

STATES OF JERSEY

OFFICIAL REPORT

THURSDAY, 21st OCTOBER 2010

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

[09:36]

PUBLIC BUSINESS – resumption

1. Jersey Finance Limited: matched funding

The Deputy Bailiff:

We now come to P.126/2010 - Jersey Finance Limited: matched funding - lodged by Deputy Southern and I ask the Greffier to read the proposition.

The Greffier of the States:

The States are asked to decide whether they are of opinion: (a) to express their support for the principle of matched funding for Jersey Finance Limited on a pound for pound basis, excluding any allowance for *pro bono* work, between the States of Jersey and the private sector; and (b) to request the Minister for Economic Development to apply that principle to the 2012 grant to the company.

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

What I have brought before the House today is a very straightforward and simple proposition. It is one that has a principle behind it and a principle that is being used increasingly by the Minister for Treasury and Resources and Economic Development to apply to grants to outside bodies. If Members will turn to page 3 of my proposition, they will see that principle clearly enunciated where the Minister for Economic Development, in front of the Economic Affairs Scrutiny Panel, stated the following: "I think that is really a point that needs to be emphasised because in all respects what we are trying to do and what we are attempting to do as we go forward into years 2 and 3 of the Comprehensive Spending Review is to work more closely with organisations that receive grants to ensure there is a better return on the investment we use and [listen carefully] allow the individual organisations to be more effective both in raising private sector-sourced funding themselves and being more effective in what they spend to get a better return." So the principle that underlies this proposition is that we should be encouraging outside bodies that receive a States grant to stand on their own feet. Subsidy is out and entrepreneurial fundraising is in. However, in one single exception to that rule ... and that applies to all sorts of bodies, whether it is the organisers of the Battle of Flowers or the Air Display or the providers of medical services at home, all sorts of services are being asked to do that. They are being asked to take cuts in their funding and to stand on their feet, raise some more funding themselves. That is the principle and it is here because we are told we are in recessionary and very tight fiscal times. That is the thrust. The exception is Jersey Finance Limited. If Members will examine page 4 of my proposition, they will see the table there which charts the inexorable rise of funding for J.F.L. (Jersey Finance Limited) over the past decade. One can see clearly that initially there was matched funding more or less. In 2003, for example, £400,000 came from the States and £379,000 came from the subscriptions from the members of Jersey Finance Limited. As we go through the decade, you can see that the funding has grown. It always does and subscriptions have grown to approximately double that amount over the 10 years to £650,000. In the meantime, though, the States grant has grown not by a factor of 2 but by a factor of something like 5 and now stands at £2.2 million. So we are funding in the ratio of 3 to 1, States money going in to subsidise this activity to the industry itself paying its own way, 3 to 1 approximately. My argument is that that should not be happening. Why should it not be happening? Because of the way in which this body was set up to promote finance and financial business on the Island. Back in 2000, a working party set up by Senator Walker no less - that is its origin - and they said clearly what became Jersey Finance Limited would only work effectively if the industry considered it to be its own creation and essentially accountable to it. If it were wholly-funded from the States, it would become yet another government body to be criticised from a safe distance. So it is about ownership and it is about accountability. Now a ratio of 3 to 1 in States

funding to industry funding, I suggest, is the wrong balance for accountability. Then they said, and this is the key to the funding: “The States would be invited to make a commitment to match industry funding pound-for-pound.” So initially the idea was to make sure that the industry itself is paying a large proportion of its activity. Thereby, Jersey Finance Limited will be accountable and will be held to account by the industry itself in whose interests it is working and that the States would very generously match that funding pound for pound. It is now matching that funding £3 per pound. That cannot be correct, especially in these fiscally straitened times. Now, a scrutiny report way back in 2008 - S.R.6 by the then Economic Affairs Scrutiny Panel - recommended exactly that as one of its recommendations that matched funding should be applied to Jersey Finance Limited. It is also conveniently the opinion of the Comptroller and Auditor General who suggested on page 35 of that report then back in 2008, he said: “A long-term reduction of £250,000 in States funding to J.F.L. noting that at present Jersey Finance is financed partly by the States and partly by the financial services area. The option for reducing spending could lead to a balancing of the direct and in-kind contributions made by these 2 parties so that the States and the industry make equivalent contributions.” So the Comptroller and Auditor General was arguing back in 2008 that if we were to make cuts anywhere, this was a suitable area to cut funding because it would be simply a rebalancing of the contributions from industry and the States.

[09:45]

He mentions there “direct and in-kind contributions”. Now, if Members will turn to the comments of the Minister for Economic Development, they will see a schedule, shall I call it, sketched in an estimate of the *pro bono* in-kind contributions made by the industry itself and, lo and behold, that appears to work out in 2010 to around £2 million. But, as we have seen in a previous debate, the Deputy of St. Mary has clearly shown that if we were to examine a balanced budget here, we are taking direct input, contributions, and *pro bono*, then if it is in-kind, then the total of the States contribution in-kind - the work done on financial services legislation, *et cetera* - what we are talking about is not £2 million but something of the order, I think, although I may have lost count when the Deputy of St. Mary was doing it, of around £11 million. He might tell me it is more but certainly if we were to balance the *pro bono* as well as the direct contributions, we would find a similar weighting worse in terms of the effort that we are putting in compared to the effort that the industry itself is putting in. One of the things that I want to do just briefly is to look at the way in which this imbalance has arrived. I have pointed to the growth of the funding on the part of the States over the decade. It has just gone up and up but we also look at the most recent rise in their funding, and in the hearing of the current Economic Affairs Scrutiny Panel, the Chief Executive Officer for Economic Development had the following to say: “Well, the initial funding to pump-prime that came from fiscal stimulus and within the successful fiscal stimulus bid, E.D.D. (Economic Development Department) committed to make the recurring element of that funding, that is from 2012 onwards, available from our budget because if you set up a third representative office, the very worst thing you can do is set it up then close it down 18 months later,” and I could not agree more. The most recent increase in funding to £2.2 million went towards the establishment of a third office for Jersey Finance in the Middle East but note its funding came from fiscal stimulus. Fiscal stimulus funding should be 3 T’s: timed, targeted and temporary. Thank you, Deputy, timed, targeted and temporary. Yet this increase in funding, the most recent one was obviously not going to be temporary. It was to set up an office that would have ongoing costs and yet we committed to that increase in perpetuity, for ever.

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

I am sorry, how much was the amount, may I ask?

Deputy G.P. Southern:

The most recent rise was £400,000. We passed it quite recently after quite a lengthy and arduous and strongly fought debate.

Deputy P.V.F. Le Claire:

I am sorry, I do not mean to interrupt the speaker. I do appreciate that. I just wondered what the office costs were in relation to that part of the fiscal stimulus that he is referring to.

Deputy G.P. Southern:

In response to the question, I do not know, but it is ongoing. One has to assume it is of that order. Nonetheless, the funding has gone up to £2.2 million and the last step was £400,000. Now, obviously, it does not pay to open an office and close it down 18 months later and I am not proposing that that should happen at all. I am not proposing that the funding for Jersey Finance should be reduced in any way or that its activities should be curtailed in any way in promoting Jersey financial affairs throughout the world. What I am proposing instead is that the industry itself pays its fair share. One only has to look at the circumstances that we find ourselves in and that the industry finds itself in. Now we are in the middle of a recession and our tax returns are reduced. That is a reality. In the financial sector, it has to be said they are in the middle of a recession and their profits are reduced. Their profits are reduced to £809 million in 2009. Now, I keep asking the Minister for Treasury and Resources where the signs of recovery are in the economy and he keeps telling me that there are signs of recovery in the business expectation survey, the business survey, what is going to happen next, and he keeps telling me that that is positive and is moving upwards. Nothing else is but that is. So he can have it one way or the other. Either we are in a recession and it is recessionary times and it is going to continue, in which case our cuts are a bit dodgy because they endanger the recovery at all or there is some recovery. Now, time and time again, he said there are signs of recovery. Yes, financial business especially is looking forward to better times. It is expecting better things to come soon. The rest of business is not. It is flat; but financial services are looking upwards. The signs are positive. If that is the case, then 2010 profits should be up on 2009. Profits may well be returning. Absolutely appropriate then that we say: "Pay your fair way and pay your contribution. Yes, the Island benefits from your activities but so do you; 2009, £809 million." Now, the comments of the Minister for Economic Development do not really add much, I do not think, to the argument but they do say that of course everybody else is promoting and spending more than we are. It is a very competitive market. Yet, at the same time, they say: "But every year Jersey Finance Limited does a business plan and we are content with it. We think it is excellent value for money." Great. I hope it is excellent value for money and I hope the people who are running the industry equally appreciate that it is excellent value for money. Because when they put in their pound-for-pound matching and hold Jersey Finance Limited to account, they can look at the books and say: "What excellent work is happening. We are getting money for our contribution." If this proposition were to be carried, then that situation would still exist except that the industry itself would have a greater stake in what was happening and what was being delivered than they do now. In terms of that rival spend, the Chief Executive Officer of Jersey Finance had this to say in 2008 when he was talking to my Economic Affairs Scrutiny Panel of the day. He said the following: "Middle Eastern jurisdictions such as Dubai [that was the question asked of him] clearly have deep pockets and their spend is bigger." He continued: "But Jersey has some attributes that they do not have. It is very, very important to get out there and do not allow them to, if you like, occupy our space. We are seen reasonably in other areas, a very strong legal and judicial system that is respected around the world. These are things you cannot create. You cannot spend your way to those." So in terms of the mismatch, the fact that Dubai has deep pockets and can throw money at getting some of our business and attempt it, he says there are other things in the argument - that is not the only argument - it is the argument of the Minister for Economic Development to say that is the measure. The Chief Executive Officer of J.F.L. says you cannot spend your way to those things, you cannot create strong legal and judicial system that is respected around the world. So we are competing and we are competing on grounds that are not necessarily financial but which is our reputation which is well established. The fact is that if we return to the vision that was Senator Walker's vision for this body, that it would be chiefly accountable to the industry. That is the way to make it work properly; therefore, it should receive

matched funding. If we return to that principle that matched funding would mean that our contribution went down by £875,000 in 2012 and one would hope that it was matched by equal contributions balancing from the industry itself to show its faith and its trust in Jersey Finance Limited and the work that it does. That is the case I put. I make that case.

The Deputy Bailiff:

The proposition is made. Is it seconded? **[Seconded]** Thank you. It is now open for debate.

1.2 Senator A.J.H. Maclean:

Members will have seen my written comments not surprisingly opposing this particular proposition. We only recently debated the subject of increased funding for Jersey Finance, a sum of £400,000, during the recent Business Plan debate. That was, of course, a difficult debate at a time when Members were being asked to approve cuts to most other budgets. The Members will recall that the increased funding for Jersey Finance was not new funding from central sources. It was, in fact, a reprioritisation from within my department's existing budget for 2011. Furthermore, it was achieved after we had delivered our 2 per cent efficiency savings as part of the 2011 Comprehensive Spending Review. I have already said that for the 2012 and 2013 Comprehensive Spending Review, Jersey Finance budget will not be immune to cuts as indeed all other areas of the department are being closely scrutinised, but this process will, of course, be managed in an appropriate way. But I have no wish this morning to re-ignite the arguments put forward during the Business Plan debate. What this proposition seeks is very different and potentially very damaging for Jersey. I am very disappointed and indeed concerned that the proposition has even been lodged, especially in this challenging economic climate. The mere lodging of such a proposition is damaging to Jersey's reputation as a leading international finance centre. It questions in a very public way this Assembly's commitment to our most valuable industry. We need to retain the businesses we have and encourage new inward investment. This is essential if we are going to deliver the future economic growth needed to balance our public finances. We need to appreciate that we are living in an extremely uncertain and a very competitive world. Many businesses are not multi-jurisdictional and can easily move, and they are. Make no mistake, our competitors are working hard to attract new business and they want the businesses that we have. This proposition will give our competitors like Guernsey great encouragement and potentially opportunity but it is not just Guernsey, the Isle of Man or Switzerland. There are 42 competing finance centres. Some, like Malta, are looking to double the size of their finance industry and the majority of these finance areas are investing now in exactly that aim. Now, turning to the proposition itself, the proposition contains a number of fundamental inaccuracies about how it claims Jersey Finance was set up and funded. Having thoroughly researched the history about how and why Jersey Finance was set up, I hope in the next few minutes to lay the facts before Members. Jersey Finance was incorporated in 2000 and began promoting and representing the finance industry in 2001. It is important to note that before Jersey Finance was set up, it was the Jersey Financial Services Commission that fulfilled the dual role of regulator and promoter of the finance industry.

[10:00]

It was the Edwards Report of 1998 that concluded, in common with international best practice, that this was not an appropriate position to hold, a dual role of regulator and promoter. In the year 2000, the J.F.S.C. (Jersey Financial Services Commission) transferred £3.3 million from its income to the States. This is clear evidence that it was collecting fees at that time significantly above that required just to maintain its regulatory oversight of the industry. Key parties such as former Senator Pierre Horsfall, and Geoffrey Grime who was the first Chairman of Jersey Finance, have confirmed that while the principle of matched funding was tabled and discussed, it was not agreed. All the evidence supports this view. It should be noted at this point that the fees paid by the finance industry to the Jersey Financial Services Commission reflected the dual role that it undertook at that time. When Jersey Finance was established, the finance industry had asked for an element of the

Jersey Financial Services Commission fees to be used for the set-up and running of Jersey Finance, but instead States representatives at the time elected to make a separate grant of £150,000 in 2000 and a further £500,000 in 2001. It is important to note that the fee structure of the J.F.S.C. was not adjusted after they stopped their activities in promoting the finance industry. A further £250,000 was promised to Jersey Finance by the States for 2002, but at this stage the States asked for a reciprocal commitment from the finance industry. This request was in addition to the significant financial contribution still being paid to the J.F.S.C. by the industry for the promotional work that they were no longer doing. Notwithstanding this, members of the finance industry still agreed to contribute a further £336,000 to the work and operation of Jersey Finance in 2002, a sum that was not matched by the States. Therefore, the industry at that time paid more than the States into Jersey Finance. In the following years, funding was assessed by successive administrations on the submission of annual business plans with no reference to matched funding. Since 2005, the funding of Jersey Finance by the States has been governed by a formal partnership agreement. It has been subject to external audit and for many years has operated with States representatives on the board of Jersey Finance. Jersey Finance has to provide detailed business plans, which are scrutinised and evaluated thoroughly before any funding is allocated. I am confident that nobody in receipt of States funding operates such a detailed and timely reporting result against agreed objectives. But there is clearly a balance to be reached between States and industry funding. As far as the current funding balance is concerned, favourable comparison can be made with other jurisdictions. In 2009, Jersey Finance outperformed its equivalent bodies in the Isle of Man and Guernsey despite their governments investing even more in recent times. £5 million was injected by the Isle of Man into promotional work for their finance industry; £1.1 million was injected by Guernsey for discretionary promotional work above and beyond the core grant. Now, on the historical basis, there are extracts which indeed Deputy Southern has mentioned from Senator Walker's working group of 2000. They are set out in Deputy Southern's report and they suggest that there was an intention from the start to restrict government funding to a matched basis. This was clearly not the case as I have partly outlined. But this issue was further researched in 2008 by the Economic Affairs Scrutiny Panel which was, as Members will probably be aware, chaired by Deputy Southern himself. That Scrutiny Panel looked in detail at what had been concluded by Senator Walker's working group of 2000. They found that there was no evidence of any clear decision as to how Jersey Finance was to be funded. That is probably one of the reasons why Deputy Southern did nothing further at that time other than make some recommendations. The Scrutiny Panel recommended a restoration of the principle but save, perhaps, for the funding position maintained in 2002, there is little by way of historical precedent to restore. There is currently no compelling or peculiar reason given for why Jersey Finance should be singled out among other grant recipients for matched funding. On the subject of *pro bono* contribution, even if there were some formal requirement for the matched funding, the in-kind contribution of industry cannot simply be ignored. Much as some may wish to conveniently diminish, indeed extinguish, the importance of that contribution, it is a vital part of the equation. Industry provides expertise in the form of legal, accountancy and tax advice as well as providing an absolutely invaluable steer on the direction of legislative reform. This helps to place Jersey in an optimum position with regard to our competitors. Offshore finance has changed markedly in the last 10 years since Jersey Finance was incorporated. The professional service infrastructure supporting the industry has also changed. Medium-sized local businesses have grown and merged to become themselves multi-jurisdictional entities. Local allegiances have been diluted. The continued input of professionals working and advising in these multi-jurisdictions is a key requirement in ensuring that Jersey remains at the forefront of the industry. I previously confirmed that *pro bono* contributions from industry through Jersey Finance amounted to around £2 million for 2010. The Economic Affairs Scrutiny Panel was given the same figure of approximately £2 million back in 2008 by the Jersey Finance then Technical Director. Deputy Southern's own Scrutiny Panel did not share his sceptical views of the value of *pro bono* work. Instead his panel reported and I quote: "The panel appreciates the high level of commitment shown by industry members to the development of the finance sector and

Jersey's fiscal legislation reforms evidenced by the volume of donated time and expertise." Industry professionals continue to engage with Jersey Finance to provide an abundance of technical knowledge which the States would otherwise be forced to fund. If strict pound-for-pound matched funding were to be imposed, it is eminently possible that this contribution would be provided only on an on terms basis or, worse still, would wither away altogether. Such an outcome would severely compromise Jersey Finance's ability to carry out its remit. The correct funding balance for Jersey Finance should not be shoehorned into an arbitrary formula. It should remain as it is, subject to rigorous and continuing objective assessment procedures. The current arrangements work and deliver value for money; more than just value for money, though. Funding Jersey Finance, without doubt, is a good investment. Jersey Finance members pay £650,000 in cash and £2 million, as I have mentioned, in *pro bono* contributions. In addition - and this should not be forgotten - Jersey Finance have created positive editorial coverage for Jersey valued at an estimated £1.4 million in the last year; all in all, a verifiable accurate direct contribution from industry and Jersey Finance of over £4 million. Government invests £2.2 million in Jersey Finance and gets a good return from a finance industry that represents around £350 million in taxation as Members will be aware; that is about 65 per cent of tax revenues; an industry that spends a further £380 million in the local economy on products and services; an industry including its clients that gives an estimated £100 million or so in charitable donations to good causes. In conclusion, there is no historic binding commitment to ongoing matched funding between the States and Jersey Finance. A reduction of the magnitude suggested in this proposition in support of Jersey Finance and, by extension, our finance industry will send a very dangerous and negative message into an already increasingly competitive marketplace. It would literally hand business to our competitors at this time. I therefore urge Members to continue to show their support for our most valuable industry by strongly rejecting this proposition and sending a clear message of our continuing support.

Deputy T.M. Pitman of St. Helier:

The Minister gave a lot of figures I was trying to scribble down. Among all that, did I hear him say that the industry made £809 million profit last year, which as we know was a bad year? Was that in there somewhere?

Senator A.J.H. Maclean:

I think the Deputy knows full well that in fact it was the Deputy on his left-hand side who used that figure. He is absolutely correct. That is the profitability last year, which is about half what it was the previous year. As I have said, we are in a very competitive market. Other jurisdictions are investing far more heavily than we are in supporting our finance industry and it is all about supporting jobs and ensuring that we maintain our tax revenues.

Deputy J.M. Maçon:

On a point of clarification, I wonder if the Minister is able to answer Deputy Le Claire's question which is from the fiscal stimulus bid from his department, how much remained?

Senator A.J.H. Maclean:

I am more than happy to come back with an exact breakdown - although Deputy Le Claire is not here, I see - on the exact contribution to the office space at opening up in Asia. What I can say is it is a small amount of the overall sum that was invested. The majority of it goes into promotional work and other activities. The reason for that is that office space is quite often shared. That is the way that these facilities are delivered at the lowest possible cost.

1.3 Deputy D.J.A. Wimberley of St. Mary:

I am only going to look at one particular point principally, which is the Minister for Economic Development's insistence that the *pro bono* work is somehow to be taken into account in this debate. In his comments, the Minister writes at the bottom of page 2 that: "The industry is aiding

legislative development and reform in doing their *pro bono* work.” Well, yes, and I have to say that certainly from my personal experience when I did work within the Tourism Department promoting things like cycle routes, I certainly did not think that that would be totted-up somehow. It was for the good of the Island. It was for the good of my own business as well, and I did not make a distinction between those 2. I find it sort of odd that ... I put “weird” in the margin ... that the £2 million *pro bono* contribution which the finance industry is reported to make is somehow counted in this particular equation as the Minister would have us believe. He said *pro bono* cannot be put out of the equation. Well, I would suggest that it can because it seems to me that if industry members are engaged in technically developing specifications for laws or even partly writing them, the laws are products effectively in this particular sector which is unlike other sectors. The legislation becomes a product in pretty short order and so I just find the basis of what the Minister is saying there very questionable indeed. Of course, the other aspect which was referred to in the speech of the proposer was he was not quite sure about the contribution that the States makes to the finance industry and that, too, does have to be put into the equation. We are looking at a £1.8 million grant which we increased in the Business Plan to £2.2 million, but I would remind Members there are also the full-time equivalents within the Chief Minister’s Department which he said in a written answer to my question in June of this year. In the Chief Minister’s Department, there are 3 F.T.E. assistants to work on this area is one F.T.E. and the Law Draftsmen are 2 F.T.E.s. That is 6 full-time equivalents and I would reckon those jobs are £200,000 each. If you add in the administrative support and the pension rights and all the rest of it, it would be certainly over £1 million. Then the court and case costs and that is the Law Officers dealing with fraud cases, £3.7 million, and that was in the court and case costs proposition that we put through, the Article 11(8) proposition, and if you looked at the figures for Home Affairs, the amount they spend on difficult cases including financial cases, £1.7 million. I have allocated £1 million of that to the finance industry, Judicial Greffe again £2 million, £6.7 million in total just within the legal set-up that is all due to the fact that expenditure would not be there if the finance industry was not there.

[10:15]

I am not saying we should not do it. I am not saying we should not have a legal set-up to deal with these cases but they are all occasioned by the finance industry so that is, in effect, support for the industry from the government. Then Home Affairs had a request of £1 million which we passed for financial crimes and specialist crime, all to do again with finance, and that total is £11 million, including the £1.8 million or £2.2 million grant to J.F.L. So the total support of this House roughly is £11 million. Now, I just think that needs to be made clear when we are weighing-up the balance. On the one hand, the industry working in effect for its own good and I question whether that goes into the equation at all, and then incidental costs which the government has to face in providing for the needs of the industry and picking up the damage to the industry when there are these huge cases and so on, £11 million on the other side of the equation. I just wanted Members to be clear about those figures.

Senator S.C. Ferguson:

On a point of clarification. The Deputy of St. Mary has attributed all the court and case costs to fraud and the finance industry. I wonder if he would like to break the figures down a little more.

The Deputy Bailiff:

Do you need to clarify that, Deputy?

The Deputy of St. Mary:

The figures are in the Article 11(8) report, the proposition which was P.64. They are on page 4 and the Law Officers ... it was specifically listed as fraud cases, £3.7 million. Well, if the Minister for Treasury and Resources got his figures wrong, then tough, but I assumed that those figures were right.

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

I have just got a number of comments on a number of different areas. First of all, let us address the *pro bono* work. It is mentioned by the Minister in his comments that the industry puts in a lot of *pro bono* work. Yes, they do but they also did before Jersey Finance was created. When I was at the Financial Services Commission, I worked in the legal and policy area. We worked hand in glove with the industry and we received tremendous amounts of *pro bono* support from them. It is in the interests of the industry itself to provide that support and to work with the regulators and also when we are formulating laws and legislation for the Island. Whether Jersey Finance exists or not, that work would be done because it is in their self-interest. So that is the first point about *pro bono* work. Also, it is forgotten in terms of some of the other costs that the States are putting into this work that there are at least 3 people at the Financial Services Commission who are working full time on legislation and policy and regulation and they are working hand in glove with the industry. One of the problems with the industry taking over a lot of the research and doing this ...

Deputy I.J. Gorst of St. Clement:

I am sorry, I wonder if the Deputy would give way. I know he is not in a position to give names. I wonder if he could give the titles of those 3 roles that he claims are purely working in this fashion.

