

STATES OF JERSEY

OFFICIAL REPORT

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

PUBLIC BUSINESS – resumption

1. Annual Business Plan 2009: variation in respect of pay freeze – rescindment (P.143/2009) – resumption

The Bailiff:

Very well. Then we return to the debate upon the proposition of Deputy Shona Pitman, P.143.

Deputy I.J. Gorst of St. Clement:

Excuse me, Sir. Sorry, Sir, I would like to make the same declaration as yesterday and withdraw from the debate and the vote, thank you.

The Bailiff:

Very well. Yes.

Senator T.J. Le Main:

I would like to do the same; declare the interest, Sir.

Deputy P.J. Rondel of St. John:

Likewise, can I declare an interest, Sir?

Deputy J.B. Fox of St. Helier:

Likewise.

Connétable A.S. Crowcroft of St. Helier:

Same.

Deputy R.C. Duhamel of St. Saviour:

Likewise.

Senator A. Breckon:

I declare an interest, Sir.

Deputy D.J. De Sousa of St. Helier:

Sorry, Sir, can I just have a point of clarification? Is it only spouses that ...

The Bailiff:

Yes.

Deputy D.J. De Sousa:

Right, thank you, and not children?

The Bailiff:

No.

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

Am I correct in thinking someone has left because of the employment of their son-in-law?

The Bailiff:

I think the Deputy of St. John indicated some relative, but that was a matter for him. Certainly the Standing Orders refer to a spouse. It depends, I suppose, on whether the son-in-law is maintaining the father-in-law or not. **[Laughter]** Very well. So we return to the debate. Does any Member wish to speak?

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

Deputy Pitman has brought a proposition asking for us to reinstate the workers' rights to have the ability to free negotiations. The States made a decision, albeit it was not unanimous, that we would support or the States would support the States Employment Board's proposal that the pay freeze on States employees be implemented to tackle what is a difficult period in our own lifetime from a financial perspective and a changing set of circumstances in relation to Jersey's ability to fund its services. Now, the indications last night on the news were from Mr. King that the recession has or is drawing to an end and the recovery has begun, and although it may be a long recovery, it is in no doubt recovery - the economy in the United Kingdom - and no doubt that will affect Jersey, and Jersey's income is on a better footing for the future. One of the things I have mentioned before is that there is a lot of money that the tax revenues of Jersey benefit from, and that is the deposits in the banks, and obviously, based upon interest rates which will hopefully improve over the next few months, those incomes will increase. So revenue that was not expected or has not been calculated will probably enter into the coffers of the States because of the fact that there is such a large deposit base in Jersey. So the position that we were in to take that decision and the position that we are in today is different. I sometimes get annoyed when people tell me - not very often - that they pay my taxes and they are the money-makers, they are the money creators, they are the wealth creators and that they are the taxpayers. I think that is a wholly wrong attitude to adopt for anybody in society for one person or one individual or one group of companies, to put the premise upon society that they are the wealth creators. States employees pay tax. They are taxpayers. They create the environment that allows society to function. They are the teachers who teach the children, who allow the individuals to go off and work in the finance industry. They are the manual workers who provide necessary services for us to get to work and to operate in a society that is clean, healthy, and hygienic. They are the doctors and the nurses who provide for us when we are in ill health or succumb to accidents. They are the police officers, the prison officers and the fire officers who serve our Island. They are the taxpayers. They create the value. They create the circumstances that allow full wealth to be created. At the meeting at Fort Regent, they spoke about the fact that they have entered into public service to give service, to provide service to the Island. We too, as States Members, for the main, have entered into a life of service for the community, and while we are well remunerated, we are also perhaps treated unfairly at times because we are also taxpayers, on call 24/7, with little in the way of support. If we were to become ill, there is no ill health retirement plan for us; we are out the back door. We resign for ill-health reasons and that is it; on your way. No pension for us. No support system for us. But we too are taxpayers, so I would like to drive home to States Members today and the public at large and confront those who say they are the wealth creators. They are not the wealth creators. They are the ones who take advantage of the society that we have created to make wealth, predominantly for themselves. In most circumstances, when they can afford a good tax lawyer, they deflect that burden. They take advantage of this opportunity. They take advantage of their better education. They take advantage of their advantage, while the rest are told to bow down on bended knee and be grateful to the taxpayer and the wealth creator. States employees are taxpayers and States employees have just as much right to be counted upon to help us form a better society. If we take away their rights to free negotiations and the ability to operate in the society, it would be akin to taking away the right for the finance industry to operate in the manner in which they choose to operate in to create wealth because without these people and without these services, there will be no opportunity for wealth creation in Jersey. There will be problems. I ask the Council of Ministers and their political supporters to consider what will happen if we do not support this proposition today. The States employees, through their unions, have said quite clearly they will begin immediately to withdraw goodwill. Immediately. They will begin then to walk down the path that they do not wish to go down of striking or working to rule. For a long time now, the States of Jersey, through its political makeup and its ideology, which has been right of centre for the last 2 decades at least, has been squaring-up to the unions and the workers, has been putting into place policies that would create outsourcing,

not necessarily improving services or cutting costs but creating more opportunity for ‘wealth creators’, more opportunities for big business, more opportunities for friends in business. That is what I said yesterday when Senator Le Sueur spoke about the 1990s and the opportunities that were created then for the workers: it was done on the back of the fact that there was unrest at that time in the Island and secondary picketing took place and the airport was closed because the fire fighters went on strike. I think the airport was closed for less than 2 days, and then they came scurrying back to the table to agree. That is how the 2-year pay deal was struck, and ever since then, while the States have initiated law after law after law to disrupt union membership and support for the workers, it has done nothing to address the fact that there were other things this Council of Ministers or this political leadership should have been doing to address the shortfall in income. It should have been looking at big business and the wealth creators and saying to them: “You are making it. Now we have got to start taking a little bit of it because the policy has been bent over backwards. Open the gates, let it all roll on, and do not touch it, whatever you do.” It is no use turning a blind eye. One of the things that Mr. King said yesterday was that there has been very, very little change in regulation of the banks. They have done what they have done because they were allowed to and they have been rescued because they are too big to fail. Nothing has changed in regulation, and now they will spin out the mantra that too much regulation will put them off and drive them off into another jurisdiction. The reality is, sooner or later, these institutions and these businesses, which is what banks are, these businesses and these businessmen and women who run these banks, and these families, these very, very small groups of people who run these banks and own these banks in this world will have to start running a better form of business. That is the ideological shift that needs to take place. It is a political ideological shift that needs to take place in the minds of the Council of Ministers, in the minds of the politicians who support the Council of Ministers - and there is a scattering of them in this Chamber - and in the minds of the electorate that sit at home and are convinced by the mantra: “It is not worth voting. Nothing changes.” It is absolutely worth voting because these people who run this Island and who have run it for the last 20 years and their friends vote on every possible thing they can at every occasion and every opportunity. Not only do they vote to get elected to manage the money. Do not worry about politics; it is boring. Yes, okay. That is the part that manages the money. Is managing money boring? That is politics. These people who have driven this political ideology, who have ensured that this management of the economy, coupled with poor fiscal practice, poor regulation, poor services generally and laws generally for this Island, they are now running down and squaring-up against the unions by saying: “Right, we are not going to have any more secondary picketing. We are not going to have any more unions taking us to the wall, and on top of that, now what we are going to do, we are going to put a pay freeze on.” Now Senator Le Sueur is saying that is not a wage freeze; that is a pay freeze. Well, I am sorry. It does not wash. This is not a speech necessarily about what we should be doing for the workers. It is really a plea for us all to get behind what I am saying and what Deputy Pitman has proposed and save the Council of Ministers from themselves. Save the Council of Ministers from themselves because they have made a bad decision and they are stuck in it. **[Approbation]** They are stuck in it, and they do not want to lose face, so let them vote against it and let us all save their bacon. Let us all save their bacon. They will be quite happy about it if they are forced to go and negotiate because they will be able to stand tall at the elections and say how strong they were and they will be able to stand with their friends in the cocktail party and say: “You know, we stood up to them, but unfortunately it was a States decision, not my decision. I am still on board. I am still right wing. I am still right behind you.” So let us save the Council of Ministers’ bacon and support Shona Pitman and the taxpayers who are States employees.

The Bailiff:

No, Deputy Pitman. Deputy Green?

1.2 Deputy A.K.F. Green of St. Helier:

As we stand on the abyss of a winter of discontent with entrenchment from both sides, I would like to remind Members that whatever happens, at the end of the day, we will have to come to the table and talk to one another. I am probably one of the few Members, if not the only Member, who has been here before, and I refer to the strike in the early 1980s at the hospital. Both sides could, with some legitimacy, claim to have won the day. We had a week's strike, and we could spend the rest of the day deciding which side won, but the losers, however, were those patients whose non-urgent operations were cancelled, those who had their pain and suffering extended for months while we caught up. Those were the losers. My point here is that on that first evening a week later, we had to come to the table. Would it not have been better if we had gone to the table 7 days before? The States Employment Board, in my view, has handled this in the most appalling way. It is not right for staff to read about their terms and conditions in the paper without meaningful discussion. They may think it is providing a firm and honest steer, but that is not the perception. It is also not helped by Members - well meaning though it may be - that sought to force a wage increase on the Assembly. That has not helped either. An olive branch was offered to representatives last week, a letter from the Chief Minister, but not even signed by the Chief Minister; p.p.'d by the Employee Relations Manager, the hardworking, dedicated professional, but not the Chief Minister. On the other hand, and this is where I might be accused of sitting on the fence, the union views of consultation where management say zero and perhaps the union might say 5 per cent - I will make the figure up - the answer must therefore be 2.5 per cent, that has no place either. Nor do the threatening emails that I have received from some union officers trying to influence the way that I might vote. That has no place in a democracy either. I met at Overdale, along with other States Members, most of the representatives of the staff of States of Jersey, and they assured me last Thursday up at Overdale that now we are not talking about the money; we are talking about the principle of free collective bargaining. Complete and full, free collective bargaining. The problem is here that both sides are putting each other in an impossible position, entrenching their positions and not coming to the table. At the end of the day, that is what we are going to have to do. Part (b) of the proposition asks that full, free collective bargaining be reinstated. I do not think anyone, including the Council of Ministers, would argue with that, but I am advised that we will not have the option of supporting only part (b), reinforcing entrenchment from both sides, not opening the door, not sitting at the table but entrenching one another, putting one another in an impossible position. I can support part (b) because it is about opening the door to full, free collective bargaining without any pre-conditions on both sides. So I would ask that Deputy Pitman, when we go to the appel, allows part (a) and part (b) to be taken separately. Without pre-conditions, if the States Employment Board come back and say that they need funding, having discussed everything and gone through all the terms and conditions, they can come back for that funding. There are no pre-conditions. So I will support part (b) if we are allowed to. If it stays as one proposition, I will not support it. Thank you, Sir.

Deputy S. Pitman of St. Helier:

Point of clarification. May I just make it very clear part (a) and (b) are going to be voted together. That is what I will be asking. **[Approbation]** We cannot have free collective bargaining without any money in the pot.

1.3 Senator S.C. Ferguson:

With apologies to Deputy Le Claire. If there are not any wealth creators, there will not be any taxes and we will return to a medieval barter society, but I echo Deputy Green. Let us avoid the emotional blackmail and deal with facts. Some of the claims were using the basis of last year's promises but we do have to remember that we are in a totally different economic scenario. This is totally different today. The Deputy mentioned that there was the waste of money on the Haut de la Garenne investigation. Well, hang on a minute.

Deputy S. Pitman:

I did not say that. That is absolutely wrong.

Senator S.C. Ferguson:

I take that back then. Somebody has mentioned the waste of £20 million on the Haut de la Garenne investigation, but I put it to Members that the Chief Minister had no option but to pursue this investigation at the time in the circumstances. We have received a photocopy of some agency staff and so on. My information is that the scheduling and so forth of agency and bank staff could be dealt with a great deal more efficiently, and I am also told that some of the H.C.A. (Health Care Assistant) bank staff are put on wards with minimal training. There are instances, for instance, of ex-hairdressers starting on the ward and they cannot even put on an incontinence pad. There are isolated examples of management where we do need to tighten up, but Deputy S. Pitman also stresses the fact that we have failed States employees. I would remind the Deputy that we are in this House for the benefit of all residents of this Island. There are 7,000 States workers, yes, but there are 30,000 workers in other sectors, approximately, let alone the total population. It has been obvious for some months, since early this year, that Jersey will be faced with a structural deficit in 2012, and that any economic recovery, based on the figures that we have been given, will be slow. To put it simply, Jersey is going to be faced with a structural deficit in 2012. To put it simply, it is like any of us having an overdraft; you take steps to deal with it. In the case of a government, you either constrain spending or you increase taxes. I would prefer to constrain spending. Pay freezes, as defined by the Chief Minister, are temporary, but tax increases are for ever. There is also the economic effect of States spending which is one of the main drivers of inflation within the economy. The Minister for Treasury and Resources is conducting a spending review. He has also given assurances that there will be a genuine dialogue with the public on the level of services required by Islanders. Personally, I happen to think that there are a number of areas where we can cut middle management. This is particularly crucial since about 50 per cent of all States expenditure is composed of staffing costs. I do not think there is a needy future. We have some pretty difficult decisions for the Island as a whole, not just for one section of the population. On the other hand, I do not think our management techniques throughout the public sector are perhaps all that they might be, but we are where we are. In her speech - and I think I am right in this - the Deputy concentrated on pay rises and comparisons. The small meeting with Unite that I also attended, the feeling there was that employees felt that their free collective bargaining right had been removed. In his recent speech, Senator Le Marquand commented that there are many other facets of collective bargaining which are still open, as the Chief Minister expressed in his letter to Unite, which I understand all the workers have now. There are also certain out-of-date working practices that I think also ought to be added to the discussion list. I attended the meeting at Fort Regent and there were a lot of concerns expressed, and I did take quite a few notes, but many of these reflected poor people management rather than pure cash. The manual workers were particularly worried about privatisation, security of jobs and the lack of apprenticeships. One of the teachers' representatives said that pension provision was poor. Now, it is my understanding that it has been kept comparable with U.K. (United Kingdom) equivalents. The nurses are particularly worried about retention rates, which is a perfectly valid comment, but the overriding concern in terms of the comments was communication with and by management. How many times did those of us who were there hear: "Management will not listen"? I think also we have a basic philosophical question to be faced. If we keep on increasing salaries without genuine efficiencies which would reduce spending levels, then it is absolutely certain that we will have to raise taxes to pay for it. In the broader picture, do we want big government and high taxes or low government and low taxes? In the short term, the spending review which has commenced should allow the Island as a whole to decide what services should be provided by government. I have said before government does not run commercial businesses. Should government be running all the businesses in which it is engaged? These are discussions for the years ahead, and my Scrutiny Panel will be following the process closely. In the meantime, we have responsibilities to the Island as a whole. This particular debate is micromanagement to a gross degree. I am tempted to refer this back to the

States Employment Board, but I feel that the correct approach is to kick this back into touch, reject this well-intended proposition and tell the S.E.B. (States Employment Board) and union representatives that it will be a great deal better for the Island for them to get together and talk.

Deputy G.P. Southern of St. Helier:

Could I have a point of clarification? The Senator said that, as far as she knew, terms and conditions in terms of pensions for new teachers into teaching have not changed. The fact is that, despite her lack of knowledge of it, they have changed and they are substantially worse for new entrants to teaching in Jersey than in the U.K., and this is going to cause a problem in the future.

Senator S.C. Ferguson:

I would just reply to the Deputy.

The Bailiff:

Sorry, can I just say, that that is a classic example of a point which is not a point of clarification. It is, in fact, a statement by Deputy Southern which should have been made in his speech.

Senator S.C. Ferguson:

I would comment that I did say “as far as I knew” because the employment authorities are well aware that in order to get teachers from the U.K., we do need to be competitive not only in salaries but in pension terms. If this has changed, then it has certainly been without my knowledge.

1.4 Connétable S.A. Yates of St. Martin:

I wanted to speak fairly early because I feel I need to have a few facts crystallised, and I hope to tease-out from Members during the debate these facts. Now, the Deputy yesterday proposed or stated that the free collective bargaining has been removed by the States Employment Board, and I have no doubt in my own mind that maybe the States Employment Board has mishandled this particular situation by [**Approbation**] *fait accompli*, the sort of thing I would have thought more than twice about. Now, the Deputy in her presentation said that the possibility of free collective bargaining has been removed, but I did hear the Minister for Transport and Technical Services on the Sunday ‘Talk Back’ programme; he said negotiation has not been removed and he would welcome negotiation. The Deputy said the money is there. Clearly the money is not there because it has been moved to provide services elsewhere in various Ministries, and I would like, perhaps if Ministers speak, to say what services would suffer if that money was put back into the pot, as it were. The Deputy alluded to a fund of £44 million. I do not know what this fund is. I would like to get a little bit more accurate information on how the money is going to be moved around to put this £3 million or £4 million back into the pot to allow free collective bargaining. In conclusion, I was in the Royal Square yesterday. I was not taking part in the demonstration but I was looking upon the demonstration. I happened to fall into conversation with 2 men who were also observing the demonstration, and one of them said to me: “Well, I am unemployed. I would rather have a job than a pay rise.” The other one said: “Well, what are you doing putting £10 million for the town park? We do not need a town park in this climate.” I put that to the Assembly as a fact that happened yesterday morning in the Square during the demonstration. So I would like a few facts crystallised. Thank you very much.

1.5 Senator P.F.C. Ozouf:

I was fortunate to be part of a panel of debaters for the annual Institute of Directors debate in Jersey and Guernsey, and the theme of the debate was both islands in 2020. At the start of the Guernsey debate, there was a video in which the future of the island - I think it was Guernsey but it could have been either of the islands - was a future in which there were power cuts, there was economic decline and there was endless difficulties in running the island communities. There was another video later on, after the debate, which was a very prosperous island which had well-funded public services, jobs, which was diverse and which was able to deal with the changed world around it. In

recent months, we have seen meltdown in financial markets across the world. There has been a financial contagion and an economic crisis which has been unprecedented since the Second World War. We have seen problems in Ireland. We have seen problems in Iceland. We have seen problems in the Isle of Man - I will refer to that in a second. We have seen global leaders pumping billions into their economies to keep them going. We have seen difficulties with our competitors. We have seen financial difficulties in the Cayman Islands. Yesterday, as some Members will be aware, there was a very difficult statement made by the Chief Minister in Tynwald reporting changes that the Isle of Man is going to have to deal with in relation to their Zero/Ten and also their V.A.T. (value added tax) arrangements. There is no doubt that the world and the rules of the economic world has changed. Locally, we have seen job cuts. We have seen the necessary revisiting of a number of policies and strategies in both the private and the public sector. There seems to be a debate as to whether or not and where debates about spending and wage levels should be set and how they should be set. It is this Assembly that sets the envelope of spending. That is what this Assembly's job is and that is what this Assembly does on an annual basis. While I hear some remarks on the opposite side of me to the contrary, I need to remind the Assembly that the Assembly in 2008, against a backdrop of a very different world, put in place an available spending envelope of 2 per cent increase in wages. Since then and in those discussions, of which a number of us were here and part of those discussions ... as our Business Plan process requires us to do ... those discussions start in the early part of the year. In 2008, it was started in March and April and then the final decision was made in September, just before the election in 2008. At the time, the world was in absolute financial meltdown. Right during that period, the world changed very significantly with the collapse of Lehman and then the whole financial contagion. I think then we can say with a degree of realism and a degree of honesty that the decision that the Assembly made in September 2008 did need to be revisited, and I take full responsibility of having asked the Council of Ministers to revisit a number of assumptions and most importantly to revisit a number of the spending assumptions. I know that there have been some remarks about the way in which matters were handled, and I am sure that there are lessons to be learned on all sides in relation to how these matters were handled, but what is clear is that it was this Assembly that made a decision, which is the right place for this Assembly to make a decision in respect to varying the agreement or the envelope of spending that was made in 2008. I do not believe that we should be in this Assembly negotiating the rates of pay for different classes, for different levels, and we should not be having a debate about increments, but it is our job to be setting the affordable and realistic envelope of spending. What this proposition does is it seeks to ask to revisit the revisited envelope-setting that we did earlier on this year, and the key question, I think, that Members must ask themselves is has the world changed since we made that decision to revisit the envelope of spending for wage settlement. I would submit that it has not. If anything ...

Deputy P.V.F. Le Claire:

Could I ask the speaker to give way for a second, please? I do not know if the speaker caught my speech, but did he catch Mr. King's announcement yesterday that the U.K. is out of the recession and the evidence is they are on the road to recovery? I wondered if he could inform me, at least, what his view is of that.

