

# STATES OF JERSEY

## OFFICIAL REPORT

**TUESDAY, 14th SEPTEMBER 2010**

<b>PUBLIC BUSINESS - resumption</b> .....	<b>4</b>
<b>1. Draft Annual Business Plan 2011 (P.99/2010) - paragraph (a)</b> .....	<b>4</b>
1.1 Senator T.A. Le Sueur (The Chief Minister): .....	4
<b>1.2 Draft Annual Business Plan 2011 (P.99/2010): ninth amendment, paragraph 1</b> <b>(£5 million reduction) (P.99/2010 Amd.(9))</b> .....	<b>6</b>
1.2.1 Deputy T.A. Vallois of St. Saviour: .....	7
1.2.2 Connétable D.J. Murphy of Grouville: .....	8
1.2.3 Senator B.E. Shenton: .....	8
1.2.4 Deputy P.V.F. Le Claire of St. Helier: .....	8
1.2.5 Deputy T.M. Pitman of St. Helier: .....	10
1.2.6 Senator P.F.C. Ozouf: .....	10
1.2.7 Deputy J.A. Hilton of St. Helier: .....	12
1.2.8 Deputy D.J. De Sousa of St. Helier: .....	13
1.2.9 Deputy J.B. Fox of St. Helier: .....	13
1.2.10 Senator B.I. Le Marquand: .....	13
1.2.11 Deputy D.J.A. Wimberley of St. Mary: .....	15
1.2.12 Deputy M. Tadier: .....	20
1.2.13 Connétable J.M. Refault of St. Peter: .....	22
1.2.14 Deputy A.K.F. Green of St. Helier: .....	23
1.2.15 Connétable D.W. Mezbourian of St. Lawrence: .....	24
1.2.16 Senator A.J.H. Maclean: .....	25
1.2.17 Deputy P.J. Rondel of St. John: .....	26
1.2.18 Senator S.C. Ferguson: .....	28
1.2.19 Deputy A.E. Pryke of Trinity: .....	32
1.2.20 Deputy G.P. Southern: .....	33
1.2.21 Connétable A.S. Crowcroft of St. Helier: .....	35
<b>LUNCHEON ADJOURNMENT PROPOSED</b> .....	<b>37</b>
<b>LUNCHEON ADJOURNMENT</b> .....	<b>37</b>
Deputy C.H. Egré of St. Peter: .....	37
1.2.22 Deputy J.A. Martin of St. Helier: .....	37
1.2.23 The Deputy of St. Peter: .....	38
1.2.24 Senator F. du H. Le Gresley: .....	39
1.2.25 Deputy A.E. Jeune of St. Brelade: .....	40
1.2.26 Connétable M.K. Jackson of St. Brelade: .....	40
1.2.27 Deputy S. Power of St. Brelade: .....	41
1.2.28 Senator T.A. Le Sueur: .....	42
1.2.29 Connétable K.P. Vibert of St. Ouen: .....	43

1.2.30	Senator T.J. Le Main:	43
1.2.31	Deputy J.G. Reed of St. Ouen:	44
1.2.32	Senator A. Breckon:	45
1.2.33	Senator F.E. Cohen:	47
1.2.34	Senator J.L. Perchard:	47
1.2.35	Deputy M.R. Higgins of St. Helier:	48
1.2.36	Senator P.F. Routier:	49
1.2.37	Deputy T.A. Vallois:	50
<b>1.3</b>	<b>Draft Annual Business Plan 2011 (P.99/2010) - thirteenth amendment (P.99/2010 Amd.(13))</b>	<b>52</b>
1.3.1	The Deputy of St. Mary:	53
1.3.2	Deputy J.A.N. Le Fondré:	54
1.3.3	Senator P.F.C. Ozouf:	54
1.3.4	The Connétable of St. Ouen:	55
1.3.5	Deputy J.A. Hilton:	55
1.3.6	The Deputy of St. Mary:	56
<b>1.4</b>	<b>Draft Annual Business Plan 2011 (P.99/2010) - fourteenth amendment (P.99/2010 Amd.(14))</b>	<b>56</b>
1.4.1	The Deputy of St. Mary:	56
1.4.2	Senator A.J.H. Maclean:	57
1.4.3	Deputy J.A. Martin:	57
1.4.4	Connétable P.F.M. Hanning of St. Saviour:	58
1.4.5	Deputy P.V.F. Le Claire:	58
1.4.6	Deputy G.P. Southern:	59
1.4.7	The Deputy of St. Mary:	60
<b>1.5</b>	<b>Draft Annual Business Plan 2011 (P.99/2010) - fifteenth amendment (P.99/2010 Amd.(15))</b>	<b>60</b>
1.5.1	The Deputy of St. Mary:	60
1.5.2	The Connétable of St. Peter:	63
1.5.3	Senator A.J.H. Maclean:	63
1.5.4	Deputy M. Tadier:	65
1.5.5	Senator P.F. Routier:	66
1.5.6	Senator S.C. Ferguson:	66
1.5.7	Deputy P.V.F. Le Claire:	67
1.5.8	Deputy M.R. Higgins:	68
1.5.9	Deputy T.M. Pitman:	68
1.5.10	Senator P.F.C. Ozouf:	69
1.5.11	Deputy G.P. Southern:	70
1.5.12	Deputy A.T. Dupre of St. Clement:	70
1.5.13	Senator J.L. Perchard:	71
1.5.14	Connétable L. Norman of St. Clement:	71
1.5.15	The Deputy of St. Mary:	71
<b>1.6</b>	<b>Draft Annual Business Plan 2011 (P.99/2010)- fourth amendment, paragraph 1 (P.99/2010 Amd.(4))</b>	<b>74</b>
1.6.1	Deputy G.P. Southern:	75
1.6.2	Deputy M. Tadier:	77
1.6.3	Senator A.J.H. Maclean:	78
1.6.4	The Connétable of St. Helier:	79

1.6.5 Deputy P.V.F. Le Claire: .....	80
1.6.6 Deputy F.J. Hill of St. Martin: .....	80
1.6.7 Deputy A.E. Jeune:.....	81
1.6.8 The Deputy of St. Mary: .....	82
1.6.9 Senator J.L. Percharde:.....	82
1.6.10 The Connétable of St. Peter:.....	83
1.6.11 Deputy G.P. Southern: .....	83
<b>1.7 Draft Annual Business Plan 2011 (P.99/2010) - fourth amendment, paragraph 3 (P.99/2010 Amd.(4)) .....</b>	<b>85</b>
1.7.1 Deputy G.P. Southern:.....	85
1.7.2 The Connétable of St. Clement:.....	86
1.7.3 The Deputy of St. John: .....	87
1.7.4 Senator P.F.C. Ozouf:.....	87
1.7.5 Deputy M. Tadier: .....	88
1.7.6 The Connétable of St. Ouen:.....	89
1.7.7 Deputy A.T. Dupre:.....	89
1.7.8 Senator A. Breckon: .....	89
<b>ADJOURNMENT.....</b>	<b>90</b>

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

[09:38]

**PUBLIC BUSINESS - resumption**

**1. Draft Annual Business Plan 2011 (P.99/2010) - paragraph (a)**

**The Bailiff:**

We come to the Annual Business Plan and I will ask the Greffier, I think at this stage, simply to read paragraph (a) and I will get the Greffier to read each paragraph as we come to it in due course. So the Greffier will read out paragraph (a) of the proposition of the Chief Minister.

**The Greffier of the States:**

The States are asked to decide whether they are of opinion to receive the Draft Annual Business Plan 2011 and (a) to approve the summary set out in Summary Table A, page 53, being the gross revenue expenditure of each States funded body, including depreciation and the additional provisions of net revenue expenditure for central reserves of £9 million and restructuring costs of £6 million as part of the total net revenue expenditure of the Treasury and Resources Department and, having taken into account any income due to each of the States funded bodies, the total net revenue expenditure of £652,881,000 to be withdrawn from the Consolidated Fund in 2011; with any increase above this figure compensated by appropriate measures within the draft Budget 2011 to enable the Minister for Treasury and Resources to present a draft budget within the proposed deficit of £50 million as set out in Figure 3.4.

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

I approach the debate today with a variety of thoughts in my head. There is a thought, which I suspect many Members have, regarding the time this debate could potentially take. I am sanguine about this. We have faced similar concerns before but it does encourage me to keep my remarks relatively brief, notwithstanding the important nature of the topic we are discussing. I hope that other speakers also accept the need for brevity. There is a lot to cover and key decisions should not have to be taken when we are all tired and perhaps frustrated. But more importantly I am thinking about the reason for having this debate this week. I am not questioning the need for it: on the contrary, I am stressing the importance of it. We need this debate in order to set a clear direction for the years ahead. We need to be clear about the challenges we face and we need to be resolute in our desire to resolve those challenges. We approach the next few years in a relatively strong position. Thanks to good forward planning and with the encouragement of the Fiscal Policy Panel we have a Stabilisation Fund which is planned to see us through the current recession, indeed the Fiscal Policy Panel itself is a strength in that its members can give us independent, informed and objective advice. I hope that Members have heeded their latest words of wisdom. We have a general policy of avoiding borrowing and we should not forget the thanks to the forward thinking of our predecessors. We also have a worthwhile strategic reserve to be used in the event of a real catastrophe which we could not solve unaided. Previous generations saw the wisdom of not letting our spending exceed our income. We must follow that good example. That is why the Council of Ministers is putting forward its vision for the future based on a business plan which can ensure - indeed which must ensure - that we have balanced budgets by 2013. But there is one thing that worries me; because we have done so well and have come through this recession relatively unscathed, there are some who do not believe that we can possibly be facing a deficit of £100 million a year in 2013 and beyond. There are, perhaps, others who do not want to believe this even though they accept that the figures do stack up. Perhaps they hope that the Minister for Treasury and Resources has some magic solution, perhaps some hidden funds or some unspecified change in tax revenues which will suddenly make all our problems disappear. To all those people I have got 2 slightly unprofessional words of advice: "Get real." The actual figure in 2013 may not be exactly £100 million, it may be ... it very certainly will not be, but whether it is £90 million or

£100 million or £110 million the fact remains that we have a problem, a problem which we have to address, which we have to address without delay and which we have begun to address. It arises, for various reasons, which have already been spelt out, but whatever the reasons the issue today is how to regain that balance. This week's debate is therefore vital if we are to maintain our policy, our very successful policy, of facing up to problems early and finding the best solution for Jersey. I say the best solution for Jersey, because while we can learn from other countries we also have to accept that we have many differences from other countries. The best solution for them may not be the best solution for us. An 80/20 balance may work in some places; it may not work in others. However, that is a debate for later. What I am saying is we have to find our own solution and the quicker we can find it the quicker we can start to implement it, and I say "start to implement it" because the changes which are needed cannot take place overnight. They will need months of careful preparation and months, perhaps even years, to implement. We start from a relatively strong base but we can erode that base very quickly if we do not take decisive action now. Decisive action by itself is not enough. It is also necessary to evaluate the consequences of any such actions, whether decisive or impulsive but for this reason I have to express my concern at some of the amendments before us today because I am not convinced that people have thought through the consequences of them.

[09:45]

We have spent months on the comprehensive spending review process and we have not yet evaluated the outcomes of the second phase, which will deliver the required £50 million of savings. So while the Business Plan before us today is well planned, co-ordinated and reviewed, in order that Ministers can be satisfied that it works, any changes that we make could have unforeseen consequences, and I do urge Members that where there are any doubts they should stick with the *status quo* of the plan, the carefully prepared plan which we have lodged. There are those who complain that we are not cutting spending quickly enough but this Business Plan is part of a structured transition from global downturn to economic growth. It is the first step in a 3-year plan and should not be looked at in isolation. For those who question whether or not Jersey has seen any impact from the recession I can say very definitely that we have. For instance, the profitability of our financial services sector fell by almost half in 2009 and even excluding any large one-off fluctuations the fall was still 25 per cent. There were 400 fewer people employed in the finance sector last year. Unemployment has reached over 1,000 people with younger people feeling the effects more severely and retail sales, especially non-food items, have fallen. Although we can hope that the tentative signs of recovery continue to grow we must prepare for a future in which tax receipts do not bounce back to their previous levels. This Business Plan proposes a £12 million reduction in spending for 2011. This is a year in which we are still using a Stabilisation Fund to maintain jobs and keep our economy in balance. We sometimes seem to forget how valuable the Stabilisation Fund has been in keeping our economy on an even keel. But from 2012 the Stabilisation Fund will be running out and we shall need to make significant inroads then into Government spending. To start with I am proposing a £25 million reduction in spending for 2012 and £50 million by 2013. Some will say that we should cut more than that and indeed the Council of Ministers does not necessarily see the £50 million as the end of the road. What we do see is that £50 million of savings is a realistic target to meet by the end of 2013. That has to be the first objective, not just for Ministers but for all of us. Not only is it a realistic target it is an achievable target. But it is clear that a reduction in spending at this level cannot be achieved without both changing the way we provide services and moving some services to outside agencies. These kind of structural changes need time and upfront investments to work properly, and we have had to factor this into the figures for our 3-year plan. Members who question the need for this investment in reconfiguring our public sector are putting at risk the ability of the States to make the fundamental changes that are needed. If we are to create an efficient public sector run by well-motivated staff, whose potential is fully utilised, we need to invest in making those changes. It is easy to think short term and reduce the budgets being set aside for restructuring the organisation but

if Members do this we will not be able to create the streamlined organisation that will see us into a successful future. We have the opportunity to look at all our services, to reconfigure them, to develop an efficient slimmed-down States. If we do not go ahead now we will fail to cut costs, we will face increasing amounts of unsustainable public finances and we will risk spiralling into ongoing deficits and debt. The changes which need to be made, if we are to significantly reduce our spending, not just in 2011 but in future years as well, will require us to make a one-off investment in restructuring the organisation. If we try to chip bits off that restructuring budget we will not achieve our long term objective. We would be guilty of choosing short term solutions over long term financial stability. Can we find £50 million in savings by 2013? The fact is that we have to. I cannot condone the alternative of resorting to higher levels of taxation. I am realistic enough to know that reaching this target will require an initial investment, not just of money but of time and of staff. Well managed change takes considerable planning and I would sooner manage a few changes well and achieve real benefits rather than promise a raft of changes which we cannot deliver properly. This Business Plan is the culmination of work that began in January, a process which began with an assessment of all the financial issues that the Island faced. That assessment concluded with the need for a comprehensive review of the way we spend public money, not the kind of review undertaken every year but a comprehensive detailed review of all spending across the whole of the States organisation. Taking the best advice from both individuals, from the I.M.F. (International Monetary Fund) and independent people who are successfully running overseas spending reviews in other places, the Council have set out a 2-stage process. The first part of that review is detailed in this Business Plan and the work is ongoing for the second stage, and as the outcomes of the major reviews, forming parts of the second part of the review, start to come together the Council will produce a more detailed way ahead for 2012 and 2013 and beyond, and this work will begin to take shape in the next few weeks. The Council's 6 months' work aims to have produced a clear plan for public finances for the next 3 years. It is a well-thought-out plan and it is realistic. It puts money where money needs to be spent and it cuts spending elsewhere. It acknowledges the pressures we face but it is realistic about the way we need to address the future. I urge Members to endorse the proposal of the Council of Ministers and to support this important first step in reforming our public services, balancing our public finances within 3 years in the way which we have proposed. Sir, I propose part (a). **[Approbation]**

**The Bailiff:**

Is paragraph (a) seconded? **[Seconded]** Before we come to the amendments perhaps I can just say this from the Chair, as the Chief Minister said this is indeed an important debate to set the Island's course for many years and of course it is right, therefore, Members consider it very thoroughly. On the other hand, as the Greffier has pointed out in his document that he circulated to you, the sheer number of amendments means that the Assembly is going to be hard pressed to complete its work on this within a reasonable period, and I understand similar concerns were raised by Members yesterday. All I wish to say from the Chair really is this, it is of course entirely for Members to choose whether they speak on particular amendments or not, but I do invite Members to consider exercising self-restraint; first of all in deciding which amendments you feel that you must speak on and, secondly, if you do choose to speak, to keep your remarks as concise and brief as you think is possible. **[Approbation]**

**1.2 Draft Annual Business Plan 2011 (P.99/2010): ninth amendment, paragraph 1 (£5 million reduction) (P.99/2010 Amd.(9))**

**The Bailiff:**

Very well then, we come to the first amendment and that is the ninth amendment, paragraph 1, lodged by the Corporate Services Scrutiny Panel and I will ask the Greffier to read the amendment.

**The Greffier of the States:**

Page 2, paragraph (a); after the words “withdrawn from the Consolidated Fund in 2011” insert the words “except that the proposed total net revenue expenditure of £652,881,000 shall be reduced to £647,881,000 and that the net revenue expenditure of the ministerial departments, as set out in the said Summary Table A, shall be reduced on a *pro-rata* basis to achieve this £5 million reduction as shown in the Summary Table A amended in the Ministerial departments (excluding grant to the Overseas Aid Commission and the Central Allocations for Treasury and Resources) set out below” and there follows a revised Summary Table A with the revised figures.

**Senator S.C. Ferguson (Chairman, Corporate Services Scrutiny Panel):**

Deputy Tracey Vallois will act as rapporteur for this, Sir.

**The Bailiff:**

Very well. Deputy Vallois.

**1.2.1 Deputy T.A. Vallois of St. Saviour:**

The overarching reason for bringing this amendment was to bring to the Assembly finally whether we should be considering more savings rather than more taxes to tackle the £100 million deficit that is set before us. The panel are of the belief, from the evidence that we have seen, that the Council of Ministers would be able to take a more holistic approach to the way that they are tackling the savings going ahead. The arguments for taxes and savings are, of course, of a various nature and need to be discussed by each one of us as 53 elected representatives of the States of Jersey so that the public are at least fully aware that we can at least consider this as an option. The difficulty that we have before us is that by only *pro-rata* cuts of the £5 million this has caused difficulty for some Ministers. The Corporate Services are of the impression that by putting the £5 million across the 10 departments is to focus the Ministers’ minds and look at a more holistic approach at working together because we are of the view that if cultural and fundamental changes are to be made to the States of Jersey, and the way that we run our public services, it needs to start from somewhere and we believe it needs to start from the States Assembly by us setting the budget for the Ministers to be able to provide the services within those amounts. The Council of Ministers have stated themselves that it should be the Assembly that set the envelope for States expenditure, therefore it is the Council of Ministers that is responsible for ensuring that the public service that we have all agreed on, through the strategic plan, is delivered within that envelope. Although this is not particularly a problem to the first amendment, we are aware that the full savings that we are asking for within our amendment does not total the £30 million as set out in our report and we will address that when it comes to paragraph (e). However, the £5 million that is coming up to this amendment here is set out for us, as an Assembly, to discuss the way forward and the way we think that savings are more appropriate going forward and the public have been crying out for more savings. Everybody believes that there is wastage within the States and I do not believe there is one person in this Assembly that thinks that we cannot make savings, however, we all think that it can come from different areas and this is about working together. This is not about the Council of Ministers versus the non-Executive. This is not about Scrutiny versus the Council of Ministers. This is about us looking at the Island as a whole and supporting the people of Jersey who want to see savings. We are not just talking about the likes of big society. We are not just talking about the likes of businesses. We are talking about the ordinary person on the street as well. We are talking about every single person and that is who we represent as an Assembly. We want to set the envelope and we believe that the Council of Ministers will be able to make more savings in 2011 of £5 million. I would therefore recommend this proposition to the House and ask for everybody to lay their cards on the table as to where they wish to make the savings, whether they want it higher savings or whether they want higher taxes.

**The Bailiff:**

Is the amendment seconded? [**Seconded**] Yes, Connétable of Grouville.

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

As a member of the Corporate Services Scrutiny Panel I wholly support the proposition. In our report we have drawn attention to the weaknesses in the Business Plan. The main one I would highlight is a lack of accountability and responsibility in bringing forward the savings. If I could draw Members' attention to the actual report, the C.S.R. (Comprehensive Spending Review) report, which I hope you have all read. At paragraph 2.3 we say: "With the machinery of government nobody is in charge and nobody is responsible for the outcome of the C.S.R., there being no mechanism to ensure that £50 million savings will be achieved." Also at paragraph 2.11: "This leaves the obvious question hanging, what happens to Ministers who fail?" We have, during our investigations, heard many excuses and reasons for not doing something.

[10:00]

It is also true to say that we have received heartening support for the proposals from several departments and they must be encouraged in their efforts to bring forward savings. However, there is no mechanism to ensure they have to punish those who have not wholeheartedly supported the savings plan. This proposition has been brought to concentrate the minds of the reluctant groups within the machinery of government and *pour encourager les autres*. Thank you.

#### **The Bailiff:**

Does any Member wish to speak on this amendment? Senator Shenton.

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

This amendment is quite similar to a P.A.C. (Public Accounts Committee) proposition that we brought a few months back where we asked the Chamber to speed up the level of cuts that we should undertake as a government so that we can be slightly ahead of the curve moving into the new era of fiscal deficit. As chairman of the P.A.C. we ended up withdrawing that proposition because we found that the mood of the House was such that they did not want to move that fast. What became increasingly clear is this House is very much split in 3 ways. There is a small minority of us that believe that the cuts should come quicker and harder now in order to save pain in the future. The vast majority of this House, I believe, consider the cuts are necessary but it should be done in a structured and co-ordinated way and a cohesive way, and I think this is basically what the Council of Ministers have tried to achieve within their Business Plan. I am one of those in minority that will support this proposition because I think that it would be better to be ahead of the curve. Then we have a small minority that think that if you stick your head in the sand the whole thing will go away and what will happen if you do that is the cuts, in 2015 and 2016, will be much, much deeper and much, much more severe and hit the very people that they say that they are trying to protect. I applaud the Corporate Services Scrutiny Panel for bringing this amendment but quite frankly I do not think it does have much of a chance to get through in this House today, simply for the very reason that I think that because of the way we debate the Business Plan and because of the fact that we are now in September and these cuts will have to take effect from 1st January, it is very, very difficult for departments to act in such a manner. It may be okay for a small business to do so but what we are dealing with here is public services where we are providing services to the public, and some of those services are very needy and effective. With my economist businessman's hat on, yes, we should do this. With my sort of social heart I wonder whether it is correct. I will be withdrawing most of my amendments and giving the reasons for that over the lunch hour but I ask Members to support this if you want to avoid further pain in the future.

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

Senator Shenton made a point that I think was well received by people that there are 3 groups within the Assembly. Perhaps there are 4. I certainly do not feel that I fell into any of the 3 that were clearly identified by the Senator and maybe this fourth leg of the stool is only me. I could be blamed for not attending all of the meetings. I could be blamed for not attending all of the "let us



groupthink this decision” but I certainly have had, in 10 years’ experience, the same sort of feeling at the state of the Business Plan, unless I was involved in the committee when the committee brought its proposals like when we were on the Health Committee, for example, and they needed money, that was the only time (when I was on the committees) that I felt that I had an understanding of the departments and the needs that those departments had. As a Back-Bench Member I have tried to ask on a few occasions what the structures are of the States, what the duties and responsibilities of those structures are. It was something I learnt in the marines that if you had duties and responsibilities and if you failed in those duties and responsibilities then you would be accountable for those failures. I think that is one of the big things that the public have been calling for, that we fail to acknowledge. It is that there is no accountability and until we and unless we set out clearly duties from responsibilities there will never be any accountability. There will only be sideways promotion and ongoing investigations until the investigations themselves die a slow death. I do not think this debate is any different than most of the debates that we have had in the past because we have always had a difficult situation in the States. I think the problem has been this budget that we are doing today has, for the first time, been challenged by people that have got economic backgrounds such as that of Senator Shenton and those that have got environmental and social backgrounds such as those from Deputy Wimberley, who is a new Member, and the traditional now, over the last few years, challenges by Deputy Southern who has got social consciences. But all too often in the past, many Members would sit here, and this is now the distant past, and they would let things go through *en bloc* because they would be voting with their colleagues and that was the done thing. I am going through this Business Plan and many of these debates this week in attempting to try to say as very little as possible. This is probably the only speech I hope to make, warmly received by the Ministerial benches. But while I am on my feet, and while this is probably my only speech, I would like to bring faster cuts but I am concerned that bringing faster cuts without clear evidence as to how they will be implemented is irresponsible. I would like to see less people employed at £1,000 a day or £2,000 a day or £3,000 a day and I would like to see services maintained. I would like to see hydrotherapy pools maintained. I would like to see children’s lawyers appointed in cases where severe abuse and failure has occurred within the home and within the Government of this Island. But instead of being able to analyse that as a Back-Bench Member, all I am able to analyse is the mantra and the scaremongering and the: “Oh, woe are we” calls from the Ministerial benches. There is little appetite to do any real inclusive management of this Island on a regular basis. There is little appetite for any clarity and openness within this Assembly, despite the Strategic Plan saying that we should be more open and transparent. You see any agenda of the Council of Ministers. The entire ‘Part A’ agenda is on the ‘Part B’ agenda. The Freedom of Information law is no longer even in the near future. So I think that in order to set out my store quite clearly, if maybe I am the only one, I would like to congratulate the Corporate Services Panel on doing what I think is the right thing to do and try to hold this Council of Ministers to greater account. But unfortunately while this government is not as inclusive as it should be and I hope that we do support the future changes, I am not able to support more radical cuts like this - which I think we do need to start to do - until I can satisfy myself that those sorts of cuts are going to be in the areas where they need to occur in my view. The trouble with the system at the moment is we will agree all of this money and then we will give it to the departments and they will spend it any way they want regardless of what we say and do in here for this week, no matter how many arguments we have with each other and no matter how many good or bad speeches we have and no matter how long our ties are. The money, once approved, will go to the Ministerial departments and they will spend it like they want to, when they want to, as they have done in the past. We are merely a rubber stamp. I cannot rubber-stamp this proposal because I am concerned that it will affect services on the ground. However, I do not believe in sticking my head in the sand so I will not be slavishly following this line and I will be supporting in certain debates and in certain amendments greater cuts where I believe that those cuts should be because I do recognise we are in a changed world. I just wish to God that some people in the Ministerial benches would start to be a little bit more open and honest about the fact that they are not open and

they may not be as honest about the facts and sharing those facts with us as they might be. It is no good bringing us to this stage ...

**The Bailiff:**

Deputy, I am sorry, you cannot allege that other Members have not been honest.

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

Did I not say “as they might be”, Sir, because that may be ... I will withdraw it, Sir, because I have never wanted to challenge your ruling. I will withdraw that and apologise unreservedly. So I made a mistake. So they are not as open with us as they might be. **[Laughter]** **[Aside]** That is for certain. I am not apologising for that. They are certainly not as open with us and I hope to God - I have used God’s name twice now - that we can get on and give them this money and they can spend it whatever way they want because that is what we always do, and then we will be applauded for having dealt with the budget in a meaningful and responsible way as long as we vote with the Council of Ministers.

**1.2.5 Deputy T.M. Pitman of St. Helier:**

Like Deputy Le Claire, I do not recognise myself in any of the groups Senator Shenton talked of. Members will never hear me say no cuts on principle because as one of the few Members in this House who has recently been a States employee, I know that cuts can be made, as do many frontline staff who unfortunately are regularly sacrificed while the true surplus fat of little empires - if I can put it that way - goes untouched because, in the end, they are the people asked to do the cutting and that is how we end up with these false economies. Nevertheless, sympathise as I do with the amendment and what the Corporate Services Panel are trying to achieve, I find I cannot support this. To take up what Senator Shenton said again, I think there is another small group in the Chamber who will not remove their heads from the sand and see the damage and the consequence of not being able to marry up the socio and the economic. I think perhaps some Members are unable or unwilling to see what happens when you cut too hard and too fast. Perhaps some people think that the people thrown on the scrap heap without proper consideration will miraculously just go away because it will not be people who are leaving the Island, people who are non-residents. It will be people who have contributed and been the backbone of this Island’s success, and I think this is a step too far. I do sympathise but I cannot support it I am afraid.

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

I was not going to speak early on in the debate because I get the sense that I am not sure where this debate is going. We have not really almost started **[Laughter]** **[Aside]** in terms of the ... this is the really quite important amendment, I think, in terms of this whole debate. I probably should start by saying that I have enjoyed a good and constructive working relationship with the Corporate Affairs Scrutiny Panel. Certainly their work on the fiscal stimulus programme and, indeed, the comprehensive spending review has been considerable and helpful. They are, in fact, in the fairly unique position, I think, of being the only body that has independently examined and interviewed both Chief Officers from, I think, all departments and all Ministers. Their overview of the comprehensive spending review process is therefore important. While their report was uncomfortable, I was not depressed in reading it. I did not take it to heart. It was uncomfortable for some people to a greater extent than others. I concluded my reading for the second time of the report with the conclusion that I agreed with much of what they were fundamentally trying to achieve. Corporate Affairs and I and, indeed, I think, the whole of the Council of Ministers, share the view that States spending must be cut, to do so to avoid higher tax increases, than I am afraid is going to be necessary in some cases.

[10:15]

After their interviews and having interviewed all Chief Officers, Corporate Affairs believe that savings reductions can be made across all States departments and they also think - this is not the

subject of this debate we are going to be coming on to that debate - but they think that the Council is being too modest in only targeting £50 million. Since becoming the Minister for Treasury and Resources, I have focused on spending. This is not a criticism of the past. I recognise that I said when I stood for the position that the world has changed. We needed to strengthen and improve financial management across the States. Over the last few months, we have been working to do just that by strengthening financial management across the whole of the States organisation and it is against that strengthened financial management that the Council is running the comprehensive spending review. Now, this review was always going to be challenging and that is why we split the C.S.R. into 2 stages, the first stage to deliver 2 per cent in 2011 and, yes, some of those discussions and some of those debates at the Council of Ministers have been very difficult. It has been important to change the mindset of departments that they cannot simply live in a world where their budget is going to go up year on year. Savings have to be made. The Council was also realistic that if we want to make meaningful change - change that is going to be lasting and not simply salami slicing - we needed to go through a proper, longer process in terms of looking ahead to 2012 and 2013. That work, that longer process, that C.S.R. Stage 2, as we discussed yesterday in question time, that work is underway. Now, Corporate Affairs are arguing in their report that for next year we should be targeting an extra £5 million. That is over and above the £12 million which is set out in the Business Plan. If I am absolutely honest, I would say that I have some sympathy with their objective. I want to say to the Assembly that as a result of the second stage of the comprehensive spending review, there may well be opportunities from all of the submissions from different departments to make greater savings earlier than those planned in 2012 and 2013. In other words, proposals that will be discussed by the Council of Ministers over the next month could be brought forward into 2011 from those originally planned in 2012 and 2013. I would also say to Members that good financial management is not just an annual process. Financial management is about setting an appropriate budget but then also putting in the appropriate in-year financial controls. Just because you are given a budget does not mean that you should spend it or, indeed, in a strengthened Treasury function, does not mean that you necessarily will be encouraged to spend it if there are greater controls. I hope that we will deliver a greater target in 2011. I hope that we will make further savings throughout 2011 and that that money should not be spent, and that is going to be perhaps easier next year because we do have appropriate contingencies, built-in budgets, so we will not have, I hope, the annual carry on carry forward discussions that are well known by Members. I do want to be in the position of not over-promising and under-delivering. We have a process, a 2-stage process, for the comprehensive spending review and the Council is arguing that we need to stick to that. Corporate Affairs and I have had lengthy discussions about the whole of the C.S.R. process. I give the panel an absolute commitment, and after the very constructive discussions that the Council has had in the last couple of weeks, I believe that this is a commitment that all Ministers give to the Assembly that we will, wherever possible, and after the Budget debate in December, accelerate measures that are planned for 2011 and 2012. The reality is that the amendment puts a *pro rata* cut across all the departments with the exception of the non-Ministerials and overseas aid. Yesterday, we debated in question time, I think it was the Deputy of St. Mary, we said that there were going to be some departments that are going to be capable of delivering greater efficiencies than others. The difficulty with the Corporate Affairs amendment is that it cuts the £5 million across all States departments and it removes that money from individual departments on a *pro rata* basis. For Social Security, that would mean a budget reduction of in the region of £1.3 million over and above what they are proposing. We are going to come to Senator Shenton's amendment later on. Maybe that is one of the ones he is going to withdraw, maybe not. We are going to be discussing at that time the issues of Social Security. Now, Social Security is a very good example. Their budget consists of 2 very large amounts of money, income support in the region of £99 million and supplementation of £66 million. It is not possible in order to make reductions in, for example, supplementation immediately in that way. It is impossible for Social Security to be put into a position that they will have to simply cut *pro rata* across their whole budget. It is not possible, I regret to say, that it is possible to deliver a cut of £1.3 million for Social

Security and the other department and maybe during the course of this debate ... the Minister for Health and Social Security has particular difficulties in her department and I think that the savings proposals that have been made are going to be challenging for Health to deliver next year, and I think for the Assembly to vote a further cut of in excess of £1 million of Health budget without any evidence at all is simply unrealistic. That is the reason why. It is the *pro rata* cut, the removal across these departments in the manner in which Corporate Affairs has done which means that I cannot support this amendment. I do not believe that fundamentally there is a great difference in what Corporate Affairs and I and, indeed, the Council of Ministers are trying to achieve. They want to hold the feet to the fire of the Council of Ministers and they want to deliver better savings, more savings over a quicker period of time. We cannot responsibly accept this amendment but I would like to thank Corporate Affairs for having made forcibly the arguments and putting across the alternative view, and it is important that we have this debate that savings are important to minimise tax increases. In recommending this amendment be rejected, I would say to the panel that their work is not in vain. They have catalysed an important debate and their contribution ongoing to the comprehensive spending review is going to be absolutely vital. Where possible, we will make further savings and I would ask Members to support the Council's position of concluding its C.S.R. part 2 in the manner that has been set out.

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

I think it is very, very good that we are having this debate today because it will give Members an opportunity to give other Members their thoughts surrounding the whole issue of making savings. I will not be able to support the proposition of the Corporate Affairs Scrutiny Panel simply because, for all the reasons that Senator Ozouf has laid out in his speech, I do not believe it is possible to impose *pro rata* cuts across all the departments. My own particular feeling with regard to the cuts is I do believe that we can make greater savings. I am comforted by the fact that Senator Ozouf has said that the Council of Ministers will go away and will accelerate measures to bring forward some of those cuts already proposed for 2012 and 2013 because I think they can be there. But I think what the Council of Ministers needs to do, if it has not already done so, is to decide among themselves what are essential services and what are 'nice to have' services. Certainly, as far as Home Affairs is concerned, a great part of our revenue budget is taken up in pay costs. Currently, the Fire Service pay cost out of the budget that they have is 86 per cent. The States of Jersey Police is 82 per cent. Customs and Immigration is 77 per cent. So it is difficult for Home Affairs to be making cuts and for frontline services not to be directly affected. I think really what I am saying to the Council of Ministers is I would like you to go away, look at some of the services that you are providing, and a couple that I would like to mention, one being tourism. From the heyday of the seventies and eighties, I get the impression that our Tourism Department is still the same size as it was 20 years ago and I question why is that? Why have we not adjusted the number of staff we have in that department to reflect a much smaller business, and I just simply do not understand that and talking to various members of the public in the past week about the proposed cuts, that has been raised by several. I do not quite understand why the public-private initiative has been put back. I would like to understand that a little bit better. I am sure there are people involved in the tourism industry who could do the job much, much better of marketing this Island with the budget **[Approbation]** that has been allocated than is currently being done. I would question staffing at the airport. Again, I was talking to somebody over the weekend about the heyday of the seventies and eighties when certainly at the height of the tourism season, we would have aircraft landing and taking off every 3 minutes. I would be very, very interested to know whether the staffing levels are greater now than they were back in the seventies or eighties. It is these sorts of problems I think the Council of Ministers have got to tackle before we start cutting essential services that are really going to harm the people of this Island. So really that is the message that I would like to get across to the Council of Ministers. Go away and have a good, hard look at the services you are providing and do not cut those services that are directly going to affect either the health, education or safety of the people in this Island.