Deputy M.R. Higgins:

Yes, there is a director of international policy, there is a deputy director and there is a senior manager working in that area, so it is regulation but they are also working with the industry necessarily. It is regulation but they also work ... you cannot have regulation without consulting with the industry and a lot of the laws we bring in are concerned with regulation. Remember the industry are lobbying all the time for legislation which is friendly to the industry and not over-restrictive so they work hand in glove. In addition to that, one of the concerns that I have had and I know that others have had with the Financial Services Commission with the role of Jersey Finance is the fact that they filter the information. In the past when we were dealing with laws, we got the information direct from the industry. We could see the balance. Unfortunately now, a lot of the information is coming in a filtered form and I still wonder how much spin has been put on by senior people in the industry or Jersey Finance itself. So the raw material needs to be handed over, not just the interpretation, and equally the Financial Commission, if they are not, should be involved in all the consultations directly. The Minister also mentioned, too, about the fees that Jersey Financial Services used to receive from the industry and he made it very plain saying how it has not gone down and how really part of the grant is giving them something back. What you have to understand is the Financial Services Commission is now spending a great deal of money on compliance issues and enforcement. In fact, if you look at the staffing of the Financial Services Commission, the enforcement side has gone up considerably. So has compliance, partly to meet international standards and partly because there are some people out there who are not playing the game and, in a sense, at some time or other, some of them are going to end up in court. The industry is not whiter than white. We cannot say that everybody is following all the regulations and the rules and, therefore, you have to have an enforcement and compliance section. Another point that I would make is that Jersey Finance Limited mentions that they have ... in fact, I am reading a letter that they have sent to the current Economic Affairs Committee and they mention they have over 190 firms as members representing the vast majority of the finance industry. Well, why do all the finance industry not contribute to Jersey Finance? Is it that they are dissatisfied with what they are doing? Is it that they do not think it is worth promoting the Island? Do they not think they are getting any benefit? Well, perhaps the whole industry should be contributing. Great play was also made of the fact that Guernsey and the Isle of Man were contributing in 2009 a lot more money to the industry. I am not surprised. Remember, the Isle of Man had K.S.F., Kaupthing, Singer and Friedlander, an Icelandic Bank that failed and caused a lot of damage to the finance industry in the Isle of Man. Guernsey had Landsbanki fail which again has done a lot of damage to their industry. So it is not surprising that they are trying to deal with the adverse publicity that they have received

on that score. I must say right at the very beginning, one of the things I object to most strongly and I felt it again this morning, I resent Jersey Finance using taxpayers' money to put propaganda out and to lobby States Members. If their role is to promote the finance industry outside the Island, that is where they should be talking. The Chief Executive of Jersey Finance should not be trying to lobby States Members, criticise States Members for bringing propositions and so on. He should devote his activities to the Far East or wherever it is, not in this Island. Two-thirds, as we have already heard, of the funding of Jersey Finance comes from the States. Keep out of States business. As far as the industry is concerned, the Minister has mentioned a number of things. He has mentioned how, I think, in his comments: "Since 2001, the very nature of the finance industry has shifted away from business segregated by jurisdictions towards global offshore giants who promote the best and most developed jurisdiction rather than their original parent jurisdiction. In this global context, it is vital that the States invests appropriately in developing and promoting the finance industry, ensuring the important revenues are preserved and that further service cuts over and above those which we are already forced to make are prevented." The truth of the matter is global financial organisations are not loyal to any one centre and they play one centre off against another. For example, when we were looking at the Depositor Compensation Scheme, which, by the way, is another cost to the Island, we are the only jurisdiction where the States are putting in the contribution that they are if a bank fails. Every other centre is paid for by bank contributions. They are not even pulling their weight in that area. Now, the point here is when I went to the Isle of Man and to Guernsey and spoke with the regulators and the others that I have dealt with in the past in my previous career, we had the discussion about how they play us all off, one against the other. It is standard practice of the financial services industry and I can tell you if you think you give in on this one, fine, yes, do not make them pay any more money, what happens when we get to the budget next week? Will there be any taxes that affect the finance industry in any way whatsoever? No. Why? Because the industry will use the same threat they used with depositor compensation or they will use on this one or they will use on tax. You do this, you affect us, and we are moving and we are going to go to the Isle of Man, we are going to go to Guernsey or we are going to go elsewhere. Well, it is a threat. Maybe it is a real threat but they play-off one centre against another. I can tell you in the depositor compensation argument the banks were threatening the Isle of Man. They had had 2 bank failures and if they had ... well, in fact, if they had one, they would not stay in the Island but they would go. Having had 2 failures I am surprised they are still there. They did not like Guernsey, did not like the structure of the banking system in Guernsey because they had building societies which they considered a higher risk than in Jersey, so they made the threat. Every one of you was lobbied by the industry and you backed down on that one. I am sure probably you are going to back down on this one and you will back down on tax as well. What you have to realise is we have now got to the stage where we have what is called jurisdiction capture. We have one dominant industry and it does not make any difference if it is banking or anything else. When you have a dominant industry, they use their leverage and they will extract the maximum amount out of the States and pay the minimum into the States. So be aware of what the situation is. Yes, it may be 12,500 jobs but if you think those jobs are safe and they are going to be affected just by what we are doing, I can tell you what is going on in the world at the moment guarantees this Island no more security than anywhere else. What is happening is because of the global financial meltdown there is a tremendous rationalisation, oh yes, of banks. They are all looking at different centres. Each centre has its strengths and weaknesses and it is not just the amount of money that is put in. For example, we were talking about it going off to Dubai. Yes, Dubai is a rising finance centre. They have also got other problems but it is also not in the correct time zone. Time zones are important in terms of where work takes place. Equally, the fact that we have London as a major international finance centre is important and our location is important in that regard. So do not just think the money is going to drift out somewhere else. Yes, there is competition out there. I accept that. We will lose business over time, the same as there is rationalisation going on. Different banks are putting business into the Isle of Man or Guernsey or elsewhere. Yes, it happens. Even if you do this, there is absolutely no guarantee whatsoever the

banks are not going to move out of this Island and move anywhere else. So you can pour the money in, you can keep on supporting them, but they could leave tomorrow. I can also tell you as well that there is ... I know the Minister for Treasury and Resources is going to go on about all these jobs. I am sure he is going to come back on this as a great supporter of the finance industry and the Minister for Economic Development, but the truth of the matter is the industry can move at any time and this is one of the reasons why I have gone on since I came into the States about diversifying the economy. We have had all our eggs in one basket. I can also say to States Members if you think our economic recovery is going to be swift, you are sadly mistaken. A financially-induced recession takes time. Our dependence on the finance industry ... and remember I heard the Chief Executive of Jersey Finance this morning saying that interest rates are likely to remain low for some time and he also mentioned, too, that the largest part of our finance industry are deposits that come in from outside. So if deposits are not coming in on that level, it is going to take us years by the way to get back to the level of deposits that we used to have. Then our returns, the interest that is going to be earned on it, the profits made by those banks, is going to take some time to come back. What I am saying to you is we should have diversified before now. We should certainly be diversifying going forward. One other comment I will make as well is I do resent the fact that the Minister for Economic Development said: "Yes, I reprioritised my budget and I gave them the extra £400,000." Where did he take it from? Tourism, an industry that will probably recover faster than finance will. So it is a bit rambling but there are a number of points there. I would fully support the idea that the Jersey finance industry should be contributing more and should be matching what the States are putting in. If it is a genuine partnership, let us go up 50/50.

1.5 Deputy E.J. Noel of St. Lawrence:

I would just like to briefly thank Deputy Higgins for giving us several good reasons why we should be considering increasing the States funds to Jersey Finance. **[Approbation]**

1.6 Deputy P.V.F. Le Claire:

It is a very interesting debate and, if nothing else, I thank Deputy Southern for allowing us the opportunity to at least start to focus in on this. It might be an idea to get the tapes out from the past debates and have them transcribed. I do not know if the Deputy has done that in his Scrutiny Panel reviews to see what was said. I certainly believe at the time Senator Walker, in one of his speeches, was talking about matched funding.

[10:30]

Now, I may be mistaken but I certainly believe there was that statement, and half of this, I feel, is being driven by the fact that there is an inkling or a belief on one side of the Chamber - on one side of the community - that the banking industry is not paying its way. On the other side of the argument, the Minister for Economic Development is arguing - quite rightly, that is what his job is - that the banking industry is more than paying its way and it is punching above its weight in relation to the finance industry. I received a note from one States Member in the time I was out of the Chamber just now - when I went to go and get my copy of the Jersey Financial Services Commission's annual report for 2009 - saying something along the lines of: "Are you with Jersey Finance on this one, Paul, because you should listen to my speech?"

Deputy M. Tadier of St. Brelade:

A point of clarification. I think it said: "Are you going to vote with the finance party on this one, Paul?"

The Deputy Bailiff:

May I just say to Members that this interruption of other Members' speeches with points of clarification is, I think, unhelpful. **[Approbation]** Usually the clarification points can be raised at

the end of the Member's speech if it is necessary but the interruption of the play is difficult. I am interrupting your play, Deputy. I am sorry about that but it is already interrupted. Please carry on.

Deputy P.V.F. Le Claire:

Thank you, Sir. I am sorry, I was not intending to and I had no intention of identifying who the person was that sent me the note and I do not want to linger on who it was, but what I was going to say to that individual was I am not with the finance party on this one. I am with Jersey on this one and we should all be with Jersey on this one. It is nothing to do with the finance party or Senator Ozouf's party or Deputy Southern's party or the one-man-band of whoever's party. It is nothing to do with parties and we have to raise our game above that. It is about Jersey. Members will have to forgive me, my flow has been a little interrupted, but I wanted to come into the debate and try to offer some alternative focus on what we are doing. It was premised by the speech of the Assistant Minister for Treasury and Resources, Deputy Noel, that there are several reasons why we should be supporting the finance industry. I appreciate where Deputy Higgins is coming from and he has a large degree of frustration in relation to what has been happening, but in order to maybe help us focus on some of these issues, first of all I listened to the speeches; I thought that was important. I took the points of the Minister for Economic Development and I was quite astounded to hear that the Isle of Man put £5 million into promoting their industry. Well, that is alarm bells for me if I was in business in competition with them. Guernsey put another £1.14 million on top of their core grants. That is serious support from their governments in the same business that we are in. That is not to say that I do not think there is a discussion here or there is an argument here, but I think that really what we needed to be focusing on was the fact that we used to receive money to fund Jersey Finance and then the regulations came along and said we need to strip-out our governance of these issues and we need to establish Jersey Finance Limited and it needs to regulate the marketplace and it needs to set the fees and everything else. We did that and that has been set up and that is all well and good. If you look at the annual report for 2009 of the Jersey Financial Services Commission there is a startling difference in some of the numbers: the bank deposits noticeably down; the registry fees down by £4 million; the contribution to the States in 2008 was £4.4 million and the contribution to the States in 2009 was zero. When you look at the notes on the accounts the reason why the Jersey Financial Services Commission did not put that money in, it states under the accounting policies in 1(g) on page 54: "The contribution to the States of Jersey in 2008 was shown as a deduction from total income in order to reflect clearly the amount available to fund the activities of the Commission. Amendments to the Financial Services Commission (Jersey) Law 1998 have removed the Commission's obligation to make such annual financial contributions from 2009 onwards. The contribution has been replaced by a share of the registry income arising from companies' annual returns." So we have now changed the law to say that we do not require them to pay us money, we will get the money from the registry deposits. When you look at the registry deposits they are down enormously. What has happened in that period? The obligation for them to transfer money to the States has been removed by us; our legislation has been brought in. If we look back, we will see that it has been brought in by these Ministers, and it should have been made up by the registry fees, income derived from the operation of the Companies Registry, the Registry of Foundations, the Business Names Registry, the Registry of Limited Partnerships and the Registry of Limited Liability Partnerships. So I would say no matter which way this debate goes today I am certainly not with any party, I am with Jersey, and I think we have to raise our standards above this nonsense here. People are losing their jobs; there are shops all over the Island that are in serious trouble, there are other shops that have closed, other businesses have closed, taxes are increasing, subsidies are being removed. We have nothing else. I certainly 100 per cent support the emotion of Deputy Higgins in relation to diversification and we need to do that, but we need to do some stronger research and scrutiny. Deputy Southern said himself in his very entertaining speech yesterday and very good speech yesterday that because of the workload there was that final element that at times he maybe did not have the time or, who knows, the resources to follow through. I think we need to look at this and understand what has happened here. One thing is

undeniable though: the money the States has received and the money the banks themselves have received because of the economic climate, which is still wavering, has meant that deposits and the money returned on those deposits in Jersey especially... and I said this a few months ago, where it relied heavily upon these incomes in relation to the deposits, you get nothing on your money nowadays. Everybody knows this. Well, everybody should know this that has money. I do not have money but I have been told it all the time by people that have money. We are in a position where we need to strengthen and we need to diversify and we need to go out and get emerging markets. I would say one criticism to the Minister for Economic Development. With the best of intentions I think it was wrong to curtail the tourism funding. I said that at the time, and the next day we heard the expert from tourism on the radio saying in order to attract inward investment from finance tourism was the best way to do it. I think we could have played a sharper game there but he cannot be right on everything and, conversely, I cannot be wrong on everything either. **[Laughter]**

1.7 Senator F. du H. Le Gresley:

I think the proposition is one that we should reject outright and the reason for that is that it is proposing to reduce the funding of Jersey Finance, who promote the finance industry, our biggest industry, by £875,000 in 2012. If there was any one message that I would say was going to put the death knell to our finance industry it would be reduce its funding by such a substantial amount. When we discussed the 2011 Business Plan I was one of the people who voted that the £400,000 extra money should not be given to the industry at a time where we were making cuts in other areas. This is a totally different situation. Here we are talking about making a substantial cut to the funding of the one body that promotes our biggest industry. Also, this is totally out of place to be discussing it now. The proposer should have brought this as an amendment to the 2012 Business Plan if he is convinced that the industry and this body should have reduced funding. I think that Members need to take great note of what the Minister said, and I am quoting him: "This proposition is very damaging for Jersey." I think he is absolutely correct and I would ask Members to put aside their like or dislike of the finance industry, which is something I am doing when I am going to vote on this. We have to be responsible. This industry has already created 12,500 jobs, it pays for nearly half of all our services and we could not at this time, when we are trying to stimulate the economy as one of the measures for dealing with the downturn, take money away from Jersey Finance which promotes the one industry that is likely to get us out of a mess. So I would urge Members not to vote for this proposition.

1.8 Senator T.J. Le Main:

I would like to follow the last speaker and I would like to follow Deputy Le Claire. I also believe this proposition is ill-founded and should be rejected. I would like to say that Deputy Higgins, our resident financial expert, just spoke about doom and gloom. He spoke about regulation, the industry can move, eggs in one basket and all that. All I heard from Deputy Higgins was running down the finance industry which, as quite ably said by Senator Le Gresley, employs over 12,000 highly qualified local residents, providing a highly qualified workforce which people all over the world can and do have confidence in. So this money is about promotion, it is about selling what we are good at doing, it is about selling the highly qualified workforce we have in the Island to provide financial services required from people, as I say, all over the world. This funding is to extend and promote our financial services as a premier place in the world to do business. It is well regulated; it has one of the best judiciaries and legal provisions of anywhere else in the world. We are top class and we should be shouting from the rooftops how wonderful Jersey is and the provision we provide, the thing we play, our place in the world as a well regulated, transparent place to do business. I dislike it when people like Deputy Higgins run Jersey down as usual. I compliment Deputy Le Claire. I do not always agree with what he says and I am sure he does not always agree with what I say, but this is about our people, this is about Jersey. I am going to continue to support Jersey Finance. I think the leadership of Jersey Finance at the moment is absolutely superb. I cannot wait when I get an invite to go to Jersey Finance when they give the annual promotion they

give at Hotel de France. **[Laughter]** It always interests me. I like to know and understand what is going on. In fact, when I was at Housing it was a regular 3-monthly meeting with Jersey Finance and the industry to find out what was going on. As I say, this is about our industry at the moment. Yes, I agree there should be some diversification, as much as possible. When I was Minister for Housing I encouraged anyone that could come along and provide an alternative or a new kind of business which employed local people at decent salaries where everybody contributed to the economy. I am not going to support this proposition. I think it must be rejected and, as I say, I certainly am not happy about the way that Deputy Higgins always knows it all about financial expertise and keeps running down the Island. I want this Assembly today to give a vote of confidence to the finance industry which contributes so much to our economy and provides so much work for local people right through. I say: "Well done, Jersey Finance. I am going to support you and represent you."

1.9 Deputy J.A. Martin of St. Helier:

I am not going to be running-down the Jersey finance industry. My question is if the Jersey finance industry on the Island - I think is what the proposer was saying - is so confident in Jersey Finance Limited why are they not prepared to put more money in it? Why are they not all involved in it? **[Approbation]** I have a couple of questions. I wrote down: what is the definition of *pro bono*? I only have ever heard of this in lawyer speak.

[10:45]

I understand the basics of it and the Minister for Economic Development says it is lots of free time given by highly paid lawyers, accountants, trust managers, who talk to Jersey Finance Limited to tell them what regulations we need. Now, I have a problem and hopefully the Minister for Treasury and Resources will ... the contribution in 2007 was £1 million. Was that 20 people charging out at £50,000 each? Is it the same 20 people charging out at £100,000 each the same amount of hours? The Minister is shaking his head. I know how it is charged out because I used to charge out very highly paid accountants and legal fees to the poor people who were receiving their bills, but this is free time. I find it hard: is it the same amount of time, the same amount of people, but just the fees have increased? A very long time ago the former Senator Syvret said: "Yes, we have to respect Jersey Finance but do not be mistaken. We do get a lot back but what we get back in taxes is after..." He likened it to a bag opened and the seagulls have swooped and we get what is left. Over the last few years, yes, they have G.S.T. (Goods and Services Tax), they have done a deal with G.S.T. We do not know whether it equates to what the poor man in the corner shop is paying or everybody else when they go shopping, because basically it has never been explained. As Deputy Higgins said, I think he gets frustrated. We also now have Zero/Ten; again, a £100 million hole. It may not have been as big if we did not have the financial turndown but there comes a time when you have to say to yourself: "Yes, we have a very good industry here but are they paying enough?" At the moment I would say no and it comes back to my question: if Jersey Finance Limited ... we are talking about a - and I dare to use the word - quango that we set up to promote Jersey against the Jersey Financial Commission because we were told that we had to separate and I fully understand that. Deputy Le Claire is not wrong, he did not misremember: we started off and it was going to be matched pound for pound. For some reason the industry or some of the industry do not want to entertain Jersey Finance Limited and they are not even in the circle. So that is the big question and that is why it is not matched pound for pound. Senator Le Gresley said he did not support the £400,000, and I suppose Deputy Southern will maybe bring this back because he cannot now affect the 2011 budget but he wants to affect the 2012. I really think the next time this does come back - the Deputy does have a lot of confidence - I would really like to understand the charge-out of the *pro bono*. As my understanding, and it comes back to Deputy Higgins, *pro bono* means: "I will do something for nothing and if we win, so if we get the legislation, it will put money in my pocket", because a *pro bono* lawyer works for you and if he wins your case he gets the money. So do not, please, tell me this is all done out of goodness of the heart. It absolutely

affects the industry. They want the laws passed and they do not really want to give too much money. That is my understanding of *pro bono* work. It is so that at the end of the day somebody gets something. If they lose they do not get the legislation or they lose the case they do not any money. This is not costed out right to me and it is certainly an imbalance. So I think at the moment I will be supporting Deputy Southern.

The Deputy Bailiff:

Deputy, are you asking the Minister for Economic Development to clarify what he meant by *pro bono*?

Deputy J.A. Martin:

Yes. It would be very useful for me to exactly know where he got these figures and how they are calculated out.

The Deputy Bailiff:

Minister, are you able to help on that?

Senator A.J.H. Maclean:

Yes. Effectively it is an in-kind contribution. A *pro bono* contribution of the professionals is in kind. Just to clarify the other element that the Deputy asked, I think she asked the question as to why the industry were not paying more in terms of their contribution of membership fees towards Jersey Finance. We have to remember that many businesses are in multiple jurisdictions. Other jurisdictions are not charging that sort of level and businesses can quite simply move their business elsewhere. That is the reason why it has to be competitive. It is a competitive world we live in and that is why the fees are set, although they have increased significantly, at the level they are at.

The Deputy Bailiff:

I think she was also asking you to clarify whether there was the same number of people doing it at a notional double the rate.

Deputy J.A. Martin:

Yes, that was my question, about the *pro bono* work. I might be a bit thick but I do understand what *pro bono* is. I am saying is it the same amount of work but double the fees? It is very, very expensive in that industry.

Senator A.J.H. Maclean:

When the calculation, the £2 million, was established - in fact, it was just below £2 million, it was about £1,900,000-something, it was rounded up by a matter of £20,000-odd or £40,000-odd - quite simply, there are a significant number of meetings where you sometimes get 6, 8 or 10 people. What it has not included is the preparation work beforehand or any of the subsequent work afterwards. The estimate of cost was only for the meeting. The numbers of people vary per meeting but there are more meetings because there is more work being carried out.

1.10 Deputy M. Tadier:

I was going to say that Deputy Le Main could leave now, but he has already left. **[Laughter]** I am sure he can still hear me, wherever he is, up on high. I think the clarification about *pro bono* is welcome, but as far as I can see it is not directly relevant because Deputy Southern has made an exemption for that in there. So we are not saying that Jersey Finance does not do *pro bono* work and that that is not a good thing, but it is simply not relevant immediately to this debate, as far as I interpret it. I am going to make 3 main points here. The first one is to do with the confidence and the resilience of the finance industry, so the confidence that we have in it and the resilient nature of the finance industry in Jersey. The second one is the general point about means testing and about these hard times, and the last argument is about that £875,000 and whether that could be better used

going to other departments which maybe have more need of it. But I will start off by just prefacing the reason I interjected when Deputy Le Claire was speaking is that as the only other Member in the States Chamber who knew accurately what the contents of that note were, I thought it was important that when he was delivering that he give it accurately. I would also say, with respect to the Chair, that it is up to the individual who is speaking to ascertain whether or not they are willing to give way or not, although I do appreciate the general direction that interruptions are not helpful. So, first of all, it has been mentioned by Deputy Martin already, and I would say to the Minister for Economic Development that I have a lot more confidence in our finance industry than he seems to have, because I know that Jersey Finance and the industry in Jersey is a lot more resilient and is quite capable of marketing itself without interference or without handouts from government. It is a very profitable industry, we know that. It pays the taxes we have here and, quite frankly, they do not need the money. This is an argument that we heard I think from Senator Ferguson when she was bringing an amendment to the Business Plan. Jersey business should be left to itself, if we agree with a free market economy. Of course there are exceptions. We do have to put subsidies in somewhere but then again this is not what Deputy Southern is proposing. He is not saying: "Cut all funding for Jersey Finance." There are members of the public who do say that and who have said: "Why are we subsidising finance?" and any right-thinking States Member would say it is right to subsidise certain industries, dairy, agriculture, tourism and finance is not necessarily exempt from that either, but the bottom line is in these austere times finance I think can afford to pay a little bit more because it is still doing very well for itself. That is one industry in the world which as long as the capitalist model is still in existence will be making huge profits because the wealthy, whether it is in a recession or a boom time, are always going to be the ones who win. The money does not evaporate during a recession; it is just the ordinary people who have to tighten their belts. To do with means testing, last year I brought a proposition to the States to ask for TV licences to be given out free to all over 75 year-olds. I did this because I believed in the principle and also because it was in my manifesto and I think it is important to follow through on those kinds of things. One of the compelling arguments against, which we heard from Senator Le Main and other Members, is that: "I am not going to give out subsidies to millionaires. It is not right that somebody who earns millions a year should get a free TV licence but I would prefer just to give it to those who really most need it." Exactly. This is an argument which can be used in this context as well. In these times of austerity where we see, not just in Jersey ... but I will show Members a newspaper. Many Members on that side of the House will not have seen this newspaper before. It is called the *Guardian* [Laughter] and it talks about: "The axe falls on the poor" and that is exactly what happens during austere times, it is that the poor face the brunt of the costs and it is the middle earners as well, as we are seeing in Jersey currently with school fees. So I would simply ask, and I would appeal in particular to Deputy Le Claire, could you use that money if you had that £875,000 and allocate that better rather than giving it to an industry where between them they could afford to put up more levies and to pay for Jersey Finance, if indeed it is something they want to be part of, to market their own businesses, or could that money be used better somewhere else, perhaps at the hospital, perhaps in education or wherever? I suspect that the Deputy and any States Member could find a better use for that £875,000.

Deputy P.V.F. Le Claire:

Sir, may I ask the speaker to give way, please?

Deputy M. Tadier:

Yes, indeed.

