

STATES OF JERSEY

OFFICIAL REPORT

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

PUBLIC BUSINESS – resumption

1. Annual Business Plan 2008 (P.93/2007): Objectives for the States' Assembly and its services

The Greffier of the States (in the Chair):

The debate resumes on the Annual Business Plan. Before the Assembly moves to the financial parts of the proposition there is one hopefully brief remaining part of paragraph (a), the subparagraph relating to the objectives of the States' Assembly in its services as detailed on page 142. I call on the Vice Chairman of the Privileges and Procedures Committee.

1.1 Deputy J. Gallichan of St. Mary (Vice-Chairman of Privileges and Procedures Committee - rapporteur):

I will not speak at length on this matter as of course Members are all very well acquainted with the area concerned as it affects the smooth and efficient running of the States' Assembly including the provision of all necessary information and documentation to Members, enabling of an effective scrutiny function, electoral and States' reform and the provision of information to the public. The 2 major items in our figures, Sir, concern scrutiny and Members' remuneration. On these 2 points just a brief word. Firstly, to confirm of course that the fifth scrutiny panel is now fully up and running and it is included in the estimate in your figures. Secondly, to remind Members that States' Members' remuneration is fixed by an independent body. It was fixed for 3 years to the end of 2008. Therefore, during 2008 the States' Remuneration Review Body will be reconstituted so that it can consider remuneration for the forthcoming years. I, therefore, commend the objectives detailed on page 142 to the States, Sir.

The Greffier of the States (in the Chair):

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

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

Two questions: one relates to the cost of running the States' Assembly. One of the frequent criticisms we hear about the States is the number of Members for a relatively small population, at least in contrast to other jurisdictions. I wondered whether the rapporteur would be able to give us any indication of whether the States will be asked in the coming year to consider a reduction in the number of States' Members because clearly this would be good news for those members of the public who think we should be running our Assembly with, even if it was only 4 or 5, fewer salaries to meet. The second question relates to the recent decision to bring the election of Constables into line. I wonder whether we could be informed whether the law drafting for that is in hand and whether there is a good chance that that objective will be achieved in time for a single election of Constables at the end of next year.

1.1.2 Deputy A. Breckon of St. Saviour:

In regard to keeping the public informed and access to information, I wonder if the rapporteur could give any indication because it is not there of the Freedom of Information Law, where it is and when indeed we will see it because I understand the Assembly approved a long time ago that the code be translated into law and it has not happened.

1.1.3 The Deputy of St. Mary:

Firstly, the Constable of St. Helier will be well aware that Privilege and Procedures did bring recommendations to the States this year in the form of several proposals. Included in them was the opportunity to reduce the number of States' Members which this House rejected, Sir. I believe that at the time the committee indicated that this was the time to move reform forward or to stop -- not wasting our time but to stop expending so much of our valuable time on it when it was not able to achieve an objective. I believe that, therefore, this matter will not be dead of course but it will not

be coming back in the immediate future. As regards the election dates for Constables, as far as I am aware, Sir, every effort has been made and this will be brought forward in the swiftest possible time. Freedom of Information for Deputy Breckon has been a massive undertaking as he is well aware. A decision was made a few months ago to put out another consultation paper because there was a different approach taken to the law; a different sort of basis for its construction which would hopefully make it more easy to administer and perhaps more cost effective. That consultation process, I believe, continues and will come back to the House in due course, Sir.

The Greffier of the States (in the Chair):

I put the objectives. Those Members in favour of adopting kindly show. Any against? The objectives are adopted.

Senator M.E. Vibert:

Can I just say we are just having another paper sent round again. Again there is no indication where it comes from. It was brought up yesterday. In future can papers please be marked as to who has asked or put it round.

The Greffier of the States (in the Chair):

It is a matter I have discussed with the Deputy Greffier before the meeting. It is a matter for the Members who distribute the paper. Perhaps the person who distributed it would inform the Members.

Deputy S.C. Ferguson of St. Brelade:

Absolutely, Sir. I am terribly sorry. I thought I had typed Public Accounts Committee at the top of the page. I am obviously having a blonde moment. I apologise to the Senator.

2. Annual Business Plan 2008 (P.93/2007): Total States' Net Expenditure

The Greffier of the States (in the Chair):

Very well. The Assembly comes now to paragraph (b) of the proposition relating to the total States net expenditure. Perhaps in the interest of good order I could ask the Greffier to read paragraph (b).

The Deputy Greffier of the States:

To agree that total States net expenditure for each of the years 2008 to 2012 will not exceed the amount set out in Summary Table C, page 45, and to request the Chief Minister to present annual business plans to the States within these amounts with any additional growth in the net revenue expenditure of a States funded body being offset by compensatory savings elsewhere within the total amounts.

2.1 Senator T.A. Le Sueur (The Minister for Treasury and Resources - rapporteur):

It falls to me as the Treasury Resources Minister to present the financial proposals within this draft Annual Business Plan which is the second in accordance with the Strategic Plan which we agreed last year. The Annual Business Plan today is the first part of the States debate of tax and spending under the new Public Finances (Jersey) Law 2005. As Members are aware, today we will be debating the allocation of various spending and resource allocations and then in December we will debate the tax and funding consequences of today's spending decisions in the proposals for next year's budget. It is my role today on behalf of the Council of Ministers to lead Members through the expenditure and resource allocations. But before I do that I would like to set the proposals in context against our overall financial framework. Members will be aware of how much importance I have put on the States living within its means and also ensuring as far as possible an economic climate which generates those means. The financial framework which we are working to relies on the financial policies which have served the States well over the last few years in terms of balanced budgets, low inflation, improvements in efficiency and sustainable growth in priority areas. The

Strategic Plan outlined a financial framework for the next few years. It called for prudence in States' expenditure and to the extent that was possible growth should be directed primarily to investment in economic growth and the priority services of health, welfare and social benefits. The investment in growth of our priority services has been part of our policy in previous business plans. The resource allocation process has redistributed the efficiency savings from the Change Programme to these priority areas. Without significant cuts in our existing public services this is the only way in which we can achieve real growth in those priority areas. The Strategic Plan confirmed and endorsed that approach. The continued investment in those areas is reflected in the proposals before the House today. However, we have to be realistic in the extent to which we increase our spending since otherwise there is a very real danger that our expenditure starts to outstrip our income. In other words we start to live beyond our means. I must say I have been disappointed by the extent to which our spending has had to increase this year. I appreciate it was driven largely by inflationary pressures, together with social benefit payments to the less well off. But I have to say that if we are to stay on track for future years our spending has to stay at or below the levels set out in this plan. To that extent I welcome the Deputy of St. Ouen's amendment No. 5 which the House has now approved which re-emphasises the point which I thought we had made in this paragraph for our proposition. I remind Members it says now that we will do that rather than we should. The Strategic Plan and the Fiscal Strategy emphasise the importance of stimulating economic growth to sustain and improve our tax revenues. The early success of the Economic Growth Plan can be seen in an improvement in our financial position. These improved tax revenues are needed as part of the Fiscal Strategy to replace those tax revenues that would be lost through the move to Zero/Ten. We need this growth to continue and be sustained over the financial planning cycle. I remind Members that the Fiscal Strategy included as one of its elements an increase of £20 million in economic growth. These policies together with the timely introduction of new tax measures, including G.S.T. (Goods and Services Tax), are essential if we are to substantially mitigate the impact of that move to Zero/Ten. Our forecasts are based on the presumption that that will indeed happen. Today is not a day for a G.S.T. debate but I would simply say to those who think we do not need G.S.T. if we cut spending, just look at the numbers. Over the years I have always maintained that G.S.T. is there as part of the solution to Zero/Ten. Zero/Ten is a one-off drop in revenue and having resolved that problem there was no reason why G.S.T. should not stay at 3 per cent for many years as long as States' Members can contain their spending. I stick by that statement and I say that I do not want G.S.T. to rise above 3 per cent. I am sure none of us do. The answer is for us all not to increase our spending beyond our basic level of income. I emphasise the "us". It is not just me. It is not just the Council of Ministers. It is all of us. What is important is that the financial framework and the growth and expenditure proposed limit is sustainable. The latest forecast in Table 3.1 of the Business Plan Report show a balanced position over the 5-year planning period. When the next financial forecasts are produced I would expect to see some improvement in income. I would like to think that that improved income would remain for years to come. But we have to be realistic and appreciate that the economy runs in cycles. In a downturn our income reduces or goes up more slowly. An economic growth policy helps but only changes the extent of reduction not the principal because unfortunately our spending cannot suddenly reduce to match the profit income. So I warn Members about the danger of thinking of increasing spending simply because there is a temporary increase in revenue; an increase which we all know will most likely drop off in future years. That is one of the reasons behind the setting up last year of the Stabilisation Fund. I am pleased to say that I have now been able to lodge a proposition for the appointment of the Fiscal Policy Panel. As well as helping guide the States on the use of stabilisation funds, the people appointed will be key in providing professional and independent expertise and advice aimed at containing inflation, improving economic stability and creating the necessary conditions for economic growth in the Island. Looking beyond the 5 year planning cycle and acknowledging that beyond 2009 our forecast can only be indicative due to the significant structural changes as a result of the corporation tax move to Zero/Ten, there could still be deficits in the longer term. This is why it is important to review our

forecasts regularly and why I appreciate the willingness of the Corporate Affairs Scrutiny Panel to help us in those forecasts so there should be no complacency about our financial position in the short term. Our best estimate of the ultimate loss from Zero/Ten remains in the region of £79 million to £94 million but the actual loss will not be known until after 2011. Until then it is not known exactly what action, if any, may be required. What we can say is that the current financial and economic position is very sound. Therefore, if the policy of the Council to stick to these proposed spending limits is upheld and the States stick to that commitment then no new taxes will need to be introduced until 2012 at the earliest and our financial position is certainly sustainable until at least 2013. That is why I and the Council of Ministers are vehemently opposed to any amendments to increase spending further in this debate or in future years. If further remedial measures are required in respect of Zero/Ten, these could be phased in with the aim of achieving balanced budgets by 2015. We can phase in any changes and cushion the impact on individuals if we need to by using part of the interest on the strategic reserve as a short term measure but we must acknowledge that is not a long term solution. That then is the fiscal and financial framework within which the current spending policies and those policies for the use of all States' resources before the House today are proposed. If I turn to the financial forecasts - and I would like to draw Members' attention briefly to them before I move on to expenditure allocations - those Members who were present at briefings early in the year will be aware that revenues for 2006 exceeded our original forecasts. As Members know we review our forecast 2 or 3 times a year on the basis of the most up to date information. The current trends show an ongoing improvement for most areas so far in 2007. This is undoubtedly reflecting the positive growth in our economy, as has been well reported particularly in the finance sector. We should be aware, however, that the outlook in the last couple of months including the problems of one of Britain's U.K. largest mortgage lenders may reduce the growth on next year's forecasts due in October once the 2006 personal tax demands have been issued. The current forecasts reflect the changes and trends and show an improved financial position from that last published in December budgets. I must emphasise that though this improvement is needed and welcome, it needs to be sustained and more importantly those forecasts are based on the assumption that G.S.T. comes in early in 2008. As a result, the financial forecast for the next 5 years is balanced. Pretty finely balanced, I admit, but balanced. As I emphasised earlier this does rely on the timely introduction of G.S.T. and the avoidance of any increase in the spending within that period. This forecast of sustainable finances should not allow us to become complacent. The Council of Ministers is determined to vehemently oppose those who propose any measures - and I repeat, any measures - to increase the proposed spending limits still further. If the States become at all complacent about its constraint on expenditure during this or any future debate, it only needs to look at the longer term forecasts to see that although those forecasts are indicative and cautious we can identify a difficult and challenging time ahead. I said that we need to take a longer term view and some might think looking at the forecast for 2012 and beyond that we are heading for gloom and doom. That I think is to overstate the position particularly in the light of currently improving revenue. The message we should be taking from those forecasts is that now is not the time to consider any increases in expenditure. I move to the proposals in the Business Plan. Those expenditure proposals are based on the approved States' Business Plan from last year. The levels of capital spending are largely unchanged and primarily reflect changes in the phasing of different aspects of the capital programme. Regrettably, the proposals for revenue spending have increased over the last year. In particular, the impact of inflation on pay, prices and benefits on the Island have risen sharply and could not have been foreseen when last year's proposals were prepared. The several step increases in interest rates have indirectly caused significant additional costs to our public services through its effect on RPI (Retail Price Index) and, therefore, on pay and benefit inflation. With almost £300 million of our expenditure in staff routed areas, those increases are difficult to contain given the current employment conditions, the active labour market and the need to attract and retain many skilled persons including teachers and medical staff where there is a strong national competition for a reducing supply of labour. Similarly we felt that we had a moral as well as a legal obligation to protect those on low incomes who are dependent on benefit

payments and those benefits have been inflated accordingly. The net result of re-pricing last year's proposals and those for 2008 based on current inflation forecasts represent an increase in spending of £24 million. That £24 million represents the majority - or 5.1 per cent - of the 7.3 per cent proposed increase in net revenue expenditure. The remaining 2.2 per cent increase proposed relates primarily to growth in priority services and the policies approved by the States. They relate to matters bearing from third party appeals and the fifth Scrutiny Panel, to the proper funding of the prison and the phased introduction of the Prison Improvement Plan. In that context I have to say that the Home Affairs Minister has recently advised the Council of Ministers and more recently the House that despite the additional funding her department has received for 2007 it is questionable whether it will be sufficient to deliver even the essential parts of the Prison Improvement Plan. We have committed to a financial review of this area which could lead to a further funding request. The council has undertaken an extensive business planning process with departments to identify the priorities and pressures on key services. This process was also informed by the quarterly financial monitoring process identifying spending pressures in 2006 and 2007 to date. The result of the planning and prioritisation process is the net increase of 2.2 per cent or £12 million in key services. Members often talk about savings and although we have now achieved annual savings of £35 million, the council has considered every opportunity for further savings and service reductions and has taken those which can be delivered within the vision of a strategic plan. But that vision for Jersey is to maintain its position of pre-eminence in the international arena and continue to be able to compete by protecting and improving the level of priority services and investing in social, environmental and economic initiatives. I put it to Members that this would not be the case if we were to support the fairly radical cuts of £35 million proposed over the next 3 years by the Public Accounts Committee today and why later this morning I hope, the council will be strongly urging Members to reject that amendment. If I turn to the proposition itself, the purpose of part (b) is to agree limits for the total States' net expenditure for the 5 years, 2008 to 2012, that is, in other words, revenue and capital expenditure. These figures then set the framework, the financial planning limits, within which a more detailed allocation to revenue capital programmes can be decided. We will come on to that later in the debate. The figures are shown for each of the 5 years in Summary Table C on page 45. Over the 5 years the increase averages 4 per cent per annum. While this may sound higher than desirable this more or less matches the expected inflationary increases over these years. 2008 in particular is higher than I would like; I am sure all Members would like. The Council of Ministers has looked but sadly cannot see any way of reducing that level and still delivering the services that are required. However, on a brighter note, if we can keep these spending targets I believe we can continue to balance our budgets over the 5 year cycle. It will not be easy but it will be a target worth achieving, since if we can do that it means that there should be no need for increasing G.S.T. or other new taxes. I, therefore, Sir, at this stage move part (b) of the proposition.

