of the matter is I do have great fears for the way that we are going forward. I do believe that we can delay slightly. I am not saying we delay the process of looking for the cuts or efficiencies; I think we should do that. That is right. But I do not believe that we should go whole-heartedly into cuts across the board with the potential damage to the economy. Equally, I do not have the big worry because I am not balancing the budget. The Great Depression in the 1930s was caused by Herbert Hoover who tried balancing the budget. Total and utter disaster. It just went on and on and on. The truth of the matter was it took Franklin Delano Roosevelt and the New Deal and, I have got to say, also the rise of the Second World War to get the economies working again. So, the idea of balanced budgets does not necessarily work. It can lead to many, many years of stagnation and hardship for the people of this Island. That does not mean to say I say: "Go and borrow vast sums of money." No, we are not talking about vast sums of money. I do not see why we cannot dip into the Strategic Reserve. I know Deputy Southern was just talking about using the interest. To be perfectly honest, I am quite happy to dip in a little bit further and to invest some money in the Island in the infrastructure that we need. It will buy us another year. We need these projects to be done. We have had all this cost cutting in the past, which has resulted in the Fiscal Stimulus Package being used primarily to fund state spending because the state had not invested in the past. The Minister for Treasury and Resources shakes his head, but he was responsible for many of those cuts in the past. In terms of borrowing, yes, let us borrow from the Strategic Reserve. Let us invest in the infrastructure and the people of this Island even if it is just for one extra year, to give us the time to see where things are going. So, I think what I would do is just finish by urging caution. I think this Assembly is heading for the abyss. Do not be blindfolded and roped to the Council of Ministers and follow them over the brink. Please think for yourselves, think about your constituents, and wait until we have got a little bit better data. Thank you.

#### **10.1.7 Senator F. du H. Le Gresley:**

I was one of the Members who voted that we should hear P.113/2010 before the Business Plan debate and I do regret that not more Members supported that because I think this is a debate we should have had before we were committed to many of the proposals in the Business Plan. As we saw during the 2-3 days of the Business Plan amendments, and some very sensible amendments, just did not have any chance really in reality, with the exception of my amendment I should stress **[Laughter]** and Deputy Southern's. So, what I wanted to say is I am now less inclined to support this proposition, or certainly the whole of it, because the States have made a decision and we know where we are going with the Business Plan, that we are aiming for cuts in services and savings in the order of £50 million, possibly rising to £65 million in 3 years. We have made that decision. I do feel that we are revisiting an area where we have already made a decision. However, there is an exception to that comment and that is with relation to G.S.T., which is paragraph (b) of the

proposition. I would like to pick up on what the Minister for Treasury and Resources said and I am quoting him here: "It is right that this Assembly debates public finances." Now, I absolutely agree with that, but where do we get the chance to do this? Because the process for the budget ... and we are told that we cannot debate the outcome of the personal taxation F.S.R. before the budget is lodged because the Minister cannot reveal what he is proposing to put in the budget. So although you read in the Council of Ministers comments that to change G.S.T. or postpone raising G.S.T. until 2013 would short-circuit a wide-ranging consultation process, devalue the input of nearly 1,000 Islanders and the many representative organisations that have contributed to this consultation, well, that is fine, but what about the rest of the population who have not been involved in that consultation and what about the States Members? Surely we have a right to be involved in that consultation. But what I foresee will happen - and I take this as almost certainty - is the budget will be lodged, we will see what the personal taxation changes are, Members will raise amendments, and they will be lost. So we will have to accept what the Council of Ministers want to do on personal taxation with no input really from Members. That, I think, is incorrect. No, it is not democracy; it is the opposite to democracy. So I am going to support paragraph (b) not because I necessarily think the G.S.T. should be ... any increase should be delayed until 2013, but just on the very principle that we have no other input into this whole debate about personal taxation. This is the one opportunity that Members will have to give an indication that we want to be consulted and have a debate in this House about personal taxation. Thank you.

**The Bailiff:**

Does any other Member wish to speak? Yes, the Connétable of St. Helier.

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

Like the previous speaker there is one aspect of this proposition that I find quite compelling and I know Members may be surprised because they probably do not think of me as a spokesperson for the trade unions - in fact, it was not that long ago I was described by the leader of Unite as a maverick for something that happened at the Parish - but I know that over the years of dealing with the unions and talking to the workforce of the Parish that I have come to understand quite a lot about how to deal with the union representatives. The last thing I want is to go into a winter of discontent. I was very concerned by the remarks of the leader of Unite, quoted in the newspaper recently, in response to perhaps off-the-cuff remarks by the Minister for Treasury and Resources about more cuts to come and the feeling by many of the representatives of the workforce that they have not been consulted sufficiently, they certainly have not been taken on board with the latest extra cuts. I think back to the widespread demoralisation among the teachers about how their pay was considered by the Board recently. I think there is a real risk here that in our appetite for cuts... and I am one of those who supported the idea of going in harder and having greater cuts, but there is a real danger that we are not taking with us the workforce, we are not taking with us the public. I did not hear anything in the Minister for Treasury and Resources' reply to the proposition about this process. Is the Council of Ministers simply wishing, as perhaps I did in my younger days when I was a bit green, to take the union on over cuts. Perhaps that is how they think this will be achieved. But we know and we have seen examples, not just in Jersey but internationally, that all of these disputes have to come back to the meeting table. There is no future in getting to that state in Jersey where the workforce feels they have no alternative but to muster again in the Royal Square, as indeed very upset Jersey people did 241 years ago today. There is no alternative if that is where they are.

[16:00]

It does seem to me that one of the Council of Ministers will say... seductive parts of this proposition; it is saying for the sake of 6 months, is it not right to make sure that we have not done a bit more to see whether we can get the union leaders around the table and get some sense that they ... well, they may not agree and we are never all going to agree with all of the cuts, but at least



that they feel they have been properly consulted. The report from the Council of Ministers refers to a number of meetings, mainly on voluntary redundancy. It does not really convince me that there has been adequate consultation with the unions. So, that is certainly a part of the proposition that I am looking very closely at supporting, unless I hear that in fact there have been enormous numbers of meetings and in fact the unions simply do not want to listen.

**The Bailiff:**

Does any other Member wish to speak? Yes, the Chief Minister.

**10.1.9 Senator T.A. Le Sueur:**

I spent quite a lot of time over the weekend drafting detailed notes to refute each of Deputy Southern's comments, but listening to the debate this afternoon I do not think Members around the room have got the appetite for that. It is really just in many people's minds a re-run of what we went through at some length 2 weeks ago. I remind Members that we do have a plan and that plan, to deliver a fairer society, requires us to maintain a strong economy and thereby maintain strong employment opportunities for all of us. I remind the Deputy of St. Mary and others that we are an export economy and that we will not get ourselves out of the present situation simply by selling to each other. It is about what we can do to the rest of the world that we can make our economy thrive. I do urge Members to listen to and read the words of the Fiscal Policy Panel who are independent and who are advising us and very strongly commending what we are doing. It was Senator Breckon who said: "Where is the confidence in the economy?" Well, interestingly, it is only last week that I heard for the first time messages saying: "At last, the Council of Ministers is doing something positive and doing something which will encourage us to invest." I think that is something worth considering. It is only when the outside world wants to invest in Jersey that we will strengthen our economy. So I believe that the plan we have, the plan that we agreed 2 weeks ago, the plan that we are delivering, the plan that must be delivered, is the right approach. The Deputy of St. Mary, and a couple of others, have suggested we might want to do a bit of borrowing; not too much, just a little bit here and a little bit there because one day it will be a better time to repay it. But no one so far has come up with any suggestions as to how we might one day repay it. I know what will happen is that in the first year we will only borrow £5 million or £10 million and in the second year maybe we will only borrow £10 million or £20 million and then in the third year we will only borrow £20 million or £40 million and in the fourth year we will go to Borrowers Anonymous to try to get some help. That is not the way we want to go. No, we are not like Greece and I do not wish us to become like Greece either. That is why I do not want to borrow. But I rise primarily to respond to the Constable of St. Helier who urges us to take the workforce with us and I entirely agree with him. Maybe I can reassure him that I am meeting with union representatives tomorrow lunchtime in order that we can discuss in an open, around-the-table way, just how we can take this forward. So, yes, we are doing things. We are not ignoring the workforce, just as we are not ignoring the people. To Senator Le Gresley, in the respect of G.S.T., I would say we can and we must debate G.S.T. and we can and must debate G.S.T. alongside other taxation opportunities. It is not a question of one to the exclusion of others. We want nothing ruled out, nothing ruled in. So, for all the reasons that I am not going to go through that I drafted the other night, I will just sit down and urge Members to reject this proposition in total.

