

STATES OF JERSEY

OFFICIAL REPORT

WEDNESDAY, 20th JANUARY 2016

PUBLIC BUSINESS - resumption	3
1. Minimum Wage: revised hourly rate from 1st April 2016 (P.150/2015) - resumption..	3
1.1 Connétable S.A. Le Sueur-Rennard of St. Saviour:	3
1.2 Deputy J.A.N. Le Fondré of St. Lawrence:	4
1.3 Deputy M.J. Norton of St. Brelade:	5
1.4 Senator P.F. Routier:	6
1.5 Senator P.M. Bailhache:	8
1.6 Deputy D. Johnson of St. Mary:	8
1.7 Deputy G.J. Truscott of St. Brelade:	9
1.8 Deputy S.M. Brée of St. Clement:	10
1.9 Senator P.F.C. Ozouf:	11
1.10 Connétable J.E. Le Maistre of Grouville:	14
1.11 Deputy L.M.C. Doublet of St. Saviour:	17
1.12 Deputy M.R. Higgins of St. Helier:	18
1.13 Connétable C.H. Taylor of St. John:	20
1.14 Deputy G.P. Southern of St. Helier:	22
1.15 Senator A.J.H. Maclean:	25
1.16 Deputy S.M. Wickenden of St. Helier:	27
1.17 Deputy R. Labey of St. Helier:	28
1.18 Senator I.J.Gorst:	30
1.19 Deputy S.Y. Mézec:	33
LUNCHEON ADJOURNMENT PROPOSED	40
LUNCHEON ADJOURNMENT	40
2. Draft Road Works and Events (Jersey) Law 201- (P.152/2015).....	40
2.1 Deputy E.J. Noel of St. Lawrence (The Minister for Infrastructure):	40
2.1.1 Deputy M.R. Higgins:	43
2.1.2 Connétable A.S. Crowcroft of St. Helier:	43
2.1.3 Deputy K.C. Lewis of St. Saviour:	44
2.1.4 Deputy E.J. Noel:	44
3. Gas Tariffs: Reduction (P.154/2015)	46
3.1 Deputy G.P. Southern:	47
3.1.1 Senator P.F.C. Ozouf:	50
3.1.2 Deputy S.M. Wickenden:	53

3.1.3 Deputy K.C. Lewis:	54
3.1.4 Deputy M. Tadier:	54
3.1.5 Deputy M.J. Norton:.....	56
3.1.6 Senator A.J.H. Maclean:	57
3.1.7 Deputy S.M. Brée:	58
3.1.8 Senator I.J. Gorst:.....	58
3.1.9 Deputy G.P. Southern:.....	60
ARRANGEMENT OF PUBLIC BUSINESS FOR FUTURE MEETINGS	64
4. Connétable L. Norman of St. Clement (Chairman, Privileges and Procedures Committee):	64
ADJOURNMENT.....	64

[9:30]

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

PUBLIC BUSINESS - resumption

The Deputy Bailiff:

Before continuing I will just announce that People's Park: removal from list of sites under consideration for future new hospital has been lodged by the Connétable of St. Helier and Draft Act annulling the Planning and Environment (2016 Fees) Jersey Order 2015 has been lodged by Deputy Wickenden.

1. Minimum Wage: revised hourly rate from 1st April 2016 (P.150/2015) - resumption

The Deputy Bailiff:

We now continue with Minimum Wage: revised hourly rate from 1st April 2016 lodged by Deputy Mézec. Would any other Members like to speak on the proposition? Connétable of St. Saviour.

1.1 Connétable S.A. Le Sueur-Rennard of St. Saviour:

I was not going to speak but there has been such a lot of silly things said that I thought I would add to it. **[Laughter]** I am very surprised at the Deputy of St. Helier in what he said because businesses have to plan almost a year in advance as to how much their manpower is going to cost them and that is the way you run a business. There are about 300 people employed by Jersey Royal, there could be as many as 500 or 600 in the hospitality business, and these factors have already been costed into the companies to say how much it is going to cost them to run for the next year, which is this current year. There are field rents, there are wages, there are repairs and if you are in the hotel business you know how many staff you are going to require and you allow yourself for those, and that is all taken into account into a wages bill. Now at the eleventh hour you want to add thousands that have not been budgeted for. I do not know a business that can suddenly bring out things, like a rabbit out of a hat, to cover the losses that they could possibly be having. I certainly back Deputy Mézec because I do think that everybody deserves a living wage and if you want to get up off your backside and do something, you deserve to be rewarded for it. But now is not the right time to do it, I am afraid ...

The Deputy Bailiff:

Connétable, I think "up off your backside" is probably not a parliamentary expression.

The Connétable of St. Saviour:

I do apologise. If you want to remove yourself from your posterior on your settee **[Laughter]** ...

The Deputy Bailiff:

Connétable, neither is an expression directly in lieu of an unparliamentary expression. **[Laughter]**

The Connétable of St. Saviour:

Thank you, Sir.

The Deputy Bailiff:

That is quite all right.

The Connétable of St. Saviour:

If you want to get up and go to work **[Laughter]** ...

The Deputy Bailiff:

Much better.

The Connétable of St. Saviour:

Thank you, Sir ... then I am all in favour of it and I think you should be rewarded for it, so on that case I will definitely support the Deputy; (a) I would not be able to support at this present time but if he was to do (b) I certainly would do. I have had people working on the farm, not in great numbers because I am not a very large farm, but they were paid over the odds because of the work that is involved. But, as I have said, you cannot come up at the eleventh hour and ask people to find funding that they really have not allowed for. So although it goes against the grain of how I feel because I think people should be paid well, I cannot vote for this. I do apologise to the Deputy because I know where he is coming from and I have a lot of admiration for him. So I hope that when he comes to have the vote we will split it (a) and (b) and I think that he definitely has to bring this back to us and we definitely have to repay people for what they are doing. Thank you.

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

There is always this danger when a debate goes overnight that we all come up with what we consider wise words for opportunities to say something. I was mulling over what to do with this proposition and I am quite glad to follow the Constable of St. Saviour because, on the one hand, we seem to have a number of individuals pushing for the living wage. I have to say I am still slightly unclear as to the benefits from the Island perspective but, equally, as for Deputy Andrew Lewis, are we subsidising business particularly in the context of Zero/Ten unfairly? That does need to be looked at in the context of: does this just make our cost base more expensive and therefore risk us becoming uncompetitive or is there a justified argument? But the other thoughts within this lot, the States have also agreed that, subject to certain conditions, the minimum wage should be the equivalent of 45 per cent of average earnings within 5 to 15 years. That was agreed in 2010 and we are now in 2016, so it looks like we are now within the start of that period. That brought me back to one of the big things that we have had during both the M.T.F.P. (Medium Term Financial Plan) and the budget. What is the impact? What are we doing within the Island and what is happening and where are we going over the next few years? It has been asked by the Fiscal Policy Panel, it is asked by us on Corporate Services Scrutiny Panel, it is asked by our advisers, it was asked by States Members ie, what are we signing up to and where does this all fit in? It is not just about the minimum wage, but that is an element of it. Within the context of the Islanders and their personal financial position, what is the impact upon the economy? All those types of questions. Now, this is more relevant about part (b), on 8th October 2015 I asked the Chief Minister during the summing-up on the M.T.F.P. whether - in the Chief Minister's words - we could have the matrix of the information that was going to be considered, that is by way of impact analysis, by the time of the budget debate. That is because at the end of June of this year the addition to the M.T.F.P. is going to be lodged and we have been told that there is going to be all sorts of impact analyses attached to that so that we know where we are going. What we are asking is rather than just presenting it to Members in 4 months' time, we have very little time to react, could we know what impact analysis is being done? The Chief Minister said, yes, it could be presented by the time of the budget debate. It is not the impact analyses themselves, it is what they are likely to look like, what they are going to consist of. The budget debate concluded on 15th December, we are now 20th January, that is one month after the so-called deadline, and approximately 3-and-a-quarter months after the original request. Where are they? So, for the moment I am afraid I am not going to be voting for part (a) because I do not have a clear impact view of what this is going to do overall. I also note the Ministers' comments on the statutory aspects. But I just really want the Chief Minister to register I am getting increasingly irritated about the lack of information that is coming and the failure to keep undertakings. I should be grateful if the Chief Minister could explain why it has taken 3-and-a-quarter months - because I assume he is going to be speaking

shortly - to explain what sort of impact analyses will be provided to Members. Because it might, for example, then enable us to assess the position of Islanders, the impact of the various proposed tax increases, whether you call them tax increases, taxes, charges, stealth taxes, whatever it is, including on lower earners, and therefore the impact that this type of proposition might well be bringing. I should be even more grateful if the Chief Minister could undertake to ensure the information could be provided by Tuesday of next week. Given the record so far, that will give me Wednesday to draft an oral question for him to give further excuses as to why his officers do not seem capable of providing the information that a Member of this Parliament has requested and to which the Chief Minister so readily agreed. On that basis, provided it is a separate vote, I will be very happy to support part (b). Thank you.

The Deputy Bailiff:

Does any other Member wish to speak on the proposition? Deputy Norton.

1.3 Deputy M.J. Norton of St. Brelade:

I did not want to disappoint Deputy Martin by not speaking as this is where we finished last night and I had time to think about it overnight. I did make some notes yesterday and I thought: "No, just leave it alone because people will get what it is like to run a small business." But clearly, having listened to some, they do not get what it is like to run a small business. I am in favour of raising the minimum wage. I think it is something that needs to be done and it is something that will be beneficial for the economy. There are, I believe, good reasons to do so and I have read many of them from the World Economic Forum and the like overnight. But I did spend some time last night speaking to a couple who have been running a business for a couple of years. About 3 years. It is with that that I must say any rise in the minimum wage must come with due warning to business, and 10 weeks is simply not enough. Nowhere near enough. They must come with the reflection to economic growth, not at the point where we are just trying to fight our way out of it. To do so at this crucial point for the industries that would be most affected: hospitality, retail, rural economy, I fear that would be reckless at this point. If anyone thinks that these industries are, in the majority, stuffed full of fat-cat shop owners and restaurant owners and rich farmers, they are at best ill-informed and at worst they are simply deluded. Over the past 25 years I have run - I counted them up last night and was surprised myself - 6 small businesses, mostly in retail and hospitality. I have a little insight on where they can go right and where they can go wrong, so indulge me while I give you a little insight.

[9:45]

Firstly, any rise in the minimum wage will be inflationary to the cost of staff wages. That seems fairly obvious but not just to those on the minimum wage. It stands to reason that if those on the minimum wage go up, those who are already at, for argument's sake, £7.20, will expect to go up as well. So in somebody's words, let us get real here. Just like the salesman selling you something, it is so easy to pay if you are only paying 23 pence a day: "Look how cheap it really is. Buy this double glazing." It is exactly the same. So examples of the real business that I was referring to and some simple sums. Turnover: £400,000 a year. Not bad. They are doing okay. They have got customers coming through the door. 30 per cent of that is in stock; 25 per cent of that is in wages; 15 per cent of that is in their rental which is full repairing, by the way, so they are likely to have some collision courses down the line. Marketing, accountants, equipment maintenance, refurbishment, it all takes its cost and will add another 10 per cent; 7 per cent on utilities. Oh, yes, and they have to pay the bank loan back that they bought the business for in the first place, another 3 per cent. They are left with what is standard - standard - across most in that industry, 10 per cent profit. 10 per cent profit. Not 30 per cent, not 50 per cent, 10 per cent profit. They are left with £40,000. Now those figures are not uncommon. According to some in this debate any business

that is that fragile does not deserve to be in business. Well that is not going to fall too kindly on the 70 per cent of small businesses that are feeling the squeeze already. This particular business has 10 staff. Eight of those will be affected by a raise to £7.20. Four of them are on the minimum wage and the other 4 are around the £7.20 mark already. They will rightly expect to move up to the same. Now, okay, it is only 23 pence. We have heard that a few times; 23 pence, that is all it is. Who could not afford that? Or £9.60 a week per employee? Or £500 per year? Or for this business the impact will be £4,000 a year when they have not planned for it. That is 10 per cent of their bottom line. Please do not tell me this will not affect a small business. Please do not tell me this will not affect a hotel group that has hundreds of employees who have already sent their brochures out, as the Connétable of St. Saviour has said, have already agreed their prices; it will have an impact. As I started off, I think we need to raise the minimum wage. I think people need a fairer deal but I think the businesses ... and if you squeeze them, you will run the risk of unemployment, you will run the risk of people who run businesses just looking at the budget and saying: "We have got to reduce the hours so people will not do any more." That is what a business would do and that is what you do not want a business to do right now. I do not want to use the word "sympathise" but I do agree with Deputy Mézec that we need to raise the minimum wage. Let me make that clear. I think it is something we need to all think about and we need to work towards but I cannot support the raising of the minimum wage to £7.20 within 10 weeks. Thank you.

1.4 Senator P.F. Routier:

When I think back to, I think it was about 13 years ago, that I was on the Social Security Committee when we proposed the introduction of a minimum wage and the challenges at that time that we faced, it was quite considerable. Now that seems probably not an appropriate feeling. It may now seem a fairly straightforward matter having a minimum wage but I can assure you it was not at that time. The farming community, the hospitality industry, and a proportion of other businesses in the community generally were not in favour of a minimum wage but I am pleased that we were able to convince Members that it was the right thing to have a minimum wage. It has proved that it does have value within our community. We gained the support of the Assembly and the public generally because at the same time as introducing the legislation we established the independent Employment Forum which would investigate, review the implementation, and the rate of the minimum wage. The establishment of the Employment Forum was vitally important to gain the confidence and support of the community at large as, I may just remind Members, the Employment Forum is made up of 3 employees, 3 employers and 3 independent people who review things on an annual basis. The reason for the independent forum that was established was to take into account the views of the whole community and those views are considered and all sides who sit on the forum make their judgments on that basis. Part (b) of this proposition requests the Minister for Social Security to investigate various matters with regard to the structure and level of the Jersey minimum wage and to report to the States by December 2016. I really do not have an issue with a review taking place because it is just what the Employment Forum does on an annual basis on our behalf. The reason we have the Employment Forum is to carry out an annual review and to avoid what could be a political football of the amount of the minimum wage. We have had it over the years. We have had many, many propositions come from Deputy Southern, in particular, who has attempted to override the views of the Employment Forum. Fortunately, every time the Assembly has recognised that the Employment Forum does do their job exceptionally well and their views have been supported as the legislation does say that the recommendations from the forum go to the Minister and the Minister is expected to endorse that view. But if the Minister did not, it has to make a very, very strong case to say that it is not an appropriate thing to do but it is expected that the Employment Forum's views are carried through. If I might even be so bold as to suggest that it could be a worry for us that if we were to have a right-wing Minister, or even a

left-wing Minister, with extreme views that it would not serve us very, very well. It is much better to have the independence of the forum. We should let them get on with their annual review. If any Member has views that they want to express about the minimum wage and perhaps a better way forward for the minimum wage to be put in place, well, they should make that representation to the forum when they do their next review. I am sure whatever is said in this debate will be taken into account by the forum. In summary, a review? Yes. Definitely yes. By the Minister for Social Security? Definitely not. A review by the independent forum? Of course. That is what we want. We want it to be an independent review. Let the forum get on with their very good work and if any Member wants to make representation to them, they should be encouraged to do that. Turning to part (a) of the proposition regarding increasing the rate in excess of what is being proposed by the forum. While some of us, in which I include myself, think that it is desirable to have a higher rate, there are serious matters which we should not ignore and pretend to not exist. During this debate many Members have referred to the 23 pence increase which this proposition is seeking saying: "It is only 23 pence." Well unfortunately that is not the whole picture. Because in April this year businesses are already having to fund the 19 pence increase recommended by the forum, so the combined effect of this proposition if approved is a 42 pence increase to come into effect in April. If you think about what that is doing, putting that into the annual business budget of a company, for a full-time employee that is an additional £900 a year per full-time employee. This is, for some businesses, a significant amount and it is something which I think is very difficult to impose on businesses at this late stage. I reiterate, it is not just 23 pence; it is 42 pence. The forum has, in good faith, consulted with employees and union representatives and also with employers and have arrived at a considered recommendation. This was announced some time ago so that businesses could do their budgets and prices for the coming season. Businesses will have entered into contracts for the season already and they will be unable to now increase their prices to cover those costs for the season to reflect the increase in wages which they were no doubt having to fund. The amount has already been announced and we should really stick with that. The notice period which the Employment Forum and the Minister gave to employers is vitally important and should be maintained. This proposition to increase to an unexpected amount at short notice is really not acceptable. Turning to another matter, comparisons have been made to the United Kingdom's minimum wage rate. If such comparisons are to be made, we should compare everything that the U.K. (United Kingdom) are doing with their system. They have a system of minimum wage which is not comparable to ours because we only have the one rate. If you look at the United Kingdom's rates they have the national living wage for over-25s and that is what we are sort of measuring ourselves against at the present time. But they also have a rate for 21 to 24 year-olds, they have a rate for 18s to 20s. They have another young-person's rate of 16 to 17 year-olds and apprentices at 16 to 18 years or if 19, just for one year. Those rates start at £7.20 for the top rate but then they go to £6.70, £3.30, £3.87 and £3.30 for an apprentice. The Isle of Man has a similar system. They have a minimum wage for over-21s then it goes down to 18 year-olds, 17 year-olds and 16 year-olds. Guernsey has 2 rates for young people. While I could be supportive of a higher minimum rate for over-25s, I have a difficulty with there not being a lower introductory rate for young people. As an aside, some Members who have had the unenviable task of deciding on business licences and requests to employ newcomers to the Island, it is quite common to hear that an employer is not keen to employ an inexperienced, young local person. They would much prefer to employ an experienced newcomer to the Island because the wage rate is exactly the same. I am convinced if we were to have a tiered or stepped wage rate system we would create at least 2 opportunities and advantages, the first being it would create an opening and competitive field for young local people to be offered an entry into the workplace. The employer could well see the benefit of taking on a young local person and giving them the start that they need. Secondly, if we can make it attractive to employ, train and develop young local school-leavers and younger generation, it could well stem the requests for newcomers to the Island. A stepped age-related

minimum wage could well help with making businesses reconsider their requests for additional licences for non-local staff. We have seen the very worrying unemployment levels of young people. Let us have a minimum wage structure that, like other places, give our local young people a chance of starting out on the workplace ladder.

[10:00]

So, in summary, I cannot support part (a) revoking a recommendation that has been done in good faith with our community and recently approved by this Assembly; part (b) we should allow the Employment Forum to lead this review because they are independent. We need to indicate to the forum that we value their work and want them to take on the views expressed in this debate. I believe we would be best served by also rejecting part (b) and support the Employment Forum for their reviews in the future.

1.5 Senator P.M. Bailhache:

I am very happy to follow Senator Routier and I just really want to add a few words to what he has said. Deputy Mézec's proposition reminds me of some words of the Dean which we heard yesterday in the town church when the Dean said that all of us want the best for the Island and for its people, even if some of us have different ways of seeking to arrive at the same end. I think that many Members will share the aspiration of Deputy Mézec to see the lower-paid members of our society better treated and better paid if it is possible to achieve that end. The purpose of my standing up is really to try to persuade the Constable of St. Saviour to take a different view on her vote on paragraph (b) of the proposition. As Senator Routier has said, we have set up a body, the Employment Forum, to look at all material factors in making representations to the Minister and I ask Members to put themselves in the position of a member of the Employment Forum and to ask how such a Member would feel if the Minister, notwithstanding the existence of the forum, were to set up her own independent review of exactly the same matters. Would Members not feel if they were a member of the forum that they had been effectively side-lined by the Minister? I know that I would feel that. I would feel disillusioned, I would feel that the work that I was doing had no value, and I would ask myself whether it was really worth doing. That would be a pity because the forum is an organisation composed of representatives of employers and employees. So far it has not let us down. It has made sensible recommendations, taking into account all the material factors. I am sure the Minister herself, I think, said that the Employment Forum will very much take into account the views of Members expressed in this debate. It is for them to do it and not for an independent review to be set up by the Minister running in parallel with that which the forum is undertaking. So I ask Members, notwithstanding the points made by Deputy Mézec, to vote against both paragraphs of the proposition. Perhaps Deputy Mézec in his reply could inform Members whether he has been along to see the forum and ask them to undertake this kind of review, to look at all the matters that he has raised with Members because I think it is important that Members should know that.

1.6 Deputy D. Johnson of St. Mary:

It seems to me that there is almost an element of consensus developing here. I align myself with the comments made by the Connétable of St. Saviour that there is a view, I think, it is too late to impose a higher minimum wage at this stage, a living wage, but there is merit in demonstrating to the public at large that, yes, the States are interested in introducing a living wage at some stage. With regards to the suggestion that we vote on (a) and (b) separately, I am very much in favour of that. I do take the point made by Senator Bailhache, and Senator Routier before him, that the Employment Forum is perhaps the best channel to deal with this but I do not see part (b) in any way opposing that. In short, I think if this Assembly does vote to instruct the Minister for Social Security to investigate, I believe her function will be discharged if she is made aware of and agrees

that the Employment Forum could do that on her behalf. **[Approbation]** I do not see that these should be voted against on that basis. I therefore propose to vote against (a) but in favour of (b). Thank you.

The Deputy Bailiff:

Does any other Member wish to speak on the proposition? Deputy Truscott.

1.7 Deputy G.J. Truscott of St. Brelade:

I was driving home last night and listening to the BBC News at 6.00 p.m. The first thing I heard was that the I.M.F. (International Monetary Fund) had downgraded the world's economic forecast for the next 2 years. The next bit of news was that the Governor of the Bank of England, Mark Carney, was again putting off the prospects of a rise in interest rates due to global financial uncertainty. The stock market has recently suffered major losses. In context we are facing major challenges in the Island with a £145 million black hole and we have roughly 1,400 people currently unemployed. Here we are today debating a proposition brought to this Assembly by Deputy Mézec asking Members to add a further 23 pence to the 19 pence increase already agreed to by the Minister for Social Security to our minimum wage rate. This new rate was £6.97, a sum recommended by the Employment Forum, an independent body that conducts exhaustive research and reviews the minimum wage. We will, if we adopt this proposition, add, at very short notice, a total of 42 pence to the cost of labour to some of our least viable businesses in the Island at a time of uneconomic certainty. Members, be under no illusion this will result in one thing: job losses. I have got some figures from the Statistics Unit taken from a report on average earnings in 2013. Around 6 per cent of jobs were paid at the minimum wage; 10 per cent of businesses employed staff at the minimum wage. Jobs paid at the minimum wage represented 33 per cent of jobs in agriculture and fisheries, 20 per cent of jobs in hotels, restaurants and bars, 9 per cent of jobs in other activities, 1 per cent of jobs in wholesale and retail. Staff received food and accommodation by employers in around half of the jobs that were paid the minimum wage. By way of example, a hotelier with 50 staff currently working on a minimum wage, all working a 40-hour week, this proposed increase would add £840 to the weekly wage bill. That is £43,680 per year extra that hotelier is going to have to find to fund this proposed increase in the minimum wage. For me this is unacceptable. I would imagine to the hotelier it would be extremely unpalatable. Many businesses these days are running on small profit margins and any significant increase in costs would have a detrimental effect on the viability of those businesses. A business can absorb extra costs. This will come off the bottom line, the profit margin. There are 2 other ways that a business can recoup lost margin. One is by putting up prices, and this may not be possible due to market forces. The other way is by reducing costs. This is usually achieved by laying off staff. Jobs would be shed and the redundant staff would invariably end up claiming benefits. The independent forum is doing a great job. They will start their review again in April. The forum will consider the national living wage as part of that review. Also, the Statistics Unit has agreed to ask employers about the potential impact of a higher minimum wage in the next business tendency survey. This will happen in March. Why spend over £20,000 on a separate survey when we are already doing the work ourselves? As a government we have a plan in place to increase the minimum wage to an hourly rate equivalent to 45 per cent of mean weekly earnings no sooner than April 2016 and no later than 2026, subject to consideration of jobs, competitiveness and the state of the economy. I too would like to see employees receive higher wages. Copying the U.K. is not the way to do this. We need to do what is right for Jersey. Age is another crucial factor in this debate. The Jersey minimum wage applies to all employees aged over 16 years where in the U.K. the £7.20 rate will only apply to workers over 25. I agree with the sentiments of this proposition. For me, it is too much of an increase in one go and too soon in the economic cycle. I would much prefer the slow,

considered approach and deliver higher wages when the economy can support them. I therefore urge Members to stick to our plan and reject both parts of this proposition. Thank you.