The Greffier of the States (in the Chair):

Is the paragraph seconded? [**Seconded**] There are a number of amendments to paragraph (b), the first of which being taken by the Assembly is the part (a) of the ninth amendment to the name of the Public Accounts Committee. I ask the Greffier to read the introductory paragraph to that amendment.

The Deputy Greffier of the States:

In paragraph (b) after the words "set out in Summary Table C page 45", insert the words "except that the proposed figures for total States net revenue expenditure allocation in the said Table C shall be decreased by £12,425,000 in 2008, by £15,964,000 in 2009, by £23,657,000 in 2010, by £30 million in 2011 and by £35 million in 2012 as shown for information in the following table".

2.1.1 Deputy S.C. Ferguson:

The Public Accounts Committee has received quite a slating from various quarters over this amendment. I would remind Members that we were elected to do a job. As a result of the work we have done, we have come to the conclusion that this particular amendment is essential. I would remind Members of our terms of reference and standing orders to assess whether public funds have been applied for the purpose intended by the States and whether extravagance and waste are being eradicated and sound financial practices applied throughout the administrations of the States. Members will hear all sorts of figures bandied about. I would like to explain simply what this is all about. On Members' desks there is a piece of paper. I regret it slipped through the net and has not got Public Accounts Committee written at the top of it. There are 4 columns. In the left hand column is the 2007 budget approved in 2007 of £516 million. The next column is the budget we approved for 2008 in 2007, last year, which was £534 million. The £547 million is the figure the Public Accounts Committee recommends for 2008, and £559 million is the figure that the Council of Ministers recommend for 2008. For those who have forgotten their calculators I have included the differences between those numbers. Last year we voted for an increase of £18 million between 2007 and 2008. Our amendment increases that amount by £13 million. The Council of Ministers' figure increases it by another £12 million. There are rounding errors. At least because I am using whole numbers the half numbers have fallen out. Therefore, our recommended budget is £13 million higher than the budget that was approved last year. If you add up those totals the Council of Ministers' total budget is £18 million plus £13 million plus £12 million higher than the budget for 2008 which we approved in this Assembly last year. In other words it is £43 million higher than the budget for 2008 which we voted in 2007. We have aimed to be reasonable and to set achievable, if a little uncomfortable, targets by only curbing the spending by £12.5 million if Members will keep that in mind. In fact, given that Members remember that, there are only 3 other things you need to remember in this debate. Increased spending will require higher taxes to pay for it. The Council of Ministers want an increase of £25 million. We are curbing that increase at £13 million. States' spending has grown by 96 per cent over the last 10 years as shown in the accounts of the States. Retail Price Index has grown by 46 per cent. We are here to decide on the bottom line; the size of the cake, if you will. We cannot decide on how much shall be allocated to each department nor should we. We are here to decide on fiscal policy. How big the expenditure should be. It is for the Council of Ministers to divide up the cake and for the Chief Officers who are highly skilled, experienced and trained professionals to deliver the services under the direction of the Ministers. To continue with the cake analogy, we do not decide on how the cake is sliced up. We merely decide on how big it will be. The Public Accounts Committee held hearings in July on the States' accounts. Among the questions we asked was how to control expenditure. The Treasurer commented and the full transcript of the hearing can be found on the Scrutiny website. I welcome Members looking at it and reading it. The Treasurer commented: "That is a political decision. The increase in States' budget expenditure in this year's business plan is 7.3 per cent. It will be the States who decide whether they want to do that or not". He also commented: "Every year the States has a business plan. This includes 3 year forward cash projections which the States have approved for one year. Every year thereafter the States agree a new business plan that ignores the cash limits that they set themselves the year before." Finally: "How you really control States expenditure is for fiscal discipline and would be for the States to agree that business plan for a year for 3 year cash limits and then have their hands tied so they cannot change it." I hope that the amendments of the Deputy of St. Ouen, my Vice Chairman, will go some way to tying Members hands. I had hoped that the Business Plan would develop into an efficient document, separated into summaries and with explanations of new services, expansion to ongoing services and continuation of existing services and the resources required to supply those services. Instead we have a number of - and these are technical terms, Sir - warm and fuzzy objectives like encourage, support and sustain community and parish activities. Yes. Consolidate arrangements for further, higher and adult education which take account of changing patterns of participation, provision and funding. I am sorry you have lost me a bit on that. My favourite, protect and improve the environment. But this one worries me as it talks in the financial performance column of: "Increase to 30 per cent the

area of natural habitats under the Environment Department's control in favourable conservation status by 2010." We want less government not more. Sir, we have a plan with few - there are some - financial performance measures and existing, expanded and new services all muddled up together. What I can tell you is that according to the annexe - and I am sorry I am a bit sad, I went through and added them all up - there will be a net extra 141.12 full time equivalent new staff on the payroll which at average earnings of £740 per week - again this is a government figure - will cost something in the order of £5.5 million before the pension contribution. Including pensions I estimate it will probably be about £6 million at average rates. Savings anyone? The interesting numbers are Health: 60 new staff among which they want additional midwives. Hang on a minute, the birth rate has been falling. Home Affairs: net of transfer of the emergency services workshop of the 5 transferred out is 9.3 so that the gross figure is 16.3; of which 5.3 are for the police, 2 for customs, 9 for the prison and one for the fire service. I thought we were concerned about the prison. Why are we not concentrating our increases on the prison? The fire service are doing their prevention job so well the number of callouts is falling. The police will have their shiny new Tasers. Why do they need extra staff? My Vice Chairman has done a great deal of work on manpower which he will no doubt tell you about. The Treasury Minister reminded us of the Strategic Plan. I have a few quotes: "Pay surpluses into the Stabilisation Fund." The only item transferred into the Stabilisation Fund in 2006 was the Dwelling Houses Loan Fund. It is in the accounts. You can see it. "Pursuing a sound fiscal strategy" and further on: "Prudent fiscal strategy." With a 7.3 per cent increase in spending? Or: "Our Strategic Plan commits us to cutting out unnecessary costs wherever they are found. We are proposing to invest in modest growth." 7.3 per cent? "There will be some tough decisions to be made about the use of assets or funding issues. The Council of Ministers is clear that the financial framework agreed in the Strategic Plan must not be exceeded. Stay within agreed financial constraints." What did we get? A pay increase. We voted for 2.75 per cent and the Council of Ministers awarded 4.4 per cent. We voted for a forecast expenditure of £534 million for 2008 and we are being asked to approve £559 million. The equivalent figure we voted in 2005 for the 2008 was £482 million so there has been £77 million of expenditure creep since 2005. The States of Jersey Law states that the function of the Council of Ministers shall be co-ordinating the policies and administration for which they are responsible as Ministers, which to my mind includes applying the objectives outlined in the Strategic Plan. I am sorry that he has had to go to the Licensing Bench because the Ministers might well like to take a leaf from the example of the Connétable of St. Helier when he was faced with a rates cut. The economic advisor said in 2006: "It will be important that earnings growth does not pick up again as a result of the increased inflation due to higher oil prices, as this could mean the Island gets trapped in a cycle of rising costs and inflation." He also said: "Earnings growth has tended to outstrip inflation when the economy has been performing strongly. This sounds a note of caution going forward because unless pay awards are matched by productivity improvements there is danger that inflationary pressure will build up in the economy. This will only serve to undermine the competitiveness of the Jersey economy, adversely affecting employment opportunities and eroding economic growth." Basically, if you increase States' expenditure too much, you will increase inflation and erode growth. As I said at the beginning our proposal is very simple. The Ministers want an increase of £25 million on their forecast budget which we approved last year. We want to curb the increase to £13 million. The current increases in States' spending are unsustainable in the long run. The time to start restraint is now. As to the importance of controlling spending I can do no more than quote the Treasurer again. It is all on the website. You can read it. "Because of decisions on spending there is now a structural deficit in future years because the level of expenditure is higher than anticipated. All I can do is tell politicians that if they spend at this level they will have structural deficits and they will need to raise taxes. If you have a structural deficit there are only 2 answers: you increase taxes or you cut spending. This means discomfort now or agony in 2011." He went on to say: "If you want to reduce the rate of spending then the only people who can do it are politicians by them agreeing to spend less." If States' Members did not want that increase then when the Business Plan goes to them in September they would choose not

to agree to an increase in States' expenditure of 7.3 per cent and would say no. The answer is in our hands and the time is now. There would be much play on services to be cut because of this amendment. I do not propose to go into the detail. As I have said, this amendment allows an increase of £13 million on top of the £18 million already allowed last year and we have included the transitional relief for income support separately. We have not cut the transitional relief for income support. The Public Accounts Committee is asking for new projects and new appointments, expansions in personnel - £6 million or thereabouts - to be put on hold while we sort ourselves out. I think it comes under the first law of holes. When you are in one, stop digging. We are not in a hole yet but we are digging fast. There will be a structural deficit in 2011. The scrutiny chairmen will make their own comments on the list in the comments to the amendment. I will restrain myself to the following: Chief Minister's Office loss of one member in the communications unit. Is that the post most recently advertised? Bit less spin, can that be bad? Education, Sports and Culture just lumped all the service cuts together. Health, as Members will have gathered when I was on the committee I worked out the organisation structure. By my reckoning - and I checked it with the officers - there appeared to be 8 layers of management between the bottom and top of the organisation. In industry -- and I have worked in engineering companies, banks, auditors; I have had quite a reasonable experience. In industry there would be 5 layers for efficient working. In addition, I understand we have a growing numbers of health tourists requiring extremely expensive procedures. Home Affairs, where are the savings in the police and the fire service? Only the prison is mentioned. Come on, there is a £40 million budget there and the Minister has been in post for 8 years so she must surely be able to see savings in the police and the fire service. Planning and Environment, I have mentioned their unintelligible sentence about 30 per cent of area of natural habitats under the Environment Department's control. Frankly I am wary of the States' ability to manage land. Leave land management to the farmers who understand it. I am also curious about this as the department seems not to be able to recognise ragwort even when it was all over Howard Davis Farm. Social Security, what is this provision of a childcare scheme for those with less than 5 years' residency? That is a new service. TTS (Transport and Technical Services), one of the callers on talkback suggested contracting out or contracting in some of the work to the prison but I leave that one for the Minister and his able Assistant Minister. The Council of Ministers have also neglected to mention the access to other funds, under spends and the like. That availability of extra funds is why we voted for £441 million in 2005. When the accounts for 2006 were published we found we had unwittingly authorised £466 million. You know it is a big difference. Mind you, the Chief Minister has said that we could also use the interest on the rainy day fund if necessary. Hang on, that is a change in policy. The Public Accounts Committee is asking for a curb on new and expanded services. As usual the fallback is to the easiest approach; cut frontline services and jobs. Well, that is not good enough. We employ highly skilled and highly paid civil servants to manage and administer on behalf of the States. They had better get out there and manage. What is important is that they must be given solid political support. Please do not forget the States' Assembly is not able to dictate what monies will be spent on what projects by each department as demonstrated by Deputy Southern. Was it yesterday? It feels like years ago. That is for the Ministers and their Chief Officers. It is not the duty of the States to micromanage the departments. All we can be sure of is that we can only vote on the bottom line since the Treasury Minister has the power to move allocations between departments as he becomes aware of spending pressures. Article 15(1)(a) of the Public Finances (Jersey) Law refers. As I have said, the departments can move funds round their departments as they wish. It is for the highly paid and highly professional and experienced Chief Officers to make sure that the services are provided within the reduced budget constraints. I am getting the feedback that this can be done with strong political support. In other words the States makes decisions on policy proposals brought to this House by the Ministers. The Ministers are expected to prioritise and deliver on those policies. The Ministers rely on their Chief Officers to implement the policies within the budget constraints. Can I ask Members to look at page 12 of the first part of the Business Plan not the proposition? This is Table 3.1: Estimated Forecasts. If you look under the 2008 column there is an item of £30 million expected from Goods

and Services Tax with a deduction of the costs of Zero/Ten corporate tax structure which totals £27 million. What is the net surplus for the year at the very bottom? £27 million. Without G.S.T. we would be at nil surplus. We are, therefore, forecast just to break even. This leaves us little room to manoeuvre in case of a global slowdown. As the Treasury Minister said, G.S.T. is to cover the effects of the changes in tax structure but the forecast given shows that we are spending our income up to the hilt. In the following years we end up with a substantial deficit despite the increased intake from G.S.T. If my bank manager - nay, even my Yorkshire grandmother - were looking at this they would say: "Cut your expenditure." If you look at the P.A.C. (Public Accounts Committee) projected forecast on page 15 of the amendment: "We project a small surplus in 2010 onwards", which means that we can keep G.S.T. at 3 per cent. No other new taxes. This is what it is about. Curb spending, keep taxes low. Members have had a report by the Public Accounts Committee on their desks; this comment on proposed legislation to come before this House. If the only power we have as States' Members is to decide on the size of the cake, even that power will be significantly reduced. I would remind Members there is no such thing as a free lunch. Any free services will have to be paid for through higher taxes. I would prefer lower taxes and low public spending. Let me decide how I want to spend my money. I can allocate it more efficiently than the States. In fact I am trying to help the States allocate theirs more efficiently. Yes, we do need a safety net for the disadvantaged and this is something that Senator Routier is working on. But remember if the States had remained within the budget we voted last year we would all have saved 14.8 per cent of our tax bills. We need business plans and budgets which are clear, incisive and understandable by non financial people; States' Members and the public. We need the Council of Ministers to show some leadership and restrain spending. I urge States' Members to do likewise. In the Strategic Plan the Ministers said they would take the tough decisions. We are asking them to rise to the challenge starting with rent rebates, supplementation and the rate of increase of spending. It is not the time in the economic cycle to spend as if there was no tomorrow. Members must remember increased spending now means increased taxes in the future. We must show the public that we take our election manifesto seriously. I think without exception every Member included restrained States' spending in them. We need to show that we meant it. Better a little discomfort now than agony in a few years' time. I urge Members to vote for this amendment.