Deputy P.V.F. Le Claire:

In relation to that question that he referred to me, I would merely refer him to page 48 of the Jersey Financial Services Commission's Annual Report 2009, where under the first paragraph it explains that the reduction of the registry income has come about because that money now as a proportion of

the company fees annual returns comes to the States. It comes to the States. The States are already getting that money from the banking industry.

The Deputy Bailiff:

Is this a point of clarification? I do not see it myself.

Deputy M. Tadier:

I have no idea what that means. It was a rhetorical question and it is simply I am beseeching each Member to search their ...

The Deputy Bailiff:

If I may say so, that intervention is a classic illustration. This comment is aimed not only at Deputy Le Claire because Members are increasingly doing it, interrupting to make a point and not interrupting to make a clarification. Please, Deputy Tadier, would you continue.

Deputy M. Tadier:

The point I am making is that each States Member I believe in these hard times has to search their souls and look in terms of fairness. We have heard the classic empty and hollow Tory words this week - those of us who watch the news - that those with broader shoulders should take the brunt of the burden. That is absolutely true. Of course it is not the case in the U.K. (United Kingdom) and it is not the case in Jersey either, but thankfully I think that there are certain States Members who will put up a resistance to this, and this is not about whether one supports Jersey Finance, the finance industry, or not. Senator Le Main has again made the classic mistake of using Jersey and the finance industry, which is one of the industries that happens to be in Jersey, synonymously so when he talks about Deputy Higgins talking down Jersey he is saying that Deputy Higgins is coming out with what he believes to be some valid criticisms that need to be taken in the round of one of the industries which happens to be operating in Jersey, which is finance. He is not running down Jersey. He is not saying that Jersey is an ugly place. He is not saying that the nurses, the doctors, the teachers who work here, the people who do our roads and work very hard, who are now going to face even more austere times and face their rents going up but their wages going down, are terrible people. He is not running down Jersey in that sense; in fact he is not running down Jersey at all. What he is doing is participating in robust debate which Senator Le Main and others have tried to facilely label as being anti-Jersey. That is an argument which is nonsense and which must stop. I thought that was something which was relegated to the Walker ... am I allowed to say that, the Walker era? Probably not, that is probably going to have to be crossed out from the Hansard, even though he was the previous Chief Minister. That is something I hoped was left in the past, these facile name-calling type arguments. So, just to recap, the first argument is do we have confidence in Jersey in the finance industry to be able to run itself? Are they asking for handouts?

[11:00]

Could they not afford to pay for their own office to be open in the Middle East themselves? In fact, anyway, we are not asking them to pay entirely; we are not cutting the subsidy completely. Deputy Southern is just asking for something sensible in these hard times to redress the balance which ultimately in the U.K. and the world has been caused by the finance industry, and in Jersey it has partly been caused by the recession to do with the finance industry and partly to do with the ill advice of going to Zero/Ten which has caused the black hole. So it is all finance-related anyway. So it is only right that I think that we all share the burden, including those who can most afford to pay it, not those who cannot but have no voice. Again, the second point about means testing: let those who can afford to pay more pay more and let those who need subsidies, perhaps like Jersey Tourism, get more of the subsidy. I think just one further point which needs to be addressed is the argument that I think has been misconstrued by Deputy Higgins. When he talks about the fact that finance or certain companies say that they are going to pull out of Jersey and threaten to pull out, what he is saying I think, and I interpret it crudely, is that you do not negotiate with terrorists. So

the principle is there. I am not calling the finance industry a terrorist, but I am saying the principle is there. If you are getting blackmailed all the time and they say: "We are going to pull out if you do not do this" you are being held to ransom. It is only because various jurisdictions around the world are not willing to stand up and say what is right that these kinds of often empty and hollow threats are made. We know, in fact, in Jersey it is not simply a fixed fee, because let us face it, £875,000 when faced and compared with the profits from the finance industry is a very negligible sum, but that sum, if it was put towards the States budget for the year, is a very significant sum. As I have said, it could be used more wisely and I am sure there is not a Minister in here who would not prefer to have that £875,000 in their budget rather than out of their budget.

The Deputy Bailiff:

Does any other Member wish to speak?

1.11 Senator P.F.C. Ozouf:

Very briefly, we have a deficit. There are going to be some challenging decisions to be made on tax and spending, but the third plank of growing ourselves out of a deficit, as Senator Le Gresley, Deputy Le Claire and others have said, is to grow our industries and importantly the financial services industry. I am privileged to represent Jersey, as other Ministers, in numerous forums in places around the world, and there is one thing that I have been struck with from the meetings and the people that I have spoken to in contrast to some views of States Members, and that is complacency. The international organisations that form part of global finance have choices, and that is why we need to promote Jersey and explain why Jersey is the right location compared to other locations in Hong Kong, Shanghai or other offshore centres. We need to promote Jersey and we need to say why Jersey is a good location and a better location than others. I am sure that Members will have seen, for example, this week that Guernsey is in India promoting their financial services industry, and we need to do more. The point about investment is getting business into Jersey, getting businesses into Jersey that would not otherwise come to Jersey if we did not promote. That is why and how we will achieve in the future a diversified financial services industry, a well-regulated industry in banking and fiduciary and in funds. By the way, there is an opportunity which is emerging in even the last few days in terms of the E.U. (European Union) settlement on A.I.F.M. (Alternative Investment Fund Managers) which does promote and does give third countries the opportunity of marketing funds within the E.U. as part of a passport arrangement. There are opportunities and we have to work hard in order to identify those opportunities and get new businesses into Jersey. I do not think I am going to say anything that is going to convince the likes of Deputy Tadier or Deputy Southern or Deputy Higgins, all who have made comments that I could take issue with. The contribution for financial services in Jersey is significant. We have a greater proportion of our government spending paid for by commercial taxation than almost any other jurisdiction we can find. I will leave Members with one figure, because there have been issues about the J.F.S.C. and other things concerning that. The J.F.S.C. collects revenue for the Treasury in the region of £3.5 million a year over and above the fees that they are charged, responding exactly to Deputy Higgins' erroneous, if I may say, points. Over the last 10 years £35 million collected by the J.F.S.C. and put into our States revenue. The contribution from finance is significant. Yes, it is a more competitive world and yes, we are not getting quite the level of profitability we did in the last few years, but we need to enhance our marketing activities, raise our game and to ensure that we can continue to enjoy low taxes and high spend and investment in Jersey Finance is designed to achieve that.

Deputy M.R. Higgins:

On a point of clarification with the last speaker, how much of the money that is contributed by the Jersey Financial Services Commission is coming from company fees as opposed to banking fees? By and large, in the past banking fees were stealth tax, effectively, because the Treasury was getting the money. Now it is overt and it is seen as a direct contribution to the States.

Senator P.F.C. Ozouf:

I stand by the comment that I made, that there is £3.5 million paid for a variety of fees and charges and if the Deputy attends the meeting tomorrow where I am presenting the budget proposals there are further proposals on I.F.C. (International Finance Corporation) fees which have been requested by this Assembly to be announced in the budget tomorrow, further enhancing the return of the financial services industry for the economy and for services in the Island [Approbation].

The Deputy Bailiff:

Does any other Member wish to speak?

1.12 Deputy P.J. Rondel of St. John:

Over recent months, years now, the Minister for Treasury and Resources has been handing out money within our fiscal strategy to help businesses and the like. I do not have a big problem with it, but if money is to be matched pound for pound I sincerely hope that if we are giving large sums of money, i.e. we gave £1.5 million to an enterprise in Trinity which was supposed to be matched pound for pound, that he checks that we are not bankrolling these businesses. Because if they are borrowing a similar amount to get £1.5 million or borrowing a percentage of that, it is of concern. I sincerely hope that he or his officers check that we are not doing that. What must be remembered, about 10 years ago a person in a bank in Hong Kong called Nick Leeson broke the bank ... Singapore, apologies, I will accept the correction from where it came ... and it broke the bank. The finance industry did not take note. They did not take note of what happened. In 2008 we finished up with a credit crunch which you and I and people in the balcony are all paying for. Yesterday the Bank of England in fact have had to put regulations in place because their own banks are not playing ball, will not divulge information. So they are having to put levies in place. Minister, I sincerely hope you are listening, through the Chair, because I think there is merit in pound-for-pound. I think there is merit if we are doing things. I was in business and nobody ever helped me. At some time when I was borrowing money in the 1970s I was borrowing it at 27 per cent. Nobody ever gave me and many other people like myself help. Yes, we do need the finance industry but I recall in 2005 when I attended a meeting with finance at which the Chief Minister and the Minister for Treasury and Resources were in charge of our F. and E. (Finance and Economics) of the day, I attended as a member of the board or the committee of the Postal Committee and we had the rug pulled out from under our feet because we were promoting, and we were being very successful at promoting fulfilment. That was another string to this Island's bow that was pulled out from under our feet, of which we have some 1,300 people currently unemployed. A good number of those people now could have been in that industry. They would be making a living. You can shake your head, Minister for Economic Development, but they would be making a living and we would not be having to pay out in aid through Social Security. It is important that we have more than one string to our bow, very important, but I do not like finance, who I am very supportive of, very supportive of, being told by the President of Finance and Economics of the day and his assistants we have to kick out basically Tesco, who were doing a very good job at building up a business, because it might upset the U.K. Government. That was what it was all about, keeping Whitehall happy. Whitehall are not going to worry about us if Cap de la Hague blows up. They are not going to worry about us.

The Deputy Bailiff:

You are going to come back to the point?

The Deputy of St. John:

Yes, Sir, I am. Whitehall are interested in their own affairs. They sign-up to their own agreements. Jersey should be making sure we look after Jersey. I am minded to support this. Whether I do or I do not, I do not know at this moment, because I will wait for the summing-up. But I have to say it because I do not believe the Minister for Treasury and Resources is listening. I do not believe he is

listening. We need as many strings to our bow as possible. Yes, we have to keep our finance industry and we have to keep it fit and lean, but there have been issues in recent times where banks have not always been as clean as they should be. The local people have to jump through all sorts of hoops. If I want to put £10,000 into a bank account all of a sudden I have to produce my passport, I have to give them utility bills and the like. Yet some of these 500 banks who operate in and out of the Island or through the Island have different standards, if what I read in the *Jersey Evening Post* is correct [**Laughter**]. As I say, I am not sure which way I am going to vote. I am going to wait to see how the proposer sums-up, but I have to say it because I think it is time we got a level playing field for people - we cannot all work in finance - who want to do other things. Some people are quite happy to do their 45 hours a week or 50 hours a week or 30 hours a week at a lesser wage. Not everybody can be at the higher level as are those people who work in finance, so we have to look after everybody. I am aware that the majority of our tax comes from the finance industry, but let us make sure we look after the ordinary people, keep them in work. I do not want to see them going up to Social Security. I want to see the ordinary man in the street do a job that he is getting paid for, and this is where I am coming from. I was listening carefully although I was in the Members Room, to what has been said by the Minister for Economic Development and the Minister for Treasury and Resources when I came back in here, but please think. We have to put extra strings to our bows. Thank you.

Senator P.F.C. Ozouf:

Sir, you do not like interruptions but there were a couple of corrections that need to be made from the Deputy's speech which I am sure he made inadvertently. That is that we do not have 500 banks unfortunately, we have far less than that and they all have the same standards. We do not have casino-style banks with regulatory failures that he was implicating Jersey taxpayers have paid for. That is not right and Tesco was tax-avoidance driven, a tax-based business that was not good for our reputation, unlike the financial services industry [**Approbation**].

The Deputy of St. John:

Sir, after having given way, may I be able to ...

The Deputy Bailiff:

You sat down, Deputy.

The Deputy of St. John:

Sir, you allowed the Minister for Treasury and Resources to make a comment that I should be able to correct.

The Deputy Bailiff:

Would you accept his clarification?

The Deputy of St. John:

The comment on the 500 banks, we were told, we have been told time and time again, that we will draw out the banks from the best 500 in the world.

The Deputy Bailiff:

That is not the same thing as saying there are 500 banks.

The Deputy of St. John:

At least I am able to correct it, Sir. Thank you [**Laughter**].

[11:15]

1.13 Connétable L. Norman of St. Clement:

Just briefly, this proposition is really quite a simple one. It is not about, as I see it, *pro bono* contributions, whether they be X million from the States or X million from the finance industry. As I see it, the very simple proposition merely seeks to tie the hands of the Minister for Economic Development in supporting Jersey Finance Limited by the structure of matched funding. Now, this might be less than we contribute at the moment, but it might be more. It might be more if the finance industry themselves decide to put more subscriptions into Jersey Finance Limited. But either way, whether it goes up or it goes down based on that structure is totally unscientific. Totally, totally unmeasured with no judgments made or to be made as to what is appropriate at any given time or what is needed at any given time. I think that is important, that we should make those sorts of judgments, what is appropriate for the taxpayer, for the States, to put into any given industry to support any given industry. To make comparisons with funding for the Battle of Flowers or the air display, for example, I think is totally facile. If we lose one of those attractions for a year or 2, very, very sad as it would be, Jersey would still be the best place in the world to live. If we lose at this time a substantial amount of the finance industry it certainly will not be. The truth is, if we want to face the truth rather than political ideology, profits in the finance industry as a whole are under pressure. We have heard that from Deputy Southern himself. If the profits from the finance industry are under pressure tax revenues obviously will also be under pressure. We need to help the industry to grow. We need it to grow a lot, just to stand still and continue to provide the services that we do at the moment. Because if we do not do that - and it was the Deputy of St. John who is quite rightly concerned about the 1,300 people unemployed at the present time - if we do not support the finance industry, probably our most significant employer, our most significant taxpayer, 1,300 unemployed will be but a drop in the ocean if we do not allow and encourage this industry to grow. Now, there were some who were playing the politics of envy earlier in this debate, worrying that we are giving taxpayers' money to the wealthy and to wealthy institutions. Absolutely we are not promoting individual businesses through Jersey Finance Limited. Those businesses, those multi-national businesses, those businesses with presence all over the world, are very good at promoting their own businesses. That is what they do, that is what they have their own massive marketing budgets for. They are out to get business for themselves. What Jersey Finance does, with the support of the Jersey taxpayer and the support of the States, is to promote Jersey. To promote Jersey as a place to do business, to promote Jersey as a place that wants to do business. That is why we have to reject this proposition totally out of hand. I do not hear Deputy Southern or anybody else coming along and saying that the taxpayer should only support agriculture through matched funding, we should only support tourism through matched funding. No, we make judgments. We work with those industries to decide what is appropriate to support those industries at any given time. Just to do it on a matched funding basis, totally unscientific, totally unmeasured, would be an absolute nonsense. If the States agree that that is a nonsense then this proposition equally is a nonsense. Diversification of Jersey's economic activity is right at the top of the agenda at Economic Development, no question. No question about that. But there is no golden bullet. Jersey has always had a significantly dominant industry, be it agriculture at one time, be it tourism at one time, be it knitting at one time, be it fishing at one time, be it privateering at one time. There has always been a dominant industry. We are a small jurisdiction and it is almost inevitable. But we have to look for where the next industry is coming from and that is why Economic Development is doing a lot of work in intellectual property, in e-gaming. All these are possibilities. But to think that there is this golden bullet and we can replace the finance industry overnight is absolutely living in cloud cuckoo land. This proposition is nonsense. It is dangerous and we must reject it overwhelmingly. **[Approbation]**

1.14 Senator S.C. Ferguson:

I am glad to follow the Constable of St. Clement because we do need to give generic support to Jersey Finance. I learnt a long time ago that it is no use having the best mousetrap in the world if no one knows you have invented it. The last thing you do in a recession is to cut marketing; not advertising because that is just a subset of marketing, but marketing. It is quite different. Now, the

international co-operation tax market is highly competitive. We even have U.K. companies threatening to move from the U.K. because of the tax structure. With the greatest respect in the world for the Deputy of St. John, who I have incredible respect for, but he does not really understand the circumstances of the credit crunch or the structure of our local banking industry. Most of our local banks - I think there are 58 at the moment - are in fact money boxes. They collect money. They centralise money from various branches throughout the world and then send it to their main market, which could be Zurich, New York, London, Paris, you name it. There are, in fact, a number of us in the House who have worked frontline finance industry. I happen to have the advantage of having been both gamekeeper and poacher, as a banking supervisor as well as a practitioner, and our businesses are run efficiently and ethically. The biggest money laundering centres, as I understand it, are London, Paris, New York, and certainly not Jersey. Now, I have heard people this morning, as a slight *non sequitur*, talk about diversification. Well, I am sorry, it is not for government to dictate diversification. Government can provide the background, government can provide the scenario, but government should never get involved in running businesses. It is said that the best way to make crime to not pay is for government to run it. Think about it. In respect of Deputy Martin and her question, is the industry paying enough, well, I am sorry, it is the old story: get a milch cow and milk it until it dies. Tourism, the industry of which I do have some experience, will probably do a great deal better with industry-led promotion. You know, give us the tourism money and let us free. Really, this is a very short-sighted approach at this point in time and at this point in the economy. If everything was going full blast then perhaps it might be a time to renegotiate, but at this stage it would be extremely foolish to cut the marketing, which is effectively what we would be doing, very foolish to cut the marketing for an industry which provides so many jobs, high and low paid, for so many Islanders.

1.15 Connétable M.K. Jackson of St. Brelade:

While I was on Deputy Southern's Economic Development Scrutiny Panel which produced S.R.6 in 2008, I think we must accept that circumstances then were somewhat different to those we face today. Others have expounded on the figures involved and I do not propose to analyse these further. However, I would simply make the observation that I regard J.F.L. as a facilitating organisation, and in the desperately difficult economic times we face it is essential that we encourage the entrepreneurial approach by financial institutions that we have here in the Island. Our financial offering is diverse and we must encourage further diversity and flexibility to adapt to the changing needs if we are to retain the present number of jobs we have in Jersey presently. That is my principal concern. While the grants to J.F.L. lie within the remit of the Minister for Economic Development, and he will be pressed like all of us to make cuts which I fully expect him to make, I would urge Members to reject this proposition and let him make the judgment on the levels of funding based on the current latest information. Just to take a point from Senator Ferguson, there is absolutely no point in having a mousetrap unless you put cheese in it.

The Deputy Bailiff:

Does any other Member wish to speak? Then I call on Deputy Southern to reply.

1.16 Deputy G.P. Southern:

I shall start by thanking all of the people who contributed to the debate. I think it is an important debate. It is one we may return to in the future in principle. I thank them all, though some were less helpful than others. I was waiting with some anticipation because it seemed to me that the debate was as ever - as soon as anybody mentions Jersey Finance and the finance industry - rather bitter and acidic. I was waiting for somebody to pull out the final stop and I thought I was waiting in vain. The final stop is, of course, all the banks are going to go if we do this. They will up-sticks and go. I was very pleased when the Constable of St. Clement rose to his feet because if ever there is one to go over the top in a particular cause it is usually the Constable of St. Clement. **[Laughter]** As he so accurately described this proposition as totally unscientific and nonsense and dangerous

and: “We must oppose it at all costs” - brilliant stuff - and he was backed up by Senator Ferguson there as the final speaker saying: “Keep a milch cow until it dies, milk it until it dies”, she said. Now, I want to put that in perspective first and foremost. Does anyone in this room believe that for the sake of £4,600 in additional contribution, for that is all that is asked of each and every one of the members of Jersey Finance Limited, members of the industry, £4,600 annual contribution rise, do you think that a single bank is going to up-sticks and leave? Do you think, indeed, that a single employee is going to be sacked for the sake of £4,600 additional contribution towards Jersey Finance Limited? I do not believe that will happen. I do not think anybody else in this room does either. But that is the prospect that is presented to us by the gung-ho Constable of St. Clement. Good on him. Here comes the threat, the entire industry is going to up-sticks and leave for the sake of £4,600. Right, let us knock that on the head. That is not going to happen because that is all this proposition proposes, an additional £4,600 pound-for-pound to do that matching from the industry itself.

[11:30]

Now, Senator Maclean made much of his speech where he said, not surprisingly, that he would be opposing this. Not surprisingly? No, very surprisingly because he has told every other external agency that receives the grant from his department to pull themselves together, cut their budgets, stand on their own 2 feet because their contribution is going down. He said all this is is reprioritisation of my budget. Reprioritisation of my budget from milk for schools, from tourism funds, from support for agriculture. That is the sort of reprioritisation we are talking about here. So, that is simple, that is understandable, but Jersey Finance is the single exception. No cut for them but cuts for everybody else. That is the point. Increased funding for them, not everybody else. But he says: “They are not going to be immune to cuts, I am going to bring something, I am going to cut their funding in the future some time” and that this was somehow unbalanced what we were doing or proposing now. The answer to Senator Le Gresley, who questioned whether I should be bringing it now, of course I should be bringing it now. I should not wait until the budget 2012 debate in September. That would be giving the finance sector 3 months’ notice that we are going to change their funding base. This gives them 14 months to look at it, adjust it and, I hope, divvy-up the extra £4,600. It is not very difficult. But nonetheless, in answer to that, it is about giving people time to adjust. Now, the Minister for Economic Development spent some time talking about his additional research into what happened in the setting up of Jersey Finance Limited. If Members will excuse me, I want to spend some time refuting that, his statements, and in some detail because I think he stopped short of misleading the House but nonetheless an honestly produced and, I believe, excellent piece of work that my panel did in 2008 ... and that panel consisted of myself as chairman, Deputy Breckon, Constable Jackson, Deputy Martin and Deputy Lewis. That piece of work was effectively - what word shall I use - ‘dissed’ by the Minister, who cast aspersions about its content and its conclusions. So I will go into some detail because I think it is important for the integrity of that panel and the integrity of those Members that I defend the report that we produced. I will start with this comment and people might begin to see why, looking for a reason to justify his position, he has examined this report and can place an alternate interpretation on what it says and what the evidence says. It says on the bottom of page 13: “The panel has observed that there appear to be several gaps in the committee minutes relating to the decision-making process surrounding the formation of J.F.L., in particular between July and November 2000. There appears to be no record of the change in direction from Promoco [which was the original name for this body] the Promoco proposal to the actual formation of J.F.L. The panel also notes from the chronology supplied by Mr. Dubras that J.F.L. was incorporated on 29th August 2000. No minute of the decision to incorporate can currently be found. The panel is deeply concerned that such a major decision could have been made requiring substantial government expenditure without the evidence of a clear audit trail.” The fact is that the Industries Committee at the time was run in what appeared to be a very sloppy manner and there was not a clear audit trail around this time. However, what we did find was that on 12th July 2000, at a presentation made by Senator Walker,

the then President of the Finance and Economics Committee, to the Industries Committee, the committee noted that the Finance and Economics Committee had advised that the States would fund the initiative during the first year, then to be funded by subscription in subsequent years. When asked - the then committee president - about the accuracy of that minute in July, he said: "I do not think I can say that is necessarily an accurate statement insofar as it is a minute of the committee. It was to note that the options were being looked at; it was not a definite decision at this stage." However, the minute taken by the States Greffe, the committee clerk, clearly recorded that decision. The president at the time said: "Oh, I do not think it was a decision" later on. Then at 13th November 2000 the Finance and Economics Committee agreed that it would support the establishment of J.F.L. and that once a Member of the States had been appointed to the non-executive board of directors it would fund J.F.L.'s activities for 2000 and 2001. It further agreed that it would provide funding from 1st January 2002 on the basis of a 50/50 arrangement up to a limit of £250,000 a year. So, again, a clear minute can be found that this was matched funding, funding from 1st January 2002 on the basis of a 50/50 arrangement up to a limit of £250,000. Now, I then move on to the issue that was raised by Deputy Higgins about the activities of Jersey Finance Limited. In my report in 2008 it was noted that by 2003 it was proposed that Jersey Finance Limited should merge with J.F.I.A., the Jersey Finance Industry Association. Now, that is a lobbying group, a promotional group of the Jersey finance industry and separate from J.F.L. However, it was merged in 2003. The director of international finance at the time said: "The question of the J.F.L./J.F.I.A. merger raises questions over the extent to which government money could potentially be used to finance the J.F.I.A., an industry association group composed entirely of private sector participants, one function of which is to act as a lobbying group aimed in part at government." So we agreed to part fund a body which is a lobbying group intended to lobby ourselves. This must be a unique arrangement in anybody's history. But in 2003 the funding was conditional. It said: "As noted in the previous section on funding, the international finance director informed the Finance and Economics Committee in December 2003 that it was now clear that the additional funds would be spent in its entirety on promotional spend, promotional spend abroad, promoting the activities, and would not be used to facilitate the merger." Yet in 2004 the promotional spend went from £263,000 down to £243,000. We are and still appear to be funding a body which has taken on a lobbying role to lobby ourselves. One can illustrate it in many ways but, for example, the report issued in the *J.E.P. (Jersey Evening Post)* suggests that is exactly what J.F.L. is doing. Deputy Higgins is absolutely right when he criticises it for this, when it says ... and it almost sounds like the words of the Minister for Economic Development himself: "Creating uncertainty by even considering increases to personal and corporate tax can make investors go to jurisdictions where they can plan accurately for the future," he said, a straightforward piece of lobbying by the Chief Executive Officer of Jersey Finance Limited aimed at this debate and the further debate over what we do about our deficit. Certainly, Deputy Higgins was correct when he said that this was an activity which we should not be funding ourselves. But finally, I come back to the 2003 statements and the statement of the international finance director in a paper issued on 1st December 2003 where he says: "The original funding mechanism for J.F.L. was agreed as a contribution by the States, £250,000, in the form of a grant to match contributions received from Jersey Finance Limited members." As a grant to match contributions from Jersey Finance Limited members. The conclusion one has to read from the minutes that were found and not the minutes that were disappeared is that matched funding was the method of funding proposed for this body. Therefore, it is entirely appropriate that anyone should bring a motion to restore that matched funding and that is what this proposal does. Senator Le Claire I think made an interesting and useful point when he talked about the relationship with Jersey Financial Services Commission and the charges that it makes. Now, he seemed to think that that enabled the industry to consider that since it was paying what might be said to be excessive fees and registration fees, that that money should be coming back to them through Jersey Finance Limited and our funding of it. That is certainly the impression one had from representatives of the finance industry when I was doing the report in 2008. There were some who thought that this was just a payback for money that they

were already paying, but that is not the case. He seemed to be saying also that since we are paying that, the industry is paying that money in the form of charges, why do we have to restructure and reprioritise our grants in E.D. (Economic Development)? Why is it coming through E.D., in fact, and we have to spend less here in order to give the money? Why is it not formally arranged through the Minister for Treasury and Resources that those fees are produced and do go back into the industry? That is perfectly possible, perfectly possible, and he is suggesting ... he seemed to be suggesting ... I do not know which way he is going to vote but he seemed to be suggesting that that would be a far better and far more straightforward and honest arrangement. Now, the bitterness that was contained in the debate, I just want to clarify this is not an issue of being pro or anti-Jersey. It is not an issue of being pro or anti-finance. That is not the point. The point is, is it appropriate at a time of fiscal uncertainty when everyone is tightening their belt and every external body in receipt of grants from the States is being asked to stand on its own feet and raise its own money, more of it, and having its funding reduced, why is finance protected artificially from this? Finally, I ask Members to consider what they wish to do when they vote. Do they wish to add £875,000 to the additional taxation bill that we are about to hear from on Friday? Do they wish not to have £875,000 to put, for example, towards the health bill which we know is a problem area? Or do they wish to give £875,000 to Jersey Finance which made a profit of £809 million last year and will probably make a greater profit this year?