1.8 Deputy S.M. Brée of St. Clement:

While I do not agree with the vast majority of his politics, I admire Deputy Mézec for bringing this proposition. He is tackling a major issue that has knock-on effects throughout the whole of our economy and our society. This is not about redistribution of wealth. We have to accept the fact, as has been supported by the statistics, that the poor are getting poorer, the divide between the haves and the have-nots is widening every day, every week and every month. So really we need to be thinking about: what is a living wage? Do we support the concept of a living wage? If we do, we need to move towards that point. Now. Not in 10 years' time but now. Let us grapple with this problem and let us find a solution. Now many would say: "Jersey already has a living wage. It is the minimum wage plus income support. It gives you a living wage." Well, I am sorry, that does not stack up economically because essentially what is happening is the taxpayer is supporting businesses who are not prepared to pay their staff a living wage. **[Approbation]** Essentially what we are seeing from the Council of Ministers is a government that is supporting that fact. It is supporting the fact that many businesses over here have poor business models and they are saying: "We cannot afford to pay a living wage. We need States support of our business." We have a Minister for Social Security who is cutting department budgets by cutting benefits to the most vulnerable members of our society, among them being single parents, because she has been asked by the Council of Ministers to reduce her budget by, I believe, £10 million. Now if we are paying out a large amount in income support to bring people up to a living wage, then in my books that makes no sense economically, socially or culturally. Many of the arguments that have been put forward are: "Oh, we have to support agriculture. We have to support tourism." Of course we do, and we should be, but there are better ways of doing it than paying income support to bring people up to a living wage. The knock-on effect of having better investment in those industries through an innovative rural economy strategy that does set out to promote agriculture and farming generally in the Island. It does set out to reward the stewardship and custodianship of our Island to the people who look after it. It would have a much greater impact on productivity than merely saying: "No, we will allow people to claim income support." Tourism would benefit as well through a much better and innovative approach to the marketing of tourism in this Island.

[10:15]

If you move people up to a living wage, and this is merely the first step towards that, it has a lot of knock-on effects. The immediate one is an increased spend in the local economy. That, I think, goes without saying. There is going to be obviously as well an increase in G.S.T. (Goods and Services Tax) and direct personal taxation through income tax receipts. But more importantly, much more importantly, if we increase the minimum wage and seek to aim now to move towards a living wage, we are helping people towards financial independence and that surely is our responsibility. What we are seeing here is really a lack of vision on behalf of the Council of Ministers to say: "We need now to tackle this issue." It is our responsibility. We cannot pass that responsibility or delegate it to a third party. This is what we were elected to discuss. There also seems to be a lack of joined-up thinking. On the one hand we have a Minister for Social Security who is desperately trying to find ways to meet the targets that have been imposed on her by the Council of Ministers, and yet there does not seem to be any approach to a holistic solution to the problem. To be honest with you, because of that fact, there seems to be a complete lack of a Statesman-like approach from the Council of Ministers in leading this Island into the future for the benefit of all, not just the benefit of a few. That is why I think we should make a decision today; irrespective of the arguments that have been put forward about how it will impact on small businesses, I think we need to make a decision today and to show the people of this Island that we

do support a move towards a living wage and we are prepared to make that decision. That is why I would urge all Members to support this proposition.

1.9 Senator P.F.C. Ozouf:

I have now reverted to type to avoid any suggestions of attire being linked with political persuasion. I am afraid I have reverted back to the boring, dull blue tie so that I give no indication. I come back to the reason why I am saying this: I note that Deputy Mézec is today reverting to type with a splendid red tie, if I may say. Senator Bailhache was right, and there is a serious point in what that remark is designed to explain to Members and to remind us about the satnav analogy. We want to get to the same destination, but we differ on how to get there, so I welcomed Deputy Mézec's statements in his opening remarks in asking Members to support both parts of the proposition, that he confirms that he has no problem with the wealthier and for incomes getting higher. That is good, because that was different from certainly the analysis of previous people of his.... I would say that I am not saying anything inappropriate, I know where he stands politically, I respect where he stands politically, I just disagree on how to get to the same destination as I do. The thing that we agree on is, I think, most importantly - and I will come to Deputy Brée in a minute - that we agree that we want to lift as many people out of low income as possible. There is no point in talking about a gap, there is no point in having a gap that is down there and meaning that the rich are certainly not richer, but the poor are poorer, if you want to use the emotive language. That is no good. I want a gap in which the bottom and the poorer or the people on low incomes are higher. Now, the debate is what you do about the top, but effectively this slavish approach to the idea that it is all about a gap ignores the fact that it is the bottom element of that in terms of the level of wages and incomes at the bottom. I say wages and income, because the situation is the case and this is why it is wrong and I will argue why we are now jumping on a U.K. announcement of a policy which is perhaps not exactly what it seems, if I may say to Members, that purports to be the introduction of a new national minimum wage - it is called a national living wage - but it purports to have an aspiration of a £9 rate not by the end of the year or next year, it is an aspiration of £9 perhaps by 2020, but only if the economic conditions are prevailing. If I may say, I cannot speak what was in the mind of the U.K. Chancellor of the Exchequer, but when the policy announcement was made, it was made at the same time as a budget after the election, which accompanied a massive change in the tax credit system, a huge fiscal consolidation which will result in a significant amount of job losses in the public sector. It could be said that it was a rather interesting and certainly headline-grabbing offset to some of the fundamental reorganisations that were underway in the U.K. Now, what has happened since that very catchy and initially very attractive ... everybody wants to pay a higher minimum wage, everybody would like to have industries that are profitable, that will not be laying off staff and can afford this national minimum wage, but only, the Chancellor said, when economic conditions prevail. It seemed to me that there was a certain conditionality in the U.K. that there was going to be a complete unpacking of the tax credit system, which would have had, as Members will know from reading the U.K. national newspapers, a devastating and serious impact on people. I see Deputy Mézec nodding his head and I am pleased that he agreed, because this national living wage paid for the over-25s, of which a very significant proportion of people on the minimum wage are under 25, was going to be accompanied with this huge reorganisation of welfare and tax arrangements in the U.K., which was not the only removal of tax credits, the complete removal of tax credits, but a fiscal consolidation which would have been, frankly, eye-watering compared to even the more aggressive views of some Members of this Assembly in relation to what is possible in terms of saving, a huge reduction in public spending in order to deal with the growing U.K. debt mountain. I am afraid I believe that this Island has been rather more long term and is in a rather better position than other places, including the United Kingdom, because we are not buffeted around by short-termism. I am afraid to say that I am not going to wear another red jumper in this Assembly and give Members the implication that I have

suddenly turned to an extreme of the right or an extreme to the left. I say to Members these debates are not about the extremes of politics. Extremes of politics do not work and if they start to influence debates that: "I am on the right and you are on the left, and I am right and you are not right" frankly that is not what has been the trusted and tested version of Jersey politics and Jersey economic management of the last 30 or 40 years. Extremes do not work. We know what works. It is open markets, it is a desire to get business that can pay for itself without subsidies. Deputy Brée may laugh, but these are issues which are fundamental to the decision about whether or not this Assembly is going to promise a national minimum wage in terms of being the right economic model for Jersey's future. Frankly, the right approach is a medium to long-term mature decision based upon our own situation and not jumping on to the bandwagon of an aspiration which is not almost as it appears. There is no point in talking of the extremes of politics. We know what works: that is open markets, businesses that can pay their wages, businesses that can be profitable and tempered by appropriate regulation with political consent. That is what works; it is the model that pretty well works around the world. But to promise that somehow we can import an entire welfare system, tax credit system, and apparently we can solve the problems of the agricultural industries overnight, apparently we can simply say today: "We are going to have a national living wage" we do not what the number is, we do not have any evidence for it: "and we are just going to lift that proposal from the U.K." which is not exactly as Deputy Brée says. Deputy Brée says he wants to vote in favour of (b) to give a clear indication that we are going to have a national minimum wage in Jersey so that there is a clear indication that we are going to sort out these industries that are just getting subsidies from elsewhere. I have been standing in this Assembly for a long time and I think I have a view about what might work or what does not work. What does not work is short-termism, promising things that you cannot deliver. It is wrong and erroneous to lift a proposal which is said in a different context in the United Kingdom for a national living wage. It is an aspiration in the U.K. that might get there by 2020, but I would remind Members that it was announced at the time when tax credits were going to be dismantled and that policy, for various different reasons, has completely failed in the U.K. I am suspicious about whether or not this national living wage is going to turn out quite as was initially thought about, and of course the trick of all Chancellors - not in any way disrespectful - is to make sure that there is a good headline, there is something catch-worthy and the devil is in the detail. That is current view in relation to the national living wage in the U.K., huge changes in their credit system, Universal Credit, more tinkering with National Insurance - as if there has not been enough tinkering already - allowances for small businesses which have not been announced yet, basically not allowing small businesses to pay the National Insurance contribution, which is already a complete dog's dinner of a policy, and allowing effectively those small businesses that might be affected by this national minimum wage not to pay the bill, so they are going to get the subsidy in relation to getting a payment from National Insurance. This is the kind of short-termism that has got the U.K., and other countries, into the mess that they are in, and they are doing more of it. Now, I do not want any of that. There is no doubt that we need to reduce our expenditure. We need to do that, but we need to do so which is fair and proper and will ensure that we certainly protect those at the lower end of earning index. Now, earnings does not just mean simply putting more people into welfare. That is the worst situation. If we start imposing ... and this is a real fear, I am speaking really now, and I will conclude my remarks by concentrating on part (a). I think (a) would be a folly. It would be a folly to put in place, when we have an independent body who recommends it, to not adhere to their recommendation. There have been many attempts in the past to lift effectively the minimum wage and I thank previous Members for having supported keeping the recommendation of the forum and we should keep the recommendation of the forum again now. What should we do? Certainly there is an emerging view about national minimum wages and how they should be adopted, how they should be based upon the mature reflection, based upon evidence, based upon good economic advice. I welcome Caritas, I welcome the involvement of the National Living Wage Foundation,

but what is also said in this Assembly quite often is we should not be a slave to what happens in the U.K. One minute we want something from the U.K. and the next minute we say: "Oh no, we are different in Jersey." I want to look at the international evidence about national living wage; I want to see what is going on in Australia, in Canada, in New Zealand and these other places. That is not to put a decision off, but to properly research the proper effect on jobs, growth and real people in terms of their earning capacity, about whether or not the implications of promising something is just going to allow simply a burgeoning low income support budget, which is what we have seen.

[10:30]

I do not think that any Member of this Assembly wants to see people simply earning their minimum income that they need by welfare, not work. I believe that the majority of Members of this Assembly, wherever they come from politically, believe that the best social programme is a job and a job which they can properly do, they can be properly rewarded for the work which they do. That is the best social programme. Any social programme or any proposal to start promising things which we cannot deliver is the wrong thing to do. This Assembly, over many years, but not recently, has imposed strictures on Ministers that are effectively feel-good factors at the time. I do not wish to be disrespectful, but effectively this Assembly is going to instruct part (a), to investigate the impact on the tax and benefit systems of a significant rise in the minimum wage sufficient to lift recipients out of relative low income and to assess the impact of any changes arising from the introduction of a national minimum wage by December 2016. I am afraid that is just simply not going to be possible and neither should it be, because the Minister for Social Security is being asked to undertake a very substantial work programme this year. Now, unless the Assembly is going to give the Minister for Social Security ... and unless the Minister for Treasury has got a few extra hundred thousand or whatever it is going to cost to do this work - and this is a substantial piece of work if Members want it done properly - then the Minister for Social Security, who has to go through changes in terms of welfare, to get people out of welfare into work to raise their standard of living by giving them more money by work, by having flexible working practices, by introducing discrimination legislation, reviewing the sustainability of the pension and Social Security scheme, the arrangements for the Health Insurance Fund, quite apart from moving rightly to a more consolidated and joined-up system of collection in terms of Social Security payments and taxation, all good things. This is a massive work programme of any Minister that I have ever seen in recent years. What are Members going to do? Members are going to vote part (a) and effectively impose a further huge undertaking on this department to report by 2016. I will not take part in a decision just because it is a feel-good factor and we suddenly want to send a kick to the Council of Ministers or a wagging finger, knowing that it cannot be done. I know what the work programme is for Social Security, it is huge and it is good and it needs to be delivered, but good government, efficacious government is about prioritisation and getting things done. You do not start promising that you are going to do even more and then fail, because we are setting the Minister for Social Security up to fail and I do not want to do that. We should maturely, properly, with evidence, look at the emerging analysis and evidence of what works in national living wages, probably after the forum has conducted their work. I hate to say it, but remarkably, I think that the terms of reference of the Chancellor's national living wage look remarkably similar to the work that the forum is going to be doing. I am reading the proposition, you can tell me if I have got it wrong, but I think if we vote part (a), I think the Minister has to investigate and she has to report to the States by 2016. That indicates to me that there is going to have to be some report on the structure and level of the Jersey minimum wage and she will report by 2016. I do not urge Members to have a notion in their minds that they can vote in favour of this and get a decent analysis of what is right for Jersey, based on all of the other challenges that we have got to deal with in the next 12 months on this issue, absolutely not. We have got as much challenge as we have got: we have got the hospital site to sort out; we have got pay restraint; we have got welfare changes; we have got a cost

savings programme, an M.T.F.P. and many other issues, quite apart from the international issues of Brexit and all the rest of it. Is national minimum wage on the international agenda? Yes, it is. Is it an aspiration that we should consider, having looked at the sectors? Are we going to send out a message today to tourism and agriculture saying: "You are going to have a national living wage imposed upon you"? I do not want to hear those words, if I may say, from Deputy Brée, because we will cause chaos in terms of certainty and investment in those businesses in the future. Let us have a proper conversation with these industries. I met the chief executive of Visit Jersey just last week, extremely impressed in what he is doing. In terms of the jobs and growth agenda, it is remarkable that we have as many people working in financial services today as we did at the start of the crisis. We are seeing a growing tech and new economy for digital businesses in Jersey. "Confidence is the name of game," said former Senator Cyril Le Marquand. Confidence is about taking long-term decisions, making proper decisions based upon good analysis and advice. Members, I hope, are going to vote against (b). It would be folly. I do not think Members should take any sense that in voting against (b) that they are not committed to reviewing, with evidence, at the right time - probably in the mature reflection of 2017 - the evidence of how the national living wage has gone down in other places, particularly the U.K. We should not impose this requirement on the Minister for Social Security by December 2016. It would be the wrong thing to do, it would be effectively promising something that we know cannot be done and it would be on the back, effectively, a policy announcement in the United Kingdom that has been made for completely different reasons and so we should wait. We should see the evidence from the policy forum, we should listen and see what happens in the U.K. and other developed economies and this issue should probably be properly looked at by the forum upon advice, looking and talking to the other industries that are going to be affected. Certainly there are going to be some losers, nobody below 25 is going to get this probably, and this should be done in 2017, after we have dealt with this other huge agenda that we have to do. Do not promise to do something which you know you cannot do and I urge Members to vote in favour of (b), but that is not a vote against a national living wage assessment in a cool, calm, collected, reflective, proper analysis at the right time. Sorry, it is not against a national living wage analysis; it is not against a national living wage assessment when the time is right.

1.10 Connétable J.E. Le Maistre of Grouville:

The subject of the level at which we should set out minimum wage is an emotive one and I am sure we would all like those in low pay to receive a wage that would provide them with a higher standard of living and I think everybody to a man and woman in this room has said so who has spoken. But I think the solution to the problem is much more complicated than simply raising the minimum wage, which I believe would do more harm than good. It is interesting that in his report Deputy Mézec says little about the effect than his proposal might have on the economy. He seems to suggest that, as have others, it would be good for the economy, but I suggest that it would be inflationary, make us uncompetitive and would lead to job losses. We must make sure that we only approve a minimum wage that is set at the level that will not harm our economy. I am not an economist and I do not think Deputy Mézec is either. I therefore have some sympathy for the second part of the proposition, which calls for an investigation into the impact on tax and benefits of a significant rise in the minimum wage. I am disappointed though that in his proposition there was no mention of the effect on the economy of a higher minimum wage, but I suppose any investigation into tax revenue should take this into account, but I would like to have seen it explicitly stated in his proposition. I would particularly like an investigation to include an analysis of what effect a significant rise in the minimum wage would have on the agricultural and tourism industries and I am disappointed that in their comments paper the Council of Ministers disagree. While on that subject, I am really dismayed that, as usual, the Council of Ministers' comments paper came out at the very last minute. **[Approbation]** I believe it was after the established

deadline of last Friday lunchtime. This simply is not good enough. This proposition was lodged 2 months ago and I think it is discourteous to the proposer of this proposition and discourteous to the House as a whole for the Council of Ministers to continually bring out their comments papers at the last minute. It is reason enough to support part (a), though I think part (b) stands on its merits. A number of speakers have said that this work is already being done by the Employment Forum, but it is not, and I think Senator Ozouf confirmed this. This is a much deeper subject. The Employment Forum consult, they do an excellent job and I would not criticise them, but they do not have the resources to see what effect a high minimum wage would have on our economy. Members have received a letter from the Jersey Farmers Union and I joked yesterday: it is not the same letter, but of course the message is just the same, because nothing has really changed. I would take issue with Deputy Tadier though. He claimed that the Jersey Farmers Union always complain about the level at which the minimum wage is set. This is simply not true. The letter we received this week does not complain about the level being proposed by the Employment Forum, and as far as I can remember, we never have. We have always considered the process - or the Farmers Union have always considered the process - to be a robust one. We are consulted, we put forward our opinions and we feel we are listened to, as are other employers and employees.

Deputy M. Tadier of St. Brelade:

Would the Constable give way? Just to clarify, it certainly was not my intention to say they always complain about the living wage. What I meant to say, if I did not, was that they complain about our attempts to amend the living wage to make it higher, which I said was understandable.

The Connétable of Grouville:

I was coming on to that, Sir. We always complain about the sort of off the cuff proposals, usually from Deputy Southern, but this year by Deputy Mézec, so yes, we do complain about that because we are not consulted about these things and they are very much off the cuff. I do apologise, I am just catching up from being interrupted. Yes, Deputy Tadier and I think other people have mentioned this, said that this is just a 23 pence increase and of course it is more than that, because it is added on to the nearly - I think it is - 3 per cent increase already proposed. The letter is also slightly different this year, because it refers to a report commissioned by the National Farmers Union of England and Wales and was produced by an agricultural consultancy firm called Andersons. This report points out that if the U.K. Government follows through with its plans, then the minimum wage will go up by some 35 per cent over the next 5 years. It highlights the fact that in vegetable production, wages account for anywhere between 35 per cent and 60 per cent of turnover and that these proposals will have a devastating effect on British horticulture. This is despite the intention of the U.K. Government proposing tax breaks and other forms of mitigation for those sectors of industry that will be most adversely affected by these moves. As has been confirmed by the Council of Ministers' comments paper on this proposition, no such proposals are on the table for Jersey businesses. We can conclude then that because Jersey's horticultural sector is broadly similar to that of the U.K.'s horticultural sector, then a dramatic increase in the minimum wage locally will have a devastating effect on the local horticultural sector in Jersey. The extra 23 pence this year will not break the industry, as the Deputy of St. Martin said, but will harm it, and following the U.K. to £9.20 in 2020 will have a massive effect. I have some sympathy for the arguments put forward by Deputy Andrew Lewis, both in this debate and earlier debates, and I am opposed to trying to establish a voluntary living wage. He suggests that if businesses pay staff more, they will get better productivity and provide a better service and will therefore be more profitable. There is nothing stopping this happening at the moment, but surely that is not true for jobs that cannot have added value. In simple manual labouring jobs, the value of that work is fixed by the marketplace. In other words, in an agricultural background, someone picking crops in Jersey, jobs that require little training or skill, are competing with others picking crops anywhere in

Europe or further afield, where labour costs much less. But even here in Jersey, there is an economic value to lower-paid jobs. A simple example could be a busy working couple can afford a cleaner on the proposed minimum wage that is on the table now, but when that wage reaches £9.20 in 4 years' time, which is where this proposition is leading, they may not be able to afford a cleaner and will clean their own house. Then the cleaner will be out of a job, the States will lose any income tax being paid and all Social Security payments by that worker and on top of that have one more person who is out of work on full income support. No one wins. This is the case for all sorts of jobs, garden labourers, corner shop employees, to name a few. Deputy Andrew Lewis made the point that we should not stop the introduction of a living wage because of agriculture and tourism and that we should find a way of supporting those industries.

[10:45]

But there is nothing on the table to suggest that could or would happen, so it would be dangerous to increase the minimum wage at this time. I revisited the report commissioned last year by the Council of Ministers regarding what the effects of establishing a voluntary living wage would have on our economy. It pointed out that it is incredibly difficult to establish a figure that would constitute a living wage. Consider 2 people in the same low-paid job: one could be a single non-smoking, non-drinking individual living in a flat. That person's living wage will be totally different to a colleague who may have a dependent partner who cannot find a job, 2 dependent children and someone who smokes and drinks. That person would require a very different wage in order to live. What should a living wage include? Obviously a roof over someone's head, enough food so that people do not go hungry and adequate clothing, but surely it would include more than that, but what? Television, I would think that everyone would think that everybody should have a television, but should it include the latest satellite package, which may cost hundreds of pounds a year? Similarly with mobile phones, one would accept in this day and age everybody would have a mobile phone, but it does it have to be the latest iPhone? It is therefore very difficult to establish what a living wage should be. That is not to say I do not think that Deputy Lewis should not be trying to establish what he thinks it might be. That is why those proposing a living wage try to use a calculation that links the minimum wage to percentages of the mean and median wage. That is what the U.K. Government are doing, but this is a very clumsy method of calculation and again takes no account of any effects on the economy that a sharp rise in the level of minimum wage would have. It is also true to say that because our economy is based mainly on finance, we are bound to have a high mean and medium wage. That does not mean that our minimum is necessarily low compared to other jurisdictions or our cost of living, it merely means it is relatively low compared to other wages in a high-wage environment. The report into the desirability of a voluntary living wage also pointed out one very important point, and others have made it, and that is that with our income support measurements, the standards of living of those in low pay here in Jersey is safeguarded so that those on low incomes receive income to the level of what might be considered a living wage. I am going to finish with agriculture, because that is my background, and I will highlight some of the key issues and implications for this sector should this proposal succeed. The crops grown for export here in Jersey are crops that need to be planted and harvested by hand, mainly brassicas, tomatoes, courgettes and daffodils. This is no coincidence, because here in Jersey we simply cannot compete with crops that can be grown using planting and harvesting machinery that eliminates the need for physical labour. The reason for this is simple: our field sizes and opportunities for economies of scale here in the Island simply mean we cannot be competitive with those sorts of crops, so we rely on a lot of manual labour. A sharp rise in the minimum wage will also affect the production of crops that are grown for local consumption. Virtually all of these crops are harvested by hand and they require a great deal of non-skilled manual labour. How would growers be able to compete if they were forced to significantly increase their labour cost? They simply could not. I have not mentioned the Jersey Royal crop. The growing of this crop

could be more mechanised, but this mechanisation could not be employed on c̄tils and smaller fields, therefore if labour was too expensive to plant by hand and dig by hand, the area grown, and thus the output, would be greatly reduced. Almost all of the potatoes grown at the moment are planted by hand, including the bigger fields. There are advantages to this practice in that earlier yields can be achieved by planting by hand. Planting by machine of the larger fields can be done, but the practice would reduce both yield and earliness of the crop, so once again it would reduce the financial performance of this part of the industry, so a large increase in the minimum wage would dramatically reduce output of the Jersey Royal crop. The horticultural sector that will be the main area affected by these measures employs many people directly who are permanent residents who are on wages that are at least to the level or higher than the perceived living wage. These jobs are in jeopardy should there be any significant negative effect on the industry caused by an over-inflated minimum wage. Do not forget either that there are many secondary jobs in the service industry that supply the grain sector that will also be in jeopardy. There will be few, if any, permanent employees on the minimum wage. Those within the sector who are on the minimum wage are seasonal workers who do not have residential qualifications. Currently the majority of these come from Poland and we are extremely fortunate to have them. We are fortunate to have them, but they can go and work anywhere in Europe, but choose to come to Jersey, where for them the pay and conditions are attractive. Why should we stop them coming and earning what for them equates to a good wage when they return home, where the cost of living is much lower? They pay I.T.I.S. (Income Tax Instalment System) and Social Security from the first day they start the new season and the government will lose that income should these jobs be lost. Because they are seasonal, they are not eligible for any support so they are not a drain on our Social Security Department. The concept that paying a higher minimum wage would benefit the economy as those on lower wages would have more money to spend in the local economy does not apply to seasonal workers within the industry. They are here to earn as much money as they can to take home. They spend as little as possible as they can when living here and save as much as they can to take home with them, where the value of what they have earned is much greater. If by some miracle there was a dramatic upturn in the value of produce and growers could pay a much higher wage, then employees would spend the same here and just take more back home with them, they would not spend more locally. It is a lovely thought that these seasonal workers could be replaced by some of our unemployed, but the past experience of the industry has shown that locals are not up to it, they are not used to the physical nature of the work and frankly not motivated enough to do it. This will be the case whether the wage is at present or £9.20 an hour, as it is proposed in 2020 in the U.K. The cost of housing is also often cited as a reason why we need a higher minimum wage, but all of the seasonal staff in agriculture, as far as I am aware, are housed in what is today good accommodation as part of the package. I mentioned earlier the report of the National Farmers Union, which concluded that the U.K.'s move to gradually introduce a living wage, despite the tax breaks promised by the Government, will destroy much of the horticultural sector. I would suggest that the damage to the local industry would be even more pronounced. I have used the figure of £9.20, which is the target of the U.K. Government for 2020, and I accept that the increase proposed today is not that figure, but any increase above the recommendation of the Employment Forum, who consulted widely and considered the impact of the minimum wage on the economy, will gradually lead to the demise of the horticultural industry. I ask Members to reject part (a), but I would like to see an investigation of the effects on the economy of increasing minimum wage above what I believe to be realistic, and so I will supporting (b) and urge other Members to do the same.