### **1.2.8 Deputy D.J. De Sousa of St. Helier:**

I too, like Deputy Hilton, Deputy Le Claire and Deputy Pitman, struggle with accepting this amendment. The Chief Minister said in his speech: “We have to find these savings.” I am sure Members will remember recently the Minister for Treasury and Resources’ Article 11(8) request that he brought to the House. I stated then that I am no mathematician but I am a housewife and I was a small business holder before I came into the States. I know how to add and subtract. With the Article 11(8) item, we inflated next year’s budget to £15 million so we ruled out the £12 point-whatever million we are supposed to be saving here. What are we doing? We are telling the public we are going to make savings but we have already ruled that out by inflating our budget to make it look good, to make it look as though we are making cuts. In fact, we are spending £3 million more than we are cutting. I know that Deputy Vallois believes this debate needs to be had and I am sure most Members will agree. It does need to be had. We all know we need to balance the books for the future and for the future of our children. We also need to make cuts in order to prevent tax increases. We need to start at the top and work down, not the bottom up. With the 2 per cent, I feel we have started at the bottom and worked up. This has caused problems for future savings that we will make. Departments have proposed cuts and they have also inflated their budgets by applying for extra spending. I cannot support this amendment and I struggle to find a way of seeing how we will make any real savings.

### **1.2.9 Deputy J.B. Fox of St. Helier:**

I was interested to hear from the Minister for Treasury and Resources that, in fact, the Corporate Services Scrutiny Panel had gone and spoken to all the heads of departments and the Chief Officers, *et cetera*, which I found was very encouraging. The thing that I find that I still am asking questions about is £5 million sounds like a drop in the ocean but if you are a head of department or a Chief Officer, the proportion that would likely come out of your budget is going to be quite significant.

[10:30]

If you take Education, Sport and Culture with which I was involved for 9 years before this 3-year session, you think that is a very large budget but when you sit on 2 governing bodies, as I do, you recognise very quickly that it is easy to make the controversial nit-picking cuts that we all hear about, the popularity of doing away with school milk and music, *et cetera*, but now we have got to the stage that the cuts are hurting people and they are hurting hard. If you are looking at cuts when you have got an employment figure of some 60 to 80 per cent - mostly it is in the 80 per cent region - within the various departments, whether it is Education, Health, Social Security and its various support terms, Home Affairs, *et cetera*, then the only way that you are going to achieve this is by cutting out services, which involves redundancies. That cannot be done just like that. That has to be worked and that has to be processed, and that is what is going through in the background, which little glimmers of it can be seen at the moment but we do not know the details yet. But the other side of the coin is that on the 2 governing bodies that I am involved in, it is seriously looking at are you going to be able to continue with the quality of the education that we are so justly proud of and which we need for the future of our children because without it our finance world, and our other employees that require quality education for our future generations, will suffer. Therefore, if you are going to make changes, you have got to do them as well thought-out and that process takes a bit of time. I am not going to repeat all that has been said before. I am afraid that this is too quick to be able to do it and there is not enough detail. I support the principle but what I do not want is to have some *ad hoc* sudden removals because this has been thrust on us. I do not think it would do the Island any good in the longer term so, in the shorter term, I have got to say no but in the longer term, I can see where it is coming from and it was good that it was brought up today.

### **1.2.10 Senator B.I. Le Marquand:**

We find ourselves in a difficult position with a structural budget deficit of around £100 million. The reality of the situation is that we face painful decisions. I sometimes somewhat darkly refer to these decisions as involving a balancing exercise which I call “a balance of pain”. Which will be the more painful, tax increases, service cuts or changes to pay and terms and conditions of States employees? Although these decisions may be and will be painful, they are decisions which are made with a view to a positive outcome and that positive outcome at which we are firmly aiming is to balance the budget by 2013, thus putting ourselves in a stronger position for the future. There are also further issues which will need to be addressed on an ongoing basis. I see this as a project which will take place over perhaps the next 10 years or so and it is my opinion that we need to have a comprehensive and far-reaching review of all public services along these lines. Firstly, we need to decide what services the public sector should provide and to what level. Secondly, we need to decide how these services would best be provided. Is that through a States department or through a charitable organisation or through a contract with some outside commercial body? Now, as part of that process, there will need to be safeguards put in place, safeguards in terms of existing employees, safeguards in terms of ensuring employment for our lower paid people and so on, but nevertheless the exercise has to be done. A third stage of that kind of process will be tough decisions as to how we move from where we are to where we want to be. But all that has to happen in a proper structured way and over a period of time. Now I turn to the ninth amendment part 1. There are, in my view, a number of problems with this approach. Firstly, the approach of slashing £5 million across the board, as it were, cuts across the normal Business Plan process. The normal Business Plan process is that Ministers set out the main areas of savings so that Back-Benchers or others who may disagree with them have the ability to challenge these by seeking to reinstate them and, of course, that will be happening with certain items later on. This process which deals with unspecified cuts in relation to different departments means that Back-Benchers who might wish to challenge a particular cut will not know that it is going to happen at this stage. It is simply totally cutting across the normal process and I do not believe that that is fair to those particularly who might wish to reinstate items. Secondly, the process here is on a *pro rata* basis. I have on many occasions in many different venues explained why I am against a *pro rata* approach. That is firstly because it presupposes that all departments at all sections start on a level playing field, which we do not. It is harder for some departments - and my colleague, Deputy Hilton, has outlined this this morning again - to make savings, to make cuts than it is for others. Also, as I have said before, at different stages of the process, it may be more difficult for different departments. It may be relatively easy for a department to find the current cuts, the 2 per cent cuts, more difficult for them to find a 3 per cent and even yet more difficult to find a 5 per cent. On the other hand, there may be other departments where it works the other way around and, again, we have an arbitrary system here which cuts right across and does not take any account of the particular situation of individual departments. Thirdly, the work which is being done on the C.S.R. process is being done very seriously and professionally. Every department of the States as far as I am aware - I can only speak for my own departments - we are seriously committed to this process. I will not have anyone say other than that. My staff has worked very hard on this, very thoughtfully and very carefully. This kind of process takes time and it requires clear decisions and good judgment in terms of what can be cut and what cannot be cut. Arbitrary *pro rata* cuts cut right across that process. Fourthly, we are still sadly probably in a recessionary position in Jersey, hopefully coming out of it, but nevertheless, all the signs are we are still in a recessionary situation. Public spending cuts will have a deflationary effect and to increase those public spending cuts for next year will have a deflationary effect on the economy at the very time when we are seeking to come out of the cycle. Fifthly, the existing target of £50 million over 3 years is going to be very challenging indeed and, indeed, the process ... although I am straying now on to a later debate, but I will do that very briefly. The process of arbitrarily increasing that to £80 million or £65 million without knowing what the social effects will be in relation to this could be very damaging indeed. Finally, I have some crumbs of comfort to offer to the Corporate Services Committee, 2 not insubstantial crumbs. The first crumb is my commitment to the longer term process, which I have outlined before, a

process which I believe will have to take place over a period of perhaps 10 years or so if it is going to be done properly. Secondly, the commitment of my own department that if we can find cuts, which have been outlined at the moment for 2012, which we can accelerate forward to 2011 without making material reductions in public services, then Home Affairs will seek to do that.

#### **1.2.11 Deputy D.J.A. Wimberley of St. Mary:**

Deputy De Sousa said something which chimed with the way I think. She said we are going to struggle to make real savings. My reaction to that is that the fundamental savings ... and I think Senator Le Marquand was talking about those sorts of things where you look at how you deliver services over quite a long period of time to do that. You might get some real substantial savings and we are talking as if we want £50 million. That will not come from salami slicing because there is a limit to how many times you can slice salami. So the fundamental approach is definitely the way to go. That is the way to achieve real savings and I am glad in this regard that a number of Ministers have said: "Well, we will offer up the money but we do not know how yet." I think that is a promising sign. I know 3 Ministries that have said that either privately or publicly and that is to be commended. We cannot rush this process but on the other hand, salami slicing, which the Minister for Treasury and Resources eloquently denounced in this amendment, he said £5 million additional cuts across the board *pro rata* simply means more salami slicing and that is not the way to do it, but what we have here in this list of savings/cuts with a slightly dodgy division between the savings and the cuts, reams and reams by department, was exactly that. It was salami slicing. They were all told to find 2 per cent regardless of whether that department had a bit of fat or did not have a bit of fat. It was indiscriminate salami slicing. So I just wanted to make that point right at the beginning because it is so important that we focus on the medium and long term for the real savings. That is why this debate is going to be so long. That is why there are so many amendments in spite of Senator Shenton bravely withdrawing some of his. The fact is there are a lot of unhappy bunnies around because of this approach and that is why it is going to take so long, because that approach was flawed. When I first looked at this amendment when it popped on the doormat and I read it, I thought: "Crumbs, this is crazy, this is crazy." I could not believe the opening table where, without any explanation, we are just treated to a list from 2001 I think to 2009 of the rising expenditure of the States with no commentary at all about inflation or about special items, nothing, just this list saying: "Look how it is going up." Quite extraordinary, and then the £5 million across the board. But it is to be welcomed in a sense in the way that Deputy Hilton said because it does give us a chance right at the beginning of this whole marathon to look at the big questions and it does pose those questions, the £50 million or £80 million cuts. One thing that this amendment does - and I have a sneaking suspicion that that is what it might have been intended to do - was that what the debate is going to be framed as is on the one hand we have the mad, foaming left-wing Deputy Southern **[Laughter]** who wants to put all the money back in and the unions are baying and having demonstrations out in the Royal Square and there is going to be chaos unless we put it all back in and so on.

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

May I suggest that that may well be a gross misrepresentation of what I am saying. **[Laughter]** I am proposing £50 million worth of cuts over 5 years instead of 3, not opposing all cuts. I have individually put back about £1.2 million into the spend. It is a moderate policy I am proposing. Before we go any further **[Laughter]** **[Aside]** I stopped foaming at the mouth before Christmas. **[Laughter]**

#### **The Bailiff:**

I think that is enough clarification now, Deputy.

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

That was a splendid clarification, and on the other hand we have the rabid right-wingers of the Corporate Scrutiny Panel **[Laughter]** who are baying for more cuts: “We will have another £30 million and we will have them now. Well, in 3 years’ time, but we will have £5 million straight away just to get the knife sharp.” **[Aside]**

[10:45]

In between, we have our nice cuddly Mr. Treasury Minister **[Laughter]** Senator Ozouf, who is sweet reason himself **[Laughter]** and declared yesterday: “I am firmly in the middle.” **[Aside]** All he wants is 10 per cent cuts over 3 years so that is very moderate, is it not, and no one will suffer and we can all go home and sleep in our beds. But the problem is that it is not quite strictly accurate and if Members remember their childhoods and the story of Little Red Riding Hood, the nice grandmother in the little house in the woods turned out not to be very nice but to have big, big teeth. It is only a fairytale. **[Laughter]** Well, I thought it was time to wake people up. It is only a fairytale but it is real. It points to something real. It is more of a bad dream. Fairytales have elements of truth in them. Things are not what they seem and the consultation so-called that we have had - particularly at the beginning of the year but continuing up until the debate- has not been consultation, of course. It has simply been a barrage of propaganda in favour of a particular approach. Now, would that we had had a real public debate. Would that we had gone down the route that Senator Le Marquand outlined just now and said: “We will look at this over a longer period.” The first thing is we define what the public would want in terms of services and how we would pay for them and would that we had gone down that route from the start in a genuine way. The other week, I was riding up the hill - well, not for long because you have to get off and walk past Bellozanne - up towards the school at the top and it just hit me, as I rode up that hill, and looked at the monster to my left, Bellozanne, and, of course, the name rings straight away sort of bad vibes, I think, in all of us and we have said that we admire the people who worked there for so long in bad conditions, but the people who live round about and past whose front doors I was riding, what have they put up with for so long? This House, this House and the policies of the past, which were what we are being asked to endorse again, which means that we could not even afford to put gas flue scrubbers on that chimney, even the new one which had good life in it. We could not even afford to do that. So the people living there were being polluted and poisoned by the responsibility of this House. That was down to an attitude to public expenditure, which we are seeing in this amendment, and which, in fact, we are seeing in the original cuts and we have to grasp this. If you have incinerators to burn your rubbish, which is of course another debate, then you have to protect people when you do it and that means employing people, P. and E. (Planning and Environment), to make sure that the new incinerator runs absolutely clean and that costs. Modern society costs. If you want the convenience, if you want all the new plastics, if you want your latest iPod, then you have to pay a price and some of that price is a social price. It gets paid down at La Collette and the Government is the one that is going to have to provide that protection. Senator Shenton, in his report to his many amendments, many of which he is now going to withdraw, but interestingly he said in his overall comments before he introduced the individual amendments in relation to the spiralling costs of government in Jersey he said - and I paraphrase because it would take too long to find the actual quote - but he says: “If we do not get control of public expenditure and endorse real cuts, then the last one please turn out the lights. The last one to leave, please turn out the lights.” By that, he is suggesting that if we do not cut, if we do not go down this fairly draconian route of £50 million or £80 million, which is what we are debating now, then the whole thing will just fall apart and people will leave in their droves but, of course, this is the opposite of the truth. The people who he is suggesting will leave want good provision for their children. They want a Youth Club for them to go to if they are so inclined. They want good schools and they want safety. Safety in terms of not being burgled or mugged has an implication on crime levels. Crime in turn depends largely on social exclusion and poverty. Those are the 2 big drivers of crime, but social exclusion and poverty come back to this Assembly in the form of the way we deal with income support, the way we deal with housing and so on. So “last one out,



please turn out the lights” not, in fact if we provide properly for people then they will stay because Jersey is attractive, nice, safe and has good facilities for people to live in. I must say I have a different vision from the cuts brigade who are not sure whether they are to the right or behind the Minister for Treasury and Resources that the social ... who are they called, the Small Society and the Chamber of Commerce and all these people. My different vision is of inclusion and equality and social mobility which the Minister for Treasury and Resources himself subscribed to yesterday. He said: “I believe in equality and social mobility.” Well, last night’s paper I think it was, very recently anyway: “Free workshop to help youngsters hone musical skills.” Now, that is an image in one headline of the sort of society I want to see. I want to see young people honing their musical skills, being encouraged to by the Government which says: “Sounds Workshops.” Therefore you go along. When my father was Director of Education in long distant days, the Youth Service was founded. Would we be without it? There was a magnificent man who reminded me of Mitch Couriard now who strode around the office in Pier Road and he was the outdoor pursuits person who was introducing things like sailing and rock climbing to the youth of the Island. Would we reverse that? Would we say: “Close down St. Aubin’s Fort.”? I am sticking with the areas that in a sense I know best in terms of the history of these services that the States provide which are so important, the Outdoor Pursuits Centre at Crabbé. Would we be without these things? Do we really want to have a society that says: “Close the lot” because that is where we are headed with an £80 million cut over 3 years. Parenting skills, the absolute bedrock of the attack on crime, the attack on all sorts of things. It creates more rounded people. Parenting skills came top in the Mike Romeril process back in 1999 and 2000 where we had specialist working groups and I was on the social working group. One in 2, the top priority policy area, was parenting agreed by everybody there from all the different agencies. So are we going to pull out of that? Are we going to say it does not matter? Government protects its citizens and government helps to create better opportunities and more equality and I do not think we should row back from either of those things. Now, I do not mean that departments should be inefficient and bloated or whatever, but I do believe that that is a bit of a myth and, as I said, no doubt, over time, a complicated organisation like the States with departments that are themselves complicated will accrete and will grow in ways that are not maximally efficient and, every now and again, you have to do a fundamental review. That is fine but I just want to clear away some of the myths that lie behind this kind of approach that we see in this amendment and also, in fact, the overall approach of the Council of Ministers. These myths have been circulating. They have been circulated by the various allies out there, as I say, the Chamber of Commerce and the Small Society. We hear them. The first claim is the States, their expenditure is rising all the time. There are 2 sides to that. One is that a lot of that increase is legitimate and the other thing is that a lot of the rise is fictitious. We are being spun this idea that the States expenditure is out of control when it is not. If we just look a little bit closely at that famous 30 per cent claim of the Minister for Treasury and Resources, which he referred to repeatedly in question time after he had made it in March, he said: “6 per cent increase year on year 2009 and 2008. We have got a 30 per cent increase.” He said it repeatedly, 30 per cent over 5 years and when you look at the figures, it just is not true. So we are being sold cuts of the order of what we are seeing in the Business Plan and then we are being sold, or attempting to be sold, even bigger cuts on the basis of these myths. When Deputy De Sousa said: “I think it is going to be very hard to achieve the cuts” she is right because there is not that much room for manoeuvre in terms of simple cuts. There may be fundamental rearrangements that are possible but in terms of salami slicing, it is very, very difficult as we can see from all the amendments. Of that 30 per cent increase that the Minister for Treasury and Resources referred to and made a big splash in the paper and was designed to make everybody out there think: “Gosh, are they not a shower in there.” He was damaging our reputation by saying that in the media and by spreading that around. Of that 30 per cent increase, 40 per cent was inflation and of that, two-thirds was pay and a third was non-pay. So that is 40 per cent; £60 million of the £146 million was inflation. Then you go through capital to revenue, which was a simple accounting procedure to deal with G.A.A.P. (Generally Accepted Accounting Principles) accounting. He has put that into the £30 million; 6 per cent of it

was one-offs, the Haut de la Garenne inquiry and the flu pandemic and Williamson, which will not come again, and 7.5 per cent was welfare going from the Parishes to Social Security, £10 million, but he bundled that into the increase. It was not an increase; it was a transfer and so on. In fact, two-thirds of the 30 per cent was not normal growth at all and of the other third, I have totted up that a substantial amount was things like income support transition because of the introduction of income support. Some of it was the arrangements put in place to deal with the downturn and you just could not argue with those and that takes you down to residual, 12 per cent of the 30 per cent which was actual growth, 12 per cent; one-eighth of £146 million was growth and where was most of that growth? It was in Social Security. What did I just say about crime and poverty? If we do not increase those bottom levels of income, then we are risking an unsafe society. So 30 per cent? It was not 30 per cent and that is the kind of basis we have been proceeding on in this C.S.R., and it is very sad and I wish it had gone differently. Now, the second point about “the States spend more money all the time” is to consider what the new services are. Why is there that little bit of the 12 per cent of the 30 per cent? Why is that there? Why do we say: “I think we should do that, I think we should do that.” Well, 2 examples. I was preparing for this whole debate and I was looking at some early financial reports and accounts of the States and I picked up the 2004 ... well, I did not pick it up, I got it off the Web, and there on the Health and Social Services page was a graph of Outpatients Department activity. Between 1999 and 2004, it was a straight line upwards and the increase was something like 40 per cent over the 5 years, and there was a similar graph for radiography activity.

[11:00]

I circulated an email to Members pointing out that oncology, the cancer treatment unit at the hospital, 8.5 per cent increase year on year for the last 5 years. So do we do this without more staff? Do they magically cope with 8 per cent more a year treatments and outpatients? No, they do not. So that might explain some of the increased manpower, might it not? It might explain some of the increase in expenditure. Then we have new issues like internet ...

**The Bailiff:**

Deputy, sorry, can I just bring you back to the paper. This is an amendment about whether there should be further cuts, not whether there should be any cuts at all.

**The Deputy of St. Mary:**

Yes, I can see what you are saying. I will try and stick narrowly to the amendment. The problem is, of course, that in all the other cuts, these same considerations apply; say it once, do it forever, and will not have to say it again.

**The Bailiff:**

If that is an assurance, Deputy, then perhaps we should ... **[Laughter]**

**The Deputy of St. Mary:**

I am certainly not in the habit of repeating myself, I hope. **[Laughter]** Yes, and then what the Senator Shentons and Senator Fergusons of this world and this amendment would try to have us believe is that there are not new challenges, that, for instance, internet safety is not an issue for children, that we do not need any provision to help protect our children from that and I do not think parents can simply talk to each other and get it right. There is someone, I think, within the Police Service I have seen in the paper working with parent groups and so on to spread messages about how to protect children from internet dangers. The true story is that we have a lean public sector delivering fantastically well. Now, I take the point of Deputy Hilton who appears to know more about the Tourism Department than I do and says that there is a bit of fat there. In detail, I do not know but the fact is that we have a small public sector. That comes from the Corporate Services Scrutiny Panel’s own expert adviser, or one of their 2 advisers, Dr. Harkness, and she says Jersey has a small public sector. There is also a chart, and I am looking for it. There is a chart in that

appendix which shows that Jersey is the smallest spender of any jurisdiction. I think we are either at the bottom or next to the bottom of that table, way below most O.E.C.D. (Organisation for Economic Co-operation and Development) countries. So if we were to increase our public expenditure, the proportion of G.N.I. (Gross National Income) that we spend on public facilities and public services by a tiny bit, we would still be firmly on the bottom, firmly spending less than anyone else. So the issue is not that we are some sort of over-bloated, overloaded public sector. In fact, the opposite is true and when the benchmarking exercise was done, I think it was 2004, 2005, I associate it with Senator Walker so it goes back to “them there days”, the benchmarking exercise went across all the departments, compared their efficiency with other jurisdictions and found not a lot. We were not out of line one way or the other. I think that we provide a fantastic range of services for very little and we should be proud of that and not this constant sniping at the people who deliver those services. Now, there are a couple of other myths I just want briefly to allude to because, again, these are what underlies this kind of approach: “Oh, well, chop another £30 million and no one will notice.” Jersey is, I do not know, over-taxed. I have dealt with that. Everyone will leave. Really? I think that is a complete myth, that everyone will leave. It is stated in the tax document that if we overtax people, then they will go. There is no evidence for this. People in Luxembourg pay more tax than we do and I would not be at all surprised if you took the overall envelope of taxation, including G.S.T. (Goods and Services Tax), income tax and all the rest of it, that Jersey is not a very lightly taxed jurisdiction. The most important myth, I suppose, Jersey will not be competitive. Jersey will not be competitive and Small Society says that. If we spend one or 2 more percentage points of our G.D.P. (Gross Domestic Product) on public goods and services, will we be less competitive? I do not think so. As I said, we are so near the bottom of the table, one or 2 per cent is not going to make any difference at all. If competitiveness depends on how little you spend on your public sector, then we have won already. We are so far in the lead that we cannot lose the race. But, in fact, the opposite again is true. If we spend a bit more on infrastructure, if we do not flood our town every now and again, if we have an incinerator that is really safe, if we have a rational transport system that gets people from A to B quicker than it does now, if we invest in our young people, we will have a more competitive society. So to the actual detail of the amendment and the report accompanying it. First the good news. Page 6 paragraph 2 where they say how this process should have gone is spot on. They say there should have been real consultation. They say that they should have taken the employees with them. They say they should have taken States Members with them instead of having a debate that is going to last for a long time. They also call for fundamental change, that if you set out to make real savings then you have to look at the fundamentals, and one or 2 of the things in their report I do agree with in that sense. But they are asking for cuts to go even faster and that does not follow from what they say in that paragraph. If you want a deep look at the way we do things, then you have to step back, not rush in with the knife. As I said, 3 departments have told me in different capacities on Scrutiny Panels and so on: “We do not know how we are going to do it. We will tell you later”, or even in this Assembly, the Minister for Education, Sport and Culture. One department even said: “Well, there are so many initiatives going on, we can hardly keep up.” That is not the way to run an efficient and effective service. I was very pleased to hear about the blue-sky day. I must be one of the few people in here perhaps who was pleased to hear that because it made quite a stir when it hit the front page because of the way that it was being looked at in terms again of cuts, but some aspects of that, having time without any constraints to really look at things in the round to think the unthinkable, I was pleased to hear that. I felt that was an encouraging sign. I felt we had not seen any of that up to now and I was most pleased to hear that. When Senator Le Marquand was speaking just now, he said the same. In fact, he lengthened the time scale to 10 years to get real lasting change without affecting services. He mentioned as well this idea that the public would define what they needed from the Government. To do that, you need real consultation and real trust. Different kind of process, folks, different kind of process. So then the bad news about the report and why we cannot, any of us, support it: £100 million deficit and they say we should make more from savings but of that £100 million, £30 million is backlog. According to the Minister for

Treasury and Resources, it is simply catching up. It is doing the stuff that we have left on the backburner for too long, like property maintenance and roads falling apart and so on, and the elderly and the usual list, and sewerage. So we have to claw-back some money now. Where is that £30 million going to come from if we have just cut it? We have heard 2 speeches, I think, from the proposer and someone else about how it was about focusing Ministers' minds. We set the envelope, we concentrate their minds and then they get on with it. I find that a little bit cavalier. We set a budget - random figure - we will not consider what services they provide or how they provide them or whether they can manage. We just set a budget and we set it with *pro rata* cuts which, as we have from the Minister for Treasury and Resources are nonsense, and then we just sit back and the departments and the Ministers get on with it. It is a quite extraordinary scenario and the only way they cover it is by their magnificent statement at the bottom of page 6 that "these will be difficult decisions." Jutting jaw, macho-look, in we go and take these difficult decisions. Well, I am sorry, I would rather take thoughtful decisions, not tough decisions and that way, we might take people with us on this journey. So it is unsupportable but there is one aspect, and I did touch on it just then, take people with us on this journey. One thing that is right about the report is that it talks about a new turning point. It is somewhere there. I tried to find it, could not find it, but I know it is there, that they say this is a new situation and I think that is what is underlying this whole debate, something new is happening and therefore we need these drastic measures to ... lost it. [Aside] Turning point, that is right. That is why we need these drastic measures, the £50 million cuts or even £80 million cuts. There is something, there is a grain of truth in there and that is why we all warm to it, we all think: "Gosh, we have really got to do something", but the definition of the problem is wrong. It is not the share of our wealth that we put to public goods and services that is the real issue. The real issue is the change that is coming over the horizon which we all sense. We all know that the way that our society runs is going to change fundamentally as the price of oil and energy goes up and up. We can protect ourselves. This is exactly on the point because it is about the nature, the kind of cuts, the kind of adaptation we need to make, and I am trying to set a frame that is different from the frame we are being given because I think the frame we are being given is not right. It is the old thinking. It is how do we slice? How do we make do with this straightjacket that does work and we need ... in one of my amendments, I am talking about energy efficiency and that is the approach, to make more out of less. We will fundamentally, as a government and as people, as well, have to deal with that issue and that is the real turning point. The real turning point is making more out of less and it will require very big changes in the way we do business, in the way that the public receives services, in the way the community works together to provide its own needs. There will be big changes, but I am not sure that this process has been quite the right way of doing it, and certainly random *pro rata* huge cuts are completely counterproductive. As I said at the beginning, I think this amendment's purpose was to paint the Minister for Treasury and Resources as the man in the middle. He is not. His cuts are just as not thought out as these cuts and he himself said so, so we can reject this amendment and hopefully go on to put some of the sense back into the Business Plan as we go forward.

#### **1.2.12 Deputy M. Tadier:**

I am aware that a lot has been said so I will try to speak for a maximum of 10 minutes and if anybody thinks I am going over that, do give me a nudge - and I am sure my colleague on my left will do so. But, of course, there is a very simple way to solve this. What we do is say in 2015 we are going to have to cut public spending by 100 per cent, so we are not going to have any money and we are not going to provide any services so rather than having a big government or a small society, we will just have no society and we have a debate about where money wants to go. So when people go outside the door and there are no buses, the roads are in a bad state of repair, people say: "Well, hang on a minute, I need to get to town, I need to get to work, I cannot do it" and we say: "Oh, well, we will have to think about that then. What do you think we should do? Who should pay for the buses? Who should pay for the repairs of the roads?" but, of course, we

cannot be in that scenario. But in some ways, that is almost what has been suggested here, that we need to have this big debate and I think that much is certainly true.

[11:15]

I think also the statement by Senator Shenton is true in the sense that there do largely and historically seem to have been 3 groupings in the States. I would slightly like to differentiate them in a different way. I would say there are those - and I would say this is where the Scrutiny Panel is coming from - who are proposing arbitrary *pro rata* cuts. We have the Council of Ministers and sympathisers and supporters who are proposing *pro rata* cuts which may be slightly less arbitrary. They are being thought through but they are nonetheless *pro rata*. They are across the board, at the moment 2 per cent. This is something I will come back to because, interestingly, we have had a very stirring speech I think, a passionate and compelling speech from Senator Ozouf against *pro rata* cuts which is exactly, and ironically, what he is proposing. Then we have another group which I would hope would be saying: "Yes, we do want to see genuine savings and we do not want to see frontline service cuts and we do perhaps want to see savings through restructuring if that can be achieved." But certainly we know that savings can be made. We also know that there are other areas which need to be funded a lot more and which need services which either are not being delivered correctly at present, need to be delivered, or need to be delivered from scratch. This analogy about *pro rata*, and this goes to talk about why initially, although I had some sympathy with this proposition, I cannot support it. We have heard about the particularly arbitrary nature of a *pro rata* cut. Now, it may be because of my religious upbringing but I like to deal in analogies. I find this helps to understand often complex matters. Imagine you have 3 people who are overweight, and the reason I use that analogy is because I notice that since being a States Member, I have unfortunately put on a bit of weight which I will have to do something about. It is a particularly pertinent analogy, if I may say so myself, because we are talking about fat and we are talking about being lean and there are also 2 main ways that a doctor would prescribe to curb your weight. You can either do that through increasing your exercise or by reducing the amount that you eat or you can have liposuction. That is the extreme version which I think is maybe being proposed by the Scrutiny Panel. So let us take the example of 3 people who have weight issues or certainly one who is underweight by one stone. You have somebody who is perfectly suited to his current weight. He does not need to lose or gain any weight. Then you have another individual who is 4 stone overweight. What you would do if you were a sensible doctor would be to say: "Well, I think you are a bit skinny so you have to eat a bit more otherwise you are going to get ill. You are fine so you do not need to eat any more. Carry on doing what you are doing." The person who is 4 stone overweight needs to be taken aside and told: "Look, if you carry on like that, you are going to get problems later on and so you should lose some weight. Either exercise more, eat less or do a combination of the 2." Unfortunately, what we have here is the Scrutiny Panel saying: "Oh, I think you are all going to have to lose 3 stone because collectively you are 3 stone overweight. Therefore each of you lose a stone and then everything will be all right." Of course, this is complete nonsense. It does not solve anything. It serves to make 2 people even more underweight and one person who is still overweight. So I think that is the position. That is how I see it, very simplistically, but hopefully that has a grain of truth in it. Unfortunately, as I said, Senator Ozouf is coming from the same position and, by extension, the Council of Ministers, I feel, because this is exactly what we are seeing with the Council of Ministers with these *pro rata* cuts. Now, we know that there are Ministries in there, I am sure, who can make efficiency savings, but I would certainly say from my experience with Scrutiny with the Minister for Home Affairs and the Minister for Education, Sport and Culture: "Do your departments really have that much fat that you can cut?" If we are to reject this proposition on the basis that it is a complete nonsense, as I have tried to demonstrate, then we should also be extending that example towards the cuts in general. So I do have some sympathy for the panel in the respect that I think that the way in which these cuts are being put forward, they have not been thought out as much as they should have. That is certainly true although it is not a reason to support this particular proposition. Now, I want to speak very

briefly on cuts versus savings and we need to be mindful in general of false economies because if we did pursue this amendment, then it does have dire consequences. I do not buy into this idea that overall there is too much spending. I think there are areas in which money can be saved but I think that should be redirected into other areas, preferably ring-fenced within departments so that they can solve problems. I will give a couple of examples which have come to my awareness in the last couple of years. I know, for example, that we are treating psychiatric patients or people with a psychiatric history and we are putting them in prison often because they do some kind of act which is considered initially criminal but they are being put in prison because there are not actual facilities to house them otherwise. We have seen this in headlines in the *J.E.P. (Jersey Evening Post)*. We know this to be true. There are also examples. I went to court the other day just to view some of the proceedings there and I was fascinated by the fact - I will give one example - of course, I will not mention any names - but there was an individual who was before the Magistrate and a bail application was being made and it was being contested by the Crown Advocate saying: "We do not want this person to have bail" but there was no reason given and, quite rightly, the Magistrate said: "Well, you are going to have to give me some proper grounds for this to be done." But the defence lawyers, who should have been saying: "There are no grounds for this bail being rejected" said: "Oh, well, there is nowhere for this person to go. He is of no fixed abode so let us put him in prison." Now, of course, that is a pragmatic solution but ultimately it is not solving anything. I fear that we are putting people into the criminal justice system and this has an actual consequence on the Minister for Home Affairs. I know we have already heard from the Assistant Minister because they are running up expenses and it is quite possible that under-investment in Health and Social Services, either through benign neglect or because they do not have the resources or perhaps the funding they need, causes false economies and stores up misery later, both financial misery in the budget of the departments, but also social and very real consequences for families and I think this needs to be dealt with. So what I would say is I agree that we should certainly listen to Scrutiny when it speaks. We should listen. We do not always have to agree necessarily with their findings but certainly, because Scrutiny is fact-based, we should look at the facts and we should take lessons and take them on board when necessary. As I have said, I think this amendment is flawed but, by extension, so are the *pro rata* cuts and I would call for Members who do reject this amendment on this basis to also reject the *pro rata* cuts as they are being put forward by the Council of Ministers at this time. In particular, I would ask for Ministers who really think that their departments are lean to also stand up and defend their Ministries rather than necessarily toeing the party line. What I would ask them to do is rather saying: "Okay, we will make savings. We know that there are real efficiency savings that we can make but we will then keep the savings to fund other areas which we know are being under-funded in our own departments", I would think that is the best way forward. So I will not be able to support this proposition. It is good that it has come up. It is good that we do continue to have a debate in society and in the States about which services should be provided by whom and I will finish with a little example because when you do start to ask these questions, you get interesting responses. I went to an I.O.D. (Institute of Directors) dinner with a speaker, I think it was last year, and the question was asked: "Do you think that the States should do more to help businesses, to encourage business?" Of course, the answer was a resounding: "Yes" but when a similar question, the flip side of the coin, was asked: "Do you think that government should be interfering with businesses?" they said: "Oh, no, certainly not." So these are the contradictions we deal with. People, of course, want less public spending but they want gold-plated services. These are the conundrums which we have to deal with. I believe that we can do this without cutting frontline services and so I will be opposing this amendment. I will also be opposing the *pro rata* cuts across the board because I think it is flawed and I will leave it at that.