Senator P.F.C. Ozouf:

I spend hours of my non-Assembly time reading and analysing the world economic events. I spend a lot of time reviewing the performance and the financial circumstances of small nation states' economies and other places. I need to say to the Deputy, and I do not normally give way to the debate, but if he is in any illusion that the Island faces, and all small nation states face, very significant challenges going forward, I am afraid that he is deluding himself. I need to say to the Assembly, and I will be speaking at more length in the budget-lodging debates next week and in the budget debate in December that this Assembly has to face up to the probability of a structural deficit in 2012 and beyond of between £40 million and £60 million. In other words, while our

economy has performed well and we are weathering the financial storm well and this Assembly has had the available resources to take from the Stabilisation Fund to insulate ourselves from the significant fall-off in tax revenue that we will see this year and next, we do have the probability of a structural deficit of £40 million to £60 million in 2012. That is not in any way as serious as the statement from the Chief Minister of the Isle of Man that was made yesterday in Tynwald which indicates that the Isle of Man has a budget deficit, of all likelihood, of £140 million in their budget, not in 2012 but in 2010 and 2011 and they do not have the ability to raise the equivalent of G.S.T. (Goods and Services Tax) in order to fill their black hole. We can weather the difficulties that the financial changed world will give us. I think we will be able to deal with them and, with a responsible approach to the fiscal strategy review to a responsible and appropriate comprehensive spending review, I believe that we will get through the difficulties, that we will get a solution to Zero/Ten and that we will see in 2020 a positive world for Jersey and a world in which we will be able not to have to have massive cutbacks in terms of public services, which they will see in the Isle of Man and they will see in the United Kingdom and they will see in Ireland and they will see in Cayman Islands and lots of other places. I do not believe that we will see that, but what is important is that this Assembly does need to make a responsible and appropriate decision in terms of spending. The most important area of spending that we need to make is the envelope and responsible envelope of public sector pay, and that envelope needs to be affordable. I would ask Members, do they really think that anything has changed since we made that decision earlier on this year. I do not believe it has. I thought that Deputy Maçon's amendment yesterday was well intentioned and I thought that some of the remarks that were made against him that he was not thinking economically were unfair. I think that he and also the proposers of these propositions do genuinely believe that we should be looking after our community. I think that every single Member of this Assembly cares about the whole of the community and our public sector workers and our nurses and our teachers and believes that we need and should be able to pay people the appropriate levels of remuneration. I think the only difference is the issue of timing. I do not want to store up problems that are going to cause serious issues and exacerbate our public finance position, and that £40 million to £60 million deficit is on the basis, yes, of the standstill in the envelope of pay for this year and any pound, any millions of pounds over and above that figure will only make that structural deficit worse, going forward. I do not want to store up problems for our public sector workers in 2 or 3 years' time when we or the Minister for Treasury and Resources of the day will be forced to bring forward either significant tax rises - and let there be no doubt that £40 million to £60 million is the equivalent of a further 3 per cent on G.S.T. and I think that there can be nobody in the Assembly who would not say that that is not a significant tax change - or the contrary point that the cut that would be required in terms of public services would not be difficult. I believe that we need to be a responsible Assembly. I believe that we need to be a fair Assembly. I believe that yes, we need to engage with our public sector workers and negotiate appropriate pay settlements now and into the future. Yes, they are going to be a necessary requirement to restructure some of the arrangements in our public services and we as politicians are going to have to make some choices about some of the lower-priority areas versus some of the higher-priority areas and there is going to be a need to engage, to communicate, to inform and to discuss. So nothing has changed my view in terms of the envelope of spending that was revisited and agreed in June of this year. I ask Members to reject the proposition but send a clear message to our public sector workers that we care for them, that we will look after them and that we will put in place long-term policies which ensure that we will not have to take some of the more dramatic decisions that other governments ... and let there be no doubt that other governments are having to do this, that we can avoid that in Jersey.

Deputy G.P. Southern:

Could I ask a question of the Minister before he sits, Sir?

The Bailiff:

Is this a proper point of clarification, Deputy?

Deputy G.P. Southern:

It is a point of clarification because he has not addressed the issue of the impact of a wage freeze on the recession. He has walked around the recession but has not directly addressed that question of this important economic fact: you do not cut spending in a recession.

Senator P.F.C. Ozouf:

If you will permit me, I will explain. We are not cutting spending in a recession. I do not need, I think, to remind the Assembly that the Assembly has passed, last year and this year, increases in public spending. Yes, there has been a reallocation of spending, but if anybody wishes to independently validate the amount of money which has been put into the economy of Jersey during the recession, then they would be deluding themselves. It is the appropriate time to invest and that is what the fiscal stimulus programme is about. It is taken on independent advice. It is targeted, it is temporary and it is not the same as the long-term, recurring expenditure which Deputy Southern and his supporters put forward.

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

What another fine mess we have got ourselves into. It is interesting, following again the Minister for Treasury and Resources. He says has anything changed since we made the decision in this House in June to take this money out of the Business Plan. I think that is where we totally went wrong. The States Employment Board took to the Council of Ministers, early February, a decision that they thought they should freeze pay. Then obviously employers were informed and the Deputy of St. John brought a proposition to this House to give public workers a certain amount across the board, amended by Deputy Southern. So the knee-jerk reaction of the Council of Ministers was to bring to this House a pay freeze. Yesterday, I stood in this House and said I could not support Deputy Maçon because I had no idea what the effect of under £32,000/over £32,000 would have on our public sector workers. When any of those 40 people voted to freeze the pay in this House, did they have any idea what effect it would have on the workers? No, they did not. Senator Ozouf seems to think it is our job in this House to decide what pay and conditions manual and States workers have. It was not our job. It never should have been brought to this House. We have heard from the Constable of St. Martin. He does not understand whether there is free collective bargaining or there is not free collective bargaining. The argument is, on one side they believe they do have free collective bargaining - that is the Council of Ministers and the people who follow them - and on the other side it is our manual workers, our public sector workers, our civil servants believe they do not. Now, which one is right? The Council of Ministers have painted 7,000 workers into a corner and they have also painted themselves into a very small corner. I totally agree with Deputy Green. Somebody has got to start talking. I heard the word from Senator Ferguson that our public sector workers are blackmailing us. I really do not want to hear these sorts of words. They have nowhere else to go. I laugh at ...

Senator S.C. Ferguson:

Objection, Sir. I referred to the tone of the debate, not to the workers.

Deputy J.A. Martin:

I apologise. The word "blackmail" should not have been used, but if it is the tone of the debate, I am not sitting here trying to blackmail the Senator. I am saying - I said this yesterday - the Council of Ministers have nowhere to go on this except back down, and they are not going to do that today. I very much doubt. They think they are right and we are doing something for the whole Island. It has not been done properly. I will repeat: it should never, ever, ever have come to this House, taking away contractual rights that people may have signed last month, 10 years ago, long service; it does not matter. Senator Ozouf talked about a very gloomy video he saw about power cuts and that, in what could be an outcome. Well, I am young enough or old enough ... well, I was very

young when it happened. I remember a very, very entrenched Conservative Government led by Mr. Heath, and who did he take it out on when the miners striked and there was not enough electricity to go around? They took it out on the lowest paid. They even turned the tellies off at 9.00 p.m. Some think that that was a pleasure. It backfired because they had a baby boom the next year because nobody had anything to do. **[Laughter]** I really, really get frightened when I hear that we are the right people to make these sorts of decisions. We heard yesterday that there was a similar thing in 1994-1995, but we either had more astute politicians or very good, organised unions and it never got to this House. There were some very good deals done and it was over 2 and 3 years, but no, we have got people sitting here who really think they understand. I do not understand everything, but I do know we have taken away free collective bargaining. **[Approbation]** They want to know where the money is coming from, where it could come from. Well, again, is it about money? Now it has gone beyond money because we do have both sides; either you can free collective bargaining or you cannot. So we are beyond the money point. If we put the money back, we do have the fiscal stimulus. The money is there, so they can bargain. I really think we are talking about, Senator Ferguson, 7,000 workers out of 30,000. Now, all of these provide a public service. I do not think the Senator understands what some public services are. They are things that nobody else provides. They are not for profit, and a lot of it is provided by goodwill. As she says, government is not very good at running a commercial business but public services are not commercial businesses. Unless people start understanding that, we will never get anywhere. I really, really do think it is saddening because I listen to people who say: "I am not moving. They are not blackmailing me. They are not having me over a barrel. They will not do this if we do that. They do not know what is best for them." Do we? No, we do not. We are really, really at a point today where if you do not start listening and you really do not believe the representative of all the workers that are here are to the point where they have nowhere else to go, and I blame that totally on the Council of Ministers and the other ... I was trying to do the maths of taking away the Council of Ministers. It is the other 30 people who voted. It was a very, very good vote, was it not? Let us just take away we are in a time of recession. The year before, we added loads of money into, I think it was Council of Ministers, who had this, they needed secretaries, they needed new I.T. (information technology) and they needed that. **[Approbation]** Everything. Money, money, money. Then suddenly, in a recession, who do we hit? It is a very easy vote. Come to the House and tell the manual workers, the civil servants, the nurses, the teachers: "There is no money for you this year. What are you going to do about it?" Well, as I say, I have been there before. When a government gets too big that they will refuse or they are too knowledgeable that they really know big brother knows what is best for you, it worries me intently. I am the Assistant Minister for Health and Social Services, and I really, really worry about the hospital because, as Deputy De Sousa said yesterday, the goodwill and the work in that establishment alone, if that is taken away, if people are painted out of the corner, painted out of the box today, that is what they will do. They do not want to, and certainly as Assistant Minister, I do not want to see them there, but we know ... even Senator Ozouf said, the Constable of St. Martin, we have approached this totally wrong. Is anyone big enough on the other side to stand up and say: "Maybe we did do it wrong"? Sometimes it takes a very, very big man or woman to admit that they were wrong. **[Approbation]** Now, all this asks is to put the money back in the pot and, believe me, that does mean free collective bargaining. I also heard Senator Ferguson and the Chief Minister talk about there are other things to bring to the table like working practices that are out of date, callouts, overtime. If you think this is the time to start negotiating pay deals on out-of-date working practices, you are very, very much mistaken. This does need addressing. It will be addressed, but you need, as Deputy Green says, to bring these people to the table ...

The Bailiff:

Sorry, through the Chair.

Deputy J.A. Martin:

Sorry, Sir. The Chief Minister or the Council of Ministers need to bring these people to the table where they feel that they are being listened to. I just go back again to the meeting at Fort Regent. It was a shame. Could you imagine the Prime Minister of England telling the whole of his Civil Service: “You are not getting a pay cut” and then arranging a big meeting **[Interruption]** ... well, getting a pay cut and then not being able to meet with them? No, it would not happen. He would not last 5 minutes. His days are numbered anyway, but he would not last 5 minutes. You cannot sit here and say this is the right place to make these decisions when you have no idea what, from the lowest-paid worker to the higher-grade civil servant, you have inflicted on them. I really, really think today we need to support Deputy Pitman’s proposition. We need to restore some trust from the public sector workers into the Council of Ministers, into the negotiations that they are supposed to be having freely. Otherwise I really, really fear for the people of Jersey, all of us. The people in the hospitals. As Deputy Green said, he has been there before. There are no winners. I really hope that somehow ... I do not think that it really needs much persuasion from the Council of Ministers. It does need the other Members. If the Council, as Deputy Le Claire said, cannot back down on this, I think that some people who really, really have spoken to the Members do agree that there are 2 sides. They absolutely believe their fundamental right has been taken away. There is no argument there. They believe that. The Council of Ministers do not believe that. It is up to us to decide who you believe. The way I have read and interpreted any contract of employment, I believe the workers this time. They can negotiate but not freely. Today we can restore that. We have to support this proposition. Please believe it. These people do not want to work to rule, take away goodwill. But today we are not the experts. We were given nowhere else to go and as of Monday I do not know where we will be, but will be in emergency talks and probably in emergency States sittings. Do we really want to be there?

1.7 Connétable J. Gallichan of St. Mary:

Very opportune because today like many other days, I am afraid I hear some things said in this Chamber which are totally off the wall in my opinion. I am very pleased to follow Deputy Martin because I agree with pretty much everything she said. From the outset I would like to state that in the current climate I believe that a pay freeze is quite possibly the only warranted way to go forward. Indeed I have been contacted by a number of people employed in the private sector who are facing this issue. Despite the examples which the proposer was able to give in her proposition, there are people in the private sector too who are fearful of their job security. Economic difficulties and the measures that are available to remedy or to mitigate them affect both the public and the private sector. Over the past year I have become increasingly concerned that this House on numerous occasions debates matters that really belong in a different forum. I think that where other mechanisms, other processes have been established to deal with things, we step on the toes of those processes. We are doing that again in the current situation. But because I believe fundamentally that in the current climate things are different, that is why I supported the initial measures. But because I believe that we are in the wrong process in this House at times, that is why I have not been able to support other things that have come forward and of course why I certainly could not support Deputy Maçon’s amendment yesterday, because I would have been again perpetuating this myth that I am the qualified person to deal with this and I am not. After giving this whole matter a great deal of consideration I came to the Chamber yesterday and again today with the idea that I would support this proposition and enable the agreed processes to be restarted. We heard from the Chief Minister yesterday that the pay freeze is not the same as a wage freeze. I saw the looks of incredulity on the faces of some Members and some people in the gallery when this was explained but there is a difference. The point is, however, not that there is no difference. The point is that we got to where we are, we reached this point in the proceedings ... with even just examining that one particular aspect, we got here without the situation having been precisely and clearly explained and without everybody, all parties, understanding what was meant. The saying is we are where we are. But I would say that the way we got here is entirely questionable. **[Approbation]** I would just like to say a couple of things, a couple of quotes. Deputy Southern is not here because he might be able

to correct me but I will probably have to paraphrase something he said. I think it was in an interview he gave after the lunches debate. I think he said on the television, one of the first rules of negotiation is that you do not give away something you have without getting something back in return. He also said very recently, but I am afraid I could not quite track it down, I think this is pretty much a verbatim quote that we have to enter into some kind of negotiation in order to gain acceptance. But the point surely is that to have taken away the negotiation aspect must also mean that no matter how reasonable and how reasoned an outcome is achieved that the most reasoned person cannot accept it automatically because they have not been part of the negotiation process and they have not felt engaged. I think that is something that we overlook. I did hear 2 things yesterday that I would like to have addressed; one I think by Deputy Pitman when she sums up and the other would be by Deputy De Sousa if she has the chance to do it. Deputy Pitman, as far as I can recall, towards the end of her speech made reference to reinstating the money for the pay award. I am sorry, I would have to paraphrase her because I did not write it down exactly. But it seemed to me that perhaps she was going a little too far. I would just like her to clarify. In fact what she wants is for the pot to be reinstated simply to enable the full, free collective bargaining and that she, herself, makes no assumption on the possible outcome because of course she has been very close to the coalface on this issue. I would like her to comment on whether the flexibility to negotiate is still available on the workers' side of the discussion table, to the best of her knowledge and belief. In a similar vein, while speaking to the amendment yesterday, Deputy De Sousa talked of giving the advantage back to the workers. I would like to know if this was just perhaps a slightly careless comment because I am still seriously considering supporting this proposition but mainly out of a sense that the usual process that we have put in place to deal with the situation has somehow gone adrift and that in order to redress this I must support a method of setting it back on course. I do not seek to give either side an advantage. I just seek to restore the due process and the level playing field. **[Approbation]** The States Employment Board must be strong. It must put its case and it must put it well but it must work to seek its desired outcome.

Deputy D.J. De Sousa:

Excuse me, can I just clarify that point that you asked me? Yesterday when I said advantage, what I meant was the *status quo*.

The Connétable of St. Mary:

Thank you. I am grateful for the clarification because I did take that from the tone but I think in this case we have to be precise. But as I said, the States Employment Board must put its case well. It must explain all the options but it must do that within the process of negotiation. Likewise, the employees must be prepared to listen and to accept that in the current climate there are constraints and there are limits to what is possible. But they surely must be allowed to put their case across in the proper forum and in the due process. A number of Members have said, what would this mean fund-wise? Where would the money come from? I do not have a magic answer but then again I do not assume that all the money would necessarily be spent. What I would like to say is that this Chamber often makes decisions to put aside large swathes of money for things which it considers would be good to do now, which are in fact probably less important than maintaining levels of public service. I do not make any judgment but I would just like to point out that at the moment in public inquiries that we have either underway or on the table and in other things, referenda, *et cetera*, we are probably clocking up close to £750,000 worth of cost. I think Members need to be continually aware when they vote for these things which we might like to decide now but which really are not time critical. In this climate we need to be aware of where we are spending the money that we have because I am sure that on reflection now I would rather be spending it on maintaining our public services than undertaking yet another review.

1.8 Deputy F.J. Hill of St. Martin:

I am pleased to follow the Connétable because I think there is probably a sway in the debate. When we had the vote in July, we are told 31 votes went in favour of the proposition with 10 opposed. Very importantly, there were 12 not there. Really this debate should be about that middle ground. Maybe some of those of the 31, which I was one of the 31... I have said before quite often, one votes and one holds one's nose because you do not really agree with what you are voting for, however, it may be some way of easing the smell. But I think what we have got to do this morning is look to those 31. There may be those who may wish to reconsider their decision and importantly those 12 who were not there. I do not know who was there and who was not there but we see there are 53 in the Chamber and there were only 43 votes. We have got it there, okay. I would like to pick up on an issue from Senator Ozouf and he followed Senator Ferguson. We mentioned about we agreed to this 2 per cent way back in September. We then had a debate I think about December when this Chamber debated and I opposed everything. Something came up by the Council of Ministers about these special jobs. Almost jobs for the boys. Going away gifts that we were going to import or we are going to have new people appointed in quite senior posts. I just could not understand how we as the States could be thinking about spending that money. It almost was going away gifts from those Ministers who are leaving. It was opposed by the P.A.C. (Public Accounts Committee). The reason I mention Senator Ferguson was she was the Chairman of P.A.C. and yet she voted with the proposition. You cannot have your cake and eat it.

Senator S.C. Ferguson:

A clarification, Sir. It was a free vote for all members of the P.A.C. on that.

The Deputy of St. Martin:

Very well. Anyway the point I am making is that when we want to spend money, we can find it. Yet when we choose not to, we can say all sorts of reasons. I think very importantly as well I think what we have had is an admission from Senator Ozouf that lessons have got to be learnt. That means really that a mistake was made. You can interpret how you like but if lessons have got to be learnt it means you did not get it right. What we have got to do now is to see if we can get those lessons put right. We have got that opportunity today. In fact I am hoping that we may have an opportunity very soon to start putting that wrong to right by supporting my proposition P.175/2009 when we look again at the formation of the States Employment Board. **[Approbation]** That we probably have something, much more an inclusive States Employment Board rather than a rubber-stamping of the present one or a rubber-stamping of the Council of Ministers. Really what we have got now is to look at the simple proposition, which I am going to repeat. It is quite simple. All it is asking for is to put the money back on to the table and negotiate. It is not about giving anyone any money whatsoever. That is why I could not support what Deputy Maçon was about. I think what he was trying to do was quite good because he is trying to ensure that those who are at the bottom end get something. But really it was too soon. What we have got to do is go back to the table and allow discussions by the States Employment Board and the other side, so to speak, for them then to negotiate what they think is best. What we are saying today is not giving anyone any money. It is a very simple one. For Deputy Green, I would ask that you do give this support because really we are not giving anything at all. All we are asking for is put the money back there, renegotiate. I would ask Members to support.

1.9 Deputy M. Tadier of St. Brelade:

I do not know who said it but there is a quote that my opinions may have changed but never my conviction that I am right. The reason I start with this is because in this Chamber we all have different views on many subjects. That is healthy and that is quite right in such a Chamber. That applies just as much to the pay freeze. We all have different views as to whether at the moment in the economic conditions we can afford to give workers a pay increase or whether that needs to stay the same. Some may even think that top civil servants are getting too much but that is not what the debate is about. Similarly, we all acknowledge that we do live in unprecedented economic times.

