

STATES OF JERSEY

OFFICIAL REPORT

THURSDAY, 8th NOVEMBER 2012

PUBLIC BUSINESS - resumption4

1. Medium-Term Financial Plan 2013 - 2015 (P.69/2012): eighth amendment (P.69/2012 Amd.(8)) - resumption.....4

1.1 Deputy G.C.L. Baudains of St. Clement:	4
1.1.1 Connétable D.J. Murphy of Grouville:	4
1.1.2 Senator S.C. Ferguson:	5
1.1.3 Deputy M. Tadier of St. Brelade:	6
1.1.4 Deputy J.A. Martin of St. Helier:	7
1.1.5 Connétable L. Norman of St. Clement:	7
1.1.6 Deputy R.G. Le Hérisier of St. Saviour:	8
1.1.7 Connétable P.J. Rondel of St. John:	8
1.1.8 Senator A. Breckon:	8
1.1.9 Deputy A.K.F. Green of St. Helier:	10
1.1.10 Senator I.J. Gorst:	10
1.1.11 Deputy G.P. Southern of St. Helier:	12
1.1.12 Senator B.I. Le Marquand:	13
1.1.13 Senator P.F.C. Ozouf:	14
1.1.14 Mr. T.J. Le Cocq Q.C., H.M. Attorney General:	16
1.1.15 Senator S.C. Ferguson:	16
1.1.16 The Attorney General:	16
1.1.17 Deputy G.P. Southern:	16
1.1.18 Deputy J.A.N. Le Fondré:	17
1.1.19 Deputy J.H. Young:	17
1.1.20 Deputy M. Tadier:	17
1.1.21 Senator P.F.C. Ozouf:	17
1.1.22 The Attorney General:	19
1.1.23 Senator P.F.C. Ozouf:	20
1.1.24 Deputy J.A.N. Le Fondré:	20
1.1.25 The Attorney General:	21
1.1.26 Senator P.F.C. Ozouf:	21
1.1.27 Deputy J.H. Young:	21
1.1.28 Deputy J.G. Reed of St. Ouen:	23
1.1.29 Deputy S. Power of St. Brelade:	24
1.1.30 Deputy S. Power:	25
1.1.31 Senator P.M. Bailhache:	26
1.1.32 Senator L.J. Farnham:	26
1.1.33 Connétable J.M. Refault of St. Peter:	27
1.1.34 Senator A.J.H. Maclean:	27

1.1.35	Senator P.F. Routier:	28
1.1.36	Deputy J.A.N. Le Fondré:	29
1.2	Medium-Term Financial Plan 2013 - 2015 (P.69/2012): ninth amendment (P.69/2012 Amd.(9)) - Part 3	34
1.2.1	Senator S.C. Ferguson:	35
1.2.2	Senator P.F.C. Ozouf:	35
1.3	Medium-Term Financial Plan 2013 - 2015 (P.69/2012): sixth amendment (P.69/2012 Amd.(6)).....	36
1.3.1	Senator L.J. Farnham:	37
1.3.2	Deputy M.R. Higgins of St. Helier:	38
1.3.3	Senator P.F.C. Ozouf:	38
1.3.4	Deputy J.A.N. Le Fondré:	39
1.3.5	Senator S.C. Ferguson:	39
1.3.6	Deputy T.A. Vallois of St. Saviour:	39
1.3.7	Senator L.J. Farnham:	40
1.4	Medium-Term Financial Plan 2013 - 2015 (P.69/2012): - as amended.....	42
1.4.1	Senator I.J. Gorst:	42
1.4.2	Deputy S. Power:	43
	LUNCHEON ADJOURNMENT PROPOSED	45
	LUNCHEON ADJOURNMENT.....	45
1.4.3	Deputy A.E. Pryke of Trinity:	45
1.4.4	Senator F. du H. Le Gresley:	46
1.4.5	Senator S.C. Ferguson:	47
1.4.6	The Deputy of St. Ouen:	48
1.4.7	Deputy J.H. Young:	48
1.4.8	Deputy P.J.D. Ryan of St. John:	49
1.4.9	The Connétable of St. John:	50
1.4.10	Deputy M. Tadier:	50
1.4.11	Deputy J.M. Maçon of St. Saviour:	52
1.4.12	Deputy G.C.L. Baudains of St. Clement:	53
1.4.13	Deputy G.P. Southern:	54
1.4.14	Senator P.F. Routier:	57
1.4.15	Deputy J.M. Le Bailly of St. Mary:	58
1.4.16	Deputy M.R. Higgins:	58
1.4.17	Senator L.J. Farnham:	59
1.4.18	Senator A. Breckon:	60
1.4.19	The Connétable of St. Brelade:	62
1.4.20	Connétable J. Gallichan of St. Mary:	63
1.4.21	Deputy T.A. Vallois:	63
1.4.22	Senator P.F.C. Ozouf (The Minister for Treasury and Resources - rapporteur):	64
1.5	Draft Health Insurance Fund (Miscellaneous Provisions) (Amendment) (Jersey) Law 201-. (P.88/2012):.....	70
1.5.1	Senator F. du H. Gresley (The Minister for Social Security):	70
1.6	Draft Health Insurance Fund (Miscellaneous Provisions) (Amendment) (Jersey) Law 201- (P.88/2012): Amendment (P.88/2012 Amd.).....	72

1.6.1 Deputy G.P. Southern:.....	72
1.6.2 Senator F. du H. Le Gresley (The Minister for Social Security):	74
1.6.3 The Deputy of Trinity:.....	75
1.6.4 Deputy M. Tadier:	77
1.6.5 The Connétable of St. Clement:.....	78
1.6.6 The Connétable of St. John:.....	79
1.6.7 Senator S.C. Ferguson:	81
1.6.8 Deputy K.L. Moore of St. Peter:.....	81
1.6.9 Senator P.F.C. Ozouf:.....	82
1.6.10 The Connétable of St. Peter:.....	87
1.6.11 Deputy S. Pinel of St. Clement:.....	88
1.6.12 Deputy A.K.F. Green:	88
1.6.13 The Deputy of St. Ouen:.....	88
1.6.14 Senator A. Breckon:.....	89
1.6.15 Senator I.J. Gorst:	90
1.6.16 Deputy G.C.L. Baudains:	92
1.6.17 Deputy E.J. Noel:.....	92
1.6.18 Deputy G.P. Southern:	92
1.7 Draft Social Security (Amendment of Law No. 3) (Jersey) Regulations 201- (P.89/2012).....	97
1.7.1 Senator F. du H. Le Gresley (The Minister for Social Security):	98
1.7.2 Deputy G.P. Southern:.....	99
1.7.3 Senator F. du H. Le Gresley:.....	99
ARRANGEMENT OF PUBLIC BUSINESS FOR FUTURE MEETINGS	100
2.1 The Connétable of St. Helier:.....	100
2.2 Senator P.F.C. Ozouf:.....	100
2.3 The Connétable of Trinity:.....	101
2.4 Deputy E.J. Noel:	101
ADJOURNMENT.....	101

[9:30]

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

PUBLIC BUSINESS - resumption

1. Medium-Term Financial Plan 2013 - 2015 (P.69/2012): eighth amendment (P.69/2012 Amd.(8)) - resumption

Deputy Bailiff:

The Assembly returns then to amendment number 8 on the Medium Term Financial Plan lodged by Deputy Le Fondré. Does any Member wish to speak? I have so far Deputy Le Fondré, Deputy Noel and Deputy Higgins have spoken. If no other Member wishes... Deputy Baudains.