The Greffier of the States (in the Chair):

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

2.1.2 Senator T. A. Le Sueur:

Clearly the objectives of the Public Accounts Committee and Deputy Ferguson are very laudable as I said in my opening speech. I would be happy to endorse her comments if I could; if they were realistic. The trouble is they just are not realistic. In my opening remarks I pointed out that inflationary pressures had accounted for £24 million worth of this growth. Yet the Deputy would seem to suggest we could somehow trim that by maybe having a wage settlement of only 2.5 per cent rather than what we have agreed. I am sorry but we are, as someone said in the past, where we are. The settlement has been agreed. We have to reflect reality. That is the reality of the pay settlement. That is the reality which we have to build into a business plan. To try and put in a figure which is totally unrealistic and say: "That looks nice now but we cannot deliver it", would be totally irresponsible. The Deputy asks the Council of Ministers to show leadership. Yes, we are by producing in a business plan, a business plan which we believe is realistic. Of course the Deputy suggests that she would like to see the Business Plan written in a different way. I suspect that probably of those who are interested in business plans, everyone would have it written in the way that suited them. We have to try to present plans which are consistent from year to year, which are meaningful and which do try to explain things. We do not just produce printed plans. We make presentations to States' Members that can give them a chance to understand in greater detail. She said she would like to see the Business Plan analysed between new services, expansion of services and what is existing services. I would draw her attention and the attention of Members to page 25

of the Business Plan which I think explains quite clearly why we have this spending figure of £559 million, starting in Table 5.1 from where we were in 2007. What has caused the increase? Members can see quite clearly pay awards are the majority of it, up-rating of benefits a significant bit, non start inflation relatively little. Then she asked what about the changes in service? Well, that is the next section, protection of benefits. Yes, we could have cut that out and let the less well off suffer. Overseas aid and health growth. Yes, we could have cut out that growth and stayed at last year's figure. Who would have suffered on that? People abroad, in need, and people at home with health needs. Where are the other increases? There are none. On the contrary, there have been savings of £3.3 million across departments. The Deputy asks could the Home Affairs Minister not find some savings in the police or the fire service. Every department has had to find savings. Every department has had to take a cut and deliver, with reduced funding, the same level of service. So, if we look at Table 5.1, we can see that there is no fat there and that disappoints me. I would have liked to have been able to say: "Yes, let us cut that 559 figure down." As Treasury Minister, that is my objective but I could not see how to do that realistically. Yes, we have increased staff numbers and that is inevitable if you increase growth in things like health and education. Those departments are very staff-intensive and the majority of their budget is on staff so if we are going to deliver those services, staff will be needed. The Deputy talks about financial discipline, staying within spending limits. Well, we are and I have to take objection to one thing she says. She says that there will be a structural deficit in 2011. Well, I have spoken already about the difficulty in forecasting and we have forecasts here based on our best possible information and our best possible information shows that over the next 5 years between 2007 and 2011, our States' spending, if we stick to this Business Plan, will be in budget over those 5 years. I did say that there was an indicative suggestion that if things carried on exactly as they were, 2012 and 2013 could be more challenging but I said only "indicative", an indication we should restrain our spending. It was not to be taken as gospel that that would occur because so many things change from one year to the next that it would be pointless to take any firm answer from that. However, she is right in her analysis or on her comments about what my chief officer said in the Scrutiny Panel comments. If we are to avoid a structural deficit, we have to cut spending but no one is saying at the moment that there is a structural deficit. The Public Accounts Committee is saying that there might be and we need to be on our guard. I echo those words. We do need to be on our guard and we do need to keep spending under control. We do not need to slash and burn, as the Deputy would have us do, in order to achieve a possible theoretical solution which may solve a problem which does not yet exist. I think what is worrying is that there is no link between Part A of the amendment by P.A.C. and Part B. Because in Part B, in terms of actual spending, it does indicate where the cuts should be made. I think one of the things that disappoints me is, having said to the Council of Ministers and to the States we need to cut the size of the cake, the Public Accounts Committee then tries to wash its hands of its responsibilities by saying: "That is not my job, our job, that is the job of the Council of Ministers and if the Council of Ministers do not agree, the Treasury and Resources Minister will somehow bring them into line." I can tell the Deputy and the House that that is wishful thinking because any Minister faced with the sort of cuts which would inevitably happen as a result of accepting Part A and Part B, would, I believe, be unpalatable and unacceptable and, more importantly, undeliverable without significant cuts in essential services. I will leave individual Ministers to elaborate on that. I think there is no doubt, even when I tried a couple of weeks ago to suggest in terms of nursery school funding that there might be a chance for trimming budgets slightly. I was quickly convinced that Ministers had already reduced their targets to an absolute minimum and that there was no fat in the system and I believe that they were absolutely correct. So how do we cut because, clearly, the Council of Ministers would have to have some guidance and yet the answer from the Public Accounts Committee is: "Do not look to us to do it. That is the job of senior management so we are going to ask senior management how to cut £12 million out of next year's budget." Well, that is no doubt a very fine and useful exercise for them to do. That simply means that we absolve total political responsibility and we give that job to our officers. They will choose which way we cut the money rather than politically this House will

choose. I think that is irresponsible and that is why I think that this amendment is irresponsible because it does not face reality. It does not face the reality if I cannot tell the Education Minister to cut his budget by £3 million -- or at least I can tell him but he will tell me something equally ripe in response and he will say: "Go and take it from somebody else's budget" and I will go around in circles from one Minister to the next until eventually, having gone round and round in ever decreasing circles, you know what will happen. But, I will not get anywhere and nor will the States and that is the trouble with this amendment. As I say, it just flies in the face of reality. That is all sounding a little bit negative and can I inject a note of positive into it. I think there is scope for reducing our spending in future years if we can have a collective, collaborative approach which will involve not just Ministers but Assistant Ministers and hopefully the P.A.C. and Scrutiny as well in identifying just which areas people think spending cuts can be made. I get fed up with people telling me you can cut spending by cutting a layer of management here and you do not need to do this service and, sadly, the consequences of that do not seem to filter through to people. We have an agreed Strategic Plan. We have certain basic objectives. We have lots of other "nice to have" objectives which sadly we cannot deliver without falling into the very trap, the very difficulties, that the Deputy raises. What this Business Plan does is simply provide a basic core element barely enough to achieve what objectives we need to achieve if we are going to deliver economic growth, economic stability and protect those members of our society who need protecting. In short, Sir, this amendment, although totally well meaning, just cannot be delivered and what we have to do is to really work to ensure, as I said in my opening speech, that these figures do not get increased but to reduce them is simply out of the question.

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

Well, so far one speech from either side and so far a very clear and detailed exposé from the P.A.C. from Deputy Ferguson clearly setting out what the central issues are. Focusing rightly on the right use of words to start with, what we are talking about is not a cut --

The Greffier of the States (in the Chair):

I have to stop you, Deputy, because the States are inquorate. I ask for Members to be summoned. **[Interruption]** I believe the States are quorate again. You may continue, Deputy.

Deputy G.P. Southern:

Quite rightly pointing out that this is not about cutting, slashing, burning the budget, the projected figures, this is about moderating the size of the increase in the budget by some £12 plus million. Another speech by the Minister for Treasury and Resources, which ran through the usual stopping points in many of his speeches and said: "But how do we take charge of our civil servants?" it seemed to me he was saying. Well, hang on. That is for politicians to do, to set the boundaries and to give the instructions and for the civil service to clearly be given a political lead from a political will. I thought that was what politics and government was about.

Senator T.A. Le Sueur:

I think the Deputy misunderstood me. I said that the comments of the proposers and Deputy Ferguson was it was the job of senior managers. **[Aside]**

Deputy G.P. Southern:

I will leave that "with political support". It is not going to happen from the bottom up. It is certainly going to happen from the top down, it seems to me, is the way things usually work. And then expresses, as he often does, extremes of sympathy with the thrust, the principle of what is being argued and yes, says: "I would love to be able to but it is hard" and: "Yes, but we cannot do it this year but in the coming years, of course we will do it." Well, hang on, hang on a minute. I seem to have heard this somewhere before. Ah, where is that? It could be the Treasury Resources speeches from any of the last 3 years. "Jam tomorrow. We will cut tomorrow, it is too hard now. We will cut tomorrow." Little increase, little increase, little increase, builds up to big increase. As

Deputy Ferguson said, the time is now and as she reminded Members, there is probably, with a few exceptions who mainly sit on this bench, no one, no representative, no Member in this Chamber that at some stage on a hustings quite recently - 2005, think back - has said: "Yes, we must restrain, we must rein in, public spending and I will endeavour to try and do that." Now, it might not seem strange to hear me saying that because, traditionally, I have long been a supporter of public services and have stood time and time again to oppose cutting public services and cutting manpower in particular because I believe that is a function of government. So the case is there. I am undecided at the moment which way to vote on this. It seems to me the case has been made very well by Deputy Ferguson that it should be possible to trim the increase in the budget in the projected figures now. We have seen the reaction of the Ministers and, of course, it goes to the usual targets. Immediately anybody talks about cutting back or slowing down the rate of growth of this money, this budget, slowing down the rate of growth, they immediately lay on the pressure heavily on public sector workers and I know Ministers have been in touch with their representatives and are saying: "If this goes through, this means your jobs."

Senator F.H. Walker (The Chief Minister):

That is simply not true.

Deputy G.P. Southern:

I believe I am reliably informed that that has happened and that the scaremongering has come directly from Ministers. The pressure is on. It has been transmitted to me and I have every faith that that is the case. One only has to look for evidence to the Council of Ministers' comments and here they are. Cuts in services, cuts in jobs. I urge Members to take a look at the table on pages 3 and 4 of their comments. We are talking, remember, about a reduction in the increase in the budget of some £12 million, £12 million out of a £500 million budget. Something of the order of 2.2 per cent, I believe. Yet, the immediate reaction is well, look at Education, Sport and Culture. One of these options: closure of classes in primary schools; reduction in the curriculum in secondary schools; material increase of school fees in the fee-paying sector. Reduction of sport for special needs. How many emotive targets do you want to hit? Just to make sure, anybody thinking of voting for this is frightened off. You continue shroud waving at its best or worst. Health and Social Services: the following actions would be initiated immediately. Very restricted availability to specialist treatment, e.g., specialist oncology referrals, cancer treatment. Contraction of community care packages, restricted availability of all specialist mental health services. Reduced operating times in theatre leading to increased waiting times. How many emotive buttons do you want to press? They are all in there. This is scaremongering at its very worst. Social Security, complete change of policy that we have had for years. No operating of benefits from January 2008. There is a nice one. Let us hit the poor, those on benefit. I misread the Transport and Technical Services. I thought it said: "Cessation of Christmas." [Laughter] I would not be surprised if it meant that but it says: "Cessation of Christmas display lighting." How emotive do you want to get? Extreme reaction. How extreme do you want? This is a ridiculous reaction to what is being suggested. So, there are 2 issues here for me, one the proposed reduction in the increase - let us keep using that phrase, because it is not a "cut" - reduction in the proposed increase seems to me a case has been made. The reaction of the Council of Ministers is an extreme overreaction, one of shroud waving and threatening every single vital important service that you can dream of. It seems to me that that is totally unrealistic. That cannot be the reality but I am not convinced yet. It is up to Members of the P.A.C. and supporters of this motion to convince me that these cuts are not what is going to happen and that they are an extreme overreaction, shroud waving, from the Council of Ministers. So, I have done my bit. I have looked at the Economic Development Budget Business Plan to see if I can work out where cuts might take place without extremely damaging consequences and with something like a 2.2 per cent reduction pro rata. That works out, in my calculations, to something like £400,000 on a £16 million budget. Okay, this is the small end of the vast spending that we are taking part in but it is around £400,000. So, I turned to the budget, the