[11:45]

Bear those questions in mind along with the fact that if we support this proposition what in effect we are saying to those 190 members of the finance industry that do contribute to Jersey Finance Limited, we are asking you to make the sacrifice, the deep, deep sacrifice of paying an additional £4,600 in contributions towards keeping Jersey finance, promoting your activities and promoting your industry throughout the world. That is what the issue is. Bear that in mind when ... Members please bear that in mind as they vote. I maintain the proposition, Sir, and call for the appel.

The Deputy Bailiff:

The appel is called for and I therefore invite Members to return to their seats. The vote is on parts (a) and (b) of the proposition and I would ask the Greffier to open the voting.

POUR: 8		CONTRE: 37		ABSTAIN: 0
Senator A. Breckon		Senator T.A. Le Sueur		
Deputy J.A. Martin (H)		Senator P.F. Routier		
Deputy G.P. Southern (H)		Senator P.F.C. Ozouf		
Deputy M. Tadier (B)		Senator T.J. Le Main		
Deputy of St. Mary		Senator B.E. Shenton		
Deputy T.M. Pitman (H)		Senator J.L. Perchard		
Deputy T.A. Vallois (S)		Senator S.C. Ferguson		
Deputy M.R. Higgins (H)		Senator A.J.H. 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. Saviour		
		Connétable of St. Clement		
		Connétable of St. Peter		
		Connétable of St. Lawrence		
		Connétable of St. Mary		
		Deputy R.C. Duhamel (S)		
		Deputy of St. Martin		

	Deputy R.G. Le Hérisssier (S)		
	Deputy J.B. Fox (H)		
	Deputy of St. Peter		
	Deputy J.A. Hilton (H)		
	Deputy P.V.F. Le Claire (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 A.K.F. Green (H)		
	Deputy J.M. Maçon (S)		

2. States Members’ remuneration: reconsideration of 2011 increase and repeal of Article 44 of the States of Jersey Law 2005 (P.127/2010)

The Deputy Bailiff:

We now come on to projet 127 - States Members’ remuneration: reconsideration of 2011 increase and repeal of Article 44 of the States of Jersey Law 2005. I ask the Greffier to read the proposition.

The Greffier of the States:

The States are asked to decide whether they are of opinion (a) to request the Privileges and Procedures Committee to request the States Members’ Remuneration Review Body to review its recommendation for an £800 increase in remuneration for elected Members from 1st January 2011 as set out in R.93/2010 in light of current and projected economic circumstances; (b) to agree that Article 44 of the States of Jersey Law 2005, which currently prevents the payment of different amounts of remuneration or allowances to different elected Members, should be repealed and to agree that, following its repeal, the States Members’ Remuneration Review Body should be requested to bring forward a scheme of differential remuneration for elected Members for 2012 and beyond, taking account of factors such as the positions of official responsibility held by elected Members, ensuring that there is nevertheless no overall increase (other than any normal annual inflationary increase) in the total budget for States Members’ remuneration; (c) to request the Privileges and Procedures Committee to bring forward for approval the necessary amendment to the States of Jersey Law 2005 to give effect to the decision to repeal Article 44.

2.1 Senator B.E. Shenton:

Well, hopefully this will go through on the nod and we can all retire for lunch. I must start off by saying I was a little disappointed with the comments of the P.P.C. (Privileges and Procedures Committee). In their comments they write: “P.P.C. regrets that the recent amendment to the Business Plan brought forward by Senator Shenton and this proposition have once again opened up the issue of States Members’ remuneration to political discussion in the States Assembly with all the attendant publicity and media comment that such an approach inevitably brings.” Well, I am very sorry that we should include Members’ pay when we are looking at the pay of every other civil service and the pay of everyone else on the Island and that we are looking at how to cut costs and make the Island more efficient. It seems to me that Members perhaps think that politicians should be excluded from this process and that it is very unfortunate that politicians should look to seek to set an example on pay or even have their pay looked at. Furthermore, the comments of P.P.C. appear very much as if they want to have their cake and eat it. At the time of the disastrous Business Plan attempt to have a debate on States Members’ remuneration, whereby Standing Orders were not lifted as many politicians believed that they should not set their own pay, I

reviewed my stance on the back of the comments received and the result is this proposition which takes on board the views expressed at the time. In the comment to amendment (a) ... and I should say that I will ask for the 2 amendments to be voted on separately. In the comment to amendment (a) the P.P.C. write: "P.P.C. believes very firmly that it is important to defend the total independence of the States Members Remuneration Review Board and to defend the system put in place a number of years ago where States Members do not need to have involvement in setting their remuneration." Okay. So let us say that this principle is absolutely sacrosanct, that Members should leave an independent body to set pay, free from the influences and parameters set by the politicians. I believe that many politicians argued, quite rightly in their opinion, that they were right to vote against lifting of Standing Orders because they believe firmly in the independence of the review body and in this principle. If you believe in this you may well have a strong reason to reject paragraph (a) of this proposition and, in doing so, you would have a strong moral belief to fall back on. But surely if you reject paragraph (a) on this basis and rejected the lifting of Standing Orders on this basis, you must surely support paragraph (b) of this proposition. All paragraph (b) does is remove political influence from the pay structure and make it truly independent rather than the self-interested, biased arrangement currently in place where we have politically enforced barriers. This is why I thought it was rather strange that P.P.C. should reject both paragraphs to both parts of the proposition. What they are effectively saying is there should be political interference when it suits them, when they can keep some payments to Members artificially high, but there should be no political influence if Members' pay is threatened. Furthermore, they argue that they are against pay differentials and means testing, yet this proposition does not seek to introduce either of these measures. All it says is: "Take away the political influence and give the S.M.R.R.B. (States Members' Remuneration Review Body) a clean sheet of paper. The S.M.R.R.B. has indicated its willingness to undertake the task free from the restrictions imposed by the politicians and it is totally wrong, in my opinion, for the P.P.C. to attempt to second-guess the outcome of their deliberations. What they seem to be saying is: "Independence is okay as long as it does not affect me." I have absolutely no problem with the amendments as they clarify the independent position. They do not inflict anything at all, they just take away barriers, which is the point of the proposition. The S.M.R.R.B., with a clean sheet of paper, can look at whatever they want: they can look at means testing, they can look at basing pay on attendance, they could even look at basing pay on the height of Members; they have a clean sheet of paper and complete independence. The restrictions were put in place by an amendment by an independent Member and it is a political judgment that affects the independence of the review board. I cannot see how you can argue that you are in favour of complete independence while retaining strict protectionist parameters under which the S.M.R.R.B. must operate. I believe that if you vote against (a) and (b), it sends out a signal that you are slightly confused in your standing and I should be interested to hear the arguments on how you can realistically reject both parts of this proposition. You either believe in the independence and the abilities of the S.M.R.R.B. or you do not; at the end of the day, you cannot have your cake and eat it. I put forward the proposition.

2.2 States Members' remuneration: reconsideration of 2011 increase and repeal of Article 44 of the States of Jersey Law 2005 (P.127/2010) - second amendment

The Deputy Bailiff:

Is the proposition seconded? [**Seconded**] Very well, there are 2 amendments. The first we will call is that of the Deputy of St. Mary and I ask the Greffier to read the amendment.

The Greffier of the States:

Page 2, paragraph (a), delete the words: "In light of current and projected economic circumstances."

2.2.1 The Deputy of St. Mary:

This amendment makes the original proposition less worse if paragraph (a) is carried; that is its intention. I certainly do not intend to vote for the main proposition, paragraph (a), but if it goes through then at least we do not have the odd situation that would now exist if we voted it through as it stands. I just need to recap because in order to see where this amendment is coming from, I just remind Members of what the States Members' Remuneration Review Body - which I will call the States pay body from now on - on States pay is charged with. They are charged with making recommendations to P.P.C. on the pay of States Members, and they have to take into account ... and the proposer did not incorporate this in his proposal so I think it is important that we see the original terms of reference that they worked to under the Act of the States, and it is in my amendment. The first thing they must take into account is that no person should be precluded from serving as a Member of the States by reason of insufficient income and that all elected Members should be able to enjoy a reasonable standard of living. The second thing they have to take into account is the economic situation prevailing in Jersey at the time of determination and the budgetary considerations of the States. The third thing they have to take into account is the States inflation target, if any, for the period under review. Then, as is usual, they also take account of any other matters that the body considers to be relevant. In his paragraph (a) as it stands, what the Senator is trying to do is tie the hands of the board by pointing them to one of those 4 matters and saying: "You have to look at this." I am not sure that I have a problem that there is intrinsic harm in asking the independent body to review its decision, although I take on board the comments of P.P.C. and I am sure the Chairman will comment on the wisdom or otherwise of asking them to meet again and review what they have just decided. But Senator Shenton's paragraph is asking them to look at one factor only and to consider this factor as being above all other factors. This is pointless because, first of all, it is included in their terms of reference already and, secondly, all the things they must take into account are already specified. **[Approbation]** I do urge Members to reject the notion that we in this House should try to steer the thinking processes of the States Members' Remuneration Review Body because I think that would have a chilling effect on their independence if we start to say: "Well, you have to look at this aspect more than that aspect."

2.2.2 Senator B.E. Shenton:

I should have perhaps made it clear that I do accept the amendment. I have no problem with it.

The Deputy of St. Mary:

Fine. In that case, I ask Members also to adopt my amendment. Thank you.

The Deputy Bailiff:

Is the amendment seconded? **[Seconded]** Very well. Does any Member wish to speak on the amendment? All Members in favour of the amendment kindly show? Those against? The amendment is adopted. There is a further amendment in the name of Deputy Martin and I ask the Greffier to read the amendment.

2.3 States Members' remuneration: reconsideration of 2011 increase and repeal of Article 44 of the States of Jersey Law 2005 (P.127/2010) - amendment

The Greffier of the States:

Page 2, paragraph (b), for the words: "Taking account of factors such as the positions of official responsibility held by elected Members" substitute the words: "Including the reintroduction of a means-tested system of remuneration which takes account of the total income of each individual States Member."

[12:00]

The Deputy Bailiff:

Senator Shenton, do you accept this amendment as well?

Senator B.E. Shenton:

I have no problem with it, no.

The Deputy Bailiff:

Deputy Martin?

2.3.1 Deputy J.A. Martin:

I have at least one vote. Yes. I would just like to set the scene because a lot of the people who are in the House now were not in the House in 2003, and the Deputy of St. Mary has just given you the remit of the independent board which now sets our remuneration. Unfortunately, there were 2 debates that day: there was P.146, which was the setting-up of a board to look at our remuneration, and there was P.145 which went first, and that was to abolish means testing for States Members. It was slightly the wrong way round because, obviously, you could not have an independent board that was looking at carrying on means testing. As I say, the debate was completely the wrong way round. For a long time I have had my doubts that I did not vote for abolishing means testing, and I had to check that because it is not in Hansard. I had a very interesting 2 or 3 hours listening to a tape of the debate and nothing has changed. Anyway, it started - keeping the scene for those who were not in the House - from a question in oral question time from ex-Senator Syvret. He basically asked: "Is it legal or illegal for rich States Members to arrange their finances but still claim the full amount?" and it was basically said: "It is not evasion, it is avoidance" and basically: "Yes, we know how companies, dividends and all this ... they do not have a wage." But the Senator did point out that, at that time in the States Bookshop, every Member claiming either the expenses or part of the wage had to have their name in the book. It did not have to have how much but it had to have who was claiming. As the Senator rightly pointed out, it did not take a rocket scientist to work out if you had this amount of companies, you lived in this amount of property and you were claiming the full benefits, somewhere along the line there was a bit of jiggery-pokery going on; nothing fraudulent, just a bit of jiggery-pokery. Yes, a legal term.

The Deputy Bailiff:

It is not one with which I am familiar. **[Laughter]**

Deputy J.A. Martin:

Sorry, Sir, yes. As I say, sadly, when we did abolish means testing, I have looked all the way through the proposition on P.145, it is absolutely silent on what happened to the book kept in the Members' Room. I have asked the Greffe, and the Greffe advised me that it went when means testing did and, subsequently, States Members voted not to reintroduce it, not to allow the public to know who is claiming what. Not the amounts at all, it never did that before, it just does not exist today. Then I would like to fast-forward to the debate. Listening to the theme, it was basically: "Well, the very rich are doing it anyway. The very rich in this House are rearranging their monies so they can claim. They are paying good accountants, they are giving them large sums" and it is absolutely worth a listen to, really, why we did this. Before abolishing means testing, the idea was that people should be able to stand for the States and receive expenses and claim (and wait for this one) income support; yes, income support. Do not muddle it up with anything that the Minister for Social Security runs, income support; nothing like income support for our hard-working, low-paid workers, nothing along those lines at all. The expenses you could get then, and it was a different way round with no questions asked, were £9,277 and you could claim up to income support of £27,697 and all the Member had to do was complete a declaration authorising the Comptroller of Income Tax to disclose details of Members' income to the Treasurer of the States, very simple. Again, we have all got income support in our heads. It is nothing like (if anyone knows about income support) what people really have to do in the real world to get a few pounds a week to help them live. Again, I would just like to remind Members of the scene at the time. It was a couple of

weeks before a very difficult budget. Our deficit had gone from £7 million to £19 million in the year. We were abolishing mortgage interest tax relief on anything above £275,000. We are, for the fifth year in row, freezing personal tax allowances but do not worry about what is going on out there. Many Members pointed this out in the debate; only 12 voted against it, they said it was not a good idea and everything else. When I reread the P.145, it said also: “The working party who in their deliberations state that the work of a States Member can no longer be regarded as a part-time amateur pursuit but they did also recognise that not all States Members should be full-time politicians and recognise that some Members of the States currently combine the political duties with other employment or are self-employed.” This was echoed in the comments of the ex-Deputy Guy de Faye who said: “Just because we are proposing to pay full-time wages for all does not mean we will get full-time politicians” and he voted against it. So, what is the scene today? Senator Shenton’s words on page 3 in the original: “My original amendment to the annual business plan was in order that the States Members in the Assembly could send out a clear political message that we are all in this together.” George Osborne’s: “We are all in this together”, Cameron’s: “We are all in this together.” Well, if anybody watched *Dispatches* the other night, they are not all in it as much as some of the others are in it, I can assure you. They are not in it. This is what we send out. You just heard in the speeches before when Deputy Tadier tried to abolish means testing for over-75s’ television licences, I have only got one quote and it happened to be the quote from Senator Le Main: “I am not giving millionaires TV licences.” You can have £12,000 a year coming in, over-75 and you have just over £12,000, and you cannot get a TV licence. Real world, we are all in this together. Are we in a worse place than we were in 2003? We have a £100 million hole to fill but it is not going to affect us because we are the government and we should not be affected by it, it would seem. I do not believe it is like that. I do not believe that people out there see it like that and P.145 said (I have to quote this): “Sensitivities. The committee is conscious of sensitivities surrounding the abolition of means testing and are aware that the concept of honorary service remains an important one in the Island, not just in the political environment. The committee fully accepts that some elected Members will have no wish to accept any remuneration for the service they give to the States and there would, therefore, be no obligation for Members to apply to receive the remuneration if they did not want it.” We never changed a States Member and the pay bill went up by £500,000. Lots of people said they did not claim and they did not want to. There is a comment here in Senator Shenton’s speech that there are people who have defended not lifting Standing Orders and they are going to give their money to charity. Why? Why are you going to give it to charity? Why are you getting it in the first place? If you do not need it, you are in here, it was always introduced (and I think it is something to do with Senator Shenton’s father) and it was that the majority of people did this job honorarily and then they decided that it did bar some people. So they decided that you could earn money and, obviously, it got very complicated when the very rich in here decided that they would circumvent that and they would pay rich accountants. But, given everything, if it was the same amount as States Members, I have no idea who claimed what, I have no idea of the wealth or the incomes. It is not the wealth, it is just the actual income of the States Member that I am asking to be taken into consideration. The Remuneration Board may be able to come up with other ways, especially ways that people cannot circumvent what they have coming in. I think it is about basic principles. As I said, exactly the same amount of States Members on the same income, it is about £3.5 million since we did away with means testing; not an insignificant sum, £3.5 million. Do we believe we are all in it together? Do we believe, when we are going to ask many of our lowest-paid workers to take a pay freeze [**Approbation**] for a couple of years, and as someone said earlier, rents will go up, wages will stay the same and benefits will probably stay the same, are we all in it together? I think we are and if you really want to send a message out you should vote for this. Really, that is all I have to say. Are we in this together? Are we facing a worse time than we were in 2003 when we conveniently abolished means testing before setting up the Remuneration Board? It was the debate after; anyone sensible would have asked for it to go first. We are where we are so I maintain the amendment and I look forward to all the reasons why we are all in this together.

2.3.2 Senator B.E. Shenton:

Having read the amendment in more detail, I question whether it is in order. I had not realised that it said: “Substitute the words.” It completely changes the original proposition, which I did not think was allowed.

The Deputy Bailiff:

It has been allowed already so it is in order, Senator. Is the amendment seconded? **[Seconded]**
Deputy Tadier.

2.3.3 Deputy M. Tadier:

I have to say in this context, when it comes to States Members’ pay, because I am not somebody who subscribes to the politics of envy, I cannot support the principle of means-tested pay for States Members. I think, fundamentally, we are all elected to do a job and even though we might have slightly different roles, we are put there by the electorate and it is right, certainly at the moment, that we do get paid for that job. In that sense, I cannot support it. I think Deputy Martin’s argument was more pertinent in a time when States Members were not paid, when there was simply an allowance. I can see more logic in that context for having means-tested pay because certainly the principle then is that it is a voluntary position: “But we are going to help you with your expenses if you need them” but this is not really what we are talking about here. I do not need to dwell on that, I think the arguments are well rehearsed.

[12:15]

But what I would say is that, logically and tactically, I am not in favour of either the amended version or part (b) as it stands currently, unamended. Tactically, what I will have to do (and I would encourage Members who are of the same opinion) is I will vote for the amendment because I think it improves part (b). That certainly would be more acceptable to me in its amended format, and then I will have to reject part (b) when it is amended. That is all I have really got to say.

2.3.4 Deputy P.V.F. Le Claire:

Unfortunately, we are in a position where we are going to start to divide ourselves and the Assembly. I am going to do likewise as Deputy Tadier. I am going to support the amendment and vote against part (b). I will probably support part (a), but that is a different debate and I will speak about that later. The amendment only just noticed now by Senator Shenton does importantly substitute the words: “Taking account of factors such as positions of official responsibility held by elected Members” and it substitutes those words with the words: “Including the reintroduction of a means-tested system of remuneration which takes account of the total income of each individual States Member.” Fundamentally, I do not really think we should be getting different levels of pay but I do believe that we should be taking ourselves a whole lot more seriously than we have been, bickering about whether or not we have sandwiches or Coca-Cola in the fridge. Opportunities missed along the way for us to have precious moments with Ministers around a table to do things and move matters forwards and forced into voting for them because otherwise we would be lambasted in the media and our political careers would be in jeopardy because we would be seen to be self-centred. I personally do not believe in that, I believe in setting an example but, at the same time, I believe in standing up for what I believe is an important basis of support that anybody who is seriously trying to help Jersey in this kind of a position needs. That is why I am going to support this amendment because I do not think it does take away the opportunity either (and we will hear the arguments of the Ministers and those that are possibly going to be affected) or the ability of the Remuneration Board to consider differential levels of pay if we substitute those words because it just says, if we read it as it would be amended by this being agreed, it would say: “To agree that Article 44 of the States of Jersey Law 2005, which currently prevents the payment of different amounts of remuneration or allowances to different elected Members, should be repealed and to agree that, following its repeal, the States Members’ Remuneration Review Body should be

requested to bring forward a scheme of differential remuneration for elected Members for 2012 and beyond.” Within that first paragraph, which is not altered at all by this amendment, it already asks the Remuneration Review Body to look at a scheme of differential remuneration. They could come back and quite rightly argue that the differential scheme of remuneration that they are going to support is one where we pay the Ministers and the Assistant Ministers and those that have been handed power and gifted power for their allegiance and patronage ... which is what it is, a system of patronage. This is why I supported Senator Syvret when he brought this in in the first place. They could still look at a system of patronage and they could still look at a system whereby we encourage the wealthy to get elected through their channels that they have, to represent the community solely in the channels they have with the media, whose support they have, handing out the jobs among themselves and leading the Island for ever more into *ad infinitum*. I read in the newspaper this week we need to see a return of the calibre of the politicians of the past because, over the last 20 years, we have seen a decline in the standards. We may have seen a decline in the standards in the Bank-Benchers, but it is the same politicians running the show, it is the same people, it is the actual same individuals running the departments, only now they are Ministries. Nothing has changed, the only thing that is different is the Bank-Bench side of things has improved its game and they are worried. **[Approbation]** That is my view; that is my take on it. What we are doing now is we are saying: “Look, it is not good enough that we have enough people angry at us already, let us have a whole series of debates where now we start pitching the poor against the rich in Jersey in among the Chamber as well.” It is absolutely diabolical. I will support, probably, Senator Shenton’s part (a) and I would encourage Members that we really do need to send a signal out. I am trying to refrain from speaking about part (a), but in part (b) it is the notion that we pay Ministers more. They have BlackBerries, they have assistant secretaries, they have secretaries now, they have the headlines, they have the departments, they have the newsletters; what else do they need to get themselves re-elected next year? Most of them, I am sorry to say, are in a position where, if they were to lose their position within this Assembly, they probably would be able to continue to afford to take care of the mortgage, *et cetera*; Christmas, January - they would probably be able to afford the rent. Senator Le Main said yesterday: “It is wrong to be talking about this right now. We have these poor scrutiny officers worrying about their jobs.” Poor scrutiny officers with pensions, with the ability to transfer over into different departments. Younger people in Jersey, like the people I look in front of me now ... I am not so young. Like I was, like Senator Ozouf was when he first came in here, in his particular circumstances ... he is still young. **[Laughter]** He is not as young, but he is still young. I think, in some circumstances, we need to invigorate the young to get involved, whether they are rich or poor, and we need to put to bed this issue about the wealthy/the not wealthy being able to do a good job because I do not want an Island... I am standing here and I am not scared of the *J.E.P.* and I am not scared of the media, and I am saying I do not want an island run by one sector, rich or poor. I want it run by a cross-section of the community. The poor do not know what it is like to run multi levels of business and industry. In many respects they do not. They do not have the experience. But conversely, the rich have never had to live without or understand what it meant when you are living on the breadline and the washing machine breaks and the shoes go. It is that diversity and that cross-section that makes us strong. I would hope Members would join with me in putting to bed this part (b) as soon as possible. Put it in the bin. Let us vote on part (a). Let us get behind the people. Put this part in the bin and let us stop dividing ourselves because we are already dividing the community. Let us get together and work for Jersey rather than all of this bickering between each other and among classes. It is not helpful.