**The Deputy of St. Mary:**

Can I ask for a point of clarification from the Chief Minister? He has not said a single word about the consultation that either happened or did not happen about the scale of the cuts and the proportion of the savings that come from cuts and the proportion that should come from tax. I want to hear from him about the public consultation that took place with the public about this.

**The Bailiff:**

It is entirely up to the Chief Minister what he says in his speech, Deputy. Now, Senator Le Marquand.

**10.1.10 Senator B.I. Le Marquand:**

I am going to confine my remarks to paragraph (a) of the proposition. I must confess that I am experiencing a degree of bemusement. Two weeks ago we saw a lively debate in which a combination of groups voted in large numbers in favour of an extra £5 million in cuts for 2011 without knowing what that would involve. In the days which followed we saw many of those whose politics lie to the left of centre then flip on their heads in a most remarkable way by voting against many individual savings. I thought that a little strange at the time, although I accepted that there might be special reasons in special cases. Others, particularly what I might term on the right, were absolutely consistent; they were for the extra £5 million cuts and for the individual savings. The Council of Ministers, with a few minor aberrations, were also absolutely consistent for the current well thought-out process. Now, in the last 2 weeks as part of that process the Council of Ministers has been able to look in detail at 2012 and 2013 and we have concluded that we can find an additional £38 million to come up to £50 million in that period and we are firmly aiming for additional £53 million to come up to £65 million. This is so that we can keep down as far as possible further tax increases. Now, in terms of economic theory as I understand it, whether you spend less or whether you take more money out of the purses of individual members of society by taxation comes to the same effect in terms of the overall issue. I think there is some failure of understanding among some Members on this. But now we come to today and I am bemused that the right, of course, will vote against for exactly the same consistent reasons as before. The Council of Ministers and allies will vote against for the same consistent reasons as before. But what about those who flipped on their heads last time? Which way up will they come this time? The way they were the first time? £5 million in cuts without even knowing what they were? Or the way they turned out as the debate went on. How can Members who voted for an extra £5 million in savings, in cuts, without knowing what they were, support this proposition? Perhaps I will just have to remain bemused by this.

**The Bailiff:**

Does any other Member wish to speak? Yes, Deputy Le Claire.

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

It has been an interesting period, the last 2 or 3 years, watching as economies around the world and governments around the world and countries around the world struggle to determine which is the best path to take faced with the current economic crisis; a crisis that has been born out of poor regulation and an ability for banks and people in banks at the higher levels to take risks that really they should not have been taking on a bonus culture that encouraged them to take those risks in the first instance. Now, as I understand it, they are getting bonuses for not giving out money. In continuing to be consistent I am going to support Deputy Southern in this because I do believe the Council of Ministers have not done the right thing. We did agree in the Strategic Plan that we would have a more open and inclusive government and it made me laugh last week when I was involved with the Planning Applications Panel to watch the Assistant Ministers come tip-toeing down the stairs as they had been sent on their way from their Council of Ministers meetings having been advised: "Now we are going to discuss the really secret bits, you guys are going to have to get out." I find it quite laughable. It is interesting that the States gets the blame for school milk removal in the media when the States had differing views on the issue. I certainly did not want to attribute school milk as a dairy subsidy; I wanted to attribute school milk as a nutritional issue that went to school children. I made the argument that we did not milk the cows to give it to the bulls and therefore we should be thinking about this as a child issue. That was not listened to. That is bringing me nicely into the point that is being made by Deputy Southern's proposition and it is unfortunate that we did not allow him to debate this in the first instance because now we have

reached the position, and that was always going to be the way it was going to be, a position of no return. We have had it time and time and time again in this Assembly, whether it be the Waterfront or the cavern or the marina or the airport or the 1 in 7 or the landing strip or the Zero/Ten; we have made the decision and we have got to stick with it. Deputy Southern's proposition has asked first to engage with those people and stakeholders who would be affected by the removal of these services. Had we have done that with school milk we would not have had to listen to the BBC radio broadcast the following day with the British nutritionist telling us that school milk was not being supplied for calcium, because that can be found more difficultly in other foods in the food chain, but it was being provided more importantly for nutritional value. It certainly was evidenced in the U.K. with studies that it was something that was of benefit. So contrary to the Medical Officer of Health's advice, who naturally would have said being faced with one cut against another it was not a health concern, well obviously not. When you are being told it is either surgery or school milk, which is it to be? You are obviously going to make the first choice. So I think it is disingenuous and I think that the Council of Ministers have been acting in stealth mode. To drag us all the way along time and time and time again and to roll us out into the media as being heartless as a collective I think is wrong. The States needs to send the message to the Council of Ministers that when you make tough decisions that we do not agree with then take ownership of those, because you are quite quick to jump up in front of the podium when you have made a great decision and claim it all as your own. We did need to go out to consultation with the stakeholders in relation to milk and the parents and the nutritionists and we would have found out that information and we would have realised it was a bad decision, as was supported by the dairy a couple of days following that. We also would have heard, prior to debating the issue, on BBC Radio Jersey from the emerging market expert that they brought over that was over, I think on our request, talking about emerging markets and the best way to engage them was to invest in tourism while we were decreasing the tourism budget. So we did not want to do that; we wanted to make our own bed to lie in it and to be told to lie in it instead. There will always be an argument among economists about what is the right or wrong thing to do at a time such as now. Deputy Higgins spoke about the circle of cash flow and it is interesting in today's *Daily Mail* they report on page 4 the Bank of England's Deputy Governor yesterday urged the country to go on a shopping spree to boost the fragile economy. In what was described as an extraordinary move he said he thought that we need to be spending more, not saving more, although he did conclude that it was prudent to save money for retirement, but it was also important that at this stage of zero per cent interest rates or low interest rates that the economy needed the capital flow to keep the businesses on their feet and many of them, as we have seen, have gone to the wall recently and many of them are putting their own money into the businesses to maintain their businesses. So the States at this time is now forging forwards in an uncertain world. By any country's imagination, by any intellect's imagination, by any economist's imagination, the States are forging forward with the political move. That is fine if the States wants to do that, but it is not my decision; Deputy Paul Le Claire of St. Helier No. 1's decision, that is the Council of Ministers decision and I disagree with it, as I disagreed with taking away school milk. The other part of the proposition, or 2 parts that I think make sense, are suspending privatisation and outsourcing. When I was in the Marines they outsourced the security. The R.A. (Royal Artillery) walked in and killed 11 of my friends.

[16:15]

In Dartmouth when we had the food outsourced to a private food company there was no food for the Marines who were building the assault courses for the officers while 20 minutes up the road they were carrying platters of salmon out into the back of their cars to take home. It is bad management that is at the root of poor public spending and bad management is not solved by outsourcing. What you do solve by outsourcing is having the service to look after, owning up to the fact that it is a difficult thing to manage and also holding bad managers to account, which this Assembly has never been able to do. Now, it is refreshing to listen to Senator Le Gresley speak because he does so from a wealth of a background that many of us will not have in relation to the

work he has been doing. He is going to also support part (b), which is not to encourage the Council of Ministers to increase G.S.T., which is the easy no-brainer. I hope that all Members will agree with that. But I would encourage him, and everybody else as well, to park this and to give Deputy Southern support to move forwards in the ways that we are choosing to suggest that we can do at the moment. Just because we have made a decision last week that is going to throw not only the baby out with the milk, but also the unions and the staff out with the goodwill. I think we do need to engage more. I think we do need to ... and that includes the Council of Ministers engaging more with their own Assistant Ministers, believe it or not. We get this impression that the Assistant Ministers are all so powerful; they are thrown out of the room and then dragged back in 2 days later to be told what had been discussed after they had been thrown out. For those of us that were not even in at the beginning, it is very hard to go along with these sorts of policies and these sorts of practices; political practices, that is what they are. These are a select few politicians in this Island running a political direction with all of our names stamped on it. Well, I would like my name removed. If they get it right they can have all the praise, but if they get it wrong I want to be there saying: "I told you so" like I told them about the Waterfront and like I told them about immigration and like I told them about ... *ad infinitum*. I would like Members to support Deputy Southern and I would like the Council of Ministers to stop lumping me in with every decision they make. I am certainly not making their decisions.