Business Plan, and I see on page 31 of the annexe: "Policy Development." This is a beauty. It says: "Consider and evaluate various policy proposals." Interesting. Nice hobby for somebody. Blue sky thinking, let us do some proposals. Various policies, no specific policy for what, where, by when. Just think about some policies. "Performance measure." Listen to this, please. "Performance measure is measured by the number of staff engaged and the proportion of the department's budget used." So we have got to keep everybody busy on it and we have got to spend all our budget, okay? It is measured also by the number of meetings and presentations held with key representatives and we have got to be seen to be having lots of meetings. Vital essential frontline service? I do not think so. Hang on, read along the line. "Cost £300,000. Number of staff 7.9." Well, I am sorry, excuse me, I must be naïve but I thought senior civil servants would devise policy as part of their job so that under a whole page of A4 which says: "Policy and Regulation", we do not have to have a little box that says: "Policy Development" with 7.9 people keeping busy and having meetings in it because I think you could cut that and nobody outside of ED (Economic Development) would notice. So there is £300,000 which I think could very usefully be cut. So, I am aiming at £400,000 and immediately, again, I then go in a different box: "Research and Statistics." "Research projects ensure that robust research and compilation of statistics is carried out to inform the department and the industry of future planning." Fine. Wonderful laudable aim, but hang on. Have we not got a Stats Department that does just that? Is there something unique and different about stats about tourism or stats about agriculture or stats about finance that somehow it should be the job of ED to do that and that alone and not the one of the Stats Department? Total sum for 2008, £217,000 and 0.6 of a person engaged doing it. Is that strictly necessary? Could that not be done by the Stats Department far better, far more reliably, and far more trustworthily than ED saying: "These are our stats." Statistics, the independent statisticians, should be doing this. Perhaps that 0.6 ought to be in the Stats Department and that job should belong to the Stats Department with some consequent efficiencies. So, not the whole budget perhaps but certainly a substantial chunk of that. Put that into Stats. Do it more efficiently. Do it more reliably and bingo, you can do that. I believe you could do that very much more efficiently. So, that is up to £100,000. Then we have a piece of budget which is not there. Why? Because it has been nicked from the Chief Minister's Department and on the Chief Minister's Department on page 16, you find: "Increase in communication unit full-time equivalent due to requirement for dedicated EDD (Economic Development Department), harbours and airport communication officer. Funding to be provided annually by EDD." So EDD are going to bung some money in the pot to have an extra communications officer for harbours, airport and EDD. Why? Why? What is that about? Is the Assistant Minister not the most erudite and well-spoken explainer **[Laughter]** when things go wrong at harbours and airports? Of course he is. Does he need to employ somebody full-time to write his brief? I do not believe that he does. Is the Minister not perfectly able to explain his policies and to put forward what is happening at harbours and airports absolutely confidently? Does he need somebody to draft all his releases? I do not believe so. They are doing a damned good job as it is. Where is the need for an extra communications spin officer? I do not believe it is there. See, I am accused by Senator Walker of never praising EDD, there you are, there is some praise. They are very good at it as it is. They do not need that. There are £40,000 or £50,000 of savings to be made there. Moving on -- and it has already been targeted by another Member in the House. Senator Shenton has put his beady eye on the Policy and Regulation Competition (Jersey) Law and has suggested that the £573,000 we spend on the JCRA (Jersey Competition Regulatory Authority) could quite easily be cut and no one would notice, £150,000 he proposes. I can support that. You notice I am way over my £400,000 target and I have not come to the big one. I have not come to the big one. There it is, back on page 29. Finance industry support, £1 million and £25,000 effectively which supports Jersey Finance which was set up back in 2001, if I am correct, to be effectively self-funding and the initial funding was supposed to be seed money. This is a body which is the lobby group, the pressure group, the marketing group, of the Jersey finance industry. At the moment, as I understand it, we are putting £1 million into the pot and the finance industry itself is putting something like half that. So, a body which has set out to be self-funding

has found its budget growing, growing, growing, year on year, and is now over £1 million. Well, hang on, I hear we are in good news land. We are booming. Finance sector is booming. Profits up by 25 per cent at something like £1.3 billion. I think they might be able to promote themselves. I think they can probably afford it. That million pounds represents a tiny bit of their profits. So what are we doing loading £1 million into their budget? Given the philosophy of the current Minister for Economic Development, that would be entirely appropriate if they were to say: "You ought to take over this promotion yourselves" because what is the part of government in that? Surely the Government does not have a role. We want small government. It is up to you to make sure that you are promoting yourself and expanding your business and promoting the financial centre and you are the best placed people to decide whether the organisation that you are funding is doing that appropriately and doing it well and you are the ones who say: "If you are doing it well, fine, we will continue funding it. This is the best way of doing it." However, if you fall down, you are the ones who should say: "No, hang on, you are not doing it right. We are not going to fund you." It should not be reliant on a prop of £1 million from Jersey Finance. So, I set out to look for £400,000 pro rata in ED to go towards the £12 million target. If you take those sums and add them up, it could be - I am not suggesting all at once - but it is something like around £2 million, £2 million, and no one would notice. No front line service cut, no shrouds waved, no damage done to the people. Up to £2 million, that is far in excess of the £400,000 pro rata needed from ED. So, as far as I am concerned, certainly looking at my area, I think it can be done. I wait to hear from others whether they also think it can be done without damaging frontline services, without mass getting rid of jobs in the public sector. I wait to see if people believe it can be done and where it can be done. Before I sit down, just a brief mention of what is going on. It is an opportunity, perhaps, to say: "I told you so." Again, it was me being naïve all those years ago back in 2002 when I first came into the States. One of the early targets that my eye lighted upon was supplementation and I told you then you will have to do something about it. Naively, I came along with a suggested way forward, suggesting we had to do something about it then. I was ignored by the then presidents and as Ministers they - because most of them were there then - are still going along with their heads in the sand pretending that supplementation is something that will go away. Well, supplementation has just got up again off the ground and bitten them. I was right then and I am right now. It is not something to be done next year but, by God, unless this Government sorts out supplementation, we are in a mess. It will not be easy but it needs to be done, it has to be done, it has to be grasped and that is the plan that, yes, we can do in future years and, by God, I hope you are already working on it because, if not, we are headed, like the Titanic, for the proverbial iceberg, no cliché left unturned. Turn, if you like, to any one of the charts, any one of the tables, page 12, Table 3.1, and take almost £60 million off the expenditure and what does it do to those bottom lines? Why, they look completely different. Too right they do. Time to get on with that but, in the meantime, a cut-back, a reduction in the expansion of spending is absolutely what is needed and I believe Deputy Ferguson is right when she says if we are going to do it, we have to do it now. Remember your election promises.

2.1.4 Deputy C.J. Scott Warren of St. Saviour:

With all due respect to the Public Accounts Committee, I have to ask the question is this committee living in the real world. Is the committee going to defend cuts to essential services provided by Health and Social Services, this being one department example of social provision where these cuts in expenditure would, I believe, severely hurt. How will the committee feel if one of the committee's relatives needs specialist treatment in the U.K. and the patient's relatives are told there are insufficient funds to send that person? More importantly, or as importantly, how will members of the public feel? I would say to the Chairman of the Public Accounts Committee we are talking about more than discomfort now. Will the public be happy to go back to increased waiting times for operations? We have approximately 10,000 carers in Jersey. Carers will tell you how important respite care facilities are. It can make the difference between whether or not a carer can continue to cope. If not, this will end up costing the States far more than at present. Sir, I am

speaking about health because that is the subject obviously I know most about regarding the departments. The *Raftery Report* recommended 3 to 7 per cent increase in health expenditure per annum and Members will know that England, the U.K., has put significant resources into the National Health Service. We cannot make economies of scale in Jersey. The rising costs, as has been said, in wages, the pay increases. One example of health costs in Jersey is the provision of drugs and the high percentage increase per annum and sometimes it can be, for one person's treatment, a large sum of money. These examples I am giving are not just hearsay, they are facts. Sir, I believe that the departments who provide social services to members of the Jersey public have already been making, over several years, efficiency cuts and savings. They would have to make substantial significant further cuts and they will hurt each man, woman and child in Jersey, make no mistake. I have never heard the Chief Executive of Health and Social Services say: "Well, we have got some additional cash. What shall we do with it?" I have never heard that and my impression in recent years has been trying to make sure there is not a deficit in the budget and basically fire-fighting. We are, Sir, talking about essential frontline services with regard to health and social services. These are vital services and they will be cut if this amendment is supported, and this is just one department that I am really talking about. For these reasons, Sir, I cannot support this amendment and I urge Members to reject it. Thank you, Sir.

2.1.5 Deputy P.V.F. Le Claire:

Well, this is probably going to be one of the milestones in speeches - not mine, obviously - in speeches that Members will make probably in my time in the States. I believe that we have reached the point where this is going to be the focus of much analysis in the future. Senator Le Sueur set us up today with what has got to have been one of the most sombre speeches I have ever heard him make and I have heard him make a few during what he called his "fiscal framework address". I will comment and question his fiscal framework address later on when we move on from this amendment. In the coffee rooms I have been pretty much badgered, I guess, by the comments of the Ministers and the Assistant Ministers in relation to this amendment and how we cannot support it and why we cannot support it. It may be that Members choose not to support this amendment. One can argue about whether or not that is the correct thing to do but one cannot argue about whether or not what Deputy Ferguson has done today, as the Chairman of the P.A.C. Committee, was the right thing to do. I have waited since Deputy Ferguson's appointment as the Chair of P.A.C. for a moment when her experience, mixed with her acumen, would deliver what was an uncomfortable truth and I have waited a while but today it was delivered. I thought that the first 3 to 4 minutes of Deputy Ferguson's speech were incredibly accurate. Let us not forget that Senator Le Sueur set us up with all of the mantra of careful and prudent finely balanced budgeting with the inability to afford to be complacent. Ministerial government means that we need strong Scrutiny and Deputy Ferguson today has placed before us a room with the curtains drawn wide open. I do not think this debate is going to be over today because we have other things to do. We will be back at this tomorrow. But I think perhaps it is important to reflect upon exactly what Deputy Ferguson has done because I believe strongly that she has done her job correctly - if not, over-egging her here, magnificently - today by focusing us all on what we set the P.A.C. up to do. That was to make us all look long and hard at ourselves and what we are doing and what the Island can afford to do. It may be at times that it is going to be uncomfortable and it may be inevitable that it is emotive but one thing is certain. It surely should not fall, as I fear it will, into becoming disrespectful, impolite and unpleasant because the Ministers and their Assistant Ministers, the Chief Minister especially, will fight strong and hard for their budget. They will fight strong and hard for the services that they are in charge of and they will fight strong and hard against this amendment today. I just make a plea before I contribute a small amount to it that we focus on the fact that Deputy Ferguson has done her job and we do not become unpleasant, disrespectful and impolite. Had she have not done her job then perhaps she might be worthy of criticism. One of the Members commented that perhaps the P.A.C. should have been picking off the branches instead of hacking at the trunk and that they have sat silent throughout the proposals so far and said nothing about the

individual items. I believe that Deputy Ferguson's speech, up until when she mentioned individual items and individual departments, was flawless, absolutely flawless. The first 3 to 4 minutes of her speech should be printed off for Members in the Hansard and reflected upon in the future weeks. Where I would say, if she will forgive me, I think she went slightly into the area that will provide such contention is that she made the point that we set up the cake and then unfortunately she started to focus on some of the hundreds and thousands on top of it. Deputy Southern made a very good point that we are talking about reducing the increase, not cutting, and was criticised for mentioning again some of the hundreds and thousands on top of the cake. If Members are brave enough, which I do not think they are, to accept areas where individual Back-Benchers can point to, then perhaps those areas can be defended individually. Can all of those individual areas be defended collectively? I have struggled for many years in the States to try to impress upon Members the fact that the European Code of Conduct, with its 4 harmful measures identified to Jersey, was something that was going to bring us to this position. I was rubbished, ignored, and chastised in the end before it became evident that I was correct. I do not believe personally that the Zero/Ten option is going to be acceptable in the future and I am concerned that we might, in future, have to make drastic changes again, new changes, because I do not believe it is going to be acceptable. What was revealing, if not uncomfortably revealing, was the speech from Deputy Ferguson in relation to the testimony given by the Treasurer and the words: "The States ignore those figures and move on into the next year" are still ringing in my ears. Now, I have not read that Hansard of that transcript on the Scrutiny website but I certainly will go from here and read it. Obviously the Treasurer, who is one of our most capable and long-serving individuals within the States of Jersey, has gone out a bit on a limb there to make that remark, I believe, and probably did not expect it to be repeated today, let alone acted upon. The Public Accounts Committee has brought before us what it believes to be a decrease in the increase that is acceptable and manageable if one looks at the overall cake. I was hit with the emotive yesterday about all the jobs and redundancies and losses of service. I have heard it again today from Deputy Scott Warren about our patients who are suffering will not be transported off the Island for important surgeries, et cetera, and I am sorry I just do not buy that. I really do not. I think if the Government of Jersey falls to that level, then the Government of Jersey has no right to govern Jersey. Senator Perchard brought an amendment to the States Strategic Plan, that the States of Jersey stopped doing what it should not be doing and that was adopted by the States of Jersey. Let me wander very briefly into an area where, no doubt, I will get my legs blown off, the hundreds and thousands, and give Members an idea as to why we wonder whether or not there is not fat yet to cut. Health IT (information technology) system, one area of health, £3 million in 2008, £3 million in 2009 and £2 million in 2010 with the GPs (general practitioners) themselves currently paying for any hook-up from the IT services, I believe. As we have learned through JT Edwards and other things, the States are historically - I am tempted to say "inept" but I guess that will upset everybody - slow in realising we need more analysis on our IT systems. We need more evaluation cost benefit analysis on our IT systems and we need better and stricter guidelines when purchasing those systems and their applications. Three million, £3 million, £2 million, that is up to 2010. There is £8 million. Compost site, composting. If we did not do it, heaven forbid, there would be leaves in the countryside. People fly to bring branches into the woods; £6 million on the land; £4 million on the shed; £750,000 a year estimated annual operating costs. Communications unit, £165,000 a year. What are they going to communicate? That we plan to cut the overseas aid budget to pay for primary schools? I think Connex Bus Service subsidies need to be looked at hard and fast. I think we need to dig out that Committee of Inquiry and until we do start acting on committees of inquiry, I question the value of them. £7.5 million cost, £2.4 million fares, £4.6 million loss. Forty-five per cent of parents said that they would, under no circumstances whatsoever, allow their children to travel to school on the bus which means that 45 per cent of children are not travelling on the bus and 45 per cent of parents are not either. I asked yesterday about the fuel farm and we were applauded by the Minister for having fed into the analysis of the compost system how we can have isolated areas of green waste reception, which falls far short of the accepted practices that they were looking at anyway, which was in vessel