The Deputy Bailiff:

Senator Shenton, you asked me about whether this amendment was in order and my response was that the Bailiff had already ruled it to be in order. I would like just to expand on that for Members’ benefits briefly. Standing Order 20, paragraph 1(b), forbids an amendment which wholly negates the proposition. It seems to me to be clear that the Bailiff must have reached his view upon the

basis this amendment does not wholly negate the proposition because, even if amended, the original proposition still requests the States Members' Remuneration Review Body to bring forward a scheme of differential remuneration. So I wanted to give that explanation. It is too late to have it reopened at this stage, in any event. The amendment has been ruled to be in order and that is the position.

Senator B.E. Shenton:

I will just clarify I will not be supporting the amendment on that basis.

The Deputy Bailiff:

I call on Deputy Trevor Pitman.

2.3.5 Deputy T.M. Pitman:

Will this not be undignified, but who cares? I do not. I do obviously want to save my main comments for the main proposition so I am going to be very brief with what I say here. I think there is a saying that people who live in glass houses should not throw stones. The proposer of the main proposition gets a few stones thrown at him, metaphorically speaking. I think he probably deserves them. Nevertheless, like Deputy Tadier, I have to say that I do not believe that there should be any difference. If someone does a full-time job, the same job, then it should not matter if they are rich; they should still be entitled to the pay for that job. I am sorry if that has blown my socialist credibility out of the waters but, being a Social Democrat, I can say that quite firmly. In fact, only yesterday I was standing in the centre of politics with Senator Ozouf, discussing our similarities. But the fact is I really applaud Deputy Martin for bringing this because she beat me to the Greffier's door. She is surprisingly fast for ... I was going to say a woman of age, but I had better not; I would probably get battered. Because really, if you are going to support Senator Shenton's proposition, you have to support this. If we are all about "all in this together", as Deputy Martin so rightly says, how can you not support this? Otherwise we are going to hear time and time again about the need to cut costs. Is it not funny that the proposer of the main proposition, he voted against saving £200,000 just last week when we voted to get rid of 4 people which might include him? So where was his commitment to cost-cutting then? I will save that for the main proposition. As I say, and I have to reiterate, I do not believe that someone should not be entitled to be paid just because they are wealthy. Equally, and this is the real key to all of this, it is thanks to former Senator Ted Vibert that a fully independent public panel was set up so people from wealthy backgrounds - and I know we do not normally talk about individuals' wealth but it is going to be pretty unavoidable in this case, is it not? - could not score cheap political points against other Members who really had to weigh-up whether they could stand for election. I am not going to talk about myself at length, but when you consider there are certain Members in this House ... and I obviously will not name them, that would not be fair, but they are from working-class backgrounds, dare I say it, and they work very hard. In certainly one case I do not even support the person's politics, but they are working very hard. They come from ordinary backgrounds and they are even in a position of bringing up families on their own. How on earth can it be right that someone from a wealthy background can suggest that those people should have their pay decided by someone from a greater position of fortune? Completely wrong. I know all those Members are quite happy to accept a pay freeze if necessary from a fully independent public panel, as I was. I am being very careful here. I do not want to use a non-parliamentary word, but I am blooming cross if anyone thinks that I am ever going to accept being dictated to by a millionaire when I put in more hours than they do. In my opinion, I am more effective in what I do, and, importantly, I was elected by people on the manifesto I stood on. I will accept anything from an independent panel. I will not accept something on the basis of some cheap, populist, desperate re-election campaign from someone who really should know better. Funnily enough, that has been the basis of all the people who have contacted me: zero support for this main proposition. So, staying within the amendment, I will definitely be supporting Deputy Martin because if you are going to support the main

proposition you really have no choice but to support Deputy Martin because otherwise Members will really look as if it is all about self-interest and selective pain. What does the song say? "Pain looks good on other people." Was it Churchill who said about socialists wanting an equal share of misery? If there is any misery to go around, it should be equally shared out, should it not? It should not be like we see in this government where we protect the rich to give the extra bit of pain to the poor and the middle earners. This is just another example of that. So, Deputy Martin, I totally applaud you, one of the most sensible States Members we have and an Assistant Minister who is worthy of her title. I definitely support this.

2.3.6 Senator P.F.C. Ozouf:

Deputy Martin, I think, commands respect in this Assembly. She does good, productive work as a politician and has done so ever since I have been with her in this place, but I think that she has opened an otherwise fair-minded stance that she normally has. She is confusing, I would say, support from society - income support - from remuneration which is earned. I stood for this Assembly, as a Deputy, as she did, when there was a means test. I did not stand for remuneration.

[12:30]

I got an allowance when I initially stood, so I declare an interest in that, but I thought and maintain the view that it is completely wrong that those individuals who work in their political duties should not receive ... because of perhaps a pension, perhaps prior employment, that they should not receive an income because of that. Some Members of this Assembly have taken a pay cut in order to come in this Assembly [**Approbation**] and to suggest that somehow a thing should be means-tested because of other remuneration that they have, for example, for a pension, is, in my view, extremely unfair. We will have the main debate on remuneration. My view on remuneration generally is that members of the public do not even know, in the majority of the straw polls that I have tested, that there is one salary for all States Members. I am surprised to hear Deputy Le Claire's remarks. He said, and I understand it, that I was old - I hope that we would both say that we are young - but he also has said in the past that there should be arrangements made for pensions for States Members and there would be a differentiation made for a contribution by the States for putting into a pension potentially. There could be a situation where even he may well support an issue of a differentiated pay structure for somebody that was still below retirement age contributing to a pension. He cares about that issue. I think it is probably wrong and I would support the looking at a pension to encourage young people and younger people to stand in this Assembly. I have a fundamental view that Members should be paid for their job and for their responsibilities, but they should not be deprived of earnings - because it is earnings - from the duties that they take. This proposition, I would say to Deputy Martin, is divisive. It is unfair and it is unjust.

Deputy P.V.F. Le Claire:

May I just seek some clarification as to the position from you, Sir?

The Greffier of the States (in the Chair):

Is it a point of order?

Deputy P.V.F. Le Claire:

I am not really certain. I tried that yesterday; it did not work [**Laughter**]. Just some clarification maybe from the Chair, Sir. I understood already that the board had already recommended that the issues of pensions should be looked at and I did not realise that this amendment was now enabling them to do that because I thought they were already entitled ...

The Greffier of the States (in the Chair):

Yes. I think that is a point of order, Deputy. You are correct that Article 44 of the Law does already have a provision that allows differential pension contributions. Deputy Duhamel.

2.3.7 Deputy R.C. Duhamel of St. Saviour:

All States Members' salaries are equal. George Orwell, Animal Farm.

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

But some people are more equal than others [**Laughter**], and more predictable. Just a few points. I think this is a totally retrograde step. If the Deputy, who I notice has become the official motivation manager of P.P.C., was following through the logic, she would surely apply a means test to everybody employed by the States above a certain level so that savings could be made across the board. It seems odd to pick out one particular group. Let us means-test everyone above a certain earnings level if that is the case, but I think the bigger issue ... and when pay was brought in - and I am not sure who handled it, if it was perhaps Deputy Hill - I regret enormously that the decision was not made at the time to cut back States Members. I think we have lived with that legacy ever since and, although Senator Breckon may criticise me, maybe the feeling that comes across to people is that we, as an institution, obviously are totally unable to organise ourselves, we are totally unable to organise affairs of state and so forth. I think, paradoxically, if we were to do this, it would just add considerably to that feeling. There are too many Members, in my view. That is the way to do it. Let us concentrate on getting Members up to speed, as was discussed yesterday, and let us reform ourselves in ways that are meaningful, but I think this is barking totally up the wrong tree.

2.3.9 Senator A. Breckon:

Following that, I am tempted to ask Deputy Le Hérissier and Deputy Duhamel to propose what the States should be doing and how many there should be, but that probably will not help. Just to relate to Members some experience of this because it looks like a choice between a rock and a hard place because everybody is here for a reason and everybody is trying to do their best, and the situation of means has been addressed and touched on over the years and some Members entered the States ... there was a former Deputy of St. Saviour that did 2 terms and had some business interests and the States business was becoming so intense, if you like, that they gave it up because their business was suffering. The same happened to a former Deputy in St. Lawrence who did 2 terms and did the same. A former Deputy of St. John did one term and stood down for exactly that reason because they were entitled to an allowance here but their business was suffering. In effect, he had to pay somebody else to run the business, and there was also a former Deputy of St. Clement who stood for one term and who stood down who I think was an accountant. I will tell Deputy Gorst who it was later; he is scratching his head. So although things have become better, if you like, I am not sure about the means, but if we have an independent review, are we not able to look at what they want? As the Deputy of St. Mary has mentioned, should we be shining a light in any particular direction or should we just let them if they want to look at it. But having said that, this whole thing is a nightmare to look at and, from the comments that were received from the Privileges and Procedures Committee, I do not think there is any appetite by that review board to look at it anyway. They have made recommendations and that is where they are. That is something that perhaps the Chairman of P.P.C. will address later. With this, I do not have a problem looking at means testing but it is not very effective and I think it was Deputy Le Claire said this in one of the earlier debates: if you pay peanuts, then you get monkeys. If somebody is in a proper job, then the general advice would be to stay with it because with a proper job comes a package of benefits, sick benefits, pensions, death in service, maybe a car or something else. This that we are doing, although it is recognised in the community for a variety of reasons - or not - it is not really a job as you can define it, although Members may well try. That is another challenge perhaps for Deputy Le Hérissier. I would say I understand Deputy Martin's reason and sentiment for this. Part of the reason, as I see it, is Senator Shenton is trying to flush something out. So Deputy Martin is saying: "Okay, if you want some of this, then you can have this as well." So I can see some of that in it. That is fair and reasonable in the circumstances. If Senator Shenton wants to raise it and do it in this way, then anything is liable for amendment. I looked at this as well. Think about expenses. I

am still arguing with the Comptroller of Income Tax over 2008 expenses. This is a nightmare. So I do what I do and everybody does it differently. Some people work from home. I cannot do that. Constables have an office. I have not got an office. So they might say: "Well, I do not do the political thing", but where do you draw a line? Where do you draw a line? I am not sure. So if we want the Remuneration Board to look at things, I can give them a dozen things to look at as well. So perhaps Senator Shenton has been a bit light with this and a bit emotional upfront and that is the reason, I think, for Deputy Martin's amendment, but having said that, if we are going to look at it, then let us include it. So, for that reason, I will support it.

Deputy T.M. Pitman:

I rarely ask on points of order, but could I ask you on a point of order?

The Greffier of the States (in the Chair):

If it is a point of order, yes.

Deputy T.M. Pitman:

I think it is. I know the Deputy's amendment really relates to point (b), but as it is informed by part (a) and, from my understanding from P.P.C., the panel have already said that they will not do what we would be asking them, how does that impact on the proposition generally because they have already said they are not prepared to look at it?

The Greffier of the States (in the Chair):

It is a point of order, Deputy, but I think if you read the comments of P.P.C., it is clear that the Body, in its letter, has said that it would look at the part (b) issues if there was a political decision but will not look at the part (a) issues. Anybody is entitled to request anybody to do anything, Deputy. Whether they do it or not is a matter for them, I think. Deputy Southern.

2.3.10 Deputy G.P. Southern:

For once I am confused about what is going on here. Not the only one perhaps. Yes, I am totally against the main proposition, but like yesterday when I suggested that there was a lot of unclear, woolly thinking going on, it seemed to me that yesterday's amendments to Senator Breckon's proposition were not particularly improvements and you could not correct what was wrong with the main proposition. I really do not know what this is aiming at in terms of this amendment because I, too, like Senator Ozouf, first started this job back when we had means testing and, of course, means testing means your previous year's earnings. At the time, I was a support worker for the homeless in a shelter and my total earnings for the year was something like £17,000 which meant that that came off my allowance for what I was doing here. For the first year of being in this House, I was doing nightshifts down at the shelter to maintain my income at the level it was previously at. It was a strange position to be in, attempting to do a real job here and working shifts down at the shelter in order to keep not quite body and soul together, but in order to maintain a standard of living. So I do not think I can vote for the amendment either. On the overall issues, as we say, it seems to me that what we are in danger of doing is jumping again, like yesterday, at any action rather than none. The fact is I have consistently opposed wage freezes. I will continue to oppose proposed wage freezes. I will oppose, if it ever comes to this House, reductions in sick pay, reductions in overtime rates, reduction in allowances, freezing pay until we get to U.K. standards, that sort of thing that is proposed for our workforce. We are part of that very workforce and I will oppose reductions in my terms and conditions, particularly my pay, as adamantly as I will continue to oppose inflicting them on other parts of the public or private sector.

2.3.11 The Deputy of St. Mary:

Just one point. It will be completely different from the preceding speaker. I am still not sure about whether adding this amendment... whether I am going to vote for it or not, but I think it is important to realise that it does not change the original proposition by much, and I am definitely

against the proposition, whether or not this amendment is carried. This is why. If you look carefully at this amendment, it says: “For the words ‘taking account of factors such as the positions of official responsibility held by elected Members’ ...” That is the thrust of the original proposition. Some sort of pay by performance or some sort of thing that Ministers should get paid more than Assistant Ministers and so on, but we will not go there. That will be substituted by the words: “including the reintroduction of a means-tested system of remuneration which takes account of the total income of each individual States Member”. So the review board will be able to go anywhere but this is added to what they would have to look at, but they will still be able to take account of factors such as the position of official responsibility, in other words, the whole can of worms around differential pay. So, by voting for this, you are not stopping the board looking at all those other issues, which in my view are completely out of order and completely wrong. That is still there, whether or not you vote for this. I just wanted Members to be absolutely clear because there was some confusion. Some people seem to think that there was substitution here of: “Let us look at means testing and then we will not look at anything else.” That is not the case. It will be means testing and all the things that were in the original proposition.

LUNCHEON ADJOURNMENT PROPOSED

Deputy R.G. Le Hérisier:

Could I propose the adjournment?

Deputy F.J. Hill of St. Martin:

I would object to that. I think we should work through and get this out this afternoon.

The Greffier of the States (in the Chair):

The adjournment has been proposed. Is that seconded? **[Seconded]**. All those in favour of adjourning, please show?

[12:45]

Any against? The adjournment is proposed and carried. The Assembly stands adjourned until 2.15 p.m.

LUNCHEON ADJOURNMENT

[14:15]

PUBLIC BUSINESS - resumption

The Bailiff:

We resume debate on the amendment. Does any other Member wish to speak? If not, then I call on Deputy Martin to reply.

2.3.12 Deputy J.A. Martin:

There really probably is not much to say, but I will start with Deputy Tadier who obviously did not read P.145 which was when they took away the necessity of means testing and saying: “If people were only allowed allowances, then that was because they knew what they were going to get when they came into the House.” No. The expense allowance was over £9,200, completely different to the £3,000 we get now. I do not know why it has changed. That is the way it is. I think that changed after means testing because they thought £9,000+ up to £27,500. So, to work in the Assembly, if you had no other means of income in 2003 before they abolished it, you had an income of £38,000. He also called this “politics of envy”. Well, I am not envious of anybody in here and it is not politics of envy. It is getting real with what is going on in this society and just reminding people we have spent one and half days just talking about ourselves and, by the end of

that, we will have achieved nothing. Nothing. People are fed up to the back teeth of us talking about ourselves, but people want to bring, as Deputy Pitman says, populist: "Let us cut our wage because I can afford it. Let us do that." Deputy Le Claire, interestingly, again made exactly the same speech, near enough, that he did in 2003. He thinks that we are pitting the rich against the poor, the less well-off should not be looking at who has what, but he wants to support part (a) which will save £800 a year from each States Member but we will not support (b) because my amendment, as I have said, has cost the States at least ... because I do not know the make-up of the people in here now ... at least £500,000 a year; £500,000 a year. Real money that we have been paying out to ourselves and, before that, some of it was not paid out because the richer people who were working and had a part-time job and an extra job but they were not rich enough to do a George Osborne and rearrange their monies so that they are multi-millionaires and they can stand and say: "I feel your pain. I am in it with you." That was the theme and that was the theme that carried on. Deputy Pitman says everyone is in it; we are already, as I have said in my opening speech, the pay freeze we are going to inflict on workers. Senator Ozouf made an interesting speech because, last time he spoke, he said prior to when he entered the States, he only was able to claim the expense allowance but, due to a family bereavement, he had to rearrange his income or he rearranged the way his income looked so he could then claim everything. He spent his £9,267 a year on a secretary and in fact he spent more than that on his secretary because he was a well-researched Member, serious of this House. Would not we all like to have our £9,000 to spend on a secretary? Lots of people live on their wage and what he really said today and let us remember this when the Minister for Treasury and Resources stands up and asks you to cut back, freeze the wages of workers, he said: "The difference is what Deputy Martin is talking about is I get remuneration for work. Income support is not for work." Well, I am very sorry, the majority of people who are getting income support from Social Security are our low paid workers, paying £12,000, £14,000 a year rent, and do not tell me that they do not deserve a wage increase. But no, the same Minister would tell you he is entitled to his remuneration, exactly what it is, and he cannot take any less but the less paid workers, and it is income support, income support; that is what we got. It really, really does annoy me. Again, we do have ... I do love... really interesting to go back and listening to Deputy Roy Le Hérisier speak, exactly the same. Why tinker with people's wages? Really we should not ... "Reform the States, get rid of 8 to 10 Members and then we will cut the wage bill." Exactly the same speech today. We are 7 years down the line and we are ... all right, we voted last week to get rid of a few States Members, but I bet the wages will go up. Deputy Southern seemed very confused to me but his logic is okay because he agrees that he will never support anyone to have a pay cut. He will oppose, oppose, oppose. The only problem is, Deputy, the only one you will win is today. When they come back to the House to people that you talk to, you will lose and you will lose and you will lose, 3 times over. So, it is up to the Deputy. He gave a reminiscence about when he came into the States and he, because he had earned, and it was exact, his memory was right because it was on the tape, £17,000 in his previous job, and he had to make his money up as he said, working at going out at nights because he was getting the allowance plus he could only claim £17,000 and it was not what he was receiving the year before. Then he was sitting in the House with very rich people who could just rearrange their money and get the full amount but he makes that okay somehow. Absolutely makes that okay. I do not get it myself, very sorry, very sorry. I would just like to read a couple of ... from the 2003 debate. As I say, Deputy Le Claire, again for supporting it because he ... No, not he sorry, and I am not being personal, we all need a decent income support, and it was called income support, to enable someone to give an honorary service and not lose out. Forget the honorary service is dead, just dead because ... I did not hear a lot of the speeches. The Constables, they were going to stand up and tell us that they do not get their office to do States work in. No, they do not. Of course it would never cross their minds to pick up the phone and make anything to do with States work from a Constable's office or use their secretary. It does not happen. It does with some Constables because I have had the conversation but anyway, Deputy Le Claire in the last speech in 2003 said: "We need professional politicians, professional people and that equals professional pay" and if you do not get that ... Deputy Breckon

I think must have listened to the same tape, because he said: "If you do not get that, you pay your peanuts and you get your monkeys." Well, I do not know which branch I am swinging from today **[Laughter]** but I do not see much improvement. It was really good that it was not on Hansard that debate, the listening to 2½ to 3 hours with the question time, and the debate was absolute ... This is us and that is them and we are in a little Chamber in here and we do not know what is going on outside. We do not understand how people really, really think of us. I am told that the people that certain people talk to ... oh, Senator Ozouf said: "Most people do not even realise we all get the same pay." Well, I can tell you most people know exactly down to the penny. It is always hyped-up a bit; they think we earn around £45,000 to £50,000. Sometimes that is reported in the press, probably with perks as they say with parking and that, maybe we do. I have not particularly worked it out but some are as equal and some are not as you say, Ministers. You want to try getting into their secretarial work and everything else. Basically I will support obviously my amendment, but I will support the full amendment from Senator Shenton. I just want to bring you back to the comments on P.P.C. I am on P.P.C. but I did not obviously participate in these comments because they would have been totally different. **[Laughter]** The second part says: "If Members were minded to agree to repeal Article 44, P.P.C. does not consider that it would be appropriate to reintroduce means testing as suggested in this amendment." Please remember I am not asking for means testing to be reintroduced, I am asking for the board without the hand tied behind the back that they had in 2003 ... because before the debate to establish the board this House very conveniently abolished means testing. So then they had their terms of reference, which the Deputy of St. Mary read out. Do not say that, you know, I am not putting that in, I am putting it in as a suggestion but it also says: "P.P.C. believes it would be a retrograde step to overturn that decision taken in 2003." That remuneration should be available to all Members without means testing. I think that takes me back to exactly where we are. I have just said: "The honorary system is dead." Nobody wants to work in this House without claiming every penny. There is £17,000 for the whole of the budget for States Members that is put away in the Greffier's little piggy bank for the States Members to claim. £17,000 not accounted for. I do not know if that is some people maybe not taking the full expenses or a part but not many people say: "Well, I am rich enough, I am doing this, I am retired, I am getting a good pension. I would like to do this, that and the other and I really want to work for the States, I really want to be in the States." I heard in coffee rooms: "We could not possibly go with what Deputy Martin ... I would not be able to stand, I know a lot of people would not be able to stand." Well, but you are expecting everyone else, or a lot of very hardly paid workers, to live on even less and take lots more cuts. So why would you not be able to stand? I have already said if you are very, very rich you can rearrange your monies any way you like but do not stand and tell me the honorary system is still alive and kicking. If you go to your Parishes and you will want your honoraries to do everything for only expenses. Like the honorary police do, for only an expense, which is what they do but not here, not now. As for everybody being equal, we are already not equal. We know the Ministers get a lot of secretarial support. It is always good being early into the States Building because a few months ago I was early in and I found a young girl in the coffee room with a big folder putting everything in it and I asked her what she was doing. "The Chief Minister has left all his papers at home and I have to get them back, I have to get a second lot for him." Well, I said: "Where is my person like you? I left my papers at home and I have to run back and get them." I am sorry. We are where we are but please when you come ... and he is not here unfortunately, it is obviously not a big enough debate for Senator Ozouf, the Minister for Treasury and Resources, to be in for the vote, or he is on a long lunch. Remember what he is going to come back to. You are going to find out tomorrow morning. You are going to find out really what is going to hit the people. Is G.S.T? I really do not know, and this is off the top of my head, where are the taxes going to bite? Are they going to raise G.S.T.? It is not going to be the rich. It is not going to be the finance, so where is it going to bite? So remember, please do not try and tell me to tell them out there that we are exactly all in this together because apparently we are definitely not in this together. We never, ever wanted to be in this together, and

as of 2003 most people are just ... it is lip service. Please remember that because you will find out the bad news tomorrow and the headlines will be: "States Members, I am okay."

[14:30]

No empathy, maybe a bit of sympathy; sympathise that you might have to do the same job for even less money or the same money. Well, really it is less money if you freeze it for 2 years. It is always less because we are not going to somehow freeze inflation. It would be great if we could but even the Minister for Treasury and Resources cannot do that. He is not God. Okay, I have said enough and I maintain the proposition but remember, as I said, it is not introducing means testing, it is asking the board to re-look at it.

2.3.13 Connétable J. Gallichan of St. Mary:

I wonder, I did start to rise to ask a point of order but I got a bit frightened in the light of recent judgments. It may well be ...

The Deputy Bailiff:

You saw the look, Chairman.