**The Bailiff:**

Does any other Member wish to speak? Yes, the Deputy of St. Ouen.

**10.1.12 The Deputy of St. Ouen:**

Just to pick up a couple of points. First of all, I am extremely pleased to hear that Deputy Le Claire will be right behind me and the Council of Ministers as we try and deal with some of the real pressures that I think we are all aware of. I would just like to refer Members back to the strategic plan and the mention has been made of the plan that the Council of Ministers is pursuing, and I would suggest that it is exactly the plan that we all agreed and committed to in the strategic plan. I will quote, in part (c) it says: "Delivering savings. Delivering a programme of savings alongside public sector reform to ensure that public services are sustainable in the future. There will be a requirement to make substantial savings throughout the public sector during the life of this plan if services are to be maintained. Building on the success of the change programme from 2006, which improved efficiency and achieved the £20 million reduction in expenditure, this new initiative will be setting even more ambitious targets alongside a programme of public sector reform. Departments will have to consider ..." I am quoting in part; not a full quote. It goes on to say: "Departments will have to consider the services provided to the community and whether they need to continue in their current form, be reduced, stopped, or transferred to the private sector." Then it goes on to explain what the plan will be to deliver the savings. This was clearly outlined, as I said before, in the strategic plan that we debated well over 12 months ago. So the idea that what the Council of Ministers are doing is somehow alien or ill thought out I would suggest is completely false. Should we consult? Absolutely. Absolutely. I think many Members in this Assembly would agree that we do need to consult with the parties, but first of all we need to be clear about what we want to and are required to consult on. We have got to understand what the options are, consider the implications, so at least we can then come forward with proposals to provide ... supported by evidence that will allow the informed choice to be made. We are only starting that process and, let us be fair, we have just completed and agreed the Business Plan for 2011. Now, the Council of Ministers, following the plan that the States have agreed, have been asked to look at and consider 2012 and 2013. Will there be further consultation? Absolutely. What will my department be doing? Well, we will be - and I have made this commitment - bringing a Green Paper as part of our work to the public towards the end of this year, the beginning of next, for people to help determine the future of the education on this Island. There will be other strands of work. I am sure that Ministers will be promoted. I know the Minister for Social Security has got a

major project and a review that he is planning to undertake. We are not shirking from our responsibilities. We recognise that there is a need to deal with things. We also recognise that quite properly the unions and our staff and the public who we serve need to be included in that consultation. Does it mean that we should stop and falter as we move forward? I do not believe that is the case. I believe that we are able to step forward with confidence, recognising that we collectively need to work together to deliver what everybody is requiring; that we can produce and provide services that the Island can afford. Thank you.

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

I do not intend to speak very long, but I was assured a lot by the Deputy of St. Ouen. Those are some of the reasons why I am not going to support part (a). But what I was to support, and I am sure other Members will also be aware, was part (b). I think that that is to agree that no proposal should increase the current 3 per cent rate of Goods and Services Tax should be brought to the States for consideration before 2013. Now, I am going to support that because I believe that the public need to know that there are some ... they have got to tighten-up their belts, *et cetera*, but they know full well that they will not be paying more for their G.S.T. G.S.T. will remain at least until 2013. I know the Chief Minister did mention the fact that: "Of course we would consult anyway before we brought it in", but it is not a case of consulting because we know full well that when the Council of Ministers brings something to the States invariably they succeed. What I would ask now is for Members to give that assurance to the public out there that we are going to ensure that the G.S.T. will not rise before 2013. We have got to tighten our belts all the way around but we can give them that assurance. So I would ask Members that ... so I am not going to support part (a) but I will support part (b). I would ask also Members do that.

#### **The Bailiff:**

Does any other Member wish to speak? Deputy Tadier.

#### **10.1.14 Deputy M. Tadier:**

I am compelled to speak initially by some of the comments of Senator Le Marquand, which probably some of them were tongue-in-cheek, I imagine. So I just wanted address the issue of consistency or inconsistencies with regard to the previous vote to do with the Business Plan. Now, I intend to be entirely consistent in the sense that I opposed the further cuts of £5 million. I opposed, I think, all cuts on principle where they affected front line services or where I perceived them to affect front line services. Nonetheless, I think that it has to be acknowledged that there was an element of tactical voting and not everybody who voted for the £5 million extra was necessarily wanting to see that £5 million extra. I think it was simply a case of batting it back to the Council of Ministers to say that they were not happy with the process. So I think there were those 2 elements. In hindsight, I am considering whether I should have done that myself because I think we would have been in a different scenario. But it was an element of bluff and I think certainly from my point of view I could not take that risk of sending it back to the Council of Ministers only to find out that we are going to find some more draconian cuts over and above what we have already got. So I think that is the position for some. We saw an unholy alliance, but it was ... I am sure some Members were being tactical in their vote rather than necessarily ideological, although I did not play that game. First of all, I think Deputy Southern needs to be commended not just in the research, but in the way this has been presented. I do not think there is anything wrong with Members who cannot support one part but want to support the other. I would hope certainly that today part (b) gets through. I think, as the previous speaker said, there has been a public expectation and there has been a promise, even though we later find out there is a qualified promise, figuratively speaking with the fingers crossed behind the back, that: "Oh no, 3 per cent is fixed" but that is only if things remain the same as they are now. I think we owe it to the public to honour that agreement that we have made that G.S.T. does not go up, certainly not before 2013 and I would say, you know, G.S.T. must be the last resort. I am also concerned about this puritanical

approach - almost dogmatic approach - we have to dealing with borrowing. Now, companies borrow money, successful companies borrow money, individuals borrow money, to fund long-term purchases which they cannot afford in the short term. The question of course should be asked, is it a correct thing to invest in rather than just opposing borrowing or taking money out of the "Rainy Day Fund" *per se*. So these are the questions that should be asked: does it make sense in the long term rather than just saying: "No, we will not borrow because we need to match income and expenditure on a per-year basis." We have spoken about this in the past and it seems far too rigid. Nobody can really work, businesses cannot work, on a one-year budget. I think this is all that is really being asked for. I am not going to say any more; well, not a great deal more. I will simply comment also on the process. I think some of the newer Members and probably Senator Le Gresley is finding out that we are hampered often due to processes; sometimes you cannot win no matter what you do because of the way the processes work. You are told that you should have debated it earlier, you are told that you should wait until another debate comes along and then do it after that and find out that it does not work. What I would suggest is that in these cases that any recommendations you can make, send them to P.P.C. They are a group - I know from having been on there - that listens to Members. They do take issues seriously for improving the processes, but nonetheless the process can be very frustrating. We saw that, I think, in various examples in the Business Plan, but also in the past when we have tried to get reform matters through the States. Because simply, you cannot line up all the different options one by one and say: "Do we all agree on reform? Yes, we do." It is not that simple. So processes within the States must always be honed. I would encourage Members, in particular the new ones, perhaps, to raise these issues as we go along with P.P.C. Quite simply, I do not have much hope for a big u-turn in the direction from the Council of Ministers today. I will simply give a salutary warning that I think that they are making a rod for their own backs. I think that the way we are pursuing this ... and I think that is again why so many voted with the Scrutiny Panel the other week; it was simply to send the message to the Council of Ministers that we are not happy with the process. Some of us were not happy because we thought the spending cuts did not go far enough. Others were sending the message back that we thought the process was too soon. Nonetheless, many States Members are not happy with the process. I think that message should be heeded. We need to look at areas that require more spending, not simply areas that require less. If there was truly a Comprehensive Spending Review, I think these things will have been done in tandem. We should not necessarily have a prescribed agenda to say: "We must find a 2, 5 or 10 per cent saving." What we should be targeting is inefficiencies, bad spending waste, at the same time within the department finding areas that are under-invested, which may need more staff, more resources, and then putting the money back into those areas before we try and declare that we have made any real savings because it could lead to false economies in the future. So clearly I will be supporting all parts of this proposition. I think we do need to sit down, engage more with all parts of society, find out exactly what it is that people expect. We do need to certainly engage more with workers, whether they be in the public sector or not. We need to listen to our employees and we need to be aware of making false economies, short-term savings, which may be more convenient rather than necessarily commonsense. So I do commend this proposition in its entirety to Members and I hope that we can support it.