1.11 Deputy L.M.C. Doublet of St. Saviour:

I can see Members are possibly wanting to get to the vote now, so I will keep this brief. If we were in my classroom, incidentally, we would all be up on our feet for a brain break right about now and doing head, shoulders, knees and toes, so we can always try that. Just briefly ...

The Deputy Bailiff:

Presumably that is not going to a formal proposition.

Deputy L.M.C. Doublet:

Just in reverse order - and I do hope Deputy Mézec will let us vote separately on parts (a) and (b) - part (b), I really do not see the issue here, and some of the arguments against, that the Employment Forum are doing the work, that the Statistics Unit with their Business Tendencies Survey are doing the work, great, then they can all work together and come to something together. **[Approbation]** It does not have to be a massive piece of work. I think some Members have already attempted to initiate the work themselves here today and tell us what the impact might be. It could be a starting piece to a larger piece of work. It does not really specify exactly what the Minister has to do, so I will be voting for part (b) and I hope Members will join me in voting for that part at the very least. Part (a), I was not quite sure how I was going to vote on that part because I am in favour of supporting business, I do understand a lot of the struggles of small business owners - my father, my grandfather, my great-grandfather were all small business owners - so I do understand some of these struggles that employers have. But then I also think that we should be supporting those who are on relatively low incomes to improve their own lives through hard work, so I am weighing this up. When we have debates like this, where you could be persuaded either way, I go back to my core values and I think: "Well, what is my vision for Jersey?" and my vision is that I think any child born on our Island should be able to go through a decent education system, and when they are an adult, they should be able to, through their own hard work, achieve home ownership, raise their own family and have a decent standard of living. Then it becomes much simpler for me to make my decision on this proposition because there are many on this Island who, no matter how hard they work, will never be able to achieve this vision, certainly not on the current minimum wage, even with the small increase we have already voted for. How utterly, utterly crushing that must be, to be working 2 or 3 jobs and trying to support your family and achieve this dream which many people quite rightly have of home ownership and a decent standard of living, that must be so crushing, and these things are out of their reach, whatever they do. Voting for part (a) will help them a little bit. It is not going to solve all the problems, but it will help a little bit. So I will be supporting both parts of this proposition. Yes, I have simplified it a little bit, but as Deputy Le Fondré said, we do not have all the information. Part (b) might give us that for future debates, so I have simplified it a bit, but I hope that Members who share my values will also vote for both parts of this proposition.

The Deputy Bailiff:

Does any other Member wish to speak on the proposition? Deputy Higgins.

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

I am just going to make a few comments, because the comments of Deputy Doublet, for example, I endorse 100 per cent. While Senator Ozouf was talking, I was having a look at an economic argument from the United States. Now, Senator Ozouf believes in free market economics and he gave lots of examples and he says we should not follow the U.K., but if we look at the American experience, they have adopted and are increasingly adopting living wages. For example, living wage laws have been implemented in well over 100 cities and towns in the United States, and in fact, over 40 per cent of all residents of cities with 100,000 people or more have adopted the living wage. In fact, just to give you some examples of that, if we look at some of the cities, New Orleans

has adopted a living wage that is 19 per cent above the minimum wage in the United States; Santa Jose 117 per cent over what the minimum wage is. Now, if we think of the Americans, they are not soft, they assume that everybody will get a job, will go out and work and everything else, but if they can recognise that people cannot afford to live on the wages that were being offered and they have to adopt a living wage, then it tells us something. Now, there were a number of arguments before. The Constable of Grouville, he mentioned at one point how income support are picking this up, that people are not that badly off, because yes, they may be getting a low wage from the employer, but they can go to income support and get it. That is absolutely stupid. What we are doing is first adding to our black hole, because any money that is paid out by income support to support low-paid workers, because they are not getting a decent wage from their employer, is adding to that black hole. In other words, if employers did pay a living wage, there would not be the draw on income support and obviously the deficit would be reduced. Now, the arguments about living wage, a number of people have mentioned it is going to affect employment. The evidence from the United States is that overall it does not affect the level of employment. They found, reading through the report that I have been looking at, no evidence that it has that effect, and in fact most of the arguments that have been put forward by people here have been said in the United States and the evidence found from studies is that they are wrong. I am just going to make one other point too. I have said it in this House a number of times - or I should say Assembly; I will be corrected again in a moment - if you can imagine our economy, in fact, it is basic economics: we talk about a circular flow income. Money going from firms to workers in the form of wages and that money then going back to firms to buy the goods and services they produce.

[11:00]

In any economy you have this circular flow. There are leakages and there are injections to that flow. Just to give you very briefly; if we pay taxes that is the leakage. If we buy goods from abroad or transfer money abroad it is a leakage. On the other hand, if Jersey businesses are selling their products abroad there is an injection into the economy. So we get these flows and you look at it. It is based on the evidence. If, for example, these workers are paid more then, first of all, they have got more money to spend and that money is spent in shops and on services within the Island. It should have a boost that way. That would also encourage employment because more people will be employed by those firms because there is demand for their goods. I keep on going on about I have concerns about the job cuts in the States. One, because of the personal effect it has on the people concerned but, secondly, that if we reduce employment in one sector unless it is taken up by another then there will be a reduction in overall expenditure, so therefore the flow of money that is circulating around the economy is less. Anybody threatened with the idea of redundancy, the first thing you do is look at your finances and you start saying: "Oh God, I have got these bills I have to pay. Now how am I going to manage that? How am I going to manage to pay for the food or the heating or for my children's clothing?" or whatever. So people start looking at their expenses and they cut out anything that is not absolutely necessary. The first thing that anyone who is made unemployable does is draw down on their savings because that is an emergency situation. But when that runs out they have got trouble and they have to cut back. So when we talk about these things in the States here we do not take into account ... if we are just looking at, I do not know, the effect on farming or the effect on hospitality we do not look at the overall effect it has on the whole of the economy. I do think that there is sufficient evidence, not only from the United States but elsewhere, that show that a living wage is what is required. In terms of the ones who are working they finally get higher job retention, because people do not move, and trying to get a better job because they are now being remunerated properly. They also get higher productivity from it. As I say, the evidence is there if we look for it. All Deputy Mézec is doing in part (b) is seeking further information, and there is plenty of it. That information, I am sure, will justify the concept of a living wage and we should adopt it here. I have always believed in the living wage and I do not

believe that this is ... I hear the arguments every time, but I do think we should adopt it and I am going to support both part (a) and (b) and I will argue for this for as long as I am in the States because the evidence is there, if you just look for it.

Senator P.F.C. Ozouf:

May I ask a point of clarification, which I think is quite important? I happened to be in San Jose 2 weeks in Silicon Valley, which is one of the most growing parts of the economy. Could the Deputy just confirm that the living wage that they are proposing is \$10.30, which on the latest exchange rate I have is in fact just about the same wage as the minimum wage that we are debating here? It is not right to say that there is a living wage that is much higher. Could he confirm?

Deputy M.R. Higgins:

I think we are talking about something different and I am just looking at the figures here, it says that ... the figure in San Jose is 117 per cent over California's minimum wage.

Senator P.F.C. Ozouf:

Just a point of clarification, it is the dollar rate which is \$10.30 ... the fact of the matter, because if he is purporting that there is effectively a higher ...

The Deputy Bailiff:

I think, Senator ...

Senator P.F.C. Ozouf:

It is not correct.

The Deputy Bailiff:

You were seeking a point of clarification, you sought the point of clarification, the Deputy has answered in the way that he has. I do not think we can go any further than that at this point without it being an exchange as to a disputed view on the facts.

Senator P.F.C. Ozouf:

Just the fact, Sir, that it is \$10.

The Deputy Bailiff:

Please sit down, Senator, thank you.

1.13 Connétable C.H. Taylor of St. John:

This is a very emotive subject. We are talking about people's incomes. It is naturally therefore right that many people speak on this topic but my problem is the lack of information on it. This in no way is a slight on the Employment Tribunal. I think they do a fantastic job. But perhaps their hands are a little tied and perhaps they should be given a budget to do a little more work, as is recommended in (b) of this proposition. A minimum wage I have always believed was a living wage, but there now seems to be a difference. Perhaps it is because the minimum wage has not kept up with inflation. Or perhaps the standard of living has risen and what used to be a luxury such as a television is now a standard requirement. What used to be a luxury was a power shower instead of a bath and now it is a standard piece of equipment in a bathroom, as my son keeps reminding me. Times have changed and therefore expectations have changed. But at the same time so too have many other things. We heard a very good speech from my learned Constable in Grouville about the agricultural industry. But if you take it a little bit further, when we have Eastern European seasonal workers coming to work in Jersey, the wages for them are good. If we increase that wage they simply take more money out of our economy when they go home. So

increasing the wage to them is not beneficial to this Island. All right, so let us look at the Social Security card and say registered have a certain minimum wage, entitled have a higher minimum wage. Oh dear, that then discriminates against locals. Locals will find a bigger unemployment list because immigrant labour or seasonal labour will take their jobs in preference, which is not the idea. There are also a number of businesses that pay bonuses and also pay a minimum wage. This way it encourages productivity, it encourages care for the business they are working for, and both sides, the business itself prospers as the staff work harder, the staff take home more pay through their bonuses. But by increasing the minimum wage you effectively will decrease the bonuses because the wage package has to be taken in totality. If you start decreasing the bonuses you are decreasing the incentive to work that little bit harder. I am strongly in favour of a proper wage for a proper day's work. I think everybody in this Assembly would support that. I am not in favour of bosses who drive big fancy cars and pay their staff a very poor wage. I think it is right that in this day and age the fruits of any business are shared among everyone. However, the problem I am facing is we have an Employment Tribunal, they do an excellent job, and therefore to start undermining them by saying: "No, we should go for £7.20 and not £6.97" would be wrong. We must take their advice. But I am going to support (b) because I think the Minister needs to give assistance should that board require it so that they can investigate and come back with more information so that we can see what effect it is going to have on the broader economy of this Island. If we can help the lower paid as a result of a proper and full inquiry then that is the way it should be done. The sooner we do that the better. We had a similar debate last year, which I believe Deputy Southern brought forward, and I understand we had a debate the year before that. Each year the minimum wage goes up there is a counter-debate saying: "No, it should be more." Let us stop that ridiculous cycle. Let us have a proper full and thorough investigation and then we can move forward. I think one of the issues might be if we are moving towards a living wage by 2026 perhaps that could be brought back to 2023 or 2022. I do not know. I do not have the information in front of me. But please could somebody get that information. That is why I am going to support (b) of this proposition because we need that information. Thank you.

The Deputy Bailiff:

Before we move on I think I heard a ringtone. It was you Deputy Maçon? Thank you for your contribution to the Greffier's fund.

Deputy J.M. Maçon of St. Saviour:

Happy to be the first one of the year, Sir.

Senator A.J.H. Maclean:

If I may just inquire as to whether the rate is the same this year or whether we have decided to increase it due to the current climate?

The Deputy Bailiff:

To tell you the truth, I have not given a moment's thought to it, Senator.

The Connétable of St. John:

Perhaps it should be 19p in line with the minimum wage.

The Deputy Bailiff:

I think it is only reasonable that notice is given of any increased rate so consequently I think the old rate will apply in the present circumstances.

Senator A.J.H. Maclean:

Absolutely, Sir. Very wise decision. Perhaps we could review the matter and bring it back for next year.

Deputy M.J. Norton:

If I may, as a point of clarification, the Connétable there was referring to the Employment Tribunal. Surely he was meaning the Employment Forum. Thank you.

The Connétable of St. John:

Thank you for the correction.

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

Playing the usual games. What a pleasure it is instead of being number one on this almost annual debate that we have about the level of the minimum wage, and a relaxing pleasure it is, to be number 3 on this particular effort. Unlike Deputy Brée, who disagrees with almost all of Deputy Mézec's policies and politics but nonetheless supports this particular proposition, or elements of it, I am in almost total agreement with the politics of Deputy Mézec. In fact I find him to be a complete ray of sunshine in my life. **[Members: Oh!] [Laughter]** It is very rare for me to get an "Ahh."

The Deputy Bailiff:

The temptation to say "order, order" is almost overwhelming.

Deputy G.P. Southern:

Before I start where I say on my notes 'starting point', I just want to deal with some of the comments that have been made this morning by some of the contributors and congratulate everybody on really a high quality debate thus far. I hope I do not bring it down in any way. The Constable of St. Saviour used that phrase: "That is not the way you run a business" to which I immediately thought: "But hang on, we are not here as businessmen. We are not here only to support business. If that is not the way to run a business it might well be the way to run a Legislature. It might be the way to run politics because politics is wider than just business." I thought I just had to add to that. But she also said: "We all deserve a living wage." So she was illustrating how torn she is by this thing, and it seems to be a theme of the debate so far is, yes, in principle to both (a) and (b) but not now. Senator Routier made great play that this was too short a notice. To which I ask: and how much notice was given to those who have to rely on income support to survive on poverty wages basically? How much notice was given to them that their income was to be reduced by £10 million by the Minister for Social Security? The answer was less than this. Absolutely. I think it was a bare 8 weeks from finding out what was going to happen, what was the detail of the £10 million cuts, to seeing who was going to have to pay that. I remind people that that is one of the responses that this Government, this set of Ministers, has done to its problems, is to say: "We will reduce the living conditions of the very worst off in our society." So we have already made them pay once. Senator Bailhache mentioned that what we are talking here is different ways to reach the same end and then went on to talk about part (b), as did Senator Routier, I think, as did others on (a).

[11:15]

I too, like Senator Ozouf, will just draw people's attention to the wording because as we said it is not specific. It calls upon: "The Minister for Social Security to investigate the impact on the tax and benefit systems of a significant rise in the minimum wage" and it goes on. It does not say to ask the Minister for Social Security personally to do that research; he is not being sent away to the library just to start seeing and just to use the internet to see what research is done around the world. It basically means organise a piece of research. Now, whether that involves the economic adviser's

input on the economic impact, which he failed to do substantially when he looked partially at the living wage that was missing from the report; this is a second chance to say: "Please come and look at that under this particular guise", or whether it is the Stats Unit or whether it is a little input from Loughborough or York or the LSE. We are talking here about advice, help, assistance to us to do this piece of work, and we are talking in the estimate ... and I do not see any objection to: "You might spend another £20,000." Now, are you saying we cannot find £20,000 to do this piece of work? Or, as Senator Ozouf did, say: "We could not possibly do this. It is an enormous piece of work"; and he has used the word "enormous" several times: "Could not possibly do it by December." I do not want to brag or anything, but I will inform Senator Ozouf that if I set my mind to it, I could do this and it would be before December and it would be a substantive and significant piece of work. I could do it on my own. But, nonetheless, it is not that hard to do, it can be done. So there is absolutely no risk or danger in voting for part (b), let us be clear about that. This says: "Let us get on with a piece of work that desperately needs to be done" and let us do it this year rather than next. We are giving the timescale of almost a full year; now, you should be able to do a substantial piece of work, significant, which gives us a great steer as to the future, on that. While I am on Senator Ozouf's contribution, and he talked about how he was sceptical about what the U.K. Chancellor, George Osborne, was doing and how he had made promises here, there and everywhere and produced a package which contained ... and he mentioned his scepticism. Here is something that I share with him: I too am very sceptical about what George Osborne is intending to do and how he has approached it, but that does not mean that we should not be discussing and debating it now. He talked about the "enormous" fiscal contraction, the "huge" infrastructure cuts, the "enormous" reorganisation of tax credits; what have we done? Have we not done something similar? We have indeed but, to look at what we have done, it is very similar to what has happened in the U.K. Indeed, the cuts, the changes, the proposals, are enormous, they are huge changes; identical to the mainland but on the mainland they are talking about in compensation for this, these cuts in infrastructure et cetera, tax credits, we are moving towards a living wage, and they have put some numbers on it so people can measure that movement. Senator Ozouf also mentioned short-term solutions and called this a short-term solution. This, on the contrary, is not a short-term solution, it is an attempt to get this Council of Ministers to examine long-term solutions. I should point out to Members what we are doing is dealing with short-term solutions from the Ministers at present. I was left after the Senator sat down with thinking the thought that Senator Ozouf was creating a chimera and a mirage for what was wrong with part (b). His argument really did not stack up and I was left with the thought that: "The lady doth protest too much, I fear." There is no danger in passing part (b), absolutely, it is safe as houses and a sensible way forward. But what no one has yet mentioned is the context in which we are debating the minimum wage today, and the context, the starting point must be we have got a £145 million shortfall in tax revenue; that is the context. That is due to a lack of tax revenues which in turn is a reflection of the absence of recovery from the worst recession we have probably ever seen in the last few years, and the fact that the indicators, whether it is the Bank of England saying that: "We are not going to put up interest rates" or whether it is the absolute chaos and turbulence of the markets around the world, it does not look like the recovery is going to come to us easily in the near future. So this Council of Ministers is committed to growing the economy and growing productivity, it says. The question must then be: "Well, how do you grow the economy?" Do you grow the economy by slashing £70 million from your public services, by removing employment in those services, by reducing the spend in the economy, or making people worse off because they no longer have decent jobs so they can spend money in the economy? "We will grow the economy by making cuts"; I think everybody in the room can see the obvious flaw in the logic of that. That does not work. "We will grow the economy by reducing, ceasing or outsourcing most or much of our public services"; does that grow the economy? The argument is: absolutely not. So who is suffering from this recession? We know what the answer to that is; the answer was contained in the income distribution survey

most recently published, which showed there was, in nominal terms, a reduction of 17 per cent for the bottom quintile, the worst off in our society. That is nominal, that is not including inflation, so a 30 per cent reduction in standard of living for the bottom quintile. Who are the bottom quintile? Before housing costs, those whose household income is less than £23,000, which translates after housing costs to £15,200 as household income. Those are the people we are talking about and that is where the impact has been felt most. Work it out for yourself: £15,200 contains the full range of income support, it contains those people on minimum wage. Those are the sort of people we are talking about. That impact has been felt less, although in some cases significantly, elsewhere in society, so the gap has got bigger. What did we propose to do? Before we knew that this was the gap, we cut £10 million further, mostly from the bottom quintile, that is what we have done to our society. The single most effective way you can grow your economy is to feed in income at the bottom end. Why is that more successful than other ploys? Because we know trickle-down does not work; this is trickle-up. Why? Because every penny you add to the income of a poor household gets spent; it is guaranteed to do this circular flow around the economy, and that is not the only way but it is one of the ways of boosting your economy and growing it. That is proven to work. Yet, what are we doing? Very little. Every penny that we add to low income households gets spent. While we are on the big figures, the £145 million, the £70 million cuts, the £10 million cuts, hang on, what else are we doing? Oh, we are increasing taxation, taking money out of the system; it is a leakage, depending on how you look at it. £35 million worth of health tax, have not seen it yet but we know it is coming, £10 million sewerage tax; do not know what that will look like, but it is coming. Again, all measures which take the impetus out of the economy. Why are we doing this? Surely this is complete short-termism? What are the 2 big expenditures that we have, big figures on the budget? One, supplementation, £60 million, £70 million, most recently. What have we chosen to do about that? We have chosen not to change the structure which we started 2 years ago by imposing a 2 per cent contribution on the highest earners, over £46,000. I thought the Ministers had finally learnt that lesson and that we were going to see that progressively increased. Change the structure of income support, make it sustainable. Instead of which, no, supplementation has gone up, what do we do? We cap it, knowing full well that we still have a need for the fund, long-term and short-term, and that 2 or 3 years down the line we will have to repay that, because we cannot eat away at our Social Security funds otherwise we will not be able to pay pensions, so we will have to make it up. Short-termism: "We will cap it now and pay it back in 3, 4, 5 years' time." Absolutely useless. Grasp the nettle. Let us restructure the Social Security Fund. Let us make it work, let us make it sustainable. Again, second big expenditure for 2014, £74 million on income support. What is that doing? What are we doing with income support? We are subsidising employers to pay low wages; that is what we are doing. I think 2 or 3 Members have said in this debate: "That makes absolutely no sense." You cannot build a business model based on a subsidy that you get from the back door so that you can afford to pay your workers less than is a living wage. That is what we do. Again, every penny, every additional pound that you put in a low-income household ends up either reducing slightly the requirement for supplementation ... and remember, that is significant money on supplementation. So it is there to top up the contributions to the Social Security Fund of those earning less than something like £47,000, at the moment. Those on a minimum wage, for every minimum wage job, that is about £50,000 a year; that is something of the order of £2,000 supplementation coming out of tax income straight into supplementing the Social Security Fund. That is what the effects are: £2,000 per minimum wage job, that is the cost to the taxpayer, to us.