### **1.2.13 Connétable J.M. Refault of St. Peter:**

I think it is right to talk about the C.S.R. review done by the Corporate Services Panel and applaud them in recognising that there is an opportunity to make more savings. However, applying those

savings rigidly across the board without any real evidence on where they can be made in my view is unrealistic. But the one thing that my very good colleague, the Constable of Grouville here, pointed out earlier on is that there is nothing within the process to identify if somebody does not perform and the savings are not made. How that is going to be dealt with? I come back to a recent P.A.C. hearing, which I was involved in with the Chief Executive when the question was put to him, is it not his responsibility to control the spending of the Executive and he said: "No, it is not. It is for the Accounting Officers within the Executive departments to do that." If the Chief Executive does not have that control, then what hope have we got as States Members to implement those controls as well? In looking at the actual process of the C.S.R. itself now, it reminds me very much of again a very parochial thing that we do and we do it twice a year. It is called a branchage. It is not a root and branch cut. It is a branch cut and this is what we are doing at the moment. We are cutting the branches. We are clearing away the headroom. We are creating the opportunity to go forward and that is all very good. We must be doing that and we will visibly see where those branches have been cut. What we will not see is where the other cuts need to be made which is at the roots, the roots which are unseen, the back office work, the administration and those are the parts that we will not see being done. The problem with branchage is that in 6 months' time, the trees will have grown again. What we had around about 2003, I think, was the Fundamental Spending Review and I share with Deputy Pitman a working career within the States and he is quite right. Frontline people do know where a lot of efficiencies can be made and certainly within the F.S.R. (Fundamental Spending Review) process which I was a part of, we made cuts then. So I am going to move now from branchage to Visite Royale because once every 6 years or thereabouts, we say: "Let us have a real good look at this and see where we can rake some real benefits," and this is what we are doing here again. So I cannot support the Corporate Services Panel's amendment today because I believe it is unrealistic. It is just applying cuts across the board without seeing who can do those cuts. I will be supporting the Chief Minister's proposal. However, I would like to make it quite clear to him that I shall be doing so but with a caveat and the caveat is that through P.A.C. or as a private Member, I shall continue to look for real savings where they can be made and they are sustainable and I come back to Deputy Vallois' statement earlier on where she said these cuts will help to change the culture. I do not see how any cuts are going to change the culture. The culture is something that needs to be done systemically from the roots upwards, not from the branches downwards.

#### **1.2.14 Deputy A.K.F. Green of St. Helier:**

Much of what I wanted to say has been said so I will not repeat it in the interests of time, but one of the things I did write down when I read this report, which has been repeated time and time again, is planned structured approach and that is what we need. A *pro rata* cut - and I speak as a person that has been in the public sector - a *pro rata* cut or *pro rata* anything encourages inefficiency because it encourages people to keep their budgets and their empires and their domains high on the basis that they will be able to take a *pro rata* cut much more easily than those managers that work hard to provide lean and efficient services. I speak from having been the recipient on the end of that sometimes when departments have worked very hard, very hard indeed, to provide quality services at the right cost just to receive a *pro rata* cut and other departments who have done nothing, absolutely nothing and are totally inefficient, have no problem at all finding their 2 per cent or their 10 per cent cut, and that is why I am opposed to *pro rata* cuts. We need to get back to basics. Having said that, of course, when you are in trouble, when you have not got a lot of time, sometimes you have to, as we have just done the 2 per cent *pro rata* cut. That was just to make a start on the work that needs to be done and I can understand why we did that but from now on, we need to have a structured approach. As Senator Le Marquand said, why are we providing that service? Do we need to provide it? Should we be providing it? Can we do it differently? Is it effective? It is the backroom stuff that we need to get a grip on. I am very sorry, I will probably lose a few friends over this in the Civil Service but there are a lot of people out there working extremely hard, dedicated in providing the service but we have seen this huge explosion in support

services that seem to increase the overheads but add nothing to the delivery of the service; all very efficient but not very effective, and we need to get that right.

[11:30]

I put reduce overheads and encourage better performance. Of course, we have a dichotomy here. I have had loads more emails over this debate than any other debate, even cycle helmets. I have had more emails over this from my constituents in the Island and if you scientifically analyse them, you cannot do right for doing wrong. They want reductions in tax. They want reductions in expenditure and they want increases in services, so you cannot do right for doing wrong and we really need to get back to basics. Senator Le Marquand asked why are we doing things; whether we should be doing them, otherwise the easy thing will be to cut not necessarily the right things and I prefer to look at not cuts but efficiencies. With the increase of backroom people, we are deskilling our managers and not allowing them to do their job. We need to change that but that is for later on. Just one figure I wrote down here in terms of how difficult it is for the departments and it has been an absolute challenge in E.S.C. (Education, Sport and Culture). I am sure others have had the same. It has been an absolute challenge. When 90 per cent of a school budget is your staff, there is not a lot of room for movement and that is the challenge that we have to look at. So we may need to look at how we are doing things, whether we should be doing things at all, whether we should be doing things differently but I will not be supporting this amendment for that reason.

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

As I rise to speak after several of my colleagues, I am sure Members do not want me to speak for too long as they know I try to not speak for too long, and I will do that now. I start by saying that it is right that Senator Ozouf should feel uncomfortable when reading the Scrutiny report and not only he as Minister for Treasury and Resources but I think all Ministers should feel uncomfortable with some of the findings that have been made clear to us by Corporate Services. They tell us that there is no strong leadership. They tell us that there is no strategic thinking about the model of government that would be the result of the significant changes proposed within the C.S.R. Whether we believe those findings or not, it is clear from my reading of the report that a number of Ministers have not made the effort that they should have done with their departments to achieve the savings of £50 million over 3 years. The panel believes that the overriding vision of the C.S.R. is that of a reduction of spending by improving efficiency and the £50 million to be found over 3 years savings I am afraid is not going to be achieved. I do not want to be the voice of pessimism but it is quite clear from the report and Deputy Tadier has just alluded to the fact that we should, of course, be taking notice of Scrutiny reports. They are based on evidence and this one, as we know, has been produced following consultation with all the Ministers and their Chief Officers. But we are debating today the means to an end. We are debating about achieving savings and however those are realised, we need to save at least £50 million. Of course, it is clear in the report that we do not know whether it is £50 million or whether it is £100 million and the reason I have chosen to speak early in this debate is to allow the Chief Minister and the Minister for Treasury and Resources to come back to us and make it clear what the savings are that we need to achieve over the next 3 years and into the future. However, I repeat, we are debating the means to an end and yet it is quite clear from the report, quite clear, that the £50 million savings cannot be achieved. So are we wasting our time debating over the next few days? I hope not. I want to just read from the report: “When asked how the C.S.R. would be enforced, the Minister for Treasury and Resources said: ‘By charm and persuasion, Chairman’.” **[Laughter]** I am sure we all try to use charm and persuasion to achieve our ends but it is unfortunate, I think, that the panel picked up on that from the hearing and put it in their report because their finding is that there is no mechanism to force this saving of £50 million to happen. They tell us that Ministers are being led through the process with the hope that they will conform but that there is no single authority, which neither the Minister for Treasury and Resources nor the Chief Minister... there is no single authority no one to crack the whip and to sanction for failure. The Ministers will blame the States Assembly and the States Assembly will



blame the Ministers, making accountability diffuse. Collective responsibility is ideal for the furtherance of democracy but not so good at achieving when the going gets tough. I feel I need to point this out to Members from the report, which I found very interesting to read and I am keeping with me throughout the debate the summary because it really is worth having in front of us all, I think. We know that only a few Ministers have risen to the opportunity to make significant changes. They have also asked the question: "What will happen to Ministers who fail?" I know other Members have alluded to this. I think we as a House, we as individual Members, it is our responsibility to make sure that although there is this pessimistic turn of phrase in the report and that it quite clearly states that the £50 million will not be delivered because there is no process for ensuring delivery, I think we are the process to ensure that delivery, the 53 Members elected to this House. It is incumbent upon us to make sure that although there is no formal mechanism in place we all do our part to ensure. That, of course, will be by way of Ministers making the necessary cuts, making sure they work within their departments. It will be by us as Back-Benchers, non-Executive, asking the right questions, putting the pinch on them, holding them to account here and outside the Assembly. So I hope that at least some of the Ministers will come back and answer the findings of the Corporate Services Scrutiny Panel, I think the most damning one being that the comprehensive savings will not be delivered because there is no mechanism. Whose fault is that? I do not know. We need to make sure that it is amended and a mechanism is put in place to ensure delivery. That may well be with the proposed governmental reforms. However, looking on the positive side, we are all able to decide how we want the business plan to be effective through debating and voting over the next few days. I look to the strong leadership from the Ministers that we are told is lacking at the moment. I think it is incumbent upon them to start delivering. I am looking forward to hearing from all the Ministers when they speak. As I say, it is up to us to make sure that the £50 million savings is not pie in the sky but it is delivered.

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

I would like to begin by congratulating Deputy Vallois, the rapporteur for this particular proposition, for 3 primary reasons. The first, she is rapporteur for a proposition that I think has, in principle, significant merits in terms of delivering greater savings. Absolutely right that we should be looking for greater savings. The principle behind the proposition is right. I will come on and speak a bit more about that in a moment. The second thing I would congratulate her for was she made the point that we need to work together. That is all departments, all Ministers and all Members of this Assembly. I think that is absolutely key; she is absolutely right and we must do it if we are going to deliver what we need to deliver. The third thing I congratulate her on was the brevity of her speech. She was up and down very quickly, made important points and moved on. We have a long week ahead and I hope others can follow her example, including myself, I might add. I said the principle behind this proposition is right and I agree with it in that respect. The *pro rata* element I do have a problem with. I really feel that the £5 million of savings in 2011 is asking a lot for departments at this particular stage, on top of what has already been committed. I believe that we need to increase the targets that we have set. The 2 per cent, 3 per cent, 5 per cent is a level of savings, certainly from my department's perspective, that absolutely will be delivered. In fact, we will exceed those targets. We intend to exceed those targets by the way in which we are going to deal with the future provision of services from Economic Development. I do accept from a timing perspective that some departments will find it more challenging and I understand that because of that they will need probably more time in order to do it. So we all will have to move at a slightly different pace in this regard. But the key is the balance: the balance between spending and taxation. I personally am not happy with the balance as it is set at the moment. I think we need to strive to deliver higher levels of savings in order to minimise the levels of taxation that we are going to burden the community with as part of this package. As a principle, I believe very strongly in that. I would also just like to make a comment. Deputy Hilton made some remarks earlier, and I certainly hope that they are personal remarks and not reflective of the Home Affairs Department as such. It did rather seem as if it was a sort of silo mentality, almost: "Get your tanks off my lawn

and look at yourself in terms of Economic Development or any department.” But I am sure this was not intentional. Her examples did seem to aim directly at Economic Development. But I am sure that was not intentional. I would like to just quickly address those matters. [Aside] It was. Jolly good. It appears that it was direct, in which case I shall answer those particular points. I think this is a moment when Deputy De Sousa, who I am looking at, should be congratulated. She had concerns about a particular suggested cut in Economic Development. She picked up the telephone; she came in and saw me. We spent a very pleasant 2 hours together and had a good long chat and she was satisfied with what was said. That is a good way of approaching it. I really do get frustrated from time to time when I hear ill-informed comments which are not based on fact. Deputy Hilton commented about tourism, for example. She was saying: “In the heydays of the 1970s and 1980s” I think she remarked: “what was the level of staffing then compared to the staffing today?” I can tell her and Members that staffing in 2002, not as far back as that, was 38 full-time employees in tourism. We have now reduced staffing by 30 per cent currently to 25. There has been a reduction also ... she also made comments about the airport, and, while I am on my feet, the harbour. Both have reduced their staffing levels and that is absolutely as it should be. I really feel that, moving forward, we need to look at - and every department, I am sure, will be doing this; we certainly are - ways in which we deliver services. It is absolutely fundamental. One or 2 Members have mentioned the point that we consider carefully the type of services as a government we want to deliver and we need to deliver, and, importantly, how we are going to deliver it.

[11:45]

Again, Deputy Hilton was referring to the P.P.P. (Public-Private Partnership). “Why is it not being delivered?” she said. The answer to that question is that it was quite simply, in the proposed form, too expensive to do. What it was going to mean was we were going to have to take away marketing and advertising spend from the frontline during the middle of a recession. That is the last thing you do. It is just not workable in that respect. Does it mean we are doing nothing? No, it does not. We are looking at ... and I have asked the department to look at all the options with regard to the department as a whole, but, in particular, tourism. We are considering a revised model for the P.P.C. (Privileges and Procedures Committee). We are looking at all the options. One of those includes the possibility of outsourcing. There is no reason why that should not be possible. We have gone part of the way in terms of introducing the Tourism Marketing Panel to improve private sector involvement in the industry. I think that we need to do more to look at these particular options. At this particular point I am not going to go on any further other than to say I am not going to support this part. I do support the principles of what the Corporate Services Panel have brought forward and I think that we must, as an Assembly, Ministers, individuals, from all sides of the Assembly, work together to deliver sustainable savings and a restructuring of the public sector and the Government on this Island.

#### **1.2.17 Deputy P.J. Rondel of St. John:**

I presume, and I have taken for granted that the Corporate Services Scrutiny Panel which Senator Ferguson chairs and Deputy Vallois is vice-chair ... sorry, is a member of ...

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

A very valuable member.

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

Absolutely ... will have done their homework very thoroughly. Being a Scrutiny chairman, we get all sorts of brickbats from Ministers on a regular basis. But that said, we do our homework. I must say that I am minded to support the panel, knowing that they will have done, and asked all the necessary questions. But that said, there are one or 2 areas that, in fact, need looking at more closely. I think the Chief Minister, with a £5 million cut, can decide where the cuts could come. It

does not have to come from Education; it does not have to come from Health, *et cetera*, or Home Affairs. But E.D.D (Economic Development Department) and the like should be targeted. I will give you a reason why. On my question yesterday, question number 2 in the written answers ... and I look at grants, whether it is for area payments, whether it is grants in other areas of the farming and agriculture industry, which run into millions of pounds. I believe a number of these companies are maybe not cash rich but really property rich. The directors of these companies are multi-millionaires. What on earth are we doing supporting certain parts of industry that actually can support themselves? Why put money into millionaires' pockets? It is absolutely ludicrous. There are immediate savings that can be made in that area. Another area that the Chief Minister should be looking at immediately is putting a freeze on senior States employees wages. Bring them down somewhat. Members who are earning over £60,000 a year: put a freeze on their wages. Only several years ago, 7 years ago, I think it was, we set up our own bus company. We took it up with the private sector and decided to throw £4.3 million a year at that particular industry solely because the department at the time could not, would not, give the operator anything more than a 6-month contract. Nobody could invest in our Island or in business on a 6-month contract. We needed new buses. The owners of the day, the J.M.T. (Jersey Motor Transport) were prepared to invest but not on 6-month contracts. So what do we do? We take the bus service over. We give the bus operators a site and a garage and £4.X million a year in grants. If we would have been thinking clearer we would have made sure that we gave a proper contract to the then bus company. I sincerely hope - I think it is next year or the year after when the current bus contract runs out - that my panel, who will be hopefully reviewing it before long, will come up with some blue star thinking, out of the box thinking that we no longer have to subsidise bus companies because if we can save £3 million or £4 million a year, or even only £2 million a year because there will be an area that will need to be funded, I presume, because of H.I.E. (Health Insurance Exemption) and the like, these areas will have to be covered. But there must be funding that can be saved there. Recently I had the unpleasant task of having to attend on somebody in hospital in France who was critically ill. I saw when I arrived at the French hospital ... it was a 1950s/1960s building and it looked somewhat shabby. But when I get inside it was perfection. We did not have any carpets on the floors and whatever, utilitarian, but the service being given to the patients was second to none. I am not saying there is anything wrong with our hospitals but a lot of the things we do in Jersey are Rolls Royce. Not carpets on the floor. It was linoleum that went up the walls. The rooms were cleaned twice a day. They had the best equipment from around the world. I noticed some of the boxes came from New Zealand. So they are using the best equipment within the hospital. But I must ask: do we need Rolls Royce equipment within certain areas of our States? On Rolls Royce, I will go on there. Other statements have been made and should have been made, the fiscal stimulus, that we were spending money or have been spending money. I look at Victoria Avenue - and I mentioned this yesterday and I see the Minister for T.T.S. smiling - and we have all seen with our red asphalt down the centre and the new realignment of Victoria Avenue, *et cetera*, when, in fact, money could have been saved and should be saved. Yes, we needed drainage sorted out on Victoria Avenue and re-asphalting. Did we really need as many new lights as have been put in? I am sure someone will say: "Yes, there are going to be savings in the long run." But by that time the lamp standards will be at the end of their serviceable life also and need replacing in 15 to 20 years' time. Did we really need to go down the road of spending the amount of money we did? I think the figure was somewhere in the region of £7 million. I do stand to be corrected. But it is time we cut our cloth accordingly. We do not need Rolls Royce applications to this Island when we can get away with a Ford because it is time that this Island realised that the money is not going to come in as it does today. The Corporate Services Panel have done sterling work and I am sorry to have heard so many comments about the work they have done this morning which were, in fact, downgrading their work in some respects. That is not the case because, as far as I am concerned, they will have looked at the paperwork if they believe that these cuts can be made, and made sensibly, not across the board, but the job given to the Chief Minister to do and let him decide where the cuts are going to be made.

**The Bailiff:**

I think, Deputy, that is not possible. The amendment makes it clear that it is *pro rata*.

**The Deputy of St. John:**

Yes. I am sure that the chairman of the committee may pass comment on that shortly, Sir. But that said, the other areas that need to be looked at, and, yet again, they will come under E.D.D., is the Heritage Trust. No? It does not come under your department? It will come under one of the departments. The Heritage Trust: I heard this morning that they were just pulling themselves out of the mire but that said, we have seen in the past that through lack of input by the States themselves, lack of input, they were allowed to buy the DUKWs that operate from Elizabeth Castle, which was a private company, at a time when we should have been tightening our belts. It is crazy that there was no oversight from within the departments and I believe that the Ministers, in fairness, because of the structure of the new government system or the current government system, cannot keep abreast of everything that goes on. Only yesterday I had to speak to the Minister for Home Affairs in relation to Bulgarians and Romanians working on the Island without work permits. Yet, on the UK Government Border Agency website, the Romanians and Bulgarian residents in England have to have permits. I have not really had a proper answer why these things are not being controlled.

**The Bailiff:**

The relevance of this to the debate?

**The Deputy of St. John:**

Well, Sir, at the end of day, these people are taking up local jobs and the locals are the ones who pay most of the tax. That is the relevance. Also it means that the Ministers are not up to speed with their relevant departments. That is the thing. They do not know everything that is going on. When it was the old system, and I am not praising it one way or the other ...

**The Bailiff:**

I am sorry, you cannot go into the machinery of government

**The Deputy of St. John:**

No, Sir. But you ask the question so I was trying to ...

**The Bailiff:**

I think you are digging yourself deeper into the hole if you go on, Deputy. Perhaps you could come back to the amendment.

**The Deputy of St. John:**

Yes, Sir. How far had I got? I was busy praising the panel because they have done an awful lot of work and given that you have thrown me from my speech I think I have said sufficient and I will sit down.

**1.2.18 Senator S.C. Ferguson:**

I am glad Senator Maclean and the Deputy of St. John have brought us back to the point of the debate. This is an opportunity to compare and discuss the balance between spending and tax increases and looking, as we said in our report, at the options of low tax, low spend, versus high tax, high spend, looking at the broad policy. Where should responsibility rest? With government, with the private sector or with individuals, and how should it be divided? What do we get? A plethora of shroud-waving? It is so hard that I am feeling as if I am in a hurricane. Obsessed with details and not policy. We heard quite a lot about: "Well, we will not vote for it because we do not like the *pro rata*." Unfortunately, because of the wording of the proposition and the rigours of the legislation, we have to do this. But, in actual fact, we really do not mind how the Chief Minister distributes the £5 million across the departments. In actual fact, we mainly vote on the bottom line

and the general allocations to the department. But after that I think you will find that the Minister for Treasury and Resources can move the amounts around.

**The Deputy of St. Mary:**

Sir, can I ask a point of order?

**Senator S.C. Ferguson:**

No, I am not giving way, Deputy.

**The Deputy of St. Mary:**

It is a point of order. It is a point of order and you have to.

**Senator S.C. Ferguson:**

I am not giving way.

**The Deputy of St. Mary:**

It is a point of order.

**The Bailiff:**

Let us see this point of order.

**Senator S.C. Ferguson:**

All right.

**The Deputy of St. Mary:**

Let us see if it is a point of order.

**Senator S.C. Ferguson:**

Oh, God, another 10 minutes ...

**The Deputy of St. Mary:**

It is an important matter when we come to vote. The proposer says that although we are voting on something that says it is *pro rata* cuts, it specifies numerically as well as in words, and then the proposer's ally says: "We are not voting on *pro rata* cuts; we are voting on an overall cut which will then be distributed at the whim of someone." Please could you clarify whether Senator Ferguson is within her rights to do this?

[12:00]

**The Bailiff:**

The amendment does say that: "The total sum shall be reduced and the net revenue expenditure for the Ministry of the department shall be reduced on a *pro rata* basis." So that would be the resolution that the Assembly would pass if it did pass the amendment.

**The Deputy of St. Mary:**

I need to clarify that, Sir. Is it within the Finance Law, then, for department budgets allocated in this way, to then be shifted around because I was not aware that that was so?

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

No, it is not. It is possible within the department.

**The Bailiff:**

My understanding was, yes, there are certain powers given to the Minister for Treasury and Resources.

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

It can be. I would have to get a copy of the Public Finances Law. But the giving and receiving Minister must be in agreement, as I understand it. But, yes, it is possible to shift by Ministerial decision, money from one department to another. It is not what the amendment says.

**Senator S.C. Ferguson:**

I would emphasise, with great respect, that we were required to put the *pro rata* in the amendment because of the way the proposition was worded. We really do not mind how the Minister for Treasury and Resources and the Chief Minister allocate the savings.

**The Bailiff:**

If I can assist, Article 15 of the Public Finances Law says that: "All or any part of the amount appropriated by a head of expenditure may, with the approval of the Minister for Treasury and Resources, be used for the purposes of another head of expenditure." A head of expenditure is defined as: "The total amount that a States-funded body may withdraw." I think that does mean that the Minister for Treasury and Resources can subsequently move it between. But the Assembly will, in effect, give guidance that the cuts will be *pro rata*, we are in the position I think, but yes, ultimately as a matter of law, it must be the Minister for Treasury and Resources who would subsequently move things around if he so wished. I say that is my understanding, having had a very quick look.

**The Deputy of St. Mary:**

Can I ask another point of order in that case? When we vote, how do we signify whether we are happy for that ... imagine we voted in favour of this proposition, we may vote in favour because we want it to be *pro rata* and that we have not given any consensus for it to be made on a Ministerial decision basis.

**The Bailiff:**

It is the same as with any other part of the Business Plan. In other words, the figures are approved by the Assembly. As a political matter, one expects the Council will then proceed on that basis. But if for some particular reason the Minister for Treasury and Resources wants to change things, under the matter of law he can.

**Senator S.C. Ferguson:**

So, as I say, in actual fact, I think we went through this in 2007. I had long discussions with the current Minister for Education, Sport and Culture because, in fact, we worked out then that the Minister for Treasury and Resources can move the amounts around by Ministerial decision. Therefore, we do not mind. We just say: "£5 million." Now, the rationale for our wanting to increase the proportion that is with spending rather than with tax, is from a paper by 2 Harvard professors called Alesina and Ardagna in 2010. So it is pretty recent. They have been doing a lot of work for Ecofin. They have found that for successful fiscal adjustments, about 70 per cent of it comes from spending cuts. Then one of the striking results from their work, they discovered the side effect that fiscal adjustments on the spending side are associated with high growth, much more than fiscal adjustments on the spending side - which is fiscal cuts - are more likely to provide high growth than fiscal expansions on the spending side. Maynard Keynes, eat your heart out. Furthermore, Professor Alesina says: "Many even sharp reductions in budget deficits have been accompanied and immediately followed by sustained growth rather than recessions, even in the very short run." These are the adjustments which have occurred on the spending side and have been large, credible and decisive. So we are looking at good evidence, as any good Scrutiny Panel should do. Now, if you have got growth taken up by the private sector, then that provides more jobs and minimises the social effects. So contrary to one of Deputy Pitman's contentions, cut spending and the growth will be taken up by the private sector, will be provided by the private

sector, and will provide more jobs and minimise any social effects. But it is not just departmental savings that we have to look at. I would remind the Minister for Treasury and Resources, who sadly is not here, that in his 2008 report the Comptroller and Auditor General emphasised that our main savings will come from cross-cutting issues, issues which have not been emphasised so far in the C.S.R. process. The initial 2 per cent is business as usual; it is the normal practice in private industry and some of the Ministers and their officers we spoke to said: "No problem, easily done. We are working on the 8 per cent now." Some of them just sat there ringing their hands. So, get with it folks. I am sorry, Sir, not very parliamentary. With respect to Senator Ozouf, in 2007 we had promises. We eventually heard the Comptroller and Auditor General's emerging issues report and the only Minister using that report is the Minister for Education, Sport and Culture. I was sorry we had the shroud-waving. I was hoping those days were over but I heard a lot of the same arguments that I heard in 2007. In fact, over the weekend I looked at my speech for 2007 and thought: "Well, I could really give the same speech and nobody would notice." But the whole point in this is that it is the balance between spending cuts and taxation increases. We talk about what should be done by the private sector. I am not just talking about outsourcing and things like that, I am talking about things like primary care, take it from the hospital which is grossly expensive, and nobody knows what anything costs, and put it in the private sector where it will cost half and it will not be an excessively higher cost to the actual consumer. We really just have to look outside the box. I would also remind Members that from an economic point of view, which has been put to us by previous economic advisers, excessive States spending is inflationary and the growth in States spending over the last few years has been excessive. I told the Deputy of St. Mary that the quotation he is looking for was from the Chairman's foreword to the report. So, in balance we have to look at the balance between spending cuts and tax, forget the *pro rata* please, just look at the bottom line and get going on cross-cutting issues. We can carry on in the same old way, increasing expenditure, salami cutting odd bits of expenditure, pushing up direct and indirect taxes until business decides it is too expensive to stay here, or we can grasp our future in both hands and return to our philosophical roots, a low tax, low spend economy with a strong work ethic and a safety net for the disadvantaged. Our amendment merely takes the proposed savings to about £65 million, a figure which can be achieved and moreover reduces the requirement for tax increases. Mind you, given the change in culture I think we could probably push it to £70 million, but I will not push that. We will get a smaller government, a prosperous private sector, which will provide the growth and the jobs for those released from the public sector. This amendment provides a challenge and not a hurdle. It will show the public we are serious and give confidence to business, and I ask Members to support the amendment.

**The Deputy of St. Mary:**

May I ask a point of clarification? The Senator made the claim, which I have heard made before, that if you spend more on public expenditure then that has an inflationary effect. I know this is not true and I approached the F.P.P. (Fiscal Policy Panel) with the question: "Is this true?" because I wanted it confirmed ...

**The Bailiff:**

What is the clarification? At the moment it sounds remarkably like a speech.

**The Deputy of St. Mary:**

Well, I am asking her for her sources because my source that it is not inflationary is the F.P.P.

**The Bailiff:**

I am sorry that I feel that is a second speech. That is not a point of clarification, Deputy.

**Senator S.C. Ferguson:**

I think you will find more clarification in my speech in 2007 and the rationale has come from the Economic Adviser's Department.

### 1.2.19 Deputy A.E. Pryke of Trinity:

I understand the sentiments of the Corporate Services Scrutiny Panel and I, for one, do not wish to see any increased taxes but we must find savings. I have a great problem with this amendment as we have discussed before which is the *pro rata* cuts. To expect a service with the complexity and range that Health and Social Services covers to take on board additional savings with a target of £1.8 million and to begin to deliver this in 4 months' time is simply not possible. What we need is more time to plan properly for genuine and sustainable efficiencies to be introduced in 2012 and 2013 rather than for rushed and ill-thought out cuts to be forced upon us now. The C.S.R. process has been embraced by all my staff and they are committed to it. Indeed the frontline staff have come up with many other suggestions. This is a side issue. I was involved in the pleasures of being Minister and chaired a quality awards presentation yesterday morning and in that there were 5 presentations from different areas within Health and Social Services on just different ways of doing that service or ways of doing it more efficiently. It became very evident in the presentations that their mind is on cutting and C.S.R. programmes, and that was very encouraging. If there are any savings that can be brought forward from 2012 and 2013 then that will be looked at. If this amendment is passed I make no apology for suggesting that it would be cut because efficiency savings cannot be delivered anything approaching the magnitude and speed of budget reductions that would be required if this amendment is accepted. In the industry, and Senator Ferguson mentions industry a lot, my industry is about hands-on care.

[12:15]

It is people that matter not widgets and the majority of that is allocated to staffing. I recognise that I have responsibilities as a member of the Council of Ministers but my prime responsibility are as Minister for Health and Social Services and in that role the requirement to ensure patient and client safety. We need to establish where balance lies before pure efficiency and what is convenient and appropriate at a delivery of local health and social care to keep Jersey the kind of place where we all want to live with our families. Health and social care and, in particular, the general hospital is not like any other public service when it comes to efficient delivery, and I do not need to explain that to you here but this does not mean that we cannot strive for efficiencies and I am very committed to the process of the comprehensive spending review. This is not the time for knee-jerk reactions but rather for a cool head to ensure that the changes that are going to be required are carefully considered and introduced in accordance with a robust plan as we go forward to find the £100 million deficit. Much has been said about *New Directions* and in relation to the management of long-term conditions and much work has been done in improving health. Much of the impetus behind proposals relating to the long term care have come from early thinking with *New Directions*, but where it is weaker is in relation to identifying a sustainable approach to the delivery of a safe and affordable hospital service in the future. As we know, the current general hospital is facing significant challenges in delivery as a result of the building, staffing models and systems that are just now out of date. Up to now the general hospital has thrived because there has always been a pool of well-trained generalists with special interests but changes in medical training in the U.K. increasingly mean that a new breed of consultants specialises in narrow areas and they may be unable to match the broad skill base of retiring consultant staff. So, therefore a new plan is needed. I recognise it is going to take us time to reach this point but I am confident that there is now really new thinking in the department and how this can be achieved. Within the next few weeks we are to embark upon a process that will deliver a strategic road map for the way ahead. Parts of the plan will include a proper analysis of how much we are prepared to pay for health and social services, what services must be provided here in Jersey and which could be provided elsewhere and what is the preferred balance across public, private, voluntary and community sector services. It will include how it will be delivered. So, the work is being done. Efficiency is most important and there are always efficiencies to be saved but when it comes to hospital and other community services there is a premium for the delivery of them. I am determined that Jersey will have a health and social services fit for the pressures of the 21st century, but this takes planning and one which I



will not avoid but it needs effective planning which is taking shape in a C.S.R. process for 2012 and 2013 and the strategic road map. There will be tough, difficult decisions ahead but we must do the thoughtful, evidence-based process but I will not compromise on core services or safety, and that is why I believe that this amendment must be rejected for 2011.

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

I will try to be brief. We have a good debate going on now on this Annual Business Plan and I hope I do not repeat anybody else's contribution but focus clearly on the context of this extra £5 million cut in the context of what is being proposed. First, may I say that unlike the Minister for Economic Development I did not think that the brevity shown by the rapporteur was that commendable. It seemed to me that contrary to her normal, logical approach - and she is very logical, and indeed at times often eloquent in her speeches - that there appeared to be a somewhat lack of enthusiasm for what was being proposed and certainly a lack of logic because while the rapporteur correctly proposed that there had not been full consultation and there had not been full negotiation with those involved, and that what was before us in the Annual Business Plan gives by and large all the appearance of a fairly random set of cuts done, as we say, salami-slicing in order to achieve the ends without looking at the means. She then went on to say: "What we propose is we will just slap another £5 million on the cuts willy-nilly." At the same time she said: "What we want to see is a holistic approach." Well, the holistic approach is entirely absent from the report that the panel produced and from the approach given by the rapporteur. I think we caught a hint of what the real motivation was in Senator Ferguson's speech but nonetheless somewhat lacking. I find this a particularly critical point because despite the Deputy of St. John's support for the Scrutiny process, in general, I believe that if one examines the report that was produced it does not tie-in with this particular proposition. It looks like the Scrutiny process has been influenced by politics rather than evidence and I quote first of all from the report itself that says in the Chairman's introduction, words to the effect, I think I will get it right: "We live in a low tax, high spend culture." That is simply, simply not true. Evidence produced later on in the report by the adviser, Dr. Harkness, points out correctly that Jersey lives in a low tax, low spend culture. The reality is we spend 17 per cent of our G.D.P. (Gross Domestic Product) compared to an average of around 40 per cent elsewhere in the O.E.C.D. and that is the fact that appears to have been ignored by this particular Scrutiny Panel in bringing this proposition. Quite rightly the Constable of Grouville, who was also on the panel, pointed out that we have no evidence from anything we have heard, he said, that savings will be achieved. There is no evidence for accountability and no mechanism by which we can guarantee achieving the savings and in that he is absolutely correct. The way the system works is there is no mechanism there. The question then is, what has that to do with this particular arbitrary proposition which says: "Just slash some more, even though we cannot guarantee that that is going to be delivered either" and we have not addressed the question of how might we approach the Business Plan in process and the targets that we set in order to ensure that there is some mechanism there which guarantees that what we ask for is delivered. This report does not say that, it ignores it and just says: "And let us have £5 million more cuts." £5 million more cuts this year is another 40 per cent of cuts. That is an approach which is sheer folly: "3 months from the start date let us slash another 40 per cent off the target for your cuts." Senator Shenton and Senator Le Marquand both talked about the balance of pain. It is going to be a painful process. Senator Shenton also talked about while he supports this proposition in principle he wants to save pain. Who is going to suffer the pain? Let me refer to that arch lefty, the editor of *Business Brief* magazine. He says of what he calls the interminable row over States spending, is that what it is really about is providing health, education, welfare, security, public infrastructure, public transport and a host of other services members of the public want and in many cases need. Who are these people? Look at any survey of what is happening in the U.K. and you will see a graph something like that, which goes from the poorest on the left, what will the effect of service cuts be to those people in the poorest? This is a decile - 10 per cent - it will be between 4 and 5 times the impact on the poorest than it is on the wealthiest in our society. The numbers might be different but that

picture equally applies to the cuts that we are proposing, and that is inescapable without taking serious measures to mitigate that impact. Why is that? The evidence is in the Corporate Services Panel report. The evidence is that the poorest in our society are more dependent, have a greater dependence for their existence, for their well-being, on public services and what we are talking about here is cutting public services. Dr. Harkness, in Appendix 2 refers to that dependence in some detail. Bear with me, I will find it very soon. There it is. What she talks about is the analysis by the U.K. Government of the benefits allocated to households as a share of government expenditure and she talks about cash benefits for the poorest in our society, or in the U.K. society, being worth approximately £6,000 a year. That is £6,000 in cash benefits in the U.K. Benefits in kind, which are public services like health and education, amount to £7,800 in the lowest quintile, the bottom 10 per cent. Of those, £5,000-worth a year comes from education services and £2,500 from health services. That is what we are doing when we are talking about public spending; we are talking about directing that sort of service to those who are the poorest. If we start cutting those services then we shall indeed make the poor worse off and we shall indeed stretch the gap between the richest in our society and the poorest in our society. What we must be very careful not to do is to do just that. That does not mean a willy-nilly increase in the amount of cuts by £5 million, it means doing what I believe many have done, going through the individual cuts and seeing where they impact on frontline services and mitigating, or opposing those cuts. If we look at the report itself it says clearly: "Of the cuts already proposed which have a social impact on households." Are they talking about economic development? Yes. Education, Sport and Culture? Yes. Has a social impact on households.