**The Bailiff:**

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

[16:30]

**10.1.15 Deputy G.P. Southern:**

I wish I had heard from a few more Ministers because I might have heard that in fact in giving evidence to the Corporate Services Panel over the timescale of the cuts that were being proposed I believe most of those Ministers - if not all of those Ministers - said that the timescale was very tight and rushed not only in the 3 years, but also in the preparation to decide what is going to be part of

those cuts, and that would certainly add to the impression that I have got from outside, and certainly people on the outside of this building have got, that the whole process has been fairly well rushed. I want to start in summing up by commenting on the words of my maverick Constable, the concept of him in a cowboy hat - and boots- is just absolutely completely appealing. I look forward to seeing the day when he does dress up like that, maybe this Christmas at the Christmas party. But he did mention the magic word and he said: "What are we doing here? Are we looking forward to confrontation with the unions? Are we seeing them off?" Or words to that effect. It, very much struck me that the attitude of, certainly, the Minister for Treasury and Resources is one of macho politics, or putting out your chest. He says: "Making the tough decision, and seeing-off whatever opposition comes your way." In particular, the speech of the Minister for Treasury and Resources was peppered with the phrase: "Tough decisions. Tough decisions." Yes, it is a tough decision to tell 10s, perhaps 100s of middle managers, which he targeted this morning in answer to one question, middle managers or higher level managers indeed, in the public sector, in their 40s, perhaps in their 50s, with children, with mortgages, children about to go to university, that their jobs are at risk. As we look around, department after department... if Ministers and Assistant Ministers pay attention to what is going on, they will see that morale, among the civil servants, among their public sector workers, in all sectors, is at an all time rock bottom low. Everybody is walking around thinking: "Is it my job that is going?" They have not been consulted about the where and the how, and they have seen what has happened already in the 2 per cent cuts. They are absolutely dreading what is going to happen in the, now, £65 million cuts. The Deputy of St. Mary was also very informative when he started talking about the use of words, the sensible efficiency savings portrayed; they are well planned and targeted. There is absolutely nothing well planned or targeted about the last £15 million. There cannot be. On that particular item, I just want to refer to the Fiscal Policy Panel's report written before that extra £15 million was announced, when they said in their September report this year: "Given the uncertainty around the forecasts and the fragility of the local and international economies, the Panel does not believe that this requires further action at this stage. No further action at this stage." This Minister for Treasury and Resources says that he listens to his fiscal policy and pays attention to that and yet he is prepared, at the last minute, at the last stage, to throw in an extra £15 million. If, for no other reason, than the extra £15 million thrown in, at random, without planning, I believe Members should vote for this proposition in its entirety, for that reason alone. There is no doubt, as the Minister for Education, Sport and Culture pointed out and many of us pointed out at the time, this does fit in with the strategic plan. It was clear at the time that what was being proposed to deal with our economy was a massive, a massive, endeavour to outsource, to privatise the public sector. That was clear, back then. I pointed it out. Many people spotted it. That is correct. What is disappointing is that having set out that aim clearly... what is it? Nearly 2 years ago... this Council of Ministers has made next to no effort to get the public on board via consultation and saying: "This is where we are going, you know, join us. Is this the appropriate thing to do? Talk to us. Let us consult with you." They made absolutely no effort to get the union representatives of the public sector on board either. That is absolutely crystal clear. Let my Constable be in no doubt of that. In fact, one of the items listed as consultation, was clearly not consultation whatsoever, it was just an announcement of: "This is what we are going to do, this is how we are going to do it, and this is the time scale we are going to do it in. Now go away and talk among yourselves." That was the consultation. That particular session was announced with one week's notice: "By the way, this time next week, we are going to be consulting with you." If somebody was not there, at that particular time, it could be something to do with the short notice. But consultation has not taken place. Other people have mentioned this fear of borrowing that we have and how, in fact, in the rest of the world, governments, businesses, families, individuals, it is absolutely totally normal. For example, one of the problems, one of the issues around borrowing, is that as the Chief Minister said: "Oh, we will borrow this much this year and then it will just snowball." No, we are not talking about that. Good grief. Let us look at another small island economy. Gibraltar, for years, has funded its capital expenditure through borrowing. What happens is you build something that has a return on it. What about our social

housing, we are talking about the increased demand for social housing. Why are we not borrowing to invest in social housing, which services the borrowing of its own in the capital? It is easy. Why, and why, why are we not investigating, because that is all this proposition says, that option? The other sacred cow is the Strategic Reserve, the “Rainy Day Fund.” I just want to refer to some of the very words of the Council of Ministers when it talks about the sacrosanct nature of not touching the Strategic Reserve. It says, on page 11: “The States agreed in 2006, the policy for the Strategic Reserve that the capital in the reserve should be used only in exceptional circumstances, for example to insulate the Island’s economy from the severe structural decline of a major industry.” The severe structural decline, does that sound familiar? Certainly the word “structural” does, because I have kept hearing, during the Business Plan debate, the Minister for Treasury and Resources, say: “The deficit is not cyclical- just cyclical - it is structural.” It is about a structural decline, and he has mentioned it, he says: “We may never recover the position that we have had in financial services. We may never recover it.” That is structural decline, structural change. Deputy Higgins is right, not just the interest is there, and I was being very conservative in saying: “Only go for the interest.” That might be £20 million a year, or whatever. But there is evidence, that even under our own rules, we can touch the capital. If we have that money in the bank, then why are we not doing it to see our way through to the end of the recession? It makes absolute perfect commonsense. But, oh no, this Council of Ministers is in denial. This is not what is happening now, we, like everyone else, have to adjust to a new global environment. Only if we manage our finances carefully, and do not allow the position to get worse, is the answer they provide. But their own words say that maybe, it is time to use the Strategic Reserve. My proposition says: “Investigate the potential for use of the Strategic Reserve. Let us do it.” All the confident words in the world will not convince me that what we are doing here is planned sensible efficiency savings, and well-targeted. We talked about that. Senator Breckon correctly pointed out that rather than this proposition being the knee-jerk reaction, that is what it says: “Slow down a bit, let us consider where we are going and what we are doing.” The real knee-jerk reaction is the quick reaction that came from the Council of Ministers and said: “Right, we are cutting. Get on with it. Let us salami-slice the first stage and then get on with it”, at very rushed speed, without the required amount of planning. As Deputy Higgins correctly pointed out, this is about the flow of money in and out of the economy. Now, what we are proposing at this stage is to start cutting that flow of money because government spending is just about to go through the floor. That will have an impact on the economy. It will make, undoubtedly, recovery much more difficult. For those of a more conservative bent than me, just consider the possibility of tax rises. Before you vote on this particular proposition, consider: could I reduce the rise in taxation that we are about to engage with? Could I reduce that rise by, for example, using some of the Strategic Reserve? If the answer to that is: “Yes”, it may be well worth doing exactly that. Could I reduce the size of the tax rises for my constituents by borrowing money, sensibly, and appropriately, and targeting that money, that spend, into the economy? Could I reduce the amount that we need to raise through tax rises by doing that? If the answer to that possibly is yes, then vote for this proposition, because that is what it says: “Investigate those possibilities.” Absolutely. As many people have said, they may not support the first half, part (a), but (b) is completely independent of it. I deliberately put it in there to give this House the opportunity, because it has never had it, to say: “Do not raise G.S.T.” I believe that the arguments put forth by the Minister for Treasury and Resources are not valid on part (c) either, because I believe we ought to have an idea and the public should have an idea of how the business community is likely to be contributing to the tax bill, apart from personal taxation. That fairness issue that is required there, I think, is necessary to make sure that we can, at least, enable the public out there to consider that at least some of these changes are fair across the board to all sectors in our society. I propose the proposition and call for the appel.

**The Bailiff:**

Very well, the appel is called for and do you wish, first of all, Deputy, to vote on paragraph (a)(i)(1), is that correct?



**Deputy G.P Southern:**

Yes.

**The Bailiff:**

Very well then, so the vote before Members is paragraph (a)(i)(1) of the proposition, that refers to full consultation of the users of and stakeholders in the services. I invite Members to return to their seats and the Greffier will open the voting.