The Connétable of St. Mary:

I did, and I think this may be clarification rather than order but from you, Sir. Deputy Martin has just said and then restated as she closed that this proposition does not ... it allows the board to consider reintroducing means testing but surely, as she has drafted it, the proposition would read: "To bring forward a scheme of differential remuneration for elected Members for 2012 and beyond, including the reintroduction of a means-tested system of remuneration." Surely that is proscriptive rather than permissive?

The Deputy Bailiff:

The request to the States Members Remuneration Review Body if the amendment is adopted would be to bring forward a scheme for differential remuneration, which includes the reintroduction of a means-tested system.

2.3.14 Deputy S. Power of St. Brelade:

May I be allowed to correct Deputy Martin? There are no secretaries in the Housing Department and I have not got a secretary. I did not want to interrupt the Deputy in her cringingly bad summing-up.

The Deputy Bailiff:

You have been corrected, Deputy, in relation to secretaries in the Housing Department.

Deputy J.A. Martin:

Well, I do not believe him.

The Deputy Bailiff:

Do you call for the appel, Deputy?

Deputy J.A. Martin:

Yes, Sir.

The Deputy Bailiff:

The appel is called for. Members are invited to return to their seats and the amendment of Deputy Martin to P.127. I will ask the Greffier to open the voting.

POUR: 13		CONTRE: 26		ABSTAIN: 1
Senator A. Breckon		Senator P.F. Routier		Connétable of Grouville

Senator F. du H. Le Gresley		Senator T.J. Le Main		
Connétable of St. Helier		Senator B.E. Shenton		
Connétable of St. Clement		Senator S.C. Ferguson		
Deputy R.C. Duhamel (S)		Senator B.I. Le Marquand		
Deputy J.A. Martin (H)		Connétable of St. Ouen		
Deputy of Grouville		Connétable of Trinity		
Deputy of Trinity		Connétable of St. Brelade		
Deputy M. Tadier (B)		Connétable of St. Martin		
Deputy T.M. Pitman (H)		Connétable of St. Saviour		
Deputy M.R. Higgins (H)		Connétable of St. Peter		
Deputy A.K.F. Green (H)		Connétable of St. Lawrence		
Deputy J.M. Maçon (S)		Connétable of St. Mary		
		Deputy of St. Martin		
		Deputy R.G. Le Hérisssier (S)		
		Deputy G.P. Southern (H)		
		Deputy of St. Ouen		
		Deputy of St. Peter		
		Deputy J.A. Hilton (H)		
		Deputy P.V.F. Le Claire (H)		
		Deputy S.S.P.A. Power (B)		
		Deputy K.C. Lewis (S)		
		Deputy A.E. Jeune (B)		
		Deputy of St. Mary		
		Deputy A.T. Dupré (C)		
		Deputy E.J. Noel (L)		

2.4 States Members' remuneration: reconsideration of 2011 increase and repeal of Article 44 of the States of Jersey Law 2005 (P.127/2010)

The Deputy Bailiff:

We now return to the main proposition as amended by the Deputy of St. Mary's amendment and it is open to the floor. Does any Member wish to speak? Deputy Trevor Pitman.

2.4.1 Deputy T.M. Pitman:

I would like to start with an apology because last time when Senator Shenton tried to bring this I voted against discussing it. I am not apologising for not wanting to discuss it because that was quite the right decision, but I really think I should have used the 2-page speech that I had which would have shown the motivation behind the proposition and the reality. Because I think if anyone is going to bring a proposition then it is only fair the public know where it is coming from. No, I do not think we should all be discussing this. I am happy to talk about money because I am someone who ... I am an ordinary person but I did have to weigh-up... I had to sit down with my wife when I decided to stand for election and decide what kind of financial hit we could take because I did take a pay cut. I moved from a career that I enjoyed, I had worked long and hard at and I had a pension. I now have not got a pension and I am now earning less money, so whatever people think of my politics, no one in this House can say I am doing this for the money. You would have to be frankly stark raving mad to do this just for the money. I think it was Senator Shenton who last time said how we need to have an element of voluntary ethic or work to being a States Member. Well, if you say that the average working week is 37½, 40 hours a week... well then, like many Members I am doing 30 hours on a voluntary basis and I am just a Back-Bencher. I absolutely believe as fact that certainly every Deputy in an urban district will be doing the same, and I am sure a lot more Members are. So, surely that is a good bit of voluntary? This proposition, it is essentially surely about value for money. I would imagine that is why Senator Shenton would say he is bringing it. So not surprisingly I am going to ask him, in bringing this proposition, is he

going to stay in the States Chamber, the whole building, for the whole debate, or is he going to disappear, as he regularly does, to his day job? Because the public should know that, and he has admitted it on Channel Television, he has admitted it to me. How can it be right to bring a proposition about value for money asking ...

Senator B.E. Shenton:

I disappear to do P.A.C. and other States work.

Deputy T.M. Pitman:

Sorry, I did not catch that, Sir.

The Deputy Bailiff:

Deputy, continue with your speech

Deputy T.M. Pitman:

Thank you very much. So, it is fine apparently to bring these propositions but then to go and work at making money for yourself. Well, that is not what he said to me and it is not what he said on Channel Television. He said he did not have to listen to 2-hour speeches from Deputy Southern, I think that was his excuse. Yes, but I think the Senator has taken an oath to be here as we all have, not to be working for ourselves, to make money for ourselves while the taxpayer is paying us, so let us get that right on the table. Why is it that so many people are happy to accept the pay freeze if it is done by independent panel, which was set up I believe by the idea of former Senator Ted Vibert to keep it fully independent? I have worked in the private sector; I have worked in the public sector. Never, ever have I come across a situation, other than perhaps the owner of the company, where one wealthy employee could decide what another one was going to be paid, how bizarre, how truly obscene. I use the example of some Members in this House, working ordinary people - average people they would probably describe themselves - bringing up kids on their own, working very hard on behalf of their constituents. Could they afford to take a big pay cut? If they should, should they not have known right from the set-off? Surely they had to sit down as well and decide: "Can I afford to do this? Do I care about the Island from my perspective whether we are right or wrong in our views? Can I take that hit to stand?" So what right would someone then, who frankly does not need the money - as I think Senator Shenton would tell us that he does not need the money - why does he feel able to bring this? Well, I know for me it is nothing more than a populist election stunt, but of course we can all bring what we like. Senator Vibert suggested setting up that panel just so that such moves would not be made. The whole point of paying someone to be a politician is so that we could have people from all walks of life, and the people who I speak to do want people in here from all walks of life. There seems to be some misconception that unless you followed a career that is all about making money then somehow you are not as good or you are not as capable. I find that ludicrous and so do the people I speak to. I would value the average nurse over an average millionaire, perhaps one who made their money as a mercenary initially, every time - every time. We have already seen in the response that the independent panel who look at our salaries do not even want to look at this again, so you have to ask why is the Senator still pursuing this because the response has been loud and clear? What kind of message are we sending out to people, who are probably hard to recruit I would imagine? P.P.C. might tell us later, I think they do it for nothing. They have given us ... they have looked at all the factors that Senator Shenton will talk about; they came to a conclusion. Last time they came to a conclusion that we should have a pay freeze. I do not think anyone here objected to it. People accepted it, I believe. Now we are going to say that that panel should go and look at it again. Not with any real hope that they would come to any different conclusion but it will look good and it might help the Member get re-elected. Wonderful. If people think I am not value for money then, in a year's time, they can decide not to vote for me, that is their right. That is exactly the way it should be for all of us, and I do not think anyone would argue with that. An independent panel is the way that in its vision this House

decided to go. Why should we be trying to force their hand? I wonder. Where are we going if wealthier Members can start dictating what other Members less fortunate should be paid? As I said, I voted for Deputy Martin because I think if you are going for one you have got to go for the other as a complete package. I do not think the wealthy ... I do not think millionaires should not be paid for working in the States. It is ludicrous. Equally, how can it then be right that wealthy Members decide just because they can take a hit that other people should be affected just to boost their election career? It is quite sad, honestly. It is pathetic; it is populist politics at its very worst. This is about value for money. Like the majority of Members I try to play a full role in politics. As I see things I put in propositions. I ask questions. I play a full part in scrutiny, damaged as I think it is, and so do many other people. I think I certainly put in the hours and I believe most people put in the hours. I notice in Senator Shenton's cry for responsibility when it comes to part (b) he does not even consider the huge part of certainly an urban Parish Deputy's role, which is constituent work. Huge. What does that count for? Nothing apparently, that is grass roots politics. I think I am really surprised to see that the Senator is so naïve about what politics involves and it makes me, quite frankly, angry. I should focus on part (a) first because it seems likely that we are going to go ahead and vote on it, and that is fine. I voted against the pay freeze, a damaging and unnecessary pay freeze on States workers. Perhaps when he sums up later Senator Shenton can also tell us how he voted because I think he supported the pay freeze. Perhaps he would also tell us, as this is very crucial, if he accepted his pay award last time in 2009 because that is what made a lot of people angry. The Senator, it seems to me, and sadly he is not alone because I know I respect Senator Ozouf for all the work he does but we have heard about an artificially high salary. Well, a States Member's salary is about a Civil Service grade 10 to anyone who does not know. When you think of the responsibilities you have, and if you take the job seriously and work hard it is a tidy sum but I suggest when you think of the extra hours that most of us put in, and I am just a Back-Bencher so I would imagine that a Minister must put in a lot more. You can object in your speech, Deputy, it is okay but I think that the thing is, in terms of hours most of us are certainly putting those hours in. If you work that out over the 70 hours or plus it is not quite so attractive. I think we are too disrespectful of people who put themselves forward. We are all very different but who ... I am sorry, there is some muttering at the back so it is hard to focus. Perhaps it is a wealthy person, I do not know. I do not think we should have even been discussing this but here we are. It is undignified, it makes us look ridiculous but we have to do it. The Senator wants to do it. He wants to get the headline and just as particularly for Members and people listening on Radio Jersey, because you will not hear this, you will not read this in the *Jersey Evening Post*, for Senator Shenton of course was given the front page, 2 columns. The rest of us to make any sort of response... Deputy Duhamel was denied a response because he went 18 words over the limit in the *Jersey Evening Post*. I was denied a response initially because I went 6 words over. I had to threaten to take them to the Press Complaints Commission. But no, we had: "I am all right Jack" from the *Jersey Evening Post*. Well, this is an: "I am all right Jack" proposition. It is about someone who can afford to take the money and his reality, a part-time politician, compared to myself certainly, just trying to look good.

[14:45]

Talk about navel-gazing, are there not better things to talk about than all this? Yes, but we are going to do it, are we not, because we have to, because Senator Shenton wants his front page. I am happy to be in the hands of the Independent Remuneration Panel, completely. I accepted a pay freeze last time. I accept what they did the time before. When they asked for comments I put comments in. I wonder if the Senator put any comments in. I wonder what comments other Members put in. Is the wage artificially high? I do not think that it is for 70 hours plus, and having to fight for your job every 3 years or 4 years, whatever it is going to be. Let us be honest, with this type of job it is not even on your ability. You may just upset someone and you will be out of a job. What kind of job other than politics has that lovely sort of little rider with it? I really object to this but I am happy for it to go ahead. But what I would say is whether someone ... Nobody here is

forced to take a pay award, are they? Nobody is forced to. I do not know what anyone in this Chamber takes, if they do or if they do not. Deputy Martin has really revealed that only £17,000 is unaccounted for, so there are a lot of fairly wealthy people who have taken most of their money, and if it is for doing the job, fair enough, but if Senator Shenton felt so strongly about any pay award then like anyone else he has the right to say: “No, I do not want it” or: “I am going to take it; I am going to give it to charity.” “I am going to give it to a mate.” He might say: “I am going to spend it on a well-earned holiday.” The important thing is that that is not decided by another States Member, that is what I think is important and that is what the people who I speak to think is important. Because there seems to be a danger ... and I was coming on to Senator Ozouf, who also seems to think States Members’ salaries are too high for a basic States Member. Ultimately what that will lead to is a House just full of wealthy people, and do we want to go back there? Because the analogy I think is the most apt one, it would be like World War One. Perhaps Senator Shenton could be General Melchet, sending the troops over the top. All the people leading in here, only here by good fortune because they happened to be born into wealth, because not everyone has made their own money. Yes, it is really undignified, is it not, but this is what you get with these populist propositions. We need every sort of person in this House. We need people with community skills, education skills; people who have been in business, everything. That is the way you get a good, holistic, well-balanced House. If we are going to start saying: “The wealthy are going to dictate to this House” ... because if people are worried about the standard now, well, it is going to go down an awful lot. I think this never should have come to the House, and I have to say I would be very, very interested if some Member was to stand up and produce figures to see what kind of value for money Senator Shenton is bringing in all this. I wonder what his attendance is like because if it is not good then he really should be standing up to the public and saying: “Look, I am doing this because it is populist. I want to get elected.” So I look forward to if anyone has those figures. This is a really embarrassing proposition, it is a shame it has come back to the House twice, really. It should have been left in the Remuneration Panel’s hands 100 per cent. If they want to look at the States, whether we should have different pay, I personally do not think we ought to because that is open to abuse. With the House you will be in a majority and whether it is right or left then there is always going to be the chance for sweeteners, is there not? “You come along, I will give you an assistant Ministry; you will get more money.” That is a good way to secure a vote, is it not? It would happen and you might find that the very most capable people perhaps ... and we have got a ... well, one of them is not there but there is another one over there, Senator Breckon. He will probably never get a job, one of the high Ministerial posts, because his politics do not fit in with the present majority. So, apparently he should earn less money, absolutely ludicrous. If we are going to let this panel look at it then let them look at whatever they like. I think we should only be paying salaries to make it possible for every person who wishes to, to put themselves forward for election. We should not be saying that some people should get more money than others because I think that ultimately is divisive. It might work with a party system when you had Shadow Ministers already in place and people knew who was the leader of that party, like in the U.K. I think in Jersey’s system where we say we do not want party politics it could be nothing but divisive, and for that reason I would not be happy to see that come in. So, with that, I think I will leave it there, and I hope Senator Shenton can answer some of my questions later. Thank you.

2.4.2 Deputy J.M. Maçon:

Yesterday in the debate we heard about an aggressive nature in this Assembly, within politicians: Deputy Pitman earlier talked about throwing stones. I do not know what other Members think of me but I hope that they do not think of me as a particularly aggressive Member. **[Laughter]** I do not wish to be throwing any stones, but in this Assembly today I will be holding up a mirror where Members will have to look at themselves. I did a bit of research on this proposition and I speak mainly to part (b), where Senator Shenton is asking the House to consider introducing a tiered system for States Members’ pay based on, in particular, positions of official responsibility. So, Senator Shenton wants us to base our remuneration system on names, on titles. There is a problem

with that and Deputy Pitman did touch on it. What is the difference between official responsibility and unofficial responsibility? What are all the responsibilities that we have, which are referred to in our oath? I thank the Deputy Greffier for pointing me to our oath. The main point, which I want to read out to remind Members, after swearing allegiance to the Queen, yes, our oath of office says that you will attend the meetings of the States whenever you are called upon to do so and generally that you will fulfil the duties imposed upon you by virtue of said office, all of which you promise to do on your conscience. I had to think back about 2 years, when I was not a politician, I was just a relatively normal member of the public - **[Laughter]** relatively - and I had to think: "Well, what did I expect from my States Member? What did I want?" First and foremost, what did I want? I wanted my elected representative to be in the States Chamber to vote on my behalf, and I take that responsibility which I have been given very seriously. So as we all know, when we have our appel votes the Assistant Greffier in particular goes through, and after we have had our appel, vote goes through and records all the votes, who has been here, who has not been here, and this is the point I wish to bring up today. I physically researched and I pulled up all the 'not present' votes since we began in about January 2009, looking at all Members not having votes. The point I want to make here is when votes are recorded, as Members will know, if you are ill it is marked as ill. If you are excused attendance, perhaps for a funeral or something, it is marked as excusé. If you are away on States Members business, again it is marked as being on States Members business. So therefore, the only way you can get a 'not present' vote next to your name is by signing-in in the morning and not being here when an appel vote is called for. It is not recorded when there is a standing vote, only when there is an appel vote. I did the research and I called it up and I will put in the caveat that I did exempt Senator Le Gresley simply because he came in on a by-election and it would not have been fair to compare him over the same length of period. Responsibility, commitment, doing what we are here to do: so I did a ranking and out of 53 Members I pulled up those that are at the bottom. On the bottom going down 49th with 126 'not present' votes, the Connétable of St. John. Coming in at 50th place with 136 'not present' votes, Senator Freddie Cohen. Coming in at 51st place with having 139 'not present' votes, that works out at about ... I forgot to mention, since we began there have been 520 votes since being in this Assembly, so by missing 139 you have missed approximately a fifth of all the total votes in this House. Do you know who comes in at 51st place? Senator Ben Shenton. **[Approbation]** It does get worse, however, with 142 in 52nd place, the Constable of St. Helier, and in last position, the wooden spoon award perhaps, missing 192, which works out as over a third of votes not being present for, Deputy Geoff Southern of St. Helier. Perhaps Members will not be surprised but anyway, so that people cannot accuse me of having an imbalanced approach, I did highlight those States Members who were here, who were here to do the work because these people are here, they do the research, they are here for the votes, they are doing what they are supposed to be doing for the public, for their constituents. We had triple digits, we had double digits, and we had some single digits. In bronze place - third - **[Laughter]** was Deputy Duhamel **[Approbation]** not being present for 6 votes. In silver place, with a very good record, the Deputy of St. Martin, not being here for 2 votes. **[Laughter]**

The Deputy of St. Martin:

I would just like to make a point. Those 2 were my propositions so I could not vote for them. **[Laughter]**

Deputy J.M. Maçon:

Of course, we will be hearing all types of excuses today. **[Laughter]** Now, of course, I will make the point that all these are recorded on the States Assembly website, which anyone can look up. Coming in at first place - gold award - missing one vote, well, there is clearly a theme of the district because I myself am there with only missing one vote. **[Approbation]** Once again, you can go and check it if you do not believe me.

Deputy S. Power:

Can I ask him if he knew the survey was coming? **[Laughter]**

Deputy J.M. Maçon:

I think Senator Shenton is not entirely wrong in saying that perhaps we should be thinking about how one remunerates a person for their responsibilities, but the problem is how do you calculate that responsibility among States Members? Because each of us has different roles, different responsibilities, different duties, and how do you measure it? Do you measure it on time in the Chamber? Do you measure it from the amount of propositions lodged? Do you measure it from the amount of constituents helped? How do you do it? My problem is Senator Shenton is trying to apply a business model to an elected Assembly, and in my opinion that just does not work. Another point which Senator Shenton has missed is that he wants to create a tiered system. Yesterday we spoke about how the role of scrutiny has been diminished, how absolutely awful it is that there is a big lack of faith in scrutiny. So what does Senator Shenton want to do? He wants to give those Members on the Scrutiny Panels the least amount of pay, other than Members who are not serving. That is going to be a good boost for those who dedicate their time, is it not? For a matter of record, I serve on 2 Scrutiny Panels, I am on the Planning Applications Panel, I have my Parish work and I have my constituency work as well. So again, how do you measure it? How do you measure it? I think Senator Shenton has also missed another point. We have talked about how the point of paying Members to stand is to allow any ordinary person to be able to stand, and I thank the Deputy of St. Mary for bringing his proposition because it clearly outlines that the reason why you pay Members in their terms of reference is to provide a decent standard of living. Also, another point which has been missed, the reason why you pay Members is to avoid corruption. I am not saying that Members are not corrupt.

[15:00]

I am not saying that Members are corrupt. **[Laughter]** The point is, in order to prevent corruption that is why you remunerate Members. That is part of the reason why we do it but it is one that does tend to get forgotten. Also, summing-up, every Member of this House, every member of the public has the absolute right to contact the Remuneration Review Body and make their thoughts known. There is absolutely nothing stopping anyone from doing that, and it is for them to decide what they think is appropriate. Something else, Senator Shenton has been recorded in the media for saying: "I believe that we should go back to an honorary system where States Members were not paid. What a wonderful time that was." Well, there is nothing stopping Senator Shenton from not taking his pay **[Approbation]** or indeed any other Member, which is always an option. Senator Shenton is one for leadership, well, let him lead the way, let him set the example if it is something he truly believes. But no, no, no, what does Senator Shenton want? Chairman of Chairmen's Committee, Chairman of P.A.C. (Public Accounts Committee), no, I am quite happy with the system, which I want, which will give me, who has a title, a nice amount of remuneration. Whereas perhaps those other Members who are pursuing other matters ... and I know some Members do not particularly enjoy what certain Members like the Deputy of St. Martin bring to this House, but it is all important work. How do you measure it? Just because he happens not to sit on a Scrutiny Panel, just because he happens not to be on the Ministerial side? Again, I would strongly urge Members not to support a system of tiered pay for Members. I think it is a very wrong road to go down and I would also urge all those Members to think about where their responsibilities lie, what their constituents expect of them, and to really perhaps re-read that oath. Now, I know there is a slight difference, the Senators' and Deputies' oaths and the Constables', which perhaps someone like Deputy Le Hérisier will elucidate on, but I am not going there today. Finally, I think that I personally would like to give praise to the hard work that the Remuneration Body do. **[Approbation]** It cannot be an easy job to turn around and say we believe our politicians should be paid money, those awful politicians who are taking everything away from the public. Not all, by the way, and this is something that really frustrates me, not all decisions in this House are made unanimously. It goes through debates, there are votes but when we are referred to in the media, it is the States, it is States

Members, so it is grouping perhaps the divided decision which everyone in here is labelled with making, and that of course is not true. Well, not always because sometimes we do agree things unanimously but not always. Therefore, I think that the Remuneration Body does a very hard job and I thank them for what they do and the way that they do it. I think the way in which Senator Shenton has lodged this is very disrespectful to them. I do not like the way in which he has spoken about all States Members as a homogenous group. I apologise for any stones that I have thrown. I hope that what I have done is held up a mirror to let Members reflect upon themselves. I will not be supporting this proposition. Thank you. [Approbation]

Deputy S. Power:

Would the Deputy, through the Chair, be prepared to circulate his research to all States Members?

Deputy J.M. Maçon:

Do not worry, Deputy, that will be going out to the media. [Laughter]

2.4.3 Senator P.F. Routier:

I think we have had probably one of the best speeches in the House for a long time, and one of the very worst speeches in the House for a very long time, and I am going to try and come in the middle somewhere hopefully. I am pleased to speak fairly early in this matter because I am going to support this proposition because I think this time it is following the right procedure. I think when Senator Shenton attempted last time to curtail Members' pay or to freeze it he did go about it the wrong way totally. I hope he recognises it was a bit of a pig's ear the first time he attempted it. So I think we should be leading the way in controlling the remuneration for States Members. We are having to do it all round the States, for all our employees and we are encouraging the whole community to tighten their belts, and we should ourselves also do that. I think this way of requesting the Remuneration Committee to look at it is an appropriate way to do it. So unfortunately the comment writers and the reporters last time got it totally wrong, they misread the whole situation, the way people had voted, and did a disservice not only to the public but to themselves as well, because they gave totally the wrong picture. I do hope that members of the public will recognise at some stage the standards of those comments were inappropriate. There are other ways, obviously, of controlling our States Members' total wage bill and we addressed some of that last week, of reducing the number of States Members. I did not support that because I did not think it was the right States Members that were being reduced. I thought overall we should have been doing a complete review of boundaries across the Island and having a complete review of the number of States Members in total and reducing them quite dramatically. Hopefully at some stage we will get around to doing that. So, I would support a complete overhaul in the future. I will leave it at that. I do think it is going the correct way now to ask the Review Body to look at it. I hope Members will support the proposition.

2.4.4 Senator S.C. Ferguson:

I would just like to pick up a few points from the ... I am not sure whether you would call them soliloquies or rantings. Deputy Martin's I think was probably a *tour de force*, but she did talk of the honorary system being dead. I would point out that the death knell of the whole of the honorary system was sounded last week with the vote on States reform. Deputy Pitman also misquoted Churchill. With great respect, I will give him the correct quote: "The inherent vice of capitalism is the unequal sharing of the blessings. The inherent blessing of socialism is the equal sharing of the misery." Think about it. I would also, through the Chair, ask the Deputy if he would leave out the various class insults. Sadly, the gratuitous insults that are creeping into this House are totally unnecessary and demean this House. Returning to the proposition, in these times of austerity I think it is totally crass to be talking about spending the money saved by axing poor Senators when we are coping with a deficit, spending cuts and possible tax rises, although my Scrutiny Panel and I have ideas about that. The only part of the proposition I would support is part (a): take away the

increase. Not because I could not do with the cash - I mean I am just a single parent or at least a single income coming into the household - but because I think it is right. I think a lot of people have said we do need to lead from the front. Let us show it. So I will be supporting (a), but frankly (b) and (c) - (b) particularly - I will not be supporting. I think at this point in time with everything we have on our plates, more navel-gazing discussing our salaries... sorry, it just is not cricket.