[12:30]

Social security changes? Yes, a social impact on households, particularly the poorest households. It then refers to: "What impact do these changes have on marginal groups?" Education, Sport and Culture? Yes, severe impact on marginal groups. Health and Social Services? Obviously, yes, impact on marginal groups. Home Affairs? Yes, an impact on marginal groups. Social Security changes? Yes, an impact on marginal groups. In particular they refer to 2 particular pieces on Economic Development; they say the most significant social impact of the 2011 savings proposals however is the removal of the subsidy to school milk, which will cut the free school milk service to primary schools. Now, some of us are addressing that issue individually but that is the reason why we should not be just slashing £5 million. Further on it says of health and social services changes: "That which is the most likely to have an impact on social outcomes is the proposed reduction in mental health services to those with poor mental health; they are particularly likely to be socially excluded." So, there again the appendix to their own report picks out this social damage, which is likely to have most impact on the poorest in our society. If I could just point out that what is missing from the approach from the Council of Ministers and certainly from the Corporate Services Panel is that due regard to what is the likely impact of these reductions in services, these cuts. They have not been given sufficient weight and I hope in the totality of this debate, however long it takes, they are given sufficient weight because we have a bound duty to protect the poorest in our society at this particular stage, given that the context is we spend less of our G.D.P. on those people than most, if not all, other nations; certainly in the western world. Finally, I will return to the editor of *Business Brief* because I believe he talks a lot of sense and very often. He says: "Similarly, it is not States spending we have to worry about it is excessive spending." But none, I repeat, none of the existing benchmarks suggest our spending is excessive compared to other jurisdictions. We are spending less than the vast majority. He then goes on to talk about the context in which we are discussing these cuts and these service reductions and I think it is important that we do at the beginning of setting up this process talk about the context. He says: "If Jersey has such a huge deficit compared to the U.K., owed so much money and had such high taxes and had so many people out of work, then perhaps some austerity might be justified in the Island too. But even on the Minister for Treasury and Resource's own admission Jersey's problems are nowhere near as severe as the U.K.'s, or just about anywhere else's." That is the context in which we are talking

about cuts. So, let us not be frightened by people saying: “We have to cut more. We are spending too much” *et cetera*. The reality is otherwise. The problem... in the words of the Minister for Treasury and Resources at one stage: “The problem is minute.” So, the editor goes on to say: “So, yes, we should certainly put a cap on future spending. Perhaps we should even make some cuts by changing the way public sector operates but phase this over 5 years, not 3, and I refer back to the Deputy of St. Mary, who throughout this debate and yesterday and indeed the last few months has been talking about taking our time. That is reflected in the approach that I was taking, which I would have liked to have seen come from the Corporate Services Panel, but it is remarkably absent that one of the things we might consider, if we are looking at the widest possible spectrum of what we might do, would be to phase-in over a longer period those changes. We might even look at the reserve that we do have, the ‘Rainy Day’ fund, which is sitting there with that amount of money in it and say: “Is it not time to use some of that money to protect the damage that we are going to do, the hurt that we are going to inflict on our poorest and our people?” But, no, we have not done that yet. We will do. We will do. We will return to it and the editor says finally: “We should even make some cuts but phase it in over 5 years not 3 to give it time to work properly.” That is the real context and at some stage we must have that debate. He then goes on: “We could even borrow a modest amount as exceptional circumstances sometimes require exceptional remedies, but do not let us damage the services provided to the public of this Island perhaps irreparably” and certainly let us not go hell for leather for an additional £5 million cuts on the back of what I believe was revealed to be by Senator Ferguson sheer political dogma and ideology when she started talking about the private sector picking up any jobs that we are about to shed and the economy booming again, to which I refer her to the 1,300 people already without work; 1,300 people and rising, I believe, already without work who cannot find jobs to take and who are desperately seeking work now. Let us not embark on this route, driven by political dogma that is proposed by the Corporate Services Panel today. We have no excessive spending; the reality is we should not be seeking to cut more, we should be mitigating the impact of what we already have in front of us rather than the contrary.

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

The previous speaker I think should have added that the least well-off in society are also most affected by rises in certain taxes like G.S.T. consumption taxes, and that clearly is one of the problems we face; we do not reign in our spending enough. The Constable of St. Peter in an earlier speech in the debate referred to the branchage and Visite Royale which the Parishes are involved in. I would like to add to that the Annual Rates Assembly. I have referred to it in previous debates about spending but it is possible perhaps to see this Assembly as the annual gathering of ratepayers in the Parish Halls around the Island, in which case the Minister for Treasury and Resources would be the Constable. At the end of this debate he will know just how much he has to spend for the coming year. So, in answer to the question, can it be done, what the Corporate Services Scrutiny Panel is proposing, in terms of this being a Rates Assembly, yes, it certainly can be done because the Rates Assembly has absolute power to determine the amount that the Minister for Treasury and Resources has to spend and some Members seem to be rather hung up on the fact that the terminology says it must be a *pro rata* cut. It does seem to me that is a very convenient hook to hang your rejection of this amendment but, as we have been told, I think that is not a real hook because the second question is, what would happen if it were to be done? I am not going to blow my own trumpet but I can say from experience that if the Rates Assembly tells the Constable to cut his or her budget by a certain amount then the first thing that happens, and in this case the Minister for Treasury and Resources goes back and says: “Right, well, how are we going to do this?” The Ministers would sit around in the Council Chamber and they would work out: “Yes, of course Health cannot take cuts in particular places, employment and social security cannot lose those services to the least well-off” but there are these areas and we all know what they are where we can make significant savings, and I am afraid we are going to have to make them because the Rates Assembly has told us we must. There is of course, as Members will know in Parish life, that final

comeback that the Constable can go back to the parishioners and say after a few months: "Look, I have tried to live within this particular envelope of spending and I cannot do it, and now you are going to pay me an extra rate" and the law allows the Constable to do that. In fact, of course, the States of Jersey allows the Minister for Treasury and Resources to come back next year and tell the Assembly: "Well, that £5 million extra was adopted. Extraordinary turn of the debate because it was going so badly" and then suddenly Members starting up and saying: "Well, yes, we can make these extra cuts because we have all been lobbied so much by people out there who do not want to see more taxes to pay." People are already struggling. 3 per cent G.S.T. may not sound too bad to some people but certainly the people who talk to me are still deeply unhappy about G.S.T. and they feel it is almost with a sense of sick inevitability that the States are going to fail to make adequate cuts and G.S.T. is going to be in double figures. So, I believe it can be done. I believe if this Assembly took perhaps that extraordinary decision, and I am thinking now of all those Chief Officers sitting around the departments of the States with their radios on, because I bet there are a lot of civil servants listening to this debate because if we vote for this amendment serious steps are going to have to be taken to deal with some of those things which we parked out there, because we know we can deal with them but we do not have to because the States have held back. They have not pushed where we wanted them to go. There are lots of areas, are there not? Let us face it we have had some really high profile H.R. (Human Resources) disasters in recent months. Huge amounts of money have been wasted there. In my question yesterday about Property Holdings, and I must say I was surprised because I put that question back in July, it fell off the end of question time and not one person over the summer got in touch with me to say: "Constable, what is your problem with Property Holdings?" No one got in touch with me and I do not know whether that is complacency or arrogance. We were told by the Assistant Minister that there are fabulous people working there who have extensive experience in the U.K. therefore everything is rosy in Property Holdings. I am pretty convinced that there is a lot of money being wasted in Property Holdings and I am quite happy to come and talk to the Assistant Minister and his officers about it. I.T. (Information Technology), Public Relations, how much are we spending on the Comms. Unit? The final salary pension scheme? I took this to a Parish Assembly a while back and Deputy Southern took me to task and he said: "No, let the States lead the way. Why should the Parish of St. Helier lead the way on stopping new employees only from entering the final salary pension scheme?" The Deputy said that it is up to the States to lead the way. Well, I am still waiting. I am sorry, I think there is a lot of shroud-waving going on. There is no doubt that we have it within our grasp to respond to the public out there and I heard them on the radio this morning, they do not believe we are getting to grips with a top-heavy administration. They see advertisements for people. They cannot understand why these posts are permanent. They cannot understand what these posts are for and then they see these high profile stories about these people coming in and staying in hotels and the daily charges and of course the public distrust us. They do not believe that we are serious about cuts. Just one example of an email I received from someone who says they do not normally write to States Members: "A few years ago my own company faced a reduction in turnover. We had to make cuts and restructure. The cuts were mainly at a senior management level as along with many other organisations we had become top-heavy in the good times. The process was painful, it resulted in cutting costs and putting the company on a sound financial footing. It also had a major benefit in making the decision-making much quicker and more direct. It is clear to any observer that the States departments have also become bloated and top-heavy in the recent times of plenty. What is now required is a significant reduction in costs, particularly in management. The proposed 2 per cent next year is extremely modest and is easily achievable despite protests and claims of special cases. I fully support the Corporate Services Scrutiny Panel's proposal to find substantially higher cuts and only then consider a modest rise in taxes if they are still found to be essential. I urge you to support the search for deeper cuts rather than take the easy route that States Members always seem to take of raising taxes." Well, I am sorry, I am going with that on this particular amendment. I do not believe that the Council of Ministers cannot listen to us, cannot listen to the people, and I believe if we support this amendment there will be urgent meetings tomorrow,

probably this afternoon, and they will start recognising where the savings can be made. So, I would urge Members to support the amendment.

[12:45]

**The Bailiff:**

Very well, it is now 12.45 p.m.

### **LUNCHEON ADJOURNMENT PROPOSED**

**The Bailiff:**

The adjournment is proposed. For Members' information I have 2 further Members who have indicated so far they wish to speak. Very well, we adjourn until 2.15 p.m.

### **LUNCHEON ADJOURNMENT**

[14:15]

**The Bailiff:**

Before we resume, Members should find on their desks an updated version of the order of events in relation to the Business Plan which takes account of withdrawals which have been notified to the Greffier of various amendments, so hopefully that will help Members in seeing what is still to come.

**Deputy C.H. Egré of St. Peter:**

Sir, it is still very early days yet in this debate and as I mentioned yesterday I think it is important to indicate to people now the sort of time I anticipate sitting. I would still put forward my proposition that we sit until 6.30 p.m. this evening and see how things go. I will add in so saying that I received a note this morning from one of my colleagues, if I may read it directly. It says: "Colin, I think you had better propose going through the night now" and that was sent 2¼ hours before we took a break for lunch.

**The Bailiff:**

Very well. Deputy Martin.

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

Thank you, Sir, and if your list is correct I am the penultimate speaker which I probably was before lunch. Now, coming this morning was I going to support the Scrutiny Panel's amendment? Actually, no, but I listened very much to what Deputy Vallois had to say and the overall envelope and the concerns of what is in the envelope, but I really started listening when the Constable of St. Lawrence spoke and was starting to re-read the Scrutiny Panel's report. Now, why did the Council of Ministers not go for this? Why can we not hold Ministers to account? The Constable says she is a pessimist. Well I am sceptical and always see the Reds under the bed. The Constable says we can hold Ministers to account by asking questions in this House. Well, call me a very big cynic, but I have been doing that for 10 years - 10 years - and have I got the answer? Now, I have looked at the comments. I listened very carefully to the Minister for Treasury and Resources when he said just 2 per cent this year but it is just too quick to bring it forward but do not be misled, we at least have to find £50 million. Then we also heard about how the Ministers at the end of the day can divvy up the money basically how they want. Now, I really found it interesting in the key findings of the Scrutiny Panel report which was commented on by the Constable of St. Lawrence. I will not go into the small print but I loved Key Finding 32: "The election period during 2011 is a threat to the success of the C.S.R." A threat to the C.S.R.? If you do not think you are going to get anything through this year, and we cannot, because we have not told the Ministers to go away and make the

cuts, do you think anyone is going to make any cuts next year? No, you are going to have a fresh House at the end of 2010 and that is when you will all find out what is in that envelope. You will not like it, but you will not be able to do much about it, so where are we? The Constable was the last one to convince me who spoke just before lunch. If that is the amount of money you have, that is the amount of money you spend. Now, I was bothered about the *pro rata*. I have now been told that is rubbish because you can move it around. Senator Ferguson is nodding at me and people are probably thinking: "Has Deputy Martin gone totally barking mad? Because Deputy Martin would not probably ever go for this." But, as I say, I have my suspicions of why it has not been done. Who is holding who to account? All the Ministers seem to be in agreement. We will not hold them to account and as for asking nice questions the only way to do it is to have a vote of no confidence in individual Ministers if they have not delivered by what they promise by January or February, which will not succeed, or to have the debate that we could have had which was stand or fall on your Business Plan. But, no, they would not do it. So, I am very sorry I am not in the Senator Ferguson camp believing that there is any money to be made in road sweeping, much money to be made in emptying your bins, certainly not your bed pans down the hospital. They will not go out to privatisation. Certainly not in that camp, but I am in the camp where I get very suspicious when we have one singing, one dancing Council of Ministers who tell us that it will be across the board. Is it shroud-waving? Do we know? I think it could be. I think we could be having the biggest shroud pulled over our heads if we do not support this amendment, because I tell you it will come back and bite you next year. Well, it will not be next year, you will not be able to vote for anything next year in the Business Plan unless it is less States Members working for no pay, no food, and you are lucky if you can have a bottle of water and then you might get that through. Other than that, next year and they all know it and I can tell you from 10 years' experience it is going to get harder and harder. So, when the Scrutiny Panel tells you that the election period is a threat to success it is absolutely the nail in the coffin to do anything, but after that, new Council of Ministers, they will cut and they will raise taxes and the tax they will raise is G.S.T. Mark my words. So, it is a choice. You either find out what is in the envelope because the Constable of St. Helier said if you make the envelope smaller today, as Jersey Post have done, and you put different sizes inside it, you get charged different amounts, Chief Officers will come back and we will know by the end of the month what they want to cut and it will not be frontline services. So, if you think it does not sound like a Deputy Martin speech, think about it, and think how many years you have been in here and how many times you have had the wool pulled over your eyes. You are not voting for these amendments, you are voting for the bottom line, whatever that bottom line is we are going to be here all week, it is still going to be the bottom line and the Council can carve it any way they like with the Chief Officers and their advisers.

### **1.2.23 The Deputy of St. Peter:**

I am pleased to follow the last 2 speakers. I too listened to the radio this morning and heard the majority of people telling us quite clearly that they expected us to make savings rather than putting up taxes. It does not seem that long ago to me when there was almost a denial that we would have a £50-100 million deficit. That has come to the fore. It is real. I am pleased to commend Deputy Hilton in her approach to this. It was interesting to note that she turned her "big guns" towards E.D.D. (Economic Development Department). It was even more interesting to note that the reaction of the Minister for Economic Development was to start waving the white flag and vying for surrender terms because he said there quite clearly that he was already making cuts greater than was expected for his Ministry, and that there were areas that could easily be reduced and he was doing it now. We need to deal with this situation now. We need to put these cuts in process now. The Minister for Treasury and Resources early in his speech said that the Corporate Services Panel was holding his feet to the fire. What we are doing here is trying to make sure that the heat at his feet is transferred to his head and to action. We have been promised before on occasions that comments made by the Corporate Services Panel would be accepted and our recommendations would be accepted but it has not always been the case that accepting a recommendation has been

actioned. We want to see action in this particular case and we need to see that the savings are made now and not in some long term future with the potential of putting up taxes. I am pleased that you made the ruling early on which made it quite clear to the Assembly that we were not restricted to a *pro rata* reducing in making these savings and I would remind the Assembly of that fact and it will be up to the Minister for Treasury and Resources and the heat at his feet to do something about making these savings.

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

I think some Members may be like me and wavering about whether we should support the amendment. I did take time out before the sitting to speak to the proposer and I told her I was relatively convinced of the need to make serious cuts of the order of £5 million next year in addition to that proposed by the Council of Ministers but, like a number of speakers, I was concerned about the *pro rata* way that this is going to be dealt with and therefore the fact that we have had clarification from you that the Minister for Treasury and Resources can deal with these matters using his discretion has allayed that fear that I had. Today we heard from the Constable of St. Helier and I made a point of talking to him after his speech because I think he put the point very well, and I hope that his fellow Constables will hear what he said and remind themselves about how they have to be disciplined as a result of the ratepayers and their ratepayers' meetings about the envelope of money that they have to spend in their Parishes. What I wanted to say really was that we are here to represent the views of the majority of the public and those views, as I understand it, is they do not want an increase in taxes until we can make the difficult decisions to make savings and restructure our system of government. I am convinced, and there are papers that we have been circulated, that the Council of Ministers only has one tax in mind to fill this gap of £50 million and that is raising G.S.T. There is no doubt in my mind that they will follow the advice of the fiscal panel, which is on page 22 of their report which says: "Care should be taken to ensure that as far as possible revenue raising measures do not harm the longer term competitiveness of the economy. With this in mind the panel notes the merits of a broad based consumption tax." Now, we know that the Minister for Treasury and Resources puts great store, as does the whole Council of Ministers by the reports of the Fiscal Policy Panel and I think that we can take it almost as assured that all the options that we will be looking under the fiscal strategy review, G.S.T. is the one that will be favoured. So, if we do not take some action today we will be looking at a G.S.T. rate of 5 per cent or even 6 per cent within the next 12 months and I would like to add, because this is something that has concerned me, that I found a report which I hope I can put my hand on. Yes, I can. This was available to the public. *Jersey Goods and Services Tax (G.S.T.) and the Consumer* and this was updated in February 2008 and this was advice to the public about G.S.T. On page 4, the bottom paragraph it says: "The Council of Ministers has given a further undertaking that there will be no new or additional taxes in Jersey before 2013." That was an undertaking from the Council of Ministers but I am afraid that that undertaking will be broken if we do not make greater savings. During this debate the Minister for Treasury and Resources, and I believe the Chief Minister, has indicated that they can deliver greater savings than set out in the 2 per cent C.S.R. review and sooner rather than later. So, I think the Members should set them that challenge and vote with this amendment. I think we have to be brave and provide true representation of the majority of Islanders who expect that we do provide good governance, make significant savings before asking them to pay more taxes and I hope that many Members will support the amendment.

**Deputy J.A. Hilton:**

Just a point of clarification, if I may. My recollection when we debated the G.S.T. was that it was fixed for 3 years from 2008 to 2011. I thought the States agreed that it would not be raised within 3 years. I just wanted to make that point because I think that was a States decision about G.S.T. I think I am correct.

**Deputy M. Tadier:**

Could I just ask for a point of order, or clarification, I am not sure which it is.

**The Bailiff:**

The 2 are very different, Deputy.

**Deputy M. Tadier:**

I will leave it to your good discretion to decide.

**The Bailiff:**

Well, that was another way of saying that Members should know whether they are trying to make a point of order or clarification.

**Deputy M. Tadier:**

I want to know, if G.S.T. is to increase, that has to be approved by the House, does it not? It cannot be a Ministerial decision. It seems to be implied here today that an automatic consequence of this being adopted would mean that G.S.T. would necessarily go up but that is not the case, is it? It would have to come back to the House for the House to approve.

**The Bailiff:**

Deputy, yes, but that is really neither a point of clarification nor a point of order.

[14:30]

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

I think the debate started off very well this morning with Senator Shenton's comments but the fact to achieve the savings for 2011, while I believe it should be able to be achieved, I accept it is rather short notice and at the moment things do not seem to move terribly fast in Jersey. I also believe that the Minister for Treasury and Resources has not had any time for cuddles as he has worked very hard to get Ministers in other departments to work within their budgets. The Minister for Health and Social Services says that she does not want to see increases in taxes and yet the Health Department has not achieved their savings for 2011 and have proposed therefore to seek to raid the Health Insurance Fund, as you will notice in the tenth amendment before you, and also Proposition 125. Health has been paid for primary care from taxpayers to date. They are not giving the Treasury Department back that money, they are asking for more money and it is going to come, they believe, from the Health Insurance Fund if this Assembly permit it under P.125. I really would like to support this but, for the reasons I have just laid out, I am having some difficulty with it where certainly for 2012 and 2013 they are being well-warned now that this is likely to happen.

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

I would draw a bit of a nautical parallel here between this and perhaps not so much a shot across the bows of the Council of Ministers but more a shot from the bow-chaser of the ship of the Corporate Services Panel. I think we do have to pile on more sail and move faster on this, and I fully support the concept, but after many months of analysis within my department of course, and not only my department but working with the Council of Ministers, I feel that I have significant responsibilities to the many staff employed. We have focused on which services we have to focus on, which statutory services can be restructured *et cetera*. The figures and projections put through by my department I consider are achievable and have been thought through and the consequences thoroughly quantified. I think it essential that if changes are to be successful it is essential for the staff to be involved. Our employees are the essential part of any business and it could be said that much of the previous growth and blocking - or bloating I should say rather than blocking - has been as a result of rather difficult political guidance and lack of financial control. For my part a focus on restructuring is a way forward in order to satisfy not only the need to reduce costs but also to realistically consider in a sensitive way those that may be affected by the process. I do not think



the panel's proposals are achievable in 2011, but I fully expect that they will be in 2012 and 2013. So, while I would urge Members to reject the amendment today for practical reasons I fully intend to drive my department to achieve the figures as put forward by the end of 2013.

### **1.2.27 Deputy S. Power of St. Brelade:**

I think it is fair to say, as a fairly new Minister, that this is the amendment that gave the Council of Ministers the greatest amount of pain in the days leading up to this debate, and in sort of an adverse way I congratulate Corporate Services for the work they have done because they have presented their findings in a very clear and lucid way. As my colleague, the Minister for Transport and Technical Services, has just said there is not unanimity in the way Ministers can approach the comprehensive spending review. For that reason, I think this amendment will not succeed. As we have heard, there has been a great deal of debate about a *pro rata* approach to cuts and, as we now know, there are Ministers who can accept *pro rata* and can do the cuts and there are Ministers who cannot do the cuts for all sorts of different reasons including timing. I am conscious of the work that we have to do at Housing in the next days, weeks, months and years; that is not only managing accounts of the comprehensive spending review but also managing the £70 million worth of contracting that is out there and moving with this Assembly's approval towards association status. So we all have work to do, and it is a lot of work, but what must not happen - but what must not happen - is for smaller departments to be pinched or pushed or bullied because bigger departments do not or cannot do this *pro rata* cut. I want to remind Members of what I regard as the salient paragraph in the ninth amendment and it is on page 6, it is the second to last one: "The practice of setting a 50/50 approach to taxes and savings is, we believe, a practice that is not viable for the long term future of the Island." What that is saying is it is firing a warning shot across the bows of this Assembly and firing a warning shot across the bows of the Council of Ministers, and it is firing a warning shot across the Island to say that unless departments and Ministers tackle this comprehensive spending review together we are going to have draconian tax increases, and nobody wants that. I heard much about salami slicing this morning. I had a summer job once in a deli and I was put in charge of the meat slicer, and I still have 10 fingers. What I learnt then is you could vary the thickness of the cut, so salami slicing and budgets and business plans can be set to thin cuts or thick cuts. It is mostly about thin cuts in here and, indeed, there are some departments that want Parma ham shavings. They want their cuts to be so thin. I have heard this morning from Ministers and Assistant Ministers that 70, 80 or 90 per cent of my budget is staff or personnel or whatever. The obvious question to me is do you have too many staff? If Ministers and departments cannot do *pro rata* costs then I ask this Assembly a very simple question, where are the cuts going to come from because you are pushing the illness on another area, and I cannot see where the cuts are going to come from if the bigger departments do not play hard ball. You know, we heard the paroxysms of anguish from the Education Department saying that 90 per cent of their overheads are staff. Well, maybe we need to close a school, I do not know, but we need to look at these things. So my approach is that I am for thicker slices, thicker cuts, and I agree with a lot of what Deputy Martin said in her speech just after we came back. In actual fact, in the 100 days that I have now sat - I think it is 100 days today - as Minister for Housing, I have sat in many Council of Ministers' meetings preparing for this debate and I have to say that I have been impressed with the patience of both the Minister for Treasury and Resources and the Chief Minister and what we are dealing with at the moment. There are, I have to say, dithering Ministers. My department can do the 2 per cent, it can do the 3 per cent and we are working towards the 5 per cent. That is because... and I do not take any credit for this because I am not there long enough because it is a well set-up department. However, I do give credit to Senator Le Main for what he achieved because of the team he put together at Housing; it is a 'can-do'. I referred yesterday briefly to association status and I give an absolute assurance to Deputy Martin that the legal framework for a regulatory authority is being worked on as I speak. Indeed, at a specific request from my own Assistant Minister, I can give this Assembly and, indeed, the Council of Ministers an undertaking that any (j) cat. within the public sector that comes to the Minister for Housing and his Assistant

will be gone through with a fine toothcomb from now on because as far as I am concerned ... [Aside] Well, even more stringent, Senator, even more stringent. This will be a further commitment to the comprehensive spending review by this Minister. We were always told at home that if there is a will, there is a way and if there is a political will, there is a political way. Ministers do need to take the proverbial bull by the horns sometimes and show some initiative, some leadership and take some risk, and I think this is amply stated by the Constable of St. Lawrence and Senator Ferguson in the relevance of this amendment. So this amendment does fire a warning shot across this Assembly because we have to do the cuts. If we cannot do it *pro rata*, then where are the cuts going to come from because at the moment what is likely to happen in the budget debate in December are going to be tax increases that nobody will want. Finally, I would like to say that we have at the moment a comprehensive spending review and this amendment is a product of that. Again, Deputy Hilton alluded to her thoughts on E.D.D. this morning and the airport, harbour and tourism. I think she spoke ably on that and, indeed, my enthusiasm would be not just for a C.S.R. but what I would call a D.D.R. (Departmental Dismantling and Restructuring), which is a departmental dismantling and restructuring to see what is not working, what is not fit for purpose and what States involvement is there in departments that do not need to be States departments; and also what we could do to create self-employment out there. Those are my views. I think it was a brave attempt by Corporate Services to consolidate and to make us think about the way ahead. They are telling us that there are problems ahead. Unfortunately for them, I do not think that this amendment is going to be supported by the Assembly for any one of a number of reasons and I congratulate Corporate Services in any event.

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

I have always understood that one of the main purposes of the Business Plan debate was to enable Members on one occasion in the year to indicate their views on which departments might or might not deserve a greater level of revenue expenditure, which departments might be asked to spend rather less. That is why there is the opportunity to have any number of amendments on the Business Plan in order that those Members can have their say. So I took the amendment from the Corporate Services Scrutiny Panel based on that principle and I felt that although it was well meaning that perhaps it had not been fully thought through and, indeed, there were several occasions this morning when I was nodding in agreement with Deputy Southern, but he will be relieved no doubt to learn that it did not last too long. [Laughter] It was suggested in the Corporate Services Scrutiny Panel comments that maybe Ministers were going to have difficulty in delivering the £50 million. It is perhaps for that reason, I do not know, that they are proposing that Ministers should be asked to do even more. They presumably have greater faith that we can deliver £60 million than the fact that we can deliver £50million.

[14:45]

But be that as it may, it is the wording of this amendment which does give me concern and I felt that Members are in danger of clutching at straws over this question of *pro rata* because the proposition to me is worded very clearly indeed. The total net revenue shall be reduced from £752 million to £647 million in the way set out for each of those departments. Now, Sir, you have ruled quite correctly on the application of the Public Finances Law that the Minister for Treasury and Resources, and Ministers, have the authority to change figures between departments, between heads of expenditure as the Law refers to them. That refers, of course, not to the £5 million additional cuts but to the whole of the £647 million that we are talking about because that is what the Law applies to, and what that ruling says, and what I quite understand, I said to the Minister for Treasury and Resources about the Public Finances Law, is that in *extremis* we could move budgets from one department to another, from one head of expenditure to another, but if we are saying at the start of a long debate on the Business Plan that it does not matter how much we devote to any one department because at the end of the day Ministers can just shuffle that figure around, then why on earth are we going to spend the 5 days talking about individual's department expenditure for any

particular amount? It does strike me as a sort of contradiction in terms and so any Member who thinks naively that this *pro rata* is a way out is, I think, deluding themselves. **[Laughter]** I am sorry that I have not quite convinced everybody yet, because quite clearly there are going to be greater pressures from one department to another and if Members simply want Ministers to decide that among themselves, well, that is fine but I thought that generally other States Members wanted to have to a say in how money was spent and where it was spent. So I do wonder about the wisdom of accepting this amendment on the bright idea of *pro rata* cuts being somehow shuffled around. I think the Constable of St. Helier, in fact, was working in somewhat of a similar vein when he tried to compare this with a Parish Assembly because the Parish Assembly will set your expenditure for the coming year and it will then tax the rate in accordance with those figures, and it will do one debate on one day for one particular purpose. It is not saying, yes, but we will have an extra road sweeping machine this year and, well, maybe we will think of green rather than blue. You do not go into that level of detail. You look at your Parish expenditure and you look at your rates that you are going to require. If we are simply going to say here all we are going to do is fix the final total, but not any of the detail, then I do wonder if we realise what we are letting ourselves in for. Could we raise an extra £5 million on a non-*pro rata* basis? Quite possibly, we could do 2 or 3 or 4 or somewhere towards it; maybe even more than 5. I do not know at this stage, and that is the difficulty. I can say willingly that I appreciate the spirit of this amendment. If the words “*pro rata*” were not in there I could accept it far more readily, but the fact is that the proposition does say *pro rata* and the proposition, I believe, does or is expected to buy into the Council of Ministers to make decisions on that basis. Now, Members, I am afraid, cannot have it both ways. If they do not want to buy into the Council of Ministers then they can accept the amendment but then they can accept the consequences of that and all its greater ramifications. If they do not want to accept the freedom of the Council of Ministers to do what it likes, then they equally have to accept they should be bound by this *pro rata* wording. So I am sorry to disillusion some people who thought they had found a nice convenient way out. I do not believe they have and I believe that the Corporate Services Panel perhaps have not thought that through as strongly as they would like. So as the comments from the Council of Ministers said, we very much support the general idea, the general thrust, of needing to increase the level of savings and to decrease the level of taxation and we want to ensure that is deliverable. Ministers will not be satisfied just to deliver their level of cuts, they will not be satisfied just to deliver that £50 million, but they want to be equally satisfied that they are delivering the additional savings that they can in a properly thought out way. For that reason, however well meaning this amendment may appear to be, I have to reject this.

#### **1.2.29 Connétable K.P. Vibert of St. Ouen:**

A number of speakers since the lunch recess have highlighted the comparison made by my good friend, the Connétable of St. Helier, with the Parish Assembly. I have to say that I rise to warn that there are, as the Chief Minister has alluded, great differences in the way that the system is operated. The Parish Assembly before deciding on the Parish expenditure has had the occasion to scrutinise each and every item of expenditure and decide to accept, reject or alter that particular figure. Here we are not given that opportunity. What we are given an opportunity to do here is to vote on what I would regard as a bit of a shotgun approach; an approach where, yes, I think everybody out there will agree that to add another £5 million on the savings is what we all want but it has not been structured properly and this Assembly does not have the opportunity to go through each individual item of expenditure and decide for themselves which ones they are going to accept, which ones they are going to retain and which ones they are going to reject. I think that work has probably got to be done, and a number of speakers this morning said that each department must go away and justify every piece of expenditure. I think that needs to be done but it will not be done in the next 4 months. It will be one over the next 12 months maybe because I think that there will be a sufficiently strong message from this Assembly that that work has to be done, but I am just fearful that accepting this particular proposition is too much too soon.

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

I do not intend to speak too long because much has been said about the whole situation, but I do get worried when I hear the chairman of the Scrutiny Panel, Senator Ferguson, continuing all the time about the private sector; the private sector being able to take up the growth with jobs. We know very well that there are huge amounts of unqualified people that come on a yearly basis in Jersey to work and, of course, we welcome them and they do a very good job, but there is no point in shedding jobs and parts of the business so that we allow further immigrants coming into this Island to work with employers. I have been concerned for a while about this. As I say, there are far too many non-qualified people working in businesses on percentages. In fact, I know of one employer with 600 employees all on a minimum wage. If we are going to be shedding jobs, if we are going to be shedding services and then afterwards we have got employers coming back to us seeking licences and licences for unqualified ... because they cannot find locals then we are in deep trouble. In my view there are opportunities for hiving-off some parts of the business but please make sure that we do not go down the road of further migratory people coming into the Island who are unqualified and are a further burden on supplementation, housing, education and everything. So I am very, very worried about this. I do not think at the moment, having been involved with the Regulation of Undertakings and Development and Housing with my colleagues on the right, I do not think at this present time we are being tough enough. I know that seasonal businesses do need unqualified people to work in the businesses but I still believe that we should be reducing, in my view, particularly when there are over 1,000 local people unemployed. I know there is always going to be a percentage, 200 or 300, that whatever you do they are not going to want to work, but there is a good percentage out there that I do know who are actively seeking work and seeking jobs at a far lower level than what they were before on many occasions. So I am worried, as I say, with the continuous ... I heard Senator Ferguson on the radio again on Sunday morning and I am worried about her continually going on about the private sector can do this and the private sector can that. Of course they can, as I say. If you give them the tools by allowing more migrants to come to the Island they will take up all those jobs, but that is not what we want and I urge Members to be very cautious when we are going to be making savings, and I have no problem with the actual savings. I think we can still reduce far more. I mean I know of one department within a department where the staff cost is £1.5 million at the moment and I need a lot of convincing to think that that could not be done with one of the existing businesses that are operating in the Island at the moment and it is just so short of things. The other thing that worried me is the message we are sending out when I hear some of the salary being paid to some of the executives in some of the companies that we have a majority shareholding in. It is all very well for the Minister for Treasury and Resources and others to say: "Oh, well, let them" ... I heard yesterday the Assistant Minister responding: "But the public are concerned, they are worried about the huge, huge salaries." One recent one, a retiree from one of our companies wholly-owned by the States ended up with a salary of £245,000 on the last year. Well, that is ridiculous and that person had been in the post for years and year and years, not someone new. So I am going to keep a very strong and a very beady eye on the next year or so with Ministers and departments to make sure that, in fact, if any business is going to be hived-off then the business must go predominately to local businesses and local companies; they are going to be predominately employing local people.