composting which could have been applied, which could accept sewage sludge, which could have treated food waste, which would have reduced significantly the amount of material going into any proposed incinerator and would have been perfectly acceptable to have been put upon amenity land if not agricultural land. In fact, the latest advice we have received is that it is not food waste that is the problem. It is the pesticides on the ordinary average garden in Jersey that contains the problems for U.K. food outlets and that part of which we are contributing to the compost site. This is what really amazes me. Yesterday we heard the Minister for Transport and Technical Services saying - and this is typical Jersey - he was going to put the infrastructure into the ground and build the foundations for the biggest plant no matter what we are going to have. If one looks at the TTS budget on page 106, for 2008, 2009, 2010, we see energy from waste plant ancillary works, £3.5 million for the next year, £7 million for 2009 and £7 million for 2010. Infrastructure works for the incinerator in 2008 are £4.5 million, 2009 are £4.5 million and 2010 are £6 million. What is this money being spent on? Oh, it sounds like the incinerator. I am not saying I am right, I am just saying these are the questions one has to ask. Yet, within the draft Annual Business Plan on page 29, we see that provision for financing the energy from waste plant has been revised. The previous approach was to provide £10 million per annum on average to reduce the impact of borrowing. The revised proposal is based on servicing alone of £80 million over 20 years being a prudent estimate of the life of the plants at 6 per cent interest commencing through 2008. Millions upon millions upon millions upon millions of pounds and we do not know what we are going to have yet. I think I will be supporting the P.A.C. today, contrary to my views yesterday, not because I wish to incur the pleasure of the Council of Ministers, not because I wish to incur the pleasure of the Public Accounts Committee, I am making a vote today because I think the States needs to look seriously about what it is doing and whether it needs to be doing it in every area. We do not have the officers, we do not have the budgets, we do not have the brief, we do not have the information. The Council of Ministers do. All signals are we are heading in the wrong direction at an ever-increasing speed. These projections are based upon the fact that Zero/Ten is acceptable. My fear is that Zero/Ten will not be acceptable. Ministers, I believe now, will stand up with their Assistant Ministers and bludgeon us to death about the cuts in services and the reality that that means and it is something that we are going to have to listen to for probably the next few hours. No doubt, I will be criticised but I would suggest to Members that there should be no criticism upon Deputy Ferguson and the P.A.C. because no matter what I have said to upset people and no matter what other people will say to upset people, one thing is for certain. Deputy Ferguson has done her job today.

Senator J.L. Perchard:

Can I just make a point to ask the last speaker for a point of clarification. He made quite an interesting statement about Zero/Ten not being acceptable. To whom and on what grounds would he make such a statement?

The Greffier of the States (in the Chair):

Does the Deputy wish to clarify? He does not wish to clarify.

Senator W. Kinnard (The Minister for Home Affairs):

May I first of all apologise for my sudden outburst.

Deputy P.V.F. Le Claire:

Sorry, Senator Perchard is more than aware of the issues with Zero/Ten, Sir. I do not wish to engage the States today in a Zero/Ten debate. I am more than happy to talk to the Senator privately but we have all got the evidence. He especially has been one of the people that has been investigating this on Scrutiny sub panel. I do have the information. Well, it is not a Zero/Ten debate. We have had that.

2.1.6 Senator W. Kinnard:

I was just beginning by apologising to Members for my sudden outburst. I am afraid that I was rather disappointed that so few Members were in the House at the start of the debate on this amendment, not least because I believe that it does affect not just all of us Ministers and all of us in the various departments for which we are responsible, but in fact does have an extremely potentially detrimental effect on the community which we all represent. So I was disappointed and I was also, I have to say, absolutely taken aback by the somewhat extraordinary speech of a certain Deputy which I will come to later. I will begin though, Sir, if I may, with the speech of the Chairman of the Public Accounts Committee. The Chairman of the Public Accounts Committee started off saying that in recent years the gross in States' spending has been greater than that of RPI. Well, that is hardly surprising because over the years the public has increasingly had greater expectation, not of just the number and types of services but also the level of services which they demand from us as the providers of public services. At the same time many of the costs in providing those services have outstripped the RPI, and I think in particular here we have heard on many occasion the previous Minister for Health talking about the huge hiking up of costs for health products in his particular area. But I am sure there are other Ministers who have had similar experiences. I would also draw attention to the fact, Sir, that we in Jersey still have relatively low levels of public spending as a percentage of our GDP (Gross Domestic Product) compared to many other jurisdictions. But some of those pressures, Sir, that have been put upon us as a government to deliver services have come, not just from the public, they have also come not least of all from Members of this House including, may I say, supporters of this amendment and even, indeed, Members of the Public Accounts Committee. But the thing, Sir, that really disappoints me about this amendment is that it was so late in coming considering that it is aimed at stripping out monies from our 2008 budget, and the reason I say that, Sir, is that although I obviously do not agree with the thrust of the amendment, and I will go on to explain why, it seems to me irresponsible to expect us to make such swathing cuts in 2008. I would have had far more respect for this amendment had it come saying that such cuts were -- it was an amendment to this budget, but such cuts to begin to be implemented from 2009. Because the reality, Sir, is that many of us, and I can speak for my own area here, have a high level of our revenue budget in staff costs in frontline services. In my own area over 80 per cent of my budget is for staff costs and that is frontline services. We have States' policies which means that of course we cannot, just at the drop of a hat, and I would certainly not support this; we cannot at the drop of a hat seek to just lay off staff here and there. So, as I say, Sir, it seems to me that the amendment, if it was going have any reality of being put into effect at all in any responsible way would have been far better had it come to be started to be implemented by 2009. Sir, other Ministers will speak for themselves but in my own area of Home Affairs I have a huge long list of statutory provisions, statutory instruments, laws to which we have to abide in providing those services, and not least of all, Sir, just to give a very simple example, if you take the fire service, you have to have a fire appliance with a certain number of fire fighters and if you start to cut the number of fire fighters there comes a point when you cannot send that fire appliance out because you cannot meet the statutory requirements that says that you have to have a certain number on board. That, in a sense, means that we have got much less flexibility than perhaps some Members have imagined. The chairman also made the comment, she said: "We want less government not more." Well, the truth of the matter is, Sir, that may be a view that she holds but in fact the demands for more and more services mean that the public really want more government rather than less. It does not fit either with - I have to say - has happened over the last couple of days. Members of this House, including Members of the Public Accounts Committee, have passed the objectives of all of the various departments and this therefore does not fit then with them wanting now to not give us the resources to implement those objectives. It seems to me, Sir, that they are arguing for more government in terms of we must meet all of these objectives and then saying we are not going to give you the money to give it. So this idea of just rolling out this easy phrase of we want less government not more, is really a bit of a straw man. Specific figures were touched upon in terms of staff in my department, and if I may just put those to Members, and I have

the detailed figures obviously in my file, you would expect me to come prepared. In terms of fire fighters, Sir, in 2007 we had 76 in the fire fighter section, and in 2008 we have 72 in that section under that heading, and that is because 4 of them went to TTS. So I am not quite sure what happened with this extra one that the chairman seems to have found. In terms of customs officers, yes, there are 2 extra officers, but these are self financing. There is no joy to me, I have to say. They are the ones that are going to be used as part of the implementation of the G.S.T. proposals, so they are there for a specific reason. If the Chairman of the P.A.C. would prefer that we did not have those customs officers and we were not able to implement the G.S.T. then perhaps she should say so. In terms of the police officers, the increase in police officers that she referred to, again in the 2007, 251; in 2008, 255, and that is 4 posts for the regulation of Investigatory Powers (Jersey) Law which in fact was agreed by the States when they debated P.155 in 2006. In fact I helpfully have this here if the Deputy would like to refer to it, where there were 3 pages of financial and manpower implications in this document which the States agreed. If I move on, Sir, savings in police and fire service and other areas of Home Affairs have been found. We have played our full part in efficiency savings. Worse still for other departments, Sir, within Home Affairs we have had to, of course, bail out the prison where we have been able to, in terms of the shortfall in the base budget at the prison, which has been ongoing at at least, well, £350,000. It is greater than that now, I am sure, but that was the figure originally when we did the work that we knew we were short of in the base budget. So money has had to come from police, from customs and other areas and I have been doing this over a period of years consistently to shore up the prison budget, and certainly any review of how we have done that over a period of years will show that to be the case. Sir, also we have had other issues like the Criminal Injuries Compensation Scheme which I mentioned yesterday, and also our statutory requirements in terms of the Jersey Field Squadron where my department does not have control, absolute control, over the budget. The timing and the amount of awards of the Criminal Injuries Compensation Scheme is not within the control of my department and that is being consistently overspent. The Jersey Field Squadron again we have to make payments which are to a large measure determined by the Ministry of Defence so monies have to be found to meet that statutory requirement whatever else we do. Sir, I have one failing service at the moment which is the prison which has caused me extreme concern and continues to do so. So if what is being suggested by the P.A.C. to, I do not know, somehow try to find yet more money from my other areas to give support to the prison I have to say I would end up with a series of failing services not just one. I have to say that with all the extra pressures on the Customs and Immigration Service because of the extra movements, boat movements, they are now teetering on the brink themselves. In fact I have had to, and we have been fortunate enough to be able to do this because of the phasing of the Discrimination (Jersey) Law, use some of that funding to assist with the Customs and Immigration Department. We are doing everything we can to keep this ship afloat, but I can tell you now it is not going to take much for the other services to begin to suffer in the way in which the prison is doing so. The crime figures we have at present are the best we have ever had. At no other point have they been as good but I doubt that that could be maintained. Certainly they cannot be maintained by the police alone going forwards into the future, hence the bringing forward of the Criminal Justice Policy. But I have to say, Sir, the benefits here, as I have no doubt Members will point to that, are much longer term. Early intervention and rehabilitation, they will have their effect, but it will take time. I think anyone who has worked in this area knows that. Further cuts to the Home Affairs area, I have to say, would really jeopardise our ability to drive down violent and youth crime, and to deal with street disorder, and the increasing demands that we are receiving to deal with anti social behaviour. I was also disappointed that the Public Accounts Committee, working perhaps with other colleagues -- even indeed, even if they had come to the Ministers to try to work out where they might make these cuts, and as I say it would have been far more responsible if they were looking to 2009 rather than 2008. Every year I produce a policing plan. It is virtually, well, everything you really want to know about policing. Now, if it was not possible for the P.A.C. to go through that and come up with some suggestions I really am quite surprised. But I have to say, Sir, I would defend stoutly obviously what is contained in that,

but again we have a situation where we are told that there is just going to be across the board cuts, and Home Affairs will suffer as much as anyone and in some ways more because we are starting from a lower base. But no, it is just cut, cut, cut and be it on your head to deal with it as you will. Someone said to me yesterday, the problems with your prison, the way to deal with it is just to stop catching so many criminals. **[Laughter]** Oh, fine, that is very helpful, not a very responsible way of dealing with the real issues that we face in this Chamber. I was really taken aback and upset by the speech of Deputy Southern. It was quite extraordinary. He accused many departments of shroud waving, but I have to say, Sir, again I repeat, because we are having to make these cuts in 2008 - I do not agree with them anyway, at least if it was 2009 we would have a bit more time to think about them - there is very little chance for us to do anything much than for in my area take away the very important growth that I have recently been given. Do you know what that means, Sir? That means that the prison budget shortfall that we are trying to fill goes. Parts, again, huge parts of the Prison Performance Improvement Plan go because that is what I have got in my growth in my budget. Jersey Field Squadron, the base budget there is insufficient to meet the minimum requirements. What am I supposed to do? I have to meet that. I have to take it from other areas. The Criminal Injuries Compensation Scheme, again I have mentioned that because that is the area I was given growth monies for, and with so little time, and also obviously with States policies on employment, it is impossible for me in real terms to do anything else other than to say: "Take it from the growth", which of course I really do not want to do, given all I have said in this Chamber in the last few days. I would say to Deputy Southern, perhaps some of those were minded to go along his route, stop for a moment and think. Who is it in this society that relies most on our public services? It is not people like me. You know, if public services are reduced or privatised I can go out, and many of us in this Chamber probably can, and buy the services that we need, but it is the ordinary people of this Island who rely on our services for a decent standard of life. I was absolutely appalled to hear Deputy Southern speak as he did, given his claims usually to represent the ordinary person. I have to say in my own area most crime affects ordinary people in urban areas. It is all right for us who live in the leafy suburbs and the parishes like, indeed, I do, but at least I can remember what it was like when I lived in downtown St. Helier and St. Saviour. Prisoners as well, okay, not always a popular cause I have to say, but they are the ones that are going to suffer as a result of this amendment again and many of them, whatever your view of prisoners might be, many of those people there are quite vulnerable. They have not been given the chances perhaps that they should have been. They have been failed by the system through poor educational attainment, drug abuse, and some of them have mental health issues. Again, people I thought that the Deputy and I and others like him cared about. So I do say to Members this cut will be across the board. You cannot just vote for this and say: "It is all right. They will protect the prison. They will protect the Home Affairs area" because they will not in the bun fight around that table at Council of Ministers. I will suffer as much as the rest, if not more as I have said, and I really do not have the budget as it is to meet sufficiently my core responsibilities, particularly in the area of the prison. So, Sir, coming to a conclusion, this amendment is at best ill-advised in terms of its timing; 2008, impossible to really do anything sensible. I would have more respect if it was for 2009. But in reality, Sir, it is irresponsible, disappointing and possibly *ultra vires*, and the reason I say that is that the specific role of the Public Accounts Committee is to hold officers to account for the implementation of policy, not to drive a coach and horses through policy objectives already agreed by the States which this amendment effectively does. So if Members, Sir, want to feel they wish to support the thrust of what the P.A.C. amendment is trying to do they should in fact reject this amendment, and they and P.A.C. should start working on another amendment for next year's Business Plan. Or give us good warning now so they tell us what the amendment is likely to be for 2009 so that at least this can be looked at in a responsible manner. I would urge Members, Sir, to reject this amendment today. Thank you.