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

I do not know why nobody else wishes to speak this morning. I do not know what the Council of Ministers are thinking. Frankly, I cannot believe what the Council of Ministers are asking; this amazes me. As Deputy Le Fondré said yesterday, if we are looking at it from the Assembly's point of view, yes, it is to their advantage if they can reduce their borrowing. There is a great advantage in borrowing, notwithstanding you have to give 5 per cent above. However, the States holding the shares on behalf of the public, in my view, to sell those shares, 20 million £1 shares for £20 million... the only way I can describe it is grossly irresponsible. It is the high end of financial incompetence and beggars' belief. To me, a shareholding of this nature is akin to a gilt. If you would like to buy a £1 gilt with any sort of return you are going to be paying about £1.10 for it. You are not going to write this down. While some of the members of the Council may be accountants, I am quite sure they are qualified in that regard, when it comes to investment, frankly, I wonder whether the Council could write their knowledge of financial investment with a felt-tip pen on the end of a match stick, because it is ridiculous, really. I mean when I was at school I was perfectly solid in other matters but I wonder if they have an A level in stupidity. **[Laughter]** I mean this is a complete no-brainer because you receive £20 million, it gets put into a capital project and it is basically lost. It disappears. If you keep the investment, after a period of 11 years or thereabouts you will get £20 million. In 11 years' time you will get another £20 million and you have still got your investment. Well, I have to say that if the Council of Ministers persists in opposing what I think is an excellent amendment by Deputy Le Fondré, then I shall seriously be considering votes of no confidence.

Deputy E.J. Noel of St. Lawrence:

If I may get a point of clarification from the previous speaker? Is he saying that if you invest £20 million in the Social Housing Project, that you get no income from it?

Deputy Bailiff:

Does any other Member wish to speak? Constable of Grouville?

1.1.1 Connétable D.J. Murphy of Grouville:

I was astonished to see this. I am not going to go over the old ground that has already been trampled on very well indeed by Deputy Baudains and Deputy Le Fondré, but what I would like to concentrate on, this must be referred to the Scrutiny Panel. We must have a look at this. I have a hundred questions I could ask on this none of which I think I would get a proper answer to in this House. I want to sit with the Scrutiny Panel, I want to quiz them on this because there is something that is not right. This is public money, it is not our money, it is not anybody else's money, this belongs to the public and we are not doing the right thing. I want to see a valuation of how we arrived at a figure of £20 million. I mean, come up with, I do not know, what, I have never heard

of this valuation type before that the Assistant Minister has come up with. But to me, you are throwing away an income of £1.8 million, guaranteed super-investment. £1.8 million every year, and what are we going to do with the money? I mean, I cannot work out what we are going to do with the money. So I am not going to go any longer on this; as I say, it has already been very well covered by your Deputies. I am going to ask that the House take this amendment very seriously and move it to the Corporate Services Scrutiny Panel to get their opinion so they can go into it thoroughly.

1.1.2 Senator S.C. Ferguson:

Well I am grateful to Deputy Noel for reminding Members of the very full answer to the question I asked some weeks ago in the written questions. If Members have read that, that will be helpful, if they have not I might help them a little. One of the things it said was that the States would not undertake lightly an exercise to test the marketability of these shares to a third party. Yes, fine, no problem there. But then it says: “By offering a redemption of the shares it has become more attractive to private placement bond lenders, debt financing.” And then talking about the discussions that the shareholder has had with J.T. (Jersey Telecom) it talks about the need: “The need became clear to restructure their debt financing in order to attract new external debt financing.” But, you know, I would be very interested if the Minister for Treasury and Resources would explain what sort of debt financing he has in mind and what would he expect the coupon to be. Then further on it says: “As part of the discussions, we have given J.T. a letter of support for its new strategic aims and agreed to revise the current dividend policy on a new more commercial basis” that usually means the dividends coming down: “on a new more commercial basis, in order for it to become more attractive to potential external debt financiers”; definitely the dividends are coming down. So what is implicit in the letter of support, what is the financial angle, what are the terms, what is the duration? Let me go on: “It is important to keep public sector spending under control so that the Island can remain competitive with relatively low levels of inflation.” Oh, those siren voices. I have heard that somewhere before. What more can I say? I thought (and Deputy Noel might want to confirm this) he said that he considered that the Assembly would find it difficult to understand how such a shareholding should be valued.

Deputy E.J. Noel:

No, I said the opposite. It was Deputy Le Fondré that was suggesting that States Members would find it difficult to understand.

Senator S.C. Ferguson:

Somebody said it, anyway. So I did find the Deputy’s explanation a little confusing. I spent a number of years valuing shareholdings, which makes it, I think, very imperative that we should examine the transaction. If the Assembly does not understand the transaction then it is only right and proper that we should examine it. This is one of those grey areas where it could possibly be Public Accounts Committee, or it could be Corporate Services, but since the proposition says “Corporate Services” in the Amendment it looks like we are stuck with it. There has been considerable criticism that we did not scrutinise this transaction during our scrutiny of the whole Medium Term Finance Plan. Yes, it would have been nice to scrutinise everything; we are pretty good, but we are not miracle workers. It is a bit like the economic analysis of the last fiscal stimulus, there is considerable pressure on all of us to accomplish tasks and sometimes they just do not get done. I have been examining the M.T.F.P. (Medium Term Finance Plan) section of the Public Finances (Jersey) Law. It seems to me that delaying this is delaying receipt of income. Article 9 is mainly concerned with expenditure. If this amendment is passed, then I would suspect there could be temporary funding from elsewhere until the review is completed and the transaction can be effected. Unfortunately, neither our in-house legal expert nor the Attorney General is here

so I would need confirmation of that. I cannot see that this would be too long a review, but I would have to check with my officers and panel.