#### **1.2.31 Deputy J.G. Reed of St. Ouen:**

I have heard various comments made by many States Members over the last 2 or 3 hours and I think that I would like to bring it back to some important points. Absolutely, do we need to consider and reduce our budgets where possible? Yes. Do we want to increase taxes unnecessarily? No. Have we got a process in place to deal with the issues that we face? Yes. The C.S.R. process is designed to look at how the budgets provide essential services. Let us not forget 70 per cent of the total overall budget of the States is spent on Health, Education, Social Security and Home Affairs. So any changes that are proposed need to be considered before being implemented in the same way that we have gone through and are going through a process that considers any tax proposals that are going to be ultimately considered by this Assembly. The

Corporate Services Panel are right when they say we need to have a proper debate, we need to understand the implications and the impact of the savings before they are implemented. Comments like cuts should be delivered in a structured and measured fashion, absolutely.

[15:00]

Is this the way forward as proposed by the Corporate Services Panel? No, no, it is to allow us to properly consider the services that we provide, engage with all the stakeholders so that we can make intelligent savings. We can deal with the matters at hand. It is very easy for certain States Members to go close a school. Well, maybe it should be La Moye, maybe it should be Les Landes, and maybe it should be St. Mary's. What evidence is there to support that view? If we are again to make intelligent savings these are the things that we need to know. My department set out many months ago to consider all aspects of all the services we provide. We have been undertaking work in that area since. We are coming to a point where we will be able to conclude most of those reviews. We have given an undertaking quite properly to then bring forward a Green Paper so that the public and all stakeholders can consider the options and the shape of the future education on this Island. That is the proper process. That is a process that needs to be followed by Health and Social Services and others. Only then can we (1) properly deliver and design services that meet the needs of our community but, more importantly, that we can gain the support and trust of the public in being able to produce and provide these services in an efficient manner. I am well aware of the need and the desire to deal with the short term issues but we cannot - we cannot - lose sight of the medium and long term matters that we need to be sure of. If we want local people for local jobs we need to educate them. We need to skill them. We need to spend money. It is not all about saving. I was very interested to open up ... and I thank the *J.E.P.* for summarising not only the savings that departments are required to make but the growth that is being provided. That gives some indication to you, Sir, and to Members that it is not just about a level playing field. It is about recognising that there are funding pressures that need to be dealt with, whether it is higher education costs, whether it is the need to support young people in our community through encouraging them to get back into work. All of these issues need to be properly considered and dealt with. You cannot just look at savings in isolation. It is a mistake that has been made in the States in the past and it is a mistake we must not make now. I have been and am absolutely committed to ensuring that the services I am responsible for are delivered in the most cost effective manner. I am also mindful of the fact that our community needs most of the services that I provide, relies on the services that I provide, and that as such they need to be involved in the process as well as the many frontline staff who we employ to deliver those services. Consultation needs to happen. It will happen. It is planned to happen in the C.S.R. process and I just ask the Corporate Services Panel and others to just recognise that, to allow us to move forward with the process. We will be bringing forward suggestions for Members to consider but do not kid yourselves, there are some challenging decisions to be made - seriously challenging decisions to be made - which will impact on certain sectors of our society. Our decision will be whether they are proportional and whether they are in the best interests of this community and, therefore, I will not be supporting this amendment.

### **1.2.32 Senator A. Breckon:**

Over the years I have sat through a number of similar debates to this and when it comes to the end you wonder really, as Members I am sure will, what we have achieved. I say that because I remember - and the Connétable of St. Brelade will remember - how we were members of an Economic Development Scrutiny Panel not many years ago and we were reviewing the budget and the budget changes and it was shifting sand. Heads of expenditure changed, agriculture and tourism, rural, things came in enterprise, and it was difficult to follow the money. All we were certain of was that the budget at the bottom was at the time, whatever it was, £14.8 million, and that was the only certainty. That was the only certainty. That was the money and what we subsequently found out when this had been agreed by the House, the departmental officers met in October and November and they started from a zero base and they bid for what they got. Now

when you think of where we are today and what we are talking about, is it all really worthwhile if people away from here have the power to move the deck chairs around, not just on the deck but take them up and down, around, take some of them away completely, and that is probably, to be honest, where we are. So when the Chief Minister and others say: "Well, actually it is *pro rata*", it is nothing of the sort. It is about the bottom line and if you look at what the original part (a) says in the amendment, it talks about total revenue taken from the Consolidated Fund and that can go anywhere at all really. Departments can give it to each other; that can be done. So the question is if we agree something and somebody does not like it then they will say, well, that was unacceptable, think about it again and it just comes back again so that really is part of the process and then you question really the wisdom of this debate and if we do get into micromanagement is it the right thing to do and the answer, in my opinion, is probably not. The other thing, of course, is there is something missing because what we are looking at is a big picture with lots and lots and lots of little parts but then taxes are missing and charges are missing so how can we agree that without the other. Senator Le Gresley has just mentioned G.S.T. Well, that is the bogeyman, as it were, waiting in the wings. That is plan B, wheel this in and this will cure some of that is fairly certain; that is fairly certain because the others have dropped out of the race and noises have been made. So how can we make this decision about whether we will spend or whether we will cut when we do not know where the other bits of the jigsaw fit? The other thing that has been said by a number of Members is: "Oh, it is too late now. You know, we have only got however many weeks it is until the end of the year." What if somebody loses their job and they have got an income of £30,000 and they get 12 weeks' notice and redundancy, how do they manage? How do they readjust? Well, the answer is they have to. They do not get options about, well, let us give it another year, let us do this, that and the other, maybe we will do that, maybe we will do that. Let us have a bit of blue-sky thinking. There are some dark clouds overhead there and there are some real situations that people have to deal with, and we are in that situation now. Although it may be unpleasant, we really have to do some of these things and I was not a fan of that. The other thing I would remind some Members, I remember we had a similar debate years ago when I think Senator Walker, whatever role it was, I cannot remember exactly, but there we had within this House some angry young men. We had Deputy Le Fondré, we had the then Deputy Maclean, Senator Ozouf was winding the Parish of St. Helier up on rates. There was a meeting at the Fort Regent; they could not get them all in the Town Hall. Deputy Gorst was involved and the former Deputy of St. John and I remember at the time Senator Walker said: "Well, if you guys are up for this then you can go meet with the Auditor General, we will give you some resource. You will look at all the things the States are doing and come back with some answers." I have not seen any. I have not seen any. Now, perhaps the angry men are not quite so grumpy now, I do not know. **[Laughter]** Maybe they are even a little comfy. I do not know. I am not sure but certainly if they were at the cutting edge of wanting to do things, the thrust and the drive that, you know, was propelling them there has gone; they have run out of petrol. That is not happening and now they say: "Oh well, you know, this is my department, we are struggling a bit here, and we need a few more resources." What a wonderful job they are all doing and so I say where has that gone? Where has that gone? I would like Senator Maclean, or Deputy Le Fondré, perhaps he could tell us why that fizzled-out and where that went because really the reason I am saying that is it is not just about them. It is about all of us looking at what we do, not in micromanagement, as has been touched on, but there are some things which the Chief Minister said and has said before, there are things that we must do and there are things that are nice to do and we need to start getting there now and we need to be real about these situations, and I think for me that is just why I will support this amendment. It has just got the edge. Because of that, because you need to give somebody an agenda, and if we do not we just float. Deputy Martin mentioned next year's election year, some things will not be very palatable, and people will back-off. Where are we, because what we need to do is we need to do what is right for the people. Sometimes that is not always palatable for the people, but in this instance we need to go there for the reasons that we are all aware of. Now I have just generalised at that. The only thing to finish, the only thing certain about these debates is that next week there will

be a lot of ironing of shirts because it does go on and on and on, and that is really the only certain thing about it but I think what we need to do is focus, and I would ask Members before they vote to think carefully about that because, yes, it is unpleasant to do that but what it will do, I believe it gives the Council of Ministers that flexibility; it does do that although what the proposition says, money can be moved across departments to departments. But the other thing is if we look at some of the funding, if we go back and we look at 2009's financial report and accounts, is that what we agreed for that year and the answer is, no, it is not. No, it is not because within it there was more money for court and case costs, there was the Article 11(8) request for other things, there was pandemic flu and there was an historical abuse inquiry and there was also significant costs borne by Home Affairs and others with human relations matters. So the question is in 2008 did we vote a budget in 2009, did we stick to it? The answer is, no, we did not. We did not stick to the spending that we had agreed and we mapped-in, so we do have some flexibility. Obviously, we do not want to be spending more money and I am sure not much will get past the Minister for Treasury and Resources in that respect because if anyone does and there are movements, then he is well capable of doing that and that is why he is in that position, but then we must let the Ministers get on with some of this but we must give them, in my opinion, the overview, the envelope which has been said to do that and I think this amendment does that, but what it does do is it gives some serious focus to those Ministers that have those powers. I am not saying it is easy; that is not what I am saying, but at the same time it does give that focus and it means that they have some time to do it and it will not be shroud-waving. We will really get down to some of the issues there which might be looking at I.T. and other things where we still spend lots of money. We have not quite a handle on procurement yet. There are issues that we can do and if this happens, if the House agree this amendment, then I think it will give somebody the hurry up to get on and do it.

### **1.2.33 Senator F.E. Cohen:**

The Council of Ministers, indeed all Ministers, are fully committed to savings and the Minister for Treasury and Resources is to be commended for his handling of the efforts to implement C.S.R. He knew it would not be popular, he knew there would be many difficulties but he did not shirk from the essential responsibility to deliver savings because, like a family on reduced income, we need to be cautious, we need to work within the funds that are available to us and that means we have to cut. The C.S.R. in my case is an opportunity I have long wanted because for some time I have wanted to conduct a review of what we at Planning and Environment do and whether we need to do it; and if we need to do it, can it be done for less money. In some cases I believe that the reviews can be done internally but in our case I think some blue-sky thinking is needed and, therefore, I have determined to commission 2 reviews; one, a review dealing with process carried out externally and the other dealing with financial savings. It is my intention that at the end of this process we shall deliver a slicker department that is slimmer, less bureaucratic, and making quicker and better decisions both in the Planning and the Environment Departments.

[15:15]

However, I cannot support this amendment because it is too specific at this stage. It is well-principled but there is a limit to the timescales within which cost savings can be implemented. I am certainly prepared to commit to delivering the 10 per cent and I am determined to deliver significantly in excess of 10 per cent but it will take some time.

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

I am inspired to speak after listening to the Chief Minister telling us that he had trouble with the wording of the proposition from the Corporate Services Panel in that it was too prescriptive and that cuts should be made on a *pro rata* basis across all departments. He could, at a push, have accepted the proposition had it not had that impediment or boundary. Here is the Draft Annual Business Plan recommending the spending of £650 million, Council of Ministers' recommendation for the spending of £650 million in 2011 on a *pro rata* basis; very specific, every department, every

function of that department is mentioned on a *pro rata* basis and we do know regularly, almost annually, the Council of Ministers will make the bottom line of £647 million in this case add up by shuffling monies across departments. If one department has overspent slightly there will be a transfer from another to avoid the dreaded Article 11(8) requests. So the Chief Minister's fear of the proposition I think is unfounded because this is allocation of funds on a *pro rata* basis, so I think we need to dismiss that and consider the real objection that is coming from the Council of Ministers. We know where the objection is coming from, the other part of the House, they will object to most of the proposals for cuts even later on. I think the real resistance from the Council of Ministers is the appetite to do it. There is no appetite on the Council of Ministers to really crack this nut. Now, I have an appetite to deal with this because, let us be honest, there may be short term pain but the long term gain by ensuring that Jersey's financial situation is being dealt with and that we are able to put our House in order will become apparent. The short term pain will mean exactly that but the long term gain will be massive. If Jersey sends out the message it is dealing with its deficit, it is dealing with it robustly, it is cutting deep where it needs to and it is being sensitive where it needs to, we will be sending out a fantastic message to our industries, those that are seeking to do business with Jersey. We must be strong and it is lightweight of our Council of Ministers in this case to resist a small £5 million extra cut on top of the 2 per cent; that is not even 2 per cent because it is 2 per cent on the budgeted spend for 2011 not the 2 per cent on the actual 2010. I was interested in what Deputy Tadier said, and I thought he hit the nail on the head about the 3 people, 2 of which were underweight and one which was severely overweight expected to lose a stone each in order to lose the 3 stone that was required. I thought that was spot on and I suspect that is what we are debating here really, is do we cut *pro rata* and thereby make the 2 lightweight people, the 2 underweight people very, very ill. Well, we do not and it is unfair for the Council of Ministers to suggest that they are bound by this proposition to cut *pro rata*. They are being asked simply, and I repeat, to cut an extra £5 million from the 2 per cent proposal for 2011. That is it; they have it within their power to ensure that that £5 million comes from the right place and not those underweight departments or underweight people. I think that is probably enough said. I want to just touch on a point made when Senator Le Main drifted off into another area and he is absolutely right about the Chief Executive Officers of companies owned or partly-owned by the States of Jersey and the people of Jersey. I want to remind the Chief Minister of a question I asked of him on 11th May this year about the terms and conditions and the contractual arrangements when the contract expires of the Chief Executive Officer of the Waterfront Enterprise Board. The Chief Minister curtly replied in a written answer, and it is on record, that it was none of my business. The Waterfront Enterprise Board is being managed and run by a Board of Directors and it was none of the business of a States Member. Well, I do not agree. I think that these companies partly-owned or wholly-owned by the States of Jersey need to be held to account and that is why I too have joined Senator Le Main in drifting off into this area.

**The Bailiff:**

There is a certain amount of drifting going on. [Laughter]

**Senator J.L. Perchard:**

It is critically important that we do hold these companies to account when we are looking at penny-pinching in Health and Education and if we are spending hundreds of thousands of pounds on salaries of Chief Executive Officers. I support and congratulate the Corporate Services Panel and I will really ask Members to show some backbone here and support them as well.

**1.2.35 Deputy M.R. Higgins of St. Helier:**

I must admit I have found the debate very, very interesting and I found myself going one way then the other surprisingly. I was going to come in very, very critical; in fact, I will come in critical with some things. For example, I have been very critical of the process of the comprehensive spending review and, in fact, I think the only Minister that I am aware of who is doing it the correct way in



my opinion is the Minister for Education, Sport and Culture because he has gone into it and he is looking from top to bottom. I do believe in a comprehensive spending review. I believe we must understand what we are spending our money on, what it is costing us, what the alternatives are and really whether we should be doing it so all these things should be in there and talking about blue-sky thinking, we should think out of the box. We have to look at the thing properly. I am not convinced that every single Minister and department has done that. I also believe that there are many Ministers - I should not say many, I should say some - who are terribly weak and are led by their Chief Officers and I think they are being led by the nose. I believe that the Ministers have got to go in there and find out the truth of what is going on in their departments. Do I believe that has happened? No, I do not think it has. I can understand Deputy Reed's comments about this is a shotgun forcing the process and so on, but at the same time I also believe that Ministers have to be held to account. We keep talking about the system. We know that at the present time even if we go through all these amendments this week that the Minister for Treasury and Resources can wire the funds from one department to another providing the Ministers agree and they can shift it around. Senator Breckon mentioned that point; that in the past that is exactly what has been done. So therefore I must admit I am coming around after hearing him, and certainly Deputy Martin, to support this amendment. I will say though that there are certain things that do concern me obviously. I, first of all, do believe that we should hold the Council of Ministers and the Minister for Treasury and Resources to account. They have made an awful lot of statements for months about how we have to do all these things and how they are going to achieve it. Let us, as I say, hold them up there and hold them to do it. The Minister for Treasury and Resources has also said the measures they take will not affect frontline services. Well, I will hold him to that and, in fact, I am sure the Island will hold him to that. If he believes that he can do all of these things without hurting frontline services I will give him my support, but I will certainly criticise him if he does not. The other thing too that I would say, and this is something that has concerned me and it concerns many Members and it concerns many members of the public, we do have a *Civil Service* that is bloated in many areas. One of the things I was trying to get out of the States in the past or the Council of Ministers, I would like to see job descriptions of people in the different departments. I would like to know what is behind some of these titles. I cannot even figure out what the heck they are doing. We have not had that information and we must have that information. I believe the salaries that we are now paying some of our senior Chief Executives are gross when we have these people earning £270,000. There is one person in one ... in fact it is not a department but it is a state-owned body, goes from a salary of about £140,000 one day, moves into the job in this body the next day and earns another £130,000. Why? You know it is absolutely insane that we are paying the salaries we are. Now, the *J.E.P.* made an error in the paper today. They mentioned that the Chief Executive of Postal is earning £40,000 more than his U.S. (United States) counterpart. It is actually £4,000. They have misheard the figure but the point is, think of the size of the U.S. postal service and what they do compared to our organisation. So whether it be the Waterfront, whether it be Postal, whether it be, I do not know, Financial Services or any we are paying well over the odds for what we are paying, and that needs to be addressed, the same as the senior *Civil Service* and the higher reaches of *Civil Service*. My biggest fear on this is that all the cuts will come at the lower end and affect the ordinary worker who is working hard and, in many cases, has not been consulted. The Chief Minister says there has been consultation. I do not believe it. What I am hearing is, no, it is not. The people at the top are trying to make the cuts according to what they think they can get away with without damaging their empires. I think I am inclined to come down to support the Corporate Services amendment because we will finally make the Ministers and the Chief Officers become accountable. You know, it is on their heads. They say they can do it without affecting frontline services; prove it.

### **1.2.36 Senator P.F. Routier:**

I rise because I was, I have to say, a little bit surprised to hear some of the comments of Senator Breckon when he gave the analogy of a worker who is given notice of termination of employment

and the way he would have to deal with it in a short period of time, and sort of inferring that the States should be able to do the same sort of thing. You know, fair enough an individual who is given notice does have to deal with that, but when we think about what this proposition is trying to achieve of reducing our expenditure by £5 million next year we have to realise that to achieve that, no doubt, we will be having to give notice to people to achieve that saving. If we are responsible employers I wonder whether we have the ability and the practical ability to achieve that during next year. That is a concern for me. I know that the departments all across the whole of the States have all been trying to identify the way they can make the initial saving of the 2 per cent and there is obviously a will to do that, and that is what has been proposed by the Council of Ministers. I do have a real concern about the timing and the practical ability of the States to achieve this additional £5 million. There is a will from the Council of Ministers to make big savings, we know that, but as I say achieving it in the short period of time is going to be very, very difficult. I think one of the other points which people have talked about who want to support this proposition, because the Council of Ministers - the Minister for Treasury and Resources - has the ability to shift stuff across budgets. Fair enough, I can understand him wanting to put Ministers on the spot and to manage their own budgets but then you cannot have it the other way as well of wanting to debate this whole Business Plan. What is the point of us trawling our way through all these amendments, every line in the Business Plan? It is a waste of time. So what I would say to Members is that you need to think about the way you vote on this. We either are going to ... Members might want to accept this proposition then perhaps not bother to vote to all the other amendments. That may be the way to go. You know, that is for Members to decide but I return to the point I made earlier. I do have major, major concerns about the speed at which that change of producing another £5 million so early. There is a desire to make lots of cuts in the future but in the short term I think it is too quick.

**The Bailiff:**

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

[15:30]

**1.2.37 Deputy T.A. Vallois:**

I believe this debate has produced some extremely pertinent arguments in respect of whether we should be approaching the £100 million deficit by making more savings or whether we should be raising more tax measures to provide the public services. I will not be addressing each individual who has spoken during this debate, however I would like to thank all of those that have contributed whether it has been speaking for or against the amendment. It has shown that there are things that could be done to improve our processes of the way that we handle not only the Business Plan, the C.S.R. but, most importantly, our communication issues within the States. Not just the communication between us as Members but also the communication between us and our employees and us and the public. There has been scepticism as to whether or not the £50 million can be achieved and arguments as to whether 3 years is the correct term and whether it should be 5 years, or even longer, and that is a fairly right argument to have as we have only had this put to the Council of Ministers as taking a 50/50 approach. This has not been brought to the States Assembly as to whether we want a 50/50 approach until the Business Plan debate today. I will pick up on some main points that were made during the debate and one in particular was the point of the *pro rata* cuts, which I believe the Chief Minister summed up fairly well our finding in our report, how it was identified as to no leadership here in this Assembly. There is no determination to show that and the panel made the submission for the lodging of the amendment with the thought of having the baseline reduced by the £5 million but, of course, the Public Finances Law does not allow us to do that; we have to identify the areas of where we want to make the £5 million savings. Now if the Corporate Services Panel would have gone around to every single department to go down in fine detail, we might as well (1) have been doing the C.S.R. ourselves, (2) not bothered doing any of the reviews we have been doing since the inception of the Scrutiny Panel because we would have been too busy trying to identify that, so we did the *pro rata*. We asked £5 million across all 10

Ministers' departments and the reason why was so that we would put the pressure on the Ministers and the point at the beginning of a more holistic approach. Not all is lost as the Public Finances Law also stipulates the Ministers are able to move the monies and the argument is that, well, that would make a nonsense of this debate, *et cetera*. Well, therefore it has been a nonsense the debates for the last 5 years of the Business Plans, that have been coming to the States Assembly, because the monies have been moved around. We have seen it with the historical child abuse inquiry. We have seen it this year moving £17 million from the Chief Minister's Department into the Treasury and Resources Department by Ministerial decision, so there is no excuse to it cannot be done and, as Senator Breckon mentioned, it has been done in the past. The Constable of St. Lawrence mentioned the mechanism and this was fairly worrying to the Corporate Services Panel. The mechanism which was mentioned that how do we ensure that the savings has been made, who do we hold to account? How do Ministers show that if they fail, well, what happens? The only mechanism we were resulted to was to come to this House. It is for this House to set the envelope. It is for us to say: "Well, if you are determined to make those savings let us set that envelope." A new Minister who has been appointed by this Assembly to do that job with great responsibility, go out, deliver the service that was agreed in the Strategic Plan by this Assembly within that envelope. There has been much made of the wording of the proposition and I think I have made it fairly clear that whether it is made in the proposition or not that the Council of Ministers can still go away and change those budgets because we have seen it, and also because there has been said that the 2 per cent, well, it is not *pro rata*. We do not even know all of the 2 per cent that is coming from the Education Department so if the Minister for Education, Sport and Culture comes and says: "We cannot make the full 2 per cent. Well, we have set the budget, where are you going to take that money from?" Which department is that money going to be taken from? Are we going to see another Article 11(8) request or is it going to come from central reserves or restructuring costs because that is £15 million sitting in there. So this is exactly the points that have to be out in the Assembly. The importance of the C.S.R. I think have been pushed and pushed by every Member and I think we are all of agreement that we do need a comprehensive view of what is going on in the States. It is shocking that Health and Social Services cannot tell us the costs of everything. You know, they can tell us, right, we are going to make these savings of 2 per cent. Are we going to see them, because we do not know the real costs of everything? So, we are in a position, we are in a very difficult position. We have to make very difficult decisions and it is up to us, who have been elected by the public, whose money it is that we spend, to make these difficult decisions. We have been criticised for scrutinising. We should be scrutinising every area of expenditure. Well, that is fine, if we were giving ... if that was our remit to go into every single department and scrutinise every bit of expenditure, we would. We cannot. Our remit is Treasury and Resources and the Chief Minister's Department. We have been able to do as much as we can in collecting evidence from Ministers during our review. I will just leave on the basis of the Constable of St. Helier's speech with regards to the taxes, and it is a very pertinent reason as to why we brought this amendment to the Assembly; is that if we do not make the savings, we have higher taxes and if we have higher taxes - and it has been argued by many - it is the competition. What about the lower-end people; are they going to get hit? G.S.T., which has been suggested as the consumption tax be looked at by the Fiscal Policy Panel, and believe me it will be looked at and believe me it will more than likely be adopted, because it is the easy option. We do not want - well, I personally - I personally as a States Member, do not want that. So, I will leave the States Assembly to think about those before they make the decision and I will refer them back to just remembering the last spending review that we had. There has been much bleating-on by Ministers about we should maybe have longer lead-in times. Okay, fair enough. A lot of the Ministers in this House were here on the last spending review. We have seen the C. and A.G. (Comptroller and Auditor General) report, which threw out warnings in 2008 about the amount of savings that we made and the growth that was agreed to. Did we see all those savings? Well, our view is that this amendment is to push the pressure, is to really make Ministers think and Chief Executive Officers think about exactly the way forward we are taking this Island in. Thank you, Sir. [Approbation]

**The Bailiff:**

Did you ask for the appel, Deputy?

**Deputy T.A. Vallois:**

Yes, thank you, Sir.

**The Bailiff:**

So the appel is asked for then in relation to the amendment lodged by the Corporate Services Scrutiny Panel. I invite Members to return to their designated seats and the Greffier will open the voting.

<b>POUR: 23</b>		<b>CONTRE: 25</b>		<b>ABSTAIN: 0</b>
Senator B.E. Shenton		Senator T.A. Le Sueur		
Senator J.L. Perchard		Senator P.F. Routier		
Senator A. Breckon		Senator P.F.C. Ozouf		
Senator S.C. Ferguson		Senator F.E. Cohen		
Senator F. du H. Le Gresley		Senator A.J.D. Maclean		
Connétable of St. Helier		Senator B.I. Le Marquand		
Connétable of Trinity		Connétable of St. Ouen		
Connétable of Grouville		Connétable of St. Brelade		
Connétable of St. John		Connétable of St. Martin		
Connétable of St. Saviour		Connétable of St. Peter		
Connétable of St. Clement		Deputy G.P. Southern (H)		
Connétable of St. Lawrence		Deputy of St. Ouen		
Deputy R.C. Duhamel (S)		Deputy J.A. Hilton (H)		
Deputy of St. Martin		Deputy J.A.N. Le Fondré (L)		
Deputy J.B. Fox (H)		Deputy of Trinity		
Deputy J.A. Martin (H)		Deputy S.S.P.A. Power (B)		
Deputy of Grouville		Deputy I.J. Gorst (C)		
Deputy of St. Peter		Deputy M. Tadier (B)		
Deputy P.V.F. Le Claire (H)		Deputy A.E. Jeune (B)		
Deputy of St. John		Deputy of St. Mary		
Deputy T.A. Vallois (S)		Deputy T.M. Pitman (H)		
Deputy M.R. Higgins (H)		Deputy A.T. Dupré (C)		
Deputy J.M. Maçon (S)		Deputy E.J. Noel (L)		
		Deputy A.K.F. Green (H)		
		Deputy D.J. De Sousa (H)		

### **1.3 Draft Annual Business Plan 2011 (P.99/2010) - thirteenth amendment (P.99/2010 Amd.(13))**

**The Bailiff:**

Can I have your attention, please? The next one by Corporate Services Scrutiny Panel has been withdrawn, as I understand it, so we then come to the fourth matter on the sequence of events prepared by the Greffier, that is amendment 13, paragraph 1, lodged by the Deputy of St. Mary. I will ask the Greffier to read the amendment.

**The Greffier of the States:**

After the words “withdrawn from the Consolidated Fund in 2011” insert the words “except that the net revenue expenditure of the Chief Minister’s Department shall be increased by (a) £24,000 in order to maintain the ability of the Law Draughtsman’s Department to recruit as required and not proceed with a comprehensive spending review proposed on page 62 of the plan CMD-S4, reduce recruitment budget for the Law Draughtsman; and (b) £26,700 in order to maintain the budget for

the Legislation Advisory Panel and not proceed with the comprehensive spending review proposed on page 62 of the plan CMD-S5, reduce the Legal Advisory Panel budget, and the net revenue expenditure of the Treasury and Resources Department shall be decreased by the same amount by reducing the allocation for restructuring costs.”

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

From the great wide reaches of £5 million additional cuts being proposed to these very small amounts, but my motive in bringing this is to tease-out what is going on. That is of course part of what we have been talking about so far. But I think if we shine a spotlight on one or 2 little areas we can see the strange things that seem to be going on. So, I will just take Members through this; it will not be long. It is really quite simple. There are 2 parts to this amendment; one is that the Chief Minister is suggesting reducing the recruitment budget for the Law Draughtsmen. My eyes went up; what on earth is £24,000 you can cut from the recruitment budget of the Law Draughtsmen and my mind went: “Oh, that is a nice thing to have under the table, £24,000 that you can then use for whatever.” I have got a suspicious mind, so I asked that this be put back in so that the Chief Minister can defend this cut and I ask specific questions in my report. I asked how many posts are advertised each year on average and so on? Questions to which I did not get a reply. But I did follow up on the Law Draughtsmen and this is the answer that I got, and it is just quite interesting how these things work. No doubt some of the old hands here will just nod sagely and go: “Oh, well, we knew it was like that.” I do not know, it is just interesting to see: “The Law Draughtsmen is part of the Chief Minister’s Department. The budget is voted at the level of the Head of Revenue expenditure, being the Chief Minister’s Department as a whole.” So we are dealing with a cut of £24,000 of the entire Chief Minister’s Department: “Underspends and overspends at the service analysis level contribute to the overall position of the Chief Minister’s Department. In 2009 the C.M.D. (Chief Minister’s Department) was underspent overall and the underspend went into the carry-forward process. The outcome of this was that the Chief Minister’s Department retained some of its 2009 underspend for non-recurring projects in 2010...” So they kept some of this £24,000 that they did not need to spend on the Carswell Review: “...and returned the balance to the Consolidated Fund.” So, they did not need the money but they held it over and then they spent some of it on something that popped up and the rest went back into the Consolidated Fund, and that seems to be why we can suddenly afford this cut. On the other matter, the “Legal Advisory Panel”, I was startled to see that you could cut £26,700 from their budget. What are they, the Legal Advisory Panel? How can they possibly spend £26,700 that is not needed now? The answer was in the question that I subsequently sent in by email: “As above, the underspend on the panel contributed to the overall underspend, which went into the carry-forward process. The outcome of this was that they retained some of ...” Exactly the same happened. Some of it went to the Carswell Review, which was something that popped up, and some of it went back into the Consolidated Fund. So, what it is, is a slight bit of over-budgeting here and I wonder whether that is just a pattern. You have a little bit of fat and then when the salami slicer comes with his salami slicer, then we can just slice off these little bits of fat because they were there all the time. That is rather what I had anticipated.

[15:45]

Now, I do not mind departments having a contingency fund to deal with Carswell and then they account for it in the accounts. We see that is where that money went, and that is the problem solved, and I do not really criticise departments for doing that. In the present atmosphere of: “Let us cut £50 million. Oh, no, let us make it £80 million”, which we have just not accepted, thank goodness, then you need some fat under the table to bring out when the axeman comes, to protect the really important services that you have to protect. The whole thing is counter-productive. We are deliberately forcing people - as Deputy Green said earlier this morning - into the position where they have to keep something back because they do not trust us to be rational, they do not trust us here to make decisions that make sense or that will support the services that are needed and axe the

things that are not needed, or that are being done in an ineffective way or inefficient way. I just fear that what this shows is that there is a fair bit of smoke and mirrors going on; we shone a little spotlight into this tiny area. The comments of the Chief Minister say there is no reduction in service on these 2 matters and indeed there is not. So, with those remarks I would like to hear from the Chief Minister to confirm what I have said about this basically holding funds there for return to the Consolidated Fund, just in case, and I would like his comments on this process of how we run our budgeting before I decide what to do with this amendment.

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

Is the amendment seconded? [**Seconded**] Does anyone wish to speak on the amendment? Deputy Le Fondré?

**1.3.2 Deputy J.A.N. Le Fondré:**

I will try and keep my comments brief because we had had a longish day already. Now, I will respond to some of the comments from the Deputy on the reinstatement of the budget, particularly in relation to the Legislation Advisory Panel. I was slightly puzzled by his approach because on the one hand he appears to be saying that there appears to be an element of fat in those 2 budgets, which may well be the case, but therefore we should add it back. I would say that is the area we should be cutting down. Essentially, in relation to the Legislation Advisory Panel, the Deputy asks who is on the panel, what does it do, what was the original budget, *et cetera*? So, the members of the panel comprise myself, as chairman, Senator Ferguson, the Connétable of St. Ouen, the Deputy of St. Peter and Deputy Jeune, and I would note that the members are appointed by the Chief Minister, and that the details were reported in the minutes of the Council of Ministers on 29th January last year, which were obviously circulated to all Members. They were repeated in a Ministerial decision on 15th June last year and our details were also included in the Green Sheets that every Member has in their file or wherever, at home, and we are on the website. So, I would hope we are reasonably easy to track down if necessary. That is the “who”. As for the budget and what we do, well, I would also refer to page 13 in the annex, which I thought summarises the position quite nicely. The panel is designed to deal with various pieces of legislation that basically do not sit within the remit of any particular Minister, and then to consider and advise the Chief Minister on such legislation before it is lodged. Now, for example, this year we cleared up the long outstanding matter concerning illegitimate children and inheritance law and continue to consider the next phase of work in this area. We also deal with a number of other smaller pieces of legislation, which have been approved by the Assembly, all due to be lodged later on in the next few weeks and months. We are assisted by a Senior Legal Adviser of the Law Officers’ Department, the Law Draftsman, a project officer from the Chief Minister’s Department and occasionally receive assistance and comments from the Attorney General, the Bailiff, representatives of the Royal Court, *et cetera*. Our present budget, as is noted in the annex, was £36,700, and as a panel we are perfectly satisfied that a 72 per cent reduction to £10,000 is fine. Historically, the reason being the funds are not significantly utilised and they are there to fund research into legislative matters. They are mainly utilised by the Jersey Law Commission and basically what it means in the last few years there has not been the necessity to spend those funds. I hope, on that basis that answers most of the Deputy’s questions. On a slightly lighter note, I would note that the Deputy nearly joined us at one of our meetings yesterday, when he accidentally entered the wrong room. That was the Legislation Advisory Panel and I have already outlined what we do. Accordingly, the original budget has not been utilised for a number of years and the panel is perfectly happy with the reduction. I will briefly talk about the first part of the amendment, which I have also discussed with the Law Draftsmen. Again, they do not object to the reduction at all and indeed believe they have found a more efficient way of operating in that area in the future. So, either way, for both of those I will not be supporting the amendment. Thank you, Sir.