[11:30]

Are we dealing with it? No, we are not. What have we done to cap the income support bill? We have reduced income support at the very bottom end, the poorest in our society, instead of dealing structurally with it we have said: "No, you are going to be even worse off." That is what we have

done. How do you deal with an increasing bill for income support, £74 million and rising? Do you take £10 million off it by making the recipients worse off, giving them less to spend in the economy? I would argue you do not. If you want to reduce that bill to government, to the taxpayer, then you increase the minimum wage, for every penny, every pound that goes into that household you save on your supplementation bill and you save spectacularly, pound for pound, on your income support bill. That is the long-term solution. It requires a bit of bravery to say: “Hang on, our economic model is broken, this is not sustainable. How can we mend it?” The first step along this is, I think, part (b) of this proposition, we must go for that. I believe the second step is part (a), and I certainly will be voting for that, and I would encourage Members to be brave and start to tackle this issue which is the fundamental flaw in what we are doing. This artificial subsidy for employers to pay low wages must end. How do we do it? We have not got all the answers, but let us, please, start by working towards mending that problem. Those are the 3 elephants in the room, as it were: the £145 million, enormous elephant in the room; we have not talked about yet, £70 million supplementation bill we still have not addressed yet, it is in the room. The £74 million, and rising, income support bill, that is the third elephant in the room. They are all there, regardless that we cannot apparently see them. I urge Members to support this proposition in its entirety.

The Deputy Bailiff:

Does any other Member wish to speak on the proposition?

1.15 Senator A.J.H. Maclean:

It is always a delight to go after Deputy Southern, who I see is leaving the Chamber when I am just going to talk about some of the points he was raising. I was going to inform the Deputy that, first and foremost, our economic model is not broken; Members will be well aware that we are seeing a recovery in the economy, quite broadly, which is encouraging. **[Approbation]** Thank you very much from behind; **[Laughter]** a more broad level of support to the comment would have been welcomed, I am sure to those outside of this Assembly, but the facts are clear: there are, of course, risks on the down side, but we are seeing encouraging signs. We are seeing financial services recovering, profitability, again, is improving, it is up. Jobs have returned; levels of people employed in this Island in financial services are back to virtually the pre-crisis level and, I have to say, these are good signs and we can be thankful for that. So, no, Deputy Southern, the economic model is not broken. A lot of work and investment has gone in to ensure that we diversify our economy and we look to work out ways to develop business from different jurisdictions to create new products, and so on, and it is proving successful. However, there is much more work to be done. I would also say in response to some of the comments that Deputy Southern made, that we have not got a short-term plan as far as the medium-term financial plan is concerned; the hint, of course, for Members is in the title, it is “medium.” But we are looking far beyond that, we are looking at the long term as well. The basis of what is being proposed in the medium-term financial plan is to ensure the long-term sustainable measure of our public finances and to ensure, and this is the important point, that we are not going to lumber future generations with unsustainable levels of debt. It is not reasonable, and that is why this government is having to take the difficult decisions that it is taking and presented in the medium-term financial plan. The even more difficult elements which are beginning to come out are going to appear in the addition, which this Assembly will debate later this year. The £145 million is, in fact, a shortfall of income over expenditure by 2019 if we do not implement the measures which are proposed in the medium-term financial plan. It is an important point to make because £145 million is this government saying: “There needs to be additional investment in key areas” key priorities like Health, like Education. £63 million is investment; the bulk of that is in Health, and that is the right thing to do. Members are familiar with that, and we have rehearsed these arguments before, of course. Moving on, I would just point out that this clearly is a very emotive subject; it comes up year-on-year, and it seems to me that the

arguments under (a) have been rehearsed before on many occasions. We have heard today lots of opinions, some dressed up as facts, about the benefits and indeed the potential impacts of the minimum wage and of the living wage and how that might happen and how it might impact on our economy. I do not really want to go through that again; I think Members are very clear. One of the most compelling arguments about this proposal and this proposition in part (a), and in fact the Connétable of St. Saviour has very fairly agreed with the point, is that the notice period for a change on business is just not reasonable. I think Members hopefully accept that point as far as this is concerned. The broader issue, of course, is of the living wage. I absolutely agree with many of the points that Deputy Andrew Lewis has made about the desire to move towards a living wage and to ensure that employees in this Island are paid an appropriate amount of money to allow them to live their lives and to ensure that there is a fair level of pay for a fair day's work. I think that is a point without doubt that all Members of this Assembly agree with, but it is about how you arrive at that particular point. A higher, for example, minimum wage will never achieve a living wage without top-up benefits and, of course, the associated costs that go with that. I think it was the Constable of Grouville, if I remember correctly, used an analogy along those lines: the living wage as an example for a single person versus a living wage for a parent with 2 children will differ. Of course, we cannot expect an employer, therefore, to pay the parent with 2 kids more than his employee, who is a single employee. There are lots of differences that need to be considered when looking at the issues around a living wage. I think the point that I would like to just pick up on very briefly, and I would like to start with a question, which hopefully in the summing up Deputy Mézec can answer. I think Senator Bailhache touched on this, and it is quite simply whether or not Deputy Mézec, and indeed Southern and Tadier and perhaps others, have engaged with the Employment Forum that has been established to review the minimum wage and do a very fine job. They are made up, as has been pointed out, by 3 employees, by 3 employers and by 3 independents. That gives a totally balanced independent forum to consider these matters year-on-year, and they do not just sit around in a huddle in a room and come up with what they believe to be an opinion of what the minimum wage should be for the following year, it is an extensive process. In March of this year the Minister for Social Security will instruct the forum on areas that she feels need to be considered above and beyond what their normal remit might be. They go away, they prepare, they consult. It is a 6-month process to arrive at a considered position, ensuring that they consult widely with businesses, with employees, with all relevant groups. That is why I have asked the question as to whether the Deputies, who have particular concerns in this area and brought this proposition for an increase at somewhat the last moment, have been part of that process. Because that is where they, or any Member who has a concern, should be engaging: with the independent group set up to advise because, with the greatest will in the world, we do not have the expertise within this Assembly to reach such conclusions. It takes a long time and it requires proper consultation, advice and expertise. I hope Members have reached the same conclusion that I have that rejecting part (a) of this is the right decision. We do not want to see an unnecessary impact nipping the recovery in our economy at the last moment. We do not want to see an unnecessary impact and decisions that businesses would have to take in potentially reducing working hours if they are hit with extra costs, or indeed, not recruiting more staff. We want to see more people move into employment. We are seeing the unemployment levels fall; we want to continue to see them fall, we do not want to put barriers in the way of business to stop them doing so or, indeed, of course, some costs would be passed on to consumers. Consumer prices could rise, which would be another unintended consequence. That is why the forum's advice proposed by the Minister is the right course of action. I will just move very briefly on to part (b), because Members have said, quite reasonably, and it is a seductive argument, that: "Well, it is just a review, we need to look at it and we should look at it, and it will not be terribly difficult to do." There will be a cost, of course, of doing a review of the nature proposed in part (b) because, of course, it is talking about the tax and benefit system; it is far more complicated than perhaps it might appear at face value. We know the Minister has already

said that she is going to be instructing the Employment Forum to look at the U.K. and to look at the living wage proposals that have been marked in the U.K., that is a good piece of work and I congratulate the Minister for taking the stance to instruct the forum to look at that. I think, and I hope, that Members will feel reassured that it is being done by the Employment Forum. Looking at the impacts of a living wage in that way is the right thing to do, so is ensuring that the Business Tendency Survey surveys as widely as possible the business community to get their feedback; all of which will be disseminated by the Employment Forum to come up with a considered opinion by the end of this year. I want to take the words proposed in (b): “Including looking at the tax system and the interaction.” Yes, there is work that needs to be done in that regard, there is no question or doubt about it, but to undertake this work in the period between now and December between tax and the benefit system; the cost associated with doing that, I believe, is going to be prohibitive. There is a huge work stream to be undertaken and I do believe that we need to do this in a measured way. I do believe that the position the Minister is taking is the right one, it is the measured approach, and it will inform this Assembly at the end of this year. Indeed the Employment Forum, I would suspect, would make recommendations, having done their considered review, which would I hope meet the concerns of many Members here. I would therefore ask Members to reject part (b) of this proposition and allow the Minister to instruct the Employment Forum to undertake their independent work and hopefully to satisfy Members that that will end up with the appropriate position by the end of this year.

The Connétable of St. John:

Sir, a point of clarification: the Minister referred to the M.T.F.P. Could it be the M.T.F.P.P., because there are many blank pages, and it could be referred to as the medium-term financial partial plan?

The Deputy Bailiff:

I am not sure that is a point of clarification at all, Connétable; there is no need to answer that, Minister. Deputy Wickenden.

1.16 Deputy S.M. Wickenden of St. Helier:

I came into the Chamber yesterday on this proposition thinking that I was going to support it. I have listened to an awful lot of what has been said, and I will try not to repeat very much of it, but I do think there are some things over which I have changed my mind, backwards and forwards, as I have listened to Members’ points and views. I agree now that in part (a) the timescales just are not acceptable for businesses to be ready to deal with this, and I will not be supporting (a), though it is a shame that, as the Minister for Treasury and Resources said in his speech, this comes up year-on-year, but the work still has not been completely done. **[Approbation]** Part (b).

[11:45]

I was going to go against it; again, I think Senator Ozouf gave a good point about how much work it will undertake but now with other Ministers speaking I have changed my mind on that because surely a lot of this work has to have already been done in part. We have a new health charge coming in. Please do not tell me that we have not done a piece of work before the health charge comes in or even looking at it and how it would affect the lowest paid members of our society, because if it has not been done what we are going to do is exclude them from being able to get health care, so surely that piece of work has been done. So, that is one part, looking into the effects on low income families. The Minister for Infrastructure is bringing in a refuse charge. Has that been looked at and how it will affect the lowest members of society? He is looking to see if the Bellozanne covenant is still valid or if it can be overturned so that my constituents in St. Helier can pay a new refuse charge. Now, I do not think it is unfair to say that probably most of the low

income families live in St. Helier rather than the country parishes, meaning it will affect them much more heavily in St. Helier. Has this piece of work been done? So, we are introducing new charges because we have to because of the situation we are in. Has some of the work already been done? Has work on the tax system already been looked at in how it affects low income families? Of course it has. We have Medium Term Financial Plans. We have strategic plans. We look at these things before we put them out, I hope. Who would do this work? Is it right with the Minister for Social Security? Is it the Employment Forum? We have ministerial oversight groups that look after things. I can think of one person I know that is extremely hard-working, extremely intelligent and extremely competent, that is the Assistant Minister for Social Security. Why not put it in his remit, get a team together, speak to the Consumer Council, pull it all together and look at this as well? There are people, I feel, that are competent and have the capability to do this piece of work as it is. There is a lot of work that should have already been done and therefore I am going to support (b) in this proposition. I think that I hopefully have given a good argument why a lot of the work will have already been done and it is not as big an undertaking as one might think.

1.17 Deputy R. Labey of St. Helier:

I find this debate very informative, very interesting and also very familiar because we have been here before and it seems to me that it always comes down to the same argument when a Deputy Southern or a Deputy Mézec brings a proposition like this to raise the wages of the lowest paid on the one hand and they are told on the other hand that will be the death knell of the farming industry. It seems we have this repeatedly, again and again and again and I ask, is it utopian to ask for both? Can we not have a thriving farming industry and higher wages for the lower paid? Maybe we need to take a different look at it in terms of making the farmers' relationship with the Government much more user-friendly. Farmers could absorb a sensible rise in wages, perhaps, if they were not hit with a £3,000 fine if they have accidentally put too much fertilizer on their field, and I make the usual declaration of interest with my family's farm which is no concern. It is a concern to me and it is a great concern for them but it is not a financial concern to me. In fact last year my brother had a call from one of his drivers who had fertilized a 20 yard stretch of the Grande Route de St. Jean and the first thing he does, of course, is ring the department: "Look, this has happened", gets all his men down there. They clear the whole thing up, the whole thing up in a couple of hours and he is hit with a £3,000 fine. What good is that doing to anyone? So, I think we need to look, as I have said before in the Chamber and I know it fell on stony ground with some of the Ministers, but why do we not look at ways to help the farmer, to sustain the farmer? Why do we not stop hitting him with charges and taxes and V.R.D. (Vehicle Registration Duty) and V.E.D. (Vehicle Emissions Duty) when he wants to buy a new piece of kit or build a better standard of accommodation for his staff, which would be good? Why do we not look at those areas to see where the farmers can be assisted so that they can absorb a good and proper rise in wages? I have listened to everything the Constable of Grouville said and, of course, he knows very much more on this subject than I do, and also the Constable of St. John but I would caution against him assuming that really a 23p rise is not going to be that noticeable or significant for a seasonal worker. I think it is and the other perhaps new element I might be able to bring to this debate is this: for the first time I think this year, even though my brother has cut down on his staff to be leaner and meaner and fitter and more efficient it has been a struggle to get the number of staff, seasonal workers he requires. They come for 6 months for the planting and the lifting. They go home for 8 or 9 weeks. They come back again for the standing for 8 or 9 weeks. They go home again until after Christmas and they come back here. That is what happens and as has been said, they pay hundreds of thousands of pounds. They are worth hundreds of thousands of pounds to Social Security, money that the indigenous population cashes back on when they go to hospital. Not the seasonal workers because they have their babies at home in Poland and they go for their operations at home in Poland and the doctors et cetera. Occasionally there is an accident and they use the hospital but otherwise the seasonal worker is

subsidising the indigenous population with its Social Security contributions. So for the first time it has been hard to find the amount of staff they need, my brother on his farm and others, I think, are finding this too. There will be the couples that have come for 10 or 15 years and have built their house back in Poland and do not want to come back again because if you do, the Constable of St. John is right, the conversion of pounds, shillings and pence when they take it home to the zloty they are doing exceptionally well. But they will notice a 23p rise. These guys and girls and women are highly skilled, highly intelligent. We could not do without them and I worry about the impending runaway freight train that is about to hit with where we are going to get these skills if we cannot find our Polish workforce anymore or the equivalent. So, I would say this. We have to incentivise them to come back because we need them and one way of incentivising them, of course, is to keep them on the same level as other places. Deputy Mézec has a very good point about the U.K. We should not fall too far behind because you go to any job centre in Poland and there are posters all around the world advertising for jobs. They can go anywhere: Norway, Germany, further afield. They can go anywhere, and so we have to be careful that we are going to get them and it is also an impending problem because the next generation down do not necessarily want to come and do the back-breaking work, living in not great accommodation. They can work an iPad and an iPhone 6s but they do not necessarily now have an H.G.V. (Heavy Goods Vehicle) licence and Jersey is a good place for them to come to. Jersey is a great place for them to come to because there is an established community here. There is a support network here. They are close to everything they need in terms of shops et cetera. Jersey has done a great thing and I applaud Members like Senator Sir Philip Bailhache when he was Bailiff extending a welcoming hand from the Jersey community to the Polish community. All that work that was done by Senator Sir Philip and his successors in the role of Bailiff and the Polish Consul, and most especially the Constable of St. Helier too, sometimes in the face of derision from the indigenous population. But they have made these people feel rightly welcome and it is good that they did that because we need them and it is a worry for me, and it should be a worry for all of us, that we potentially will not find the skills that we need. So, I repeat the thing ... okay, some of the accommodation these days is not as good. I think the Jersey farmer has come a long way but a lot of the time it is Portacabins, which can be okay. There can be like a little caravan but who wants to spend winter in a caravan? If you go around most farmers' farms with them and ask for their wish list of things to do most of them, top of their priority would be to be able to build decent staff accommodation, build a staff block. But they need to make the money first before they can do that and they need to be helped by not being clobbered with all the charges and taxes et cetera when they do want to build staff accommodation or get a new piece of kit or get modernised et cetera. So, the one other thing I would say; when the seasonal worker comes to stand the potatoes, it is very labour-intensive ... just as the Minister for the Environment was saying with the daffodil growers, potato growing is very labour-intensive, very labour-intensive, and when they come back to do the standing of the potatoes into boxes, getting ready to sprout and plant, they are here for about 8 or 9 weeks and they pay piece work and the farmers get together and work out a rate so that they never dip below the minimum wage. But they go like the clappers and some of these guys and women can make £10, £11, £12 an hour on standing the spuds. So, if you even it out over the course of the whole time they are here they are not doing too badly and maybe that is a thing that the Employment Forum needs to take into account. It probably already has. So, yes, we need government to help with increasing the markets and increasing the sales for the farmers. That is the obvious thing, to increase their revenue and the Minister for Economic Development is already doing that with Farm Jersey, which has got to be a welcome initiative and let us hope that can be good. But if they want to build new staff accommodation to make it more attractive for these skilled workers to come over from Poland et cetera do not clobber them with all the planning fees and all the taxes et cetera. I would say to the Constable of St. Saviour if I met her outside the Chamber: "You stick to your guns on supporting part (b), my love." I would say that outside the Chamber. Inside the Chamber I would say: "You

stick to your guns, Constable”, because I think that there is a lot of things that need to be considered with regards helping the farmers that is outside the scope of an Employment Forum just looking at setting a minimum wage. Things like the V.R.D., the V.E.D., the harbour dues, all those things that I have mentioned before that we could help the farmers with. I am tempted to do a Deputy Andrew Lewis and give the Council of Ministers a little poke with the cattle prod here and support this proposition.

The Deputy Bailiff:

Does any other Member wish to speak on the proposition? Chief Minister.

1.18 Senator I.J.Gorst:

I have been poked with a cattle prod [**Laughter**]. I think, as Deputy Southern said, we have had a very good and wide-ranging debate on what are important issues. I just want to answer some of the questions that Members have raised and some of the conflation of issues around various policy perspectives. Yesterday, Deputy Mézec started by asking Members to listen to each other’s words, what they were saying, and that is why I think it has been a good and important debate. Perhaps he also started out talking about items of clothing. I am saying that one of the reasons for doing or accepting his proposition was perhaps of what is happening in the United Kingdom and we heard Deputy Labey just make the same point - is it an appropriate approach to allow our minimum wage to fall out of kilter with what the U.K. are now calling a national living wage, which, of course, is an increased minimum wage in reality. Senator Ozouf spoke eloquently about the first part of the proposition with regard to moving to £7.20 this year. However, he did not necessarily re-iterate the point that the United Kingdom Chancellor of the Exchequer announced that 12 months in advance of moving to the position that he is proposing will take effect from 2016. At the same time, of course, he announced many other fiscal changes that would affect those individuals that may be affected by what they are referring to as the national living wage. This proposition does not give that 12 months’ certainty and that is not appropriate. The process that we put in place always reaches its findings and conclusions and puts these into the public domain to give many months of certainty to employers to prepare for any proposed changes and I want to come on and talk about the Employment Forum because one or 2 Members earlier in the debate made what I think were somewhat disparaging remarks about the Employment Forum and I think that was very unfair.

[12:00]

The Employment Forum consulted with employers and employees and we heard about the balance of that forum, and they, despite employers asking for a rise in the minimum wage of 0.9 per cent, proposed and the Minister accepted a rise of 2.8 per cent and the Deputy today is asking us to go outside of that recommendation and because the U.K. has picked this number to accept that same number as well. I would say that there is not sufficient time for employers to be able to respond appropriately because it is not simply the 23 pence that the Deputy is proposing. You have to amalgamate the 2 amounts and it is those 2 amounts that employers will need to factor into their planning. Other Members said: “Well, there are plenty of rich farmers who could afford it.” There may be. That same speaker went on to say: “We know there are lots of struggling farmers.” So, we in this Assembly have to consider all of those individuals but I think most of us would want to consider those who are struggling and not put an unnecessary burden - that they will struggle to meet in the short term - upon them by making this decision today. The other point I wanted to make in regard to the United Kingdom’s national living wage, and I think it was the Constable of St. John who spoke quite a bit about, or perhaps of Grouville that spoke about the £9.20 or the £9 which is the U.K. Government’s estimate of what such a wage might be by 2020. I think that is important because I am not sure that is any different to the policy that the previous government in this Assembly supported of asking to move to a specific percentage. Deputy Andrew Lewis is

shaking his head but that is, I do not think, the case because what the U.K. Government have said is we will move to £7.20, which is what the Deputy is proposing and for all the reasons that Members have said I do not think that is the right thing for us to do. They then made an estimate of what their aspirations would mean, moving to around £9. They are not saying it will reach to that. That is an estimate of what they aspire to get to but that is subject to the Low Pay Commission's recommendations. Let us not forget the U.K. have a similar process in place to the one that we have in place and they have directed them, which is what the Minister for Social Security is proposing to do to the Employment Forum, the U.K. Government has directed the Low Pay Commission to recommend increases for the future taking into account the state of the economy, employment and unemployment levels. That is the policy that we have in place. We have asked the Employment Forum to move up to 45 per cent of median I think it is, taking into account jobs, competitiveness and economy, so exactly the same position that the United Kingdom Government is aspiring to reach. We just have to be careful to suggest that we are lagging behind and we do not have an appropriate policy because the United Kingdom has this nice, shiny policy that they have only recently announced whereas we have had a policy that we have been working to for a number of years. There is a question - I admit and fully accept and Ministers accept - about the timing of the reaching of that level and following that policy. The other issue that Senator Routier spoke about and he was quite right to is that there are differentials as well in the United Kingdom's minimum wage as there will be in their new national living wage, as he said there is in Guernsey and the Isle of Man, comparator jurisdictions. That is not being proposed today but should rightly be considered by the Employment Forum when they are making any recommendations. The other point I want to pick up on, despite Deputy Andrew Lewis shaking his head at what I am saying, I thought he gave a very good speech yesterday. He covered a lot of the issues and he talked about a thing that is of particular interest, I think, to us here is Jersey and is something that the Employment Forum should be considering and I know that in the past I have, when I was Minister for Social Security, suggested it to them then. That is the work the U.K. is doing looking to see if there can be derogations for various sectors. That is a complicated and difficult argument but it might go some way to dealing with some of the issues that Deputy Labey raised in his speech as well and I am absolutely delighted that Caritas Jersey is going to be working with that U.K. body to do some research. That is exactly as it should be, because that is what happens in the U.K. as well I think with the Low Pay Foundation, as the Deputy said. I think that is exciting and I am looking forward to meeting those individuals and talking further with Caritas Jersey as they try to work in this particular area. The other thing I should say about the rise in the United Kingdom to £7.20 is, of course, there has been other work that has come along and said that will result in job losses in certain sectors. I cannot remember off the top of my head whether it was around 30,000 or I think it was more like 60,000 job losses in various sectors that will lose jobs and, therefore, individuals will be put out of work. Deputy Southern, of course, took the opportunity in his comments to give a *tour de force* of economic policy and everything that he felt was wrong with Jersey and he seemed to be critical of income support as an in-work benefit but he knew and he has always known that income support, rightly, is an in-work benefit to encourage people who are out of work into work. That is a positive, good thing that we should be encouraging people into work and they should see a financial benefit from being in work as opposed to being out of work. As with anything it can always be changed. It can always be refined and finessed but the basic principle that one is better off in work than out of work must be one that everyone in this Assembly accepts and it is one that the income support system, the Department of Social Security, the Minister for Social Security and the Council of Ministers fully support: that you should be better off in work than out of work. I just want also to touch on something that Deputy Higgins said about the United States of America and various states giving legislative effect to a living wage and Senator Ozouf raised a point of clarification about what the actual value of those wages were and, as I understand it, they are around \$10 so with the conversion rate that \$10 is still less than our minimum wage

stands at today. I think Deputy Higgins was trying to make the point that they are, however, greater than the minimum wage in those states and I do not have the facts for that, or not, but he made that point. But the important point, I think, is that those states that have given legislative effect to a living wage, that living wage applies simply or solely to government employees and to those who are contracting with the Government. It is not carte blanche right across the private sector in those states. It is very much categorised or effects government employees and those who are contracting with the Government and I think it is important that we just understand that. But Deputy Labey spoke about some of the challenges facing the farming industry and he is right to raise those challenges in this Assembly and raise those challenges into the public domain. I am quite sure they are never always quite as one-sided or straightforward as he might have us believe, but the basic point I think was that we need to consider how we are supporting farming into the future. I would say that is not to be done through a minimum or Jersey living wage but some of those issues that he raised are rightly to be encompassed in the new rural economy strategy and we should be thinking about policy options to give effect to those in that new strategy. I hope the Minister, I think he has, or the 2 Ministers, have taken note of some of those policy option suggestions and are already working constructively with farming industry to try to address those. Part (b) seems to be the one that Members of the Assembly think would be a useful piece of work to have undertaken. I think there is some conflation of issues about relative low income, which, as we know, is about household income and not individual income and minimum wages and living wages and I think part (b) conflates those 2 and suggests that there is a straightforward linear correlation between them and there is not. They are different and you need to pull different policy levers in order to affect them. It seems to me, and Senator Ozouf was absolutely right when he said that we should not be asking the departments just to pile on another piece of work to a department that is already exceptionally busy and they are. I could say to Members today that if we asked the department directly to do this work rather than what is currently being undertaken, and I will come on to that, the department does not have a myriad of policy officers who can go away and do this work. Other things will be slowed down and some of those other things are the department is doing discrimination legislation and I do not think any of us would want to see that slowed down. But I know Members will not accept that, so I will not go on down the list of work that would have to be slowed down if this was agreed as a priority today so I hope that Members will just take that into account as they decide whether to vote for (b) or not. So, the Employment Forum in my experience - I know some of the members have changed since I was Minister for Social Security - do a first class job. We have a first class chairman and deputy chairman. This idea that they simply go along to employers and ask them if they would like to see the minimum wage raised and the employer says: "No, we do not want to do that" and then they simply go along to employees and say: "Well, you know, we could suggest a rise in the minimum wage but then you are going to lose your job" is absolute nonsense. They are thorough, they are professional and they really do consider the effects on the employer, the employee, the economic conditions and, as I said, the model we have in place is the model they have in place in the United Kingdom and the criteria that they will judge about recommending an increase in the minimum wage and looking at the living wage, which the Minister will instruct them to do, I believe they are the best body to do that. They can look at this in the way that I think Members want, although, as I have said, what it says in this conflation of the minimum wage issue and the relative low income issue, is around households and not individuals.