[09:45]

We would need to appoint an adviser, there would be a few hearings, but it could be done without too much delay, I would suspect. But this would have to be confirmed. It would not be for want of trying. Deputy Reed commented last night, he may want to expand on this, that he wondered what the return on the Common Investment Fund was, would it not be better to retain the 9 per cent stock and realise funds from a lower paying investment such as the Currency Fund perhaps, which is what any self-respecting pension fund manager would do. If we are realising this investment for the benefit of the company, then if this is an arms-length transaction, I would expect there to be a premium on the realisation value for the States. For instance, also if the shares were sold on the Channel Islands Stock Exchange, I would suspect they would find ready buyers, and if you reduced the par value and did a split and changed them into 25p shares you would probably find it even better. And the upshot is that, yes, I think we should do a Scrutiny evaluation. I do not think it should take too long and we would endeavour to make it clear to the Assembly and to the taxpayers, who are in fact the shareholders who own these shares, what the value is and why it is being done. I urge people to support the amendment.

1.1.3 Deputy M. Tadier of St. Brelade:

I am going to look at this more so from a procedural point of view, although I think there is a basic principle here which is commonsense, whichever way ultimately we look at the withdrawal from Telecom to cashing in of our shares. There is clearly a trade off here to be done and I think the message is that what is being proposed here is that we get a worse return for our shares but we get to use the funds immediately (certainly this the position that Scrutiny is coming from through those who have already spoken) or we wait, we find out exactly what the shares are worth, because is there doubt around the value of the shares or what value we should be cashing them in? Yes, clearly there is doubt, that is why we are having this debate. So there is a trade off there but is the trade off worth it? Now who decides that? Do the Council of Ministers say who are conflicted in the sense that they need the money, that they have worked this into their budgets, they are running a very tight budget and they have already earmarked that in the same way that an individual who has got a private bank account might make an early withdrawal with the risk of getting a penalty because they are desperate for the money. But of course we know as the States, we have got many other options available to us to get the money if that proves to not be a sensible withdrawal. I am sorry if it is a very simplistic argument and analogy to make, but I think there is some validity in it. But the other point is just simply one of process. Now, I think I am correct in saying that Scrutiny cannot pull this in for Scrutiny. They cannot say: "We are not happy about this, let us take a look at this", because, of course, it would interfere with the M.T.F.P. which I think is the same as the budget. And given that is not the fact, that is not the case, and I think also given the case that we have heard arguments that this did not necessarily need to be in the M.T.F.P. today, this can be done subsequently, it can be done a few months down the line once Scrutiny has had a look at it, we really have a technicality here and what could be seen as a potential abusive process. Because if this was stand-alone proposition, Scrutiny would stand up and say: "We have serious concerns about this" they would not need to convince the Assembly with a majority and pull this in for scrutiny, they could say: "We have a right under standing orders to look at this. We are concerned and we will pull this in." Now what is happening today is Scrutiny are doing that, and yesterday they said: "We do have concerns about this. We are here to scrutinise Ministers' policy and spending" before it happens of course. Some would say: "Well, P.A.C. (Public Accounts Committee) can look at this afterwards." And what happens if P.A.C. look at it in a year or two's time and they said: "The wrong decision was made." Okay, so the Ministers have been held to

account in retrospect. The public will then see that and say: “Well, those damn States Members again, they just cannot get it right, they are wasting taxpayers’ money”...

Deputy Bailiff:

Deputy, could you withdraw...

Deputy M. Tadier of St. Brelade:

I am sorry, Sir. But: “Those States Members”... ironically, of course, the public would not have used that word, they would use something much worse, which could not possibly even be contemplated in such a place as this. And that is the reality of it. And so I would say we have a scrutiny function. If Scrutiny have concerns it would be completely wrong and perverse, I think, not to let them pull this in on a basic technicality. And if, in the best-case scenario, they corroborate the Minister’s figures, then that is good. That is good working government, it is consensual government, it shows we had concerns, we looked at them and the Ministers are right. It is a win/win situation and it gives a glimmer of hope perhaps to the sceptical public that the Council of Ministers are on the right track. If, on the other hand, the Council of Ministers have got this wrong, and it is entirely possible because they are human and they are under duress, then again it is a win/win situation because the public think: “Okay, Scrutiny does work, that they have done a job, they have held the Ministers to task” and let us do that. So, for me, this is a no-brainer, if I can use that expression which I do not particularly like. It needs to be done purely on a process basis because an issue has been flagged up and it would be completely amiss of us to ignore that when the doubts have been raised at the correct time.

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

I have been looking at this and I was a bit upset with Deputy Noel yesterday when he had a go at Scrutiny because I know from the panel that scrutinised Health, Housing and Social Security, they have had some pressure to look at the Medium Term... but not just look Health, look at the Housing transformation; absolutely up to their eyes in it. My concern about this is the Council of Ministers not saying, you know... they are absolutely against this being looked at, because basically they are saying the money will not be in the M.T.F.P. Well, look, if they are so confident their plan is right, they are selling them for the right amount of money... it says: “Tick this box, tick that box” and the Chairman is saying: “Why not a briefing?” but they are absolutely adamant that this money will not be in the M.T.F.P. What I think Deputy Le Fondré is saying is: “Go away, let Scrutiny check this is right.” Now, if you believe the Council of Ministers you should not have a problem with it, because they are telling you the truth. When it is scrutinised everything will be hunky-dory, the money will be there, 2 months down the line the money goes back into the M.T.F.P. No problem. Why the Council of Ministers... you read their comments: “There will not be any money for this, there will not be any for that.” You are either very sure yourself that your plan will come under scrutiny and it will stand up to scrutiny or there is something going on here that we do need to know about. So I support Deputy Le Fondré and I really think there are many shrouds in there, small business will not get that... we have heard that social housing will not get done; well, Deputy Noel even says so, he has made a way to make social housing profitable, which is very good. It is many, many years down the line. This can be done quickly. I do not agree that Scrutiny had time to do it, not in a million years. They are absolutely to the wire. They have done some really fantastic reports. The Council should accept this because they could lose this, and it is silly. They absolutely believe they are right, send it to Scrutiny for the, you know, 10 out of 10.