We are effectively in a recession although there is debate to be had as to whether we are still in the middle of it or coming out of it. In some ways it is a futile question to ask. The reason I say that, we all have different views on this and we also have different views as to the causes of the recession and to the implications and lessons that should be learnt in the future. Nonetheless, I think that we all agree and I think it has been brought out very well by the Constable of St. Mary that this is not about pay. Not in real terms. This is simply about restoring the conditions and the right to negotiate. I also think that if we are looking for consensus, we all agree in this House that negotiations are necessary, that they are right and free and open collective discussions should be taking place, whatever we hope the outcome might be. I think in that sense we are all united. Why then is it important to put this money back into the pot if it is not about the money? Simply because on both sides of the equation there needs to be an element of goodwill and there needs to be something to be brought to the table. It is very strange in one sense. We are told by the Council of Ministers - or the S.E.B. to be perhaps more precise - that negotiations are still open and free negotiations are still available. But I think that if we have free collective bargaining, we need it without preconditions. That is the point because there are preconditions being set here. We can argue over the nuances of it but that is certainly the message that is going out to the workers. That is the message that is going out to the union representatives who will be doing the negotiating. We really need, as I said yesterday, to have a level playing field and we need goodwill on both sides. I really want to bring out the theme of goodwill to try and crystallise some of the thoughts that have been coming out up until now because really this is what it is about. It is about goodwill. Already we have States workers who we all acknowledge do a very good job. They do hard work. Sometimes they do jobs that we would not like to do or that we do not have the particular skills to do. The point there is that ... I will come back to it because I lost my train of thought. The point is they need to have the right to make their free negotiations around the table. I want to talk about the idea of change. We have heard several things said today that things have changed or things have not changed depending on the context. We have also heard, I think, Senator Ozouf said the backdrop of a very different world. We are in a different position now to what we were a couple of years ago. That may be the case. The thing that sticks I think in workers' minds and in their throats is the fact that on the one hand we are told the world has changed, we have all got to tighten our belts. But then I heard on the radio today and it is also on the BBC website, Citibank bonuses for 2009 will rise by 50 per cent, a report predicts, a year after a huge financial bailout. We are in a situation in the U.K. and by extension in Jersey whereby the government has bailed out these banks, the ones who initiated the whole economic crisis. I have said that there are of course many reasons for the economic crisis at the moment. This is certainly one of them. The article goes on to say that excessive bonuses have been cited as one of the causes of the world's economic downturn with bankers in the U.K. and beyond accused of taking greater risks driven by potential rewards. I think that is quite widely accepted. We have this disparity where on the one hand people at the bottom of the ladder ... and I say at the bottom in the large sense because when people at the top who are obviously very high earners, everyone else in comparison whether you are on £20,000, £30,000 or even £50,000 a year pales into insignificance. It is fine for those people on the top to make a packet and those on the bottom have to tighten their belts. Of course one does have sympathy for workers in the private sector. But I do not think it is right or in good taste for us as a States body to try and pit the private sector against the public sector. Just because things and inequalities and immorality and unethical practices may exist in the private sector, that is not how we should be looking. We should not be looking to that sector, the banking sector or this greed that has been partly responsible, for our moral lessons. We need to make our own decisions and treat our own workers fairly. There was a comment earlier that this Assembly sets an envelope. I do take exception to that comment by the Minister for Treasury and Resources because in reality it is not the Assembly which sets the envelope. It is the Treasury which sets the envelope and then in goodwill the Assembly agrees the envelope. I am sure it is the Treasury and Resources Department with all their advisers who come and analyse the figures and say this is what we can afford to do, this is what we cannot afford to do and because we are not economists, in good faith we have to

accept that. Sometimes that may be right, other times it may be wrong but it needs to be able to stand up to scrutiny. But this idea of change that really interests me, has anything changed? I personally do not think it has in terms of the rescindment. I think the pay freeze decision to remove the money from the pot was the wrong decision then. I believe it is the wrong decision now. That is why it needs to be rescinded. The only thing that has changed is that we are in a different position now. We have realised the unrest. We have realised that the negotiating process has been abused and that is why we need to backtrack and do a U-turn. There is nothing shameful in that. But even if one does think that it was not the wrong decision at the time, I think circumstances and the expression of the workers discontent at the way they have been treated ... not so much the pay freeze. I think we are all rational and I think our States employees are intelligent and rational and if they were presented with facts which empirically showed that in fact we do need to have a pay freeze across the board, I am sure people would accept that. It is simply not acceptable to say we can negotiate but we cannot negotiate on that because that is not free, open negotiations. I would ask the States Employment Board what would happen if the unions came with preconditions and they said: "I am happy for free and open negotiations with the States Employment Board but the one thing we cannot negotiate on is work to rule, let us say. So whatever happens we are not going to do more than the hours we need to." Let us just follow that through to its logical conclusion. If they were to say right now we are just going to work to rule from now on, where would that leave the hospital and the schools? As we have heard these are particular institutions - there are others - which rely on goodwill. Where would that nurse be the other day, that Deputy Southern spoke to, if she said, no, I have done my 10, 12, however long the shift was. Sometimes we know nurses work 24-hour shifts. That certainly cannot be healthy. Where would the hospital be if that ward was only left with a trainee nurse? I suspect it would not be in a very good state. Then we would all be having extra work to do because complaints would be coming into the Health Department, to the politicians and we would be phoning round. It is a false economy, is it not? I think just to follow on from the point that the Constable of St. Mary made. It does not really matter what you think about the pay increase or not. We need something symbolic to bring to the table. We need goodwill on both sides. We have heard already that the goodwill still exists on the part of the workers. The symbol of goodwill from the S.E.B. and from this House needs to be that that money is restored. We are not asking for the money to be spent; simply that it is brought to the table and that is the symbol of goodwill that is necessary. We do not need to talk about the threat of industrial action. I do not think we are there yet but we have already heard that if this rescindment does not go through then we will have a withdrawal of goodwill. The economy is in a precarious position. That is why we need to rescind the pay freeze, contrary to the comments of the Minister for Treasury and Resources. We cannot afford not to rescind this because the economy is in such a state. Can we afford to have work to rule at the airport? I would look over to the Minister for Economic Development and to Senator Routier. Can we afford even for one day for the airport to be shut down? Can we afford for the harbours to be disrupted with all the incoming mail and all the implications? I suspect we cannot. That is not a threat. It is simply an acknowledgment of cause and consequence. We have to take on board the fact that we are in not only unprecedented economic times. We are in unprecedented times with regard to our own employees. We have never seen, certainly in my lifetime, such a representation at Fort Regent, in the Royal Square. I was impressed yesterday with all those bright green jackets and having to fight our way through. Luckily I managed to survive it and I hope that the Ministers did as well. But we do not want to be in that situation. Earlier I think Deputy Le Claire made a very good speech. It may be that he is a budding young socialist. Not so young but maybe a budding socialist because it was that kind of speech. He seemed to be implying ... and for a moment there I was thinking maybe I should vote against the rescindment if it is going to bring down the government but of course that is not what I am here for. When I stood for election, I stood as a team player and that is what I am going to do. I will always vote for what I think is right. I am not going to try and make political point-scoring even though in effect I do believe in my heart of hearts if the Council of Ministers or the S.E.B. were to reject this rescindment, it could be politically naïve and it would be ineptitude of the

biggest order because the consequences in any other State perhaps it would represent the overthrow of the government. Maybe not in Jersey. But that is not what we are here for. We are here to work together as a team. We are here to make sure for the best outcome of the Island, of our workers. If these guys up here do take strike action, and strike action is the most extreme, but as we said if they work to rule, if they withdraw goodwill, if they do not do the callouts in the middle of the night, that is not simply going to affect the public sector. It will have consequences on the private sector as well. We are looking after the whole of our Island in this simple yet effective gesture. I do want to quote briefly from some correspondence I have had and I think other Members may have had it from the Teachers Union. I am sorry to pick out one particular union but obviously we cannot necessarily represent all of them in our speeches. But it just talks about riding roughshod over the contractual obligation to negotiate which has led to unprecedented strength of feeling among teachers and public sector workers against the way the S.E.B. has dealt with this situation. Again it is not about the money. I think we have already acknowledged now the way we conducted negotiations has not been above board. It has not been on the level. It has been slightly embarrassing. There are maybe many reasons for that. We do live in unprecedented times. But I believe now in my heart of hearts that the S.E.B. do realise that if they had their time again, if they could turn back the clock they would have done things differently. The difference is of course that they can turn back the clock effectively. They can certainly undo the wrong that has been done. I would ask them to accept this. Just to sum up now. We heard again from the Minister for Treasury and Resources something which beggars belief after yesterday's "there is no money in the pot" and "a wage freeze and a pay freeze are not the same." Maybe they are not, but I certainly do not have the intellect to comprehend that nuance. We heard from the Minister for Treasury and Resources, let us reject this proposition and then get behind the workers. I would say let us not reject this proposition and get behind the workers now. This is another example of the sophistry, the fun and games, the intellectual gymnastics and the Orwellian new-speak that exists in this parliament across the way. I will finish and it is a shame Senator Le Marquand is not here because it is his favourite passage. This comment crystallises what I think the message of James was in James 2:14: "What does it profit a man if he says he has faith and not works. Can faith save him?" If a brother or sister is naked or destitute of daily food and one of the Council of Ministers says to him: "Depart in peace ... [I did change that] Depart in peace. Be warmed and filled, notwithstanding you give him not those things which are needed to the body. What does it profit? Even so, faith if it hath not works is dead being alone."

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

In relation to the justification for no pay increase, the States Employment Board adopted the policy having considered the significance of the world economic recession, its potential impact on Jersey when other employers are having to lose jobs and make people redundant and some young people are not able to find their first job. It did not feel it could justify increasing public sector pay rates which are paid from public taxes. The States Employment Board also considered the relative position of Jersey's public sector workers in relation to their private sector counterparts, ensuring as much employment security as possible for States employees at this difficult time. There has been no desire or intent from the States Employment Board to circumvent the working of normal industrial relations. The States Employment Board has not sought to deny the normal collective bargaining process. It is clear that what happened shortly after the Council of Ministers meeting in late April was that the Deputy of St. John brought his proposition, P.68, to the States and Deputy Southern brought an amendment to that proposition. This is what brought the pay discussions to the States Chamber. As a result of these propositions the Council of Ministers felt obliged to make their policy clear on a pay freeze. As a result the Minister for Treasury and Resources lodged P.78. The States Employment Board remained committed to talking to staff through the normal channels and to working with them in close partnership. It is unprecedented, as has been said, to have representation from all unions together. I suggest that the Island is in an unprecedented economic situation and the States Employment Board has taken the correct approach. I stand by the decisions

that I made on the States Employment Board early this year in March and April. I think it was correct and I have no hesitation in saying that today. I also have no difficulty in saying that in retrospect the staff side should have been brought in at an earlier stage. However, it goes back to the fact that the States Employment Board were constrained by the Southern and Rondel propositions which, in effect, prevented free discussions. I think that the States Employment Board has taken on a sensible and pragmatic approach to this. I think any other route would have just been a charade, which would have made a laughing stock of all States Members. I am sure that States employees are well aware of the direct link between wage costs and services offered. Essentially in simplistic terms this year if wages go up, there will have to be service cuts. How this will be done will depend on different approaches within departments. Many salaries are considerably bolstered by overtime and by standby pay rates. I think Deputy Pitman is making great play of these figures, claiming they are indicative that we are understaffed due to recruitment and retention problems in some areas. But they cover a multitude of things. Essentially the standby rosters, emergency callout, travel time for bank holidays, working by shift workers, *et cetera*. Members will perhaps take this on board when they discuss bank holiday propositions in future days. The figures that are quoted in Deputy Pitman's paper distributed yesterday in fact show the overtime bill to be coming down. I think it shows that considerable attention has been given to this. She did mention the effects of the Haut de la Garenne inquiry have had a significant showing on this. But I think that Members must be aware that overtime payments, standby payments do make up a considerable part of States employees take home pay. They rely on this for the extra things in life; the holidays and the bits and pieces which they certainly appreciate. My view is that the proposition is leading backwards. Let us not look over our shoulders. Let us look ahead. Perhaps it is not for me to say this but if I was a union leader in this situation, I would be looking ahead. I would be focusing hard on the subsequent years' agreements. I would be focusing hard on maintaining and securing jobs. I would be working hard on improving the conditions for staff, working hard on making life better for their members, coming up with alternative strategies, looking at retention strategies, contributing to discussions to ameliorate the effects of this crisis. This is what their members expect them to do. They are capable, experienced people. This is what they should be doing. This is what the States Employment Board wants to talk about. This is collective bargaining. I have no difficulty in saying that I would have preferred to attend the Fort Regent meeting with our staff and I regret not doing so. I am proud of the staff working not only for my department but in the States as a whole, and respect and treat others as I wish to be treated and respected myself. I was particularly annoyed to note the comment in the *Evening Post* last night which referred to a hostile welcome in the Royal Square yesterday morning. While I cannot answer for others, I can tell Members categorically that when I arrived just after 9.00 a.m. the reception what I received was nothing but cordial and I was happy to receive a letter from a union official. The union/membership relationship has altered significantly in the last few years. Staff are far more informed than they used to be. They are more academic and qualified in many cases than ever before. They deserve good sensible leadership from their union officials and, quite frankly, will not suffer fools gladly. In my position on the States Employment Board, I expect to be able to hold sensible negotiations. I expect union leaders to share in the burden the Island has at present. I expect to be sitting round a table as soon as possible to get talking to the benefit of not only our States employees but also the community in general. No one wants withdrawal of goodwill. No one wants strikes. They are bad for the public, bad for the pockets of workers who have bills, rent and mortgages to pay. I urge Members to reject this negative proposition and allow the States Employment Board to proceed with sensible negotiations with our States employees as soon as possible.

Deputy M. Tadier:

Sir, can I make a point of order? I did not want to interrupt the Constable. He mentioned it when he was speaking, the Southern and Rondel proposition. I was under the understanding that, first of all, Deputy Rondel is not a Member of this House. It is the Deputy of St. John. I was wondering if

we could have a ruling in referring to other Members by their surnames. I do not think it was intentional incidentally but I think it could be perceived as quite rude.

The Greffier of the States (in the Chair):

Standing Orders do indeed specify how a Member should refer to other Members. I confess I did not hear the Constable say that but I was not listening very carefully. I am sure he intended no discourtesy.

The Connétable of St. Brelade:

No discourtesy was intended whatsoever, Sir.

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

We have heard some States Members suggest that the Council of Ministers and indeed the majority of the membership of the States are not prepared to listen to the concerns raised by our employees. This I believe is far from the truth. Whether we like it or not, we are currently facing very uncertain times. There are major challenges which need to be addressed which could have a profound effect on our Island and residents alike. This Assembly is required to consider how that may impact on the Island as a whole. Difficult decisions have and will have to be made in the years ahead as we try to balance the needs of our community and the desire to maintain essential services with levying additional taxes and charges on the individual. All members of our society will need to be involved if we are to find an acceptable way forward. It would be wrong for anyone to pretend that increasing the overall wage bill is not without consequences. I want to protect jobs where possible. I want all employees, whether in the private or public sector, to be remunerated appropriately and, more importantly, their efforts recognised. I accept that the current situation could have been handled differently. However, turning back the clock is, in my view, not an option. I earnestly hope that all parties put aside their differences and enter into meaningful discussions. Employees' level of pay cannot be viewed in isolation from the rest of the remuneration package offered to all States employees. I know that attention is being paid to the genuine concerns raised by a number of sectors of our workforce. Indeed the Teachers Union have approached the States Employment Board seeking mediation which I believe has been accepted. That is the way forward. That is a genuine desire to deal with these matters. I equally am aware that sadly over a period of 4, 5 or 6 years, issues that have been raised by the Teachers Union have not been addressed in the past. These now have been raised at Council of Ministers and States Employment Board level. There is certainly on my behalf a genuine desire to see that these issues are addressed in the proper manner. I underline the fact, in the proper manner. Both parties must be involved. Solutions must be found which maintain our essential services and support the workforce that provides them. This is the commitment this Assembly should be making. We must look beyond personal interest and focus on the wider interests of our community. Let us allow the unions and the States Employment Board to fulfil their own responsibilities and enter meaningful negotiations. Attempts have been made, I believe, to consider pay increases for 2010 which could be implemented as soon as January next year. Is this not a way forward for both parties to consider? I would like to remind Members that this Assembly has not only had to reprioritise funds allocated for pay but also to accept cuts in most departments to protect services and jobs where possible. This is the demonstration that this States Assembly has made. This is the commitment that we collectively have made. Do the unions and others not believe that that commitment needs to be honoured and acknowledged for what it is? However, as much as I would like to, we cannot have it both ways. As such I cannot support this proposition.

Deputy G.P. Southern:

Sir, can I ask for a point of clarification from the Minister? He suggested that the issue of conditions for teachers had been raised at Council of Ministers. Could I ask him what position he

took on that and, in particular, what funding he has to improve conditions and negotiate on conditions in any way, shape or form at the moment?

The Deputy of St. Ouen:

Sir, is that a question or a point of clarification?

The Greffier of the States (in the Chair):

It is not question time but whether you wish to briefly clarify that.

The Deputy of St. Ouen:

Yes, I raised it as one of the spending pressures faced by my department which the Council of Ministers considered as a whole and determined that there were other more important spending pressures within Health and other departments that needed to be prioritised. However, a commitment was given that during negotiations with the unions and the States Employment Board, that this would properly be considered.

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

I do not know where to start, to be honest. I am utterly confused by everything that has been said. One minute we have got the States Employment Board which should have done this, should have done that. Now they are saying in the future we should be doing this, we should be doing that. Why was it not done in the first place? Also Senator Ferguson mentioned about the facts. The facts: exactly what facts? Where are they? The States Employment Board has come to the Assembly today knowing the proposition was on the table. I have got nothing here to say to me in black and white, in evidence that there was any kind of negotiation between the States Employment Board and the unions. **[Approbation]** Nothing in front of me to say that economic downturn is definitely here in Jersey. I have heard so many times when we have been doing a review on the economic stimulus package how back in April even we were saying it is going to be real hard times in October. Real hard times. Now we are in October and we have reopened the review and now it is: "Nothing has changed." That is what we are hearing in certain reviews from certain people. I am not saying that that is exactly what is going on all across the board but when you are hearing that kind of news it makes you think. You are getting mixed signals from everywhere. There is nothing here to say to me ... I cannot say that I believe anybody at this precise moment in time because I have nothing to say that anything has been done. No due process has happened. There is a reason why there are processes in place because we have identified that exactly the reason why government are so appalling at communication, not only between the people whether they are in the private or public sector out on the street but with our own employees. It just is absolutely shocking. We are talking about an economic downturn and how it started last year when Lehman Brothers went down. Our Scrutiny Panel was speaking to an economic adviser from London on Monday and the economic downturn started in February 2008 and the Lehman Brothers collapse was only an acceleration of that downturn. The question begs here to the States Employment Board, if there were signs of a downturn in February 2008, what was going on? I know that Jersey have a lag but we should still have picked up on that and looked at that at that precise time. I believe our employees and the union representatives are very reasonable and also sometimes the States Employment Board and the Council of Ministers can be reasonable. But the point here is that the process has not been followed. Something has gone wrong along the line. I feel like I have been misled with regards to the voting of taking the money away because I believe that the process was going to be followed and that it was followed. **[Approbation]** Now I do not have any evidence to say that that was the case. I voted for the money to be taken away. I now believe that I did the wrong thing. I can only apologise to the people because I do not have the information here. We are supposed to make decisions in this House based on informed debate. I am sorry but there is nothing here to tell me that anything has happened. There is nothing here to say that I should vote against this proposition because the way I see it is the process has not been adhered to. The way I

see it is that we should allow this to go back to the drawing board and for this to be started again. It should have been done months and months ago but it is the same old situation with regards to communication. We are just no good at it. Senator Le Sueur mentioned yesterday with regards to a similar situation happening back in 1994/1995. Everyone knows that I am only young and I was only about 11 in 1994/1995. But I would just like to make the point that since 1994/1995 we have changed a lot of laws. We have changed a lot of regulations. In fact we now have human rights in Jersey. The thing is unless we communicate, unless we speak to the people, we do not know what effects we are putting on these people in the future. I just think it is very unfair for the Constable of St. Brelade to say that because of 2 propositions that were brought to this House was the reason for why these negotiations or this collective bargaining could not continue. Like I said, by law there is supposed to be minutes to say that the States Employment Board have met with unions. Where is the evidence again? I do not see that that has happened. If it has, I apologise to those if it has. But, like I say, nothing has been put on my table here to say that is the case. That is another thing as well. This proposition was done quite a while ago and we come in yesterday morning and the comments by the Council of Ministers, one sheet on our desks that morning. It is appalling. The only reason that they give, nothing states in those comments that they have had negotiations, that they have spoken to the unions, that they have sat down. I have got nothing there to say it is all because of the economic downturn. Then we are told, we are happy to carry on negotiations and free collective bargaining as from 1st January 2010. Then I am sitting in Corporate Services Panel hearings and hearing we are going to feel the effects of the downturn in the first 2 quarters of next year. Are we going to go through this again? Am I going to have to sit here and be the mediator between the States Employment Board and the union representatives because believe it or not I really do not want to be here and doing this again. The process has been absolutely appalling. I say shame on the Council of Ministers, shame on the States Employment Board for allowing this to come to the House. I will take responsibility for voting for the money to be taken away because I do not believe I was fully informed and I should have picked that up. Now I have picked it up I will be voting for this proposition.