2.4.5 Deputy R.G. Le Hérissier:

I would like to congratulate Deputy Maçon on his speech. I think it was a wonderful *tour de force*. He showed a very different side and a shrewdness that I think we had underestimated. I agree with Senator Ferguson. I think this has gone off in totally the wrong direction. People are working through all their various feelings about class politics and so forth, which is perhaps all good stuff. But all we are asked to do is to request that the Pay Board looks at the situation. That is all we are asked to do. Whatever the motive, and we always have motives that are questionable or not questionable as the case may be, whatever the motive, that is secondary to the request. As, in fact, Deputy Maçon said, the Pay Board invites submissions. I have been to 2 or 3 public meetings. There are very few people who go there. They did raise at their last meeting whether there should be differential pay. We were asked about that and I certainly felt it was a subject worthy of investigation. The problem with (b) is there is a fixed assumption that it must be done. Whereas I think it would have been better had it just been posed to them and they could have weighed-up the pros and cons. So that does make me a little worried. But I have no problems ... as Deputy Maçon said, any of us can approach the Board and make submissions. I am rather sad that they have pre-empted that fact, because we are living in a fast-changing world and economy and I would have thought they would have wished to have appraised for themselves how things are changing and perhaps amended their views accordingly. But I have no problem with that. I know this is sounding like a record, and I am so sorry to have disappointed Senator Breckon and Deputy Martin with my dog-in-the-manger attitude to change. The earlier P.P.C. who looked at this *ad nauseam* came to the conclusion - we read numerous articles, we studied the House of Commons approach, we studied everything - there is no scientific way of measuring what politicians should be paid. There is no scientific way. At the end of the day when all the evidence is in, when all the factors and the competing factors have been weighed, the Board is faced, I am sure, with making a subjective judgment as to whether the kind of money it offers will attract the kind of people it feels will enhance the work of this Assembly. So, that is where it is at. We do not have performance appraisal, we do have accountability, in theory, and as was discussed yesterday there is accountability at elections and there is accountability within this Chamber. I did read somewhere today that having failed yesterday there has to be more accountability in the Chamber. I have no problem with that. Whether we can break entrenched voting patterns to bring that about is another question. This is a simple referral to the Board. I think it should go through certainly, at least, as (a).

2.4.6 Connétable J.M. Refault of St. Peter:

I think first I would like to turn the clock back to around about June 2009 last year when the R.61/2009 was presented to us by P.P.C., which was the States Members Remuneration Review Body's report. I think just to set the scene a little bit, can I come back to the recommendations? Just a couple of short paragraphs: "When compared against local indices the remuneration of States Members appears to have lost ground over the last 3 years and, while the prevailing economic situation might well inhibit any significant recovery in this position, the Review Body considers it responsible to seek to limit further such deterioration as far as it is reasonably possible to do so. Under its terms of reference the Review Body is obliged to consider the prevailing economic situations and representations received from both the public and some States Members that States Members' remuneration should be frozen for a year." A couple of months before that, as new and not quite understanding the system, Members will remember I brought forward a proposition of my own, quite similar in some respects to this one that we have here today. That was to ask States

Members to take the lead in the forthcoming round of pay increases which were impending in the relatively full and certain knowledge that we were going to be seeing a downturn in the economy and that we were likely to have to impose savings on our own States workers.

[15:15]

That was reflecting the conditions which were already happening within the private sector where people were having pay freezes for one or 2 years prior to that time as well. I think it is incumbent upon us that we are seen to be the leaders here. We are setting the standard. We are setting the rules for other people. We are asking them to take the pain but we also must be prepared to consider taking the strain and taking the pain. I think part (a), asking the Review Body to have another consideration, is not inappropriate. We set them up to tell us the right thing to do. Let them do their work. If they do say: "No, we think it is appropriate," fine. If they say: "No, in the light of the last couple of months' swing in the economy, we think we ought to review it," then fine. We have set them up to tell us the right way to do it. It is not up to us to pick and choose how much money we want to pay ourselves or not, whatever the case may be. Just going back to the last time, several weeks ago, when a similar proposition came forward from Senator Shenton, there was a massive hoo-ha in the media about all the Members in this House who used a device to avoid taking a pay cut. It is not a device. It is the rules of this Assembly. I voted against breaking the rules of the Assembly. I very much protect the rules of this Assembly, which are set down for the right and proper professional way that we should behave. We break those rules at our peril. Would the reporters who were so quick to pounce on Members several weeks ago be equally as keen for us to break our rules to give ourselves a pay rise? No, they would not. So, let them be consistent. Moving on to rescindment of Article 44, this is merely asking again for the Review Panel to look, slightly stronger though I have to admit, at whether it is appropriate to have different levels of pay. They may come back and say: "Yes, we have looked at it and we do not think it is appropriate. We do not think it is possible." But they may not. We should at least allow them to have a look at it. Let us show that we are willing to take the lead and be responsible. Too often do I hear, in talking to people out in the general public: "Too many States Members. States Members get too much pay. It is all wrong. We have to do something about it." Here we are saying: "We are not listening to you. We have made our rules and we are going to stick by them. We do not care what is happening out there. We are just going to keep our noses down on the ground and just keep going along." We have to be seen to be responsible. We have to be seen to be making the right decisions. We have set up a body to do that. Let us allow that body to do its work. It may come back and have no surprises. It may come back and give us some pain. It may not do any of those things. But that is what we have chosen to do. I would strongly suggest that we allow that body to do its work. I have to say I am slightly concerned about P.P.C.'s early intervention, certainly in part (a), in that they have already requested a remuneration body, as we have seen in their report, to take a view. We have seen an advanced impression of what their view may well be on part (a). I am so disappointed because that does tilt this debate somewhat, in my view. I am just looking at the last point here. My last point is we must show willingness to consider taking another pay freeze. We have had a pay freeze in 2010 and we have had a reduced income in 2009. It may be appropriate to take another pay freeze in 2011, but let the S.M.R.R.B. tell us what they think is appropriate for the Members of this House to do and equally show leadership out there in the general economy in States workers and in the private sector and show support and be responsible.

The Deputy Bailiff:

I call upon the Chairman of the Privileges and Procedures Committee.

2.4.7 Connétable J. Gallichan of St. Mary:

In the interest of States efficiency the Constable of St. Peter and I are sharing documentation. I would just like to say a couple of things. Firstly, to echo what Deputy Maçon said when he thanked the S.M.R.R.B. for their work. **[Approbation]** I was obviously always intending to do this. To

clarify something that Deputy Trevor Pitman asked, they are not remunerated. They give their time freely. There is a full and frank recruitment process. It is always difficult to find people of sufficient experience and availability who can give their time freely. I am very grateful to them for the hard work that they do. In my opinion, taking on from the comments of P.P.C., a couple of Members, the last speaker being one of them, have criticised the Privileges and Procedures Committee for what they call pre-emption in obtaining the views of the Board as to whether they would be willing to reconvene. I think that is simply efficiency when you know that a question is likely to be asked by the Assembly, to ask the question, find the answer and make it available to Members in advance. We have asked the Remuneration Board and members have their response in our comments. From that it is quite clear that the Board does not consider it appropriate to reconvene. They have made their deliberations; they have undergone the usual processes. There is a consultation process. They presented a report; the report was presented some considerable time ago. It received no challenge from any Member of this Assembly. As is the procedure laid down from a decision taken in November 2003, the report is always presented, customarily, and if not challenged within a month from the date of presentation is taken. No Member at that time sought to raise any comment at all on that report. There is a process. The process has been taken in full. I think a number of times in recent debates I have heard Members say: "It is like consultations. You consult and if you do not get the answer you want, you ask again." This is a body duly constituted with terms of reference and they have confirmed they have taken into consideration all the relevant prevailing economic characteristics of the time, as they are required to do. They have come out with an unbiased, completely independent report and some States Members do not like what they have said and they are saying: "Do it again." I think if I was in a position of doing something freely, which I frequently am, most of us are, I think, in one position or another. We give our time to various boards, charities or whatever; you work to the best of your ability, you fulfil your terms of reference and if they turn around and say: "Oh, do it again, would you. I was not quite happy with the response," I do not think I would serve on that board again. It is a worry to me that we show so little respect for the work that these Members have done. I consider that probably part (a) is redundant because all it would do is ask P.P.C. to do what we have already done and to elicit the response that we have already had. Moving on a little now, Deputy Maçon gave a very, very good speech and I congratulated him on that privately. But I would just like to say ... one thing he said: "How do you measure the performance of the States?" He gave one example and in the example he gave, which I know was very tongue-in-cheek but I think it was very good, he did quite well. So he might have been up there on the pay rise front. However, I am going to disappoint him now, because in Appendix 1 to R.62/2009 we have the responses from the consultation on differentiation of pay that the Board undertook. There were some interesting points that they came up with, because the proposition just relates to positions of responsibility. This aroused a huge amount of public interest, this consultation on differentiation. There were 33 respondents. 23 of them responded in terms that implied that difference in pay between States Members might be appropriate and 10 said the pay should continue along the current lines. A third of those who argued for differences in pay did so on grounds which are unrelated to non-Ministerial or other office, in other words, unrelated to the terms Senator Shenton quotes. Some of those ... I am sorry, Deputy Maçon, now young people have the vote, younger people will be elected to the States. So how about pay increase based on length of service, performance related (we will come on to that) and pay which is related to previous earnings? For example, one person said: "The average of the past 3 years' remuneration for newly elected Members should be taken." So that would mean that you could be doing a sterling job, serving on scrutiny committees, serving perhaps, even as a new Member, as we have some young new Members who could be Assistant Minister material. You could be doing all of that, working your socks off, learning your trade and being paid a third of what you ... an average of what you have earned in the last 3 years, which could be very little. Yet, doing the same hours, the same work and the same constituency work on top as anyone else. That is exactly why it is very difficult to find a way of differentiating. "Should Ministers be paid more?" somebody said: "Well, I do not think so." Not me, this is the respondent: "They are blessed with a

myriad of officers to assist them.” Well, that may or may not be true, but again this is a public response. Early on, way back in the history of the Board, when it was looking at various things, one of the things that came back was that the public elected States Members to a job and the public knew pretty much what the salary and remuneration package of those States Members would be. At the time they elected them, they put their confidence in that Member. Once they passed that point of being elected, what position they took within the States was not in the realm of the public to determine. That became out of the public’s hands. So the public, in this situation, might have said: “Why should Deputy X, who I voted for and supported, get less remuneration than someone I did not vote for, just because that other person was elected by Members of the House?” There are all sorts of minefields. Now, that does not mean that we do not at some stage perhaps want to open this up for discussion by the Board and relax Article 44. That does not mean that will never happen. Perhaps it needs to happen on broader terms than the terms that are in this proposition. I certainly agree with Senator Shenton when he says: “If it happens, it is what happened as a result of the States debate, not as a result of a committee decision.” I think on that much I can agree with him. I am concerned about whether it should happen right now. We have just had a debate that has highlighted divisions in this House. We have had one Minister that I think pretty much everybody felt was quite mild and restrained saying: “Bring on the confrontation” yesterday. I am thinking do we want to open up more division? Is this the right time? Well, perhaps it is not. This is me speaking as a private Member, just for the avoidance of doubt. There are all sorts of hares that are running. Even Senator Routier, who I have the greatest respect for, said: “We need to tighten our belts. We need to show that we are very in control here. We need to set examples.” But we are doing that. The independent Board has not at any stage put an increase into States Members’ pay that takes us above what the other areas are getting. In fact, report after report they have given, as was highlighted by the Constable of St. Peter - probably because we are sharing a report, as I have said - said that we have been falling behind. Not only because in real terms our pay has been going down. Of course our expense allowance has stayed the same, certainly since I have been elected. Also, because in the kind of work that we do (this is another reason why you cannot equate being a States Member to being in a business) there is no uplift that you get. You might have been working for 3 years and your boss says: “Oh, you have done very well. I will move you up to the next grade. Let us give you something.” So year-on-year it tends to be that States Members’ pay falls back slightly. I do not want that to be misinterpreted as me saying: “I want more money,” because I am more than happy to let our salaries and our remuneration and everything be dealt with by the independent Board. **[Approbation]** I think that is completely the right way to do it. If they say: “No pay rise” I am for no pay rise. I am completely in accord with what they do. I am completely in accord with it for a very good reason, that not only I could put my arguments of what I do and what I think I am worth. I think we have to be very careful not to devalue the work that we do as States Members. We cannot just pay ourselves away. During the last election, the Senator by-election, on the hustings platform that I was chairing there was even one person saying: “Well, I will do it for income support.” Not to say that is not worthy if you can afford to do it, but because that was all he thought probably that his job was worth to him. This is a very important position that we have. I do not want to fritter that away by demeaning it in any way. I think it is important that we make it accessible to everybody who thinks they have a part to play. If the public support them and elect them, we need to make sure that they have a reasonable standard. The States Members’ Remuneration Board is always very keen to put out the fact that they mean a reasonable standard, not too grand a standard. It has to be moderate. I just think that we need to be sure that we understand when we talk about this and we talk about setting an example that we have been subject to the same pay freeze. We are not having rises that are over and above what we are suggesting the limits on other people should be. Certainly I would not support, I do not think many Members of this House, if any Members of this House, would ever support ... if the Board came to us and said: “Now is the time. Okay, everybody else is suffering. But we realise you are X thousand behind. Let us give you the uplift.” I think then we would see pretty much by return of post some challenge to that argument. We are not dishonourable. The media like to say what they

want, but in all walks of society, in every person's job, I say a fair day's pay for a fair day's work. I am not the person to set that fair day.

[15:30]

I believe we have a mechanism in place. I believe they are the people that should be doing it. Let them get on with the job. They have done the job. Perfect. Do not ask them to do it again, because then you are saying: "We do not value the work you have done." It is really a matter of choice whether Members think now is the time to open up a differential. I say it will not be a simple matter. Then again, I do not doubt that when the time is right the States Members' Remuneration Board would be up to that challenge, as they are up to every other. I think I have said enough. Thank you.

Senator F. du H. Le Gresley:

Could I exercise Standing Order 84, Closure of Debates in 30 minutes, Sir? [**Approbation**]

The Deputy Bailiff:

You have given notice, Senator Le Gresley, of your intention in half an hour to propose the closure motion and depending on how many Members have spoken at that time I will decide at that time whether to allow it to go to the States. I call on the Chief Minister.

2.4.8 Senator T.A. Le Sueur:

For all the reasons just set out by the Chairman of the Privileges and Procedures Committee I cannot support part (a) either. But I do have a lot more sympathy with part (b), because I believe that having set up a body to look into States Members' remuneration, we owe it to that body to give them the tools to do the job. At the moment they are doing a job with half a tool kit. They can look at remuneration, but they cannot look at other aspects which they might want to look at. We seem to be in fear that they will come up with an answer that we do not like. The remedy for that should be within our own hands and the integrity of the people who we appointed to that Board. I was one of the 33 people who responded to the Board last year and expressed my views, which the Board may or may not have given weight to in any due amount. But they are entitled, I think, to approach this with an open and a broad mind. While they address it very much with an open mind it is very narrowly focussed. I believe that repealing Article 44 would give them the extra tool in that tool kit which they need in order to do a proper job. I am not in any way prejudging what the outcome of what that response might be. Just like the Chairman of the Privileges and Procedures Committee, I have no doubt that in repealing Article 44 that could give the Remuneration Body quite a problem in trying to judge how they might come up with any differential arrangements, if they do indeed decide that that is an appropriate way to go. As I say, there is no certainty that they would do that. But I did, therefore, question whether the Review Board would welcome that opportunity or whether they would regard it as really a problem too difficult to solve. I am grateful to the Chairman of P.P.C. writing to the Chairman of the Remuneration Board and I am even more grateful to the Chairman of the Remuneration Board for the tone of his reply. I think it behoves all of us to read carefully what the Chairman said. In his penultimate paragraph he said: "If it is of assistance, I would nevertheless point out that the Remuneration Board would, of course, be more than willing to consider wider options if the States gave an indication to agree and to repeal Article 44, that they wish the body to do that." Now, he could have simply written that: "The Board would, of course, be willing to consider ..." but he did not. He went further and he said it would be more than willing. I wonder why those 2 words: "More than" were added. It strikes me that maybe there was a sense of frustration, that at the moment, while they were willing to do it, they could not do; they were precluded by Article 44. I think that is a hint from the Board: "Please, we want to have the opportunity to consider it." Therefore, I think one has to interpret part (b) of this proposition with the view of the Board themselves, who we have set up to do the job, remember, that they were more than willing - you might even say they were anxious - to do that. I

may be reading more into their words than I give them credit for, but I take words as meaning what they mean and I often wonder whether people use extra words just for the sake of using extra words or because they add something extra. Given those words there by the Chairman of the Board, whom I respect, I believe they do add something extra and it is up to us to take seriously what they say.

2.4.9 Connétable K.P. Vibert of St. Ouen:

I am probably among a handful of Members who were here in this House when the States Members Remuneration Review Board was set up. I recall leaving the Assembly, after its setting-up, with an enormous sense of relief. A sense of relief which was shared by many of the Members that I spoke to outside, because at last we had got rid of the annual debacle of us discussing our own remuneration. I have to say that the debates which were held on that subject were bad, they were diabolically bad. They only achieved one thing; they achieved making us look stupid in the eyes of the public. Now, the setting-up of these boards as I left the Chamber made me feel confident that it would not happen again. Yet here we are and it is happening again. I urge Members not to be taken in by this proposition, not to be encouraged to either push, nudge, cajole, guide or try to downright control the findings of the Board. We set up the Board as an independent body, totally independent, and I think we are obliged to let them do their work. If a particular Member has a particular gripe then it is for that Member to take it personally to the Board. I do not believe that this Assembly should be trying to control the Board in any way. What I have written down was I do not think we should be sticking our oar into their work. Before I sit down, I would like to just take the opportunity of commenting on what Senator Breckon said this morning and what Deputy Martin - in what I thought was probably one of the worse speeches she has ever made in the House - said when replying to her amendment. Again, and it has been done so many times in the past, there was an accusation that the Connétable had an office. Well, to put the matter right, I have 3 offices. I have an office at the Parish Hall, I have an office at Trinity, which is that of the Comité des Connétables, and I have an office at home. Like the gentleman who has 3 lady friends, I make sure that they never meet. **[Laughter]** The office at Trinity is for the work of the Comité des Connétables, the office at the Parish Hall is for Parish work and the office at home is for States work. I ensure that all States papers are sent direct to my house and that way my 3 offices do not meet. The only problem with having the 3 offices and spending this amount of time in the States is finding time to visit them.

2.4.10 Deputy R.C. Duhamel:

I will be brief. It strikes me, just as an observation, that even when propositions are clear cut it does - particularly when it is the last item on the list of business and after lunch - encourage the House to take an inordinately long time to come to a conclusion. **[Approbation]** On that basis, I think part (a), although we have heard from other speakers that we should not meddle in the affairs of the Remuneration Board - asking the Privileges and Procedures Committee merely to ask the Remuneration Board to review its recommendations - is perfectly innocuous and I think can be supported. That cannot, however, be said for (b). I think it is generally down to a toss of the coin as to whether or not Members do agree with the idea of differential pay or not. Certainly I do not and I shall not be supporting that item. But I would encourage Members to be brief and perhaps we will be out by 5.30 p.m.

2.4.11 Deputy M. Tadier:

I have to confess at this point that I missed the vote on the previous proposition of Senator Shenton. That is because I was ill. So I was not here to vote. I could not vote one way or another on that occasion on lifting Standing Orders. I believe that States Members, if only from a pragmatic stance, made a mistake in not lifting Standing Orders on that day. It did make us look stupid in the eyes of the public. We have lifted Standing Orders in the past. I would have voted in favour of lifting it for the debate. At that point it was up to Members whether they decided to abstain or to

not speak at all or to vote against. I would have voted against the proposition on the basis that Deputy Southern has indicated in the sense that I have always opposed pay freezes when they come at a time when the cost of living is above zero per cent, because it is a reduction in pay. But I think one has to have some sympathy with Senator Shenton here, because what he is saying, and the bottom line is true no matter how you dress it up, is that States Members in the past - in 2009 - did decide to impose a pay freeze on the public sector without any negotiations, which was unprecedented and is not best practice, yet States Members will not impose a pay freeze on themselves. They dress it up by saying: "We have got a Remuneration Body which deals with it." We have and I agree with that. It is embarrassing for us to talk about our pay. If I might correct the Constable of St. Ouen, I would say it is not so much that debates in the past make States Members look stupid in the eyes of the public, it is that it gave an opportunity for States Members to demonstrate their stupidity to the public during those debates. Of course, it is unfortunate. The point is the Remuneration Body makes a recommendation and then it is up to States Members whether or not they want to accept that or not. The public sector does not have any such luxury. They do not have a Remuneration Board which is independent, which says: "The public deserve a 2 per cent pay increase this year or a 3.2 per cent pay increase this year, because their rents have gone up by that much, because food has gone up by that much." We do have that. That is not a luxury that the public have. So if we are to be consistent, I would suggest that ... I think that there were 10 Members only in 2009 who voted against the pay freeze and those Members know who they are. So, for the sake of consistency, the Members who voted for the public to have a pay freeze, even in difficult times where I said that the cost of living was not zero, those States Members in here should also be prepared to take a pay freeze. Unfortunately, it means that the ones who did not vote for the pay freeze would also have to take it. So, this is the conundrum we are in. Now, putting those comments aside, I do have to pick up on the comments of the Chairman of the Corporate Services Panel, who is also known as Senator Ferguson. She gave the classic quote and I am so glad she gave this quote. She said that socialism is about the equal sharing of misery. I was thinking about this last night, in fact, and what we had when I was listening to the news and listening to the Conservatives in government, they were talking about how we all need to be in this together, we need to feel the pain and we need to share the pain. So they are predicating an equal share of misery for everyone. They are not even socialists. It is the capitalist model and the excesses of the capitalist model which have led to these times, which are meaning that we have to have an equal share of misery for everyone. Of course, that is the inevitable consequence of capitalism. Socialism, of course, would up everybody's game. It would take into account more happiness. That is really not what we are here to debate today. But I thought it is an interesting aside that it is the capitalist model which is bringing misery to everyone and by no means a socialist one. Now, looking at the individual parts (a) and (b), I have to agree it has been said before under the current system ... we do not need to recap the whole argument about how on earth you measure performance-related pay. It is very complicated and the arguments are well rehearsed. So I think that can be left as read. One of the problems I have is that we are tying the hands of the Remuneration Board here, particularly with the line which says: "Ensuring that there is no overall increase."

[15:45]

Now, it may well be that the Board want to look at this and say: "Okay, your average States Member with a basic salary is going to be £30,000" let us say, hypothetically. But they may want to say that the Chief Minister or the Ministers, in order to attract a high calibre we might need to pay them £80,000 a year. We just do not know that. It is not for us to decide, it is for the Remuneration Board to decide. It might mean that you need a bigger envelope completely. So it is a ridiculous thing to say: "We want them to look at it and be independent, but we are going to put these restraints on them." So, I think that first of all makes a nonsense of it. I think the strongest argument is ... I am not necessarily against differential pay on the basis of responsibility, but I think in our current system it is very dangerous when we have a system, in my eyes, in some cases which

is more to do with cronyism and loyalty [**Approbation**] rather than to do with merit. Again, that is not criticising, because any party political system will operate on politics and on a loyalty basis. But in Jersey we do not have a party political system - certainly not an overt one - so it is completely inappropriate at this stage, I believe, to have performance-related pay. Secondly, to do with the requests for the pay freeze ... that is essentially what we are doing, we are requesting the Privileges and Procedures Committee to request the Remuneration Review Body to review its recommendation. It is all very vague. We are not saying: "We want a pay freeze." It is a request for a request for a review and then that Review Body may come back and say: "We are happy to review this, but we have already done it and our findings are exactly the same." Now, if this was a proper appeal, if you wanted to appeal against the decision, you go through a different body for that and they would be able to review the decision that had been made. But this is not what we are asking. So, there is no real reason to think that they would be coming up with a different conclusion. Especially as the Chairman of the Home Affairs and Education Panel said earlier, who is also known as Deputy Le Hérisier ... and I cannot understand why the amendment of the Deputy of St. Mary was adopted because I think it makes a nonsense of it. Clearly it would make more sense to review it in the light of current projected economic circumstances. Then again we are told that they already do that. So, I really do not see what we are doing here. I would have preferred to have put a little amendment in there to ask the Body to review the increase and also to send a letter to Deputy Tadier's landlord to ask that if his wages do not go up at all this year that they will not put the rent up, because that is the reality of it. Using a personal example, this is not to complain at all, my rent has gone up by 3.2 per cent as of June. That, on a yearly basis for my rent, equates to £384. That is before you look at other increases to do with petrol or to do with food, *et cetera*, and other living costs, which probably quite exceed £800. Now, in that sense I think Deputy Martin's talk about means testing would have probably been more appropriate to means test whether or not States Members get an increase on their pay. Certainly if you are living in a house which you own you do not have to pay rent. In fact, it may mean that the cost of living has gone down rather than up, but these are all the complications. But what I would say, rather than complicate everything with all these considerations, just accept the fact that we are all here to do a job. We are all equal to all intents and purposes, although the responsibility and the way that the jobs are shared-out may not be equal. We do deserve a basic level of pay, but it is up to the Remuneration Body to make their recommendations unless there is a good reason and that we should accept that. So, personally, I am certainly going to kick out part (b). I do not think I am going to vote for part (a) either, although you could pretty much just flip a coin, because I do not think it really matters. But the last point I would make, even if I did vote for part (a), I can ask them to review the £800 increase, but then I can on the other hand write them a letter telling them that by no means should they ever think of cutting that £800 increase. It really is a bit of a nonsense situation. So, I will be rejecting the principle of the idea. I may vote for part (a) because it will look good in the *J.E.P.* but States Members can consider what they want to do. But in reality I cannot agree with the ethos behind either part.