1.1.5 Connétable L. Norman of St. Clement:

My first reaction when I read this and spoke with Deputy Le Fondré was very similar to that of Deputy Baudains, Senator Ferguson and indeed Deputy Martin. Then I thought about the whole situation a lot more and, while I recognise it is true, undoubtedly true, that the preference shares if

this amendment is defeated will be sold at below market value, but that means that the value of the company will go up. It will go up because a liability of the company is removed. In fact, the less we receive for these shares the greater the value of J.T. becomes because more of a liability is removed from the company. Now, that increased value will be reflected in the value of the ordinary shares of the company. As the States are the sole and only shareholder, the taxpayer will enjoy the full benefit of the increase in value that they have created, and plus the fact, of course, that the taxpayer gets £20 million in cash to invest in projects that we want to invest in. Now to me, that sounds like an excellent deal. Senator Ferguson asked: "Is this for the benefit of the company?" The way I see it, yes, it certainly is, and if the company gets a benefit then the States gets an equal benefit and the taxpayer enjoys that benefit. It does seem to me, as Deputy Tadier says, to be an absolute no-brainer, we should do it.

1.1.6 Deputy R.G. Le Hérisier of St. Saviour:

I think a lot of us are... well certainly I am, getting increasingly confused and Constable Norman has put forward an incredible proposition which does get near to the thinking that if it looks too good to be true maybe it is too good to be true. The fact that within the Parish of St. Lawrence there exist 2 radically different views from 2 ostensibly civilly-trained experts on a highly contentious matter, really leaves, to use the language of another context in which you operate, a massive reasonable doubt. I would suggest to the Council of Ministers it might be prudent before a reference back is moved which I may move, it may be prudent to redraw this and allow, as Deputy Tadier so eloquently said, a scrutiny to take place, because I really think the confusion is getting worse by the minute.

1.1.7 Connétable P.J. Rondel of St. John:

Like others, I have grave concerns. So going down the road of what the Council of Ministers are proposing, the M.T.F. Plan, I would say they are hoodwinking the Members here today. That is the way I see it, and not only the Members but the public. You see, most of us have savings; some small, some substantial. Would you remove money from secure government accounts paying you 9 per cent? Would you really move that and invest it in other areas or sell an investment for approximately 30 per cent less than it is worth? I do not think you would. At the moment, the world is upside down. If you take something out of your 9 per cent... (I know I would not) I think most of us would be thinking twice about our nest egg and to me that is a nest egg. It can be dressed up as you like, Minister for Treasury and Resources, but I have got concerns. I asked the Ministers to think seriously about what has been said about having this reviewed by a Scrutiny panel. You see the world is global melt down, you know, whether it is next month, next year, or eighteen months down the road. America has been spending more than it should. It spends, shall we say, \$1.50 for every \$1 it has got. The U.K. (United Kingdom) and Europe are in a similar state of affairs. The recession is far from over. You just hear the news at 5.30 a.m. this morning and the financial reports, yes they are going to probably going fudge it in America for a few more months but we have got a lot more pain to come. Really, we have to be that much more prudent, more careful, and if Scrutiny can have a look at this and tick all the boxes, that is what is being asked for the Minister to do. I could not support this at the moment, I would be far more encouraged if this was taken away for a few weeks and come back and let us have the report from Scrutiny, who will have done a lot more homework on this.

1.1.8 Senator A. Breckon:

I think there are a number of issues here but generally in the investment scene if something sounds too good to be true it probably is. People have lost money because they have been conned into believing with a high rate of return that something or other would happen in the future and there have been things such as investments linked to mortgages, and things like that, which have not

come to fruition. So it is a case of *caveat emptor*, buyer beware, so what is it in this case then? I mean this is not some company that is kicking a tin down a back street, this is a company that is established in the local community, and it is not a Ponzi scheme of any sort.

[10:00]

If we look at the current interest rates (I checked yesterday) some accounts do not get any interest at all, nothing, and many are under 2 per cent. So is 9 per cent a good rate of return? If we take this money, where are we going to get 9 per cent? If you go out there in the street and ask people, you know, pensioners who are struggling: "If you have got £100 and you get 9 per cent interest, are you interested?" and they say: "What is the catch?" Well, in this case, there is not, although there might be but we do not know what it is. So, many people, I believe, would snap this up. Do not forget that we are talking about Jersey Telecom and to some extent in the local community. They have had a licence to print money because they have been the only operator for a long time. Now that is not the case: they have got income from fixed lines, the mobile market is on the increase. Again it is solid business, and there is growth there; they are diversifying into other areas and there are all sorts of gizmos, some of which I am surrounded by, which are on the market, which people are playing with, which cost money to run. So, it is good business. So, it is quality earnings they have got; it is not some dodgy scheme so why are we backing away from it? That is the question I want to know. Why are we backing away from something as solid as this? Something that came to mind was when a former senior politician in the U.K. decided to sell some of the gold reserves, he sold them at just over \$300 an ounce and it is now over 4 times that, I think, or more. So, are we getting out of this at the right time? The answer to that is probably we are not. I think that with Jersey Telecom, they have been fairly dominant in the market. They delayed the competition on mobile number portability and they have profited from other things and now they are charging us for broadband that we paid for to be unlimited, so they are very inventive at making money. So we will not have any problem with J.T. making the money; they will do that, they will think of other things. They are a bit like airlines in that case, charging you for your suitcase and stuff like that. J.T. will think of ways of making more money. We need not worry about that. So, I think we, as the shareholder, are getting a good deal so let them get on with it. Now, if they are paying this, if you look at it in hard terms, we are getting £1.8 million a year on a sum of £20 million. So in other words, in rough terms, in 11 years, we have got the money back and we have still got the £20 million in the company. If, as the Constable of St. Clement has just suggested it increases the value of the company, we will never realise that unless we sell it. Unless we sell Jersey Telecom, we will never realise. We can put it in the accounts, which is very clever because it looks good, but that is all it does. It is not hard cash that we can do anything with. It increases the value. Okay, we will sell the company and then we will get it. If we do not sell the company then it does not matter. The other thing I think Scrutiny can do, which is what Deputy Le Fondré is asking, is that they can give this credibility because if it is rock solid and as watertight, and it is the right thing to do, then Scrutiny will say so and they will get some independent advice to do that, because what Deputy Le Fondré is asking us to agree to is to request the Corporate Services Scrutiny Panel to undertake a review. That is all. If they say that: "Yes, this is the right thing to do" they will say that because they will get independent advice. They will come forward with something that is commonsense, that we can relate with. It will be a check and balance, which our system of government is supposed to have. Where is it? This is a challenge, if you like, for check and a balance which is what we are supposed to do. It will give an independent view from Scrutiny and some professional advisers. In my opinion, it will be mostly a desktop project: you will not need days of hearings and lots and lots of witnesses. I do not think that will happen. That professional opinion will inform us of what we should do and I think we need that because as somebody said yesterday, I think it was Deputy Le Fondré when he presented this, that the Treasury and the Minister for Treasury and Resources said themselves that they have not had an independent opinion about this. Now, that has