2.1.7 Deputy A.D. Lewis of St. John:

You just asked me a written question which was: “Do I want to follow my Minister?” Yes, I do. It is excellent timing. I support the need for reducing the size of the public sector and, of course, public expenditure. What former IOD (Institute of Directors) Chairman would not? But I now find myself severely compromised. Members will be aware of the issues that my Minister has just described. We are encountering within the Home Affairs budget severe deficiencies. Most of our services, of course, are mandatory as the Minister has clearly just outlined. Yes, we have a need to reduce the size of the public sector but not to the detriment of efficiency. At Home Affairs we now find ourselves in a situation whereby instead of presenting our plans as we do and then inquiring and asking for the required budget, we find ourselves given a budget and being told: “See what you can do with that?” Well, that is not really how we should be supplying mandatory services. We supply a plan, most of them are mandatory requirements, we need a budget to perform and do the job, not just work out what bits we can drop out just because we have not got enough money to do them. I do not think that is the way we should be running the public sector. I had a conversation on many occasions with Senator Walker about of course the public sector is just a business, run it like a business. Of course, we have lots of customers in a business you would not want to have, and that was the Chief Minister’s reply to me on the numerous occasions that I had this conversation with him. And maybe some Members or perhaps some members of the business community would see me as a turncoat now because I am sorry but I have to agree with him. It is not a business. We have to provide services to lots of people that cannot afford it. We cannot treat them like business clients and suppliers in a business you would not want those customers, but as responsible Members of this Assembly we do and we must provide them with those services, particularly the most needy. We are in great danger here of compromising service levels if we adopt this. I have seen within the Home Affairs budget severe deficiencies occurring in terms of the way that we provide our services. We are beginning to become very inefficient. We have been through now 2 fundamental spending reviews. This is effectively a third. Think what that does to the morale of professional officers in the public sector who are trying to do their best with, in our case, Home Affairs’ decreasing resources. This proposition tinkers around the edges of the issue of public spending and I think it should be debated and it should be aired, but it does tinker. Deputy Southern, although I must agree with my Minister, a lot of the issues he raised were almost insulting. However, he did say one thing that struck a chord with me and I mentioned it before from outside this Chamber. We have got £61 million that we are supplementing the Social Security fund at the moment; £61 million. That is the big elephant we should be looking at in the future, not tinker around the edges with £12 million; looking at the £61 million we currently supplement that fund with. That is what we should be looking at and that is why I hope, again, that maybe Deputy Southern or others will bring that back to the attention of the House at some time in the future, not tinkering around the edges which is what this does. But what this does do is make us look once again at public spending. We are being criticised for it. We stated some very good cases today why perhaps we should not look at Deputy Ferguson’s proposition and that airs the debate in public. I hope that the media are not selective with what we are saying today and do publish statements such as the one that my Minister just made, because that is the ordinary people that will be affected by this type of proposition. Sir, like I say, I do find myself severely compromised. I was even tempted to abstain but I think that would be shirking my responsibilities. I am an independent Member but I do have a ministerial responsibility too. That does not mean I cannot speak my mind and I am, but I have to echo the sentiments of my Minister’s words today and that is it is the ordinary people of Jersey who will be affected by these types of cuts, not the big spending departments that have money to waste such as Economic Development. Not that I believe they waste their money. They spend it differently. We have to spend on mandatory services. We have to spend it on looking after the people of Jersey and that is what we should continue to do. That is what we are elected to do. This compromises that and I do not believe Members should support it. We must carry on supplying good services to the public. They do not have to be Rolls Royce and I know departments are looking at that, but they have to be good services, they have to be sustainable services, and if you start tinkering with the budgets like this at this late stage, as Members have

said, for 2008, we are not a business but we are in the business of providing good services. How can we suddenly reorganise everything for 2008 and slice millions of pounds off our budget? You would not plan it like that in the private sector either. You would plan much more in advance. Forecastings were mentioned in this Assembly yesterday. This is not forecasting. This is, look it is let us throw this at you today and see if you can cope with it tomorrow. If it was in 2009 I might be looking at it slightly differently. We cannot do this in Home Affairs, and many other departments cannot deal with it either for 2008. So I admire the courage of Deputy Ferguson for bringing this forward. It has heightened the issue once again and I think it is good that it should be aired. I think that the presentation has been good, well researched but slightly misguided, and I am afraid I would urge Members not to support this but continue - particularly all those that regard themselves as very independent - to scrutinise our government on their spending. That is good. That is what Public Accounts should be doing. This does not quite do that so I would urge Members to reject the proposition. Thank you, Sir.

2.1.8 Deputy J.J. Huet of St. Helier:

Well, Sir, I find myself really very much between a rock and a hard place, I think the saying is. I have the honour of being the Assistant Minister for Technical Services. I worked on Technical Services when it used to be called Public Services, and I remember the late Vernon Tomes who was what would have been the chairman or president at the time, and I can remember one time when we were told that we had to make cuts, and the present chief officer that we had at that time gave us a list of cuts, and well they were so emotional, Sir, that we would have all needed a tissue. But I have to give the Senator Tomes his due. He sent him away and told him to go away and come back with some proper ones; that he would not put his name to things like charging or parking places for people with disabilities; he would not put his name to reducing staff in the Park Department because these were the men that kept an eye on our children from funny people; he would not go along with that. He wanted, if we were going to have cuts they had to be proper cuts not emotional cuts. I do feel that some of the cuts that we have seen in this paper are emotional cuts. That is what made me think of it and I do not think that is right. Now somebody has said to me -- I am sorry if I jump around occasionally, somebody has said to me that P.A.C. should have attacked each department's budget as it came up. Well, Sir, it is very difficult to do that nowadays because we do not have committees, and if you do not have committees you do not know what is happening on something of somebody else's. You only know what is happening on yours. So you can only take from your personal experience in some ways of something that you have come across. You cannot rely on a committee, and I still really do believe there are cuts that could be made. Now I have to say when I mentioned the last previous chief officer that we have had, who was the very emotional one, that does not apply to the officer, the chief officer, that we have now. I believe the chief officer that we have now at Technical Services is the best one that we have ever had, and I believe he is what is called an honest man, but he does not come to us with emotional things that we can cut; he comes to us and he has told us this is what it will be if we do not have cuts. Now I, like the last speaker, believe that there are cuts but I am not sure if I can say that there is cuts just in general all round because I do not think some departments are over the top. I mean, if we went with this, I mean I would never expect to hear in this Chamber anybody ever complaining about the Railway Walk, Rue des Pres, or any maintenance on hedges or whatever which are always complaining. That would have to go and that is not emotional; it is straightforward, that is you have no choice. So, you know, I do think the Technical Services Chief Officer has looked at it very logically. So you are saying: "Oh, well, she is bound to say that. That is hers, is it not?" But I have to say that I do think we can make cuts and I am just going to mention a couple of them and I am sure that I will be told I am completely wrong and no way, I do not know what I am talking about. Well, this is just a little one. I went to the hospital for some exercises. That was very good. It was a lovely exercise class. It really was, and there was about 9 of us in this exercise class, it was once or twice a week, but do you know how many fully trained nurses we had to look after 9 of us? Three. Well, that was lovely, they were really great but I have to say do we really need 3 nurses to look after 9

people having exercise classes because I do not think so? I heard the other day -- going into education now, I heard the other day but I cannot confirm it because there is no committee for education now, but they are in the process of dumping all their old computers, hundred and thousand of pounds worth of cash. Now, I do not know if that is the truth, that is only what I have heard, but if it is true what is wrong? Why are they not utilising what they have already got? So I do believe there is spare fat as they call it. Then we have the prison. Now as you know I am obviously pro-police. I am married to a retired policeman, but if he tells me that okay, our prison is not what he would like it to be and it is not Rolls Royce in any way, but he said to me: "Wakey, wakey, have a look at some of the English prisons before you start saying how bad ours is because they are a lot worse. They have got some top ones. They have got more bad ones than top ones." I have to say this is my own personal thing. I hear what the Minister says for the prison, that we have to educate people that are in prison so as when they come out they will not do it again, oh, you know, maybe less, and that I can understand. What is ours I accept the responsibility for if they are ours, but somehow my good Jersey self says: "Why am I educating people that are in prison that have been caught drug smuggling coming into Jersey that do not come from Jersey, are going to go back immediately?" and maybe that is a bit selfish but I do not really see why our funds should be going to educate, well, can I say it, English criminals. I expect to educate ours; I expect to look after them to try and change their ways but I certainly do not think I have to take responsibility on for the U.K. So, Sir, I am sure that there are some areas that cannot take cuts. I am sure there is, but I am also sure that there are some areas that could take cuts. Thank you, Sir.

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

I would like to deal with a couple of issues that have been raised before I get to the remainder of my speech. First of all the suggestion has been made that P.A.C. are too late. Come back next year. I would just like to remind Members that before the P.A.C., and even before the shadow P.A.C., there was an Audit Commission, and in the Audit Commission days they were raising the issue of States' expenditure. The shadow P.A.C. equally raised the issue of overall States expenditure and the need to control. So this is not a new topic. This is not something that the P.A.C. should come back and tell. This is something that basically we want to explain to Members this issue has not been addressed and States' Members need to be mindful of this. I am quite amazed by the comments of the Assistant Minister for Home Affairs when he says it is too late to do anything for 2008 because we have agreed these extra budgets. Well, I would like to remind the Assistant Minister that the States last approved overall expenditure this time last year, and this time last year clearly we agreed an expenditure, an overall expenditure amount for 2008. What on earth are these people coming back and suggesting that they cannot meet that budget before we have agreed to increase it, and suggesting that they need that increase before we even agree to that sum? I want to bring Members' attention back to the main point. We can only, and the proposition is extremely clear, Part B says: "Agree overall expenditure limits." We are unable - and I repeat unable - to affect how departments spend their budgets, and I will come and show you examples of that. One example I will use, we were all well aware last year that the police purchased a very expensive new car, all singing and dancing to take pictures of everything, catch speeders and so forth. Perfectly good idea; yes, you can argue they needed it but at the same time that was, I do not know, let us say let us call it in round figures £100,000, could have been less could have been more, £100,000. Now did I have a choice to say that that is part of the Home Affairs' budget? No. You do not buy that new car. I want that £100,000 spent on prison education. No, because I cannot. Neither can any one of us. That is totally and utterly the responsibility of those in charge of the departments. Last year we approved a number of specific costs and it was put forward as reasons to increase the budget for 2007-2008 and beyond. Anti Discrimination Law, £500,000 for Home Affairs. Well, to my knowledge we have not introduced that law yet, and yet we have just heard the Minister say she spent it on something else. Another example of how we cannot determine where money is spent. I would say if it has not been spent on that I want it back because it was specifically targeted. Why was it specifically targeted? Because in the 2007 Business Plan, written

by the Council of Ministers' Department and the Treasury, they clearly say in some instances where that money will be spent and what is being created to build up the budget, not just for one year but for 5, and the assumptions and everything. It is wonderful for our Minister to point us to the revenue targets contained in this year's Business Plan, which she pointed out earlier, but I point him to the revenue expenditure targets that were included in the 2007 States' approved, not Council of Ministers bright ideas, States' approved Business Plan which clearly outlines what expenditure is proposed not just for one year but for 5, and clearly detailed expenditure for 3. Another figure. We were expecting Income Support Schemes to be introduced in 2007, this year, so what do we do? On the advice of the Treasury Minister and others we approved and added £3 million, £3 million, to the budget of Social Security. What for? To allow for the Income Support Transitional Relief. Has it come in yet? Have we got Income Support? No. Where is that £3 million? Been spent, been spent. Well, let us have it back. Pay Awards. These are great tables and, I mean, the thing is that it seems that everybody has got a short term memory, or some people have. I am one of these sad people that think: "Right, what have I agreed and is it consistent with what I may be asked to do now?" because that is what I base decisions on. I base my decision on G.S.T. and tax changes based on a whole package of things. I will get to that later. But in this we are told that we need all this extra money because of pay increases and everything else, but if you refer back to the build up of revenue expenditure allocated through to 2011 there is some interesting figures that appear, not many because we have not got proper accounts. It is a bit vague to say the least but certain things come to light. 2008, this is a budget; in the budget we approved last year for 2008 it included £7.2 million for pay awards. Now in this year's we are told "Oh, well, no. We will forget about that money, that £7.2 million. Now it is £16.5 million. So, what are we doing here? What is the game? Are we double accounting or are we trying to go back starting from a base pretending that we have not agreed budgets and start again? Yes. That is it. We have statements made by The Treasury Minister last year, and I mean, someone else suggested we maybe heard parts of the same speech? Yes. Quoting from one of the comments: "Particularly important for the States to keep its spending within the current financial framework."