2.4.12 The Deputy of St. Martin:

I wanted to come in much earlier. I thought we could bring the debate back to where we should have been, and I was going to draw attention to the fact of what the Remuneration Board had to say. Then I think the Chairman of P.P.C. did that and I think she did it very well. I think really what we want to do is to bring back the debate to where we are. I will just pick up a bit on what the Chief Minister had to say because I do not think he finished the sentence. He said that: "I would nevertheless point out that the Board would, of course, be more than willing to consider the wider options if the States gave an indication." So, in other words, they are looking for a steer. They can have a steer from me: I do not support it. So, that may well be a steer. So, by us voting against it we will give them a steer. There will be no need to change it. I thought this morning that if we had finished the business by about another half an hour over lunch we would not be here now, because I

believe we are going to come to the same result as we would have done if we had finished before lunch. We must be almost close to that magic half hour from Senator Le Gresley.

2.4.13 Deputy G.P. Southern:

At risk of disappointing both the Deputy of St. Martin behind me, and Senator Le Gresley who apparently want to get their tea, I will speak - I could do with a cup of tea as well - to say 2 things. Firstly, part (b) of this proposition I object to most strongly. While the Chairman of P.P.C. gave many reasons why it was impossible to judge part (b) I want to focus on the central reason, which was clearly and very well elucidated by ex-Senator Syvret when we discussed this issue. That was not only must there not be a financial incentive on being rewarded with a position of responsibility by the Chief Minister, and thereby should you lose the favour of the Chief Minister risk getting your remuneration cut, the potential for any such influence on behalf of obviously not this Chief Minister, who is the fairest of fair-minded men, but the potential for influence being exerted on a Minister or an Assistant Minister to vote in a particular way, otherwise they are "off-ski" and there goes their mortgage payments; must not exist in this House. In this small House, in a small community, that potential for affecting the way people vote must not exist. It cannot be done. Please do not go there, because we know how rumours and reputations spread on this little Island, and before we know it, it would be: "Yes, well, the whole thing is corrupt. People lean on people and that is how they get votes through." That must not be allowed. We cannot go to a position where that perception could be maintained. So that is the clear reason why we should not be going for differential pay: "You are a Minister; you get so much. You are a Chief Minister; you get so much more. You are an Assistant Minister," *et cetera*. Do not go there. We do not want to go there at all. So, I oppose (b) completely and utterly. Now, this is about terms and conditions and it is also, I think, about motivations. I am just wondering what the motivation is that some people perhaps are having a crisis of conscience. People out there know who voted to pinch the milk from our school kids. People out there know who voted to take money away from tourism, diversity and from agriculture. They know who has closed the hydrotherapy pool; they know who has removed physiotherapists; they know who has removed Customs officials to prevent drugs coming into the Island. They know about all of these things, and they know who voted for a pay freeze for public sector workers at a particular time. I did not vote for any of those, so I am not feeling particularly guilty. So I do not want to say to anybody: "We are all in this together. I share your pain." It seems that some people here do. They want to say: "Ah, but I am not that evil, horrible person that cut your living conditions time and time and time again. Look at me. I am leading from the front." We have asked the Review Body which is supposed to be independent; we have pushed their arm a bit to say: "Oh, please, give us a pay freeze, because otherwise it might look as if we are not suffering as well," and we want to put on the hair shirt and to tie the barbed wire around the leg and really hurt ourselves. See how we care. Absolute nonsense. We are not all in this together, and if people are feeling a guilty conscience and want to show that they are leading from the front, there are other ways to do it. It is called vote properly, instead of going along with this cut-and-burn approach that we have been persuaded that we have to do unnecessarily. But it is about terms and conditions; not only our terms and conditions, but also the terms and conditions of the Remuneration Board. Now, they were told - and took on the job for free, an honorary position - that they would do that free from influence by us. They were allowed to consult with the public and individual Members of this House, but pressure would not be on them to move one way or the other. Here we are, 2003, 2010, 7 years later: "Ah, I know those are the conditions under which you volunteered to do this job, but we are just about to change it. We are going to put pressure on you to reconsider the decision you made in good faith and having met the terms under which you were considering your decision, having fully met that, weighed-up the pros and cons, you made a decision, we are pressuring you to change your mind." Again, that cannot be allowed to happen. If I were them ... the Chairman of P.P.C. did mention this. She said words to the effect of: "If I were on that Board I would be mighty miffed" or something. If I were on that Board, I would be taking a look at it and saying: "Do I want to do this job any more? Why do I not resign, because this is not

the terms on which I took on this job? Now I am being pressured. There is going to be more pressure down the line, one way or the other from this Chamber, trying to interfere with the independence (and that is the vital word), the independence of my Board.” If I were them I would be saying: “I am off. You do not do that to me. You do not affect my independence by putting me under pressure in order to make a decision because you do not like the previous decision that I have just come to.” We should not be doing this at all, and I am wholeheartedly behind the Constable of St. Ouen who stated very clearly that the old days of us debating our own pay have gone, and thank God for that, because it was a very, very unedifying sight. So, please, let this independent body get on, value its independence and let us get off their back. Please vote against both parts of this proposition.

2.4.14 The Deputy of St. Mary:

I will be concise. Yes, on part (a), I think Members should remember just how thorough the work of the Remuneration Board is and, of course, I fully support what my Constable said about this on this occasion. I have looked at the reports; they are solid pieces of work. When Deputy Le Hérisser says it is not in fact science how you work out what a politician should be paid, they have had a pretty good stab. Every time they do their annual report or sometimes a triennial report, they listen to what the public tell them, they do a consultation, listen to what we tell them, and then they review the findings and produce a report and a recommendation. I really think that to ask them to do it again, to review their own recommendation... I would refer Members - as the Chief Minister referred Members - to the words of their letter to P.P.C.: “We consider that nothing has changed since we made our recommendation and therefore we would not be willing to reconvene.”

[16:00]

Now, the Chief Minister made great play of the words used in that letter. Those words are pretty final: “If you request us to review our recommendation, well, we will simply send the letter straight back.” We are almost setting up a conflict with our own independent board, and I do not think we should go there. Now, moving on to paragraph (b), we have had 3 Members suggesting that this paragraph does not say what it does say and that I find a little bit disturbing. Deputy Le Hérisser said that we are simply referring the matter to the Board of the wider issues around having unequal remuneration for States Members. That is not what the proposition says. The Constable of St. Peter said in similar vein that we are asking the Board to look at whether it is appropriate to have different remuneration, and then he looked at his copy of the proposition and he caught himself and he said: “Oh, it is slightly stronger than that.” It is a lot stronger than that, and I will read out the wording in a minute. The Chief Minister said: “If they do indeed decide that that is an appropriate way to go [that is, have different remuneration for different Members], then they will go there.” But that is not what the proposition says. If we vote for this it says: “To agree that Article 44 be repealed [and then] and to agree that following its repeal the States Members Remuneration Review Body should be requested to bring forward a scheme of differential remuneration.” There are no ifs and buts. We are instructing them to bring forward a scheme of differential remuneration. We are going to instruct our independent board; we are going to tell them what to do, and not only that, as another Member pointed out, we are going to tell them to do it within a specific envelope. So, bang goes their independence. That is the first point, obviously that bang goes their independence, and if that is what we want to do, then Members have it on their own heads. But there are also 2 fundamental points that have not been raised by others; other points of course have been. The first one is I want Members to imagine little Johnny or Camilla out standing in the Royal Square and looking at the States Building with their mum or dad and saying: “Do you know, I have watched States interviews on Channel TV and I have heard them occasionally on the radio and I would really like to be not a train driver but a States Member,” and dad or mum says: “Make sure you stand for the establishment, laddie or lassie, because they get paid more.” I told that little story because I want to highlight how absurd and possibly obscene it is to say that some people of a certain political persuasion will be paid more than others, because that is what will happen. I am

sorry, but that is the truth of it, and I find that it is astonishing that we are talking about this. We should simply kill it and vote against (b). The other issue was cronyism and corruption or the potential for that, and has been covered by other speakers. But I want to raise the issue of Constables. These are mentioned specifically in one of the reports of the Remuneration Board. But before I go there, I want to just point out that already there are issues, of course, around proportionality of the Constables sitting in the States and the way they are elected or not elected, or half of them do not contest an election. But besides that, there is the issue of their contribution to the States, and of course it raises the issue, it is an aspect of the issue of performance-related pay. It is a good example of why we should not go there. *Clothier* seems to be the flavour of the month; he seems to be what one is quoting this week. On his paragraph 3.8.4 he is writing ... this whole section is about the Connétables in the States and, of course, it is the *Clothier Report*; it is not him writing; it is hundreds of people and their distilled views. 3.8.4: “Indeed, an analysis showed that in general the Connétables asked fewer questions, introduced fewer propositions and spoke on fewer occasions than the Deputies for their respective Parishes.” Now, does that mean they should get paid less? Maybe it does and maybe it does not. Of course, *Clothier* then discusses the fact that Constables have another role; they are the mother or father of their Parish and the work that goes with that and so on. But there is an issue there, and it is still true what *Clothier* says. I have the appendix from *Clothier* here if anybody wants to see - a bit like Deputy Maçon - all the little 1s and 2s and 3s and 5s and 7s in columns as to which States Members did “how much” because that is not all that we do, is it, bring propositions and ask questions? But there it is. It is still true now. The Constables by and large on average ask fewer questions, make fewer propositions and so on. Does that mean that in this new system that we would be asking the States Pay Board to do, that they would be automatically paid less? The Board itself wrote in its 2005 report on this very issue: “Recommendations for 2005: Suggested Approach for the 2006 to 2008 Remuneration Review,” the last paragraph of page 10: “A particular issue concerns the Connétables. While the S.M.R.R.B. accepts that most States Members work full-time, it is clear that a portion of the Connétables’ work is related to the Parish, not the States, yet they are entitled to the full States remuneration package. It seemed reasonable to the S.M.R.R.B. that if the Connétables are to continue to sit in the States, consideration should be given to paying them part only of the States remuneration, leaving the individual Parishes to augment their pay for holding the office of Connétable.” So that is another little can of worms that we would be opening-up if we go there. This has not been thought through. It is for the Board, as people have said, to take the views of Members. If people feel strongly about any of these issues they can go to the Board and say: “Had you thought of this? Had you thought of that?” But really, on the grounds that I outline in particular, remember little Johnny or Camilla, which side are you on? How much pay are you going to get? It is absolutely unacceptable to have that in the way of coming into this House, and I urge Members to reject paragraph (b) and paragraph (a).

Senator F. du H. Le Gresley:

Could I propose closure of debate under Standing Order 84?

The Deputy Bailiff:

It is proposed the debate be closed. I have to consider under Standing Order 84(3) whether this would be an abuse of procedure of the States or an infringement of the rights of a minority. I note that 3 out of 5 Chairmen of Scrutiny Panels have spoken. I note that only the Chief Minister has spoken from the Ministerial side and so it would be capable of being seen as an infringement of the rights of Ministers if they were to take the view that they should get a different level of remuneration. On the other hand, no Minister has indicated they wish to speak, and so I have decided that it would be appropriate to allow the proposal to be put. There are 2 Members who have given me notice they wish to speak and who have not yet spoken. **[Seconded]**

Deputy M.R. Higgins:

I would like to speak.

The Deputy Bailiff:

You have not given me notice, but very well, there is a third one. There is no debate on the proposition for the closure motion. The appel has been called for. I invite Members to return to their seats. I will ask the Greffier to open the voting.

POUR: 25	CONTRE: 16	ABSTAIN: 2
Senator T.A. Le Sueur	Senator P.F. Routier	Senator B.E. Shenton
Senator T.J. Le Main	Senator A. Breckon	Deputy of St. John
Senator J.L. Perchard	Connétable of St. Brelade	
Senator S.C. Ferguson	Connétable of St. Peter	
Senator A.J.H. Maclean	Connétable of St. Lawrence	
Senator B.I. Le Marquand	Connétable of St. Mary	
Senator F. du H. Le Gresley	Deputy J.A. Martin (H)	
Connétable of St. Ouen	Deputy G.P. Southern (H)	
Connétable of St. Helier	Deputy P.V.F. Le Claire (H)	
Connétable of Trinity	Deputy M. Tadier (B)	
Connétable of Grouville	Deputy A.E. Jeune (B)	
Connétable of St. Martin	Deputy of St. Mary	
Connétable of St. Saviour	Deputy T.M. Pitman (H)	
Connétable of St. Clement	Deputy M.R. Higgins (H)	
Deputy R.C. Duhamel (S)	Deputy A.K.F. Green (H)	
Deputy of St. Martin	Deputy J.M. Maçon (S)	
Deputy R.G. Le Hérisier (S)		
Deputy J.A. Hilton (H)		
Deputy of Trinity		
Deputy S.S.P.A. Power (B)		
Deputy K.C. Lewis (S)		
Deputy I.J. Gorst (C)		
Deputy A.T. Dupré (C)		
Deputy E.J. Noel (L)		
Deputy T.A. Vallois (S)		

2.4.15 Senator B.E. Shenton:

My summing up speech will not be too long. It is obviously an issue that has got quite a few Members a little bit hot under the collar. I thought Deputy Maçon’s speech was quite interesting and I realise that I had not thought about payment on an age-related basis. During his speech I started wondering whether that might be quite a good idea. He did say in his speech that I proposed that scrutiny members get the lowest pay. I did not propose anything. That was the whole point of my proposition, that it is not down to me or the States Members; it is down to the States Members Remuneration Review Body. The whole point of the proposition in respect of (b) was to give the S.M.R.R.B. complete and utter freedom from political influence, because at the moment they do have political influence. I think it was the Constable of St. Ouen who said that when the S.M.R.R.B. was set up he thought: “Thank goodness for this. It is the end of the horrible debates in the Chamber,” and he did not think it would happen again. But it is happening again, because the S.M.R.R.B. was set up with restrictions put in place by politicians, and the P.P.C. the other day originally proposed that it be set up without these restrictions. So, I say to the Constable of St. Ouen to vote for (b) because that will give the opportunity to set up the S.M.R.R.B. as it was originally intended, completely unfettered and unhandcuffed. Senator Routier spoke and said he would support the proposition and I think him for that. Senator Ferguson said that she will not support me and yet, as I said before, all it does is seek to remove restrictions. The Review Board

may well turn round and say: “Everyone should be paid the same.” They may turn round and say: “There should be an element of means testing” which they cannot do at the moment.

Deputy M. Tadier:

A point of order. The Senator is saying that he is requesting the Board just to look at it, but the proposition does say that we are requesting them to bring forward a scheme of differential remuneration. So, in my mind that is something different to what the Senator is saying.

The Deputy Bailiff:

That is a point of order fairly made. The proposition does indeed call for the repeal of Article 44, which is the first point; and the second point is that the Body should come forward with a scheme of differential remuneration of some sort whatever happens.

Senator B.E. Shenton:

Yes, and I think that inadvertently it was the Deputy of St. Mary that summed this up. In his speech he unfortunately pointed to point (a) and it says that it requests the Review Body to review recommendations, and he says: “Well, that is a waste of time because they have always said they are not going to do it. So even if we request them to do it they are not going to do it.” Part (b) also uses the word “request.” So again it does give them a latitude of freedom.

[16:15]

It does not use the work “instruct” it uses “request” and the argument of the Deputy of St. Mary was a bit up and down because he was saying: “Well, (a) is irrelevant because it says ‘request’”, but (b) is an instruction and that also says “request.” So I was not quite sure where he was coming from. I think Deputy Le Hérissier interprets the way I interpret it, which is a request.

The Deputy Bailiff:

Senator, if I might just clarify what I said a moment ago. The proposition asks the States Members Remuneration Review Body to bring forward a scheme for differential remuneration. It is, therefore, it seems to me, not within the scope of that request that the Body should come forward and say there should be no differential remuneration. **[Approbation]** On the other hand, the Body could decide not to bring forward a differential remuneration. So if they choose to do nothing that would be a matter for them because, as you say, it is a request.

Senator B.E. Shenton:

On the basis that the Review Board have said that they will not review it and then on (a) it says they request them to review it, are you saying that they have to review?

The Deputy Bailiff:

It is only a request.

Senator B.E. Shenton:

All right. Well, I hope that has cleared it up. **[Laughter]**

The Deputy Bailiff:

I was in fact agreeing with both you and with Deputy Tadier. **[Laughter]**

Senator B.E. Shenton:

As the Constable of St. Peter has said, it just removes the restriction and says: “Look at differential rates of pay.” The Chairman of P.P.C. spoke and did not say why Article 44 should not be repealed. She just said that it was not the time to do it now, which I find very strange. She kept saying ... I think she said it twice in her speech: “Let the independent board look at it,” and kept going on about how much faith she had in the independent board. Well, this proposition simply

takes the handcuffs off the Board and lets them look at it. I think the S.M.R.R.B. should be able to look at it, and they should, as the Chief Minister says, be able to look at it with an open and a broad mind. As he mentioned, they did say that they would welcome the opportunity. In respect of (a) I do not want to go over the point, but I do think it is important to lead by example and to set an example. It is difficult to comment on some other issues the Member raised because some of them were quite personal, but I do believe that it is time to repeal Article 44. If you truly believe in the competence and ability of the independent review board to do its job on an unrestrained basis, I urge you to support (b). A lot of Members said: "I could not vote for the lifting of Standing Orders last time because we have an independent review board." I think today is the day to back that up and show your faith in them, and let the Review Body be set up as P.P.C. originally intended before the amendment. With that I would ask for the vote in 2 parts and ask for the appel please.

The Deputy Bailiff:

Very well. The appel is called for and the vote, you say, in 2 parts, Senator. There are 3 parts to this proposition, 3 parts. The appel is called for. The vote is on paragraph (a) of P.127. I would invite Members to return to their seats and I will the Greffier to open the voting.

POUR: 28		CONTRE: 12		ABSTAIN: 5
Senator P.F. Routier		Senator T.A. Le Sueur		Connétable of Trinity
Senator P.F.C. Ozouf		Senator B.I. Le Marquand		Connétable of Grouville
Senator T.J. Le Main		Connétable of St. Ouen		Connétable of St. Brelade
Senator B.E. Shenton		Connétable of St. Saviour		Deputy E.J. Noel (L)
Senator J.L. Perchard		Connétable of St. Clement		Deputy T.A. Vallois (S)
Senator A. Breckon		Connétable of St. Mary		
Senator S.C. Ferguson		Deputy of St. Martin		
Senator A.J.H. Maclean		Deputy G.P. Southern (H)		
Senator F. du H. Le Gresley		Deputy of St. Peter		
Connétable of St. Helier		Deputy M. Tadier (B)		
Connétable of St. Martin		Deputy of St. Mary		
Connétable of St. Peter		Deputy M.R. Higgins (H)		
Connétable of St. Lawrence				
Deputy R.C. Duhamel (S)				
Deputy R.G. Le Hérisssier (S)				
Deputy J.A. Martin (H)				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy P.V.F. Le Claire (H)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy K.C. Lewis (S)				
Deputy I.J. Gorst (C)				
Deputy A.E. Jeune (B)				
Deputy T.M. Pitman (H)				
Deputy A.T. Dupré (C)				
Deputy A.K.F. Green (H)				
Deputy J.M. Maçon (S)				

The Deputy Bailiff:

I ask the Greffier to reset the system and in case there should be any Members outside who now wish to return to their seats to vote, Members are asked to vote on paragraph (b). I ask the Greffier to open the voting.

POUR: 13		CONTRE: 31		ABSTAIN: 2
Senator T.A. Le Sueur		Senator T.J. Le Main		Connétable of Grouville

Senator P.F. Routier		Senator S.C. Ferguson		Deputy of St. John
Senator P.F.C. Ozouf		Senator B.I. Le Marquand		
Senator B.E. Shenton		Senator F. du H. Le Gresley		
Senator J.L. Perchard		Connétable of St. Helier		
Senator A. Breckon		Connétable of St. Brelade		
Senator A.J.H. Maclean		Connétable of St. Martin		
Connétable of St. Ouen		Connétable of St. Saviour		
Connétable of Trinity		Connétable of St. Clement		
Connétable of St. Peter		Connétable of St. Lawrence		
Deputy R.G. Le Hérisssier (S)		Connétable of St. Mary		
Deputy J.A. Martin (H)		Deputy R.C. Duhamel (S)		
Deputy I.J. Gorst (C)		Deputy of St. Martin		
		Deputy G.P. Southern (H)		
		Deputy of Grouville		
		Deputy of St. Peter		
		Deputy J.A. Hilton (H)		
		Deputy P.V.F. Le Claire (H)		
		Deputy of Trinity		
		Deputy S.S.P.A. Power (B)		
		Deputy K.C. Lewis (S)		
		Deputy M. Tadier (B)		
		Deputy A.E. Jeune (B)		
		Deputy of St. Mary		
		Deputy T.M. Pitman (H)		
		Deputy A.T. Dupré (C)		
		Deputy E.J. Noel (L)		
		Deputy T.A. Vallois (S)		
		Deputy M.R. Higgins (H)		
		Deputy A.K.F. Green (H)		
		Deputy J.M. Maçon (S)		

The Deputy Bailiff:

As a result of that vote paragraph (c) falls away as no repeal of the States of Jersey Law is involved. I can take the opportunity of announcing to Members that the Draft Magistrate's Court (Miscellaneous Provisions) (Amendment No. 10) (Jersey) Law 201-, P.155, has been lodged by the Chief Minister. Chairman, we now come to arrangements for public business in the future.

ARRANGEMENT OF PUBLIC BUSINESS FOR FUTURE MEETINGS

3. The Connétable of St. Mary (Chairman of the Privileges and Procedures Committee):

The arrangements for public business will be as per the lavender sheet with the following changes. For the business of 2nd November 2010 the second amendment to projet P.130 - Reg's Skips Limited planning applications (R.118/2010): compensation and further action - is withdrawn and Amendment No. 3 in the name of the Minister for Planning and Environment and No. 4 in the name of Senator Le Gresley are added. On 16th November 2010 there are 2 propositions to be added: P.152 which is "Rezoned sites: assessment of housing needs" in the name of the Deputy of St. John, and P.154, - Social Security Fund: a new method of funding - in the name of Deputy Southern. That is lodged for that day. 30th November 2010, removal of Projet 148, which is "Draft loi (No. 7) concernant la charge de juge d'instruction" lodged in the name of the Chief Minister; that moves in fact to 18th January 2011, and on 30th November 2010, Projet 153 - Draft Rates (Amendment of Law) (Jersey) Regulations 201- - in the name of the Comité des Connétables

is added. On 7th December 2010 projet P.155, which is the “Draft Magistrate’s Court (Miscellaneous Provisions) (Amendment No. 10) (Jersey) Law 201-“ is added.

The Deputy Bailiff:

Does any Member have any questions for the Chairman of the Privileges and Procedures Committee? Very well, that seems to be business settled for future meetings and also for today. The States Assembly stands adjourned until 2nd November 2010.

ADJOURNMENT

[16:24]