happened in other areas. For the sake of whatever it takes, 3 months, I think that is worth doing. Even at this stage, I would ask whoever is responsible, whether it is the Chief Minister or the Minister for Treasury and Resources, to really think about that and accept this for now because it will not do any harm because nothing is going to happen very quickly. I think Scrutiny, through the Corporate Affairs Panel, could get something in place and do this within 3 months perhaps, because it is not a long-term thing. As I say, somebody could get a paper committal of what the situation is and they could do that. There is a lot of money involved here because, as I say, that is £1.8 million in interest on this. Okay, the company have to pay it and the company certainly will benefit if we agree to this but I do not see how we, as the shareholder, and the people of the Island will benefit: I do not think it is going to reduce any of their bills or anything like that. I do not think it will feed down that far. For those reasons, I think this is well worth supporting and I think it is an excellent example of where a Back-Bencher has brought forward something that has looked at the detail, and something worthwhile, and hopefully, some good will come out of it. If Deputy Le Fondré had done nothing in the past and does nothing in the future, then this alone, I think, merits his place in this House.

The Deputy Bailiff:

Can I say to Members that Senator Breckon continued admirably in the face of quite a large buzz in the Assembly from time to time and, as matter of courtesy to the speaker, it is better not to speak among yourselves while he is speaking. Thank you.

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

There are so many red herrings running here this morning, I wish I had brought my fishing rods in. I wonder sometimes, if I have read a different Medium Term Financial Plan to some of the people that have spoken, and I think the Constable of St. Clement put it very eloquently, and I will not repeat what he said. Being a simple soul, we own 100 per cent of the company today. We are going to cash in our preferential shares, take £20 million out and we will still own 100 per cent of the company. What is wrong with that? That is releasing money for use. We are not selling the shares to some third party. We own 100 per cent of the company today; we will own 100 per cent of the company tomorrow, if we sell the shares. I cannot understand what all the problem is about. Our preferential shares will be gone. Our normal shares will be there, they will continue to have dividends and probably higher dividends than they are currently experiencing. We will have the use of that £20 million. We have still got the family silver. I really do not understand the problem.

The Deputy Bailiff:

Does any other Member wish to speak?

1.1.10 Senator I.J. Gorst:

I think I have said, and you are probably well aware, that if you get 2 lawyers in a room, you are likely to get 3 or more opinions. Present company excepted [Laughter]...

The Deputy Bailiff:

Only one of them will be right, Chief Minister [Laughter]

Senator I.J. Gorst:

Indeed, Sir. That is why it gives me no pleasure to rise and end up having an accountant's debate. Because, perhaps I should let you into a secret, and the accountants in the room are well aware of that: there are a myriad of accounting standards and ways that one can value and accountants can do some very interesting things with numbers, so I will simply leave it at that. That is why I find it a little bit surprising that my colleague on 2 fronts is asking... and the premise of his entire proposition is, I believe, his third paragraph in his report which says: "The very simple query is

why are we realising something which pays a very good return, for less than it is worth?" This is where, I believe, that perhaps the politician (and we have 3 accountants who are also politicians so we need to be careful when we are speaking as accountants and when we are speaking as politicians) is using the term "worth" rather than the term "value." That is quite important because he knows and I know and Members know that we can use a number of valuation approaches to reach different values and we can record in different ways, as required by different accounting standards, different values. Therefore, I suspect that the premise of this may be perhaps more political than it is the accountant speaking. Why do I say that? Because in the Medium Term Financial Plan, the Council of Ministers are proposing that these preference shares are redeemed at their nominal value. The Deputy is suggesting that we should be redeeming them at their accounting value as shown in the accounts. He might be nodding his head there.

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

Sir, may I just correct the Chief Minister. It is the fair value per our account.

Senator I.J. Gorst:

There we are, proving my point as shown in the accounts. We also had another Member of Corporate Services suggesting that he had never heard of the dividend valuation model, which does surprise me because it is a well-used model and, as the Assistant Minister for Treasury and Resources explained, it looks at the future value of dividends and then rolls it up and puts it into the balance sheet as an appropriate value. What is, therefore, the true value? The Deputy used the fair value for the accounting valuation. Well, it is like the value of many, many things. Accountants can come along and perform their marvellous works and create a value, but the value is what a willing seller is prepared to sell them for and what a willing buyer is prepared to buy them for. Why, is that important with regard to the debate that we are having today? Well, quite simply, it is important because if we are going to realise any value different to nominal value, that is the £20 million, if we are going to realise any value other than that, it needs to be sold to a third party and the Deputy has not really touched on this issue or that issue in his proposition. We have seen people supporting the Deputy this morning. Some, like Senator Breckon, who obviously are saying we should not sell these shares and we should not sell shares in Jersey Telecom. That recently has been - well, I say recently, it is probably a hundred of years ago now - the subject of a debate in this Assembly and I was not in favour of selling Jersey Telecoms and I believe that decision has proved to be the right one. When we boil the argument down that we are having today, it comes down to do we want to sell these shares? Do we want to dilute our control and our value in Jersey Telecoms? I believe that the answer to that remains "no" and that is the position that I think is appropriate. If we park that issue to one side, that is an issue that could also be seen to be the premise of this amendment. So, let us park that. Members may have differing opinions about whether we should sell these shares to a third party or not. The Chairman of the Corporate Services Panel suggested we could have a public offering on the Channel Island Stock Exchange. We may raise £29 million for them; we may raise more. We would have to change some of the governing rules of the company and we would have to understand what control we were giving away if we were going to do that. We may, of course, raise less than that. Then we come down to the, I will call it the "coupon rate" (of course, it is not that) the return rate of 9 per cent on the preference shares and a number of Members have suggested that we would not get such an investment with such a return elsewhere. Now, I hate to disappoint Members but we have already been getting 13 per cent on the ordinary shares, so perhaps you could argue that maybe we should have redeemed these preference shares earlier.