Deputy G.W.J. de Faye of St. Helier:

I am very sorry to interrupt, Deputy.

The Deputy of St. Ouen:

No, I am not sitting down.

Deputy G.W.J. de Faye:

Well, I am just having trouble concentrating, Sir, because there are other Members who appear to be conducting their own debate on the far side of the Chamber and that I am having difficulty following what the Deputy of St. Ouen is saying, with respect to the Deputy, and I would like to ask those Members who appear to be engaged in a very intense conversation which has now been running about 10 minutes, if it is that important would they please take it outside?

The Greffier of the States (in the Chair):

Due to the way the acoustics work could I ask Members to be attentive to this debate?

The Deputy of St. Ouen:

I apologise to Deputy De Faye. I should have had more sense that he was going to point out something of importance. Thank you. Yes. The Treasury Minister in his report last year mentioned the fact that it is important for the States to keep its spending within current financial framework. The new framework, and these are important words; these are words that The Treasury Minister has told us: "Starts with a premise of rolling 3 year allocations for departments aimed at improving financial discipline and require the departments to plan ahead and work within their financial allocations." So have we got, and maybe The Treasury Minister or Assistant Treasury Minister or someone can tell me quite clearly and explain to this Assembly have we got a 3 year

budget or are you misleading us all and we have simply got an annual budget which we can amend and choose to amend as we believe? Because if so this proposition for the Business Plan is totally wrong and as such it should be withdrawn immediately. We are also told that, and this is where I come to this business of why we cannot control and determine how monies are spent and the responsibility equally of the Council of Ministers. One, the emerging pressures should be first addressed within the department. All the Council of Ministers could reprioritise allocations of funds available from the year end carry forward process. So that is the process and that is right. I absolutely and totally approve it. It is not our responsibility to run departments. That is why we have elected Ministers, Assistant Ministers and we have, as the Chairman of the P.A.C. has said, the experienced staff behind and supporting those Ministers. Business Plan process requires departments to consider more carefully the revenue and manpower implications of their bids. Well, we have just heard of a great one just 2 days ago. Here we go again. What do we do? We approve money to build extra facilities up the prison. Yes, I think I supported that. What happens? Because we have not even bothered to do the sums properly and recognise the costs, it is not open. Is that not pathetic? Absolutely pathetic. We have heard recently, let us have an Art Gallery. Someone else has piped up and said: "What about the cost?" We have got agreed and written into strategic plans, because I think I put the words in somewhere, that all policies should be accompanied with resource statement identifying all the costs involved, and I can guarantee you now, States' Members, that in among all that key object and performance nonsense that we spent 2 days on which is an absolute waste of time which has no meaning at all, hidden in there are more ways to spend money which have not been properly allocated for, and I guarantee you now that a year or 2 down the line we are going to get Ministers standing up and saying: "We need more money because you approved this." I say: "If you cannot put, if you cannot forward plan 3 years and know what you are doing with some certainty then I think it is a poor indictment of the whole of the States' business and the way it runs itself." Manpower. This is a good one. You start asking questions, simple questions based on a manpower report that the States produced, and the simple question was: "Where are the vacancies? How many vacancies have we got?" "Oh, that is going to take for ever. That is going to cost us a fortune to work out." Departments were up in arms. I had to postpone the answer to my question by 2 weeks, allowing a month, or not quite, sorry; allowing 3 weeks to enable the departments to answer. Did they answer clearly? Did they answer all the questions? No, no, sadly not, and worse still we signed up, albeit voluntarily - and this is their good words, voluntarily in principle, should instead of will - to complete any manpower forms in the same manner as the private sector. Well obviously, as having a business in the private sector I thought: "Well, hang on a minute. I am sure I have to put in vacancies. I am sure I do not get allocated extra staff if I am carrying vacancies. I am asked if those vacancies have been there for 12 months or more, do you need them and if you do not I am taking them back." That is what regulations undertakings tells me. What happens here? Here is a totally different story in the States. We have huge vacancies. I think Health, and these are approximate figures because this is absolutely by memory. I have not got them written down here. Health, well, certainly over 150 vacancies, 150 vacancies, and what are we doing? We are going to give them 80 staff more, 60 staff more. Well, should we not ensure that we can pay and fill the vacancies that already exist before we add to those staff numbers? Staff costs, as we already heard, make up over a half of the annual States expenditure. Do you know something? We do not even ring fence that money, and do you know why I know that? Because we have had various answers given by certain Ministers to questions put to them. Here is a twist on the savings front. The Education Department, and in answer to a question put by Deputy Southern on Tuesday, 15th May on savings and calculating staff vacancy factors, whatever that is, stated that to achieve savings staff changes were reviewed and the effect of keeping some posts vacant for a longer period than normal would be the case where calculated. Where it was possible to keep posts unoccupied budgets were reduced to reflect the saving, and the associated funding was then used to reduce the shortfall in the budget resulting from the pay award. Okay, so, now do you see what is happening. What is happening is that we are expecting and we are saying that we are going to maintain existing services. Departments are

using the money to pay the staff for other things, and worse still they are calling it savings. Here is another one. It was this time the Minister of Housing. The Minister was asked what was meant by a favourable variance in staffing costs. Well, if anyone in the States Chamber can tell me what that means, again, I do not know. But anyway, and the answer, again as it happens on the same day to Deputy Southern, following an answer to a question posed on 1st May the Minister stated that favourable variance in staffing costs are savings accrued as a result of staff vacancies. When staff leave finding a replacement can take some time obviously. During this period salary payments cease which result in a saving. Well, so here we are, £35 million efficiency savings. Are they or is it just: "Oh, well, we have got our budget. We know that we have vacancies" and that happens all the time and the amount throughout the States is huge on a year by year basis. Are we setting that money aside to ensure that we can pay and fill that job? No. We are pretending it is a saving. Well, I will tell you what? My bank manager certainly would not accept that excuse or reply when I went and asked him for extra money. So I think the question that we -- sorry, going back to this table. As I highlighted the fact that in the 2008 budget which bearing in mind, bearing in mind, the P.A.C. are saying - and I think that we are being reasonable - that we acknowledge that you have increased pay over and above what we set as a target which was 2.5 per cent and approved. We acknowledge that, we acknowledge the budget that your department produced for 2008 which we obviously believe, as States' Members, the departments could operate from otherwise what on earth were you doing proposing it? But what we are saying is: "Look, enough is enough." You know, we are talking about accountability. We have got a Public Finances (Jersey) Law. In that we have made the chief officers accountable for the way the departments spend their money. We are told that they cannot go over budget. What we need to be doing as the drivers of the policy, as the organisers, is saying to those officers: "The States have stuck to what they approved last year and the budgets we created. Would you please deliver on the budgets that were set." Those budgets included continuation of provision of services. Do not be misled. No lunatic in this world is going to put a sum in for the following year in a budget that does not cover existing costs. No one. Even James Reed in St. Ouen when he does his forward plan. No one. You look at all your costs as you work out what it is and you set yourself a target. That is what they have done. That is what we have agreed. We have also agreed and included in those 2008 figures over a period of time £20 million for Income Transitional Relief. Okay it has gone up by 2.2 but I think that again the £13 million extra to the 2008 budgets that we all approved and agreed last year and expected the Ministers to work within will cover that. Other things, here we are again. Parish welfare, we were going to transfer parish welfare to Social Security. What were we told? Why did we support it? It was not going to cost the States any money. Why? Because the Island rate would pay for it. Well, that soon changed.

Connétable D.J. Murphy of Grouville:

Sorry, Sir. Can I just ask the Deputy to let me have a word on this? That was never the intention. The intention was that a contribution would be made by the Island rate which was not linked at all to the Low Income Support System which I think you are referring to.

The Deputy of St. Ouen:

All I will say is, and I cannot remember what page it is on but I can guarantee you that if you look through the Annual Business Plan 2007 there are words from the Treasury Minister or others that say that it is cost neutral.

Senator T.A. Le Sueur:

Only in the first year thereafter it goes up but not in the same proportion.

The Deputy of St. Ouen:

Okay, and I will say that bearing in mind it is cost neutral it was allowed for in the budget that was produced in 2007 for 2008/9 and 10. Other things, non staff inflation. Now that is interesting. We

allocated and built into the budget for 2008 £2.4 million for non staff inflation. This year it has gone down. The proposal in this plan is £2.2 million. What I am saying is that do not be confused, or misled should I say. **[Laughter]** You can laugh. I mean, if you do not believe me, fine, but I would refer you to the 2 documents and read it carefully. These sums of money have been allocated for and allowed for. Yes, there have been increases. The £13 million I believe can take care of it. Equally the monies that have not been used, the £3 million, the £0.5 million for the Anti Discrimination (Jersey) Law and the specific items, as far as I am concerned, I would expect them to be there. Also, one last point on pay. Decisions were made last year that any pay increases should be covered by the departments and also that was the case. I would suggest that the reason why we have got such a large -- the figure for pay awards this year is £16.5 million. There is an element built in that reimburses the departments for that cost for 2007. Now, States' Members will need to ask themselves is that really the way that we want our money to be spent?

Senator F.H. Walker:

Sorry to interrupt. Could I ask the Deputy to repeat that last bit? I did not quite pick it up. I did not understand it and I would like to.

The Deputy of St. Ouen:

The point I am making is that I do not believe, and maybe the Chief Minister can point out if I am wrong, that the £16.5 million pay award allowed in this year's Business Plan for 2008 does not only cover the 2008 agreed amount. I believe that it also covers part of the pay increases that departments were expected to absorb in 2007, so if you like it is a reimbursement to those departments. Now, that again is contrary to the decision of this. If that is the case it is contrary to the decision of the States. Anyway I will --

Deputy I.J. Gorst of St. Clement:

Sorry, I have been thinking I really ought to interrupt the Deputy for a while but on that particular point that is not right. The backdated pay has now been paid and you will see that in the accounts for the current year. This is a budget for the year 2008 and if you multiply the pay award you will get to that figure.

The Deputy of St. Ouen:

We can debate this all day. All I do know is that certainly the information that I have been provided is that in this sum there is an element that reimburses the departments for the absorption of the costs of those inflated pay scales. Anyway --

Senator T.A. Le Sueur:

Can I ask the Deputy where he gets the information from?

2.1.10 Deputy G.C.L. Baudains of St. Clement:

I must say I was impressed with the previous speaker, Sir. There was a lot of information that I hope Members were paying attention to because frankly for a number of years I have been irritated by the way we, as States' Members, appear to have no financial discipline. I am tired of hearing that we have cut back as far as we can when, in fact, we may have cut back as far as we can with the present systems we have in place. What I am going to suggest is that it is the system that is failing and is inefficient because it is clear to me, Sir, that this Island is beginning to live beyond its means. The cost of running this small island of 45 square miles is well over £0.5 billion a year, Sir. I do not believe any business could survive the way that we conduct our business. The Deputy of St. John was quite right when he said that the States of Jersey is not a business. I am not suggesting that it is a business. In fact, I have often thought it is the opposite of a business because a business seeks to make as much profit as possible, stand on its competitors, put them out of business if possible. It is hardnosed. The States or a government exists to protect the weak from the strong. A business seeks to take advantage of the weak. So, in actual fact, it is probably the opposite, but that

does not mean that we should not act in a business-like manner, Sir. We can no longer afford inefficient management structures, restrictive practices, and other waste of taxpayers' money which I am sad to say, listening to the various Ministers over the last few days, they seem quite happy to endorse. I believe that G.S.T. is not so much to fill the black hole or the new environmental taxes which are in the pipeline, so much as because it offers an easy way out. Once again I see short-termism at its worst. I fear that despite the assurances given by the Minister for Planning and Environment yesterday that environmental taxes we will find are simply new taxes with a green label attached to make them appear acceptable, and I am very concerned about Goods and Services Tax being an easy option because, especially under the present thinking, it does appear to me that Ministers will find this an easy way out. Instead of bearing down on costs which, I must admit, they do seem at times to be reluctant to do in any meaningful way, a Minister will find that it is much easier just to add another one or 2 per cent as the years go by. It really is so easy spending other people's money. I have been concerned for many years about Jersey's high cost base. I realise that land values have something to do with that but we also have over-regulation. We have general inefficiency. It is all helping to price us out of business, whether that be in tourism, agriculture, or even perhaps in the future in the finance industry. If, indeed, the States were a business we would go bankrupt. What happens though to the plan to roll back bureaucracy? It is evaporated. We just seem to be creating more all the time and more bureaucracy means more cost. The civil service; why is it not accountable? The very top echelons may be accountable. I can find no accountability of middle management, and yet we were told, I think it was on Tuesday - it seems a long time ago now - by the Chief Minister that it was: "a common misconception that public employees are not held to account." Well, I simply do not agree with that. But, I have to say, the problem is not one created by the civil service, it is our problem. It is the Minister's problem because it is essentially the Ministers, with their senior officers, that have allowed management structures that are incompatible with efficiency. I asked the Chief Minister - I think it was the day before yesterday now, Sir - in his capacity as interim Health and Social Services Minister why a review of nursing was proposed but not one of management. I quoted the 8 or maybe even up to 10 layers of management that exist between the Chief Officer and the nurses on the wards and asked if he intended reviewing this. Well, I did not get a straightforward answer. The usual: "Everything is fine and it appears well." A type of brush-off which is why I voted against. Why do we not survey our entire public service to ensure that the structure is robust and that everyone is up to the task they are employed to do. But there seems to be no will to do that. With the present human resources team it is quite unlikely. In fact, it does seem to me that one of the real areas of growth seems to be in the head count of that department. I think it was last week a post of communications manager was advertised and I have to ask, do we really need to get more people to bury bad news and create some of the spin that we come across. I believe some of this arrives in the Assembly judging by some of the nonsense I read. I must admit they are very effective mixing factums but ... Sir, what really concerns me and has done for a number of years, that Jersey will one day wake up, the bubble will burst and it will be too late when we discover that the law of diminishing returns has bitten us when we find that we cannot make ends meet and putting up taxes will only result in decreased income. What will we do then? Do we stop paying pensions? Do we close schools? Do we close the hospital down? We need to act now. We have heard the evidence from the P.A.C. chairman and vice-chairman. We need to act now and not when it is too late. We have seen shambles after shambles come before this House. I mean, I was concerned in recent times about the sale of the Girls' College, the sale of Jersey Telecom, and one wonders about the competence behind those arrangements. Whenever anyone - I think Deputy Huet touched on this earlier, and I appreciated her speech as well - suggests cutting back on public expenditure we are accused of being reckless. We do not know what we are talking about, it cannot be done, and the usual facetious response is: "What do you want to cut, teachers, hospital services?" I have heard it so often, Sir, it is really no longer funny because, no, I do not. What I want to cut is waste, and there is plenty of it. We have one of the highest paid police forces in the world. Why? It is not as if we have the danger that other forces face. I believe our Chief Officer is paid substantially more than