**POUR: 11**

Senator A. Breckon  
Connétable of St. Helier  
Deputy J.A. Martin (H)  
Deputy G.P. Southern (H)  
Deputy P.V.F. Le Claire (H)  
Deputy S. Pitman (H)  
Deputy M. Tadier (B)  
Deputy of St. Mary  
Deputy T.M. Pitman (H)  
Deputy M.R. Higgins (H)  
Deputy D.J. De Sousa (H)

**CONTRE: 39**

Senator T.A. Le Sueur  
Senator P.F. Routier  
Senator P.F.C. Ozouf  
Senator T.J. Le Main  
Senator B.E. Shenton  
Senator F.E. Cohen  
Senator J.L. Perchard  
Senator S.C. Ferguson  
Senator A.J.H. Maclean  
Senator B.I. Le Marquand  
Senator F. du H. Le Gresley  
Connétable of St. Ouen  
Connétable of Grouville  
Connétable of St. Brelade  
Connétable of St. Martin  
Connétable of St. John  
Connétable of St. Saviour  
Connétable of St. Clement  
Connétable of St. Peter  
Connétable of St. Lawrence  
Connétable of St. Mary  
Deputy R.C. Duhamel (S)  
Deputy of St. Martin  
Deputy J.B. Fox (H)  
Deputy of St. Ouen  
Deputy of Grouville  
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 I.J. Gorst (C)  
Deputy of St. John  
Deputy A.E. Jeune (B)  
Deputy A.T. Dupré (C)  
Deputy E.J. Noel (L)  
Deputy T.A. Vallois (S)  
Deputy A.K.F. Green (H)  
Deputy J.M. Maçon (S)

**ABSTAIN: 0**

**The Bailiff:**

Once the Greffier has reset the machine, we will then move to vote on (a)(i)(2), that refers to the negotiation with employee representatives. I will invite the Greffier to open the voting.

**POUR: 11**

Senator A. Breckon

**CONTRE: 39**

Senator T.A. Le Sueur

**ABSTAIN: 0**

Connétable of St. Helier  
Deputy J.A. Martin (H)  
Deputy G.P. Southern (H)  
Deputy P.V.F. Le Claire (H)  
Deputy S. Pitman (H)  
Deputy M. Tadier (B)  
Deputy of St. Mary  
Deputy T.M. Pitman (H)  
Deputy M.R. Higgins (H)  
Deputy D.J. De Sousa (H)

Senator P.F. Routier  
Senator P.F.C. Ozouf  
Senator T.J. Le Main  
Senator B.E. Shenton  
Senator F.E. Cohen  
Senator J.L. Perchard  
Senator S.C. Ferguson  
Senator A.J.H. Maclean  
Senator B.I. Le Marquand  
Senator F. du H. Le Gresley  
Connétable of St. Ouen  
Connétable of Grouville  
Connétable of St. Brelade  
Connétable of St. Martin  
Connétable of St. John  
Connétable of St. Saviour  
Connétable of St. Clement  
Connétable of St. Peter  
Connétable of St. Lawrence  
Connétable of St. Mary  
Deputy R.C. Duhamel (S)  
Deputy of St. Martin  
Deputy J.B. Fox (H)  
Deputy of St. Ouen  
Deputy of Grouville  
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 I.J. Gorst (C)  
Deputy of St. John  
Deputy A.E. Jeune (B)  
Deputy A.T. Dupré (C)  
Deputy E.J. Noel (L)  
Deputy T.A. Vallois (S)  
Deputy A.K.F. Green (H)  
Deputy J.M. Maçon (S)

**The Bailiff:**

We come next to the (a)(i)(3), which is the “Rainy Day Fund” matter, and the Greffier will open the voting.

**POUR: 10**

Senator A. Breckon  
Deputy J.A. Martin (H)  
Deputy G.P. Southern (H)  
Deputy P.V.F. Le Claire (H)  
Deputy S. Pitman (H)  
Deputy M. Tadier (B)  
Deputy of St. Mary  
Deputy T.M. Pitman (H)  
Deputy M.R. Higgins (H)  
Deputy D.J. De Sousa (H)

**CONTRE: 40**

Senator T.A. Le Sueur  
Senator P.F. Routier  
Senator P.F.C. Ozouf  
Senator T.J. Le Main  
Senator B.E. Shenton  
Senator F.E. Cohen  
Senator J.L. Perchard  
Senator S.C. Ferguson  
Senator A.J.H. Maclean  
Senator B.I. Le Marquand  
Senator F. du H. Le Gresley  
Connétable of St. Ouen

**ABSTAIN: 0**

Connétable of St. Helier  
 Connétable of Grouville  
 Connétable of St. Brelade  
 Connétable of St. Martin  
 Connétable of St. John  
 Connétable of St. Saviour  
 Connétable of St. Clement  
 Connétable of St. Peter  
 Connétable of St. Lawrence  
 Connétable of St. Mary  
 Deputy R.C. Duhamel (S)  
 Deputy of St. Martin  
 Deputy J.B. Fox (H)  
 Deputy of St. Ouen  
 Deputy of Grouville  
 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 I.J. Gorst (C)  
 Deputy of St. John  
 Deputy A.E. Jeune (B)  
 Deputy A.T. Dupré (C)  
 Deputy E.J. Noel (L)  
 Deputy T.A. Vallois (S)  
 Deputy A.K.F. Green (H)  
 Deputy J.M. Maçon (S)

**The Bailiff:**

Deputy, (a)(ii) must fall because it is consequential on (a)(i)(2).

**Deputy G.P. Southern:**

Indeed.

**The Bailiff:**

So we move then to paragraph (b) which is the G.S.T. matter. I invite the Greffier to open the voting.

**POUR: 21**

Senator A. Breckon  
 Senator F. du H. Le Gresley  
 Connétable of St. Helier  
 Connétable of St. John  
 Connétable of St. Clement  
 Connétable of St. Lawrence  
 Deputy of St. Martin  
 Deputy J.A. Martin (H)  
 Deputy G.P. Southern (H)  
 Deputy of Grouville  
 Deputy P.V.F. Le Claire (H)  
 Deputy S. Pitman (H)  
 Deputy K.C. Lewis (S)  
 Deputy M. Tadier (B)  
 Deputy of St. Mary  
 Deputy T.M. Pitman (H)

**CONTRE: 29**

Senator T.A. Le Sueur  
 Senator P.F. Routier  
 Senator P.F.C. Ozouf  
 Senator T.J. Le Main  
 Senator B.E. Shenton  
 Senator F.E. Cohen  
 Senator J.L. Perchard  
 Senator S.C. Ferguson  
 Senator A.J.H. Maclean  
 Senator B.I. Le Marquand  
 Connétable of St. Ouen  
 Connétable of Grouville  
 Connétable of St. Brelade  
 Connétable of St. Martin  
 Connétable of St. Saviour  
 Connétable of St. Peter

**ABSTAIN: 0**

Deputy T.A. Vallois (S)  
Deputy M.R. Higgins (H)  
Deputy A.K.F. Green (H)  
Deputy D.J. De Sousa (H)  
Deputy J.M. Maçon (S)

Connétable of St. Mary  
Deputy R.C. Duhamel (S)  
Deputy J.B. Fox (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 I.J. Gorst (C)  
Deputy of St. John  
Deputy A.E. Jeune (B)  
Deputy A.T. Dupré (C)  
Deputy E.J. Noel (L)

### **The Bailiff:**

Very well, then we come finally to paragraph (c). I invite the Greffier to reset the voting and then to open the voting.

#### **POUR: 15**

Senator A. Breckon  
Connétable of St. Helier  
Deputy R.C. Duhamel (S)  
Deputy of St. Martin  
Deputy J.A. Martin (H)  
Deputy G.P. Southern (H)  
Deputy of Grouville  
Deputy P.V.F. Le Claire (H)  
Deputy S. Pitman (H)  
Deputy M. Tadier (B)  
Deputy of St. Mary  
Deputy T.M. Pitman (H)  
Deputy T.A. Vallois (S)  
Deputy M.R. Higgins (H)  
Deputy D.J. De Sousa (H)

#### **CONTRE: 35**

Senator T.A. Le Sueur  
Senator P.F. Routier  
Senator P.F.C. Ozouf  
Senator T.J. Le Main  
Senator B.E. Shenton  
Senator F.E. Cohen  
Senator J.L. Perchard  
Senator S.C. Ferguson  
Senator A.J.H. Maclean  
Senator B.I. Le Marquand  
Senator F. du H. Le Gresley  
Connétable of St. Ouen  
Connétable of Grouville  
Connétable of St. Brelade  
Connétable of St. Martin  
Connétable of St. John  
Connétable of St. Saviour  
Connétable of St. Clement  
Connétable of St. Peter  
Connétable of St. Lawrence  
Connétable of St. Mary  
Deputy J.B. Fox (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 I.J. Gorst (C)  
Deputy of St. John  
Deputy A.E. Jeune (B)  
Deputy A.T. Dupré (C)  
Deputy E.J. Noel (L)  
Deputy A.K.F. Green (H)  
Deputy J.M. Maçon (S)

#### **ABSTAIN: 0**

## **11. Recycling of waste materials: identification of suitable sites (P.97/2010)**

### **The Bailiff:**

Very well, before we move to the next item, I can inform Members that 2 matters have been lodged. First of all, Projet 130 - Reg's Skips Limited - planning applications (R.118/2010): compensation and further action - lodged by Senator Shenton; and an amendment to Projet 118 - Composition of the States: Spring Election and move to 4-year term of office - a second amendment lodged by the Deputy of St. Mary. Very well, we move next to Projet 97 - Recycling of waste materials: identification of suitable sites, lodged by the Deputy of St. John and I will ask the Greffier to read the proposition.