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

One of the ways we are going to deliver savings is to fundamentally restructure departments. Members will have heard in the last debate a comment by the Minister for Education, Sport and Culture; the Minister for Planning and Environment; the Minister for Home Affairs; the Chief Minister; the Minister for Housing - and the Minister for Health and Social Services too - all have been speaking about the way that they are approaching their second part of the C.S.R., a fundamental restructuring and reform. Unlike previous fundamental spending reviews, of which there is an element of truth about the sustainability of some of the savings, this C.S.R. is designed to be a permanent reduction, a sustained reduction in costs. One of the lessons that I learnt from previous spending rounds is the absence of appropriate restructuring costs, which are absolutely essential in order to deliver change. Redundancy costs, retraining costs, funding the changes in processes, whether that is I.T. systems or other things; things like changing and investing in procurement infrastructure. This business plan puts an allocation for restructuring costs of £6 million into a central fund. If Members do not want the C.S.R. to succeed, if they want higher taxes, then they will be supporting amendments, which seek to raid that restructuring pot. I am afraid that not only is that going to damage the ability to deliver on the comprehensive spending review, it is also not a sustainable funding source in terms of not making a saving. The restructuring cost is designed to be a non-recurring item of expenditure. The amendments, of which there are many ... I am only going to make this speech once. A number of the amendments that we are going to be discussing aim to find the easy solution of not making the cut by effectively taking the money from the restructuring pot and that is extremely ill advised and, indeed, if Members want to see the full comment, which is not repeated on all of the amendments, they can read the comment under Financial Implications under the comment by this Council of Ministers under amendment 13. So, I think that the last vote was very helpful. It was a close vote and while I voted against that last vote and its relevance to this amendment here, I voted against it because it was a *pro rata* cut and because I wanted to complete and to give the Council of Ministers the opportunity to complete the second part of the comprehensive spending review; I suspect that a number of colleagues were in the same position. What I am taking from that is that there is a clear majority in this Assembly for cost reductions and spending reductions and limiting tax rises. It is in that context that I say to the Deputy of St. Mary, and in the context of this amendment and indeed all of the other cost increasing amendments, that they really need to think again. We need to cut costs, all amendments for increasing budgets should be rejected and this one, I am afraid, I have not heard any convincing arguments for the reinstatement of this cut.

#### **1.3.4 The Connétable of St. Ouen:**

Maybe I might pre-empt the Deputy of St. Mary's thoughts. I think following Deputy Le Fondré's contribution, the next question, which I would ask, is why was this budget so high in the first place that it can afford this cut? Maybe, as the former chairman of the Legislation Advisory Panel, I can advise on that. Originally, when I took over, the panel also paid for the work undertaken by the Jersey Law Commissioners. That payment has now been moved to the Chief Minister's Department rather than the panel and that is where the fat has appeared from.

#### **1.3.5 Deputy J.A. Hilton:**

It may be slightly out of order to suggest this, but we have just sat through 4 or 5 hours of debate over an additional £5 million worth of savings that most of the people who have supported that proposition suggested that it did not have to be *pro rata* cuts, the Ministers could go away and decide how they were going to divvy the cuts up. It seems to me that it is rather a waste of time for all of us to sit here and debate another whole load of amendments when 23 people in this Assembly this afternoon decided they wanted £5 million worth more of cuts. So, why are we debating these amendments where they were being brought by Members who were asking for those savings that have been put forward by the Ministers not to be cut? I just make that point because we just seem to be going round and round in circles, I think. A very powerful message has been sent to the Council of Ministers this afternoon. They want the Council of Ministers to stop tinkering at the

edges, get down and really look at what you are doing and come back with something that we can all agree on.

**The Deputy of St. Mary:**

Can I make a ...

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

I was going to call you to reply.

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

Well, I was going to suggest ... I was going to withdraw the amendment. Do I need the permission of the Assembly to do that?

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

Yes, do you wish to withdraw? Are Members willing to grant leave to the Deputy to withdraw the amendment?

**The Deputy of St. Mary:**

I think we have just seen a light shone on how it works. The money is there; we hold on to it; we do not put it back until we are made to.

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

Very well, the amendment is withdrawn.

#### **1.4 Draft Annual Business Plan 2011 (P.99/2010) - fourteenth amendment (P.99/2010 Amd.(14))**

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

The next one on the running order was also withdrawn this morning by Senator Shenton before debate. Do you wish therefore to proceed, Deputy of St. Mary, with your next one, which is number 6 on the list? I will ask the Assistant Greffier to read it while you refresh your memory.

**The Assistant Greffier of the States:**

Page 2, paragraph (a), after the words “withdrawn from the Consolidated Fund in 2011” insert the words “except that a net revenue expenditure of the Economic Development Department should be increased by £204,000 in order to maintain the normal functioning of the department and not proceed with the spending review proposal on page 62 of plan ED-S3, overhead efficiency saving, and the net revenue expenditure of the Treasury and Resources Department should be decreased by the same amount by reducing the allocation for restructuring costs.”

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

This amendment is in a similar vein but a much larger sum. I am a bit startled; I was startled, to see £204,000 can just be magicked away in efficiency savings from the Economic Development Department, which is not a particularly big department, and I am trying to reveal what is going on. Now, Deputy Green, this morning, made the point that salami slicing hurts those who are lean already, who have done the job well; they are operating a lean outfit and then they are punished for doing so. I just wanted to explore this £204,000 cut. Now, the Minister’s response is quite revealing. I believe the response has come from the departments, although they are in the name of the Council of Ministers. For the benefit of Members I will read this out, because if you can understand this, then you are wiser than I am. This is £204,000 of savings. It is quite short: “The Economic Development Department has reappraised the range of services that it has historically delivered and sought to identify new methodology for future programme delivery that can produce



genuine efficiency savings from within its corporate departmental budget. The department is seeking to adopt an innovative approach to service delivery, the resultant restructuring efforts and the elimination of direct costs as a consequence of proposed changes. While these changes would probably have been implemented at some future point, the implementation of the C.S.R. process has brought forward the need for revisions to delivery of products and services.” What does that mean? What are these efficiency savings? What do they consist of? It is to me as clear as mud. It sounds like, once again, there was a bit of fat there and now it has been sliced away. I do not have a quarrel with that. Departments are protecting themselves. That money would probably have gone back into the Consolidated Fund if it had not been spent. I do not think people are playing around like that. But what they are doing is they are holding on to little bits of money because of the day that we, in our wisdom, decide on a 2 per cent cut suddenly from one day to the next; all right, from one month to the next.

[16:00]

Unless we get around this sort of issue of trust within the bureaucracy - trust between us and the civil servants, trust between us and the public - we are not going to get there, we are just not going to get there and if we are going to sit around tables and do what the Minister for Education, Sport and Culture said: “Bring Green Papers, talk with the public really about what they want, try to deliver services efficiently and leanly”, we are going to have to get round this keeping some money back; it has to be done in a more intelligent way, I think. I understand the Minister for Treasury and Resources is trying to put in contingencies in the different departments and that must be the way to go, but not this sort of having some fat and then cutting it away. So, I would be interested to hear the Minister’s comments before I possibly withdraw this one as well.

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

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

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

This is very nice of the Deputy of St. Mary to offer the Economic Development Department a further £204,000. We are trying to deliver, and I believe are one of the departments that are delivering our savings as tasked, at 2 per cent. Within the department the savings of £204,000 come from the corporate centre. They are efficiency savings and I think the Deputy made the point that if departments are lean they would not be able to do this and he hits the nail on the head. Departments are not lean. We are able to make these savings because we have room to do so and certain other departments also are in a similar position to us. Quite simply, we have been able to go through our budget from a central and corporate perspective. We have looked at costs like consultancy costs that have been in the past quite significantly high. We can reduce those. We estimate about £25,000 of consultancy costs. Smarter procurement. We can save money through the procurement side. We can save money through travel. We can save ... all included within the £204,000, the recruitment, staff development and recruitment side. Again we are able to save money because effectively there is a freeze on recruitment unless absolutely necessary, so we have been able to prioritise there. These are genuine savings; £204,000 that are offered up by Economic Development as part of the C.S.R. They are deliverable. I do not want to spend too much more time on it and I would ask if this does go on to a debate that Members reject it. Thank you, Sir.

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

Well, this is where we are because of 2 votes the wrong way basically, and it follows on from what Deputy Hilton said. It does not take a genius to work out we are in this state we are today, and we are going to be until Friday, because if you add up the pluses and minuses of Economic Development, it is not even £100,000. It is even less on Education, it is £50,000. Why are we sitting here today? The Deputy of St. Mary is sitting next to me, telling me that he is going to pull this amendment, probably, as well, which is, even then, it will ... Economic Development. I think

we are in a very, very ... we are going to make ourselves look stupid. The public are fed up. They do not know what it is running on, about £26,000 here and a few thousand there. I am ever so sorry; I will not be talking on any other amendment because I want to keep the brevity of the thing. I just want to tell people out there why, because I am wasting my time. The bottom line will be the bottom line. If this is not done at the end of the year or we have not put that in place or that money has slipped, it will happen because the Minister and the Chief Executive decides it is to happen. We are wasting our time for a few thousand here. We have wasted hours and hours and hours of Greffier time. We have wasted hours of civil servant ... the way we do it, we know it has been wrong for 5 years but this year it has become an absolute joke and, I am sorry, I will vote but I will not speak again. I have better things to do with my time. Thank you. **[Approbation]**

#### **1.4.4 Connétable P.F.M. Hanning of St. Saviour:**

On a somewhat similar vein, I am concerned because the Deputy of St. Mary has brought this and he has stated that he has brought it because he did not understand the savings. Surely he could have just telephoned the Minister and asked him to explain, saving bringing amendments to the proposition **[Approbation]**, saving us hours of work and if this is the case, please will he withdraw all his other amendments as well?

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

It takes me back to my speech yesterday where I said that it did not really matter what we said, it was just going to be a long series of debates and they would spend it whichever way they wanted to at the end of the day, anyway. The problem is not so much with the process. What the problem was was with the openness and I said “honesty” and I was told that I could not use the word “honesty”. I spoke about openness. Recently I asked questions in the Assembly about the duties and responsibilities, the departmental breakdowns of all Ministers, including the Minister for Economic Development and the answers I got from the pack, led by the leader of the pack, the Chief Minister, were: “Do not answer that question”, “Do not tell him” and then privately confiding in me, telling me that: “No Paul, we could not tell you that there was duplication, because in fact there is triplication, and we are getting rid of these jobs and we do not want to do this in an open and transparent way because there are people’s lives at stake.” So, it is covert outsourcing. It is covert post-holding reduction. It is like Connaught, who used to be a department of Housing in England that were outsourced with all of their employees. Then this year, last week, their contracts were cut. That is what is occurring. It was in the speech of the Minister for Home Affairs. That is what is going to occur over the next 10 years and the problem with these types of debates, no matter how upset people are about the fact that we are here all week, is that there is too little transparency. I asked why there were 7 information officers at the airport and none at the harbour? Was there nobody at the harbour asking questions, or do they have to go to the airport? The reality is that the ...

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

Deputy, please, we are debating the amendment of the Deputy of St. Mary about overheads at the Economic Development Department. I think you will lose the patience of your colleagues if you do not ...

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

I appreciate that, Sir, but the Economic Development Department is responsible for the harbours and airport; it is a trading company. **[Aside]** Right, okay. So, I am not getting it quite right, so I should sit down and shut up. The point is that this whole series of debates, although I may baffle the *J.E.P.*, it does not baffle the public. It has been this way for many, many, many years. It is all about corporate and collective presentation to the public and spin. They will spend the money the way they want to spend the money, in the way they want to spend the money. They ask us to get involved to rubber-stamp, as I said yesterday, and endorse their politics. Politics is about the way

public money is spent but they do not really want us to get involved in the way things are operating or really understand the issues, because then we might have some influence and then we might be able to do something about the mess we are in.

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

I really am quite upset by the tone the debate appears to be taking. In particular I am disturbed that Deputy Martin should be saying that we are all wasting our time here and that we have all known it for a long time and we have done nothing about it, and this is the biggest waste of time we have had even since 2008 or 2005. I am disappointed that she says that is her last contribution to this debate because what we are talking about are very serious issues. We are talking about the future of public spending and of taxation on the Island for at least the next 3 years. Now, I am sorry if people feel disappointed that they are stuck in this wonderful Chamber with such a beautiful array of people around them for 6 days or whatever it is going to take, or 3 days, or whatever it takes. But I am sorry to have to point this out to you, to Members, that this is the business of politics. This is what we are elected to do. We are elected to scrutinise and to hold to account the Ministers. We are elected to devise policy and action on a political front to deliver the government of this Island. Yes, and sometimes it feels like a slog, but that is what we are elected to do. Our electors have put us in this Chamber to do our best. Before we get carried away on a roller coaster of all these amendments are just rubbish, let us get rid of them without even hearing it out, whatever the cases are, without even considering what this means in terms of, let us say, redundancies, what this means in terms of delivery of services to people out there, before we get too carried away, because some of mine are coming up shortly. **[Laughter]** Let us take a deep breath; let us take a deep breath and, as they say where I used to come from: “Calm down, calm down a little” because we are discussing serious issues and they are important decisions and it is important that we are seen and we do make a valid and proper contribution to those decisions to assist the Ministers on their way forward. Yes, it might be easier for me to breathe a sigh of relief, and thank heavens that the Chamber has found another kicking boy to have a go at; so it goes. But I feel total sympathy for him because I have been on the receiving end of it before. The fact is we are discussing serious matters and let us treat them seriously and let us do our best to come to a serious and rational conclusion about the amendments that we have before us, because that, whether or not we like it, is the mechanism that we have by which Back-Benchers - ordinary Members of the States - can influence policy going forward. **[Interruption]** Thank you for your guidance, Sir. At that point with my sympathies going to the Deputy of St. Mary, I will sit down but encourage him, encourage him to make the best case that he can for what he is proposing. We have shared the amendments out among a wide variety of Members of the States and we must, I believe, carry on in a calm and reasonable manner.

#### **The Connétable of Grouville:**

As a point of clarification, if I may, did the Deputy of St. Mary not say that when he heard the Minister for E.D.D. speak that he may be considering withdrawing his own amendment?

#### **The Connétable of Grouville:**

I am sorry, Sir, there is a point of clarification I was bringing up as well and that is did I hear Deputy Southern correctly when he said: “We have shared out a load of amendments between Members of the States?”

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

I think you did and I do not think we need him to explain.

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

It was not meant literally; it was meant metaphorically. We have a number of speakers, a number of proposers.

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

Now, does any other Member wish to speak on this amendment? I call on the Deputy of St. Mary.

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

It is as with the previous one; I will withdraw this. I am grateful to Deputy Southern for pointing out that there is a serious purpose in all of what we are doing and in these particular amendments. I have shown to my own satisfaction, to the people listening and to other Members here, how this process works, where that the Minister gave a perfectly adequate explanation of the £204,000, but again the question I asked in my report stands; if it could be done this year, it could have been done last year, and so it goes. I am just bringing a little bit of reality to these cash group efficiency savings. Maybe we can do them once here, once there, but if you have a department that has done it already then it cannot do it again. Those cuts that the Minister outlined cannot be done again; he has done them. So, next time someone comes and says: "2 per cent efficiency savings please" it might be a tad more difficult and next time even more difficult. So, with that I withdraw the amendment, if I may?

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

Do Members consent to grant leave to the Deputy to withdraw the amendment? Very well, that is withdrawn.

**1.5 Draft Annual Business Plan 2011 (P.99/2010) - fifteenth amendment (P.99/2010 Amd.(15))**

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

We now come, Deputy, to the fifteenth amendment, in part 1, once again in your name. Do you wish to proceed with that amendment? Very well, I will ask the Greffier to read the amendment.

**The Assistant Greffier of the States:**

Page 2, paragraph (a), after the words "withdrawn from the Consolidated Fund in 2011" insert the words "except that the net revenue expenditure of the Economic Development Department should be increased by £500,000 in order to allow the department to promote the Island more effectively."

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

This really is an amendment about ... it is one of quite a few about the tourism budget, I notice, so hopefully people will make their case for tourism, if you like, on this amendment, possibly, and then that is it really for all the other amendments.

[16:15]

It is interesting that the Minister or Council of Ministers made a very good case for tourism when they were rebutting the - and I am looking for it now - the seventh amendment of Senator Shenton, who wanted to cut the budget for tourism. They defended tourism robustly, claiming that they supported tourism, although they also admitted that tourism has already been subject to cuts. They claim that a further cut ... this is them defending their position against cuts proposed by Senator Shenton, or rather further cuts, and they say that it would directly result in a reduction to the £226 million that is spent by visitors to the Island. So, in economic terms we are talking about £226 million visitor spend. We are also of course talking about all the contributory businesses around tourism and they point out that the benefits include taxis, restaurants, buses, produce suppliers, food, beverage suppliers, Jersey dairy, beautiful monuments and castles - all have a connection to tourism and the visitor spend.

**The Connétable of St. Brelade:**

On a point of clarification, could the Deputy confirm he is talking to amendment 15, paragraph 1?

**The Deputy of St. Mary:**

I am talking to paragraph 1; it was just the paragraph 1 and not the paragraph 2 as well, because they are both under the same amendment, are they not, if I remember?

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

I think it would be possible, Deputy, if you wish to take them together we could ask the Greffier to read ... I think inadvertently the Greffier read 2, we could ask the Greffier to read 1 and we could take them together in the debate, as they relate to similar matters, and then vote on them separately.

**The Deputy of St. Mary:**

As you wish.

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

I will ask the Greffier to read the first one as well, just for the sake of good order.

**The Assistant Greffier of the States:**

Page 2, paragraph (a), after the words “withdrawn from the Consolidated Fund in 2011” insert the words “except that the net revenue expenditure of the Economic Development Department to be increased by £175,000 in order to maintain the level of support for tourism marketing and P.R. and not proceed with the comprehensive spending proposal on page 62 of the plan ED-S5, Reduction in Funding for Route Development, Destination Marketing and P.R., and the net revenue expenditure of the Treasury Resources Department to be decreased by the same amount by reducing the allocation for restructuring costs.”

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

Sorry, Deputy; please continue.

**The Deputy of St. Mary:**

Yes, that had been my intention, I think, to do the 2 together. Tourism also point out that the ... and I think what they were suggesting by doing so, was that the money would be well spent; the money that they are still retaining after the cuts is that they have set up a marketing advisory panel with members from the industry and with an independent professional marketer they have been meeting, and in fact the fruits have been in the results of the additional marketing spend, which they got from the fiscal stimulus package this year and which I will be telling Members just how startling those results were. But I think that the main point to make at the outset is the importance of tourism, and what these 2 amendments are really about is whether we do believe in that industry, whether we do agree that it is part of our diverse economy and whether it in fact honours - because in my view when I have emotional roots with tourism - whether it honours the beauty of the Island, and we offer that to visitors and they love it and they go home. In fact I have just come back from holiday and the taxi driver said: “I have had many new first-time visitors in the last few weeks and all of them have said - the ones that I have picked up again to go back home again afterwards - they have all said what a wonderful Island it was.” So, I think, we are not flogging a dead horse here. It is an important industry and it brings great joy to a lot of people. Now, on the first amendment, the route development and the P.R., I just want to tell Members about the German market this year, because that is what route development is about. There are, I think, 2 new routes from Germany. There are certainly, I think, 5 airports now running from Germany, almost back to the heyday when there were 8. This year we are told in *Tourism Week*, which is the newsletter on 30th July, Lufthansa has just reported a load factor of 79 per cent on their non-stop flights. Lufthansa comments: “We are pleased about the increasing passenger numbers and we have together with Jersey written a success story.” Walters has an overall load factor of 83 per cent and Air Berlin, which is the third carrier, over 70 per cent and they have just doubled their capacity and there are still 70 per cent loadings and the tour operator, Horizon, a 50 per cent increase for their cycling tour, 25 per cent increase in

their walking tours. The question I ask the Minister and the question I put to Members is, do we want to throw that away? If we do not persist with our efforts in foreign markets, particularly Germany, we will lose that spend. We will lose those visitors. Germans stay here longer and they spend more than the average visitor. So that is at risk for a tiny amount of money and that is the gist of the case for that £120,000-odd. Now, I notice that the response of the Minister to my amendment is critical of ... he picks out one aspect of it, but that is of course not the whole. I am trying to find it. Can someone tell me which amendment? Amendment 15. They comment particularly on the route development and cast doubts about that but of course, as we know, budgeting is flexible. They will do, hopefully, what it takes to keep those Germans coming. Now, on the £500,000, which is an additional spend, they are not asking for that to come out of the restructuring process. The basis of that is that so far up to now, tourism has been living hand to mouth, and the effect of that £500,000 which they got from the fiscal stimulus package this year was quite electric; and yet we are told in their response that the effect of this amendment would not be very great and therefore, so what? But that is contrary to the evidence. The £500,000 had an immediate impact. It was on the e-news of Jersey Tourism with more visitors coming to the website, tour operators saying they were getting 50 per cent more bookings and so on. When the Chief Executive Officer for Economic Development talked about this £500,000 additional spend to the Scrutiny Panel - remember just £500,000, this is £500,000 on top of the marketing mix of £4.2 million-odd - the response that we have seen from the television advertising in terms of the increase in the number of bookings has been dramatic. It has been huge. This is what we are talking about for next year. Do we want this? It has been huge. What it has caused us to do is we presented this to the Tourism Marketing Panel and it has caused us to completely reshape the 2011 campaign. It had such a big impact, the £0.5 million that they are re-jigging the 2011. One of the tour operators in the week after the recent television advertising saw the level of bookings - not inquiries, bookings - increase by 80 per cent over the equivalent period last year: 80 per cent increase. The new panel obviously got something right with that £500,000. The major hotel groups have all seen an immediate uptake in bookings; one of the major airlines, and so it goes on. A dramatic impact for just £500,000. So the question is why is it that each year the Tourism Department has to scrounge, basically - has to be the beneficiary of a bit of extra funding from here or there? This year it was volcanic ash and British Airways strike. Last year it was the credit crunch and the year before that it was Haut de la Garenne; and there is always a reason for putting a bit of extra money into tourism marketing. Why not just fund them on a sustainable consistent basis, remembering the benefits in employment and diversity that there are with tourism? As many people have said many times, not everybody wants to or can work in a bank. Now the only argument really for not going here is that we should not do it. The Government should not be in the business of selling a destination. But that would be perfectly sound argument if everybody else did the same. But we are in the same cleft stick as with agriculture. Other jurisdictions do subsidise their growers and so, to have parity, must we; and in the same way other jurisdictions support their tourism industries with marketing support. That is why you see all the adverts for Spain and Cyprus and God knows where on the telly and in the print media. So Government does have a role. It is a strategic industry for the Island and I think we should recognise that fact. The issue is do we support our major industry apart from finance? In closing I just want to pick up the point that the Minister for Treasury and Resources made a moment ago about raiding his pot for restructuring. £500,000, I have not done that. It would just come from reserve. It would be added to the Consolidated Fund. But the £175,000 for route development, I did suggest that that be taken from that pot. If in the unlikely event that many, many, many amendments are accepted - in fact if they all were - he claims his pot would be halved. It would be, in fact, nearly halved, his pot of £6 million. But we all know he has a £9 million contingency fund as well, which we will vote for when we vote for part (a). He is shaking his head, but we have just heard from the Chair, from many Members in the last debate, that in fact all the money can be shifted around. So, for him to say that the restructuring cannot happen or would be damaged by £175,000 leaving that pot is disingenuous; it does not wash because we know that the money, if his V.R. (Voluntary

Redundancy) scheme takes off, if that all happens, if the £6 million is down to the last penny, he will find some more because it is so important to do. With that I move the amendment.

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

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

**1.5.2 The Connétable of St. Peter:**

Some years ago - I think it was probably about 3 or 4 years ago, or it may be slightly longer - I think it was the current Minister for Economic Development who made a large contribution to bmi to keep the Heathrow route open. I think that was the Minister, was it not? Yes. There was a tremendous amount of backlash to that, generally because he would not expose how much he put into that. Rumours were at that time it was quite substantial; more or less the sort of figures that are being spoken about today. The one thing that became very, very clear is once that subsidy - and let us be quite honest, it was a subsidy - was removed what did bmi do? They left. As we know we no longer have the Heathrow route. The Deputy is bringing forward this proposition that they should increase the funding to E.D.D. He has made a very big play about the links to German airports and German air carriers. One of the other things that came out of the back of the bmi subsidy was a tremendous backlash, particularly from our ongoing contractors, if you like: British Airways, for example; Flybe another; Aurigny. They wanted their slice of the cake. I am sure J.C.R.A. (Jersey Competition Regulatory Authority), now they have got their teeth back together, will probably have a major issue if we start giving, let us be honest, more or less a subsidy to one airline which gives them an advantage over operating costs of other airlines that fly into Jersey airport. In effect all we are saying is we have got 3 landing fees. On that basis I cannot support this amendment.

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

I will address, if I may, the comments and the remarks made by the Constable of St. Peter, which were a little bit misleading. So if I may I will just clarify that. With regard to bmi and the Heathrow route some years ago, yes, there was a subsidy put in place in order to secure that route. It went through the decision process which included an economic model to look at the value to the Island for return on investment for the money that we put into securing that particular route at the time.

[16:30]

I can say that in the first year of operation of that particular route, we secured financial services business as a direct result which paid for the subsidy that was put in. As it happened - we did not know in advance but as it happened - it was an extremely good investment. I might also add that the loss of Heathrow was nothing to do with the subsidy being withdrawn. The money was still available; the subsidy was still in place; it was a decision purely made by bmi and their ownership and their route development and ongoing negotiations for sale. Nothing to do with the Island. The money was still there to support them. It was a valuable route; we were disappointed to lose it. I hope that just clarifies that particular point. Indeed, on the subject of subsidies, again the principle, although it is very much more difficult in the current climate, is the same, if we can prove it from an economic point of view that the value to the Island is greater. We do provide support both to airlines and to other operators should it be in the interest of the Island and can meet set criteria. Clearly the J.C.R.A., if it was a competition issue, would take interest in the particular matter; so that has to be taken into consideration as well when such opportunities come about. On to the Deputy of St. Mary and his amendments, the 2 together here. Again it is quite curious in some respects. This morning I believe he was Red Riding Hood. He seems this afternoon to be Santa Claus, and I am in a curious position of having money almost thrown at the department to spend on - I have to admit in this instance - a very good cause in tourism. I think it is important that I make it absolutely clear to Members that my commitment to the tourism industry is unquestioned.

I am fully committed to tourism. It is a very important sector. I would go so far as to say, and in fact I spoke today at the I.O.D. lunch and said exactly the same thing, that tourism in Jersey and the tourism sector is, in my view, undervalued and perhaps under appreciated, and I would go so far as to say perhaps not understood in the way that it should do in terms of the value to the economy. I think the Deputy of St. Mary quoted the £236 million input to the economy that directly results from tourism. The multiplier effects, however, are significant and although from a G.V.A. (Gross Value Added) perspective, tourism accounts for around about 3 per cent, there are examples to suggest that it is probably 2 or 3 times that amount in real terms. On top of that, you have got the impact that tourism has on the small business sector in the Island: 80 per cent of Jersey businesses are small businesses, many of whom survive and flourish with a successful tourism sector. Tourism is important, and we will continue to support tourism. I have had recently a meeting with the Jersey Hospitality Association, Chamber and the I.O.D. working together with them to develop a new tourism strategy, to create a framework for the future success and development of the tourism sector. Close to 40 per cent of our budget currently goes into supporting tourism. There have been discussions recently, and I know the Deputy of St. Mary is familiar with the proposal we brought forward with regard to the P.P.P., I think one of the most important things that we need to be looking to do. It feeds both into the C.S.R. but it also is extremely relevant to the way in which we deal with the Government supporting particular industries. My belief is that the principle of the P.P.P. is absolutely right: Private-Public Partnership with tourism is a good idea. The reason we did not go ahead with it was quite simple: the cost of taking that particular model forward in the current economic climate was such that we would have had to cut even more advertising, frontline marketing and advertising, and the last thing you do in a time of recession would be to put that additional burden on the industry and, at the same time, of course, the private sector has less money to put in. The timing was wrong, the principle is right. Nevertheless, I have instructed the department to work together with the industry to look very closely at options to the way in which we deal with tourism as we move forward, and that includes looking at the possibility of outsourcing delivery of tourism in the future. That is an option which has considerable merit and would, without any shadow of doubt, allow us to deliver or allow a future body to deliver greater frontline marketing and advertising in a targeted fashion in a most effective way to get a better return on investment. The Deputy of St. Mary raised a very good point about the additional funding from stimulus that went in. Yes, it has been successful. His argument of course is the extra £0.5 million is what made the difference. Well, of course it did. But the important thing is where it was spent, and he alluded to the fact that the Tourism Marketing Panel was the decision-making body that influenced where that money should be spent, and he is right. Working with the Tourism Department, this independent panel which we set up specifically for the purpose of ensuring that the industry was fully involved in the strategies for the marketing and advertising of the industry had an influence on the T.V. (television) campaign. It was the campaign that delivered the responses the Deputy talks about. What we need to make sure that we do in the future, and for next year and onwards, in our constrained budget is that we spend it in the right place at the right time in the right way to get the best return on that investment. That does not necessarily mean putting an extra £0.5 million into the pot. Much as I would like it, I believe that we can sustain and deliver results with the budget that we have got and the proposed cuts that we are putting in place for 2011. It is workable; we can do it and it will not, in my opinion, impact upon tourism. However, what I have said - and again I made this comment publicly today at the I.O.D. - for 2012 and 2013 as part of the C.S.R. programme we have committed to ring-fencing the tourism budget. We will not reduce it from the 2011 position, which is the reduced one that Members have before them at the moment. We will ring-fence that budget for 2012 and 2013 as we go through and change the delivery, change the mechanism in the way in which we are going to deal with tourism in the future, hopefully to the new model, which I intend to deliver within that timeframe. Much as I would like to have the money that the Deputy is offering for a very good and valued cause in supporting tourism, I do not believe in the current climate it is sensible or sustainable. We have seen the mood of the House earlier on today where there was a very close call in terms of delivering



greater savings which was only just defeated. The message was taken on board; it is absolutely clear, we have to deliver more savings. To suggest additional funding of this magnitude when we can deliver a similar result or hopefully better result within our existing budget is not sustainable, and I would urge Members to reject this particular amendment.

#### **1.5.4 Deputy M. Tadier:**

If we were dependent on the tourist industry as much as we are on the finance industry, we would not be in the situation that we are in today where, due to the economic downturn, or rather due to the failure of Zero/Ten which has been catalysed by the economic downturn in Jersey, we would not be facing this problem. It is because we have an over-reliance on the finance industry whether we like that or not - I think that is a truism - and while we welcome the input that the finance industry has into tax coffers, that is one of the negative consequences, which I think many of us are all too familiar with. I am glad that the previous speaker and also the proposer of this amendment, and myself in fact, I think we all share a common theme here, that we think that tourism is very important in Jersey. It has been, and for so many reasons. We do not need to go over those again. It is really something which is important culturally, economically and socially to the Island. We are taking 2 separate amendments here, and I have no problem supporting the first amendment, and I would hope that Members do differentiate that what we are being asked to do with the first part, as far as I can see, is simply keep the funding the same as it has been in the past. We have already been told by the Minister that we should not be cutting in a recession; that is something that is also true for businesses. That is something I know that businesses do not cut during a recession. That is the key time when you need to advertise to accelerate out of the recession, so that when you come to the other side you do not have a decline in business; you have a stronger position hopefully than you were before. It is obviously nonsense to decrease the funding there. It should certainly be, so the £175,000, I am quite happy for that to be increased. I would hope that other Members, if they follow the logic of the Minister, would also agree with that. The other decision that we are being asked to make now is whether we take an extra £0.5 million out of the Consolidated Fund in order so that can be used to promote the Island. I do not have so much of a problem with that either, because we must think this money is not being wasted. We have already heard that whether it is used to advertise or to promote the Island in other ways, we will get a return on that. There will be a tangible return. We know that advertising does work, and I have to commend the work of the Tourism Department already. I know that I was, for example, in Rouen over the summer, and even in the centre of Rouen I saw big panels advertising Jersey, and I think possibly Guernsey as well, although Jersey was the one that stood out for me. These things do work, and we know that we are seeing an increase, whether it is in the hotels, whether it is with the airlines. They are coming to Jersey, they are spending their money, and this money should not be seen as being wasted. In fact, I would say that I do not think that we can afford to lose the revenue which would be returned by this additional investment; whether it is by supporting part 1, part 2 or both, we will see a tangible return, I think, and that will be appreciated. What the Deputy is saying, advertising for Jersey is good, supporting tourism is good; let us do more of it. We should not simply look at the bottom line. What we should be saying is this will provide a return; otherwise there is no point in advertising. I think we can support this. But what I would say is that irrespective today, if we do adopt this or not, we have to support tourism and we need to be more innovative I think in the ways that we support the tourism industry. There are certainly ways we can do it by using our money wisely, but I would also suggest that there are ways we can do it without necessarily spending any money at all - by changing our mindset as an Island, by individually maybe and businesses in the private sector too to shift their focus, pre-empting the fact that we are and we will become more of a tourist island. It needs to be set up for tourists. We need to encourage shop owners to perhaps open later, to have more *al fresco* if possible. Of course there needs to be a critical mass; I accept that. We need to encourage shop owners to use more euros, to accept euros; I know many retailers do that already. But there is an issue. Let us be honest. We know that our French cousins, and we love our French cousins very much, but they are set in their ways. They come over here and they

like to use cash, for example. They do not always like to go through the hassle of changing money or taking cards out, and there are ways - and I know because I have worked in tourism before, I have done surveys - many tourists are going back on the boat and they have still got a big wad of cash, a wad of euros in their wallet which could have been spent in Jersey. It does not matter whether they are Jersey pound notes or whether they are euros; it is still money that could be in the economy, and it is these little things we can do. I have approached the Minister in the past. I know he is a very busy man, and I have said that I have got many ideas which I would like to discuss with him, and I know I have spoken to the Constable of St. Helier. We need to have ideas; for example, town ambassadors which could either be done very cheaply using students, retired people who still need to work, or it could be done on a voluntary basis where individuals who represent the Island are aware of Jersey geographically and culturally and can give help, and it is all about the second return business. Deputy Wimberley talked about first time businesses that will earn many visitors coming to the Island which are surely encouraging. But the important thing is to get return business because that is exactly where the investment is coming in. It is a lot cheaper to get return business, return custom, in any sector than to just get one-off customers. I think we all need to play our part irrespective of whether we are going to promote these amendments here, but I can certainly support these amendments. I think we need to send a strong message out: this is what we need to do to diversify the economy. I would urge Members certainly to support part 1. It is logical. We need to keep ... we do not need to be reducing the funding in this area. We need to at least be keeping it the same. But certainly, if you can find it in your hearts to support the second part as well I think it would be money well spent. We will see returns on it in the future and I commend the Deputy for this amendment.

#### **1.5.5 Senator P.F. Routier:**

Just very briefly, Deputy Tadier just mentioned that businesses do not cut during a recession, or should not cut advertising during a recession. This is what he thinks that businesses probably do, or should be doing. But the thing is, if they do not have any money to spend they will not be able to spend it on advertising. If they have got a limited budget to use, they have to obviously use their budgets very wisely and ensure that, because they cannot spend more than they have got. I think we are in a very similar sort of situation whereby we have a limited budget and we are running a deficit at the present time. It is a different picture altogether one could put on that. The Deputy of St. Mary did refer to the visitors from Germany and, you know, we have been doing particularly well with visitors from Germany in recent times, and that has been because of the very successful partnership we have with Air Berlin.

[16:45]

When I talk about Air Berlin as being a partnership, it is not as if they are being paid a subsidy. They are here because they want to be here. They are here because they recognise there is a market opportunity for them and they have been very, very successful. I met with the representative of Air Berlin only last week and they are committed to being here next year and to increase their frequency. They want to introduce a midweek service and also to increase the size of their plane. This is not at a cost to E.D.D. We do not need extra budget for that to happen. The worry that we are going to lose the visitors from Germany I think is a false worry at the present time because the partnership that we have with Air Berlin is being very, very successful. It is not a need for additional money to be given to the E.D. Department. I think the E.D. Department, I would say this, obviously, are being very, very responsible in the corporate approach of heeding the House's desire to control spending. We have had the earlier debate where it is very, very obvious that Members want to control spending, and E.D. Department are playing their part in it. It may seem a strange turn of events from recent years, but the E.D. Department are not requiring the money at the present time. I would urge Members not to support the amendments.