1.13 Senator B.I. Le Marquand:

We are very fortunate in Jersey to have a committed and capable workforce. It is regrettable that this dispute has and is likely to continue to erode that goodwill. I want to suggest another way forward. I share the concerns of Deputy Green. We are drifting towards a dispute which is substantially based upon the issue as to whether there has been a removal of the right of collective bargaining. The unions say that there has been and the S.E.B. and the Council of Ministers say that it has not. Both sides genuinely hold to this view. This is my suggested way forward and I apologise for coming up with it so late in the day because I only thought of it today. Surely it could be agreed to refer this issue to some independent third party. My background as a judge was in dispute resolution. Most people do not realise that that is what courts do. We resolve disputes. We have here a dispute as to whether or not there has been a withdrawal of collective bargaining. Surely that dispute is capable of being resolved without us drifting into increasingly polarised positions with each side, as it were, adopting a particular stance. I in fact would hope at this stage to be able to ask the proposer to consider adjourning further debate of this matter for this very purpose although I hold out no great hopes in that regard. I suspect that this idea may suffer the death of a thousand cuts, which was the fate yesterday of Deputy Maçon. But there we are. I am, nevertheless, trying to find a middle way by which we could take some of heat out of the situation. My own view is that the right of collective bargaining has not been removed. In my last speech in relation to this area, I gave arithmetical examples. No one has stood up and attempted to refute those arithmetical examples. It may be of course that is because people think that they so are ridiculous that they do not deserve a refutation. But I will repeat them. If the States of Jersey Employment Board had started upon the basis of a negotiating position of minus 1 per cent, knowing perfectly well that they were willing to go to a position of nothing, would that have been a withdrawal of collective bargaining? Presumably not. Yet in fact by starting with a zero per cent it

was the more honest position as that was the desired end. If they had started with a fixed figure of 0.2 per cent, i.e. the 2.1 per cent cost of living minus the 1.9 per cent G.S.T. (Goods and Services Tax) element which the States Employment Board feel should not be put in because of the inflationary effects of it going round and round in circles and had been inflexible about that, would that have been a withdrawal of the right of collective bargaining? Is it only the zero per cent figure which is magical? I await a refutation of these arguments. I then went on to advise pay groups that in my view they should be looking at areas like this; a 2-year or even a 3-year pay deal, a guarantee of continuing staff levels. This is particularly crucial in relation to areas like the firemen who are very concerned about the current staffing levels. It is well known that I fully support them in relation to maintaining at least the levels which we will have for 2010. It is also a crucial area in relation to nurses because when I heard the nurses in various different venues, one of their main problems was because their numbers are so far down, they are now under massive additional pressure. There are concerns about numbers and they should be negotiating, in my view, in relation to guarantees in these areas. I certainly will be supporting the firemen in that area. It is also, I think, now fairly well known that my view and my position on Home Affairs is I will not be accepting further staff cuts below the 2010 level. My position is quite clear on that. If my colleagues on the Council of Ministers were unaware of it before, they are now. If necessary I will fight that issue in this House because we cannot go down to any further lower levels without real effects on the services which we are providing within Home Affairs. In some cases there is room for negotiation in relation to working practices. The last time I mentioned this I was accused of suggesting that the nurses have negotiated change in working rates. Of course I am not talking about that. I am talking about manual workers and other areas where there may well be issues of working practice which was to be dealt with as part of an overall deal. I personally would like to have seen paragraph (b) of the proposition amended to take out the word "restore" and to put in the word "continue" but it was too late to do that when I suggested that. Indeed if we could have done that, I believe we could all have united around that although of course we do have differing views on this point as to what is meant by collective bargaining rights. I also share the concerns expressed by Senator Ozouf as to the future financial position. We are much better off than Guernsey and much better off than the powerless position which we now find that the Isle of Man is in. But we are facing major issues. In 2012 we are facing a tax hole of something of the order of £50 million to £60 million. We also do not have sufficient money to put in annually into capital expenditure. We have backlogs of maintenance of just about everything. We have major problems with the drainage system. We have an ageing population issue and increasing health issues. The list goes on. Members know all about these things. We have difficult decisions to make for the future, either in terms of increased tax or in terms of service cuts. Let us not hide our heads in the sand. Let us not suffer from what I used to call in the courts ostrich syndrome and pretend that somehow these difficulties are going to go away. The States will be facing these problems head on certainly in 2011. There is also the issue which I have raised before in a time of difficulties as to the issue of fairness as between the public sector and the private sector. We all know, unless we are suffering from ostrich syndrome, of people who have lost their jobs in the present situation. We all know of people who have had to accept pay decreases in order to retain the current staffing level. That includes in my own profession, the legal profession. I have been hearing stories recently of one particular firm where staff apparently had to take a 10 per cent cut. I have been hearing stories of conveyancing departments which have been massively reduced in size. I have been hearing stories elsewhere of staff who basically have been told in order to avoid redundancies, you are going to have to take reduced working hours, enforced additional holidays. Let us not suffer from ostrich syndrome about these matters. These are realities. In our desire to be fair to the public sector employees, we must not by differentiation between the 2 groups be unfair to the private sector employees in difficult times. I come back to the start. I regret where we are in terms of the dispute, particularly the dispute on interpretation. I offer a way forward to both sides in relation to this particular issue. Agree on some independent expert or experts in this field who can give a definitive decision as to whether or not this is a withdrawal of collective bargaining rights. Let us

have experts to determine in the same way that courts do that in relation to other disputes. That surely is the adult way forward before we get further into entrenched positions. However, I cannot support the proposition and I cannot support the amendment for the reasons which I have given.

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

I shall be supporting this proposition for a number of reasons. I for one value the public sector workforce and wish to pay credit to them for the work that they do. I say this genuinely, unlike the Council of Ministers who say it on the one hand then act in a manner which means they do not believe a word that they are saying. I think they - and by this I mean in particular the States Employment Board - have treated the public sector workforce with contempt, not just in the way that they arbitrarily remove their collective bargaining rights but also in the way that they suspend and treat suspended workers and workers generally. In my own time working in the public sector I saw many examples of bullying, intimidation, discrimination, favouritism, ageism and appalling man and resource management. I know that there are other former States workers who now sit in this Assembly who have either witnessed the same or even experienced some of the things that I am talking about. I believe in and want good relations with our workforce. I believe in working constructively with them to achieve the best for the Island. We are going to definitely need their support and co-operation to deal with the problems that we are going to face in the next few years, dealing with the structural deficit and with the consequences of the Zero/Ten announcement last week. One of my favourite economists is John Kenneth Galbraith who is a former Harvard economics professor and a former U.S. (United States) ambassador to India. He came up with the concept or theory of countervailing power, which I think applies to the situation that we have. He said, in effect, that if big business or in our case the States Employment Board, becomes too powerful or dominant, it will lead to the establishment of a countervailing power that will oppose it and the pendulum may swing in the opposite direction and over time the pendulum will probably oscillate between the 2. The decision to remove the collective bargaining rights from the States workforce has done exactly that. It has united the entire public sector workforce against the States and may lead to a period of unnecessary strife when we can least afford it. I do not want to see a dominant States Employment Board or a dominant trade union coalition. I want mutual understanding and constructive co-operation. I think the States Employment Board removal of collective bargaining rights, endorsed unfortunately by the majority of this Assembly, was a red flag to a bull. Members should not be surprised if we all get gored in the process. It is a form of macho politics we can do without. The Minister for Transport and Technical Services has mentioned the economic problems we face and, in particular, the structural deficit and the need to cut costs. What he has not mentioned here is what he and Senator Ferguson and Senator Maclean told the Chamber of Commerce 2 weeks ago; that they want to see a slimming down of the public sector, privatisation of services and low taxes, policies which, if carried out on the scale they envisage, will lead to prolonged industrial unrest, a process upon which the Council of Ministers appear to have embarked upon through this measure. It is in my opinion a recipe for disaster. I urge Members to spike their guns and force them to adopt a new course of action. I opposed the pay freeze when it came before the House because recessions are essentially situations where there is a deficiency in demand in the economy, a situation where the level of aggregate demand is less than the economy can produce in goods and services at the full employment level of national income. In other words, a recession is where there are underutilised resources. The recession will be over only when the level of aggregate demand rises to the full employment level of national income. The private sector is not going to fill this gap. In fact private sector pay freezes exacerbate the situation by reducing demand further, thus making the recession last longer. Because the private sector is not restoring the economy back to equilibrium, governments around the world are pumping millions if not billions of pounds into their economies to stimulate demand. Jersey is attempting to do the same with the fiscal stimulus package. But the policy, to my mind, is contradictory. Putting money in to stimulate demand on the one hand and reducing it on the other by not paying the workforce the pay rise that they had budgeted for and which would have been

spent in local shops and local firms on goods and services thus also stimulating demand. I see dealing with the recession as our first priority and dealing with the structural deficit, which I believe was caused by misplaced policies adopted by the previous and current Council of Ministers, as secondary. Trying to link the 2 in the way that they are is going to be self-defeating. We need to work with our workforce to find solutions to our problems. I urge Members to support the proposition, restore collective bargaining rights to our workers and engage in a constructive dialogue with them.

Senator P.F.C. Ozouf:

Sir, I did not want to interrupt the Deputy but not for the first time he reported remarks made by me incorrectly. I did not say privatisation. I said that there should be incorporation - which is something very different - of States-owned assets. A very different portrayal of views that he made and he attributed to me.

Senator S.C. Ferguson:

If I can correct it completely. I think I was the one making most of the suggestions at the Chamber of Commerce panel meeting because I feel they are things that we should be considering. There was no fixed programme of adopting any of them.

Deputy S. Pitman:

A point of clarification, Sir, from the Minister for Treasury and Resources. Could he explain that difference, please?

The Bailiff:

Do you wish to, Senator?

Senator P.F.C. Ozouf:

There is a very different approach in relation to privatisation. Privatisation would be incorporating the airport and selling it. That is different, for example, from making our trading organisations operate as public sector-owned organisations and operate them as companies. There is a fundamental difference, and I am sure the Deputy will be aware of the difference, and my views that I have made in previous debates about publicly-owned corporations remaining so.

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

My starting point, just to make it clear, is that there is a generally accepted notion, and I agree with it, that the pay freeze or pay cut - if you want to refer to it as that more exactly - was imposed without negotiation. I think there has been a little bit of sophistry around that. I just want to make it clear that that is what happened. I would also in a way challenge the Ministers. Only 2 have spoken and only one of the States Employment Board has spoken. It would be nice to hear from them. **[Aside]** I beg your pardon, 2 out of 4 have spoken. Fair enough. It would be good to hear the views of the others earlier rather than right at the end. The reason I rise to speak is that I have a niggle. A niggle is a bit odd, is it not. I have a niggle? But anyway, I feel it might be shared by some other Members. That is that this proposition is talking about restoring £3.5 million to a pot against a backdrop of collapsing public finances. Since the debacle with Zero/Ten it is even worse. We have gone from a situation where we have a structural deficit of £50 million a year or thereabouts which is counterbalanced by the Stabilisation Fund for a couple of years to a situation where we are looking down the barrel of an £80 million additional deficit a year or thereabouts, if I understand the Zero/Ten figures. In addition to that we have the past failures which lead us to be looking at a massive shortfall in public funding which we will have to find from somewhere. **[Approbation]** I refer to the £75 million which we are told by the Cambridge research people is the shortfall in funding for our housing. I think that is per year. We are faced with £150 million or so for the sewerage; the £100 million or over for the property; and so it goes on. Not to mention the ageing society. We have this vast past backlog of expenditure that we need to meet in a time of

recession even if we may be coming out of it. I think it is going to be a little bit more complicated than that. We have the £80 million of the Zero/Ten. That together is a colossal problem for this House. I just thought it is important to try to see how this proposition fits in. I think the key word of my speech is reality. I think we have to learn, and certainly the Council of Ministers has to learn, about facing reality. This proposition would be the beginning of a return to facing reality. A few points on this matter of reality. The comments of the Council of Ministers on the vote of no confidence in the States Employment Board which I think pretty well apply to the situation we are in about the pay freeze. In the third paragraph the States Employment Board is talking about was the pay freeze justified. We have here basically I think their key argument about the pay freeze: "Wages and salaries are the biggest proportion of the revenue budget at over £300 million and freezing pay costs was [I quote] vital." Freezing pay costs was vital in order to maintain our finances on a sound footing in the economic climate that prevailed early in 2009. Vital. Yes, it is interesting that a few months after there could not be found £3.5 million because it was vital that it not be found, the House is faced with a proposition which I have on my desk here, H1N1 Influenza Pandemic Funding Expenditure Approval, where we will be asked shortly to vote £5.5 million for something that came over the horizon, for an event. As McMillan said, in quotation mood: "Events, dear boy, events." This is something that came along. We are going to be asked to find £5.5 million. That is the first example of facing reality. These things happen. The pot is elastic. We are told that it is inevitable that this pay freeze happened. It was vital. No, it is a political decision not a question of economic inevitability. The second point I want to make about reality is the backlog I have already mentioned. It dwarfs. We are talking hundreds of millions - probably half a billion - of backlog created by a failure to put funds aside in the 1980s, possibly the 1970s. A failure to spend that money at that time so we are faced now at a time of downturn with this huge liability that we have to deal with. That was a classic case of not facing reality. It was just pretend it does not exist. Pretend that all these things will not happen. The third example of not facing reality is of course Zero/Ten. I read in the paper last night, our dear former Chief Minister - I hope that will not be quoted out of context in future - but our former Chief Minister and of course the person who was Minister for Treasury and Resources at the time is associated with these decisions and discussions saying that Ecofin gave the green light to Zero/Ten. If one reads certain blogs, we find that Ecofin cannot give a green light until legislation is in place. It is an odd procedure. Maybe they should give advance approvals but they do not. They give approval when something has happened. However, one can get an indication of what they are likely to think and that indication was given to representatives of the Tax Justice Network who went to Brussels. They went to Brussels to find out what the likelihood was of Zero/Ten being accepted by the European powers that be. They found that the likelihood was not very great. As they point out on one of the blogs, the Council of Ministers could have done the same thing. They could have gone to Brussels or sent one of their hired help to Brussels to find out what was likely to happen but they chose not to listen. They chose not to find out and also they chose not to listen to advice given on the Island to the same effect. We have 3 cases of simply putting our hands over our ears and hoping that it will go away. It does not. I have another example which is dear to my heart and I have a little ambition that before Christmas we can have the Minister for Treasury and Resources in the House use in the same sentence the words "incinerator", "overspend" and "£11 million". Various Members have asked questions about this. I have Deputy Rondel's written question, Tuesday, 28th April. He asked the Minister the exact total figure of the additional cost to the Island's taxpayers resultant from the failure of the previous Minister for Treasury and Resources to ensure that exchange rates for the part of the incinerator contract to be paid in euros was fixed before the rate dropped.

The Greffier of the States (in the Chair):

Deputy, you are going to come back to this debate, are you not?

The Deputy of St. Mary:

Yes, Sir. No, I am exactly on point. The answer was £3.06 million. It is not. It is £8 million. This is the point, you see. You cannot get an honest, simple answer to a simple question. That is fundamental to what we are talking about. We are talking about whether we listen to people. We are talking about whether we sit round the table with people. We are talking about whether we take on board other views than our own and whether we are honest with the facts and whether we do not try and fiddle comparison tables so that it looks as if something is the case when it is not. All this is part of reality. Reality check: looking at these things in the eye. As I said at the beginning, we are facing a colossal problem in the States with our finances and with our necessary expenditure. If we cannot do it honestly, we are not going to do it at all. We are simply going to come a cropper because it will not do. We are going to have to take people into our confidence. We are going to have to be honest and straight-up with ourselves and with the public. Moving on to a slightly different area. Members have said it is not about money. I think that is true and it is about more important things. The need to go back to the table is important because of relationships. I read stuff coming out of the Relationships Foundation and they point out that society is based on relationships. In this case it is just worthwhile looking at one area which is trust. They point out that if you lose trust it has a hidden cost of billions. The reasoning goes that if you do not trust your worker then you have to have compliance systems in place to make sure they are not at the till. In fact the whole world works on trust. Every transaction can either be checked on by somebody or not. Most transactions are not because of trust. If we remove trust or tinker with trust or damage trust, we are in a very, very bad situation indeed. That is just one area of the importance of relationships. When you unilaterally say this is what is going to happen in a situation where you should by statute and by morality be sitting around the table talking to people then you have lost something very, very important. You can take it back to the word “reality” as well because what in fact you are doing by taking a unilateral decision to impose a pay freeze is you are not taking on board the reality of people’s situations or what they think or the variations that go into a proper negotiation. I would like to move on to atmosphere; the atmosphere around the Council of Ministers and our workforce. This constant talk of efficiency savings. What is meant by that term is cuts. Who takes the brunt of these cuts? Who have to run around twice as fast as they used to run around? It is the public sector workers. They are treated like hamsters. I say that because I mentioned yesterday the cuts imposed on the Planning and Environment Department. It was made clear to us in Scrutiny that it is not a matter of savings. There are not any savings to be had because the people working there have had legislation and legislation and legislation dropped on top of them which they have to administer. In fact they are simply taking on more work as they go along. That is the efficiency increase. It does not show up on the bottom line. They are just doing more and there is a limit to how far you can push that. I have looked at a working paper prepared for the Environment Scrutiny Panel about T.T.S. (Transport and Technical Services) and about the efficiency savings which are in store for us at T.T.S. I could not believe the list of cuts that are coming our way. Who is going to feel that they are being let down by this is the public, but also the people who have these cuts inflicted on them. A cut back in the cleaning of public toilets. A cut back in garden maintenance, beach cleaning. Okay, these are only fringe activities. But they are not. They are not fringe activities. This whole approach is completely unsustainable. We have to go back to the drawing board. That is what this proposition is part of. It is saying let us face reality. The model is broken and the solution of the Minister for Treasury and Resources is to put the foot to the floor to find the missing money. Bring more people in. They will do some more work, we will tax them and then somehow we will magically find enough money to pay for all these shortfalls. It is a bankrupt solution. It cannot work. It is unsustainable in terms of where you put the people and the fact that they will need in turn more services. It is also not what people want. In any case, it cannot fill the hole. It just cannot do it. It is another case of closing our eyes and closing our ears and pretending that the problem can somehow go away or be managed by magic. It cannot. In the last analysis, we will have to learn to get more out of less. This is where I come to a difficulty I had with the proposition in the sense that it seemed to stress money. It seemed to stress that the important thing was to have the pot on the table. But whether it is money

in people's pockets or the way we spend public money, we are going to have to change. We are all going to have to change and learn to use our resources and spend our money and consume resources in a completely different way. Once again we will have to learn to face reality. The mantra from over there is economic growth, economic growth. No. If we go by bus, all of us or those who can realistically ...

The Bailiff:

Deputy, this really is a very wide-ranging speech.

The Deputy of St. Mary:

Yes, Sir, but it is still ...

The Bailiff:

And it is quite hard to relate some of it. [Approbation]

The Deputy of St. Mary:

The fact is that if we do not learn to face reality in these areas - and going for this proposition is part of that - then we will not solve these issues either. But I take the point and I move more quickly through sustainability. But the fact is that if we do not learn to live within our limits then it is all not going to work. The point is we are facing unprecedented times. The tsunami of the fiscal situation we are in is coupled with the fact that we will have to learn to live differently. In fact the 2 go together. The whole process will mean listening and it will mean honesty and it will mean facing reality. This proposition is the first step down that road of going back, talking to people, listening, facing reality. Just one comment on the Le Marquand suggestion. I think he has a point. It is an interesting rabbit to pull out of the hat. Maybe once we have voted on this proposition, the Council of Ministers, if they survive it and if they win the vote, should perhaps pay serious attention to that suggestion because it is at least an indication that we must row back from where we are. As my Constable said, we are where we are but how did we get here? How we got here was not satisfactory. We have to go back. I urge Members to support this proposition.