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

The States are asked to decide whether they are of opinion to request the Ministers for Planning and Environment, Transport and Technical Services and Treasury and Resources to take the necessary steps to identify an area of land, already in public ownership, which would be suitable for use as a site where recycling of waste material can be undertaken by licensed haulage contractors and to report back to the States within 6 months with details of suitable sites identified for this purpose.

### **11.1 The Deputy of St. John:**

Over recent times this Island has embraced recycling to a point where the Island now recycles in excess of 32 per cent of its waste. Yet the Environment Department and T.T.S. expound the virtue of recycling and spend large sums of money promoting this industry, which is as far as it goes. It is left to the industry to react to the Island's needs. Since the 1970s and 1980s, when the Island found the need for scrapping vehicles and the like, it left it to private companies to carry out this work. First of all, we could see these businesses spread all around the Island, some that come to light was Jandron's Yard at St. Saviour, Piqué & Roué at St. John and other operators around the Island. It was not until a very large fire that burnt out of control for several weeks, and molten metal was running across the New North Road that the States decided to act and find a site, in this case at Bellozanne, to co-ordinate the scrapping of vehicles and the like. Then in the early 1990s we saw recycling of building rubble being carried out around the Island. In particular, we had a site, once again, in fact, on the old site of the dump that held all these old vehicles that had caught fire. We had the frustration of the neighbours and the dust and noise that went ...

### **The Bailiff:**

Can we have more quiet please on the Senatorial benches? It is very difficult for Members to hear with so much background noise. **[Approbation]**

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

Yes. We had the frustration of the noise and dust at the time. I decided to act on behalf of some of the neighbours and the contractors of the day. As the Vice-President of, then, the Public Services Committee, I persuaded the Committee and the officers within the department, to find a recycling yard that could take the majority of all this recycling away from the neighbourhood of many households. In fact, this was put at La Collette. So much so, that the majority of recycling of the building rubble is done at La Collette and it is very, very successful; highly successful. Anybody who has been down and seen the works in operation will know that that is a big success. But yet again the States body with responsibility was slow to act. In the early parts of this century we saw green waste moved to La Collette from the sites of St. Peter and at Crabbé. This only happened after complaints from neighbours and the States Departments were forced to act after polluting the watercourse with such things as arsenic. I am sure the Deputy of St. Mary will be aware that bore holes in his neighbourhood were polluted - he is not in the House. We seem to continually be caught on the back foot: continually caught on the back foot. We are now seeing the promotion by T.T.S. of recycling household waste. This, in part, I suppose, by Parishes like my own, who, about 4 or 5 years ago decided, in my absence from the States, that it was the right thing to do, that we

should collect waste paper and separate our cans and our bottles, *et cetera*, and this works very well. This has been promoted by other Parishes and has been taken on board and at the same time we start seeing other problems ... caught on the back foot. The operators of these recycling plants which they operate out of - shall we say, grey areas within our Island - whether it is farmyards, whether it is an old quarry, whether it may be a legitimate site, like the top of Beaumont Hill that we all know about. It could cost us a lot of money to resolve that particular issue to do with Reg's Skips. We see these skip operators being chased all around the Island from one site to another. Yet, we do nothing about it. We see comments passed by the Council of Ministers that it should be down to the operators to find these sites. I believe it is totally wrong that we put the onus on the operators when, in fact, it is us - this House - which requires these services to be put in place. The day we decide that we want to recycle is the day we should have been thinking of where will this happen, because it is bound to grow, and grow it does. It has been very, very successful. To do with waste recycling at the moment, we have just seen a massive fire in the last few months at one of these grey sites, which was a hotel which became a lodging house, which became, also, a recycling centre at St. Peter. So much so that this fire got out of control; a lot of people lost their homes and, in fact, we were close to closing the airport down. That is how bad it was. Yet, the Council of Ministers do not think it is their responsibility to find a site to recycle. To me, this is absolutely ludicrous. I mentioned Reg's Skips earlier because we all know... we have had debates in this Chamber over that particular company. We all know there has been a Committee of Inquiry, that there has been suggestions that we pick up **[Laughter]** up a rather large legal bill and the like and we should pay compensation, and quite rightly so. But I am not going into that particular company, I am just using that as an example of the money it has cost us, or going to cost us, and cost this Island dearly. That company, yet again, may have to move out of their current premises, depending how Planning and Environment deal with that particular application, where they are currently working from. It is for us ... we are probably the biggest land owner in this Island, we have commercial sites, whether it be at La Collette, whether it be at Crabbé, whether it be St. Peter, whether it be at Bellozanne. Bellozanne: we are about, in the next few months, to demolish the old incinerator once the new one is up and running. Therefore, I am aware that we have also to do a lot of major engineering works at Bellozanne, to do with the digesters and the like. But, a site needs to be found, maybe where the old digesters were, where this Island can let space out to these recycling companies and have them controlled from the centre, not people working in these outside of the Parish places in the backyard of somewhere creating problems for the neighbours and creating problems for themselves, because they are trying to give a service to this Island. They do give a very good service to this Island, these contractors, and yet we are not prepared to look at the end picture. It is the end picture that we require putting in place. I am disappointed, very disappointed, with the Council of Ministers in their response to my proposition. But that said; this is for this House to decide, not just the Council of Ministers. We are in talks with Guernsey, I am given to understand, to possibly take some of their waste. We have an incinerator here, which we are told by the officers, and others, that it is oversized for the next few years. That being the case, if we are going to be importing other peoples' waste, we want to make sure that our own waste - our own waste - is properly dealt with in the first instance.

[17:00]

For the Council of Ministers to say otherwise, I think, is absolutely ridiculous, ludicrous. I have to read this out from the Council of Ministers in their comments under 6: "It is not accepted that the States should play a role in identifying publicly-owned land for private use. There is a responsibility for private waste operators to identify their own land use requirements and either apply for planning permission in the normal way, or gain wider acceptance of their sites through the Island Plan process." Well this is bunkum, total bunkum, because at the end of the day it is us - this House - who have adopted recycling. Those skip operators are just doing what we require them to do, not what the Chief Minister and his 9 colleagues, or 8 colleagues - I am not sure where the Minister for Planning sits on this, he has probably declared an interest. So, therefore, for them to

put a report together like this, washing their hands of our responsibility ... we are supposed to put things in place for the next generation, for my children and my grandchildren, not bury our head in the sand, because that is what we are doing. It is all well and good for the Chief Minister over there to be laughing like a Cheshire cat, but it is totally wrong that we are putting this Island, and the well-being of our children and our grandchildren, and the well-being of all those neighbours of these operators of skip companies, who are trying to do what is right by the Island... but they are not getting the support of this House. I am asking Members to support ... for the Ministers of the 3 departments mentioned, T.T.S, Planning, and Property Services to go away and come back within 6 months and see if they cannot find us a site that we can use - that we can use - to let to some of these companies and we can control from the centre the hours they open and the like. Surely, that is not beyond the capability of 3 Members of this Chamber because, at the end of the day, I think it is a poor show if we have 3 elected politicians who cannot get their heads together and make something like this happen. Because, at the end of the day ... I want, by this time next year, before this House closes in September next year, October, to have this resolved, because we cannot leave this to go over for another new House to deal with all these problems because we could have an additional fire, like we have had at St. Peter, only next time we may not be so lucky, somebody might get killed. That is the type of thing we should be taking note of, because there are skip companies operating, as I say, in the grey areas or in the legal areas, where other equipment is stored nearby and fires do happen. We have seen it twice in the past and twice we have got away with. We have got away with it when the big fire was at St. John, when the scrap vehicles were up there and we had molten metal in the road. We got away with it this year at St. Peter, but the next time we may not be so lucky. It is for this House to make sure things are done properly and the right checks and balances are put in place, here and now. I make the proposition and I will take the questions as and when they come.