the Chief Officer of Los Angeles, for example, for goodness sake. We have 4 men doing the job that would be done by one in the private sector, and it still happens. I have seen down the harbours, trains and railings being maintained using outdated expensive techniques. When I have pointed out better, more efficient ways of doing it I am told it cannot be done. Complete load of rubbish. There is the Empire Building and certain areas meaning that everyone moves up the scale, the Hay evaluation, Sir, has cost us dearly. We introduce laws that we do not need all requiring resources. We build new schools on a regular basis. I am not saying we do not need them and wonder why we have to have that capital expenditure. We throw away - I know this will irritate the Constable of St. Helier who I notice is not here as usual - we throw money away on urban renewal, Sir. We narrow roads extensively to widen pavements but then we narrow the pavements again by filling them full of tubs of weeds and ironmongery. It is true, you cannot get down some of these pavements with all the clutter of pillars and things, the whole thing is a nonsense. What Jersey needs, Sir, and is not getting from our current Ministers, is robust business practice. We need, as any private business would do, to determine what it is we need to do, and then plan the minimum resources required to achieve that. That may mean a radical restructuring of our public services, and the injection of some business acumen. Because our public expenditure is rising at an alarming rate, as we have heard from the P.A.C. and is clearly in the paperwork before us. Were Jersey better managed we would be more competitive, extra tax would be generated as a result. New taxes most probably will not be required but there does seem to be no will from the Council to do that. I am not fooled by the spin and self-congratulatory nonsense we heard at the beginning because I remember being told, Sir, time and again over recent years how ministerial government would save us money. Well, I have yet to see any evidence of that happening and by contrast in the Chief Minister's preamble we were told that a chunk of the extra £8 million spent by his department was due to the introduction of ministerial government - some saving. Sir, letting waste continue and raising new taxes is a self-defeating strategy. I am amazed that Ministers one after the other appear happy to do that. The Chief Minister did suggest - was it Tuesday - that if we made cuts the public would have something to say about that, with a clear inference that services would decline and they would be complaining about that. Yes, I think they would have something to say and that would be something along the lines of: "About time, at last you are listening." If our public administration was in the private sector the same services would be provided at considerably less cost. Of course, instead, we find it easier to continue to turn a blind eye to the problems so evident to us. As I have said, restrictive practices, unacceptable management structures. Services will continue to decline and costs will continue to rise at the alarming rate we see in the paperwork before us unless we address those issues. Yet, if I remember correctly - I have had a lot to remember over the last few days - we were told in the preamble that the increases we see are really reductions. Now, all I can say is that communications department is working overtime. Then we were told, provided we stick to spending limits - which as we have clearly heard, we do not - and apparently the Ministers have no intention of doing it because they are robustly resisting this amendment, then if we did that there would be no new taxes before 2012. So if we look at that carefully and cut out the spin, more new taxes are on their way within 5 years. That, Sir, is why this amendment is so important and obviously has my support. I believe that like the earlier amendment, number 5 I think it was, I do not believe it goes far enough. I would like to see our public expenditure cut by a substantial amount in real terms. I know members of the private sector believe we could cut by 20 per cent. But at least the amendment is a start. Before Ministers jump to their feet and say they cannot cut back anymore without cutting services, in line with what Deputy Huet was saying, I have to tell them that a lot of work that is going on is unnecessary. But, of course, their chief officers are not going to tell them that. It is really depressing to realise most Ministers believe their departments are efficient. I really cannot recall the number of times that contractors of one form or another have come to me and pointed out how money is being thrown away because of our incompetence. The way we seem to pay, all the time, 2 or 3 times what anybody in the private sector would pay. In fact, it is embarrassing because they laugh at our ineptitude and wastefulness, our complete inability to act in a businesslike way. I remember one, Sir, probably about 5 years ago, telling me -

he had tears running down his face with laughter. In fact, he nearly choked - telling me about the wasteful design of a new school building. When I suggested that probably land conditions were the problem underlying there, he assured me that was not the case. It was straightforward incompetence. The taxpayers are paying for that. Sir, I would like to think today is a day Members finally stop being complacent and turn around this juggernaut of public spending before it is too late. We are spending other people's money and it is high time we treated them with the respect they deserve by acting in a more businesslike manner.

2.1.11 Senator F.E. Cohen:

My election manifesto in relation to public spending read as follows: "The States set a savings target of £20 million for 2008. This should be increased to at least £30 million. A new independent audit office should be established, charged with implementing a proactive review of every States' department. This would identify central services, cut out waste and duplication, promote efficient buying and ensure that capital projects are delivered on budget. The review should be conducted without compulsory redundancies." I am now privileged to be running the Planning and Environment Department and in the year and a half I have been in this position I have learnt a great deal about what can be done within a department and what cannot be done within a department. The problem is that there is insufficient flexibility within many departments to deliver instant savings. Where you have a department that has, for example, 60, 70 or 80 per cent of its budget being spent on staffing costs you simply cannot cut staff. Staff in my department work extremely hard. By cutting staff you would unnecessarily and unreasonably demoralise the staff unless you have a good reason and a long term implementable plan. From my perspective the key is to review my department from the ground up, and that is what the Comptroller and Auditor General is presently doing. My department, to some extent, will be an experiment. But it takes time to do this. It cannot be done in simply a moment. Hopefully the review will identify efficiencies that can be delivered over time, better ways of delivering our services and perhaps even the privatisation of some of those services. However, as I have said, this needs to be delivered from the perspective of a detailed independent and unrestricted audit. Slashing budgets, and in my case slashing the Planning and Environment budget, will simply leave the department to flounder. We will not be able to deliver the services I, as Minister, want to deliver and the services that I believe the public want us to deliver. I want to deliver a better planning system and to do that I simply need more planning officers to process applications more quickly. That is not because planning officers are lazy, they work extraordinarily hard, I see it on a day-to-day basis. In the meantime, while this review is carried on, my department needs to be managed, as do other departments, and we need to deliver the services that the public expect from us literally to keep the Island going. So while I believe that this proposition is well meaning, I believe it is too brutal and the way to deal with this is, as I have suggested, department by department to carry out independent audits. It is for that reason, and that reason alone, that I am unable to support the proposition.

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

I have not quite made up my mind which way I am going to go but the more I listen to the Ministers and the more I read their comments, and where they say the cuts must be if this happens, I do not fully - probably believe is maybe too strong a word -- they are not fully convincing me yet, Sir, that this would be the case. The Minister for Planning kindly read out his manifesto and now apparently it can be done but it is going to be done a lot slower than his promises in his election. He hopes it can be done. I am not going to stay long, Sir, we are finishing soon. I just want to make a few comments and I need to be, as I say, convinced. I think the only way I can describe this is a game of bluff. Now we, on this side, and it may not just be this side, this has never been tested. We have just been told the budget has been slashed. It has not been slashed, it was either very, very, very wrongly calculated over the next 3 years, £43 million wrongly calculated, or there are things that can be cut. The Deputy of St. Ouen mentioned answers to questions, I just have a straightforward one, and this is not like a million years ago, this was on Tuesday, 11th September, I

asked a question of Housing and the outcome will be to see. Have we made a profit on Le Squez? I mean we own the land, we have owned the land for years. We are building houses. It will be to see and if we have not made a profit, well, somebody has had somebody over a barrel. Then we have a question from Senator Shenton to the Treasury Minister asking him why his budget has gone up £6.5 million. He says basically the most significant component of the £6.8 million increase to the budget is £4 million on transfers relating to property maintenance budgets held in other States' departments. Well, I cannot find the savings in any other departments. I have got to find the efficiency savings, and the biggest one is - I think Economic Development identify it as part of this - is £131,000.

Senator T.A. Le Sueur:

In the Education, I think, Sir.

Deputy J.A. Martin:

Obviously when the Education Minister speaks he will show that obviously I may have missed this. But there are all these questions. Another question from Deputy Baudains, it has already been mentioned; there is still somebody beavering away, put a big business plan together for our art gallery. It was answered by the Minister on 11th September, there is somebody working on it and it will be brought to the House, obviously it will not go through because Ministers are determined to keep within the budget, whatever it will be. Lastly, I would just like to comment on a few of the Economic Development's -- we had a lovely presentation by the Assistant Minister yesterday and I do agree with them. He can communicate very, very well. He mentioned under this new Enterprise and Business Development strategy, and it is a department and it has employed a lot of people moving budgets around. I think he mentioned it helped 500 businesses. When we drilled down and asked the Minister: "What were you doing with 500 businesses?" "Well, many are probably just a phone call." I do not know whether asking maybe the direction to where the small loans business is, where they can apply. There is, as I say, a very big budget being put into this and I was glad to hear the Assistant Minister of Economic Development tell me, because I have been on to my Chairman for weeks or months that I want a review of Jersey Finance Limited. I want to know their performance indicators. I want to know how much extra finance they bring into Jersey because we are giving them, the taxpayer is giving them over £1 million, and they put on a very nice lunch. I do not know what else -- I am being sarcastic, Sir, and I would like to see, and I am glad it is being done and when it is done it will get a very close look by Scrutiny, and we will review it. But I do worry, and I hope the Assistant Minister, if he has not already spoken can assure me, because talking to the Minister, he is so pleased with Jersey Finance he is now trying to set up the same sort of thing for Jersey Tourism and, believe it or not, all the Jersey people in Jersey Tourism or Jersey Hospitality Association are very pleased about this. So would I be. They are doing the same job at the moment for free but he wants to set up and pay them. Now, I hope I hear from the Assistant Minister this is not the case or if it is the case I want to know clearly how much is this going to cost because I think it is not needed. If it is needed I need to be demonstrated where it is and what it will be. So, basically there, Sir, I have a couple of questions. I want to know where the savings are coming from that the Treasury have got. I want a few answers from the Economic Development Assistant Minister and, as I say, I think it is a game of bluff. It was done in St. Helier, it was done with the rates. The Constable was told to go away and manage. Yes, he managed. He said he might have to come back at Christmas and ask for a supplementary rate. He did not do it. He managed. I think there were some staff cuts, I think they were at the top or people were moved. I do not think there were that many redundancies but there was a hell of a lot of efficiency savings. That was in the biggest parish with the most income. So it can be done. So, as I say, Sir, I am still in this game of bluff and I am not sure which side is convincing me. But as we stand at the moment, it is the chair of the P.A.C.. Please somebody stand up and not tell me where, there are quite a lot of Ministers to speak, tell me other possibilities that can be met, because this is heart rendering at its most, and you probably would not hear that from me. I have been on

Education, and I have been on Health, and I do not believe that these will be the first things to go, and I am still not convinced.

2.1.13 Senator L. Norman:

The Constable of Grouville and I were really chuckling in our coffee this morning when we heard the Assistant Minister for Home Affairs, and one of the things he said is: “We do not waste our money, we just spend it differently.” Now what an about face. I can remember the new young fresh faced Deputies and, indeed, the young and not quite so fresh faced Senators elected just 2 years ago determined to reduce expenditure and champion smaller government. One of those even had the nerve to read out from his election manifesto which he has now turned an about face. What has happened to them? If I did not know better I could suspect that they had been seduced by ministerial office. But, of course, I do know better and that has got nothing to do with it at all. Most of us can remember when the jurisdiction of Jersey, the States of Jersey, was a low tax, low spend jurisdiction. Jersey’s Government allowed people to keep their money and allowed them, as individuals, to decide how they wished to spend it. They could spend it as they wish. Now, almost imperceptibly, step by step, we have changed and are changing more quickly to high tax and high spend, taking away individual choice and becoming more and more of a nanny state, and deciding for people how their money should be spent by saying: “We know best how to spend your money much more than individuals do themselves.” Sir, we need to change the attitude. We need to return to low tax, low spend. We need to promise and we need to deliver smaller government in every sense of the word. Less interference in people’s lives. Go back to the philosophy that made Jersey successful and proud. That is what people want and, I will be honest, that is what Jersey needs. Now, the juggernaut that Deputy Baudains returned to is running, and running fast. It will take time to turn. But this proposition, as I see it, is not about cutting spending but rather reducing the increase in spending. This will be the first small step in turning that juggernaut and a step which the people want, which Jersey needs, and if we do not do it, goodness knows where we are going to end up.

ADJOURNMENT

The Greffier of the States (in the Chair):

The Assembly has agreed to adjourn and the Assembly will reconvene at 9.30 a.m. tomorrow morning.