1.16 Deputy A.E. Pryke of Trinity:

I stand here to thank all my hardworking staff across the departments and across all sectors. I value every member of staff. It is a team effort. I thank them for all the commitment they have given to the service, the patients and clients. Much has been said about the nurses working long hours. The hospital is under pressure and it will continue to be so. But patient safety is paramount. We all know over the last weeks there is a shortage of trained nurses, not only here but in U.K. and worldwide. There are many issues why this is so. The demand for trained nurses outstrips demand in the U.K. and worldwide. In the Annual Business Plan, the Assembly gave support to this department by agreeing significant investments in many areas such as the historical child abuse especially for psychological treatments, the cost of increased drugs and specialised treatment in the U.K. But one of the most important aspects was investment in nurses. Significant investment not only for this year or next year but in future years. Over the last weeks recruitment and retention has been at the forefront for nurses. It will be a challenge and that process has begun. We are in a different world to where we were a year ago. Nurses are the backbone of the department offering 24/7 care. The N.H.S. (National Health Service) has had a great deal of money invested but the problem of nurse vacancies is still there. There are many complicated issues involving the working conditions: staff levels, accommodation, cost of housing, childcare, recruitment and of course the ageing profile of nurses. I am pleased to say that officers in my department, with the Chief Minister's Department, are currently actively working together to address the size of nurse recruitment and retention problems and the possible solutions. I am pleased to say the nursing unions are aware of this and have been involved. I do listen to that. The Director of Nursing and I are going to the States Employment Board next week with all of these issues. That is a very positive step. I do visit the wards regularly. I do pop up at all sorts of different times and days of

the week. Again and again the staff do come across that they need more nurses. They thank this Assembly for voting that sum of money in the Annual Business Plan. We also need to look at the wider picture. We all have a responsibility to do so. Where the Island is financially and how this world has changed over the last year. Members are aware that putting together this year's Business Plan for me was very difficult. But despite difficulties, there were no compulsory redundancies. I say job security is important. I agree with a lot of what has been said. Communication is important. It is vital and must continue. I am pleased to say that that commitment has been given by the States Employment Board. But we also need to listen to what the Minister for Treasury and Resources has said as time and time again he said he is the financial conscience of the States. Where we are financially, this Island is important. As we go ahead we are facing a possible deficit of all those millions of pounds. I urge Members to think carefully about this proposition, where we are financially and vote against this proposition.

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

I am not quite ready but there we go. Thank you very much. We have had some good and interesting debate today. I for one can say that as a result I will only be going over the points that I think it is essential to re-stress although, as you might see, there are quite a few of those. But I will try not to repeat any more than I need to. But I will come to those later. For these aside I want to talk a little about making mistakes and being human because even though some among the public quite understandably doubt it, politicians too are human. This is hugely relevant I think because as Deputy Le Claire said, in a very good speech, this has been a huge mistake. Talking about mistakes and how you deal with them plays a big part in working with young people as I used to do. Here, because I acknowledge that like Deputy Tadier in working with Deputy Le Hérissier I have become prone to the odd quote syndrome. Indeed I think it is quite a virulent virus. But I think I have a very apt one. It is just from a local small businessman who often says when he talks to me that it is not what you get yourself into, it is a matter of how you get out of it that matters. I say again how very apt that is because in this, it has to be said, truly awful handling of the situation by the States Employment Board and the Council of Ministers - and I do not think anyone, even them, would dispute that now - we have made a truly colossal mistake. But in a sense that is okay because, as I say, we all do make those mistakes. The question is, to refer back to that quote again, can we now get out of the situation we have made and turn that error into a positive? As Deputy Le Claire has said, we can. We most definitely can. Of course whether the Council of Ministers is big enough to stand up and acknowledge that mistake and I really, really hope they are because I will not hold it against them if they do. The rest of us can help the Council of Ministers and States Employment Board, and they are almost one in this, let us be honest. We can help them by voting to rescind this mistake of theirs. We can put it right. A mistake, let us not forget, that if not rectified will not cost £3.5 million that we are talking about here in the monies removed, let us repeat that, removed from funds allocated for this very purpose. No need to talk about new monies. We do not want that red herring any more. No, we will be talking about even more than that £11 million that we have heard about; money wasted through what has to be described as incompetence over the incinerator contract, and I am not going to go into that in any detail; £11.5 million wasted without any accountability and you have to wonder how that sits with the public sector workers. Perhaps it is irrelevant. Maybe some Ministers, or ex-Ministers, do think it is irrelevant. We could certainly never run a business that way, could we? But with withdrawal of goodwill maybe Senator Ferguson, who spoke, cannot get her head around these calculations, because let us be honest, they are quite astronomical. But if you consider those calculations, what they are likely to be in just the simple withdrawal of goodwill, we are talking about finances in what I certainly believe would be the budgets of some departments, probably for a couple of years, and I will come on to that a bit later. The really awful, sad irony of all this is that in our public sector workers we have people, as Deputy Martin pointed out very, very well - and indeed the proposer made very clear - people who do not want to withdraw that goodwill. Absolutely not. They do not want to work to rule. They most definitely do not want to end up going out on strike. All they wanted, as has been said, was to

be treated as adults, treated with respect. I am afraid that in this instance, this scenario, this is not about left or right, Executive or Back-Benchers, as some would probably try to spin it; the issue is so much bigger. If a government cannot hold to best practice, let alone treat its workers with respect, then we really have sunk to new depths. I would also like to briefly comment on some of the nonsense spun out, not just in the debate, but in the attempts to justify the pay freeze, or what is really a pay cut, and I think we all know that. We have heard the old violins come out and the shroud waving about no money in the pot; well, it was in the pot, it was taken out and I will repeat that enough times because it is so important. We have had the shroud waving ...

The Bailiff:

Sorry, Deputy, just for a moment. Can we have a little bit more quiet for everyone to hear?

Deputy T.M. Pitman:

It is the usual disrespect, Sir. Obviously these public sector workers are not that important to some Members, it would appear. We have had the shroud waving about tax raises, yet oddly no acknowledgement that this is put from an Executive, a former Minister for Treasury and Resources, who under our stewardship, the tax taken from the very wealthiest in the Island has sunk to an all-time low. An all-time low. So, we can hit Joe Average again in difficult times, but as per usual no contemplation whatsoever of taxing adequately, not over the top, adequately those who can afford it most. Likewise, the mind-boggling attempts that we have heard to deny simple hard facts put forward by leading economists that in times of downturn you put money into the economy and you put it into employees' pockets. Well, that would do just that, would it not? 7,000 families. Indeed, even the recent proposals from the Conservatives have been challenged by economists in this very same aspect, yet in Jersey we seem to exist, as Senator Le Marquand said just the other week in a different speech, in a parallel universe. I also have to comment, I am afraid, on the speech of the Constable of St. Brelade, being a member of the S.E.B. I am sorry to say but the Deputy of St. Martin has plugged his forthcoming proposition on the makeup of S.E.B. I did expect him to plug his forthcoming book, but he stopped short of that one - maybe for the future - but his proposition is about wider cross-section of members on the States Employment Board. I would have to add that I really hope he will make it quite clear in that, that an essential marker for membership of that board would be that a person understands how to negotiate because, with due respect, from what was said by the Constable of St. Brelade, I am afraid he has no idea and that is a shame. I felt that listening to him on the radio. We are all entitled to our own views, but I did really feel that there seemed to be no understanding of what is at stake here, what the key issue is, real free collective bargaining with no preconditions, as has always gone in the past and that is the key issue, is it not? Because suddenly we have this precedent we want to set. We want to negotiate but without anything to negotiate with. That cannot happen in a proper democracy, I am afraid. I might add that I obviously tried to steer clear of giving any praise to the proposer for obvious reasons, but in this degree when the Deputy of St. Martin's proposition comes forward I hope she might consider herself because I obviously know that a part of her Masters Degree, part of that element, is in conflict resolution and if only people had those skills and that knowledge then we may not be in the awful situation we are now, facing what could end up being a winter of discontent that no one wants. I fully believe that the Ministers do not want that. The workers certainly do not want it. They are being backed, or painted, into a corner someone has said. Senator Le Marquand's speech I must also comment on. He made great play talking about ostrich syndrome when referring to fairness to the private sector. Well, I have a huge amount of respect for Senator Le Marquand, but I did think it is very strange that he seemed to display his own ostrich syndrome when he failed to mention the realities of the 14 firms - and quite big firms - who indicated as having managed to come to pay award agreements, managed very well, and you do have to say that maybe it is because they did not have the stumbling block of some awfully inflexible - and I am trying not to use any discourteous words here - States Employment Board in the middle. So, let us have the true full picture. Let us not give just those examples, as the Senator did, and I am sure he did not do it

deliberately. As I say, perhaps those people were not hamstrung in their negotiations and then as a result they could get around the table, as has always been done, and as these people have always done, and thrashed out their differences. Normally you end up with a win-win situation. It is never exactly what one side wants. That was always my experience, as a staff representative, but you came to an agreement on something that is workable for both of you. Deputy Tadier touched on it. What if the union representatives came to say: "Well, yes, we have our free collective bargaining but it has to be 3 per cent. There is no negotiation. It has to be 3 per cent"? That would not be accepted by the S.E.B. It would not be accepted by the Council of Ministers and rightly so. It has to work both ways. Let us just consider privatisation, because I would like to illustrate something here. I attended a public presentation for the North of Town Masterplan some weeks ago and here one local businessman complained about the economic situation and how if only things were different he could be allowed to pay the people who filled his shelves about £3 less. That is what he said. He would like to pay them £3 less; less than the minimum wage. Now, if that were ever allowed to happen - and maybe it will - what would we see in the future independent reports presented by the Council of Ministers? We would be hearing that public workers are hugely overpaid. Did that businessman even consider how someone would go home and feed their family on £3 an hour? Did he care? Was he just too stupid - I have to use that word - to understand? That is the bad side of the private sector, and I am not a huge critic of the private sector by any means, but that is the bad side of it. These comparisons have got to mean something. If someone is so desperate that they will do any job I want for £1 an hour, does that justify it? No, it does not. Not in a democracy it does not. We have heard time after time that pay groups have accepted less than what they would have hoped for, less than the cost of living and they have got on with it, yet why have we come to this situation now? I have to ask why we have come to this situation now, because it seems to be that the Council of Ministers, through the States Employment Board, have come at this from a position of confrontation, and I think that offers up huge, huge dangers for the future. Again, the monies we are talking about, £3.5 million, a lot of money, but not seen against the bigger picture. "No recognition of reality" I have written down there while I was listening. So, if, as I hope does not happen today, but it could, this rescindment motion is rejected, where do we start? As we have heard, the first thing will be the goodwill. After that it will likely be a work to rule, and I hope we never get there, because I was a staff representative and I have never been involved in a strike. I think I fitted in quite nicely to what over here is a bunch of conservative people, very moderate bunch of people, very reasonable collection of people. Yesterday we heard just one example of the nurse who had clocked up 200 hours of goodwill and we know that it is fact, cold hard fact, that goodwill in reality holds almost every public sector service together. Yet we hear all the time about frontline cuts, more of them. Absolute madness; teachers, manual workers, nurses, prison officers, civil servants, paramedics, they all give huge, huge chunks of this goodwill and they have done it for many, many years. I know. I was there. So, just think about it. This is even without the issue of overtime so well expressed by the proposer yesterday. I close by just giving an example, just in case any people doubt the potential impact of this from personal experience. A week or 2 before I had to go off work to start my election campaign I took a large group, I think about 19 young people, on an educational trip to France. I think it was 8 or 9 days straight away and these trips are of huge benefit to young people. I hope they never cease because what young people get out of them, even if it does not emerge for 2 or 3 years, or 5 years, you almost cannot put a price on it. Now, I was paid for 37.5 hours a week as a professional youth worker. Workers in that field do not get overtime payments ever. They are meant to take it off in lieu but at 8 or 9 days Members can work out for themselves; that was just slightly more than my 37.5 a week in total. Now, in some areas of the U.K. they are a bit more advanced than us and being on-call for 24 hours a day, because that is the reality of it when you are working for teenagers and it does not even have the same significance here as people who save lives, paramedics, ambulance men, nurses, but you are on-call 24 hours a day and in the U.K. that is taken into consideration. Here a day is apparently only 16 hours. How strange management can stretch things: 16-hour days. But even then I did it and it was great and the young people did benefit but if

this happens, if we go down this route and goodwill is withdrawn, will other professionals like me, and teachers do things like this as well, these trips will end overnight and all the benefits that come with them will end overnight and the knock-on effect will be then to sectors who also rely on volunteers because without the professionals there to be responsible, should anything go wrong, those volunteers will not do the work either. This will just knock-on, knock-on, knock-on. You can measure it if you want in financial terms, you can measure it in the damage it will do to the community. I really do not think the Council of Ministers want to be there. I just think this was a huge mistake. I want to give them that get out clause of acknowledging a mistake because I am always honest; I have made enough mistakes in my life. The difference is, I guess, that most of us accept that when you make a mistake you have to acknowledge that, or else at least you will be held accountable, and I am afraid if we do go down the route where goodwill is withdrawn, where work to rule comes into play, where strike action is the ultimate result, people will be held accountable and it will be because this House refused to be big enough to stand up. The people who will suffer are the Jersey public and I think they deserve a lot better from us than to put them in that situation. These are good, honest, loyal people. They are not asking for much. Indeed, as we have heard, they recognise that if this is passed negotiations start upon conclusion, maybe some will have one per cent, maybe half a per cent. Quite possibly nothing, but they can hold their heads up and they can know in their hearts that that trust and respect for them was there with their employers, us, and we can all get on with things. I would end there to add only that yesterday, not for the first time, I heard the red herring of perhaps we could bring forward the pay award for 2010 and start it in January. Well, come on, let us not have more red herrings. You do that you are going to shrink something which I think was 2.8 per cent down to ... I am not a walking calculator, but down to about 1.6 per cent or 1.7 per cent. Is that an honest way to go about our business? No. We have made a mistake, say we have made a mistake. As Deputy Vallois so rightly said, and very bravely, she was one of those who made a mistake. She stood up, she has done the right thing. She has apologised and she is going to vote the right way. I absolutely implore this House to show that trust and respect for people who work very, very hard. Most of them do jobs I would not want to do. Many of them have skills that I know I will never have and I think that should be recognised. Please support this. Thank you.

Senator J.L. Perchard:

Just a point order. I wonder if the last speaker, and it is probably in public record, could confirm that the Jersey Democratic Alliance receives financial support from some or all of Jersey Trade Unions.

Deputy T.M. Pitman:

We do not. All individuals did get was a small help with election material at the last election and that was all recorded and can be seen and it was all above board. We get no backing from the union.

Senator J.L. Perchard:

Just to confirm, the previous speaker received financial support at the time of the election from the Jersey Transport and General Workers Union, is it?

Deputy T.M. Pitman:

That is all on record already.

1.18 Deputy S. Power of St. Brelade:

Before I get into the detail of what I want to say, I just want to acknowledge the hard work that the Housing Department staff do. The men and women of the Housing Department who keep the department running and in spite of all the brick bats that have been thrown at the Housing Department in recent months they have not lost any motivation. They are as motivated as ever and it is a small team but it is an integrated team and I am grateful to them, as I am sure the Minister for

Housing is as well. Following on from what the Constable of St. Mary said, I accept that there has been a failure in the due process here and that is not a good thing. I do think that the States Employment Board has made a fundamental and tactical mistake and I think that there is a problem with communication. I think unfortunately it has distracted, to some extent, away from the real issues that face the Island right now and that is a problem. I also think that this amendment has the potential to be very divisive in that it is polarising opinion at the moment in this Chamber on one specific problem, and we need to be aware of the bigger picture out there, and the bigger picture there are ominous warning signs as to what is happening in other countries. So, I do believe that the States Employment Board, and indeed this amendment, this proposition, has had a distracting effect on all of us. I want to remind Members of the Jersey labour market figures at June 2009 that were released on 7th October and I am going to read very little out of it, but I am going to read the following. Total employment in Jersey at the end of June was 56,250 and of that 56,000, 49,500 were in the private sector and 6,750 were in the public sector. Now, the private sector does include the States trading committees, or the States trading departments, so we have, if we do percentages, 88 per cent of those working in Jersey work in the private sector and about 12 per cent work in the public sector. I think it is important to remember that. The overall decrease as of June 2009 in total employment in the 12 months was a net decrease of 380 in the private sector and a net increase of 20 in the public sector. Now, those 380 decreases are jobs lost in the private sector, jobs lost. Over 300 households have had somebody lose their job and if you work out the percentages it works out at just under one person in 100 in this Island has lost their job. The decreases on the annual basis were seen in wholesale and retail; 210 jobs lost. Hotels restaurants and bars which saw another reduction of about 200, largely due to reduced employment in hotels. There was compensating increased employment in private sector services, and this is the private sector in education, health and other services, and miscellaneous business activities and the finance sector saw a marginal fall of 10 on an annual basis and was down by 180 in the first 6 months of 2009. Interesting point, the next one: registered unemployment stood at 960 in June 2009, some 290 more than December 2008 and the number of vacancies in the private sector, 1,950, was the lowest recorded in the last 10 years. Analysing some of these figures very briefly: in the private sector there were 5,900 active undertakings and of those 2,500 are one-person businesses. So, to summarise the decreases: there was a decrease of 530 jobs in predominantly non-seasonal sectors; that is between June and December 2008, an increase of 330 in the same sector, December 2008 to June 2009, so overall a decrease in the seasonal industries compared to the previous June. What does that tell us? It tells us that those who are suffering out there are in the private sector. That is where the real reductions in jobs are. I think we should dwell on that for a minute because if we were to look at any reflection of what is happening outside this Island the States employment has increased, but the private sector has decreased and if we learn anything from that it is that there is a real world out there going on where people are losing their jobs. You may not think that 300, 380 people are a lot of people, but in actual fact it is affecting over 300 families on this Island. Senator Ozouf has been cautioning us for months as to where we are heading in terms of the financial maelstrom that could hit this Island in the next couple of years. Last week we were aware of changes within the E.U. (European Union) and their attitude to Zero/Ten. This week and yesterday we heard that the Isle of Man has now got a V.A.T. problem where they are going to have immediately £50 million less in their coffers. So, we are facing very uncertain times. The Deputy of St. Mary referred to a whole litany of problems that the Island is facing in terms of financing problems. If we are to face all of those problems and deal with them at once I would just like to know how we would pay for them now. It is a rhetorical question; I do not need an answer. I will tell you who pays. Middle Jersey will pay. Middle Jersey: that is law-abiding, hardworking, taxpaying, conservative, voting Jersey. They will pay and 9 out of 10 people who work on this Island work in the private sector. I spent the air display afternoon in St. Aubin and I was surrounded by people in the hospitality industry, people who work for themselves, there were self-employed carpenters, self-employed plumbers, hotel owners, and there were bar managers there. There were all sorts of people there and to a person they said to me: "It must be nice to be in the

public sector because you are insulated, you are protected, and you are not going to take a hit. You just suddenly do not turn up for work and a bank manager says: 'You have to get rid of 6 people' or an overdraft is called in, or a law firm turns around and says: 'We are going to get rid of 6 people'. It is just really difficult." Deputy Le Claire referred to the U.K. and he suggested that the U.K. might be out of recession. Well, I think if you were to be a fly on the wall and listen to the conversations between the Governor of the Bank of England and 10 or 11 Downing Street you might find some interesting evidence that the U.K. economy is not out of recession, and indeed I would not like to be a taxpayer in the U.K. for the next 3 to 5 to 10 years because they have a monumental amount of debt to face which has to come out somewhere to finance the banks that have been bailed from August 2007. Deputy Vallois referred to Lehman Brothers and the recession started some time in 2008, well I seem to remember in August 2007 Northern Rock got into trouble and that was the first bailout that the U.K. Exchequer had to do. So, for anyone to say that the U.K. is up and running and plain sailing and out of the financial storms of life, I would say: "Dream on." Senator Ozouf referred to Ireland and I know a little bit about Ireland. Yes, I know a little bit about this country and I would like to, in less than a minute and a half, summarise what I understand. The economic indicators are that the Irish economy will take 20 years to get back to where it was. It is almost going to be a generation. Now, I can send you the articles. I am not going to go into detail. There are 3 indicators; the Central Bank of Ireland has estimated that residential property prices are now down 40 per cent on 18 months ago; 40 per cent down; the average effect of that to the average householder in Ireland, the great many of them who have bought a house in the last 7 years, is that they are looking at negative equity over £200,000, not euros, £200,000. The Irish public sector employee is not looking at pay cuts or pay freezes, he is looking at a massive pay cut over the next 3 to 5 years and a dose of absolute storm trooper tactics has to be taken to the Irish taxation system. A recent example was the Irish Health Minister decided that they were paying too much to the Irish pharmaceutical industry - the Irish pharmaceutical union - so they decided they would pay them only 25 per cent of what they are paying, so in other words if, say, an Aspirin or a pill of some kind was costing 7 euros or a prescription was costing 7 euros, they would give them 1.5 euro. The result of that is the Irish pharmaceutical unions, who were all self-employed pharmacists, went on strike but they capitulated within 10 days and the Health Minister got her way. She happens to be a lady in Ireland as well.