**The Bailiff:**

Well you will deal with them in reply, I think, Deputy, yes. Is the proposition seconded?  
**[Seconded]**

**11.1.1 Senator B.E. Shenton:**

I will be fairly brief because I think the Deputy of St. John has covered most of the points. There is definitely a problem here, not just in the case of Reg's Skips, but also over my period in political office, I have been involved with a number of other skip operators that have also suffered similar problems with neighbours complaining of nuisance. May I just say that in these cases - and certainly if you read the Committee of Inquiry report - you will find that the Minister for Planning and Environment does have some sympathy with the skip operators and also has a realisation that they need to undertake their work and that recycling is very, very important on the Island. Indeed, back in 2008, the Minister and myself did have a conversation with regard to trying to identify some sites, either at Bellozanne or on the Waterfront, where skip operators could operate from. I think it is a sign of the times where people expect to be able to order a skip and it just disappear out and make sure that it does not get sorted in their own backyard. There is a large element of N.I.M.B.Y-ism (Not in My Back Yard). Certainly, on a wider context, when I was the Minister for Health and Social Services, and involved with the statutory nuisance law, there were some quite extreme cases. One, in particular, was where the States had compulsorily purchased some land near a dog kennels and then we built the houses. Then the people from the houses complained about the dog kennels which caused us all sorts of problems. So there is definitely a problem here. I think that the Minister is aware of the problem and does have sympathy with the problem so it would be wrong to heavily criticise him. I have lodged a proposition - "Reg's Skips Limited - planning applications (R.118/2010): compensation and further action" - which asks to deal with this matter as part of the Island Plan process, as was the recommendation of the Committee of Inquiry. However, there is a pressing need to sort out some of the current problems on a very short timeframe. Even now, Reg's Skips are operating from an area that the Chief Minister will be well

aware of because it is right next to his house. It would be better if we could get industrial operations operating from an area on the Island which causes the least hassle to the neighbours, as possible. So I hope Members will support this. I thought I better speak before the Minister for Planning and Environment, in case he thought I was going to be heavily critical of him, which I am not, because he has tried to take a reasonable approach on planning matters and has overruled his department and introduced a level of commonsense because he is aware of the problem and he is trying to sort it out.

### **11.1.2 Deputy J.B. Fox of St. Helier:**

During the time that I was on the Planning and Environment Committee, this was a problem that came all the time and did not go away, because we do not have enough sites to be able to do it. The sites we did have, because of the amount of building that we are doing nowadays, are shrinking fast and being used for what will be considered, and is considered, as far more valuable uses, whether it is for domestic housing or for other things. I think the value of this particular proposition is that we are asking to do something about it and I will support this proposition because one of the problems is always the perceptions of neighbours and there is N.I.M.B.Y.-ism; there are the risks of hazards of fire, *et cetera*. But wherever you go in this Island there is not enough space for having a distance from getting private people coming to an agreement, because nobody wants a bad neighbour within their neighbourhood. It is quite natural. Even down at La Collette, you will have the people in No. 1 district and Nos. 3 and 4 districts that I represent at Bellozanne, they will all say the same thing. One of the reasons is that we have a habit of building houses right next door to all these bad neighbours and the bad neighbours change, like the energy from waste plant is coming to a close at Bellozanne and we have put it at La Collette. Now, quite rightly, Bellozanne is a bad neighbour site at the present time and, quite right, you are looking for new constructive uses for it, everybody accepts that. But on the other hand, we cannot be looking at having vehicles arriving at a bad neighbour use, if it is going through people's private residence areas - or public ones for that matter - where things are dropping off lorries, or there are fire hazards, or whatever, because that is what is happening at the moment. Now, I would suggest to you the reason that I am supporting this is because we have got a golden opportunity, hopefully in the next 12 months, with the new States Development Company. At the moment, Property Holdings do not have a lot of opportunities and W.E.B. (Waterfront Enterprise Board) is not geared to it, but the new development company will have the opportunities of being able to find such suitable sites. There will not be many of them. It might not be one of them, there might need to be more than one of them, for doing separate things but, at least, hopefully, they will be in a defined area that does not infringe on the children's safety, the public's safety of fire hazards, *et cetera*, and if we do not own it, at least we will be able to trade. We will be able to either swap out some other land that we own that might be interested for redevelopment or for ownership or whatever, or we can purchase it and sell off some of the other land. Now, I know we are short of cash at the present time and we are going to have a £100 million deficit, but we cannot go on the way we are going on. It is not a good policy and as safety becomes more prevalent in this world, we have got to take our responsibility and if we do not start doing it now, and especially as we are going into a recycling mode, we are going to get ourselves into an awful lot of pickle. Therefore, I support this operation and hopefully, with the new States Development Company, the Council of Ministers will bring that forward to be able to find a solution but utilising the places that we can do that are suitable in the meantime. Thank you.

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

When this first came to the Council of Ministers, our initial reaction was a no-brainer and of course we should support it. Then we began to think about what the proposition said and required and some of us had second thoughts. I must say, it is one of those matters where there is not a clear Council of Ministers' line, because there are conflicting arguments here. Certainly, from a recycling point of view, there is a clear desire to promote and encourage recycling for environmental reasons, social reasons and all sorts of reasons. But then there are planning issues to



take into account and I, for one, have concerns that if we are going to ask a Minister for Planning and Environment to take part in a process of identifying sites, it then puts that Minister for Planning and Environment in a very difficult position when a subsequent planning application for that site comes before him, as to whether he can approach that application in an unbiased way. I think that does give real cause for concern. So that was my first reason for questioning whether this was, in fact, the right proposition. Then, I tried to understand what the proposition was setting out to do. It might appear to be obvious, but I do not think it is. Because what this proposition will not do is to stop the bad neighbour problem. It will not stop private operators, if they wanted to, continuing to operate from privately-owned sites. So what we are going to have are some private operators operating on privately-owned sites and some operators operating on a publicly-owned site. Now, the Deputy of St. John talked about the situation at La Collette with green waste or refuse disposal. I pointed out that there is a crucial difference here: it is that the States are responsible for all refuse disposal and all green waste disposal on one site, whereas what we are talking about in recycling, are a number of privately-owned businesses. What we are going to do here is to favour some privately-owned businesses, which happen to draw the lucky lottery ticket and get a site and penalise other private operators who do not have the luck of the draw. So, if the Deputy was going to say: "It would be mandatory for all recycling to take place on the site", then that would be a much clearer proposition than the one he has put forward today. But, as I say, he has not put that proposition forward and we have to deal with what is before us. Now, in our comments we say that there are ways of doing this and perhaps a better way is through the Island Plan process. Since we are currently in the middle of an Island Plan review - I think this is something which Senator Shenton alluded to in his comments - maybe using the Island Plan and saying these sites, wherever they may be, in private or public ownership, are suitable or unsuitable for use, is a better way forward than the States simply trying to identify particular sites for a select group of people, no matter how well intentioned the proposition may be.

[17:15]

So, as I said, having initially thought this was a simple issue, we came to the conclusion it was not as simple as we thought it was. For the reasons which I have outlined, we have felt that, on balance, it was better to reject this proposition, sympathetic though we are.

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

I concur with the last speaker. I have to say that I was rather surprised with Deputy Fox - my friend, Deputy Fox. I am afraid Deputy Fox and I had quite a lot of experience on the planning committees of the past, and he will know, as well as I do - and most Members will know - the real difficulty facing some of these issues. Of course, I do sympathise with the likes of Reg's Skips, good Jersey people that are trying to make a living and running their businesses. But this is massive, this is a huge issue. I mean what Constable is going to want a site of the size that is going to be needed for all these people in their Parish. This is going to be ... I mean they do not want a few houses for ordinary Jersey people. How do you expect them to be going to have to put up with a site which, in my view, would be several vergées of open land, or land to run operations like this? I cannot believe that one Constable would support this, not in their Parish, perhaps in somebody else's Parish. **[Laughter]** There are other contractors doing valuable work for the States of Jersey, for the utility companies, that over the years have been in desperate straits. I can remember on Planning where one or 2 current companies were, if not prosecuted, very close to being prosecuted, because they were going from site to site to try to store and operate from. So, there are other operators, and other contractors, that are doing work for the States of Jersey and for the utility companies. I just cannot see how this or a proposal like this will operate or work in Jersey. As I say, we are currently in all sorts of difficulties with some of these operations. You take commercial vehicles. It is a blight on St. Helier. We have no commercial operator's licences in Jersey, so an operator can start straight away, operate trucks, he can operate from anywhere, park them in the street. You only have to go into places in St. Helier - Dorset Street and all that - and people are

blighted with vans with ladders on the top in front of their windows, people are just parking them all over the place. It is a nightmare. I do believe... I do very much support the Island Plan looking at some of these issues, not only for the types of recycling but the issues facing other companies and other businesses. I have said it for a long time, there are not enough opportunities for commercial operators in this Island to be able to lease or operate from. It was a crying shame some years ago when the Norman's Store, the Huelin's at Five Oaks, a huge commercial site, was not seized upon by the States of Jersey to provide facilities for these kinds of businesses. I just offer, as I say, to the Deputy of St. John... I could think of a lovely site in Rue Ballam in St. John which would be ideal for this operation. **[Laughter]** I urge him to look at it because if the Deputy of St. John thinks, Sir, through you, that he has a chance in heck of getting **[Laughter]** an approval from one Constable for a recycling site in their Parishes, well he will have think again and I wish him the best of luck.