[10:15]

But we come back to the facts; that the States owns 100 per cent of Jersey Telecom. Jersey Telecom makes profits and the dividend policy is agreed with the Treasury Department and we take those profits. We have an entitlement to 100 per cent of those profits, so we have not really been concerned that these preference shares realise only 9 per cent return and the other ordinary shares are realising 13 per cent return, because we have this entitlement because of our 100 per cent ownership to all of that return. That also is a very important issue because that means if we redeem these shares, as the Council of Ministers is suggesting, we still retain entitlement to 100 per cent of those profits with the negotiated dividend policy. We know that that policy is due to change in light of Gigabyte Jersey, but we have all accepted that. We recognise that that is a very positive investment in our community and it is going to drive economic growth. I have just lost track of my thought there, for which I apologise. I do not think that I have got much else to say on the actual issue itself. It makes eminent common sense to be redeeming these shares at nominal value, retaining 100 per cent ownership and therefore 100 per cent entitlement to the return in Jersey Telecom. Other Members have suggested: "Well, Jersey Telecom have said that they have got a long-term or medium-term strategy going forward and they want to invest and grow into the future" and I accept that. I think that is exactly what they should be doing and that is one of the reasons why I felt the States should retain that 100 per cent ownership. But as we know, companies change, they must restructure, they must look to financing in the private sector and Jersey Telecom's benefit that they are getting out of that is that they will redeem these shares. That will, because of the way that companies operate, and because of the way private financing operates, mean that they are able to have access to extra capital and they will be able to grow even more and invest even greater sums, be it in our community or elsewhere in the world. Why should they simply look and grow their market share in Jersey and the Channel Islands? We want them to not be restrained necessarily by those parameters as we would encourage every company in our community not to be constrained by the parameters simply of the Channel Islands. So, it is positive for them in that respect. There is no diminution in value to the taxpayer so what is, then, the benefit to the taxpayer? The benefit to the taxpayer is that we, like every single other investment holder, must look at the way and review the way we are holding our investments, certainly capital investments, and ask if we are getting the best value for money or should we be re-allocating one area of capital into another area of capital? This is the proposal that the Council of Ministers are putting before the Assembly and that is that we are investing in other infrastructure and other capital projects that this Assembly believe are important and are critical to our future. I am quite keen on management theorists, and you may not have realised that about me, and one of my favourites is - and it is something I share with the Minister for Treasury and Resources, there is a confession - the theory of win-win. This is absolutely a win-win. It benefits the company for the reasons I have said: for access to extra capital and therefore growth, and therefore investment. It benefits the taxpayer because it allows it to transform one capital investment into another one for the benefit of the community and I cannot see where the loss that many Members have spoken about this morning occurs. There is no diminution in value, there is no diminution in the right to 100 per cent profit that the firm makes. I really am at a loss to understand where any loss could be. It is win-win. I ask that Members do not support this amendment but they allow us to invest in the capital programmes which are going to benefit the future of this community, areas which have been long overdue and we should have been investing in years ago, but we will overlook that for the purpose of this debate. I ask, with respect, that Members do not support this amendment but they allow the re-profiling, they allow the win-win to take place.

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

That was an interesting, fascinating, peroration. First of all, we saw the invention of a new profession: the "accountant-politician", of which we are told there are 3 in the room.

Deputy J.A.N. Le Fondré:

May I just ask the previous speaker on a point of correction, because the Chief Minister, as an accountant, has got his numbers wrong: there are 4 accountants in this Assembly. [Laughter]

Deputy G.P. Southern:

I believe that makes my point for me. But the prospect of an accountant-politician being the profession of choice of anyone fills me with dread. We are almost on to a philosophical discussion. We got into the difference between worth and value and then we got fair value and then we got true value. It will be an interesting conversation around what that might mean and how they are different. But, basically, I am a layman. I do not profess to understand accounting books and, when I try, it sends me to sleep. Halfway through the speech, the accountant-politician that is the Chief Minister lost his track and lost his way and stopped at about the same point that I did, because I had lost all sense of what was going on. But then he picked up and he got really enthusiastic. In fact, I have rarely seen such passion from the Chief Minister [Approbation] and all of a sudden, this was the best thing since sliced bread. I fear, however, it was not the politician speaking to me, it was the accountant [Laughter] and that indeed, does fill me with dread. So I am asked to make a decision about money and shares and ownership, about which I know nothing. So, what am I going to do as a layman, a mere politician in this Chamber? I am going to vote for the accountant that I trust [Members: Oh!] and the criterion for my trust is which of the voices speaking today is most likely to be independent, because what I am told to seek whenever I look at my own finances, is to seek independent financial advice and make sure that they are independent. I look at the faces around me and I think: "Which shall I trust?" When I make my decision on trust, I think about the words I have heard and in the enthusiastic tail-end of the speech from the Chief Minister, he made a fatal mistake for me: he used one of the weasel words, which means nothing, which can mean anything. He said: "It is common-sense." At that moment, he lost my vote.

Senator I.J. Gorst:

Perhaps I could apologise to Deputy Young at this point. I think he was the fourth accountant that I miscounted.

Deputy J.H. Young of St. Brelade:

No need to apologise. I am hoping to speak in a moment.

1.1.12 Senator B.I. Le Marquand:

This is one of those occasions when I am very happy not to be an accountant, but merely a lawyer with some arithmetical and logical ability. I was surprised though by the opening comments of the Chief Minister in relation to the 2 lawyers in the same room with 3 opinions. I have long experience of such matters. You might be surprised, because it was only 3 opinions. But there we are. There are, in my view, 3 issues here: the first issue is the cash flow issue in relation to the 9 per cent preference shares. If the States of Jersey were not the 100 per cent owner of the ordinary shares and therefore, of the equity of the company, then Deputy Le Fondré's argument might have some strength. But we are 100 per cent owners so what is the real effect in relation to cash flow? To make my argument I will assume an arbitrary figure that there is in any given year from J.T. available £5 million to distribute. So, what happens now? Well, out of that £5 million, £1.8 million goes to the States by way of preference share but because that has already been paid, that then reduces the amount available by that sum so all that is left to be paid out in that year is an additional £3.2 million. £1.8 million plus £3.2 million equals £5 million. Let us say the shares do not exist because they have been redeemed. What happens then? Well there is nothing to come from the shares but there is £5 million still available. Nought plus £5 million equals £5 million. So, in terms of cash flow, it makes absolutely no difference whatsoever and that is where the cash flow arguments which have been put forward this morning just do not stand up to any of kind of examination whatsoever. The same amount is going to come out either way whether the shares

exist or whether the shares do not exist. Now, the Connétable of St. Clement then started to deal with the same issue but looking in terms of the value of the company. I am not going to repeat what he said there. I agreed with him in relation to that except for one issue which I will come to now. Because this is what I think is the real nub of the issue: to pay off the £20 million preference shares, the company will presumably borrow that sum on the open market. That then has the effect of providing the £20 million in capital which can then go into our funds to pay for the capital programme which is in the business plan: a very important capital programme. But, this is where I differ from the Connétable of St. Clement. That is not a complete freebie; there is a cost to it, and the cost arises in this way: because the company will have had to have gone out and borrowed the £20 million, in place of the previous preference £1.8 million figure, it will then have to pay interest on whatever rate it has to pay on the £20 million. That interest payment, in my hypothetical example of the £5 million available, would reduce the amount available. So, there is a cost but it is a lower cost than 9 per cent but nevertheless, it is a real cost and we have to take that into account. So, in my view, the practical argument has no validity whatsoever. The argument in relation to the sale of the item, I now need to come to. The problem with the valuation, the paper valuation of this, is that it is precisely that. It turns a real valuation... if hypothetically the States of Jersey were to decide that we wanted to sell these items, there would be major problems in going out into the marketplace because there is no guarantee that the 9 per cent will continue to be paid for ever.