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

Just very quickly, Deputy Tadier talked about the Government helping businesses, if I understood it correctly, taking foreign currency and encouraging them to do this. I am sorry; the private sector does this very efficiently already. I used to get a rates' list from the bank for half a dozen different European currencies; it was before the euro. These were guaranteed for a certain length of time, about 3 or 4 days, and if we took currency we used to pay it into the bank at that rate and it was done very successfully by the private sector without any help from the Government and probably more efficiently.

**Senator B.E. Shenton:**

Could I have a point of order? If a Member says he is not going to speak too often in a debate and then speaks, is that against the House rules? **[Laughter]**

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

I tried to broach the subject of honesty earlier.

**Deputy T.M. Pitman:**

It is not the nose getting longer, it is the tie, I think.

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

It is politics. **[Laughter]** I am a great lover of chess, and you move as much as you need to to win the game. The fewer moves the better sometimes, but sometimes your opponents make you make moves that you had not intended to make. The amendment by the Deputy of St. Mary to support the tourism industry is not being supported by the Minister or the Assistant Minister for Harbours and Airport - the Assistant Minister Senator Routier and Senator Maclean. They say they do not need the money. I attended with other Members a meeting of the tourism industry most recently in the Royal Yacht Hotel and, as I said before, it was like being a fly on the wall at a Marriage Guidance Council meeting. I had never seen the Minister for Economic Development looking so hot under the collar as the Hospitality Association representative laid out the issues for all States Members to hear for the first time. I went away after that meeting and quietly spoke to a number of senior hotel owners in Jersey, some of the bigger hotels, and I also spoke to a number of the smaller hotels, and they have told me that the industry was at 50 per cent capacity. Some of the hotels on their knees this year. When the Grand Hotel announced in one breath that it was to close because of financial problems having lost so much money, £17 million, - having lost that much money it is being forced to close and sell - that evening ironically the Tourism Department appeared with an appeal on Channel Television asking for those hoteliers who had excess capacity to get in touch with them because they were concerned there might not be enough beds for tourists this year. I texted that to a couple of hotel owners whose responses were expletive. The reality is that the tourism industry has not been supported by this Assembly for many years.

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

I wonder if the Deputy might give way for a second. I think some of his comments might be just a little bit misleading. I do not believe the Grand Hotel has suggested they are closing at all. The hotel is up for sale but it certainly is not closing. I just would not want anybody listening to think that the Grand hotel is closing. There is no suggestion of that at all.

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

I think Hansard might bear me out, but I am pretty certain I said that the hotel was up for sale because it had lost so much money. I stand corrected. I meant to say the hotel was up for sale because it had lost so much money. That strung into the sentences that I proceeded to make, which were that the industry who I had been speaking with told me that the beds in some instances were at 50 per cent capacity. The problem they said had been compounded by the fact that new hotels had entered the market in the luxury sector when so many existing new hotels had invested ... you have investments of significance in the industry by the Royal Yacht Hotel, £50 million; the Hotel de

France; and also for l'Horizon in other areas where they had invested significantly in their hotels and along comes the carbuncle on the Waterfront and the recession. So, 100 per cent increase in the bed capacity and a kick in the teeth to the industry because of the fact there is no longer the confidence in the market, in addition to the loss of the Heathrow route. The message to me privately is quite clear from the tourism industry. They do need support and they do want support, and they want the politicians to stand up and support them, as do the small businesses that survive on tourism funds. They want marketing to be driven not just to the United Kingdom, where it has historically been, but into Eastern Europe, into France, into Germany, into Italy, into Switzerland; into those areas where there are signs of growth. In this instance I think it is right that we should support the Deputy of St. Mary, the conundrum being why would you want to vote for less money on the one hand and then vote for more money on the other? I want hundreds of thousands of pounds - I have always said this - for the tourism industry. But I do not want hundreds of thousands of pounds for overly paid executives that are sponsoring the politics and the views and the waterfronts of our ruling elite, which are delivering absolute rubbish on the Waterfront; hundreds of thousands of pounds and they have been doing it for years. That is the money I want to save. The nepotism. I am going to support the Deputy of St. Mary because I do believe the tourism industry does need our support. There is a conundrum: how is it that we are able to give the finance industry so much support in marketing its views to China and India when that industry is growing and growing and growing of its own accord, topsy-turvy. It does not arguably need our support. If we want to find money, why are we not policing the financial task forces in our police force through the Jersey Financial Services Commission and putting the police officers back on the beat where they belong, in the community? That is the society I am talking about. The Council of Ministers can laugh. I am sorry; their Assistants can laugh as well. They are out of touch with reality and they have not been speaking to the tourism industry; and if they have been they have been doing it with their hands over their ears.

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

I will be supporting the amendment, and I would just like to elaborate on some things that Deputy Le Claire was mentioning. I have spoken to a number of the hoteliers and certainly 4 out of 5 of the 4 or 5 star hotels are up for sale if the right customer comes along. I can also say that bed numbers are falling on the Island and still continuing to fall, and that hotels in the Island are normally operating with spare capacity with the exception of the Air Display week and the Battle of Flowers this year. They all said they were operating at full capacity. When they are operating at full capacity however, very often they are discounting their prices, although I can say in the case of the Air Display one hotelier said: "We charge our normal prices that week because we know we can fill it." Sorry, it is not a plug for the Air Display but a statement of what I have been told. What I am trying to say is that the industry does need support and I do believe it is wrong that we are putting all our ... I keep on going on about eggs in one basket, and I know that the Minister was giving a talk to the Institute of Directors at lunchtime about not having all your eggs in one basket, diversification. The truth of the matter is we are spending a lot of money on promoting the finance industry which, fine, yes we are trying to encourage more business coming into the Island, but the type of recession that we are going through at the present time, which is finance-led, tends to be longer and it tends to affect the finance industry more than it does other industries. Therefore, if we are hoping that we are going to see a recovery in our finances we should be supporting the tourism industry, because it is possible we may see recovery in that sector before we see it in the areas normally governed by the finance industry. I do believe it is a mistake for us to cut back on this particular industry and the investment in it, and I would urge Members to support the industry.

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

I was just horrified to hear that the Grand Hotel was going to close because I could only conclude that the inner circle of the Council of Ministers had stopped their Friday nights' power meetings there, because I stumbled upon one and was bought a drink several months ago. They did send me

a bill later, to be fair. But really, just a few words as I am trying to stick to the advice from the Chair about not repeating the points. I have to say that listening to Senator Maclean, the Minister for Economic Development, he made a better argument for supporting this amendment than the proposer; so I am a bit surprised why he ended up with wishing to cast away this money. I too was at the same meeting as Deputy Le Claire and I have to say I have absolutely the same recollections. I believe, given the clear success of funding and boosting bookings is highlighted by the Deputy of St. Mary, but not to support the first amendment at least is surely quite ludicrous. It makes no sense. As Deputy Tadier also mentioned, we can be confident, very confident in this, that if we do so we will get a positive return. I just do not understand the logic in where we are going. It now seems it is about rejecting everything. It is like following some mantra or ideology. It does not seem to have any logic in it. As for the second amendment, I suppose when we get down to the nitty-gritty of the matter, it all comes down to whether individual Members in this Government as a result are serious about tourism or just paying lip service to such a commitment. For me, supporting tourism was more than just a line on my election manifesto, so I will be sticking to what I said. I hope others will. Thus, while I will support practical cuts with some demonstrable benefit, in this case where there is benefit in justification in maintaining or even increasing expenditure, I will support those. This is one and I am going to support the Deputy wholeheartedly. Tourism has reached the point of no return, I believe, and if we carry on this path then really we are not even going to be talking about it in this House at all soon, because it is not going to exist. Enough, I think, is enough.

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

Very briefly, I fully understand the Deputy of St. Mary and Deputy Trevor Pitman's views, that they be consistent in terms of wanting to increase spending. What I am quite confused about is Deputy Le Claire and Deputy Higgins. Both of those Members, I think I heard them, have voted in favour of the £5 million cuts. Now, I am assuming, which included a *pro rata* cut for Economic Development, and presumably they want another £675,000 to be taken in other departments because there would not be logic otherwise. I am not going to give way; I just want to make a point that I think that Members need to be consistent and completely straight in terms of what they are saying in terms of increased spending. There are some Members that want to increase spending; others are confusing me.

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

On a point of clarification seeing I have been asked to speak straight: if the Senator was listening carefully he would have listened and heard me say it is the hundreds of thousands of pounds that I do not want spent on the Executives within the support of the Council of Ministers and the rubbish on the Waterfront. He would have then heard that is what I want the money directed away from into this area.

**Deputy M.R. Higgins:**

Again, I know I was criticised for the same thing.

**The Bailiff:**

Every Member who is criticised cannot possibly stand up and have a second bite of the cherry.

**Deputy M.R. Higgins:**

I accept that, but it was a misrepresentation of position. Yes, I did support the idea of the £5 million cut, but that was on the basis that the money is vired by the Minister for Treasury and Resources any way he could support tourism if he wished to.

**The Bailiff:**

I have to say neither of those interventions from Deputy Le Claire or Deputy Higgins falls within Standing Orders. It is almost getting to that stage.

[17:00]

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

My first speech. I am reminded of the Crow Chorus in Dumbo, and I would have seen just about everything when I see an elephant fly. I feel very much like the Crow Chorus. I feel like I have seen a flying elephant, because today we have had 2 unique moments, both starring the Minister for Economic Development. I have heard him gladly admit to £200,000 plus of wasted money: "My department has wasted money on advisers and consultants" *et cetera*. I do not know what the rest of the waste was, but quite happy to say: "And so I do not want £200,000 back." That was earlier. Now I have heard him say: "Of course I am committed to diversity in the economy. I have always been." In fact we all are, because we all passed Priority 2: "Maintain a strong sustainable and diverse economy in the Strategic Plan." Remember that. Every Minister, I think, supported that as well, including the Minister for Economic Development; and that includes: "Continue work to diversify the economy, support new and existing businesses." It does not say in brackets or in quotes "like tourism". Nonetheless, there it is: "Support existing businesses." Then, finally and very specifically: "Recognise the contribution made by tourism." Wonderful stuff; good heartfelt stuff, and we can stand in front of the I.O.D. or whoever and repeat our commitment to tourism, to supporting tourism on the Island, time and time and time again, until of course it comes to an Annual Business Plan, and then we can turn away and say, and the Minister for Economic Development, in particular, spectacularly, can say: "Of course I support tourism, but I do not want any extra money to do it. I do not want to replace the money that I am just taking off the budget to do it." What sort of position is that? He then went on and made the case very well indeed. He pointed to the £226 million, or is it £236 million, that tourism brings into the economy, and he then said: "And it has got a significant multiplier effect. It is maintaining the backbone of our economy, all those small businessmen on the Island. It is helping to maintain them. How significant do you want? Nonetheless, I do not want any money to do it, even if it is offered." He then talks of the problems of going for a P.P.P. with tourism and he talked about: "Ah, but that would be too expensive for them because they have not got the money to put into a Private-Public Partnership, and he was backed up by Senator Routier who then went on, and this was a gem. Senator Routier says: "Well, if business has no money it does not spend on advertising and ..." I thought he was going to go on and say: "... and tourism does not have much money at the moment so it cannot spend on advertising, so we are going to have to do it for them. It is one of the roles of Government. If it is going to support a diverse economy, it is going to support tourism instead of just do the words. Let us walk the walk and not just talk the talk." The fact is that we do need to support a tourism industry on the Island that it is going through tough times. We have the opportunity in the first amendment to put back the money that we are threatening to take out, quite simply. That is an investment in the future of tourism and a badly needed one. We should be putting our money where our mouth is in that particular case. On the second one, again the Minister pointed to how brilliantly effective the spend was on advertising this year, because he talked to the industry and the industry got it right. But he still does not want this extra money for next year. Why? Is he going to stop talking to the industry? Is he going to get it wrong next time? Having got it right, surely get it right next year. If we are going to save the tourism industry on the Island we have to back it. We have to back it with financing. It is no good the Minister saying: "I support tourism, but I do not want the money. I refuse the money to do it with" effectively, that is no position to take at all. This House, I remind people, has voted to support a diverse economy. Every Member in this House, I am sure, has stood on a hustings and said: "I support tourism." Put your money where your mouth is, Members, and please support both of these amendments.

#### **1.5.12 Deputy A.T. Dupré of St. Clement:**

I did not vote for the £5 million cuts, but as the daughter of a hotelier, my late father was a hotelier, my late father-in-law was the President of Tourism, I feel if I did not vote for this I would have a black cloud hanging over my head and I feel I must go with the amendment. Thank you, Sir.

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

This is quite extraordinary really, is it not? What a position we have ourselves in. We have the usual suspects saying: "I support tourism and therefore I want to spend some more money on that department." Well I support tourism, I support Health, I support Education, I support Home Affairs, but we cannot just keep throwing money at all these departments simply because we support them. The reverse, if we want to ensure that this Island and these departments are sustainable, we have to take some tough decisions now, so that our children are not held liable for the costs of our indulgence today. This is nonsense. I urge Members to stop this debate now. The Minister is saying he fully supports the Tourism Department. He will endeavour to continue to fund the advertising promotion by restructuring his budgets. We must support him. We must all recognise that this over-indulging, cavalier spending and the champagne lifestyle that we want to continue to endure must stop. We have to bite the bullet now, so that our children do not have to pick up the tab. This is nonsense. I urge for this debate to stop. Let us all see some common sense here.

### **1.5.14 Connétable L. Norman of St. Clement:**

I think it was Deputy Higgins who said that he believed that 4 out of 5 hotels in the Island are currently up for sale. I am surprised that it is so few, because any business, any business ...

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

Correction, 4 to 5 star hotel.

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

Fine. The reality is that any business, and therefore any hotel, is always up for sale if the right price is offered. If a taxpayer is successful in making those hotels - whatever star they be - more profitable, they clearly will become more valuable and therefore more likely to be sold. I just wonder if that is the job of the taxpayer to increase the capital value of the hotels for the benefit of the owners. I think not. Times are tough for tourism all over the world. Times are tough for all sorts of businesses, retails, banks, just about everyone. The reality is that we know here in Jersey those hoteliers who have invested in their product, have invested in their marketing in a proper and professional way are doing okay; not brilliantly, but doing okay. Those who have not invested, who have relied purely on the support of the taxpayer might be struggling. But the truth is, which should we be supporting, those who invest in their product and their marketing or those that do not? I think I know the answer to that and therefore I cannot support the amendment.

#### **The Bailiff:**

Does any other Member wish to speak? Very well, I call upon the Deputy of St. Mary to reply.

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

I thank all those who spoke in the debate. I will cover some points, but I will not necessarily mention people by name as it will all be grabbed together. However, I want to start by picking up what Senator Perchard said because that is fairly critical to the debate. I support tourism. I support Education. I support Health. I support all these things, but I do not want to find the money or I want to restrict the money or I want less money and yet more product. It does not quite make sense. One of the things I found when researching for the main debate on the £5 million back in 2004, but it still applies now, was that one of the reasons, one of the changes in spend, was for new drugs. Why new drugs? Because of their improved clinical effectiveness. The other aspect under that heading of drugs was that drug prices were going up 10 per cent, presumably per year. Now, how you can support Health and ignore the fact that the demand on Health, as I mentioned earlier, is going up and that the cost of your raw materials - your drugs - is also going up? You have to ask yourself whether people like Senator Perchard are connected-up mentally. That sounds a bit strange, but what I mean is consistent. That is the word I am looking for; consistent. **[Laughter]**

You can support something, but when it comes to the crunch people can do without the drugs or because they cost more this year we cannot afford it. I do not go down that route. I think that if you support tourism then there may have to be a financial cost to the Government in order to support a strategic industry. As the Minister himself said, there is a payback, not just in the 3 per cent of G.V.A., but also the multiplier effect. We are talking about a big industry; one that has a lot of connections, a lot of tentacles in our economy. To regard it as just something that we cannot support or commit to in a sustained way is not adequate. People mentioned the word investment. How right they are. This is an investment. Again, the Minister came up with the best example. He said that on the Heathrow Link - although that is not comparable to the situation that I am talking about, not comparable to amendment 1, because as, Senator Routier said there is no subsidy involved on these routes - we got the money back from financial services business. In the same way we are going to get the money back, as has been demonstrated this year from the effect of that £500,000. This is an investment and should be seen as such. To go to the subsidy point, it is not, other people mentioned it too, a subsidy to the airlines, we are not talking about bribing EasyJet to come to Jersey or whatever, I am talking about P.R. and marketing support for an industry that needs help, in particular in the European markets that are improving. France and Germany now are both improving. I am glad to hear from the Minister that he is showing his commitment in various ways. There is a new strategy on the way. Ring-fencing is promised for 2012 and 2013 of the 2011 budget. That is indeed good news for the industry. I think it does show some commitment if it is stuck to in spite of the pressures that he will undoubtedly come under. That commitment needs to be shown now as well. The extra £500,000 this year from the physical stimulus did make the difference. They had to go on bended knee. I gather they had to beg for that money, but when they got it they used it effectively and the results were dramatic. The Minister, in closing, said: "Much as I would like it - the extra money - it will not impact on tourism." Yet his own Chief Executive Officer in his hearing to Scrutiny said: "The impact has been dramatic. It has been huge." So you can choose between no effect on tourism and a dramatic and huge effect just from the injection of a bit of marketing spend.

[17:15]

I do not deny you can spend marketing money effectively or not, but they spent it effectively. Let us have more of that effective spend. Let us make that possible for the Tourism Department. Let us put our commitment, which as people mentioned is on many people's manifestos, into action and vote for both the amendments, but in particular to the one that simply restores a cut which is the first one. But if Members really support the industry then I think that they should also vote for the money that they had this year and put to such good effect, and which will have rippled throughout the economy, throughout the Island. This is the sort of expenditure that we should contemplate making. I call for the appel.

**Senator S.C. Ferguson:**

I have a point of clarification, Sir. Has the Deputy looked at the return on the advertising spend? Has he looked at the ...

**The Bailiff:**

That sounds remarkably like a second speech, making further points, Senator.

**The Deputy of St. Mary:**

I am quite happy to answer that.

**The Bailiff:**

No, Deputy, we would prefer not to go there. Very well. The appel is called for in relation to the amendment of the Deputy of St. Mary. You want separate votes, I take it, Deputy? The first matter before the Assembly is paragraph 1 of the fifteenth amendment. That is the one which relates to an



increase of £175,000, as set out at number 7 in the paper. I invite Members to return to their seats and the Greffier will open the voting.

<b>POUR: 10</b>	<b>CONTRE: 37</b>	<b>ABSTAIN: 0</b>
Senator A. Breckon	Senator T.A. Le Sueur	
Deputy G.P. Southern (H)	Senator P.F. Routier	
Deputy P.V.F. Le Claire (H)	Senator P.F.C. Ozouf	
Deputy M. Tadier (B)	Senator B.E. Shenton	
Deputy of St. Mary	Senator F.E. Cohen	
Deputy T.M. Pitman (H)	Senator J.L. Perchard	
Deputy A.T. Dupré (C)	Senator S.C. Ferguson	
Deputy M.R. Higgins (H)	Senator A.J.D. Maclean	
Deputy D.J. De Sousa (H)	Senator B.I. Le Marquand	
Deputy J.M. Maçon (S)	Senator F. du H. Le Gresley	
	Connétable of St. Ouen	
	Connétable of St. Helier	
	Connétable of Trinity	
	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	
	Deputy R.C. Duhamel (S)	
	Deputy of St. Martin	
	Deputy J.B. Fox (H)	
	Deputy J.A. Martin (H)	
	Deputy of St. Ouen	
	Deputy of St. Peter	
	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 E.J. Noel (L)	
	Deputy T.A. Vallois (S)	
	Deputy A.K.F. Green (H)	

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

On a point of order, Sir, Senator Shenton directed a comment that impugned my motive for doing what I did and how I voted. I made it quite clear, even though you did not allow me on the first point of order, why I was voting how I was voting. I resent and ask you to direct Senator Shenton to withdraw that remark, Sir. I certainly do not want higher taxes.

**The Bailiff:**

I think one must take that remark of Senator Shenton in the spirit in which it was intended. It was a humorous remark. We then come on to the second paragraph of the amendment, which deals with the sum of £500,000. The Greffier will open the voting.

<b>POUR: 8</b>		<b>CONTRE: 39</b>		<b>ABSTAIN: 0</b>
Deputy G.P. Southern (H)		Senator T.A. Le Sueur		
Deputy P.V.F. Le Claire (H)		Senator P.F. Routier		
Deputy M. Tadier (B)		Senator P.F.C. Ozouf		
Deputy of St. Mary		Senator B.E. Shenton		
Deputy T.M. Pitman (H)		Senator F.E. Cohen		
Deputy M.R. Higgins (H)		Senator J.L. Perchard		
Deputy D.J. De Sousa (H)		Senator A. Breckon		
Deputy J.M. Maçon (S)		Senator S.C. Ferguson		
		Senator A.J.D. Maclean		
		Senator B.I. Le Marquand		
		Senator F.du H. Le Gresley		
		Connétable of St. Ouen		
		Connétable of St. Helier		
		Connétable of Trinity		
		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		
		Deputy R.C. Duhamel (S)		
		Deputy of St. Martin		
		Deputy J.B. Fox (H)		
		Deputy J.A. Martin (H)		
		Deputy of St. Ouen		
		Deputy of St. Peter		
		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)		
		Deputy T.A. Vallois (S)		
		Deputy A.K.F. Green (H)		

## **1.6 Draft Annual Business Plan 2011 (P.99/2010)- fourth amendment, paragraph 1 (P.99/2010 Amd.(4))**

### **The Bailiff:**

Very well. We come next to the fourth amendment, paragraph 1, lodged by Deputy Southern. I will ask the Greffier to read the amendment.

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

After the words “withdrawn from the Consolidated Fund in 2011” insert the words “accept that the revenue expenditure of the Economic Development Department should be increased by (a) £138,000 in order to maintain their level of support for tourism events and not proceed with the comprehensive spending review proposed on page 62 of the plan, ED-S6, Reduction in Grants for Events, (b) £36,000 in order to maintain service levels in Jersey Tourism Visitor Services and not

proceed with the comprehensive spending review proposed on page 62 of the plan, ED-S7, Reduced Opening Hours in Jersey Tourism Business Services' reception. The net revenue expenditure of the Treasury and Resources Department shall be decreased by the same amount by reducing the allocation for restructuring costs."

**Deputy J.M. Maçon of St. Saviour:**

Before we begin the debate I think I need to declare an interest. I am a member of the St. Saviour's Battle of Flowers Committee, which does receive a grant from the E.D.D., although I do not think that is a direct financial interest.

**The Bailiff:**

No, it is not a direct financial interest, but thank you for declaring it.

**1.6.1 Deputy G.P. Southern:**

I doubt that anybody has a direct pecuniary interest in this one in the House, although lots of people are obviously involved heavily at many times in the year with a variety of event-led tourism. Here we go, as I believe I had in the first debate... the elephant flies again perhaps, we wait to see. Before I start on the amendment itself, let us just deal with the point that was made by the Minister for Treasury and Resources earlier about how we approach these debates. If one wants to put money back into the Business Plan one is faced with the choice of simply increasing the deficit or making a cut elsewhere. I point out that when the Minister for Treasury and Resources brought his proposition for restructuring money to the House he did say clearly, although it was almost in passing: "I think I only need around £3.6 million, but I am asking for £6 million to be safe." If, heaven forefend, Members were to back every one of my amendments they would end up with something slightly over £1 million worth of cuts being put back into the Annual Business Plan and, if they were to back it, £400,000 taken away from the amendment to Jersey Finance. So overall, a relatively modest set of changes in the light of the fact that we were told we were going for 2 per cent cuts, which is approximately £10 million. Approximately became £12.6 million of cuts when it arrived. So we are already way over the 2 per cent cuts in the first place. Secondly, if Members were to back every one of my amendments we would be talking about 7 jobs that were not going to go or 10 per cent of the jobs that are threatened by the Annual Business Plan. Again, a relatively modest, in total, sum of the total amount that I am trying to get put back into the Annual Business Plan. This one is again, like the previous debate about tourism, and one that again I think many Members of the States would have stood up and said on a hustings: "Of course I am in favour of event-led tourism." I have certainly said that. I have heard many people say that. Not least, because I have shared the platform with him on many an occasion - not yet successfully - the Minister for Economic Development has wholeheartedly supported event-led tourism many a time, as has the Minister for Treasury and Resources, many a time. So event-led tourism, a very significant part of what we do on the Island. It is all part of diversification, again, and recognising the contribution made by tourism. This one, however, might be a bit more personal, because many of you, I am sure, are involved, I am sure, in several of the events that are backed by the Minister for Economic Development. I just briefly look in my report about what is happening to backing for events and event-led tourism over the past couple of years. What we see is that in 2008 the E.D.D. Business Plan had a total of £769,000 allocated to events and event-led tourism. By 2009 this had been reduced by an amazing 40 per cent to around £455,000 towards event-led tourism. Or, if we are generous, £512,000 including overheads. This was a 40 per cent cut between 2008 and 2009 at a time when the Minister was backing event-led tourism, while producing the funding. That puts into perspective a further cut now of £138,000. £138,000 is another 30 per cent: we are not talking 2 per cent here, this is a target area. This has been isolated and targeted. Since 2008, over the past 2 years, what we have seen is a reduction of 40 per cent in grants to event-led tourism and then 30 per cent in grants to event-led tourism. What will that do to those events? I believe it is going to seriously harm those events, because the new policy produced by the Minister for Economic

Development is that we are encouraging all event organisers to stand on their own 2 feet, to go out there and get private sponsorship. At a time when we are still slap bang in the middle of a recession, when money is tight and sponsorship is tight. If there was ever a case for government supporting a particular activity through the recession then surely this is it. The Minister in his response says: "The funding removed from the P.G.A. (Professional Golfer's Association) European Seniors Tour Event, the P.G.A. Event, last year in 2009 received £50,000 from Economic Development; significant money. The funding removed from P.G.A. European Seniors Tour Event will be replaced by private sector sponsorship, which will be delivered through a partnership between Jersey Enterprise, Jersey Tourism, the European Tour and Sports Sell, the event managers. So I asked the Minister what that will mean. Does it mean it has already been organised? I asked him what the sponsorship was. We know now. Sponsorship was £50,000. What was the deal last year? How much money was coming in from the private sector? Has it been replaced now? Is it all organised? If so, how much is going in from private sector and for how long will it be sustained? Is it a one year, one-off, is it 3 years, is it 5 years? I have not got an answer yet, apart from the "will" is literal, it means nothing has been organised yet. We are trying to organise sponsorship. We think we may succeed. He then went on in his comments: "There is also a reduction in funding to the Battle of Flowers, Fete de Noué and the International Air Display. The funding will be replaced by private sector sponsorship which will be delivered through a partnership between Jersey Enterprise, Jersey Tourism and the events organisers. The proposed reductions will not impact on the events programme and will still remain a key component of Jersey tourism strategy." 40 per cent reduction, 30 per cent reduction, but still a key element and again that "will" means nothing has been organised yet: "We are working on it. We hope to replace that money." What is that money? Quite significant. Support last year for the Battle of Flowers Association, Battle of Flowers Display event grants for £145,000. Significant money which they are intending to cut and they do not know where the private sector funding sponsorship is going to come from. Jersey International Air Display, again last year was £100,000; again, significant money. Nothing as yet organised for its replacement at a time of recession when businesses are feeling the pinch. Also on the list of funding, promotion for the 2009 Boat Show was £9,000 approximately. Year 2 of the Branchage Film Festival was £30,000. May I recommend Members go to the Branchage Film Festival. It is coming up in the next 10 days and is a wonderful programme.

[17:30]

Again, this will be significantly affected. The only other sponsorship I can find from 2009 is the International Veteran Fencing Tournament, which received £1,500. There we are, significant events in the tourism calendar, I believe, put under serious threat from this particular cut, which I believe on top of a 40 per cent cut the year before is one that is a step too far. In this particular case I urge Members to support replacing the £138,000 required to maintain this funding until and unless the Minister can come to this House and say: "I have secured alternative funding from the private sector. It is there and it is in place. The Battle of Flowers is safe. The Air Display is safe. The festival's programme is safe." When he can do that, then let him come to this House and say: "Proceed. Let us cut our contribution to these events. They can stand on their own 2 feet." Let us not risk those particular events, which are very significant and very important to our tourism industry. On the second part of this particular amendment the additional £36,000 towards maintaining the hours of the Tourism Information Centre, I wait to hear from the Minister a further explanation of what his response is. I think, if what I interpret his response in his comments was, that possibly this one maybe a move that I should not be opposing and I may well withdraw this particular element. But certainly the funding for events I think is absolutely vital at this stage, in the recession, to maintain for at least a further year.

**The Bailiff:**

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

### **1.6.2 Deputy M. Tadier:**

I do not really need to say a lot on the first part of the amendment, because I think that has largely been covered by the previous speeches in the previous amendments. Suffice to say, of course, that I will be supporting both of these areas. I think it is important now to respond to Senator Shenton's somewhat tongue in cheek comment after the previous debate had finished, in which he implied that everybody who voted for that previous amendment indirectly wanted to see higher taxation. Of course, I am not going to raise a point of order, even though it did fall foul of Standing Order 104. I think part (c), which imputes improper motives.

#### **The Bailiff:**

That is a matter for the Chair, not you, Deputy.

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

That is right. I said I am not going to do that.

#### **The Bailiff:**

You just have. You have just asserted it does. You cannot have it both ways.

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

I am not going to ask for that to be a point of order, but I have looked that up. These things come up and we have all done it. I think we need a thick skin in politics. The point is I certainly do not want to see any unnecessary taxes being introduced. If taxes do need to be introduced ... and I suspect that because the Council of Ministers, in the way they have gone about this spending review, is going to fall flat on its face. We will see taxes ... I do not want to see taxes that are going to hurt ordinary people. I would like to see them distributed in a fair and in an effective manner. I think that is a fair point and I am sure many people would also find that true. The reason I supported the previous amendment, the reason I will support this, is because I do not want the scenario in the future where we find we have less tax revenues coming in and we have to put taxes up even more dramatically, perhaps G.S.T. to 20 per cent tax and personal taxation to 30 or 50 per cent tax. When the tourism industry is not there or it has dwindled, because we have not invested in it, and then when the finance industry has gone as well or has dwindled and we will have nothing left because we have not invested in tourism and finance is volatile. That is the worse case scenario. That is why I am supporting diversification. That is why I do not want to see unnecessary taxes. So I would quite easily and happily bat it back to Members, if you do not support this proposition in the future you are setting up disaster for your children and for your grandchildren and you are supporting increased taxation. Hopefully none of us want to see that. That is the reason that Senator Perchard and Senator Shenton and others can support this proposition. There is another reason, we have heard about the importance of event-led tourism. As I have said, Deputy Southern has gone over that very well, it does not need any more. To do with part (b) and I would ask the Deputy, maybe he will consider taking them separately. Either way it does not matter to me, because I will support them both. We need to be a bit more imaginative about the way we use the Jersey Tourism Visitor Centre. I used to work there when it was in its old location. I think that was a better location. It probably was a mistake, in fact, to move it to its current place. I think we realise that it may be too late to do anything about that, but I think it needs to be acknowledged. Something that surprised me for years is that the harbour is so very well used, both at the Elizabeth Terminals and at the Albert Quay. We get so many tourists coming in there from France and also from further abroad in Continental Europe, but we do not even have a point of information at the harbour. What I would suggest - although we certainly have very good people who go down there and give out What's On in Jersey, *et cetera* - is that if we are to look at the hours at the Visitor Service Centre, do not cut the money. I think that money should be kept and should be used. But we should look at getting a staff member or 2 at peak times down at the harbour and also at the Albert Quay to welcome visitors, to be there and to address their questions

and to show them what the Island has to offer. As I have said in the past, I do not think that all tourists necessarily get the most out of our Island that they could do. A lot of them end up getting stuck in St. Helier. It is a kind of maze and it is a very nice maze. While that may be good for the Constable of St. Helier there are so many other nice places in the Island, either during a day or a couple of days that you can go and see, it is important that they do that. I think information at the point of arrival would be beneficial and why not have a bureau de change at the harbour? I certainly know there used to be one at the Albert Quay which was run by Condor in those days and that was very well used. It used to pay, certainly, many times over for its staff member. That could be incorporated with an information point. It could be run by the department or at arm's length. I think that would certainly pay for one job and it would also make a profit. That needs to be looked into. So before we go and cut this budget, let us look to diversify with how we are using our staff, maybe jig around the hours by all means, but I think it is important that the Tourist Centre be open as long as possible; also that alternative points of information at the harbour or possibly elsewhere in town at peak times be looked into. So I will be supporting these 2 areas and I would hope that the Minister for Economic Development would pass those comments on to the relevant persons at Jersey Tourism.

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

I said a moment ago, in the previous debate that I supported 100 per cent the tourism industry. I was disappointed. I do not think Deputy Southern fully understood what I was trying to say. Because I was not prepared to accept the £500,000 and the £175,000 additional spend for tourism does not indicate that there is a lack of support. It simply says that there are other ways in which we can deliver support to the tourism industry without necessarily putting hard cash in. We can spend more wisely and get a better return for the money that we invest by making sure that we invest it in a targeted fashion. The events programme is an extremely important programme as part of the tourism offering in Jersey. I have to say it is supported and developed extremely well by the staff in the Tourism Department, who I think do a particularly fantastic job in this area. I think the events programme - and Deputy Southern has alluded to this when he commented on the fairly significant reduction in budget over recent years, but we have not seen any diminishing of the events programme as a direct result of the budget being reduced - is testament to the fact that there are many ways in which we can support events without necessarily putting cash in. In fact, the ethos I think we need to look at when supporting events is very much that government should be seeking to put in or deliver seed funding for an event supported by a business plan and that the event should be seeking to be self-funding within a reasonable period of time, 3 or 4 years. To be fair there have been very reasonable and very good examples of such events. The Deputy mentioned Branchage, which got significant support initially and is now standing on its own feet. Jersey Live is a good example. There are many others. We need to do more work with the events organisers and with the key events that are so important to the tourism industry within Jersey to ensure that private sector funding can be brought on board to support these events. This particular proposition seeks to put back effectively the £138,000, which is part of our C.S.R. programme for 2011. We have gone through it very carefully. Most of the events that are being targeted as part of this will be seeing something in the region of a 10 to 15 per cent reduction in their grant. It is not significant money. It is money that we are confident we can replace and help these particular events obtain from private sector sponsorship. That is the type of model moving forward that we need to put all our endeavours into to ensure that the good events are allowed to progress and develop and add what they do in terms of good value to the tourism programme. The second part, the £36,000 reduction that we have for the Visitor Centre, I think I can clarify to the Deputy and hopefully to Members, this relates to a reception position in the Visitor Centre as a result of the move to Jubilee Wharf. As such that position is no longer required. It is superfluous to requirements. So indeed the appropriate redundancy process is being followed. That is the £36,000 saving. It is not anything outside of that. I think there may be some confusion in that regard. I think that is all I want to say, other than I would encourage Members once again we have

to remain, I am afraid, focused on this. This is part of the savings that E.D.D. has put forward for C.S.R. for 2011. We have gone through it very carefully. We are confident it is deliverable and we are also confident that it will not have an impact on the events programme or indeed tourism. I would enthusiastically ask Members to reject this well-meaning proposition.