#### **11.1.5 Senator F.E. Cohen:**

I will be taking the unusual step of breaking with my Ministerial colleagues. I will be supporting this proposition. That is because I have had to deal with this situation and deal with it regularly and I have had to face the music and it has not been desperately pleasant. Everyone in the Island wants recycling, just not next door to them. We have an obligation to deliver recycling opportunities. If we do not deliver recycling opportunities, we simply will not meet our environmental obligations. We are all free to express our enthusiasm for recycling, but we need to commit to sites to provide the opportunity for those who deliver this throughout the Island. There are one or 2 sites, Sir, in private hands but they are very, very few and most sites are subject to noise issues. I became embroiled in the Reg's Skip saga and although I am pleased to see the Committee of Inquiry were broadly commendatory of my efforts, I did not find a solution. I can tell you that I regularly wake up at night worrying out the experience that Reg and Rita Pinel have had to suffer. We have agreed the principle of paying compensation to Reg and Rita Pinel for the distress caused to them, but we have not found a solution to stop this happening again. I accept that there will be a cost - a significant cost - in giving up the land value of any publicly-owned site, but I believe we have an obligation to provide a publicly owned site for the facility of sorting skips. The Chief Minister has mentioned the issue of the Minister for Planning and Environment being involved in a possible conflict through being involved in the selection of sites and then determining an application. There are ample mechanisms within the planning system, including the use of the Planning Applications Panel and the use of the Assistant Minister's powers, to prevent that conflict being an issue. As far as the Island Plan is concerned, I am afraid the Island Plan process is well on track and I think it is too late to rely on the Island Plan solution to miraculously deliver sites out of nowhere that do not suffer from a potential noise nuisance issue. So, and in conclusion, I would say that there is the possibility, of course, of providing a central skip sorting facility, rather than a facility for each individual operator and I, as I have said, will be supporting this proposition.

#### **11.1.6 Deputy A.K.F. Green:**

I am delighted to follow the Minister for Planning and Environment because I will be supporting this. I do not underestimate the difficulty. But the reason I will be supporting it, apart from the terrible problems we have seen with Reg's Skips, is that recycling is part of our strategic plan. I cannot remember what paragraph - I do not have the plan here - but it is part of our strategic plan. Then, what we do not want to do, of course, is to make it possible for it to happen. I think, Senator Le Main was right about one thing, of course, as long as it happens in St. Helier, that is okay, but do not let it happen in any of the other 11 Parishes. I would like to remind the Minister for Planning and Environment, when he is looking for sites, that there are 12 Parishes and not to be tempted to try and replace the incinerator at Bellozanne with a recycling place because the people of Bellozanne deserve to have a rest. They have already had a bad neighbour. They continue to have the sewage works there, so I hope that the Minister will have an open mind and look around all 12 Parishes. It does not need to be ...

**Senator F.E. Cohen:**

Sir, if I may interject the proposition, is not just for the Minister for Planning and Environment to look for the sites, 2 other Ministers will be involved as well.

**Deputy A.K.F. Green:**

But the Minister for Planning and Environment so impressed me with his speech that I was giving him a little ...

**Senator F.E. Cohen:**

I am just worried about taking all the blame. [Laughter]

**Deputy A.K.F. Green:**

I would like to remind all 3 Ministers that there are 12 Parishes. Do not be tempted to come down on Bellozanne because you might accuse me of N.I.M.B.Y.-ism, but they have their share, they have had the incinerator for years belching out toxic, illegal fumes. We are getting rid of that and putting it in to another part of St. Helier, which I think is a crying shame. However, they will still have the sewage works and other scrap yards and that down there. So I urge the Ministerial team to look for sites across the Island. It does not need to be one big site, it could be a couple of suitable unused quarries around the place that could be used, 2 or 3 sites, in the middle of nowhere, but I will be supporting this.

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

Cognisant of the time. In the gallery we have ex-Senator Ted Vibert who, I am reminded, was the leader of the charge in relation to the Trinity infill debacle where we had probably millions of pounds of taxpayer's money forfeited because of an inconsistent and incoherent set of policies on recycling. We have gone for the wrong technology and we do not need to get into that debate but we certainly did, at the same time, as we went for the wrong technology and the wrong targets, agree to have an investment in an internal recycling centre. The money was agreed in the budget, I believe. Because the departments do not have the rigor to ensure that what we agree to is done, they put the money into different areas. I would like Deputy Duhamel to brief us on that, in particular, because he is quite aware of what I am talking about because he happens to remind me about it every time I get on to the subject. I would like him to, in specifics, talk to us about that because it demonstrates a continuing lack of a commitment to tackle these things. Now, Senator Le Main, God bless him, has said that his friend - used to be his good friend- Deputy Fox was off-track. Deputy Fox brought a proposition at the end of the last Assembly to give Transport and Technical Services another £400,000 to recycle. Deputy Fox identified a site. Deputy Fox brought a proposition to give us money to give to Transport and Technical Services and it was not supported. Today, what we have, are a number of "how we cannot do it" from the Council of Ministers, as usual, to my very good friend, the Deputy of St. John. Now, the Chief Minister may have been laughing while he made his speech and the Deputy of St. John did remark that when I was on the panel I gave him a few instances for cause for a laugh. I do not think we should be laughing at him. I think we should be taking his suggestion seriously. I am motivated to support him by the Minister for Planning and Environment's speech because it demonstrates, for once, so rare an opportunity of a "can do" attitude. When Deputy Duhamel and myself and other Members of the Assembly looked into the green waste situation, which was costing, and probably still is costing, the States and the taxpayer, £750,000 a year to run for a net product of £50,000; £700,000 to do something we do not even need to be doing, green waste operation. Deputy Duhamel and myself went out around the countryside and we identified 18 sites where we could do green waste composting in-vessel and included in that was the Parish of St. Helier, who came forward with a bid and said that we could do it. The whole report and the whole investigation cost us about £75 and that included my petrol and the report I typed up and produced for the Assembly, 98 pages. In response to that report, that £73 report, I was chastised by the former Minister for Transport and

Technical Services, who I do not have as much ... I like this one much better. **[Laughter]** He said it cost him, I think it was £180,000 ... no was it £140,000, or £400,000? Hundreds of thousands of pounds to scrutinise the work that we had done. But, really, what it was all about was justifying: "Let us get to know quickly because we have got to burn it all. We have got to burn it all because we have spent a lot of money on an incinerator that is the wrong size and if we have high recycling rates and efficient recycling in this Island, then we are going to be looking really stupid, when it comes to the fact that we are not using the incinerator and it is not burning efficiently in the way that it was anticipated it would be." I come down in favour of it, looking at the time now, last minute, into the end turn there. It is up for debate, I believe, on 7th, but there was not ... on the Planning Applications Panel but there are consistently incidences where we go and there are instances where we see skips and the recycling in skips in this Island. I have seen one this week which is not satisfactory, by any means. In fact, it has got to have, I believe ... and it is the subject of a planning enforcement notice, or is going to be. So, there are certainly issues. I can understand why Senator Cohen is waking up in the middle of the night because of the instances that he has spoken about. But, I sometimes question how the rest of the Council of Ministers sleep at all. **[Laughter]**

**The Bailiff:**

Very well, it is 5.30p.m., the adjournment is proposed. Very well then, so the Assembly will adjourn and reconvene at 9.30 a.m. tomorrow morning.

**ADJOURNMENT**

[17:30]