[10:30]

If one was going to go out into the marketplace as if it were the equivalent of a 9 per cent bond, people will want to know, in order to value it: "How long am I going to receive that 9 per cent for?" That is a major issue because there is no certainty of that and therefore it is not currently marketable. That was the point, I think, that Deputy Noel was trying to make. But there is another point and I think this was the point the Chief Minister was trying to make, and that point is this: would we want to sell them in any eventuality with the present arrangement? In other words, would we want to give away indefinitely, for a long period, the £1.8 million a year which constitutes the interest payments on this, thus permanently reducing for the period of that loan the amount of our dividend? Of course, the answer is: of course we would not want to do that so the arguments in relation to valuation, the arguments in relation to sale valuation, in my view, become entirely irrelevant. In my view, it is a simple issue as to whether we are happy, in order to receive the £20 million capital, that J.T. go out and borrow that on the market thus reducing the available dividends by the sum of the interest payments which they make. I am perfectly happy with that. That is what it is all about. In my view, the other issues are side issues but that is the real issue we have to decide today.

1.1.13 Senator P.F.C. Ozouf:

I know that there are a number of Members outside of the Assembly who have been asking absolutely legitimate questions and I hope that they are going to be listening to what I have to say because I do not want to put Members in a difficult position. I have asked for the Attorney General to attend the Assembly in order to make sure that I am not going to be saying anything that is inaccurate in terms of the obligations that I have in terms of putting an M.T.F.P. which balances. I should start with a confession: again, the numbers of accountants were not quite right so I do need to confess that I am three-quarters an accountant because I did 3 out of the 4 examinations of the Chartered Institute of Management Accounting; I did not finish my exams because I went on to do other things, but I was told that I would be a better business person if I did accounting, by my Hungarian professor and it was tortuous but I did pass the first 3 and I went on to Africa to do the rest of them. But I did do some double-entry bookkeeping, and so I am able to ask some questions of my officials about accounting matters, and sometimes it is quite important to keep it quite simple. The issue of advice as to whether or not the Treasury has taken advice on matters and

whether I have taken advice on this matter: with respect, I do not sit there and come forward with these proposals and just pop them in a proposition. I am advised and I am not saying that we have got too many accountants in the Treasury but we do have a Treasurer of the States with a statutory function. I am greatly benefited by a qualified accountant in Deputy Noel and I think I have counted that there are 20 other accountants, all qualified, all giving me good advice. We have got an excellent accountant who deals specifically with investments and we have got the Director of Financial Planning and we have got the Deputy Treasurer. So we do not come to this Assembly just simply without good advice. I really do not want to put Members into a difficult position, but I would just quite respectfully say to Members that we lodged an M.T.F.P. in July in order that there was lots of time, in order to identify problems and resolve them before we got to the debate and that is why we held 2 quarterly hearings. I think we have held probably more with that with the Corporate Services Panel, and I do have the interchange of questions that I had with Senator Ferguson on this issue. There were lots of questions asked about this issue and I understand why. We have put a section in the white folder about it, we have done a separate issue about the Q. and A.s on it and I find it a little bit difficult to say that we have not done quite a lot to explain it because I thought we had, and certainly, we had submitted ourselves to the Scrutiny Panel on it. Before dealing with the fundamental problem that I have got with the amendment, I think I should just respond to the absolutely quite legitimate questions that a number of Members have raised. Deputy Higgins last night asked whether this has got any issue to do with Gigabit. I am pleased to confirm that it does not. It is 2 completely separate transactions. We agreed with J.T. that we would fund from the Currency Fund the investment in terms of Gigabit and that was an entirely separate matter and so there has been no change in the Gigabit issue. I have got an update on the Gigabit proposal which I only received last week from J.T. and I am going to send that to Members in order to provide an update. I am pleased to say it is absolutely on track and it is doing really well and now, dealing with the Digital Jersey initiative, it is absolutely excellent and I am delighted with the progress. Sir, Deputy Baudains is not in the Assembly. He said he would bring a vote of no confidence because it was such a stupid idea. Well, I have three-quarters of an accounting arrangement or qualification. With the greatest of respect to Deputy Baudains, he is saying that all the advice that I have from my Treasury officials is wrong. So he is asking for a vote of no confidence of the advice that I have got from the Treasurer, and I thought that was a shame. Senator Breckon raised a number of other issues which frankly, are not related to this. If he has got beefs about J.T., about their pricing charges, then those... we have now separated out the regulations and the ownership issues and those issues, if he has got issues about the cost of Wi-Fi or the cost of broadband, then those are probably issues that need to be dealt with the J.C.O.A. (Jersey Compliance Officers Association). That is a bit of a red herring in relation to this and I would not punish J.T. or the Minister for Treasury and Resources if I may say for other issues that J.T. may be doing in relation to costs. Deputy Southern has spoken about independent accountants and who he would trust. I just want to repeat to Deputy Southern I have formal advice, written advice, from the Treasurer, from the unit that deals with the investments of the States and the fundamental question is: why are we doing this? I know it has already been said but I need to say it again. We are doing this in order to get an extra £20 million in order to fund the capital programme, doing if I may say exactly what Deputy Le Fondré was saying we should be doing in getting an extra dividend from S.o.J.D.C. (States of Jersey Development Company). He said we should be using all the available resources and he is absolutely right because that is what the F.P.P. (Fiscal Policy Panel) said: "Use all available resources in order to inject in capital programmes in order to get fiscal stimulus" and that is exactly what we are doing. To Senator Ferguson: I was almost speechless when I heard that she said that we should be using the Currency Fund to find the extra £20 million. Senator Ferguson has previously said that she is not happy with me using the Currency Fund. Well, I know that she is not happy with me using it but I have already used the extent of the Currency Fund that I can. I have used the Currency Fund for the investment in J.T.

and the planned investment in the Housing Department Transformation for the Housing. So, I am afraid to say to Senator Ferguson, if she has now come round to using the Currency Fund, that is great, but I am afraid I have got no more money in it.