[12:15]

We know that they are going to be able to do that job because they have made some recommendations that I know over the years Ministers have found really difficult and they have had robust conversations with them about why it is that their recommendation should be followed. So I believe that the right approach is not to vote for (b) for all the reasons that I and others have said, but to allow the Minister to instruct the forum again. They are already working to the policy of 45

per cent of median income, albeit I think in light of what is happening elsewhere that timescale will need to be speeded up. We should allow them to do that and then later this year they will have been able to make some recommendations that perhaps we need to consider those recommendations in a different way so that Members feel more involved in understanding how those recommendations were formulated. I am hopeful that Caritas Jersey and the Low Pay Foundation working with them in the U.K. can, for the first time, have real and important input into the recommendations that they will make during the course of this year. I think that will again strengthen what they are going to propose. Levels of pay, low pay in our community, are important issues and I think that we would all like to see them increased but, at the same time, we want to see jobs protected and the number of jobs increased, and not to have adverse effects upon them. Therefore, I hope that Members - and I know it is not easy and some of these arguments are finely balanced - considering all the arguments will vote against both elements of this proposition and allow the process, which this Assembly has agreed and approved in the past, to do its work. Perhaps the challenge is - and I challenge myself here of course as Minister for Social Security - one does write and engage with the forum. Perhaps the challenge is for us as Members of the Assembly as well is to engage with the forum, to go and speak to them, to make representation to them about what we see our concerns are in this particular regard.

Deputy J.A.N. Le Fondré:

A point of clarification from the last speaker. I asked in my speech quite some time earlier for 2 points of information from the Chief Minister when he eventually spoke. One was why have we not received the impact analyses that he undertook to provide given that we are now 3 and a quarter months down from that line and, (b), could we have an indication ...

The Deputy Bailiff:

Deputy, that is not a point of clarification of anything the Chief Minister has said, that is simply asking for a response which you asked for on an earlier occasion. Does any other Member wish to speak on the proposition? If no other Member wishes to speak I call upon Deputy Mézec to sum up.

1.19 Deputy S.Y. Mézec:

Can I thank Members for what I think has been a pretty good debate to be perfectly honest? There has been a lot of good contributions, including ones from those who will not be voting the same way as me but who I think have made contributions which are certainly worth noting for the future and bearing in mind when Members decide eventually where to go with this. Of course, I have to start my speech by thanking Deputy Southern for his kind words, even though he is not in the room right now, and I would say that I consider it a great privilege to be able to call him a colleague given how hard I believe he has worked over many years to support, in particular, the lowest paid workers in our society and hopefully will continue to do that for many years into the future. I was grateful for the contribution from Deputy Lewis of St. Helier, which received rightful praise from other Members of the Assembly and it was good for him to make the pre-announcement of our intention to help found a local branch or invite the Living Wage Foundation to Jersey, work which will be spearheaded by Caritas which I am very glad to be able to be a part of in the future. Hopefully that is going to end up contributing very positively to this debate and in terms of looking at all the issues around a living wage, the benefits of it and what can be done as part of the package to make it something viable to look towards in the future. Deputy Brée said at the very, very beginning of his speech that he did not often agree with my politics. I think if he checked his voting record, he would see that we are on the same page quite a lot of the time **[Laughter]** which is something that I happen to think is good. I do not expect him to be asking to join Reform Jersey at any time in the near future - he is more than welcome to ask if he wants and we would certainly

have to think about it. I am going to come back to this point. This goes to the point that the concept of a living wage is not, I think, owned by any particular political philosophy, and that is a point that I want to return to in a few minutes when I talk about the contribution which was made by Senator Ozouf to this debate. I said in my opening speech that Members should listen to the contributions of the Ministers, in particular, and try and work out if they were just against this proposition or if they were arguing more generally against the principle of the living wage. There were some Ministers who were arguing against the living wage. If you listen to what they were saying and the concerns they were raising, there is no ifs and buts about it, some were just arguing against a living wage. We had contributions from the Minister for Social Security and the Minister for the Environment too. The Minister for the Environment, who said he was representing farmers, said we should accept this proposition if we want fewer farms in Jersey. The Minister for Social Security said, and I am fairly sure I have recalled this accurately, it could be the death knell for agriculture and hospitality. I do not recognise this situation whatsoever. I think it is a repetition of the line that I referred to in my opening speech as being one of the phony doomsday predictions that had been brought up time and time again in the debate, not just in Jersey but in other jurisdictions as well about the minimum wage and about the living wage more generally. I am also going to come back to those points soon. I will be honest, I think in analysing the case which has been made against this proposition the Member whose contribution summed up everything which is wrong with the debate, I am sad to say, I think was Senator Farnham's speech. The reason why is because he had a lot of really good things to say. He pointed out that the introduction of the national living wage in the U.K. was done as part of a package of measures to help ease the burden on businesses. They did things like lowering corporation tax, which is obviously something we cannot do here in Jersey, and he spoke about the help being offered with National Insurance. He said he supports the idea of improving wages for low paid workers but said that we need more support for businesses to help them cope. I could not agree more, he is absolutely right. Every Member of this Assembly who stood up and spoke about the difficulties that many S.M.E.s (small and medium enterprises) in Jersey struggle with has my absolutely sympathy and I am on exactly the same page as them in that regard. I hear him make those points and I just cannot help but think: "Yes, great, would it not be brilliant if he was in a position to do something about it." Hang on a minute, he is the Minister for Economic Development; that is the Minister who is trying to be able to develop the economy. He stands up in this Assembly and makes the points he does, I cannot remember the last time that I was asked to vote in favour of something that I think would genuinely have a positive and tangible effect towards helping businesses in the Island. I think the government, for all its bluster, it is not really a pro-business government. I think it just pretends to be a pro-business government. Let us be honest, I do not think they have genuinely done much to help businesses. We have seen a lot of vacuous gestures, things like increasing the unfair dismissal qualification period, which the Employment Forum, by the way, said there was no evidence that it would help businesses. So we talk about ignoring the Employment Forum when it is Reform Jersey proposing it but this government has ignored the Employment Forum in the past before on something where they were saying there would be no evidence at all to suggest it would be good for the economy or for businesses. Of course, we have also seen expensive PR exercises that, in my view, do not really serve much purpose apart from trying to make the government look good, but which do not have an actual effect on the ground. When I speak to business men and women in my constituency I find that many of them think exactly the same thing and have not felt the benefit of measures the government has been trying to produce. The only thing I can think that they have done is just set up more and quangos, which is a very, very uncreative way to try and develop business in the Island. Frankly, we need to get serious and we need to start working harder and doing more to be looking out for them. So I think if the government was serious about helping businesses we would not be sat here - and this is a start, right - over a year after this government took office and in the Chief Minister's own statement he put forward for his election to Chief

Minister one of the things he promised to take action to sort out was our regressive and unfair Social Security contribution rates for the self-employed. We are a year later and nothing has been done. So if we wanted to help businesses in the Island and we wanted to help them support their own workers, what better way to do it than to help these people by sticking money in their pockets for those hardworking men and women who have stuck their neck on the line to run businesses and support our economy like that and physically give them the support they need to develop, take on more staff and pay the staff they have better. Surely that would be a positive thing to be doing and we need to get on with it. It has been a year, what has happened? Nothing. That is not acceptable. That is absolutely unacceptable. That would help towards making it easier to accept propositions like this one about increasing wages for the lowest paid workers without having to be so concerned about any potential negative impacts they have. Of course there is a lot more that could be done to help businesses. If we were actually seeing real progress on government reform and on e-Government, something that has taken far too long and which I know the Chamber of Commerce recently reduced their 10 points of things they would like to see from the government over the next year, and they were saying that they wanted to see timelines in place for some of these reforms and to see tangible changes that we are going to see that will help them. Things to do with reducing bureaucracy that burdens those business and which is perfectly possible to make the whole process much more efficient. What about going through our business legislation, modernising it, consolidating it when it is spread across several different Acts and getting rid of the bits that do not serve much purpose in a modern economy given how much it has changed over the past few decades. Or how about improving the outreach service of certain government department services, J.A.C.S. (Jersey Advisory and Conciliation Service) for example, providing more comprehensive help and advice, particularly for small businesses that cannot afford to just go and see a lawyer every time to do what is a relatively simple task but something that is essential and they do have to do. So I would take the government's opposition to my proposition and their statement that in principle they agree with the living wage, I would take it much more seriously if they were going through this work and doing it instead of constantly talking about how they are going to sort something out and then dismissing any constructive alternative proposition that gets brought to this Assembly, and doing what the Constable of Grouville rightly said, which is announcing their opposition to it at the very last minute. Which I do not think is helpful or constructive in any way whatsoever. I would like to use this as an opportunity to say to the government to stop doing that. It would be much more constructive and helpful if they got their act together there. It has been spoken particularly about agriculture and hospitality and how this will affect them. Some Members spoke about businesses and how if the business model is only viable on the basis of paying poverty wages, should that person really be in business in the first place or not? Well, I am sure that there probably are businesses out there which are led by people who perhaps just are not really the right people to be doing it and people who might not necessarily understand how things are and not able to build a decent business structure. So that is fine to make that point about those but then remember there are also businesses operating in markets that find it very difficult, for whatever reason, which have a lot of obstacles in the way of them growing and them succeeding, so instead of saying - and this is what this is about really - we are going to accept poverty wages as a principle and say they are an inevitability, would it not be better to say to those businesses who are operating in difficult areas: "Come meet with us, sit down with us, let us find out what it is that you are struggling with, whether it is problems with competition, whether it is problems with regulations which are perhaps ending up counterproductive, let us sit down, work out what it is, break down those stumbling blocks" and provide an environment in which businesses are able to pay their workers properly so that we can all benefit from that. Take what should really be a constructive approach.

[12:30]

Now, Senator Ozouf spoke at quite some length and, I will be honest, I thought a reasonable amount of his speech was pretty irrelevant to the proposition. He spoke and we had our jokes about what colours we were wearing, he was wearing red yesterday, I was wearing blue and now he is back to blue and I am back to red because the universe must of course go back to its natural order at some point. But he spoke about the extremes between left and right and I think in that statement he totally missed the point, because this has become an issue that now transcends party politics. Remember in the U.K. when the minimum wage was first proposed by Tony Blair and the Labour Party, the Conservative Party were staunchly against it. Now, I remember seeing a Newsnight debate between Michael Heseltine - who incidentally is one of the Tories who I respect - against John Prescott - who incidentally is a Labour member who I do not respect very much perfectly honestly - and I remember them debating with each other and Michael Heseltine came across as incredibly out of touch when he was trying to say why it was acceptable for working people to be paid as little as £2 an hour, which is obviously not enough to make ends meet. I remember looking at it and it made it come across as what was then viewed colloquially as the nasty party. That is what it looked like. Now, fast forward 20 years and what happens is you have a conservative party which has actually surpassed the commitment that the Labour Party was meant to make. They have completely U-turned from a position where they were absolutely against the minimum wage, it is now going in a situation where it is a competition between the parties in the U.K. as to who is willing to go the next step and who is willing to make that progress. Senator Ozouf must try and generate less indignation than he can comfortably contain, because it is just a little bit distracting when I am trying to speak. This is the point here, his argument about extremes between left and right on an issue like this serve no purpose apart from to divide us when what we should actually be focusing the debate on completely is the consensus that it is the right thing to do. Let us talk about the practicalities about how we get there. That is a much better way to be going about it and describing parts of this proposition, like part (b), as folly, I just do not think it is helpful at all given that it is - if I do say so myself - quite a sensible part of this proposition. I think (a) is pretty sensible as well, if you ask me, but I am hoping that we can agree that option (b) would be a constructive way to move forward. What has to be said about part (b) is if you look at the actual wording to it, I am not particularly prescriptive in what form I want this review to take shape. Part (b) does not say: "Here is your terms of reference, here is what you must do." The only thing I set is an end deadline, which is December, which, if you ask me, is pretty reasonable, that is a long way away so there is plenty of time to be getting on with it. The Council of Ministers' comments, both the ones they published and what they have said in this Assembly, is that we know that the Employment Forum is going to be begin doing some of this work anyway so my part (b) of this proposition could, if the Council of Ministers want to U-turn on this and embrace it as a constructive way forward, be turned around into fitting in with what they plan to do anyway. But, remember, when the Employment Forum is going to be meeting to talk about at what rates the minimum wage should be set in future, if the government were criticising ... not criticising, that is the wrong word. If the government were not particularly liking the comparison with the U.K. national living wage, because of the fact it was part of a package, what you need to do then is to empower the Employment Forum so that it has a wider scope of things it can look at, so when it is looking at the minimum wage it can also look at the other aspects of employment legislation and regulations which govern how businesses are operating to make wider suggestions about what the government could be doing to help offset some of the difficulties that they might have with a higher minimum wage. So part (b) to this is entirely constructive, it is not prescriptive, it is not going to detract from anything the government may try to do. So I ask any Member who is sitting on the fence, if you do not want to vote for part (a) because you have concerns about the notice period ... and I accept that is definitely the strongest argument against part (a) of this proposition, although I do wholeheartedly agree with what Deputy Southern said that it would be nice if more notice could be given to the vulnerable in our community when they are having their support cut. It would be

nice if that view that notice is important was held wider rather than just when it is businesses concerned. So if you cannot bring yourself to vote for part (a), at least vote for part (b) to show your commitment, your actual commitment, because it is all well and good to stand up in this Assembly and say: “Yes, we support the living wage. Yes, we support this; yes, we support that” and then when crunch time comes, when it comes down to doing something on it, constantly doing nothing. Because at the end of the day in politics your word matters nowhere near as much as your vote. Putting your finger on one of these buttons and saying: “This is my firm commitment to make sure this happens.” That is what voting for part (b) does and so I hope Members will bear that in mind. I have had it asked by Senator Bailhache, and a few other Members, I think, tried to make the same point, asking me if I had sat down with the Employment Forum and suggested they do this work. I have got news for those Ministers. I am not the Minister for Social Security so I therefore do not have the mandate or the ability to instruct the Employment Forum to do that. They are shaking their heads. I do not have the ability to instruct them to go ahead and do a piece of work, especially when it is something like this, which is likely to be reasonably comprehensive. That is the government’s role to do that. It is this thing called leadership which would be nice to see from them once in a while. As I said, as a constituency representative I speak to businessmen and woman in my constituency all the time. Senator Ozouf is shaking his head at that, as if he somehow does not believe it. No, it does happen. I am a consumer as well as a politician so I go and speak to people as well. I regularly get interesting points of view relayed to me about various political issues as and when they come up. I hear interesting points of view about Sunday trading. That is the big one I tend to hear from them and often they are speaking against some of the things which the government has previously discussed trialling. Most of these employers as well are completely in favour of the principle of a living wage; they just want to see changes to how government works with businesses to help alleviate the burden on them. Again, completely in support of it. I am a member of an organisation which forms a constituent part of the Employment Forum. I am, and have been for some time, a very proud member of Unite Union, a union which not just in Jersey but in the whole of the United Kingdom has been a staunch supporter of the living wage and has been part of the campaign there as well. So I know that there are constituent parts of the Employment Forum which are wholeheartedly in support of the principle of this. So I am not sure there is a huge amount I want to add on top of that. I think the person who phrased it best was Deputy Labey of St. Helier who was asking whether it is really some sort of misguided Utopian vision to believe that we can have a society which has good strong industry as well as good wages, and the answer to that surely must be, no, it is not a misguided Utopian vision, it is entirely achievable, but the way you achieve it is you have to make the commitment and decide that that is the direction you want to go down. You want to dedicate the resources to working out how you get there and to do that that means pressing this button in front of us with the “P” above it, at least when it comes to part (b) of the proposition. I am going to split them so Members, of course, can have the choice of which ones they do or do not back. I would go further than that and ask Members also to support part (a) on the basis that this is the direction we are inevitably going to go in at some point, so let us take at least a small step so that in the future we can make other small steps to get there, rather than taking too small a step now and have to make big steps later, which could end up being disruptive as well. So on that basis I make the proposition and ask for the appel, firstly on part (a) and then on part (b).

The Deputy Bailiff:

The appel is called for in connection with part (a) of the proposition. I invite Members to return to their seats. If Members have had the opportunity to return to their seats, I ask the Greffier to open the voting.

POUR:		CONTRE:		ABSTAIN:
Senator Z.A. Cameron		Senator P.F. Routier		
Deputy J.A. Martin (H)		Senator P.F.C. Ozouf		
Deputy G.P. Southern (H)		Senator A.J.H. Maclean		
Deputy M. Tadier (B)		Senator I.J. Gorst		
Deputy M.R. Higgins (H)		Senator L.J. Farnham		
Deputy S.Y. Mézec (H)		Senator P.M. Bailhache		
Deputy A.D. Lewis (H)		Senator A.K.F. Green		
Deputy L.M.C. Doublet (S)		Connétable of St. Helier		
Deputy R. Labey (H)		Connétable of St. Clement		
Deputy S.M. Bree (C)		Connétable of St. Peter		
		Connétable of St. Lawrence		
		Connétable of St. Mary		
		Connétable of St. Ouen		
		Connétable of St. Brelade		
		Connétable of St. Martin		
		Connétable of St. Saviour		
		Connétable of Grouville		
		Connétable of St. John		
		Connétable of Trinity		
		Deputy of Grouville		
		Deputy J.A. Hilton (H)		
		Deputy J.A.N. Le Fondré (L)		
		Deputy of Trinity		
		Deputy K.C. Lewis (S)		
		Deputy E.J. Noel (L)		
		Deputy of St. John		
		Deputy J.M. Maçon (S)		
		Deputy S.J. Pinel (C)		
		Deputy of St. Martin		
		Deputy R.G. Bryans (H)		
		Deputy of St. Peter		
		Deputy of St. Ouen		
		Deputy S.M. Wickenden (H)		
		Deputy M.J. Norton (B)		
		Deputy T.A. McDonald (S)		

		Deputy of St. Mary		
		Deputy G.J. Truscott (B)		
		Deputy P.D. McLinton (S)		

The Deputy Bailiff:

Once we have reset the machine, which I think we have, I ask the Greffier to open the voting with regard to paragraph (b).

POUR:		CONTRE:		ABSTAIN:
Senator Z.A. Cameron		Senator P.F. Routier		
Connétable of St. Clement		Senator P.F.C. Ozouf		
Connétable of St. Martin		Senator A.J.H. Maclean		
Connétable of St. Saviour		Senator I.J. Gorst		
Connétable of Grouville		Senator L.J. Farnham		
Connétable of St. John		Senator P.M. Bailhache		
Deputy J.A. Martin (H)		Senator A.K.F. Green		
Deputy G.P. Southern (H)		Connétable of St. Helier		
Deputy of Grouville		Connétable of St. Peter		
Deputy J.A. Hilton (H)		Connétable of St. Lawrence		
Deputy J.A.N. Le Fondré (L)		Connétable of St. Mary		
Deputy K.C. Lewis (S)		Connétable of St. Ouen		
Deputy M. Tadier (B)		Connétable of St. Brelade		
Deputy of St. John		Connétable of Trinity		
Deputy M.R. Higgins (H)		Deputy of Trinity		
Deputy J.M. Maçon (S)		Deputy E.J. Noel (L)		
Deputy S.Y. Mézec (H)		Deputy S.J. Pinel (C)		
Deputy A.D. Lewis (H)		Deputy of St. Martin		
Deputy L.M.C. Doublet (S)		Deputy R.G. Bryans (H)		
Deputy R. Labey (H)		Deputy of St. Peter		
Deputy S.M. Wickenden (H)		Deputy of St. Ouen		
Deputy S.M. Bree (C)		Deputy M.J. Norton (B)		
Deputy T.A. McDonald (S)		Deputy G.J. Truscott (B)		
Deputy of St. Mary				
Deputy P.D. McLinton (S)				

Deputy S.Y. Mézec:

Can I just thank Members for their support?

The Deputy Bailiff:

We are now at 12.40 p.m. Is the adjournment proposed?

LUNCHEON ADJOURNMENT PROPOSED

The Deputy Bailiff:

The States stands adjourned until 2.15 p.m.

LUNCHEON ADJOURNMENT

[14:16]

2. Draft Road Works and Events (Jersey) Law 201- (P.152/2015)

The Deputy Bailiff:

The next item of business is the Draft Road Works and Events (Jersey) Law lodged by the Minister for Transport and Technical Services - now Infrastructure - P.152/2015. I will ask the Greffier to read the citation.

The Greffier of the States:

Draft Road Works and Events (Jersey) Law 201-, a law to make a provision to the Regulation of road works and events affecting roads and related matters. The States, subject to the sanction of Her Most Excellent Majesty in Council, have adopted the following law.

Deputy C.F. Labey of Grouville:

Sir, just before we start the debate could I just ask that Deputy Labey be marked *défaut excusé*. He has a medical appointment and he will try and be back but he is not sure if he will make it for the vote.

The Deputy Bailiff:

Well in fact he was present and answered to the roll call this morning, I do not think he needs technically to be marked *défaut excusé* now because he has been marked as present. But the Assembly will note certainly the Deputy is absent for a good reason.