The Bailiff:

Deputy, you are going to come back?

Deputy S. Power:

I am going to come back, Sir. I wanted to deal with the U.K. and Ireland and how it relates to Jersey. It relates to Jersey because the Irish Government did not see the warning signs. Now, in Jersey we have warning signs. We have been warned by Senator Ozouf that we are in a precarious position. That is not to do with our public finances at the moment; it is what is going on and factors that are outside the control of this Island that we may have to deal with. So, in spite of all the well-publicised mistakes that this Island has made, a Member referred to the incinerator foreign exchange thing again, yes, waste in the public sector, yes, but this economy at the moment, at the moment this economy is not on its knees. It is not on its knees but the Island has to be extremely careful. We have to be careful, collectively; both in this Chamber, outside this Chamber and whether you are a one-man carpenter with a transit van, you have got to be careful. My understanding of people in the private sector - and there are a lot of self-employed people living in St. Brelade - is that they are scared of losing their jobs, they are scared of further cut-backs depending on the winds of change that happen and that come to this Island from outside the Island. There are winds of change out there; we saw last week again there is the Zero/Ten and this week the Isle of Man problem. I am worried about the future; I am worried about the future for this Island because there are factors outside there that we simply have no control over; we can control what goes on in this Island and I urge Members to be careful with how we spend taxpayers' money.

There is no austerity in this Island, thank God; it could be a lot worse. I was brought up in the west of Ireland in the 1960s and 1970s and I know what austerity is all about so I urge Members to allow your heads to decide over your hearts and, while it is a populist political thing to reinstate what has been taken away at the moment, I do not think we can afford it and I will not be supporting Deputy Shona Pitman.

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

I think firstly, I start on a slight negative. I sat through yesterday's debate on this projet and was very concerned at the quality of this Chamber's politics. To have a Member of this Chamber align the Council of Ministers and the States Employment Board with the Third Reich is a grossly flagrant and repugnant statement from a Member who, furthermore, has the temerity to accuse others of disrespect to the workforce and Members of this Chamber. Moving on from that, I would like to echo some of the words of the Deputy of St. Mary who said: "If we do not live within our limits, it will not really work." He is absolutely right; the Chamber voted to remove the funding for States workers in the 2009/2010 pay award for all the right reasons not all the wrong reasons. As Deputy T. Pitman said earlier on, 31 Members made the right decision back in June without the threat of union action or email intimidation to influence the way that they worked. Those same reasons that Members have taken the money out of the pay award for 2009/2010 are the same reasons that Members of this Chamber accept the States Members Remuneration Review Board's report that limited the pay award to Members, other than the interim payment made in January 2009, and also accepted that us, as States Members, will not get an increase in 2010; a 2-year package. Furthermore, much has been made regarding the low pay of the States workers, however, the figures received from a written response yesterday show the minimum annual pay for a manual worker being just short of £20,000 and a civil servant slightly less than £17,000. Yet, at the same time, this Chamber last year accepted a minimum wage of £12,064 based on a 40-hour working week. I think we can all see there is quite a bit of disparity about our low-paid States workers. That does not mean to say, and I add most forcefully, that our States workers do not deserve the pay they get, I just want to bring a view of reality to the overall situation out there among the 90 per cent or 88 per cent of the workforce that are not in States employ. Over the years as a States worker I sat on both the Manual Workers and the Civil Servants' Joint Councils at different times negotiating with the then Establishment Committee. This is not the first time that no new money has been the start point for negotiations but with the giants of the trade unions that we had then, Rene Liron and, succeeding him, Mick Kavanagh, advancements in terms and conditions were achieved instead of pay and, in some cases, terms and conditions traded for pay. I would like to just read a very short segment from a States Minute on 12th December 1995 by the then President of the Establishment Committee: "The problem is that while some committees have essential services which, for fully justified reasons, require additional staff to operate them successfully, effective machinery to achieve savings in non-essential services still does not exist. This is the complete opposite to the outcome we had expected when we drew up our 2-year strategy in 1994. That strategy was aimed at controlling the States payee bill by a combination of wage freeze and, in the first year, followed by a reduction imposed in the second year through the use of voluntary early retirement, voluntary redundancies under newly-introduced redeployment policy to at least balance out the wage increases as part of the second phase of our 2-year pay policy." I say, again, echoing the Deputy of St. Mary's words: "If we do not live within our limits, it cannot not really work."

The Deputy of St. Mary:

On a point of order, sir, the speaker is misrepresenting what I said. That part of my speech, as he knows, as we all know, referred to the absolute limits in terms of sustainability of how much we can consume as human beings on this planet. I was not referring to the States financial limits and I made it quite clear that the pot is elastic. There is no fixed pot; that is a political decision.

Deputy T.M. Pitman:

Sir, another point of order. I have been advised that the Constable inferred that I compared the Council of Ministers to the Third Reich; well, if he had only listened, which I do not think the Constable is very good at listening, he would know that I made the example ... I am sorry, but I am not giving way; I have got every right to defend myself. I made the example of what was done in the 1930s and said: "This is not the way we should go." I really think the Constable should show a bit more quality and grow up.

The Connétable of St. Peter:

I believe, Sir, the Deputy has just made his own point. He has confirmed his own point. [Aside] Again, I believe the Deputy has just made his own point again and proved the case. Moving on, going back to the Deputy of St. Mary, and I do not wish to get into an argument about this, I merely quote the words you use: "If we do not live within our limits, it will not really work."

The Deputy of St. Mary:

I am sorry, he has spoken out of context; it is a completely different part of the speech which referred to sustainability.

The Greffier of the States (in the Chair):

I think you have made your clarification, Deputy.

The Connétable of St. Peter:

They are your words.

The Deputy of St. Mary:

The Constable is taking them out of context.

The Connétable of St. Peter:

Many have spoken about the end of the recession but, in reality, here in Jersey I believe there is still worse to come. We have had Woolworths, we have had Pound World, we have only just recently had Ansbacher; all people losing their jobs. I sat outside earlier on this morning with a few other Members talking about all of us who have members of our own families who have either lost jobs, received an internal memo saying: "There are no pay awards this year" and some not having pay awards for at least 2 years. Just to give another example, in the Parish of St. Peter, we have just been advertising for a part-time clerical staff; we had over 40-plus applicants for that position, many of whom - the majority of whom - have been made redundant in businesses such as finance and law firms. That is an example about what is really happening among the real workforce and that is why I cannot support the rescindment of the decision made back in June. I do believe, however, that the States Employment Board needs to review their tactics and the way that they work in dealing with the unions. But equally, I do believe the unions need to review the way that they work and work harder to represent their members and work out their strategies to get an improvement for their members perhaps rather than sitting in the public gallery this morning.

1.20 Deputy R.G. Le Hérissier:

I was hoping to follow Deputy Power although I do appreciate, as does not everybody, the words of the Constable of St. Peter, even though they have not necessarily been accepted by everybody. What I was going to say, for those of us on the middle ground, which is a fast-shrinking ground I should add, it is getting very difficult. I think the best speech of the morning was the first speech and unfortunately we now, in the best traditions of Professor Parkinson, had to expand the speeches to fill the time available, was Deputy Green's contribution; he led the way forward and he did show - and I am hoping Deputy S. Pitman will respond to this - I thought, a very good grasp of conflict resolution. The problem is there is no doubt what people on the middle ground are suffering from - and I could sense my good friend, the Deputy of St. Martin, with whom I experienced the 3-day week when we were walking through the streets of South London, as I

recall - what my good friend and I are suffering from is this confusion. Because there is no doubt technically, and I did argue it last time, the States does need to reform itself. The question is how does it reform itself? Does it take, for want of a better word, the Thatcherite solution, the big bang solution: it goes in there, it starts cutting and it really starts getting apparent progress in that sense, or does it try and hang on to the trust and consensus, such as it is, and build on that? Clearly, in my view, because we are a different society, I do not think - let alone I am not sure Britain withstood it - we could certainly withstand a Thatcher-type onslaught in this society. We are simply too small, we see too much of each other and we could not cope with the breakdown of relationships because relationships here are much more intermingled than they are when you are dealing with big industrial sort of conglomerates. But the decline of trust, and I do not necessarily agree all the time with the Deputy of St. Mary but, in fact, in some senses, he did put his finger on it because this is the intangible element that we will lose and it will be very difficult to build this trust back. In Britain, in a way, they did not need to build it back because Thatcher emasculated the unions; obviously it was a big political battle and she had a certain political legitimacy in order to pursue that battle. But nevertheless, it led to incredible fall-out; obviously there was a massive bruising occurred at the time. If we lose trust, I am really worried, quite frankly; even though I am, like my dear friend the Deputy of St. Ouen, I have been a cost-cutter and I do want to see reforms in the States, like indeed, Senator Ferguson. But I am really worried if we lose trust and that is what we are about to do; to get an immediate victory, so to speak, that could well happen. The bigger problem is, I am afraid, as has been discussed here, and this is where the middle ground people are being very beleaguered at the moment, sadly there is a major division in this House. What it leads to is the fact that each side - the 2 sides that are fairly active - demonise each other, often with validity, and the Council of Ministers are basically out of touch, I am afraid. They are not able to tune into what some of the issues are with their workforce and to see, and this of course, people would say: "This is the usual mealy-mouthed political hypocrisy that comes mainly from the centre ground" to see that in some respects, it is possible to square the circle. Because one of the interesting things is with this very unholy or unlikely, shall we say, alliance, of trade unions... and I went to the meeting the other night where there were 2 Members of the reactionary tendency: myself and Senator Ferguson, there. One of the interesting outcomes of that was the incredible variation of views. It is quite obvious, for example, some of them will go into free negotiations but they will accept zero per cent, for example, but other sorts of deals they might be prepared: productivity deals or terms and condition deals and so forth. But they are aware... and this is very unfortunate when we use the term "free collective bargaining" because obviously everybody immediately jumps to the sum of money that has been put in the States budget, or was put in the budget and what is free quickly translates into entitlement; 2.8 per cent, for example. It obviously will take an incredible act of smoke and mirrors to go in there, to say it is free collective bargaining and to deny that it is 2.8 per cent. But, apparently - and I was prepared to believe them and they put this on paper - they are prepared to look at all sorts of deals. The issue is do we abandon that, given the way things are developing, and do we lose trust and enter into a situation where it is going to be very difficult to recover it? Other people will say: "Be strong, man, be strong. We have got to stand up to them, we have got to fight this to the bitter end" but to what end? To what end. At the end of the day, we are a small community and I do believe, within it, and that is where I would like Deputy S. Pitman to respond if she is indeed an expert on conflict resolution, how do you get out of these highly entrenched positions which, while they are all nice and theatrical and, you know, Arthur Scargill versus Thatcher, they all have a wonderful sort of theatrical quality to them. How do you get out of it? How do you see beyond that rhetoric, beyond that entrenchment on both sides and move it forward and square the circle? I believe it is possible to square the circle because, basically, people do not want to go down the route, they do not want to look over the others; that is the situation. Unfortunately, there are elements, which I have partly agreed with, in the Council of Ministers who are squaring-up for a confrontation and, unfortunately, it is going to lead to perverse consequences. So it is possible, and I may be deluding myself, to have realistic negotiations where there are a variety of outcomes to those negotiations where some of the hard issues, and to that

extent I cannot agree with Deputy Martin; if restrictive practices have got to come up, they have got to come up. I do not think you can deny that; we have had a very steady State industrial relations system in Jersey where people have sat down, there has been R.P.I. (Retail Price Index) plus something, for the most part, other than the odd couple of exceptions that have been discussed here when the economy has dipped over many years ago. But is it possible to have serious negotiations in order that we can move industrial relations forward and that we can introduce some realistic thinking. Because another of the issues that came up at the meeting, I was quite interested, and I was more interested of the source from which it came up; it was not from one of the professional unions, was: "We have got ideas about cost cutting but nobody ever talks to us seriously, we have got ideas." **[Approbation]** Surely, if you want to carry the workforce with you, and I know this is something Senator Ferguson has been pushing a long time, even though she is of the reactionary tendency, if we want to carry the workforce with us, we have got to open the debate on a series of fronts; people are not fools, they realise that the world economy is in considerable difficulty. I do not think there is the recovery round the corner as Deputy Le Claire said, so is there a way out? Deputy Green offered us a way out; a lot of people who have got very set opinions sadly have rejected it. I think there is a way out without both sides losing face and one which allows the Council of Ministers to show that they are listening and that they are prepared to be a bit more innovative in their approach to negotiations.

LUNCHEON ADJOURNMENT PROPOSED

The Greffier of the States (in the Chair):

Yes, I think presumably ...

The Deputy of St. Martin:

Sir, I do think we are almost there. For us to go off ...

The Greffier of the States (in the Chair):

It is a matter for Members. Are there a number of Members wishing to speak?

Deputy J.M. Maçon of St. Saviour:

Sir, how many do you have on your list?

The Greffier of the States (in the Chair):

Only one at the moment but there may be others who have indicated; the Chief Minister has indicated, Deputy Southern wishes to speak. The adjournment is proposed. Those in favour of adjourning, kindly show. Those against. The Assembly will adjourn until 2.15 p.m.

LUNCHEON ADJOURNMENT

PUBLIC BUSINESS - resumption

1.21 Deputy D.J. De Sousa:

I will be brief, as always. I have written several things down but they have already been discussed so I will not go back over that. Firstly, I do want to say that this is not the place to get into an argument among different Members within the House. We need to think about what we are doing and it is about topics not people. We know that at the hospital there are staffing and retention problems, we know that there is a lot of money paid out in States departments to cover for overtime bills, we know that the Members of the Departments - the staff - provide an awful lot of goodwill in carrying out their jobs that are very valuable. What this proposition is doing is just opening a level playing field: everybody in life wants a level playing field and that is all we are trying to do here; no ulterior motives. We have to have open discussions and we have to have everything on the table

in order to carry out those informed and open discussions. Can I just say, Deputy Le Hérisssier, before lunch, really well done on your speech.

The Bailiff:

Through the Chair, please, Deputy.

Deputy D.J. De Sousa:

Sorry; through the Chair, really well done on his speech and that is the line we need to go down. I will be voting in favour of this rescindment. I was not here in July; I was away at hospital with a very ill relative, but I would have voted against a pay freeze, and I will be voting for the rescindment, and I hope that every Member can see the way forward and vote in favour. We have got current problems at the airport with service there; the unions are in talks about these and it will be very interesting to see how they pan-out. We know in Guernsey the airport had problems with fire fighters and the States were adamant that they would not back down. The airport was closed for the day; the Chief Minister overruled and did offer the pay rise that they were asking for. Just think about what you are doing, please.

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

I have to say at times I am completely surprised at what I call the level of denial there is in certain Members' minds and in the view that the pay freeze was unjustified. I keep going back; we have been through some very, very turbulent times in the last 12 months and I still do not see that things have particularly changed in October 2009. We know we have structural deficits ahead and, in context, as far as I am aware, the U.K. has implemented a partial pay freeze for next year and that may well at some point extend across the board and Ireland has already instigated one across the entire public sector. The reason is because of the fiscal problems that every country is suffering. To me, for goodness sake, wake up and smell the coffee, as the expression goes; this year and the next couple of years are not going to be business as usual. Yes, it is still uncertain; it could be better than we expect, but if we know we have got problems ahead, we surely start planning for them now, and that is part of what this debate is all about. There have been a couple of observations made about the private sector and I would like to re-endorse them. The labour market report which came out recently showed total employment has dropped by a small amount. Yes, it is a small amount, but it is the first time in about 5 years we have had a drop at all. Within the finance sector, as far as I am aware, there has been a drop of 180 within the last 6 months and 960 people are presently recorded as being unemployed. The Chamber of Commerce have recently done a business confidence survey and, in June 2009, 55 per cent of employers surveyed have indicated they expect wages to remain unchanged or to fall this year. The figure for September is 60 per cent so, in my view, those seem slightly interesting - and that is probably using the term mildly - trends that are starting to emerge. I would like to refer to Senator Le Marquand's speech which I think all - but certainly most of which - I entirely endorse, which was about having a similar treatment for both the public and the private sectors. Obviously his anecdotal comments are about the realities occurring in the private sector now. Matters, may well improve, but I would not want the Council of Minister or the States Employment Board to be hoping things will get better; I want them to be preparing for troubled times and this is the whole heart of that approach for fiscal responsibility. I do note that the unions - to give them huge credit - have offered to participate in identifying where savings can be made and, if we can get through this present hurdle, and I appreciate that is a very big if, I would welcome their input. I know there are frustrations on both sides about how the system works and that is on both sides. I have got absolutely no problem with the next pay round for 2010 for the States Employment Board sitting down and looking at all parts of the pay conditions and starting from a clean slate. But to endorse the Connétable of St. Brelade, that is about having to move forward, and I would certainly expect a comprehensive spending review to look at such things as management levels as well as other areas that Members have referred to in the past; but that is also about that future. I think it may have been Deputy De Sousa or Deputy

Martin talking about the way in which States deal with pay and in terms of debates such as these needing to be reviewed. In the same way as we do not debate details of our own pay, should we be publicly debating the details of employee pay? Again, to an extent, I think that is a matter for another day. So for a variety of reasons, how we got here is not ideal, to say the least, but do not forget that part of that process was a proposition, in my view, by the Deputy of St. John and an amendment by Deputy Southern, which were both strongly rejected by this Assembly. I did say that was part of the process and not the whole of it. But the effective impact of that item was to bring the detail of pay back to this Assembly, which is not really a situation, as far as I am concerned, that sits particularly comfortably, in my mind. Equally, comments have been made about the States Employment Board or Council of Ministers putting us into this position which I have to say I think is slightly unfair. The States have endorsed this position which is effectively a States decision in recognition of the changes that have happened in the wider economy in the last 12 months. It is, I think, fairly clear as well that we do have anomalies in our pay structures; it is apparent there are certain pay levels which are significantly out of kilter with the private sector and that may be considered by the unions to be a great thing, a sign of how well they have negotiated things in the past but, to an extent, I would also say that that is potentially coming home to roost. Just to give a very small example, there was a bit of negative media coverage very recently about a call-out charge of £300 or £400, I think it was, to put some sand on some oil. My understanding, I am very happy to be corrected, that that is almost entirely because of rules that stipulate a minimum amount of time chargeable, which I understand is 4 hours for any call-out over the weekend. So potentially, half an hour's work costs 4 hours of time. To me, that is no longer acceptable in today's world but, again, that is a matter for another day, but it is relevant to the sort of wider debate that we are having. Just to clarify matters, Senator Le Claire made reference to comments made yesterday by Mervyn King, who is the Governor of the Bank of England, saying that things were getting better and I took the opportunity just to dig out the actual speech. What he said was that: "It is likely that in the second half of this year the U.K. economy will return to positive, if modest, growth" but he then said: "they need to be seen in context", I presume that was the positive feedback they were getting: "And we should be under no illusion that the path to sustained recovery will be smooth and painless." So that is not about business as usual about to be resumed; there is still trouble ahead. To assist the Connétable of St. Martin, my understanding of the comment by Deputy S. Pitman re. the £40 million fund, is that this was a reference to the Stabilisation Fund; that is an assumption but it is the only pot of money that sort of size that I can think of. That is designed to provide an economic stimulus package. This is being spent under the guidelines laid down by the Fiscal Policy Panel in order to assist the wider economy. That is not free money; it is not designed and should not be used to fund normal pay rises. I hope that helps to clarify that particular matter. What I have tried to do is reinforce some of the circumstances we find ourselves in today due to the change in the economy that most of us understand and recognise. What I would just like to try and do is to have a quick look at my understanding of the detail of the proposition. Now there have been a number of other, what I call, siren voices who have tried to say that this is not about pay. Well, if it is not about pay and it is about collective bargaining, surely you would either withdraw part (a) or allow a separate vote. Surely, in my view, the outcome of part (a) is completely about pay in terms of the potential outcomes if you take it down the road and Members should not allow themselves to be deceived by that type of argument. My understanding and to clarify certain matters, the Chief Minister and the States Employment Board have offered to meet the unions to discuss, for example, a 2-year pay deal which could potentially be effective from January 2010. Again, my understanding is that the unions have yet to respond to this. Part (b) of this proposition talks about restoring collective bargaining but collective bargaining has yet to be abandoned or has not been abandoned. There have been offers for discussion, for example, over trading conditions in return for pay and in particular for negotiations on a 2 or 3-year pay deal. Again, I confirm my understanding, but I have discussed this with the relevant individuals, the full States Employment Board has met the unions twice on this issue and the head of Employee Relations has also been meeting with the relevant pay groups. So, to an extent, it is a bit of a

seductive wording. It is probably supportable, I would suggest, if a separate vote was allowed. But in reality it would not make much of a difference to the *status quo*; it is just a great political stunt to present to the world. Now, somebody - and I cannot remember exactly who it was - made reference to what happened in 1994/1995. Again, my understanding is this is pretty well what did happen in 1994/1995. There was a pay freeze and the Transport and General Workers Union took up the offer at the time, which was something along the lines of negotiation a 2-year pay deal and part of that package was brought forward. A comment was made, and I think it was by Deputy Martin, about the calibre of the parties involved where a comparison was effectively made between now and then: "then" obviously being back in 1994. Surely this comment does not just apply to States Members but also to the other parties involved in these discussions and whether they are prepared to be visionary and pragmatic as were the individuals of those days. That is what we need now. So why can the unions not do this? They did in 1994. Irrespective of how we got here, this is where we are today now. Make no mistake, we do not have a magic money tree. There is no wand to generate a lot more cash in these times. We do have problems ahead. Forecasts vary slightly but future deficits are in the range of £40-60 million per year, structural. We will have to take steps to tackle these but this is one of those very small steps. As far as I am concerned, this situation is not unique to Jersey. Many countries are having to take tough choices. I commend the stance that is being taken and I urge Members to reject this proposition.