**Deputy G.P. Southern:**

Can I seek some clarification with the Minister? When he says the post is no longer required, where was that post, where is it going to be and in what way is it being replaced? How is the reception being dealt with? Can you just clarify for me, so that I can decide whether it is worth pursuing this amendment (b)?

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

Yes, I can. The reception post as you come into the Tourism Visitor Centre is on the left-hand side and Members who have attend upon the Visitor Centre - a fantastic facility - will see that all the other staff are directly in front of them straight ahead, there is a number on the desk and the services can be quite happily dispensed directly from there. So it has been assessed for some period of time now. The post is not required. It will have no impact on the Visitor Centre at all. It is a genuine efficiency saving.

**The Bailiff:**

Can I just from the Chair seek clarification? What it says is reduce opening hours. Are you saying that is incorrect?

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

Yes, Sir.

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

I am very uncomfortable when we start trying to micromanage Ministerial budgets. It seems to me that we are going to hear from the Council of Ministers and, particularly, from the Minister for Economic Development that they support tourism. We will judge them on what happens when they get to the end of their present mandate. For us to be pressing pound notes into the Minister's unwilling hands and saying: "You must spend these in the way we tell you to" seems to be really we are on a hiding to nothing. Even if we succeed in giving him the money he does not want he may well not spend it in the way that we are asking him to. I would urge Members to judge this Minister and the Council of Ministers on how healthy tourism is at the end of their mandate, certainly from the point of view of St. Helier. We work closely with the events people in tourism and I have not see a falling off in commitment or in creativity. We are seeing a number of new events coming forward, tremendous excitement about the Boat Show, which is going from strength to strength, and Thursday evening markets in the new Weighbridge Square. There is a lot going on in tourism. The executives I have spoken to, they often refer to the cuts, but they appear to me to be able to work within the cuts that are being imposed on them.

[17:45]

People are looking for more creative ways, they are looking at working with the private sector. There are a lot of people out there who want to have their turn to try to do things in the world of tourism events, like Fete de Noué. The budget has shrunk, but has the event diminished? I do not think it has. The Fete de Noué every Christmas seems to be a very delightful event. I think it is not threatened. No one so far, apart from the Deputy of St. John when he was bringing up the inevitable DUKWs and buses and so on, has talked about the Heritage Trust. Of course, what we know from the recent debate on heritage funding is that the heritage part of tourism is growing in strength. The States have, as far as we know at the moment, pledged to maintain a level of funding which will allow heritage to continue to open its major sites. Of course, on those sites, such as Elizabeth Castle, such as at La Hougue Bie, a lot of event-led tourism happens. Just because

Economic Development is cutting back does not mean, for example in this case - and we are seeing an example here of departments working together - that tourism is being assisted by the Department of Education, Sport and Culture. I want to see what this Council of Ministers does with tourism during its mandate. I personally think there ought to be a Minister for Tourism. Perhaps if there was this would be a very different debate, because I expect the Minister would be standing up there saying he or she must have the extra money. We do not have a Minister for Tourism. We have a strategy which we are following. Let us judge the Council of Ministers on how they deliver it with the budget they have been prepared to accept.

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

I am just doing it to irritate other Members now. **[Laughter]** Tongue in cheek of course. In response to Deputy Tadier, it is interesting. I thank him for his encouragement to not let things get me down, but I am made of sterner stuff than that. Just because I react to things, does not mean to say that they are getting me down. I am responding to the criticism because that is politics. It is a robust form of debate, is it not, which avoids conflict, discussion? Deputy Southern and I were involved with the very first piece of Scrutiny work that the States undertook. Prior to that Scrutiny was left alone to Back-Bench Members, like myself, Deputy Southern, Deputy Hill and Constable of St. Helier and ex-Senator Stuart Syvret, whose name shall not be mentioned, in bringing our position to things such as what was happening on the Waterfront. We got it wrong on the swimming pool, we were told. We got it wrong on the fast food restaurants, we were told. We got it wrong on the tourism building, when we said to them through Scrutiny, the first piece of scrutiny we did under Shadow Scrutiny, the first topic, the one I suggested, the move of the tourism industry building, I said it is in the right place, you should leave it where it is, because all the footfall happens there. Deputy Southern led the review. It was his panel. We voted democratically. Deputy Martin was on it I believe as well. We told them: "Do not move it. It is in the right place now. What are you doing?" They have to outsource a load of material into the farming industry to have it warehoused as well and the 21-year lease is going to be £129,000 a year to do this, la la la. We got it wrong. We got it wrong. We got it wrong. We are getting it wrong again today, apparently. We always got it wrong. The fact that they admitted later that they had made bad decisions did not make what we had got wrong right. It just made what they had got wrong less wrong. I do not know about supporting these things, because of the uncertainty now that has been exposed by Deputy Southern himself in realising that the £36,000 is a post-saving, which is where I do want to see cuts. I do want to see cuts in some jobs. This is the kind of money I want to see saved; unnecessary ... this is why I wanted post-holders jobs, duties, responsibilities, departmental structures, breakdowns. That is why I asked those questions, so I could get involved. I was blocked out of that. I think that, as with the Constable of St. Helier, there are those events that will flourish because they are events people want to go to. They will receive support, either through voluntary efforts or through support through the finance industry and public private partnerships, because private enterprise wants to be associated with those events. I am not certain that thrusting money into the Minister's hand is the right thing to do. I did rise to say it seems at the moment we are hearing a mantra - and I know you will take this as it is meant, tongue in cheek, because I do like the Minister - it seems this afternoon he is saying in order to support tourism what we need to do is scrap their advertising budget, reduce their department, outsource their department and make us little promises in the future about what we are going to do other than ring-fence things into the long term, into the long grass, when he is not necessarily going to be the Minister to be there to make sure that is ring-fenced. It would appear to me that the best way to support tourism today in Jersey is to completely eliminate the Economic Development Department, scrap all the money for tourism and we will be supporting them.

#### **1.6.6 Deputy F.J. Hill of St. Martin:**

I was not minded to support any or very few of the amendments including these 2, and I was one of the 23 because I do believe we have got to be very serious where we are about making reductions.



However, with this particular one again I said I was not minded to support it but I was hoping that I would have assurance from the Minister, which I think Deputy Southern was quite right to try to draw out because I see the words “will be”. What I would like to have seen, and had that assurance from the Minister, that it has not “will be” but “has been” secured. I look at things like the Battle of Flowers and I know I am not alone in at least supporting our priorities, *et cetera*. Those people who work at the coalface find it very difficult raising money for the event. After all we have got to say how wonderful Battle of Flowers is, it is only wonderful because of the community spirit that engenders from it. What I would like from the Minister is an assurance that the sponsorship has been secured, not will be, because if it has not been secured what I would like to know then, will he give his assurance that if it has not been secured he will make sure it is secured? What we do not want are functions like the Battle of Flowers, those organisers having to go cap in hand looking for money because it gets increasingly difficult every year because the costs go up, extra workers are required and one does look for support from tourism. The other issue is the International Air Display, Deputy Higgins is not here but I was rather disappointed that no one - none certainly from the Council of Ministers - stood up yesterday to compliment not only Deputy Higgins but his team on the wonderful display we had last Thursday. I would hope that that endorsement would certainly go to Deputy Higgins and all those organisers. Also I was one of those who voted for Deputy Higgins to be shown absent on States business. When I think to our shame we voted that he should not be shown that when he was out going to organise that big function, so I would like to get that little piece in. I know he is not here but our sentiments are there, so congratulations to all those people. Getting back to the particular amendment we have in hand, I will not support it unless I can get that assurance from the Minister that the money will be or has been secured, otherwise I am minded to support the amendment.

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

Sir, Could I address that?

**The Bailiff:**

Well, you have already spoken but are you asking for clarification there?

**The Deputy of St. Martin:**

If the Minister would like to give it then quite clearly I will not support the amendment but if he cannot give that assurance I will support the amendment.

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

Well it is just for clarity, I mean it is not going to be terribly helpful to the Deputy, I do not think, because clearly I cannot give him that assurance. All I can say to him is that we are working now with events in particular to help them raise money because his point is absolutely right. It is difficult for events to raise money. Sometimes they do not necessarily know how to go about it. We are going to do a lot of work to assist events. We were very successful with the ...

**The Bailiff:**

I think a brief clarification.

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

... with raising funds already in that area.

**1.6.7 Deputy A.E. Jeune:**

The amendments that we have got before us at the moment, which seek to increase spending for 2011, I find a little baffling, because last week Members had the opportunity to hear from the Fiscal Policy Panel, and if I understood them correctly they were quite clear that we should live within the budget that has been set, and were critical that we did not do so this year. Do we not listen to expert advisers?

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

Just some quick points, the first that does need to be addressed with this amendment is the wanting-to-raise-taxes drive. It is going to come again and again. With every amendment it is going to be that the people who support an amendment like this want to raise taxes but of course taxes are going to have to go up anyway because we know there is an historic backlog. The Minister for Treasury and Resources himself now accepts that. He told us at the briefing we are £30million adrift, even with the £50 million saving we are going to have to fill another gap. £50 million out of £100 million is backlog. It is contingency, and it is money that we should have spent before. So to say, when you are dealing with £138,000 that you want to raise taxes is just a false accusation because taxes are going to have to rise anyway. Let us not kid ourselves, let us be honest with the public and let us just come clean on things like that because it is just daft to say that they are not going to go up if we vote down all these amendments. Life is not like that. The demands on the public service and public facilities go up and also we have an historic backlog. We cannot wish it away; we cannot just all stop going to the loo. I hope you understand that. Okay, we need a sewerage system. If it is falling apart you have got to pay for it somehow. It may not be called tax; it may be dressed-up as something else. It will be called a charge, it will be called a bond, it will be called something but at some level we have to pay for it. So, I have got that off my chest. Now, a bit closer to the amendment, but that is relevant because it is in the back of all our minds, we cannot spend money on supporting the Battle of Flowers because we cannot afford it, and because we must not raise taxes. It is just not relevant to that. Deputy Le Claire said: “Well let us just close E.D. and show our real support, and I do have very great sympathy with that. When you hear the Minister saying that they are cutting 40 per cent, then cutting 30 per cent, then cutting I do not know which per cent it is for 2011, he supports events. I do not get it. There will not even be anything left of the seed money that sets up things like Branchage and Jersey Live until they float-off as independent entities. The budget has already been cut and cut and cut again. Then finally the Battle of Flowers, helping them to raise money, for God’s sake, the people who are involved in the Battle of Flowers have already committed hours and hours to building the floats, decorating them, going out on the night. It is a big commitment and it is a wonderful commitment and then to say, to add insult to injury and say: “Now you can go out with a bucket and raise the money as well.” I know they do that anyway but without even a helping hand, yes, it is just extraordinary that the community ... It sort of ranks with: “Well let us close the occupation tapestry because, well, never mind about the people who made it.” We got a reaction from that I know, I certainly did, and this is in the same bracket. So, I just urge Members to show that support that so many said at their various hustings, and vote for this amendment. On the second amendment I am quite satisfied, I have done a bit of looking into that, and I personally am happy with that and would suggest that the proposer withdraws that part (b).

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

Just a quick dose of reality: every pound that this Assembly spends during this debate will have to be raised by new taxes. We will have to fund this, every pound of spending that we approve over and above this Business Plan proposal will have to be funded by new taxes. I urge Members to bear that in mind when they vote on all these nice-to-haves.

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

Can I challenge? That is not factually correct. I mean, there are amendments ...

### **The Bailiff:**

Deputy, you have already spoken, you cannot have a second speech.

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

But he has misled the House, Sir. He has misled the House.

### **The Bailiff:**

You cannot have a second speech, Deputy, it is absolutely clear. The whole form of debate in all parliaments is that you speak once. You may disagree with things that are said after you have spoken but that is the way things go. Now, Constable of St. Peter.

**1.6.10 The Connétable of St. Peter:**

Just quickly following on from the last speaker's very short speech, when Deputy Southern spoke to make the proposition he said he was only putting forward round about £1 million of increases. I have gone through it from number 9, right the way through to the end and I total them up quickly at £2.5 million of extra spending that we are proposing. [Aside] No, £2.5 million of extra spending as opposed to all the increases proposed in this document today.

[18:00]

**Deputy G.P. Southern:**

Excuse me can I have a point of clarification on that? The Constable seemed to be saying that I am proposing £2.5 million worth of extra spending. That is not true.

**The Connétable of St. Peter:**

No, I said the Deputy when he spoke to make the proposition said he was spending £1 million. I have gone through all the other increases and they all totalled £2.5 million.

**The Bailiff:**

Does any other Member wish to speak on the amendment? Very well, I call upon Deputy Southern to reply.

**1.6.11 Deputy G.P. Southern:**

I remind Deputy Tadier that in debate the proposer gets to sum up, therefore there is no need to make a second speech because I am here with the last word, sometimes. So, in response to Senator Perchard, who says that every pound extra that we spend in doing this is going to come off extra taxation I say, wrong. To Deputy Jeune, who says again, that all the money will be coming from extra taxation, it is an extra spend, why are we doing it? I say wrong because clearly at the very beginning of my amendment I said there are 2 choices. Either you can increase the envelope and increase the deficit when you bring a proposition to put back the spend or you take it from elsewhere. In this, and in every case that I have brought, I have chosen the latter. This is not about increasing taxation, it is not about increasing the spend because every pound that I give to the Minister for Economic Development I ... In the proposition it says: "Will be taken from the restructuring fund of the Minister for Treasury and Resources. So it goes from there to there. It is not extra spending. It is not going to put up the tax bill one jot. Let us be clear about that. So if you wish that the Minister for Economic Development continues his support and does not do this latest cut, 40 per cent from 2008 to 2009 and now a further 30 per cent. If you wish to instruct the Minister to continue that support for events like the air display, like the golf tournament, a major one, like especially the Battle of Flowers. If you do not want to see Battle of Flowers organisers running around even more desperate... and we have had it in the past. We have had crises when the Battle of Flowers at the last minute has had to say: "Help, help we have not got the funding." We have seen it before for all sorts of events. It is not as if it is pie in the sky that I am saying that this puts events at some risk of not running, of being under funded, of having difficulties, serious difficulties with something that I believe is central to the thrust of our tourism policy. It is not exaggeration I do not think. To the Constable of St. Helier and to the Deputy of St. Martin, I remind them there is no guarantee in place. There has been no action to secure private sector funding. All there is, is a promise to help people raise that private sector funding at a time when we are still in recession and we know how difficult it is for all companies to find that sort of money, very difficult indeed. So, Senator Maclean has not been able to give any guarantee. The "will" in the statement is sometime in the future. We hope, let us cross our fingers, that we can raise this

private sector funding. Some of that funding is, as he says, relatively small but £145,000 to Battle of Flowers, £100,000 to the air display is not small money and we are taking 30 per cent off that. That is the sort of things we are talking about.

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

If the Deputy will give way, I am afraid he is inaccurate in his comments; it is 10 per cent off those particular events, 15 per cent off one and 10 per cent off the other.

**Deputy G.P. Southern:**

The total is 30 per cent. The total is 30 per cent cut this year on top of 40 per cent cut previously. That is the reality of what is happening to the funding. In response to the Deputy of St. Mary, somewhat reluctantly I must admit, but nonetheless I think the explanation given by the Minister for Economic Development about the receptionist post is one that... I will not pursue the amendment, I will seek permission from the House to withdraw that element of the restructuring. It is a restructuring I think, and not threatening to any other service. However, part (a), I think is absolutely vital to pursue and I urge Members to support, if nothing else in this entire debate, this particular element because I think it is absolutely essential.

**The Bailiff:**

Very well. Perhaps the first thing to do is, do Members agree to give Deputy Southern leave to withdraw paragraph (b) of the amendment? Very well, so that is granted. So then we come to a vote on paragraph (a) with the £138,000 in respect of tourism events. So I invite Members to return to their seats and the Greffier will open the voting.

• POUR: 12		• CONTRE: 32		• ABSTAIN: 0
Senator A. Breckon		Senator T.A. Le Sueur		•
Senator F. du H. Le Gresley		Senator P.F. Routier		•
Deputy of St. Martin		Senator P.F.C. Ozouf		•
Deputy J.A. Martin (H)		Senator B.E. Shenton		•
Deputy G.P. Southern (H)		Senator F.E. Cohen		•
Deputy P.V.F. Le Claire (H)		Senator J.L. Perchard		•
Deputy M. Tadier (B)		Senator S.C. Ferguson		•
Deputy of St. Mary		Senator A.J.D. Maclean		•
Deputy T.M. Pitman (H)		Senator B.I. Le Marquand		•
Deputy A.T. Dupré (C)		Connétable of St. Ouen		•
Deputy D.J. De Sousa (H)		Connétable of St. Helier		•
Deputy J.M. Maçon (S)		Connétable of Trinity		•
•		Connétable of Grouville		•
•		Connétable of St. Brelade		•
•		Connétable of St. John		•
•		Connétable of St. Saviour		•
•		Connétable of St. Clement		•
•		Connétable of St. Peter		•
•		Connétable of St. Lawrence		•
•		Deputy R.C. Duhamel (S)		•
•		Deputy J.B. Fox (H)		•
•		Deputy of St. Ouen		•
•		Deputy of St. Peter		•
•		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 E.J. Noel (L)		•
•		Deputy A.K.F. Green (H)		•

### **1.7 Draft Annual Business Plan 2011 (P.99/2010) - fourth amendment, paragraph 3 (P.99/2010 Amd.(4))**

#### **The Bailiff:**

Very well, we come next to paragraph 3 of the fourth amendment lodged by Deputy Southern. I will ask the Greffier to read the amendment.

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

After the words “withdrawn from the Consolidated Fund in 2011” insert the words “except for the net revenue expenditure of the Economic Development Department shall be increased by £183,000 in order to maintain support for the provision of school milk and not proceed with the comprehensive spending re-proposed on page 62 of the plan EDS-13. Cease funding to subsidise the provision of school milk and the net revenue expenditure of the Treasury and Resources Department shall be decreased by the same amount by reducing the allocation for restructuring costs.”

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

Just before Deputy Southern proposes his amendment, Sir, I wish to declare an interest in the subject of school milk. Not because I am a schoolboy but I have an interest in a herd of Jersey cows.

#### **The Bailiff:**

Very well, yes.

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

I will withdraw.

#### **The Bailiff:**

Then I call upon Deputy Southern to propose the amendment.

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

This time, unlike last time, that is not milk that is water. Here we go again, yet again we have got the Minister for Economic Development coming up saying that in times of economic necessity one of the things that are not essential to my budget is the provision of a subsidy for free school milk. We have seen it before, the arguments have been well rehearsed, and the basic fact is that while free school milk is something we are justly proud of, it does not fall entirely into the remit of any one Minister’s portfolio. So, it is high history, it was with Education and there is an argument that says that that element of a budget is appropriate. It helps people to study, it makes sure that people have a decent start to the day but it is not entirely an educational matter. It has fallen into the health budget previously and obviously it is much better than nothing, and reduced fat milk is a good contribution to the healthy diet of our school kids. There is an economic argument, which is where it has ended up with, and for the last 5 years has been contested by the Minister for Economic Development. It has fallen into his budget because ... and it is not strictly, a straightforwardly economic argument apart from the fact that it is about, if you like, about future marketing. It is marketing to our youngsters, that says: “Milk is a good thing, good contribution to your diet. If you start drinking milk as a young person the likelihood is you will go on drinking milk as an adult” and the market for Jersey milk is therefore maintained. It is not strictly, as I last had to argue, an

economic argument that we should maintain this subsidy, this support for school milk because the farming industry is going through tough times. The last time I brought this amendment to preserve funding for school milk it was on the back of: “We have to wait until the dairy has moved, got rid of its debts and we have the possibility of having an efficient and sustainable dairy industry. When that happens then we can withdraw the subsidy towards school milk, which is a small but significant element towards maintaining our dairy industry.” Now that we have arrived at that position and the dairy has moved, we are faced with the fact that still the transformation of the herd does not take place over night. We will not see increases in efficiency that are required to make our dairy industry sustainable until possibly 2018 when the new genetically improved stock comes through and starts to produce. So we have still got an issue there. Now, the amendment I am bringing this time - the fourth time I have brought it... but this already is a compromise position. In the past I have said: “Do not whatever you do remove subsidy for primary school milk in our schools” and I have won it 3 times. This time, what I am saying, is do not withdraw the subsidy, withdraw the support, do not withdraw that this year. Give the dairy a chance to obtain proper alternative sponsorship so that it can maintain school milk in our primary schools. What I suggest in part 4 of that is a gradual withdrawal, one-third, one-third, one-third. Maintain for 2011 the support, withdraw a third 2012, another third 2013, and finish in 2014, giving the dairy plenty of time to find alternative sponsors and support to maintain school milk in our primary schools. I have talked to the department, so they talked to the dairy and they had talks with the department themselves and said: “Hang on, if you are going to withdraw the support then please phase it in.” I have talked to the Minister himself in saying: “Can we not come to a compromise? I have got it phased now in 3 years; perhaps you might come up with an offer phasing it in a little more rapidly, 2 years, perhaps that is enough for the dairy to get its alternative sponsorship and to sort itself out to maintain school milk.” So far I have not received a positive response to that. So, I think what we have got here is a position that is not an absolute one. It is one that says: “Okay, we are going through difficult times, the industry is slowly recovering, it is not an essential economic part of the industry but nonetheless time after time after time this House has supported the provision of free school milk in our primary schools in Jersey in order to support the industry and to support our children.

[18:15]

If we are to adopt the new procedures, the new policies of the E.D. of encouraging people to stand on their own feet and not rely on government support, then fine one-third, one-third, one-third, let us phase it out over the next couple of years. By 2014 it is gone; the subsidy is gone. I think that is a reasonable approach that enables the dairy to get in alternative sponsorship and is a reasonable way forward, and preserves school milk for the moment. I think it is still as important as it ever was. I think it is a vital element of school kids’ diets and certainly for those families who are at the low paid end, the least well off in our society, very often the town kids, and I think it is an important support that we should not be withdrawing abruptly now. So, I maintain the proposition.

**The Bailiff:**

Is the amendment seconded? **[Seconded]** Does any Member wish to speak on the amendment? Yes, Constable of St. Clement.

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

Deputy Southern is absolutely right. I mean, this matter has been debated every 3 years or so for as long as I can remember, and certainly as long as the Deputy has been in the States, but rarely has it gone to a vote because the President or the Minister of the day has generally accepted it, the amendment. This time I do hope that the amendment does go to a vote and we have the right to reject the amendment and recognise that this grant is no longer appropriate. I think Deputy Southern had a lack of enthusiasm in the way he proposed his amendment.

**Deputy G.P. Southern:**

No, Deputy Southern is just a little tired.

**The Connétable of St. Clement:**

Are not we all? Because I think he certainly implied that such a grant can only be justified on 2 grounds. One is health and one is economic, and I think neither of those stands up today. I mean, the scheme was introduced goodness knows when, back in the almost in the dark ages, when rickets and nutritional issues were a real problem. That is not an issue today and if you speak... at least get advice from the people who know more about these things than either Deputy Southern or I, and that is your health experts. They will tell you that the young people do receive sufficient calcium from other products but obesity is a problem. If you really wanted to help these young people with health issues, much better to provide them with fruit because they are not getting sufficient fruit. They are getting sufficient calcium but they are not getting sufficient fruit. That would be much more beneficial. On the economic side of things, financial support for the dairy does not stack-up, and even Deputy Southern in his comments said it is not necessary from the financial point of view of supporting the dairy because as the figures in the comments of the Council of Ministers show, it costs the dairy money to provide this service. They are losing money providing the services. If it is so important, so important from a marketing point of view that you have got to get these kids young to make sure they drink milk that is a little bit suspicious. If it is so important to the dairy industry and to the dairy, and as a marketing exercise, it should be funded by the dairy who are currently losing money on the project, to get their customers of the future but, quite honestly, I do not think this sort of underhand marketing is the way to convince people that they should drink milk. In fact there are many people who do not drink milk today because this was forced down them when they were at school, and one of them is standing before you. The reality is there is great confidence, there is great improvement; there is a great future for the dairy industry. There is an increased demand for milk now that the milk producers are being asked by the dairy to increase output to meet demand for milk and milk products without this relatively minor and unnecessary extra piece. Even the return to the producer is now increasing. We are seeing a dairy industry, which is much more efficient, profitability is improving; it is a good news story. This sort of support just is not necessary. So in summary, there is no reason to support this. There is no health reason to support this amendment. There is no economic reason to support this amendment. Quite simply, there is no reason whatsoever to support this amendment.

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

I hope somebody can enlighten me on this, but I have got a copy of the grants for 2009 here, across the board, and the sum that was put aside in 2009 for milk is £168,791. I see the figure that the Deputy has in his amendment is £183,000. Could somebody confirm, either the Treasurer and or the proposer, that that figure is correct at £183,000 because that means an approximately 7 per cent increase on 12 months? I see the Minister for Treasury and Resources look at his books there.

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

Yes I think, but I have not got the figure in front of me but the Deputy is probably referring to the actual take-up versus the estimate. The maximum estimate was £183,000 based on the number of children and expected take-up. What he is seeing there I think is what the actual take-up was, which was 90 per cent, or that is what it is roughly assessed at.

**The Deputy of St. John:**

Thank you very much, Minister. In fact this is one of the few amendments that I am going to support because I believe we should make sure that our children have the best start in life, unlike the previous speaker. I think milk, to youngsters, and even if only 5 per cent of the youngsters need it then as far as I am concerned that is important. So therefore I will be supporting this.

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

This issue of school milk has been one of the great political footballs of certainly my time in the States. The reason why it has been knocked around and the ball of school milk has been passed from one department through another is because it has not been justified on some of the spending departments' budgets. Education does not support it as an educational requirement. Health did not support it because it is not a good use of health resources. It is a subsidy to agriculture; that is why it is in Economic Development. So I think that there is a reality now dawning, and perhaps the light has been shining on this for some time about agricultural subsidies. I recall the debates in this Assembly when the old Agriculture and Fisheries Committee were arguing for more money for agriculture, for more money for their administrative arrangements, for all of the money that they used to spend, quite unwisely, but with good intentions to supporting agriculture. There is a view that now subsidies do not work. Yes, there are handouts that do work when they are handouts, but one Member I think spoke yesterday about the New Zealand model whereby agricultural subsidies have been withdrawn and the market has been allowed to work, and certainly subsidies no longer form part of the New Zealand approach to supporting agriculture. Indeed it has been said agriculture in New Zealand has radically changed but is now performing extremely well. Our dairy industry - and I speak as the son of a late dairy farmer - the dairy industry has radically been reformed. The new dairy, new arrangements in place making sure that farmers get a much better price for their milk because the industry that serves them and the production facilities is much more efficient. Government is not hurling money unwisely to the industry. So, we do not need to support agricultural subsidies as we thought we did 10 years ago and we do not, and we should not, support a subsidy for the dairy industry in this way, in my view. I know that the Minister is going to be saying something when he does speak on this issue because there is a residual issue about the emotional tie of school milk, but certainly this is a subsidy. It has been a subsidy for the dairy industry for many years and it can no longer be justified.

#### **1.7.5 Deputy M. Tadier:**

I suppose that depending on which way you look at this, which side of the fence you are on, you either see school milk as a sacred cow or a bête noir. **[Members: Oh!]** Nonetheless, I think that Deputy Southern for his resilience over the last 3 years or 3 times, deserves a pat on the back. As my colleague from St. Brelade would say: "I have got an udder solution." **[Laughter]** I think we could all do with a bit of comic relief for this time of the evening. What I would suggest in the interim, because we have heard about how the economic situation has changed with Jersey Dairy, rather than scrapping the school milk allocation straight away, rather than doing that, just give a Jersey cow to each primary school and let them milk it themselves. This has the added benefit of not just giving them milk but fresh milk, you could not want it any fresher than that. They could milk it themselves, they could look after it and I am sure it could all be done within that allocated budget, teaching them about farming and teaching about the culture of the Island. But give them a real Jersey cow; do not give them one which has been interfered with by any kind of foreign semen or any foreign foetus. So, we do not want a bête noir, we would give each school a Jersey cow, which they could look after and then it would not simply be about the health, it would cover across all the departments. Perhaps more seriously, although that should be taken on board if there is any merit in that idea, I do have some qualms from the health perspective. I think nowadays, is it really true that children are not getting enough calcium in their diet? I do not know, I am not an expert and perhaps that should be looked at before we cut this? I suspect that the comments from the Constable of St. Clement were closer to the truth. I would suspect that nowadays there is more emphasis on getting your 5-a-day, for example, rather than your calcium. Even if you do not have a healthy diet I am sure that children eat a lot of cheese even if it is in a processed cheeseburger. So then they are probably getting calcium one way or the other. They are not necessarily getting... or in milkshakes, for example - they are not necessarily getting orange juice. So I am going to reserve my vote on this particular instance but I would suggest that if the money is kept, or even if it is not kept, we need to be looking at maybe introducing these kinds of things in primary school. If we do not go for the cow option then certainly go for the fruit juice option. I think that is a good way, it is



nutritious, it is healthy and it is probably what youngsters at that age would do. Of course, if it is true, as the Deputy of St. Clement has suggested, that drinking milk at a young age puts people off drinking at an early age, then maybe we should start feeding them whiskey and it would solve a lot of the Island's alcohol problems because by the time they get to 18 they will not want to touch another drop.

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

Can I propose the adjournment, Sir?

### **The Bailiff:**

Well, it is not quite half past. I have got 2 other people who want to speak at the moment. So, let us see if we can finish? Constable of St. Ouen.

### **1.7.6 The Connétable of St. Ouen:**

I would not want to be accusing Deputy Tadier of talking a load of bull **[Laughter]** but while we are on that subject I have to say that the idea of each school having a cow sounds brilliant, but I would point out to the Deputy 2 things. That schools of course only meet 5 days a week, and cows have to be milked twice a day 7 days a week, so there may a little bit of a breakdown there. I think that I am not going to bore Members with repeating what the Connétable of St. Clement has said: I totally agree with him. The only thing I have to point out to the Assembly is that although I am a cattle owner I receive no financial return from the milk.

### **1.7.7 Deputy A.T. Dupre:**

Today there are more and more children who have got milk allergies so therefore they cannot drink the milk anyway. There is also a problem with obesity, if more children drink more milk it does not encourage them to be slim, and also I think they ought to have a good glass of Jersey water instead.

[18.30]

### **1.7.8 Senator A. Breckon:**

I remember being a member of a former Education Committee who then had responsibility for school milk and I want to give Members a clue of who the president was. It was either Deputy Norman, Senator Norman or the Constable of St. Clement. **[Laughter]** What he did at the time - and he did this for 2 things, he did it for school buses and he did it for milk - he gave somebody else the responsibility without giving them the funding. So, if the Deputy of St. Ouen wants to find out how to cure his budget he might get some advice from the Constable of St. Clement, and that is where the controversy came in. He said: "School milk is a nice thing to do, who has got the money?" And Education, I am sure the Constable will remember well, gave the responsibility to somebody else and kept the money at the time and that is what happened. Then there was some discussion about kids socialising when they do this, perhaps they would not drink milk at home, so if their mates are around then perhaps they would. The other thing that the Minister for Treasury and Resources has just mentioned, maybe he is not reading the same thing as me, he has talked about moving away from the grant culture but if we look at page 26 on the annex, we are talking about part of the single area payment of £967,000. We are talking about quality milk payment to the industry of nearly £600,000, and we are talking about dairy service support payment of nearly £0.25 million. So what is going to happen there, because I remember we did a dairy review? What we said is: "When they get the new dairy, there are things perhaps we should be backing away from." What has happened here? We have landed with school milk and we have not really addressed the other issues. So I think if it should have been then we should have looked at the thing in the round and maybe somebody should have come up with answers of where the industry are, and we have supported them through that. If Members will remember we had the debate about moving to the new site, about the lease and all the things the industry said, we need confidence, we

need a way forward from here and they got that, so now perhaps as well as the school milk, somebody should be asking: "Well there are some questions to be answered here. Who has got the answers and over what time period will the dairy be standing on its own washing its own face?" We talked about increased prices to producers but this was part of the argument. They talked about quality products and the like so I think this is only part of it, and it is a bit, I think it is Deputy Southern's specialised subject. It is probably the second time, maybe the third time he has brought it to the House. Four times, so there we are. But again and I have known times in the past where we have had the whole budget debate and we spent a day debating school milk and £600,000 has gone under the radar. So really that is what has happened there but, again, I have some sympathy with the situation but perhaps Economic Development or somebody could give some answers about where the subsidy is for the dairy and for the producers.

**The Bailiff:**

It is now 6.30 p.m. where the Assembly agreed to sit to, at the moment I have one speaker who has indicated that he would wish to speak.

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

Can I propose that we finish? We have had 7 debates; I reckon we have got 35 to go. Unless we start moving ahead we are going to be here for weeks, Sir.

**The Deputy of St. Peter:**

Sir, I from the P.P.C. (Privileges and Procedures) perspective, would say that we said we were going to close at 6.30 p.m. My recommendation is that we do that and that we sit tomorrow morning at 9.30 a.m. and that again we review at lunchtime to see how we go. We want to encourage people to speed up, it has been a long day and you have noted that there are a few people who wish to speak. I think I would continue with my proposition to close at 6.30 p.m.

**The Bailiff:**

It is a matter for Members, the adjournment has been proposed. All those in favour of adjourning? Those against? I think it is carried. Just before we adjourn, could I raise one matter perhaps with Senator Shenton and Deputy Southern? The Greffier and I were just looking at numbers 11 and 14 on the order paper and we just wondered whether there is an overlap on whether you need to speak to each other. We are not clear whether Deputy Southern is suggesting a reduction of £400,000 in the support for Jersey Finance Limited, and then Senator Shenton suggests a reduction of £762,000 for Jersey Finance and the Financial Services Commission. They seem to be the same thing so perhaps you could speak to each other and just see whether this is so just to make sure Members know what they are debating tomorrow?

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

Without wanting to progress matters, I am worried about the length of time that we have still got to run in this debate and perhaps P.P.C. could provide some guidance of exactly what their aim would be if the aim is to try and finish this week. What are we going to need to have completed by the end of business tomorrow and the day after in order to meet that objective? Otherwise we are going to be in a terrible mess by Friday with still another 20 debates to go.

**The Bailiff:**

Very well, so the Assembly will reconvene at 9.30 a.m. to morrow.

**ADJOURNMENT**

[18:35]