2.1 Deputy E.J. Noel of St. Lawrence (The Minister for Infrastructure):

The Draft Law before us today has been 8 years in the making, a task which began back in 2008. Although I have come to this task in its latter stages, I have been impressed with its scale, the level of thought, and the thorough consultation that has gone into making the law before you today. I would, therefore, like to take a moment just to thank my predecessors, the former Constable Jackson and Deputy Kevin Lewis and their Assistant Ministers for their part that they played in its progression. I would also like to take the opportunity to thank the Connétables and the parishes for their strong support, and each and every individual from the parishes that gave their time freely towards this task. I will start to give Members some more context of the law. The Department for Infrastructure or D.F.I., as I will refer to my department, is responsible for making the Island's networks of strategic main roads, of which there are some 171 miles, and with the 12 parishes being responsible for some 295 miles of local byroads. This proposed law is designed to create the comprehensive regulatory framework for road-based activities that impact on all road users. The law covers 2 basic types of activities, the principal one being road works and the other being road-based events. We have been very careful in preparing the law to work in partnership with the parishes, the setting out of the initial policy objectives and the formation of the specific law drafting

instructions. This was achieved by way of a joint highways authority working group, with the agreement of the Comité des Connétables and the parish road committees. This draft law has been prepared in close consultation with the Island's utility companies to ensure that their interests have been fully taken into account from an early stage. The extended period of development has also enabled D.F.I. and the parishes, and the utility providers, time to get used to the new requirements and to start working towards them. Of course, we all realise that utility services are essential to our modern way of life. Installing and maintaining these services, however, require road works which can reduce road safety, cause traffic delays, and incur damage to the roads themselves. This means that they must be regulated effectively, but appropriately. This task falls upon the Island's 13 highway authorities who must, in the public interest, ensure that road works are well planned and competently executed. We carry out this regulatory authority, along with the parishes, in a pro-active manner. With the largest and busiest network of roads on the Island, we are responsible for regulating approximately 60 per cent of the road works carried out each year. In 2015 there were a total of 3,361 separate permitted road works across the Island, with some 2,122 taking place on main roads. These works range from projects that require months of joint planning with utility service providers, to those that can be evaluated quickly, and naturally there are also emergency works. The Department for Infrastructure takes the lead in co-ordinating the road works and setting standards more generally in the Island. As well as day to day planning meetings with the work promoters, D.F.I. shares a monthly co-ordination meeting with utility service providers, the parish of St. Helier and the Island's bus company. These meetings identify programme conflicts and maximising, where possible, joint working. We also undertake inspections of road works and monitor trench reinstatements. In addition, D.F.I. administers the Island's electronic road works management system called Traffic Works. Traffic Works is used for programming and approving works, along with keeping trench records. Although, in light of the forthcoming law, we have been able to proceed in the last 5 years with implementing many of the laws and policy objectives, there are ongoing challenges. From day to day issues such as poor work planning and site managing leading to lax safety precautions, to poor public publicity and traffic management leading to unnecessary traffic delays and nuisance. Only yesterday morning the Constable of St. Helier emailed me some photographs of some work that was undertaken yesterday morning within the town, which just goes to show that it is an ongoing process and more work needs to be done in helping the utilities set out their road works in a safer manner. Then there is poor workmanship leading to damage to other utility services within our roads and the roads themselves. Along with these day to day challenges is the impact of utility trenching on our road life. Research indicates that trenching reduces the life of roads by up to 40 per cent. This leads to issues such as poor ride quality, water ponding, and increased reactive maintenance to fix potholes and the like. As a consequence resurfacing needs to be carried out earlier and often extra strengthening works are also required. We have a total of 10,900 square metres of road surface being excavated in 2014, and to give Members a visual guide to that, that is over 15 football pitches worth, and of that 70 per cent is on main roads. The impact is significant. In developing this law we looked at legislature and best practice elsewhere. This confirmed that our current laws are insufficient in equipping highway authorities in their modern, regulatory role. Our current laws provide little in the way of powers, guidance and duties on those planning or carrying out road works, penalties or measures to protect our roads. While, as already stated, there has been significant improvements in recent years to road work management, progress has however been hampered by our outdated legislation. This modern, comprehensive road works law that we are proposing today recognises the needs for road works, but it also balances this by properly equipping 13 highway authorities with the right powers to regulate them. It provides guidance to all parties regarding their duties. It will create appropriate offences and penalties when practices fall short, and it introduces measures to protect our roads. In addition, the law has been future proofed so as to avoid the need for further primary legislation which will have to be brought back to this Assembly. It provides the optional introduction of

regulations allowing for road trench charges. Such a charge, if implemented, would provide a mechanism for compensating the public and parish purses for the impact of utility trenching on the life of the road. It also provides for optional introduction of regulations allowing for a change determined by the duration of road works, a system known elsewhere as lane rental, the aim being to create an incentive for road works to be done as quickly, but as safely as possible. It provides the introduction of regulations allowing for fixed penalty notices for a range of offences, creating a direct enforcement regime and, for less extreme cases of infringement, an alternative to going through the court by way of prosecution. It also provides the framework and codes of practice relating to safe working, trench reinstatement methods and so on. Such codes, which address technical requirements, can be changed over time in line with developing requirements, without the need for further primary or subordinate legislation. The second area covered with this law is the road-based events. In line with our drafting aim of creating lean administration tools, the law introduces an important simplification by which road events - such as the Battle of Flowers, Hill Climb, Jersey Rally, et cetera - are legally enabled to use public roads, replacing the current system of event orders currently administered by D.F.I., a system which incidentally involves 19 administrative stages and takes up to 3 months to prepare, with a simple system of discretionary licensing administration, administered directly by the highway authorities. Their aim is to simultaneously remove the unnecessary administration costs and allow better use of resources to create quicker, more flexible arrangements that better serve the Island's growing event calendar. I must emphasise the flexibility of this approach. It will allow, for example, a highway authority to delegate a road event administration to another highway authority in relation to a particular road or event, where it would be a better fit to do so. An example of this would be for a small event in the main roads in the town centre being administered by the parish rather than by my department. In total it is anticipated that, if adopted, the licensing based system will enable road events to save approximately 40 to 60 infrastructure officer days each year. It will also free up 15 law draftsman days each year. In effect, we have applied a lean process to the current system and created one that is far better for the future. The draft law also introduces reform to the current road closure notice requirements for event legislation away from the traditional and expensive Gazette notices to reflect the changing public use of different media, such as social media. This will also bring significant financial savings to event promoters by allowing an alternative to Gazette notices, and as a means of advertising traffic changes during an event. For example, the organisers of the Gorey Pier Fete could save up to £1,000 per year by not having to take out a notice in the Gazette. The law also supports sustainable funding, therefore, in line with U.K. legislation the law includes a permit fee provision that will offset ours and the parishes' regulatory costs associated with planning, co-ordinating and administering and inspecting road works. Regulation of utility related road works alone costs the Department for Infrastructure and the parishes in the region of £360,000 per year. Of course specific fee proposals are always subject to argument and reasonableness and precedent, therefore, although there are different economies of scale between local and U.K. authorities, it is proposed that the fee levels are set to correlate, so far as they can, with statute guidance issued by the U.K. Department of Transport. Based on this approach, and by analysing permit numbers for the last 3 years, it is envisaged that some 80 per cent of the local highway authority costs associated with utility related road works can be recovered. The law also includes a provision that makes recovery of highway authority costs associated with the repair or damage caused by road works to the roads and its related features, such as street furniture, much easier. Likewise, it allows for highway authorities and the police, both the States of Jersey Police and the Honorary Police should they wish to, to recover costs they incur when providing traffic management support for road events, such as the purchase of additional specific signage for road closures and so on. The law before Members today recognises a need for road works, but balances this by properly equipping highway authorities with the right powers to carry out regulation on the public's behalf. It provides guidance to all parties regarding their duties when planning and

carrying out road works. It creates appropriate offences and penalties when practices fall short. It introduces measures to protect our roads network, as a publicly maintained asset, from deterioration and damage. It also creates a simplified, more flexible and cost effective procedure. It allows a sustainable regulatory funding through appropriate and discretionary costs recovered. Our aim at this stage has been to create a tough but fair regulatory framework which enjoys the confidence and support of all major stakeholders.

[14:30]

I believe we collectively have achieved this. This has allowed us to implement, in advance of legislation, many of the law's policy objectives. This experience, in itself, has informed the drafting of the proposed law and has ensured that its requirements are realistic and achievable. Even so, the proposed law is essential if we are to consolidate what we have achieved so far and to set the foundations for further improvements. The Island's 13 highway authorities, who act on behalf of the public, deserve to have the powers provided by this law, and I humbly ask Members to approve the law.

The Deputy Bailiff:

Are the principles seconded? **[Seconded]**

2.1.1 Deputy M.R. Higgins:

I might say that I am supportive of this law, I just want to seek clarification from the Minister with regard to events. Quite naturally, with being the organiser of the air display, it will have implications for us and I know it has implications for the Battle of Flowers. According to the report it mentions: "The law will also give highway authorities and the police the option of recovering support costs." I know it says, for example, large commercial events, the Battle of Flowers and the air display are not commercial events, they are not for profit. Can the Minister reassure us that those charges would be very little, because we had charges recently imposed by T.T.S. (Transport and Technical Services) for closing the road to put up speakers or banners. If you are trying to get sponsorship very often the sponsors want banners and if these charges come in it takes away from your sponsorship. So, all I am asking from the Minister is can he assure us that those organisations that are not for profit are not going to be charged full commercial rates? In fact, we did not put banners on the highway this year because we felt the cost was too great because of the extra charges imposed by T.T.S., so I would like to have some reassurance that you will not try and kill or hinder event-led tourism.

2.1.2 Connétable A.S. Crowcroft of St. Helier:

Just briefly really to echo what the Minister has said about this being a law that has been created in partnership with the parishes, and certainly I would like to thank the officers of the St. Helier Parish that have been involved. I know all the parishes have had input, the roads committees, roads inspectors and technical officers have worked with the Minister to create this law and we thank them for their time. I had occasion to email the Minister yesterday because on my walk into work, down an extremely busy walking route down from Midvale Road to David Place, I found my way blocked on the pavement by a utility company or a private company, I am not sure who was behind it, who dug up the whole of the pavement and was directing pedestrians into the road on David Place. Members may have seen this and, as the Minister replied to me, if you wanted a more graphic example of why this law is necessary then go up David Place this afternoon or this evening and have a look at those road works, which are being done without any consideration to the huge number of pedestrians, children, elderly people who use the pavements to get to work or to get to the shops. So we desperately need this law, we do need more tools in our toolbox when it comes to making sure that anyone who digs up the highway does so in a way that is safe in terms of people

using the highway, but also to make sure that the reinstatement is done properly and we do not - as we so often do, as motorists - find that the trench work that has been done has just given a nasty driving experience as we make our way home. We can all think of the worst roads in Jersey which have been often created because people have either done the trench work badly or have been allowed to dig up the road too quickly after it was last resurfaced. This law is going to make Jersey's roads and pavements much better and so I welcome it and I thank the Minister for bringing it forward. It has been sitting perhaps in the too difficult box for too long and this Minister has brought it forward and I commend him for it. **[Approbation]**

2.1.3 Deputy K.C. Lewis of St. Saviour:

Just very briefly, I think thanks should also go to the Law Draftsman's Department who have done a very excellent job on this; there was an awful lot of consequential laws that needed attending to. Thanks should also go to the Chief Officer, the Deputy Chief Officer and especially to Carl, the street works manager, who virtually worked on this for about 8 years now. He had a lot of hair when he started, but not so much now, but they have done absolutely sterling work. Both myself and Deputy Le Fondré were working on this. It was a very complex piece of work and I have no hesitation in giving it my full support.

2.1.4 Deputy E.J. Noel:

I thank Deputy Lewis for his kind comments and I echo those and endorse those to both the law officers. You will not believe that this is draft number 24 to get to you today. But particularly to the team at South Hill who have done sterling work to bring this forward. I would like to acknowledge the Constable of St. Helier's input as well. It just goes to show that although progress has been made there is still more to do and this law will give both my department and the parishes the tools to make even further progress. To Deputy Higgins, the assurance I can give him is that certainly from the Department for Infrastructure this is the status quo, the charging provisions that we have within this law reflect the charging provisions that we currently have now, and the charges that we make are at a no profit basis. The idea for this is not to impinge on those much loved and appreciated events that take place within the Island, and in particular with the air display and the Battle of Flowers, so there are no changes there from our point of view at all. The slight change in the events side is to include a provision for the police forces, all 13 of them, not just the States Police, to be able to recover incidental costs for additional signage or additional equipment that they may have to acquire for a particular road event happening in the Island. With that, I maintain the principles.

The Deputy Bailiff:

Those Members in favour of the principles kindly show. Those against. The principles are adopted. Does the Environment, Housing and Technical Services Scrutiny Panel wish to scrutinise this, Chairman?

The Deputy of St. Mary:

No, sir.

The Deputy Bailiff:

Minister, how do you wish to deal with the matter in second reading in the Articles?

Deputy E.J. Noel:

I am really in Members' hands. The Articles are quite long and lengthy, but they have been comprehensively set out in the report. So if I may I would like to take them *en bloc*.

The Deputy Bailiff:

Very well. You propose the Articles *en bloc*?

Deputy E.J. Noel:

I do propose the Articles *en bloc* and again because they have been quite extensively laid out in the report, I intend just to take questions from Members, should they have any?

The Deputy Bailiff:

Are they seconded? **[Seconded]** Does any Member wish to speak on any of the Articles? If no Member wishes to speak then all those in favour of adopting the Articles *en bloc* kindly show. The appel is called for, I invite Members to return to their seats. If all Members have had the opportunity of returning to their seats I would ask the Greffier to open the voting.

POUR: 41		CONTRE: 0		ABSTAIN:
Senator P.F. Routier				
Senator P.F.C. Ozouf				
Senator A.J.H. Maclean				
Senator I.J. Gorst				
Senator A.K.F. Green				
Senator Z.A. Cameron				
Connétable of St. Helier				
Connétable of St. Clement				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				
Connétable of St. Brelade				
Connétable of St. Martin				
Connétable of Grouville				
Connétable of St. John				
Connétable of Trinity				
Deputy J.A. Martin (H)				
Deputy G.P. Southern (H)				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy J.A.N. Le Fondré (L)				
Deputy of Trinity				
Deputy K.C. Lewis (S)				
Deputy M. Tadier (B)				
Deputy E.J. Noel (L)				
Deputy of St. John				

Deputy M.R. Higgins (H)				
Deputy J.M. Maçon (S)				
Deputy S.J. Pinel (C)				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				
Deputy S.Y. Mézec (H)				
Deputy A.D. Lewis (H)				
Deputy of St. Ouen				
Deputy L.M.C. Doublet (S)				
Deputy S.M. Wickenden (H)				
Deputy S.M. Bree (C)				
Deputy M.J. Norton (B)				
Deputy T.A. McDonald (S)				
Deputy of St. Mary				
Deputy G.J. Truscott (B)				

The Deputy Bailiff:

Do you wish to deal with the matter in third reading, Minister?

Deputy E.J. Noel:

I do, sir.

The Deputy Bailiff:

Is it seconded in third reading? **[Seconded]** All Members in favour of adopting the law in the third reading, kindly show. Those against. The law is adopted in third reading.

3. Gas Tariffs: Reduction (P.154/2015)

The Deputy Bailiff:

The final item of Public Business is the Gas Tariffs: Reduction, P.154/2015, lodged by Deputy Southern, and I would ask the Greffier to read the proposition.

The Greffier of the States:

The States are asked to decide whether they are of opinion (a) to request the Minister for Treasury and Resources, or another Minister as appropriate, to bring forward Regulations ...

The Deputy Bailiff:

Could we have some silence please while the proposition is being read.

The Greffier of the States:

To bring forward Regulations for approval by the States, under the powers assigned by Article 89(1) of the Jersey Gas Company (Jersey) Law 1989, in order to reduce the Jersey Gas Company's domestic and commercial tariffs by 10 per cent with immediate effect; and (b) to

request that the Minister for Economic Development commission research to verify that the proposed standing charges are indeed revenue-neutral to the company and fair to their consumers.

3.1 Deputy G.P. Southern:

Before I start my speech, as already organised, I just thought I had better bring to Members' attention something that many will have noticed this morning, that in the U.K. Eon, one of the big 6 energy suppliers, has agreed to reduce its gas prices by 5.1 per cent following a drop in the wholesale price of this gas, and under pressure from Ofsted, the energy regulator in the U.K. which was leaning quite heavily on the big 6. I think it will be the first of a chain of reductions, which may be more than 5 per cent, but nonetheless a 5 per cent reduction because of the fall in the price of oil and consequently in the price of gas on the mainland. That is as it should be. This is the second time I have brought a similar proposition to the Chamber. A year ago I suggested that we could safely reduce prices because of the fall in retail prices by 5 per cent. At the end of that period, the first quarter of last year, we saw, in fact, a reduction of 3.5 per cent in the price of gas on the Island. I at the time had the feeling it was something to do with my proposition, the Assistant Minister disagreed. I do not want to argue about that this year; nonetheless, we got a 3.5 per cent drop in the price this time last year. So what did we learn from that process? We learned that there was indeed a link between oil prices and the wholesale price of propane, which is the core commodity from Jersey Gas; and that over a 4 year period up to the start of 2015 gas tariffs have risen by 32 per cent against a background of low inflation. Has anything changed now? Well, if Members will turn to page 11 of my report they will see a graph showing the price of crude oil across a period from 2012 to 2015, and the drop in 2014 is like falling off a cliff. It has gone from 100 plus to 51, the price halved in 2014. The price of propane, on page 12, can clearly be seen to have dropped over the period of 2014 from 1.40 per gallon to 0.56, so vastly more than a 50 per cent drop; I have not done the calculation. What is happening now? Well, the wholesale price of gas and oil has continued to fall. If Members will turn to page 5 of my latest proposition they will see again a continuing slope downwards in the price of crude oil in 2015 from something like 3.3 to 2.18, again a drop of over one-third. The same for propane, over the period from 2014 to 2015, throughout the last year, we have seen a drop from about 0.9 to about 0.45, again a 50 per cent drop in the last year. Oil prices, and along with them propane wholesale prices have continued to drop significantly, I would say massively, and to use Senator Ozouf's words, an enormous drop in the wholesale price of propane, which has not been reflected in any way - apart from the 3.5 at the beginning of 2015 - in the price that consumers are paying on the Island.

[14:45]

Why is this important? Because the poor in our society, and especially the elderly, are going through tough times. We have just seen the £10 million cuts in benefits for the worst off. It is my belief that the cold weather is now upon us and there will be people in their houses finding it difficult to make ends meet and pay their bills. Now, what we saw a year ago was, as I say, this drop of a mere 3.5 per cent. As a consequence, we have a report, the promise of a report, and that indeed arrived. My proposition was in February. We were told there was a report on the way. It arrived in October and November, 8 months later, just in time for the next winter, but we are in there and there has been no further drop. So unless you are going to burn the report in your fire, stick it in the fireplace, not very much help was forthcoming. What was the quality of that report? I just want to read what was said in the J.E.P. (*Jersey Evening Post*) about this report. "Senators Philip Ozouf and Lyndon Farnham are right to call for another look at gas prices. In March Ministers agreed terms of reference for a detailed review by the Channel Islands Competition Regulatory Authority of the energy market, looking into whether the open market was working properly for the benefit of consumers. What was published last month was anything but a detailed report. It ran to 16 pages, with the consumer watchdog concluding that there were no reasonable

grounds to think that the market was not working in the interests of consumers.” So far, so good. This is the J.E.P., and I have rarely seen it as ironic as this. “It is hard to believe that C.I.C.R.A. (the Channel Islands Competition Regulatory Authority) could come to such a clear finding, given the caveats which pepper the report. It says that the information received from Jersey Gas showed no evidence of excessive charges ‘based on the information provided’.” How is that for a caveat? “The watchdog”, says the J.E.P.: “The watchdog did not use its powers under the law to force disclosure, but relied on voluntary submissions and admits there is no obvious comparator for benchmarking.” So the J.E.P. managed to read the report and say, effectively, it is not to be trusted very deeply and it is fairly superficial. It says here, it continues: “It is not difficult to see why some Ministers are so unimpressed with the watchdog.” We have heard since then that we are going to have a complete review of the powers of the watchdog as to what it can and cannot do and how easy it is for it to conduct its business. But further, more damning, are the words of Senator Ozouf at the time. “The price of fuel in Jersey is to be investigated further after the politicians with responsibility for competition said he [that is, Senator Ozouf] did not believe the recent review of the Island’s gas market would give consumers comfort.” So we were promised a report. 8 months later we have a report - it was a shallow report - it said virtually nothing. It said: “We have had a word and everything seems okay”, but was completely superficial, and the Minister himself said: “This is not very helpful.” So what have we got now? We have the same, continuing, enormous fall in the wholesale price of gas and not a single tweak here. The cold weather is on us, as I say, and yet nothing has happened. In their comments, the Minister, the Assistant Minister, the Council of Ministers - I read the front of it - have the following to say: “Additional analysis is being agreed between the Chief Minister’s Department and the J.C.R.A. (Jersey Competition Regulatory Authority) to build on the J.C.R.A.’s stage one review of the gas market. So stage one, C.I.C.R.A. said: “No need to go any further, we think it is okay.” The Minister, this Minister, says: “Hang on, we do not believe you. Go back, let us have a proper review.” Let us listen to the terms of this proper review, and let us see what you make of it. The draft terms of reference aims to look further at the following issues: “Retail prices and how they compare over time in Jersey relative to an appropriate benchmark, such as equivalent retail prices in the U.K.” Note that in the U.K. there is a healthy competition in this market, the big 6 and some minor suppliers compete quite intensely with each other, and they say this keeps prices down. What is the situation in Jersey? Is there competition in the fuel market? None whatsoever unless, of course, you wish to convert from gas, which is extremely expensive, to decreasingly expensive oil, and you can take out all your gas fires and change over, or unless you want to convert to electric. Either way, that is an expensive process, to strip out your heating elements in your house and convert to some other means. That is not realistic competition. “Such as the equivalent retail prices in the U.K. or elsewhere and the appropriate wholesale prices in the U.K. This will include the medium to long-term relationship between retail and wholesale gas prices in Jersey, what other factors play a role in the level and movement of the retail prices charged in Jersey, and the influence that such factors have on the retail price to Jersey consumers.” So, therefore, a very in-depth examination of the price and relationship with the wholesale and retail price. I know exactly what the relationship appears to be between wholesale price and retail price. It is inverse. The wholesale price comes down and down and down, and the retail price does not. It stays there. Then finally, the second element: “Analysis of the relevance of differences between Jersey Gas’s statutory accounts and a reasonable economic valuation of the assets and operating costs of the gas business.” Well, in terms of the operating costs, certainly, the U.K. information I have had recently is that the price of the bare commodity is around 50 per cent of the retail price and, therefore, if the wholesale price is going down, one ought to expect an equivalent drop of 50 per cent of that differential, maybe up to 50 per cent certainly, in the price of retail gas. “... operating costs of the gas business as a basis for arriving at an assessment of margins and returns. Where differences contribute to a material variation in the estimates of margins and returns, these will be discussed and substantiated.” So what we are saying

here I think is that we are using the legal weapons we have, that C.I.C.R.A. has, to say: "Come on, open your books. Let us have a proper look." This, to me, raises some questions about, certainly, the valuations on their assets that are being placed there by Jersey Gas and going beyond that, I think, given the absence of any reductions in the past 2 years in the retail price of gas, I would suggest a question mark at the very least about the operations, the efficiency, and the ability of Jersey Gas to claim to be a well-run company. There are serious question marks, I think, that underlie what has been going on. So, some serious issues there, but what comfort for the pensioner sitting at home in this cold spell? We are going to have another report and sometime later, it says end of first quarter, perhaps. The last one, which was superficial, took 8 months. Sometime next year we will have a further report which will talk about why retail prices have not come down, and will talk about the nature of the business, the competitive nature of the business, the lack of competition, and the efficiency with which Jersey Gas is supplying our supplies. To my mind that says the Assistant Minister, like me, is suspicious that all is not well with this particular company, all is not well in this market, but the difference between us is that I am saying, the cold weather is on us and I do not want to wait until next October to find out what we should be doing then. What we should be doing is something now, and that is what this proposition says. Go ahead and use the rules you already have to persuade, force, the company into a reduction of the prices. I have set a mark at 10 per cent. I think that is the minimum we could, given the vast drop in wholesale prices over the time of the last 2 years, and we have the power to do so. I remind Members, and it is not that long ago since we went through this before, but we will do it again, Article 89 of the Jersey Gas Company Jersey Law 1989, Article 89: "Power of the States in connection with gas tariffs. Where it appears to the States to be necessary to do so in the public interest, the States may by regulations determine the tariffs to be made by the company in respect of gas which it supplies, and to specify the manner in which the tariffs are to be assessed and make provisions incidental thereto. In determining the tariffs the States shall have regard to the following or any other relevant matters: the present needs of the company; the ability of the company so long as its business is managed efficiently to pay interest and a reasonable dividend on ordinary shares." It goes on. So the powers are there. Our predecessors wisely, in this monopoly situation, gave the States powers by regulation to set gas tariffs. So we can do it, and we can do it in the short term, and I think we should be doing it in the short term. Briefly, just passing on, that is part (a) of my proposition. Part (b) of my proposition talks about changes to the billing structure. I do not know if anybody else in the room is a gas user, but I certainly am for some of my heating, and I looked at the leaflet that came around and could make neither head nor tail of it. It was one of those. It is not the clearest document you have ever seen. We are given the assurance that it is cost neutral; nobody will end up paying vastly more. However, there are a lot of people who have looked at this and said either: "I do not understand it. How much am I going to be paying?" or: "This looks suspiciously like a price hike hidden ..." I will just briefly quote one customer who has contacted me and said: "I have managed to get my annual fixed charge down from £444 to £367." After she received notice of what the change was, she went in and argued with them, and made the move. "But this is still 3 times the original fixed charge of £123 that I used to pay." So this is this balance between fixed charge and a usage charge and she said: "Hang on, the fixed charge has gone up by a factor of 3. That is quite significant for me, and that is coming out of my standing orders regularly and is quite significant. It is a very high fee for nothing if I choose not to use the gas. If I turn it off and turn it down, then that will still be coming out of my bank account."