1.23 Senator T.A. Le Sueur:

I do not know quite where to begin but I think I will begin with the speech this morning of Deputy Green because I think that he, along with one or 2 other new Members, have demonstrated a breath of fresh air and clarity of thinking which is, I think, a benefit to this House. It was he, I think, who first suggested the separation of this proposition into 2 parts, (a) and (b). I will come back to that later when I speak about the further comments of Senator Le Marquand because I do think that there is, sadly, a polarisation of views here and, to that extent, perhaps a failure in communications on both sides. I am quite happy to accept, from the Council of Ministers or Employment Board's point of view, that there certainly appears to have been a failure in communications. But I think that failure in communications goes a lot wider. I have been trying to determine what is meant by free collective bargaining. I finally got the hint of an answer last night from a couple of employee representatives who said it meant: "Well, put some more money on the table and then we can have free collective bargaining." Now, I think on that basis that perhaps gives the lie to the whole of this part (a) of the proposition because I think for anyone to suggest that we would put more money on the table but not spend it is stretching credulity further than I can stretch it. If money is on the table there is no doubt the expectation is that it would be used to add to pay. There have been Members who have spoken about overtime as if this was a material issue in this particular proposition. This proposition - and I will come back to that also later - is about the amount of money in the 2009 Annual Business Plan cash limits. Overtime has been an issue in 2009, in 2008, in 2006; overtime has always existed. In fact one of the objectives of the Employment Board in having a much freer employment policy is to reduce the levels of overtime, and they have been reducing over the years. But they still remain an essential tool in proper management and well-managed overtime is a very effective use of public taxpayer funds. Now, some tried to compare this with the attitude of Margaret Thatcher and I would suggest to Members that I neither look like, sound like or think like Margaret Thatcher. I have always considered myself to be a politician striving for consensus and this goes right back, I think, to the days when, as Minister for Social Security [President of the Social Security Committee], I began negotiations on revisions to the employment law. A fundamental part of those revisions was to involve members of the Transport and General Workers Union at that time, both locally and nationally, and to recognise and understand the way that practices had developed over the years and that employment law in the current century is very much different from what it was in the last century. So certainly I believe that I am well aware of the concerns of union representatives and that the employment law amendments reflect an improvement both to employer and employee conditions and greater certainty. But I do now, I

think, come back to this question of communications and the suggestion that the proposer of this amendment is an expert in conflict resolution. Well, I would like to build on the suggestion from the Minister for Home Affairs, Senator Le Marquand, about a possible way to resolve this conflict because I think, to me, it is part (b) of this proposition which is really the bit that Members are concerned about: how can we get back around talking to one another in a constructive way? We do not want to put more money on the table. We cannot afford to put more money on the table. But how can we engage in constructive discussions and negotiations? I believe that if we had taken a separate vote - and I still urge the proposer to reconsider her views - I would then consider and undertake to engage in the suggestion of Senator Le Marquand that we do engage in independent dispute resolution to resolve this issue of collective bargaining because we are entrenched on both sides. I am sorry and sad about that but it is a fact and we are not going to overcome it simply by saying yes or no to this proposition. We have to do something more as well. So what I urge to do is to do that something more and to undertake to have that independent dispute resolution. I, on behalf of my States Employment Board members and Council of Ministers, will undertake to do that and I hope that, similarly, employee representatives on their part would equally undertake to do that. If this proposition is rejected I would still give that undertaking because if this proposition is rejected, as I hope it will be, then we still have to resolve the ongoing discussions and communications issue. So I would urge the Deputy to reconsider her view. But even if she does not, I will commit on my part that I will engage in an independent dispute resolution process along the lines suggested by Senator Le Marquand because I think we have to move forward and that, to me, is the only way I can see of moving forward in a constructive manner at this time. This proposition, as I say, needs to be read and needs to be understood. Very simply, it asks the States to look at the decision it made earlier in the year and to rescind the decision to remove £3.5 million from the 2009 cash limit; very clear proposition. What it means is we increase States spending for 2009 by £3.5 million. Now, that is something which, to me, I cannot condone. We have heard all of the economic arguments. We heard them in July. I do not want to repeat them again this afternoon. This debate has gone on long enough already. But I would also remind Members that if we increase that allocation for 2009 and effectively increase the pay award for 2009, it will have knock-on effects for 2010, 2011 and every year beyond; £6 million plus per year. The £50-60 million deficits that we were talking about before become £56-66 million deficits and there is more revenue to find or more services to cut. So we are kidding ourselves if we think that this is not about pay and not about money. There are lots of other matters that have been raised which I think, to some extent, have been red herrings and I would perhaps conclude by repeating the words of Deputy Power and reminding us that in this Assembly we must use our heads as well as our hearts. We have to understand the needs of employees but at the end of the day we have to make the right decision using our heads and not let our hearts totally rule. I do not need to reiterate the fact that we do honestly value our workforce. I do recognise the huge number of hours of unpaid goodwill carried out by all levels of our staff, from the very top to the very bottom. They are a workforce which we should be, rightly, proud of and it is how we can continue to engage with them and to talk to them and perhaps convey to them in a way which perhaps we have failed to do so far the economic realities facing us and facing the rest of the Island in the private sector and facing the rest of the community in England, Ireland and elsewhere. There was one comment made that in the letter to the employer representatives last week the letter was signed by an officer rather than myself. That is simply a matter of procedure because negotiations are carried out by officers on behalf of the States Employment Board. The States Employment Board has not and never has been directly involved in negotiations. I remind Members that the States Employment Board sets policy and it is the employer representatives and the officers that carry out that policy and carry out negotiations within the terms of that policy. So that is what has happened. That is what always has happened in the past. That, I remind Members, is what happened in 1995 when a more enlightened approach at that time led to the creation of a 2-year pay deal which was accepted by employers and was accepted by employees. I made the same offer last week, that we could have a 2-year pay deal. We can have other discussions. The door is open. The door is open to talk to my officer

representatives who will negotiate fully within the policies where have set out. But, I repeat, if we were to pass part (a) of this proposition we would be exposing the whole Island - the taxpayers of this Island, the private sector of this Island as well as States employees - to additional burdens this year and every year. For those reasons I close by just reiterating my request to the proposer to take part (b) separately because I think that will assist in a constructive way forward rather than the confrontational way which, I think, seems to have been a consequence of the way things have happened so far. As I said, I am quite prepared to take my side of any failure in communications. Communications is not a one-sided process. It is a 2-way process and I suspect that, just as I may not have communicated as well as I should have done, perhaps I am not unique in that respect. But I do not want to look back and start being recriminatory. I want to look forward and I believe this is a way in which we can look forward. We can achieve those discussions. We can achieve, hopefully, the same outcome as the union representatives were trying to put to me last night as a satisfactory outcome. They acknowledge that it may not mean more pay; it may just be a change in conditions, talking about other matters. I think there is scope for discussions, proper discussions, but what I do not think we can do is carry on with this confrontational attitude. That is why I make the offer that if this proposition is separated or rejected, I will make that offer and I will stick to that commitment. Thank you.

The Deputy of St. Martin:

Sir, could I just ask for a ruling? I did not want to disturb or interrupt the Chief Minister but twice he has given us his interpretation of what this proposition is about; inasmuch that if we agree to it then there is going to be money given to the unions. My understanding is that is not correct. What it says is that there is money on the table so if there are any discussions you are going with something there. But I think it is very important; if indeed it is what the Chief Minister is saying then I believe that the House has been misled. So could I have a ruling, Sir, on what the interpretation is of this proposition? Is it as the Chief Minister says or is it as most of us believe it to be?

The Bailiff:

I did not understand the Chief Minister to say quite what you did but maybe I misunderstood him. The effect of the proposition will be to put back this sum of money into the sum of money which has been authorised to be spent by the States.

Deputy T.M. Pitman

No more.

The Deputy of St. Martin:

It does not mean that it is going to be given to the unions or the workers.

The Bailiff:

I can go no further than to say it is authorised to be spent. Whether it is spent is up to the relevant department.

1.24 Deputy G.P. Southern:

Here, once again, we come to the nub because last night a number of us attempted to have negotiation with the Chief Minister over a way forward and indeed one of the representatives there, the representative of the prison officers - talk about middle Jersey if you like, but certainly a responsible man - did talk about the money. I cast no aspersions except on the Chief Minister's memory. He did not say: "Put more money on the table and we will talk." What he said was: "Put the money back on the table." As our president has just said, put the money back, make it available. That is the key. That money was there in December of last year. That money was there in March of this year. That money was there until June of this year when the Minister for Treasury and Resources came forward to have it taken away. The final pay settlement for 2008 was made

early in the year with the nurses who had had a long-running dispute over 2008. As soon as the final group settled, the States Employment Board decided that the policy would be to take away the 2 per cent allocated for the 2009 pay award; to remove it altogether and have a pay freeze. That decision was made by the States Employment Board, 4 people. It was taken to the Council of Ministers and ratified there. It was not communicated clearly to employee representatives. Communication broke down straightaway. The only time that has come for endorsement has been to this House. Now, in discussion with the Chief Minister last night he kept repeating, effectively: "I am not responsible for this. I cannot decide. It is up to the House to decide what is the way forward." The Chief Minister has just now talked about: "The door is open." I do not see an open door. I see a door that was closed in March of this year, quite firmly: "Pay freeze; that is it." We can have an argument until the cows come home over what is free collective bargaining and what is free collective bargaining with no pre-conditions. One of those pre-conditions is: "There is no money in the pot." Now, it is interesting to hear the Chief Minister offering a way forward while saying: "We are entrenched. We have taken entrenched positions. The only way forward is, I could say, we can talk about a definition of free collective bargaining." Interestingly I think the only lawyer among us brought that forward as an issue and then said: "So I cannot support this because there is a debate; one side says we have got free collective bargaining; the other side says we have not." Surely the position there that Senator Le Marquand ought to take up is: "In the absence of any clarity on this issue, I have to say let us put the money back", rather the opposite, because clearly it could well be that free collective bargaining has indeed been removed. That would be a shameful thing to do. So let us make it absolutely clear. As far as the representatives of the unions are concerned this is indeed a point of principle. They believe, genuinely, that their right of free collective bargaining has been taken away. What they wish is the money should be put back so that negotiations can take place. As we have heard, and we have heard time and time again, it may well be that all of that 2 per cent will not be paid out. It may well be that, try as they may, they end up with a position that is close to or zero per cent for many of the routes; half a per cent, one per cent. It is open. It is collective bargaining. It is genuine negotiation. It says: "The States Employment Board and the States - this body - is treating us with respect." Examine what is happening. We have had these comparisons between the public and the private sector, spurious though I believe they are. Let us take a look, for example at Jersey Telecom this year. Jersey Telecom has had competition brought in, for good or for worse. So it is competing with 2 other companies now. That has put its finances under strain. It is doing reasonably well but not as well as it was. Has there been any question of this organisation, with the difficulties that they have in this current economic situation, in the recession, as to a pay freeze? No. Their management treated their workers with respect and have negotiated properly ... **[Aside]** - let me finish, if you do not mind - and have negotiated a 3.5 per cent pay deal for this year. Yes, there is talk about job losses. Indeed. For the moment they are voluntary and have been negotiated with the unions involved. That is the way to treat your workers; not the example set by the States Employment Board. It may well be that later on they do end up in a position of compulsory redundancies and they will negotiate that with their representatives in an honourable way. I put it to Members that what we are about here is talking about behaving with honour. That is the nub. The representatives of the States employees feel that they have been treated without honour. I ask you, are those people up in the balcony now unreasonable people? No, they are not. Are they willing to compromise? Absolutely. What they want is treating with respect and that means putting the money that was on the table when they settled for 2008 back on the table and opening free collective bargaining properly, without pre-conditions, in order to find a way forward. If I turn to the comments of the Council of Ministers, you will notice in the first emphasised block on their comments on this proposition, the final sentence says: "We cannot support this proposition because that decision would cost £3.5 million in 2009 for the period June to December 2009." A more accurate statement should surely be not: "That decision would cost" but: "That decision could cost up to £3.5 million." The reality is we have already seen the representatives are prepared to compromise and the lie to it is it is not about the money, it is about the principle. Then further down in the fifth

paragraph we see: “Nothing has changed since the decision on P.78 of 2009 was taken. The ongoing economic situation warrants tight control of public sector spending.” No, it does not. Universally, economists around the world have said that the last thing you do in a recession is cut public spending; the last thing you do in a recession is to impose a wage freeze. Yet here we are imposing a wage freeze. I cannot quote J.K. Galbraith but if I can just quote William Keegan, the economics editor of the *Observer* on the weekend when he said: “And now for an aspect of Osborne’s policies, the Tory Shadow Chancellor, which I find especially bizarre but which has received little comment. Much has been made of the proposed freeze on public sector wages but the very idea of a wage freeze at a time like this seems to have gone almost unquestioned. Yet the fact is that the *raison d’être* for incomes policies and wage freezes is as a weapon in the battle to control inflation.” I ask you what is the inflation figure at June of this year. Minus 0.4 per cent. It is on the floor. That is not the issue: “A wage freeze [he goes on] in a recession is calculated to reduce real incomes and to act as a brake on any economic recovery, possibly throwing the economy into reverse gear again at just the time when people are talking about stabilisation and possible recovery.” That is the economic situation and yet this Council of Ministers, this States Employment Board, wish to impose a pay freeze at this stage. He then goes on to say: “This general approach is certainly redolent of the policy in the States of the 1930s.” If we really want to risk turning this recession into a depression then go ahead and freeze wages. There is no economic basis on which that is valid. Let us return for a moment to the issue of collective bargaining. We are told that collective bargaining is engaged and negotiations can take place. As I requested of the Minister for Education, Sport and Culture - and I might equally have requested of the Minister for Home Affairs or indeed of any other Minister at this stage - where is the collective bargaining involved around conditions, not pay, but conditions? Where is the improvement? Where is the easing of workload on a stressed workforce? What does that need? That needs some money in the pot. We are told we can go back to the table and we can negotiate within the policy terms dictated. Let us look at that. The policy terms dictated say there is no money in the pot for pay in 2009. There is no money in the pot for any improvements instead of pay, because we know the 2009 Budget Business Plan has been set and pared down to the bone, everything is allocated. The Minister for Education, Sport and Culture knows that if he is to do some sort of fudge deal, shifting money around, where is that money going to come from? It is going to come from the service. It may well come directly out of education grants, which he has committed himself to defend. That is where the extra money in the pot will come from. There is no room on conditions, free collective bargaining is not taking place. What you can do, just forget about 2009, look at 2010 and let us do a 2-year deal. What does that 2-year deal involve? It says, within the context of policy, the policy is 2.8 per cent in the pot at the moment for 2010. Now spread that back from June 2010 to January 2010, it is not 2.8 per cent. Spread it. Put some conditions into the argument: “We will improve this bit. We will improve that bit.” So no pay rise, but we will improve your conditions. Again, spread a little further. Now call that a 2-year pay deal and it goes back to 2009, and how thin does that look? Because that is the policy decision, correctly as the Minister for Treasury and Resources and the Chief Minister have said, States Employment Board sets the policy. What has happened as a result of that is an experienced negotiator in human resources with 20 years experience under his belt has gone in to negotiations and said: “I am embarrassed. I have nothing to negotiate with, nothing to offer you, because that is the policy envelope that has been set me. I am embarrassed to sit here, because I have nothing to say.” That is the issue. Now, if we truly want to open the door to find a way through this impasse, these entrenched positions, then what we must do is support this. Support this with (a) and (b), because separating them, you take the (a) away from the (b) it is meaningless and the representatives are fully aware of that. They are not fools. I urge Members to support this proposition. Finally, I will return to the issue of conditions. For example, using the example of teachers, where it says in one of the letters that has come round, attempts made by the Teachers Associations to improve terms and conditions of service to bring them into line with those on the mainland - and there are several issues there - for many years have been largely unsuccessful because we have been told that there is no money to fund improvements. It goes on to list some of

the things which are different between the U.K. and Jersey, which make terms and conditions over here seriously worse than in the U.K. and there are worries about us recruiting in the future. Finally, to finish, I will just return to 2 speeches, one by Deputy Power where he gave us the analogy of the Celtic tiger economy, which went boom for the free market, led by free marketeers, the likes of which we have in this Chamber in the form of Senator Ozouf, these gung-ho free marketeers, and is now in a sorry state. Indeed a far worse state than us. He talked about the number of redundancies and the number of people suffering a wage freeze in the private sector. If the Deputy of St. Mary could stop whispering in my ear, I would be grateful. He produced a whole series of things about what was happening in 2009 in the economy. I also remind him that June 2009, we look at the average earnings index. Let us do that comparison in the public and private sector. Finance sector wages, average earnings went up by 3.5 per cent. Overall in the economy, the private sector went up by around 3 per cent. In the public sector, June this year went up by a mere 1 per cent. The gap is growing. If you look at R.P.I... and the R.P.I. we are discussing is March of every year, because that is the one that settles it. Remember that is always catch-up. March is catching up what has happened since the last pay award. Look at R.P.I. in June of last year, 5.6 per cent, in September of last year 6.4 per cent, in December 3.5 per cent and only now, March of this year, did it come down to 2.1 per cent; the one we are talking about. That is price increases month in and month out that public sector workers and private sector workers have had to pay. That does not go away. The 2.1 per cent and now 0.4 per cent, inflation at zero - wonderful - does not affect what has happened over the last year. Those price increases have been paid and met out of people's pockets. He then referred to: "Who will pay if we vote for this?" He said: "Middle Jersey." Well, middle Jersey will pay, middle Jersey of nurses, of teachers, of civil servants, of customs officers, of the fire service, of paramedics. Yes, they will pay, but they will be treated with respect by the States Employment Board and by this body. He talked about looking at the impact of what was happening in the U.K. and what was happening in Ireland, in Jersey. He said: "Look at the impact." Well, the impact in Jersey of the crisis in Ireland is surely Harcourt and a stalled development, things not happening in the private sector out there, that have to be replaced, albeit from the Stabilisation Fund, albeit from funding public spending by the public. That is the way through a recession. He then went on to say: "I am very worried about the future." Indeed, I share those sentiments. I too am very worried about the future, because what we have got here is confrontation; a confrontation with a set of union representatives who have over the past 30 years plus attempted by all means to avoid confrontation wherever possible. Have we a history of militant unions? We have not. Do the teachers go on strike regularly, do the nurses? No, they do not. What we are talking about here is the withdrawal of goodwill. That goodwill thumbs, actually keeps the public sector running and we risk that at our peril. It has come to the stage where the trust between representatives and our States Employment Board, the Council of Ministers, has gone. Representatives can sit down and say: "If you have done this to us this year, what guarantee do we have that you will not do it next year? That 2.8 per cent may even not be there. We know the recession is getting deeper, maybe you will cut that as well." That is the level to which we, collectively, have sunk in our relationship with our employee representatives. As the Chief Minister said last night and has repeated today: "It is not up to me." He is only one vote. It is up to this House. I urge Members to vote for this proposition in its entirety. Open the door and let us go forward to proper negotiations and a resolution to this issue.