[15.00]

She says: "Quite how Jersey Gas comes to the conclusion that it is easier to budget, when I pay by prearranged direct debit, is outstanding. I keep a record of my usage and their fees, so I have been able to prove that my usage has reduced by approximately 40 per cent recently." Most people throw away their bills, and probably will not challenge whatever comes through the door. So that is

the situation. I think there are some serious problems in the way in which this market is running and the way this company is running. I think it is appropriate - we tried once a year ago - it is certainly entirely appropriate now, having seen the continuing enormous fall in the wholesale price of what we are supplied, and that is not being reflected in the retail price charged to customers in Jersey, and I believe it is time for us to act and say, enough is enough. While we take a look at this market and this company and what is happening with a view to a longer term, fuller solution, we can still act now, I believe, and say: "Hang on, the price has dropped enormously. Your prices should be dropping equivalently." Not by the same amount, but by a decent proportion. I think we can safely proceed with (a) and (b) of my proposition.

The Deputy Bailiff:

The proposition is seconded. Does any Member wish to speak on the proposition? Senator Ozouf

3.1.1 Senator P.F.C. Ozouf:

First of all, I have to say that I was going to say the point that Senator Bailhache said in the previous debate about what the Dean said yesterday, that in many ways this is a similar debate, although I hope that it is not going to be supported. But in many ways I find myself with that satnav analogy, wanting to end in the same destination but getting there by a different route. If I may, before I deal specifically with the proposition and the comments made by the Council of Ministers ... I will not go in detail of the comments that have been written up, but I know Members will have got the comment from the Council of Ministers. If I may just initially pick up Deputy Southern on his comparison evidence that he started his remarks with, I am afraid he is just not simply right again. We had a previous debate where we were comparing, if I may say, apples and pears, and indeed that is the case when Deputy Southern speaks about a U.K. gas company cutting its gas price. We are dealing with a completely different market. They are dealing with a natural gas market, which is of course much linked, which is of course regulated, and which of course will be much more finely attuned to the international prices that will be affecting natural gas. In Jersey you are not dealing with that, you are dealing with a propane market, which effectively has to be imported, which has in many cases when you are dealing with a distant market such as Jersey, decisions such as hedging will be in place, decisions such as the bringing into the market of supplies of gas which will be stored. It is simply not right to simply link a U.K. experience with that of Jersey. But what I do agree with is the fact that, internationally, fuel prices have fallen, and where it is important I think to make a very clear statement and indeed give an opportunity of saying that we need consumers' help to make markets work is effectively in all energy markets. Crude prices, distillate prices, are falling and we are seeing at long last, effectively, a filtering through of those lower crude and distillate prices through both in terms of heating oil and petrol. Now, this Council of Ministers, this is the third time a proposition effectively to invoke ... and Deputy Southern, if I may, has been very partial in his remarks to the States about what the Jersey Gas Company (Jersey) Law actually says. It is right that the Jersey Gas Company (Jersey) Law does give the States rights by regulations to set prices. Such regulatory ability similarly exists in the Jersey Electricity Law. This is the third time that Deputy Southern has tried to ask a Minister. It is, I think, now the Chief Minister's Department is doing it, it is worth saying that this is a responsibility which is, as of 1st January, shifted from Economic Development to the Chief Minister's Department and it is a responsibility which I am taking extremely seriously. We all want markets to work well, and to underline the importance of competition and regulation, and an increased, almost refocused importance on this, it was within weeks of the appointment even as an Assistant Minister for Economic Development, that I set out a clear terms of reference for review of our energy markets and a review of the whole competition and regulatory area, and a review of innovation, that I then set out a clear terms of reference and asked C.I.C.R.A. to get on with the job of looking into the energy markets. So this proposition seeks to immediately bring forward the

proposal effectively to ask a Minister to bring forward a reduction of the tariff by 10 per cent. Now, the proposition, and Deputy Southern raises questions. Deputy Southern is not satisfied. I do not know how many Members have seen the C.I.C.R.A. report, but Deputy Southern raises questions about that C.I.C.R.A. report on the energy market. That report was always going to be a 2-stage review. These are complex markets which I do want C.I.C.R.A. to look into, and look into properly, and to take proper evidence, and to give us proper advice. I do sympathise to some extent when Deputy Southern might have expressed some disappointment in seeing the response to the gas market just being a few lines, but we must be clear that those few lines did, and C.I.C.R.A. is the expert authority, did say that they saw no case for effectively a return on capital employed which was outside of that which would normally invoke a regulatory intervention. I am asking the Authority to explain that information better, and that is why we have asked them to do more work, and I want them to do more work. Indeed, officials are meeting with C.I.C.R.A. this afternoon to finalise that. I want the Authority to not only explain their findings more clearly, but I want them to dig deeper in the whole issue of the energy markets, and I have set out the terms of reference in the comments to the Council of Ministers that is attached. The latest proposition and indeed Deputy Southern's proposition, seek to play and to have weight on what effectively is a U.S. (United States) energy market statistic about propane. Now that is a very interesting statistic, I am sure, but I am not sure that that would give us the automatic information to inflict a 10 per cent price cut on Jersey Gas. It is simply not good enough to suggest that that would be a good reason to do so. There is no explanation by Deputy Southern as to why the U.S. propane gas price is relevant to Jersey Gas. There is no evidence that the hedging strategy may well be - I want it examined - wrong for Jersey Gas ... We know, as has previously been explained, Jersey Gas bought forward, in previous years, gas. Now the market then fell. Now they made a decision and of course they then transmitted that gas with an appropriate mark-up which looks, on the basis of the C.I.C.R.A. report, to be within an appropriate return on capital employed for the assets that they had, to be appropriate. Now, I would like the report, almost, from C.I.C.R.A., to have been different, because then everybody wants to see lower prices, but we need to base our decisions on evidence. The 1989 law, which asks the invocation or using the powers under Article 89, does give the States the ability to regulate gas. What Deputy Southern does not go on to say is that there is also an obligation in making that price regulation ... Deputy Southern is looking rather confused. Maybe I could pass and show him what exactly the Article says. There is an obligation to ensure that Jersey Gas remains commercially viable. You just simply cannot, because you feel like it, or because you take a metric from somewhere else, simply say to a company: "We are going to cut your prices", because that is not the fundamental tenet of how regulation works. You have to look at the costs, you have to look at the commodity price, the transmission costs, and then assess professionally, and we are not economists - I like to read a lot of economic information but I am not an economist and I am not a regulator - and you make an assessment about whether or not the company can continue to operate as a going concern. There is absolutely no evidence whatsoever that Deputy Southern has that the company could survive and operate as a going concern with a 10 per cent cut. Of course we would like to see gas prices cut; of course we want to know more information about it. I would like to understand the sustainability of Jersey Gas and other fuel markets generally in Jersey. There may be issues that this Assembly, working with the Minister for Environment, are going to have to deal with, about security of supply and energy markets generally. But I am afraid you simply cannot make a decision, and I will not call upon the horses of the artillery of Law Officers in order to explain to Members what the actual legal implications of the Article about "going concern" and "the ability to remain commercially viable" are, because they are common sense. You have to make a decision on price regulation in the knowledge that the company can be commercially viable. Now that is effectively not what we are being told by expert authorities. We might not like it, we might not understand it yet, but that is what they are saying. There is a reason I think to be very careful about arbitrary price regulation. We know that decision

making should be always long term, and always market intervention should only be based upon a knowledge that you will get a better result as a result of it. Market intervention or government intervention, we have to be sure that that intervention ... regulation comes at a cost ... will consumers be better off as a result of that regulation? Well, I am afraid I do not know, and that is what I am asking C.I.C.R.A., in order to do so. At the same time, I want a C.I.C.R.A. that is an able resource and has the legal powers in order to be able to discharge their really important function in competition and regulation for the longer term. I refer Members to the excellent report, which I think has been well received, from Oxera, overseen by Professor Sir John Vickers, in relation to look at the whole of the powers of C.I.C.R.A. in discharging the duty for competition and price regulation. I can inform Members that we are now seized upon an action plan, and working very hard in order to basically put that improvement plan with C.I.C.R.A. and, I am pleased to say also, I have spoken to my Guernsey counterpart, Deputy Kevin Lewis, on this issue, and we are ... Deputy Kevin Stewart. I do apologise to Deputy Kevin Lewis. Between cup and lip and all the rest of it, I apologise. I spoke with my Guernsey counterpart and we are going to be working with C.I.C.R.A., who warmly welcomed the Oxera report, who said that they welcomed the review, agreed with all the recommendations and were working to improve it. We were late in the game of putting in place a price regulator. We did not have price regulation, we did not have a competition authority, until very late compared to a lot of other jurisdictions. So it is right and proper, 10 years on, we have looked at it and we are putting recommendations for improvement which are going to improve the resources, the capability, of C.I.C.R.A. That is with their full support, and I welcome their support to do so. I am determined that there is proper decision making, that there is proper expertise in any intervention and regulation into markets, and that we get an informed set of information in order to base decisions. I want to see that C.I.C.R.A. plan done as soon as possible. It also, however, would be quite wrong, if I may say, to take this proposition out of context and simply to suggest that there is fuel poverty and nothing has been done in other areas of government in order to deal with the very real issue, which I understand Deputy Southern is concerned with, about effectively rising energy costs. I would also remind Deputy Southern that effectively there have been hundreds of homes which have been insulated to reduce costs - that is the best way to reduce energy costs - free of charge, and there is also now, under the Social Security scheme, basically a fuel supplement that is payable in the event of a cold snap, et cetera. So it is not right to say that there is effectively nothing being done. There is effectively a winter fuel bonus. I want consumers to be informed about their choices. I want consumers to be informed about their choices between electricity, between heating oil, and gas. I want to understand the sustainability of these markets, and I want to ensure that there is a joined up government approach. If there is an issue, that is an insuperable issue, in relation to this one market, that they are effectively, because of the structure of the product that they supply, because of the fixed costs that they have, and that they are effectively a high cost fuel, which they do appear to be compared to other fuels, and if that is an insuperable issue, then we have to give consumers options in relation to other forms of heating and energy that they can consume. Now this is not short term. Deputy Southern and I had a conversation in the coffee room. I was trying to be nice to him. I was trying to be ever so polite, to say: "Look, I sympathise with the issue that you are dealing with, but you simply cannot make decisions on this basis." It is not right to criticise the Council of Ministers, to say that we are not concerned upon it. I can prove the dates of when we did the review and when we asked C.I.C.R.A. to do it. I have asked C.I.C.R.A. to do more work on it. I wanted them to explain their findings. I want them to have the resources that they need.

[15:15]

Deputy Southern, who, I am sure, does his research, I am sure that he has read the Jersey Company Gas (Jersey) Law. He will have in the Jersey Company Gas (Jersey) Law that if he wants to see the accounts for Jersey Gas, Article 30 says that by the payment of 50 pence you can pop along to the

Jersey Gas headquarters in St. Helier and get a copy of their accounts, as any other consumer could do. Now if Deputy Southern was really interested in the facts, then I am sure that he would have looked at the law, understood the context of the Article that he is asking us to invoke and have done his research in relation to looking at the accounts of Jersey Gas, because I have done that, as well as asking C.I.C.R.A. to do that. I think that it is extremely important that we do not base, effectively emotional decisions, on a lack of evidence. We have set up C.I.C.R.A. I have asked them to do the job. I do not necessarily like the answer, because effectively it says that we cannot do anything about the prices. But if that is the issue, then we need to deal with the wider issue of how we can reduce the energy cost. If there is going to be a low crude distillate market economy for the next few years then we can get lower energy costs in people's homes in another way. This is not the way to do it. I hope Members would agree, at least with one thing. If they do not like what I say on some things, they would agree that I am completely and absolutely focused and passionate about the issues of competition and regulation and getting it right. I am determined to get the regulator with the right powers and just communicate with consumers and Members properly, so that we can make important decisions. We cannot make an informed decision in the knowledge that they have said that there is not a return on capital employed which is over the industry sector average. They have already concluded that. There is more work to be done. As soon as that report has been completed I will publish it and give Members and consumers it. We will be working hard to understand what the energy alternative options are for consumers that may well be possibly linked into a high cost fuel. I would urge all consumers to vote with their feet, to look at the different price comparisons in different energy markets and to reduce their energy costs, by either insulation or alternative energy uses. Decisions should be long-term and proper, based upon good analysis and good advice. We do not have any evidence this afternoon in order to agree a 10 per cent reduction in tariffs, as much as we would like to do it. To do so would be reckless. It also would have no evidence that the business could continue to operate. In relation to the standing charge: that issue has been looked at by C.I.C.R.A. and Members will see the comment of the Council of Ministers that the J.C.R.A.'s view is that it has been revenue neutral. That will continue to be a feature of the ongoing work of the C.I.C.R.A. review. I urge Members for the third time to reject this proposition, but to give support to the Chief Minister's Department and to the work that I am doing, to ensure that this area of public policy is given the right political priority and given the right process, so we can keep inflation low and give consumers the right value for money. Thank you.

3.1.2 Deputy S.M. Wickenden:

I guess I spent a lot of last year harping off at the Council of Ministers: "Where is the information? Where is the information?" It would be unfair to not do the same on the Back-Benchers. Gas price is more than just the cost of wholesale fuel. It is also operational costs of running a business. In that light I would like to tell a story about my experience with Jersey Gas. When I came back to Jersey from the U.K. my boiler was kaput. I called up Jersey Gas. Well, first of all I called up a relative of mine who has had 40 years' experience as a plumber, who came along and said: "That is that bit there. Seen it a million times. Cannot do anything about it. You need to phone up the proper people, but it is that bit there." So I phoned up Jersey Gas and said: "My boiler has gone. I have been well-informed that it is this bit here." So they sent an engineer out, who did not bring that bit. Who had a look at it and said: "It is not that bit. It is this bit. I need to order you one." So went away. Ordered this part. Ordered the wrong one. Two weeks more later, a month in, got the right one. Fitted it. Did not fix the problem, but left. Had to call them again: "This has not solved the problem." So they bring another engineer round. I said: "I have been well-informed it is that bit there." No, did not look at that bit there. Said it was another part of my boiler. They had to order it. They went away. Two weeks later, ordered the wrong part: "Sorry." Another 2 weeks later, brought the part round, fitted it, went away, did not fix the problem. Called them back up: "We will send someone else round." Somebody else came round. I said: "It is that bit there."

They changed it and fixed it. I then get an enormous bill, absolutely enormous. So what I did is I asked for a breakdown, as I thought would be fair, of the parts that I received and the costs. I looked up on the internet and I was getting charged over 100 per cent more than what I could have bought them on the internet and probably quicker. I would have probably got the part right first time, I hope. I phoned up and complained. I said: "Why are you charging me this price? On the internet it is this much. You are over 100 per cent more. This is not fair. I cannot prove that these parts even needed replacing. It was that bit there. If you would have listened and done that bit there and proved that was not the bit or there was something else wrong, I think that would have been fair." In the good light, Jersey Gas were very helpful and they took some money off my bill and they worked with me on that. But this goes down into operational costs. What I would like is the Assistant Minister for Competition, when he is reporting C.I.C.R.A., to not only look at things like wholesale prices, but working practice. We are doing it with our public sector reform. We know how complicated it is. We have to look at procurement. We have to look at working practice. At the same time, one of the gasmen that was there, one of the many that turned up, had told me that he was just back for a 6 month period from some far-fetched Island, that he had moved off the Island because Jersey Gas had laid off a lot of their engineers, but they had also bought a new type of gas which was not very good for a lot of the older boilers and it started to break them and they had a lot more call for engineers. So they have had to call back a lot of their engineers and pay for them. This is all adding to the cost of running a service. You send out an engineer 3 times, 4 times, to the same problem, it is going to get more expensive. It does not help these gas prices. I would like to see a much more detailed report. I would like to see C.I.C.R.A. make sure of their operation practices. They are doing the best they can, they have made changes and that is where it goes. I am sorry to bore you with my story everyone, but I did think it was pertinent that this is not just the fuel prices from wholesale. It is about making sure that Jersey Gas is doing everything they possibly can to bring the prices down, to make sure they are working as efficiently as possible. I would really like to see that added into the C.I.C.R.A., if it is not there already.

3.1.3 Deputy K.C. Lewis:

I fully acknowledge and applaud the hard work done by Senator Ozouf with C.I.C.R.A. and the gas company. However, I have many constituents who have shut down their gas heating to save money and just use it for hot water. Some have shut their systems down altogether and rely on a wood burner to heat the house, even though the standard connection would still apply of £367 upwards. A year or so ago the gas company put up the price of gas. They said at the time: "We have to put the price of gas up because people are using less gas," which put people in a complete catch-22 situation. I would urge Senator Ozouf to revisit the gas company with C.I.C.R.A. and just see what more can be done and apply a little pressure where necessary. I would ask Deputy Southern whether he would take this proposition in (a) and (b). I will be supporting it.

The Deputy Bailiff:

Does any other Member wish to speak on the proposition?

3.1.4 Deputy M. Tadier:

I can understand that this is obviously an emotive issue and it is also a complex one, having listened to both the colleague on my right and the Assistant Minister speaking from an area which he has obviously tried to grapple with over the decades that he has been in politics or at least the more than one decade that he had been in Jersey politics. I guess the point is: what can we really expect to come out of a C.I.C.R.A. review? Ultimately we may find that it will say: "The charges are reasonable, given , , Y and Z." It may say that the future is uncertain for the gas company and therefore the prices are justified because they need to build up reserves for an uncertain following few years. I suspect strongly that no action will be taken anyway, whatever happens, because we

have a government that is laissez-faire, let us face it. It is perhaps quite apposite that we have this debate on the same day that we have had a living wage debate, effectively. At the same time we have a Council of Ministers which does not want to pay people a living wage - certainly not at the moment it does not, not now, too soon - but at the same time, when we are given the opportunity to do something real, tangible, to bring living costs down for people ... so if we will not bring wages up to a living wage, maybe we could bring living costs down to meet somewhere in the middle. That is not going to have an effect on the employers. We do not have a living wage at the moment for many people in Jersey, so they are seeing the gas prices and other energy prices go up disproportionately to the money that they have in their pockets. In terms of a track record, as I have said, of course these issues are complex, but we hear time and time again, when it comes to budgets and when Members try to resolve certain issues ... I remember when Deputy Higgins brought a proposition to tackle V.A.T. (Value Added Tax), which is charged in Jersey, I suspect certainly immorally, if not illegally, because V.A.T. does not exist in Jersey, yet shops seem to charge it. It does make me chuckle when I see these high street brands which are also available in the U.K. offering a 20 per cent discount on their stock, as if that is a special discount. No, that is the price we should be paying anyway, when you take the V.A.T. off. Of course you would add G.S.T. on top of that. Deputy Higgins, within my memory in this Assembly, brought a proposition saying: "We need to do something about this." But, of course, the mechanism which he chose was not acceptable to the Council of Ministers. We had Ministers standing up at the time, including Senator Ozouf, who I think was Minister for Treasury and Resources at that point, saying: "No, no, I agree with you that it is a problem. We all want to get to the same place, but this is not the way to do it." The problem is once you have been in politics for perhaps 15 years, not as a Back-Bencher, so understandably a Back-Bencher might struggle to get policy changes through, get the occasional victory, but when you are in a position of power and you time and time again are unable to get to the point where we all want to get, confidence will naturally run low and public confidence in our ability to solve these kind of real living issues will also be at a low. Satnav analogy is an interesting one, is it not? It almost made me wish that I went to church the other day, just to hear that analogy, because there is a presumption that we all want to get to the same point. I am not sure that necessarily is true, but let us assume we all, at basic level, want to do what is best for Jersey society and for people. The problem is that the Council of Ministers' satnav is basically broken. They might think that they know where they want to get, but because the satnav is broken they end up driving around and around in circles, not being able to get to the place they want to. I know physically I have had experience with that in the U.K. When I was trying to travel to Scotland I was supposed to end up somewhere towards Cheshire and Liverpool, but my satnav took me to Leeds Bradford Airport. Quite to my surprise, I did not expect to see an airport there. Satnavs can go wrong from time to time. I would suggest that this may be something that has happened when it comes to tackling issues, like the V.A.T. that is charged in Jersey and petrol prices, which is another pet favourite of Senator Ozouf's. When we try to tackle petrol prices he says: "I want to know why Jersey is profiteering when it comes to energy prices, when it comes to petrol prices?" When you factor out the duty that we charge, which is much less than what they charge in the U.K., there is a big fat element there, which seems to him to be profiteering.

[15:30]

Yet we do not hear or see any action or any reports of an update as to why that might be or more importantly how we might resolve it. It seems to be, again, to quote Deputy Martin, yet another occasion of jam tomorrow. Here we have a proposition in front of us which can do something tangible. It is taken in 2 parts. It says, yes, on the one hand, much of the cost that is related to gas provision does come from supply. Some of it, of course, looking at Deputy Wickenden, does not come from that. He is alleging it may come from cowboy workmen that come round to your house and cannot do the work properly and there are other associated costs. If that is indicative of the gas

company - and I am sure it is not, I am sure there is a mixed bag of work that goes on - then it could be suggested that there are other inefficiencies in the system which the consumer is ultimately having to pay for. So I think we should do and we should support this, it is a tangible way of helping people. We cannot, today, leave this Assembly saying that we have increased the living wage ... the minimum wage to a reasonable amount but we can, if we vote in the right way today, say that immediately, at least for this coming year, we can help people in their pockets when they are struggling not just with heating costs, not just with the cold winter that is onsetting ... and remember many people do not have the luxury or the ability to go to Social Security because they do not qualify for it. Others simply would not necessarily go anyway out of pride, and not everyone is able to benefit from the heating scheme, the insulation scheme that has been running. Interestingly, I would like an update on that because it seems to me that many of the insulation programmes seem to have ground to a halt. If I can just add at this point, it is not immediately germane but I think it would be ... I think it is sufficiently linkable to this proposition in terms of energy. Of course, you know, we hear that gas prices have to go up, we are not selling enough gas, people might be turning to oil, they are competing with electricity, and of course these things need to be seen in the round because they are ultimately all energy sources. They are all non-sustainable energy sources, it has to be said, as well; oil, gas and electricity obviously probably coming from nuclear in France which is ... maybe it is not a fossil fuel but it is certainly not necessarily the type of energy we should be looking to for a sustainable future, I would suggest. It might be an idea that the Council of Ministers seriously think about employing or creating a Minister for Energy because we do not seem to be taking our environmental responsibilities seriously enough. Yes, true, we do have a Minister for Planning and Environment who seems more concerned about shipping little bits of milk right across the world with the vast amounts of carbon emissions that come with it and maybe keeping a few brown cows in green fields, probably while still supporting the Council of Ministers' policy to concrete over green fields and parks in St. Helier to build hospitals. So I suspect that the Minister for Planning and Environment, with his many jobs that he has to do, is not necessarily the best person to take forward the various serious issues of energy usage that face us all in the world. Remember there has recently been a big conference in Paris which has sort of put this area on the table. So I think, coming back to the proposition, it is something that we should support. We can leave today, many of us, most of us hopefully, having supported 2 very good propositions and holding our heads high as we go out of the Assembly.

The Deputy Bailiff:

Does any other Member wish to speak on the proposition? Deputy Norton.

3.1.5 Deputy M.J. Norton:

Just a few points and I will keep these very, very brief. With regard to the last speaker, as part of the Channel Islands Renewable Energy Group, work has been ongoing and it is still ongoing and will be ongoing with regard to securing energy supplies in the future. It is something that is already on the table so to say that it is not, that is wrong. We have been doing a great deal with the energy markets and we are seeing some energy markets now working pretty effectively and very well indeed. Look at the J.E.C. (Jersey Electric Company), lower prices than Guernsey and competitive prices at that. Not all energy markets are the same. Work is ongoing, there is now welcome competition in the heating oil market. We should also, in this, and I will not use the satnav analogy because it has been used enough already, but what I will say is with regard to repairing one's boiler, there are 2 ways of doing it, you can use a precision screwdriver and make sure you get to the right part or you can take a dirty great big lump hammer and smack it on the side. The blunt instrument of just cutting the prices without having the information and the evidence is completely and utterly the wrong way to do this. C.I.C.R.A has been charged with doing this and I think the Assistant Minister would be the first to say that maybe C.I.C.R.A. has not been as effective or is in as good a

place as it might have been for some time. In the last year the work has been going on tirelessly with C.I.C.R.A. I have been evidenced of that, and going forward I see that it will bring the results, the desired results that we want. The Oxera review, for instance, reports and recommends a clear action plan which is already, as we have already heard, underway. To simply take a gas reduction, which of course is a very seducing and engaging and inviting proposition; would we not all look good if we just cut everyone's gas bill by 10 per cent? Without the evidence, without the knowledge, this is the wrong way to do it. It should be left to C.I.C.R.A. and C.I.C.R.A. should be ... and I know the Assistant Minister is working very hard on that, he has given assurances on that already and I would like to see that brought through. So I will not be supporting this proposition.

The Deputy Bailiff:

Does any other Member wish to speak on the proposition? Senator Maclean.

3.1.6 Senator A.J.H. Maclean:

I will not be long on this. Simply to say there is reference in the proposition to the Minister for Treasury and Resources and I just point out to Members that it is a very minor role that I have in this regard under Article 37: "The gas company shall send to the Greffier" - and I am sure the new Greffier, it will be news to him. Or perhaps it will not be news to him, I am sure he is very well researched in the short time that he has been here - "copies of the financial statements required under Article 32 for the preceding year in a form and containing particulars which the directors, with the approval of the Minister for Treasury and Resources, may decide." It is a relatively minor point and not relevant to the proposition as such but on the basis that I am mentioned, I thought that it would be right just to point out to Members what responsibility I have in that regard. All I would like to say with regard in particular to this proposition, first of all, I have sympathy because at face value we can see prices that appear to be too high and so I have a great deal of sympathy with what Deputy Southern is saying here. But we have to have and bear reference to the law. The law, the Jersey Gas Company (Jersey) Law, under Article 89, which the Deputy has very helpfully printed on the back page, Members can refer to it, does point out that the States can, in the public interest, seek to set tariffs. In effect that would be for a 12-month period, so indeed if this proposition were accepted, automatically that would revert back, it would only last for a 12-month period. But more importantly, should we seek to do that, this Assembly would have to follow certain terms, again, laid out in the law in terms of determining whether indeed the price to be set by tariff was reasonable. We have a problem in this regard because of course the Assistant Minister has, working with C.I.C.R.A, had some work undertaken as to the pricing, the gas pricing, and that report has come back and identified that there may indeed not be the level of problem that perhaps we believe there could well be. So I would suggest there is not the evidence required under the law to support us in the public interest setting a tariff for the coming year. Indeed I would say to Members that if we sought to do so without the appropriate evidence there would be good grounds for the gas company to appeal such a decision which indeed could well be sustained and could well be costly. So although that provision is in the law we would have to make the case and I do not believe we have the evidence - and I think it was a point that Deputy Norton was making and I think Deputy Wickenden before - to support the proposition that is being brought forward. I know that the Assistant Minister is going to work with C.I.C.R.A to ensure that this matter has the attention necessary. I do not think he, or indeed a number of Members, were necessarily satisfied with the report's conclusions that were undertaken previously; I know Deputy Southern mentioned that report. But, nevertheless, the facts of the matter are that we have to be satisfied and there has to be evidence to demonstrate that the price is too high for us to be able to sustain any intervention from this Assembly into reducing the price, much as it might appear a good idea to do so. So, on that basis I would encourage Members to reject this proposition at this stage and allow the Assistant Minister with responsibility to continue to focus on the issue and if necessary gather evidence to

prove the point that the price is indeed inappropriate. I do not believe we have that evidence at the moment. Thank you.

3.1.7 Deputy S.M. Brée:

My apologies. As I said, I am against state intervention in open and competitive markets. The gas market in Jersey is neither open nor competitive, that is a fact we have to remember. Jersey Gas is a monopoly provider in that particular energy market and, as such, I do believe that government does have a role in looking at what they are doing and the prices that they are charging to consumers. I think most people would agree that government does have an important role to play. However, let us look at this sensibly. The cost of propane has a direct relationship to the price of crude oil because it is a derivative of it. Crude oil is globally traded on Nymex, which is the New York Mercantile Exchange, traded in U.S. dollars; pure and simple. It can be tracked very carefully and there are some very, very clever tools that allow you to track its price and look forward at what it possibly could do. Now if crude oil has fallen on global markets by 40 per cent, and we accept that the price of propane has a direct relationship to that crude oil price, which most people would accept there is a relationship, it is not direct but it is a relationship, then surely the price being charged by Jersey Gas should have fallen within a range around that global crude oil price collapse effectively. Now, to talk about hedging; it has been spoken about before. It is normal practice by energy companies, it is not an abnormal thing they do and they will do it by taking out future contracts, fixing the price of the product they want to buy at a future date at an agreed price, or they can use a lot more complex financial instruments and I will not go into them. So why have Jersey Gas prices not fallen? All the indicators are pointing to the fact that it should have fallen. Other energy prices are falling and those energy prices are directly related to the price of crude oil. So I ask the question again: why have Jersey Gas prices, to the consumer for the provision of the energy source, not fallen? Well, I would suggest it could be one of 2 reasons. Firstly, Jersey Gas got their forward hedging completely wrong so they are having to charge consumers the price that they are having to buy the energy product in for. Or there are some major, major problems within Jersey Gas as a company. Either way, should the consumer suffer in what is not a competitive market? Now perhaps this is where we, as a States Assembly, via the Council of Ministers, can go: "No." Let us say that if global crude oil price has fallen by 40 per cent and propane is directly linked to that, if we instruct Jersey Gas to reduce their tariffs by 10 per cent we are still effectively allowing them an approximately 30 per cent margin. It is quite clear that obviously Jersey Gas do not intend to reduce their tariffs to consumers so why can we not intervene? The risk is that while we legally can, we do not know whether or not the company itself will remain viable. Now surely that is a daunting prospect to many gas consumers on this Island. So I am going to support this proposition because we are only asking for a 10 per cent reduction in tariff. We have to now look at monopolistic situations. This has been allowed to go on for too long that we have a monopolistic situation in the provision of gas. To say you can choose to move to oil or electricity, therefore it is an open marketplace, means that the consumer has to spend a lot of money to convert; and a lot of money. I know, I had to buy a new condensing oil burner myself. So I think we have to, as a Government, as an Assembly, take a responsibility and not allow the situation to drift but accept that there may be a lot more work that needs doing with regards to the provision of gas as an energy source to Islanders. Thank you.

The Deputy Bailiff:

Does any other Member wish to speak on the proposition? No other Member wishes to speak. Chief Minister.

3.1.8 Senator I.J. Gorst:

I am not quite sure where to start after the last speaker because I think he started making some very good points but I really struggle to see how he concluded the conclusion he did when he himself said there were so many questions about the operation of the market, the operation of the global oil market, the operation of the hedging process that Jersey Gas may or may not have undertaken in the market, the price at which they had hedged, the day to day operations of that company and whether it was ... how sustainable it was going forward and I think Deputy Wickenden picked up on some of those points as well. I think the speaker was right to ask those questions and so I would ask Members whether they really feel that they are in a position to have certain answers to those questions to enable them to vote for what Deputy Southern is proposing. I would rather say that Deputy Brée raised some very good questions and I think he also said that he did not have the answers to them and I think that is right. I think Members of this Assembly do not have the answers to those questions, as appealing as Deputy Southern's proposition is to pretend that we do not need the answers to those questions, we can simply make a decision today because if the answers to those questions are not the ones that we are surmising they might be, then the decision to support Deputy Southern would be extremely unfortunate and simply add to any issues that there are in that market. I have taken some challenge for the proposals that I made to change the ministerial portfolios at the start of this government, but I stand by those wholeheartedly and I hope that Members will see, today, one of the reasons why I brought together competition, innovation, together with, of course, digital and financial services, which are not quite as relevant to this particular area. But they are important to sit in the Chief Minister's Department along with social policy because if we are really concerned about those who are less fortunate and lower income in our community, simply acting in the way that Deputy Southern proposes will not answer and address those questions. We have to understand what is happening in markets, we have to make sure that there is appropriate competition and oversight, and again, some Members have been critical, in the past, of the J.C.R.A. as it was then, and C.I.C.R.A. as it is now, for not performing. But I think they have done a good job over the last 10 years, but markets are changing and how we regulate markets is changing as well. I felt that it was important that there was work done to understand the operation of C.I.C.R.A. in our community, that a review was undertaken of the law that governs their operations, and that they should have appropriate political oversight and direction to do various reviews which are in the public interest. I do not think anyone in this Assembly can challenge the Assistant Minister's commitment to making sure that these markets are sustainable into the future and are operating fairly in the best interest of consumers; in the best interest of consumers. Not in the best interests of operators, not in the best interests of multi-national companies but in the best interests of the Jersey consumer. He, I think of all Members in this Assembly, has a long track record of trying to understand these markets and move forward appropriately to see changes in the best interest of consumers. I would say that that commitment, that bringing together of those functions with his personal commitment, the work that the J.C.R.A. have already undertaken and the things that the Assistant Minister and the Minister for Economic Development have said about that, the fact that they have gone back and asked for further clarification to understand, to help to provide answers to some of the questions that we have heard in this Assembly today. I would say that that is the most responsible and the best way forward to deliver what we all want in the best interests of consumers. I think one speaker said: "Who is the Minister for Energy?" Well I think there are 2 Ministers for Energy in this Assembly, the Minister for Planning and Environment and the Assistant Minister in the Chief Minister's Department responsible for competition and innovation because both of those 2 policies have got to be aligned if we want to see energy markets operating in the best interest of consumers, and they are, together, absolutely committed to ensuring that takes place. So I do not think that, as we stand here today, we have the information, nor the answers to the questions that Members have rightly raised, to be able to vote for Deputy Southern's proposition. We must continue the work, continue the challenge until we have the evidence upon which to base decisions if they are to be interventionist in this way

because it is not something that we should do lightly without knowing what any unintended consequences might be for those decisions. Thank you.

The Deputy Bailiff:

Does any other Member wish to speak on the proposition? If no other Member wishes to speak on the proposition then I call on Deputy Southern to respond.

3.1.9 Deputy G.P. Southern:

I shall attempt to allow people to go home as soon as I can but I believe there are a certain number of things that need to be said in response to the contributions in this debate. We will start with Senator Ozouf who pointed out that there was a difference between natural gas and propane and that is why I have included, in my proposition, graphs showing the wholesale price of propane because I am perfectly aware that there is a difference between the 2 and the 2 are not necessarily linked but certainly that is why the propane figures are in there. As Deputy Brée said, there is a link between the wholesale price of crude oil and lots of products, including propane, and it is only reasonable that that is the way it works; one goes down, others go down. It is elementary, as it were. He then pointed out that the propane market is completely different and the fact that we are a small user in that market, distant from wherever the source is, requiring shipping and storage costs, et cetera. Well that has been the case throughout the history of Jersey Gas Company while it has been delivering propane to us in one way or another. That has not changed, and yet what I am saying is while the price, wholesale price of the core product has gone through the floor, the price of the retail product under the same circumstances as it has always had, perhaps except the change of ownership, has not moved. That cannot be right. He also, Deputy Bray, also pointed out ... Brée, let us get this right. Bray is more French, is it not, rather than Brée? Brée. He also said that 10 per cent, given the drops that have occurred in the wholesale price, is not unreasonable. This is not going to put the company under the ... out of business. But if we look ... I am just going to go through it in a minute. Wait a minute, where did that come from? How do I know? I can see the future. No, I cannot, that was a joke. If we look ... for example, if we look, I have just done the figures now, over the 2 year period from the beginning of 2014 to the end of 2015, what was the total overall drop on those 2 charts? It was 72 per cent drop in the wholesale price. Now I am sorry, whatever reservations you might have - and Deputy Wickenden had those reservations - that is not the total cost of doing business. Of course it is not, but the estimate I have from the U.K. is that the cost of the commodity is around 50 per cent of your total costs if you are running an efficient company. So 50 per cent of a 72 per cent drop is something like 36; 10 per cent is mild compared to that. So we are not going to put the company out, I think, of business. He then talks about hedging strategy, again, it is Deputy Brée. Hedging strategy, yes, everybody should be able to, in this business of supplying gas, supplying petroleum products, be able to hedge and they can, and if they have gloriously got it totally wrong, he poses the question, who should be paying for that? Should it be the consumer or should it be the company swallowing hard and saying: "Oops, sack that man, we are going to have to bite the bullet. We have just taken a loss but that is our fault because we did the business badly." Not: "Oh, well, just transfer that to the consumer, they can pay." That is not the way to approach it, and, as he pointed out, we have a choice. Do we protect that consumer here and now? He said: "I think we do." I say I think we do and then we go on to look at the second half, the more in-depth study which is promised, having acted so that we know where we are going in the future, for next year. I do not want to be here next year with the same argument, except it will be earlier because I will make sure I get it done before the cold weather sets in. I do not want to be there. I want this analysed, solved and our understanding to have expanded. Then Senator Ozouf also talked about: "Yes, I would like consumers informed about choices." So would I. But he implied there ... what he implied was so that they can change their

choice. Yes, I know that there are ads for a new company supplying heating oil at a different ... at a lower price than the current companies.

[16:00]

That does not mean I can convert my gas heating to oil cheaply, instantly. I cannot just change overnight nor can I change to electric. That is an expensive business to do. If you want to change your boiler, just cost it. But to change my supplier is not easy, and what he says is that that, therefore, becomes a monopoly market. There is no competition in that market unless you are prepared to invest a fortune changing all your facilities, all your equipment. That intervention by government, by the state, as state intervention, is entirely appropriate if you have a free market, competitive market, then you can rely on that competition, you hope, to bring prices down. If you have a monopoly market, you cannot. You have to govern that market by regulation. We have that regulation. Our predecessors put it in the law. Now, if Members were to accept this proposition, certainly in part (a) especially, then I do not see a problem with tasking the Minister, to say: "Go and deliver a 10 per cent cost in price" given that the law itself, the regulation ... it is a law, the law contains all of the safety mechanisms you would want to put in to make sure you do not do something seriously wrong. So I will just take, briefly, Members through how safe this action would be: "Where it appears to the States to be necessary to do so in the public interest, the States may, by regulations, determine the tariffs made by the company. In determining the tariffs, the States shall have regard to the following or any other relevant matter: the present needs of the company, future expansion of services to be provided by the company, the ability of the company, so long as the business is managed efficiently, to pay interest and reimbursement of borrowing, a dividend to the preference shares, a reasonable dividend on the ordinary shares, any capital expenditure which may reasonably be expected in the next 5 years, the ability of the company to pay all proper expenses, the provision of any contributions which the company may lawfully carry to a reserve, the ability of the company to make good depreciation, the ability of the company to meet all other costs." If the Minister ... if we were to vote for this and send off the Minister and say: "Go and deliver" and he starts at the top of that list and says: "Right, my intention, I am told, is to deliver 10 per cent." As he goes down that list in Article 2, A, B, C, D, E, F, G, to make sure he is not doing something that is too extreme and that the company has protected itself, then if he comes back and says: "Sorry, I was only able to deliver 4 per cent." Am I going to be complaining? Are you going to be complaining? Are consumers going to be complaining? I do not believe so. "Well done, Minister, Assistant Minister, we sent you away with an instruction, you have come back with less than we said but we do not blame you, that is the safe margin that you have left this company with. Now, let us get on with reading your new report so that we can look for next winter as to who is going to be supplying what and at what price." That is what we ought to do. This government, this Council of Ministers, time and time again, when faced with a choice of do nothing, do little or act decisively, time and time again does one of the first 2: do nothing, do little, i.e. get a new report in more depth and then let us see where we go, or act decisively. Act decisively to protect the interests of consumers of gas on the Island is what I suggest we do and I suggest that that, given the law as it exists and what we have to cover doing so, it is perfectly safe to do it. The Assistant Minister finally said for 50 pence I can get a copy of their accounts. As he told me yesterday and he was being really kind to me, he was talking to me, once. He said he has seen a copy, he has got a copy of the accounts and I asked him what he made of them. He said words to the effect that they were almost impossible to decipher. So anybody can go and get them for 50 pence but what they mean, a trained accountant does not really know so that was not something to be recommended. It comes down to: does this House wish to use powers it already has to intervene in a monopoly market by regulation in order to act in the best interests of the consumer and to protect the consumer from the consequences of the price of gas on this Island which has not come down in over 2 years despite massive price reductions in the wholesale

market? I urge Members to vote for both sectors, (a) and (b), of this proposition. In response to Deputy Lewis, yes, indeed, we can take those separately if Members wish.

The Deputy Bailiff:

Do you call for the appel?

Deputy G.P. Southern:

I call for the appel.

Senator A.J.H. Maclean:

Just before we go to the vote I wondered if you would be very kind and just clarify a point. The Deputy, in his summing up, suggested that work could be undertaken between now and when any change was made, but the proposition is very clear, it says that the prices should be reduced if Members support this proposition immediately by 10 per cent. He also suggested that of course if the work was undertaken to prove the case which is required under the law and it came back with 4 per cent then he would be very satisfied with that. I just wonder if you could give some guidance to Members when voting, whether indeed there is the room for manoeuvre the Deputy has perhaps just suggested in his summing up. My view, and I wonder if you could confirm this, is that Members are voting on an immediate reduction and by 10 per cent, is that correct or not?

The Deputy Bailiff:

It is probably not for me to give legal advice to the Assembly, naturally, but on my construction of the paragraph, any reduction is only possible when the States have passed regulations to that effect, therefore regulations will need to be drafted. There will need to be a 6-week lodging period in the normal way at the end of which the States can then vote afresh on whether or not the reduction should be brought in, as I understand it. There is no power in the Assembly to make a 10 per cent reduction, as I understand the law. If that is helpful to Members then we can rest with that otherwise we can ask the Solicitor General who is on call to come down and clarify the position.

Deputy G.P. Southern:

Indeed, the wording was carefully chosen, the action is to draw up regulations. The regulations then have to come forward. Okay, that fills in a gap.

The Deputy Bailiff:

Very well then, the appel is called for. I invite Members to return to their seats. Members are voting on paragraph (a) of the proposition and I ask the Greffier to open the voting.

POUR: 17		CONTRE: 27		ABSTAIN: 0
Senator Z.A. Cameron		Senator P.F. Routier		
Deputy J.A. Martin (H)		Senator P.F.C. Ozouf		
Deputy G.P. Southern (H)		Senator A.J.H. Maclean		
Deputy of Grouville		Senator I.J. Gorst		
Deputy J.A. Hilton (H)		Senator L.J. Farnham		
Deputy K.C. Lewis (S)		Senator P.M. Bailhache		
Deputy M. Tadier (B)		Senator A.K.F. Green		
Deputy of St. John		Connétable of St. Helier		

Deputy M.R. Higgins (H)		Connétable of St. Clement		
Deputy J.M. Maçon (S)		Connétable of St. Peter		
Deputy S.Y. Mézec (H)		Connétable of St. Lawrence		
Deputy A.D. Lewis (H)		Connétable of St. Mary		
Deputy L.M.C. Doublet (S)		Connétable of St. Ouen		
Deputy R. Labey (H)		Connétable of St. Brelade		
Deputy S.M. Bree (C)		Connétable of St. Martin		
Deputy T.A. McDonald (S)		Connétable of Grouville		
Deputy P.D. McLinton (S)		Connétable of Trinity		
		Deputy J.A.N. Le Fondré (L)		
		Deputy of Trinity		
		Deputy E.J. Noel (L)		
		Deputy S.J. Pinel (C)		
		Deputy of St. Martin		
		Deputy R.G. Bryans (H)		
		Deputy of St. Ouen		
		Deputy S.M. Wickenden (H)		
		Deputy M.J. Norton (B)		
		Deputy G.J. Truscott (B)		

The Deputy Bailiff:

We now vote on paragraph (b) of the proposition. I will ask the Greffier to open the voting.

POUR: 21		CONTRE: 22		ABSTAIN: 0
Senator Z.A. Cameron		Senator P.F. Routier		
Connétable of St. Clement		Senator P.F.C. Ozouf		
Connétable of St. Mary		Senator A.J.H. Maclean		
Deputy J.A. Martin (H)		Senator I.J. Gorst		
Deputy G.P. Southern (H)		Senator L.J. Farnham		
Deputy of Grouville		Senator P.M. Bailhache		
Deputy J.A. Hilton (H)		Senator A.K.F. Green		
Deputy J.A.N. Le Fondré (L)		Connétable of St. Helier		
Deputy K.C. Lewis (S)		Connétable of St. Peter		
Deputy M. Tadier (B)		Connétable of St. Lawrence		
Deputy of St. John		Connétable of St. Ouen		
Deputy M.R. Higgins (H)		Connétable of St. Brelade		
Deputy J.M. Maçon (S)		Connétable of St. Martin		

Deputy S.Y. Mézec (H)		Connétable of Grouville		
Deputy A.D. Lewis (H)		Connétable of Trinity		
Deputy L.M.C. Doublet (S)		Deputy of Trinity		
Deputy R. Labey (H)		Deputy E.J. Noel (L)		
Deputy S.M. Wickenden (H)		Deputy S.J. Pinel (C)		
Deputy S.M. Bree (C)		Deputy of St. Martin		
Deputy T.A. McDonald (S)		Deputy of St. Ouen		
Deputy P.D. McLinton (S)		Deputy M.J. Norton (B)		
		Deputy G.J. Truscott (B)		

ARRANGEMENT OF PUBLIC BUSINESS FOR FUTURE MEETINGS

The Deputy Bailiff:

Very well, that concludes the public business for this meeting and therefore I would invite the Chairman of P.P.C. (Privileges and Procedures Committee) to propose the arrangements for future business.

4. Connétable L. Norman of St. Clement (Chairman, Privileges and Procedures Committee):

The 2nd February is as per the consolidated Order Paper except that Deputy Labey has asked that his Proposition P.139 regarding the direction to Andium Homes regarding La Collette Low Rise be moved to the 22nd March. With that item now removed I would suggest that on 2nd February the States should need only one day of a meeting to complete that business. Two items lodged while we have been sitting, Projet 3 in the name of the Constable of St. Helier regarding the People's Park proposition, it is asked for that to be debated on 23rd February and Deputy Wickenden's proposition P.4 regarding planning fees is down for 8th March. With those amendments I propose the business as per the consolidated Order Paper.

The Deputy Bailiff:

Do Members agree to take future business in accordance with the arrangements proposed by the Chairman? Very well, that concludes the business of this meeting and the States stands adjourned until 2nd February at 9.30 a.m.

ADJOURNMENT

[16:12]