1.25 Senator P.F. Routier:

I think we have all had a very good long discussion about this issue. We have been thinking about it long and hard for a number of days in the lead up to this debate. We all come from different perspectives about what we would like for our ... I am very sorry Deputy Southern has had to leave, because I was hoping that he might have heard some of the comments that I was to make. We need to focus on how we are going to resolve this issue. I think, as many have said... Deputy Green earlier this morning did suggest a way forward and also Senator Le Marquand pointed us in a direction of trying to resolve this matter. There seems to be an unwillingness or a lack of

appreciation of what is happening within our community. Not just only with our States employees, but with the general community. There are more people in this Island who, as we have found out even in the last week, have been made redundant. I think it was Deputy Power who highlighted the manpower figures, the change from last year. There are 300 less people employed in the Island. I do not think we can just close our ears to that. It is a problem that the whole Island has to face. I hope that Members will focus on those sorts of issues. I am sure the proposers of the propositions to support those people who lost their jobs with redundancy packages, recognise there are people who are losing jobs. They have brought forward propositions themselves, who have supported people. We have to recognise that the economy in Jersey is different now and it has not got any better from when we made the original decision to take the money from the envelope of spending. It is no better. In fact, even at lunchtime Members have had an opportunity to look at the retail sales figures, which have just been published by the Statistics Unit. Just published today, I think it was Deputy Southern just now said that employees - workers - are having to pay more for their goods; with R.P.I., those goods are going up. The fact of the matter is they are not spending any money. Retail sales are down by 3 per cent. So, the business within our community and the money that is being spent within our community is down. Deputy Southern's other comment about: "Well, the way to get around this is not to cut public spending." Well, we have not. We have increased our public spending by 4 per cent. We will have more nurses. Part of the proposers main opening comments were about the pressures which are within the hospital. That has been recognised. That has been accepted and more funds have been provided through the Health Department to cover those pressures which are within that department. So, that part of the argument that uses the nurses as being a section which does need more support through supporting this proposition falls to a certain extent because we have partly addressed the problems of the health service. I know we will always have issues to deal with the health service, there always will be requirements for more money, but I think that we cannot continue to put our heads in the sand with regards to what is happening within our community. The nub of the question, as Deputy Southern said, is we have to put the money back on the table. Well, it would be naïve, I think, of all of us to think that putting the money on the table will not mean that we will not spend it. We will spend it. If the money is on the table, the money will be spent. For those people who are going to think that by putting the money on the table will just make the negotiations far easier and we will not spend it. I am afraid that is a bit far-fetched. I think we have discussed this long and hard. There have been comments about the door being closed and the door being open and the different variations of whether the door was open for open negotiations. The door is wide open for negotiations. The Chief Minister has said that and for my part if it has not been mentioned earlier ... I know pay is not part of my responsibility as chairman of the Manual Workers Joint Council. The Manual Workers Joint Council: we meet on a regular basis and we discuss issues with regard to working practices and that. We have a full and frank discussion about those matters. The door, for my part with regard to the Manual Workers Joint Council, is still open and we are prepared to discuss issues which both sides need to discuss to progress things in an open and frank way. I urge Members to consider the issues we have discussed today and to think about how on earth ... it is not just £3.5 million this year. It will be incremental over the years. It will rack-up and it will increase our spending year on year on year. At this particular time with the state of the economy, there is no sign of Jersey turning out different from any different jurisdiction. Other jurisdictions, small jurisdictions, the Isle of Man, Guernsey, are all in a very, very uncertain place at this present time. I would urge Members to reject this proposition because I believe it would be a very risky thing to approve it.

The Bailiff:

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

1.26 Deputy S. Pitman:

Firstly, I would just like to address Senator Perchard's questions on the union supporting us. Firstly, that was us, J.D.A. (Jersey Democratic Alliance) members. That was well known, it was not hidden and we are all members of the union. It is absolutely standard practice throughout the world, U.K., E.U. that unions do support candidates standing for election; thank you very much. Firstly, Deputy Green, I believe he asked a question and I cannot remember what that was, could he repeat?

Deputy A.K.F. Green:

My question was, would you agree to split (a) and (b) in the propositions, so that we could vote separately?

Deputy S. Pitman:

No. The answer has to be no because we know that the crux of this argument is about bringing back collective bargaining and this has been denied in my view. If we do not have any money in the pot, then what do we collectively bargain with? The issue is with pay here and not about terms and conditions. Firstly, in response Senator Ferguson: "We know that putting up wages in the public sector contributes to higher inflation." That is what she said. Remember, this pay award was already agreed at a below inflation rate of 0.1 per cent. She also mentioned poor people management and middle management could be cut. This is where workers on the front line have been offering for a long time to the Council of Ministers to advise them on where they think efficiency savings could be made, but that offer has not been taken up.

Senator S.C. Ferguson

There will be a suggestion scheme, as per the Business Plan.

Deputy S. Pitman:

That offer has not been taken up. That is where we could be making savings. So why have we not taken that up? Why not, if we are so bothered about our expenditure? That matter should be referred back to the Council of Ministers. The absolute last thing we want to do. We have heard much in this debate about what the Ministers think, what Back-Benchers think as to whether or not free collective bargaining has been taken away. What is most fundamental is what our workers are saying. What they think. They think that that has been taken away and it is this we should be acting upon. So far, the Council of Ministers are not listening and this is why we have reached this debate in this Chamber today. Deputy Higgins mentioned about the private sector pay and many others did about their pay cuts and redundancies. He said it will worsen the economy, and we have heard that from very famed economists from around the world. So, what do we do? Well, we just make the situation worse. We put a pay freeze on those who are a part of this community and part of our economy. That is what we do. Senator Routier and the Deputy of Trinity, she said, her department, her nurses, they put safety as their priority to patients. Well, she is absolutely right. But I can tell you, and I have spoken to nurses who have said they are so stretched to the point where they are at a dangerous point. One of them was telling me that they have a certain time when they go around and they have to give pills to people at certain times and they cannot do this, because they cannot get round to those people at their certain times because they are so short-staffed. So Senator Routier, those kind of issues, they are major issues and they have not been dealt with, because we cannot retain our staff. That is why we are short-staffed in those areas. The Constable of St. Mary, I was pleased to listen to her talking about what is more important, the good to do things or our services. What is more important to the public? I think that is what taxpayers will be thinking, certainly our services are absolutely priority and we have to take care of our workers. In answer to her question about the unions, the unions are absolutely open to negotiations. Deputy Tadier, he said: "What would happen if the unions came to the table with their preconditions? If the union said: 'Our workers are going to come and work to rule only'." Can we afford to work to rule? Have our workers doing that? We cannot. This House certainly would not

accept that if the unions were doing that. I am sorry. Why should they accept that from us? In response to Deputy Le Claire: he talks about Mr. King, and this has been mentioned quite a lot of times in the U.K. in the media, saying that the economic downturn is drawing to an end. But in Jersey and all over the world, we are facing unprecedented times of economic meltdown, job cuts and pay freezes in the private sector. Of course, this is true. However, we have already put monies aside for these deficits, have we not, Minister for Treasury and Resources? Have we not put money aside for these deficits in ...?

The Bailiff:

Through the chair, please.

Deputy S. Pitman:

Sorry. 2010 and 2011. I refer to the economic stimulus at this point, and the proposition that came to the House, P.55. This is what it says: "The central forecasts for Jersey are for a downturn that lasts 2 years, 2009 and 2010, with a recovery starting in 2011. If the Stabilisation Fund is to be used for the purposes agreed in 2006 as part of the new fiscal framework, then the Council of Ministers believes that on the basis of the current economic forecasts, it should only be used in those 2 years, or to address the financial implications for the States that arise from those years, 2010 and 2011." That is on the advice of our Fiscal Policy Panel. Are we also going to put money into helping our economy? How can people made redundant, businesses who have made cuts or that we are ... and we know there is a fund, £44 million, for doing that. So, we are going to help our economy and these companies who are making cuts and pay freezes, *et cetera*. Senator Ozouf also said that he wants responsible and appropriate decisions made by this Government on spending. Well, I ask where has he been since he was first elected? We have witnessed so much waste. Nearly £11 million on the incinerator, money of which could have gone to pay for this below cost of wage rise. He does not want to store-up problems in the future, and does not want to see a future Minister for Treasury and Resources have to put taxes up. Please tell me: are there no other options in raising revenues? Well, I can think of one: cut the overtime bill. Employ the right amount of staff so that we do not have to pay overtime rates to them. Thought of that one, have you? Evidently not. Sorry, Sir.

The Bailiff:

You must remember - it is not really terribly difficult - you must remember to speak in the third person.

Deputy S. Pitman:

Sorry, Sir. Apologies. The Minister, I ask, and Members in this House, do we really think we are going to retain nurses and teachers if they are financially better off elsewhere? Yet the argument for a pay freeze is apparently economically sound. We have a chairman of P.A.C., the current Minister for Treasury and Resources - currently the financial conscience of the States - and the former Minister for Treasury and Resources saying this; and this is what we are going to be saying today if we do not vote for this proposition. I know that certainly there are instances where overtime is unavoidable, and the example is the Historic Abuse inquiry. We know that some employees welcome it. I am told the majority of paramedics, for example, earning around £15 an hour are working overtime because their basic wages are not high enough to live on. This is no exaggeration. Most of them are doing overtime for that reason. But has this Council of Ministers sat down and looked at this issue? I am not aware of this. Well, I have, and from what I am told by employees, we need more staff. What is a major factor, and I stress "major" as there are indeed other important factors to employing and retaining staff, is pay, and that is a fact; and we are not addressing that. Has the Council of Ministers looked at other forms of raising tax revenues? I have mentioned some in my opening speech; for example, capital gains, tax land, development tax, *et cetera*. Has the Council of Ministers sat down and seriously discussed other options? Because they

have to, and they have to start doing it now. Now, more than ever, instead of menacing with the minds of our employees who are so committed that they give up many hours of their free time; and with job cuts which we cannot afford, we are already seriously, seriously understaffed, and giving them pay freezes. I will remind Members that they have more often than not taken pay rises below inflation in good times. If that is not compromise, or it is in my view more than compromise, then I do not know what is. Compromise is an attribute, is conducive to conflict resolution; and I say that Deputy Pitman did not say that I was an expert in conflict resolution. He said that I had trained in it; and what I learnt when I was training is that where there are parties in conflicts, there is serious misunderstanding **[Approbation]** and I have heard a lot of that from the Council of Ministers and the Chief Minister; and the Chief Minister admits there has been a failure of communications. So why then was P.78/2009 brought to this House, a decision which affects people, our workers? We have communication problems with them, so we bring a proposition to the House about their pay, that they were not happy with; and we cannot vote for this proposition which could counter that. It does not make sense. I heard another issue: the 1994 and 1995 pay freeze. Well, that decision was reached by negotiation with the unions. The Chief Minister also said that we want to put money ... why is this proposition bringing money to the States? Sorry. Why are we putting money on the table and then the unions are saying we might not even get that money? Well, the whole point is bringing back negotiation rights. This is all about pay, so we need some money to negotiate with. There is no point just having negotiations on terms and conditions, because it is not about that at this point. The Chief Minister also agrees with Senator Le Marquand, the proposition of setting up an expert review. Well, how much more money is that going to cost us? It does not make sense, I am sorry, and you have an opportunity now. So, to finish, please again look at these people that provide many, many hours of free time; this States would fall apart if we did not have that, and if we did not have them working overtime; because, believe me, some of them do not have a choice. One nurse told me that she was told: "If you leave now ..." she had just worked her shift: "If you leave now this service that you are providing will fall apart." So, she had to work another shift; and that is no exaggeration. So, please, think about these workers; use your heads and your hearts, have some compassion. Use your heads, please, with the economic argument ...

The Bailiff:

You are asking Members to use their heads.

Deputy S. Pitman:

Please, yes. **[Laughter]** There is no economic argument. Thank you, Sir, and I ask for the appel.

Deputy A.K.F. Green:

Can I just have one final plea with the Deputy in the interests of working together and to prevent further polarisation within this House, please allow us to vote separately on (a) and (b). **[Approbation]**

Deputy S. Pitman:

Yes, meaningless, Sir. Please think about these workers. They have taken the low inflation pay rises year after year. Please think about that.

The Bailiff:

Very well. Then the proposition is to be taken as a whole and the appel is called for.

The Connétable of St. Mary:

May I just ask for some clarification from the proposer? Because I have to admit that I have talked about lack of communication. I just would like from the proposer her precise definition of "free collective bargaining" as opposed to any other kind of collective bargaining. In her speech she led me to believe that it was going to be ... Sorry; it is clarification, Sir, honestly. **[Laughter]** She led me to believe that only when there was any kind of condition on the table, like a lack of pay award,

that could not be free collective bargaining. That is not what I have been led to believe. I did ask for clarification, but the Deputy gave me that putting the money there did not mean she expected it to be spent; but then she repeatedly said during her summing up: “This is all about pay.” So, I am concerned ... I am confused by what she said.

The Bailiff:

Well, Deputy, do you wish to give any clarification?

Deputy S. Pitman:

Yes, I do; yes. I think free collective bargaining is without pre-conditions. Pre-conditions within are set in this instance by the Council of Ministers. Really, if you want a better definition, speak to the workers and the union, and I did not ... the issue with the pay and, well, what I am proposing is to put this money back on the table that was agreed last year. Now, Members are ... workers accept that they may not get the pay rise that they want, but at least the opportunity is there. At least the scope is there within that £3.5 million.

The Bailiff:

Very well. So I invite Members to return to their seats for the appel which is for or against the proposition of Deputy Shona Pitman of St. Helier, and the Greffier will open the voting.

POUR: 17	CONTRE: 24	ABSTAIN: 1
Connétable of St. Lawrence	Senator T.A. Le Sueur	Connétable of St. Mary
Deputy of St. Martin	Senator P.F. Routier	
Deputy R.G. Le Hérisier (S)	Senator P.F.C. Ozouf	
Deputy J.A. Martin (H)	Senator B.E. Shenton	
Deputy G.P. Southern (H)	Senator J.L. Perchard	
Deputy of Grouville	Senator S.C. Ferguson	
Deputy J.A. Hilton (H)	Senator A.J.D. Maclean	
Deputy P.V.F. Le Claire (H)	Senator B.I. Le Marquand	
Deputy S. Pitman (H)	Connétable of St. Ouen	
Deputy K.C. Lewis (S)	Connétable of Trinity	
Deputy M. Tadier (B)	Connétable of Grouville	
Deputy of St. Mary	Connétable of St. Brelade	
Deputy T.M. Pitman (H)	Connétable of St. Martin	
Deputy T.A. Vallois (S)	Connétable of St. John	
Deputy M.R. Higgins (H)	Connétable of St. Clement	
Deputy D. De Sousa (H)	Connétable of St. Peter	
Deputy J.M. Maçon (S)	Deputy of St. Ouen	
	Deputy J.A.N. Le Fondré (L)	
	Deputy of Trinity	
	Deputy S.S.P.A. Power (B)	
	Deputy A.E. Jeune (B)	
	Deputy A.T. Dupré (C)	
	Deputy E.J. Noel (L)	
	Deputy A.K.F. Green (H)	

ARRANGEMENT OF PUBLIC BUSINESS FOR FUTURE MEETINGS

The Bailiff:

Very well. So that brings Public Business to an end. There remains simply the arrangement of Public Business for forthcoming meetings. I invite the Chairman of P.P.C. (Privileges and Procedures Committee) to speak to it.

2.1 The Connétable of St. Mary (Chairman, Privileges and Procedures Committee):

If I may say, you never cease to fill me with optimism when you say “simply” this is the last piece of business. I will start with the order as it is on the lavender paper, and as we know all the Depositors Compensation business, that is P.86, P.87, P.84, is deferred to the next sitting; so that is included. I have had a request to take that down the Order Paper after the Referendum on the Constables’ Position. Also, on that 3rd November agenda, the P.111 Regulations, Draft Shops (Opening and Deliveries) Regulations: the amendment in the name of Deputy Gorst is withdrawn, and it is replaced by his Amendment No. 2, which is listed on the same paper. The Projet 147 - Draft Data Protection (Amendment No. 2) - is moved to 17th November. The Projet 152 - Draft Currency Notes (Variation of Maximum Amount of Issue) (Jersey) - is moved to 17th November. On 17th November, as I said, P.147 and P.152 are moved from 3rd November, and the Projet 137 - Draft Companies (Amendment No. 4) Regulations - is withdrawn, that being replaced later on by another Projet, P.177. If I might, the amount of business now listed for 3rd November is very considerable. I have 2 suggestions. Firstly, I think it would be in order for Members to set aside the Friday for a fourth day of debate in that week; but also I would ask that all Members who have projets listed for that session, and indeed for 17th November which is also heavy, consider whether they need to be taken at those sittings. If they could meet with me or email me as soon as possible with a view to perhaps rescheduling some of the business towards the later sittings of the year.

2.2 Deputy M.R. Higgins:

If I can just follow on from that, the Depositors Compensation debate on 3rd November: we are going to try and organise for Members, on 29th October, a presentation on it to help people with that particular debate. Also, a coloured copy of the Regulations showing what the amendments would look like if they were put in place will be circulated to Members to try and facilitate that debate.

The Bailiff:

Does any other Member wish to say anything about forthcoming business?

2.3 Senator P.F.C. Ozouf:

I do appreciate the president of P.P.C.’s difficulty with proposing a 5-day sitting. This does cause real issues in the 4 days including the Friday in relation to Ministers’ duties, and all other Members including Scrutiny Panels. I would just ask if Deputy Le Claire would consider in the light of that, he has got 2 items, P.156 and P.157. They have only been lodged from 30th September and if he would perhaps agree for an alternative date, perhaps 1st December, or put them at the bottom of the list, and we may ... and I do not mean any disrespect to him, but it may be that that would avoid the need for perhaps sitting on Friday. I simply think that the Assembly cannot continue to be sitting for 4 days in a row. **[Approbation]** It is grinding not only the Ministerial government side, but Scrutiny side as well, and we do need to order ourselves in such a way that we spend, I think, an appropriate amount of time here in this Assembly.

Deputy A.K.F. Green

I would be quite happy for P.168 to be deferred to another date to be agreed.

The Bailiff:

P.168 deferred. Thank you, Deputy.

Deputy D.J. De Sousa:

Can I just interject on the speech from Senator Ozouf? Our duty is, as States Members, to this Assembly first and foremost. We do need to remember that.

The Bailiff:

Deputy Le Claire, do you wish to respond to the request of Senator Ozouf?

Deputy P.V.F. Le Claire

Yes. I would like to have a few moments to consider the option of putting it to 1st December, but in order to be helpful I will more than likely request that it be moved to 1st December. But in the meantime, I just ask Members if maybe they could bear with the agenda until I have had a couple of hours to think about the implications of what is going on, and I will more than likely propose that it is put back, if at all possible, until ... both debates that I have got scheduled to 1st December, in order to be helpful.

The Bailiff:

Very well. Thank you, Deputy. So, we will leave it on for the moment but you will think about it.

The Deputy of St. Mary:

Could I quickly ask for some clarification? I did not catch from the chairman of P.P.C. what had happened to the gambling legislation, if you could clarify that. It was going to be 2 sessions from now, I think.

The Connétable of St. Mary:

The gambling legislation is listed for 17th November.

The Bailiff:

Does anyone else wish to say anything, then?

The Very Reverend R.F. Key, B.A., The Dean of Jersey

Only if the business part is finished.

The Bailiff:

Can we just finish the business part. Yes. So, very well then, are Members content to adopt that programme then in the pink paper as amended by the Chairman of P.P.C.? Very well. Thank you very much.

The Dean of Jersey:

I have no idea whether this is breaking precedence, and if it is I apologise, but I understand from my colleague here on my left that it is Her Majesty's Attorney General's last day in this Assembly before he moves to higher office, and it seems to me that the number of times he is called to give legal advice, frequently on the hoof, and the number of times I pass him huge learned tomes from under my desk, this Assembly does owe him a debt of thanks. I would ask through you, Sir, Members to join me in thanking him. **[Approbation]**

The Bailiff:

Very well. Well, that concludes the business of the Assembly, so we stand adjourned ...

Deputy R.G. Le Hérissier:

Is that tome the Bible that he is passing? **[Laughter]**

The Bailiff:

On that note we stand adjourned until 3rd November.

ADJOURNMENT