Senator S.C. Ferguson:

It would have just given me another thing to argue with you about.

Senator P.F.C. Ozouf:

Well, it is nice to argue but we have got to make decisions and we have got to make decisions today and I will explain to Members why. I understand why Scrutiny wants to scrutinise it: that would have been great. I thought they had: questions and answers, all the rest of it. We had made ourselves available, I think, in a way that has been unprecedented in terms of a proposition. We have made ourselves available for questions and now we are in the last chance saloon and my problem is that if I do not get... and there are 2 parts to this proposition: if we do get the amendment through, if Deputy Le Fondré is successful in the first part of his amendment, I do not have enough resources to put to the Assembly the capital programme that we have put forward because there is not enough money in the Consolidated Fund and that is against the law. I have asked the Attorney General to attend upon the Assembly in case I am absolutely saying anything that is incorrect. My understanding of my obligations is that I have to put a budget which balances, which does not overdraw the Consolidated Fund. We need a minimum balance in the Consolidated Fund for all of the reasons that other Members have been talking about in terms of uncertainty, and I am afraid to say that we do not have £20 million for the capital programme and if that amendment goes forward, we are going to have to reduce some capital projects. That is not a threat; it is the fact. If we do not have this £20 million, I cannot put the capital programme forward. I invite the Attorney General just to confirm, because I do not want to mislead the Assembly; I want to make sure that I am saying absolutely the right thing, but that is the basis on which we have done. May I invite the Attorney General just to address us on that matter.

1.1.14 Mr. T.J. Le Cocq Q.C., H.M. Attorney General:

The Minister is correct when he says that he is not in a position to put forward a plan or a budget which would leave the Consolidated Fund in deficit. In fact, Article 9 of the Public Finances (Jersey) Law 2005 at paragraph 3 sets out one of those rare circumstances in which the Medium Term Financial Plan can be changed in any way, and that is where there is to be a shortfall and the Consolidated Fund would be overdrawn. So I think that the Minister is correct when he says he is not in a position to bring forward any recommendation which would leave the Consolidated Fund in a deficit position.

1.1.15 Senator S.C. Ferguson:

If this particular proposition would reduce income, would it not then be possible to receive the income after the delay and temporarily bridge the alleged gap on the consolidated funds with funds from another source?

1.1.16 The Attorney General:

The section in the Medium Term Financial Plan that applies, that has been spoken about today, sets out the maximum sum that can be spent in terms of capital projects. It is always open to approve a maximum sum but if the money is not there, clearly a budget could not be put before the States which purported to spend money that it did not have. I would have to just give a little bit more thought as to the effect of this particular proposed change and perhaps I could have a minute or 2 in order to do that.

1.1.17 Deputy G.P. Southern:

May I ask the Attorney General a question? Is it not the case that while the Minister cannot propose an on-balance budget, he can take it away as he has done in the past when business plans have been amended, but re-balance it by finding another source for income or whatever it requires? Is that not the case?

1.1.18 Deputy J.A.N. Le Fondré:

May I also ask a question: in the M.T.F.P. itself, under the section for Jersey Telecoms, it states that: "If this proposition is not approved" which I presume is part (f): "then certain expenditure identified in that proposal will be funded instead from borrowing." The point is it seems to me that there has already been a consideration if the part (f) was not considered anyway. So I am trying to stack up the statement from the Treasury in the M.T.F.P. against the statement the Attorney General has just made.

The Deputy Bailiff:

Are there other questions for the Attorney General?

1.1.19 Deputy J.H. Young:

If I can just ask the Attorney General, during the Corporate Services Scrutiny Review, the question came up as to what is the status of the capital sums being included in the plan, and I would like if the Attorney General could check or confirm our understanding that the amounts for capital here are indicative and that the real approval of those capital sums takes place in the budget. Could I have clarification on that point, please?

1.1.20 Deputy M. Tadier:

Would the Attorney General confirm whether he thinks the wisdom or not of whether to realise these shares or to refer to Scrutiny is ultimately a political matter?

Connétable D.W. Mezbourian of St. Lawrence:

My question is for clarification from the Minister for Treasury and Resources, if I may, before he resumes his speech. He was referring to having been questioned by the Corporate Services Scrutiny Panel and he waved some paper around with the questions. For clarification, will the Minister advise the Assembly whether he was asked questions specifically about these preference shares?

1.1.21 Senator P.F.C. Ozouf:

I will respond to the Connétable of St. Lawrence initially. Yes, indeed, I have got the transcript of the meeting that I had with Corporate Services on 17th September. I have not got the note before. There is an issue. Senator Ferguson asked, we were dealing with the St. Saviour's parish hall issue, and then there is the Deputy of St. Ouen asking me questions: "Has this got anything to do with Gigabyte?" No. Deputy of St. Ouen: "Why are you raising it?" No, I explained it. Treasurer for the States intervened, Minister for Treasury and Resources. Deputy of St. Martin asked some questions.

[10:45]

Basically, I was asked and I am happy to pass it to you. I am happy to pass it to the Connétable, and indeed, circulate the minutes. I would also respectfully say to the Members, that we also produced... and I know these are one of these issues that the Assembly finds difficult because this is almost one of the things, almost executive government trying to do it as a committee of 51. But I did also do a one-page summary of the Q. and A. (question and answer) which I circulated to Members and I would also point out that there is a section in the white binder about it. So, I thought, with respect, that we had done quite a good job in explaining something which can be

complicated if you are not an accountant. I needed to get my debits and credits right about this in this issue. My understanding of the situation is that yes I could and the Attorney General will, I am sure, answer the questions. If we knew there was a problem with this before, we could have looked at other ways of finding £20 million. But let us just think about what those are. Either we go out ourselves and borrow, or we basically take a withdrawal from the Strategic Reserve. Those are the 2 options. Now, I am looking at borrowing for the hospital but I am bringing forward potential options for borrowing after getting an awful lot of advice and that is what we are doing at the moment. We have engaged a firm working with Housing, working with Health, and I am just agreeing with the Chief Minister of putting a governance body in place to do that process. If we are going to borrow - a big step - I want to do it properly with advice and that decision will not be taken until June or September of this year. So frankly, I am not prepared without advice and I would need to get all that advice done before December and lodge a proposition to the Assembly. I need permission of the Assembly to borrow, I need proper advice and I think I would be scolded even more in trying to rush Members in relation to popping a proposition at the last minute to go and borrow £20 million. I also do not think that I do not need any advice to tell me that we should maintain the strategic arrangement reserves that we have. This is using J.T. capital: they owe us £20 million, we want that £20 million back for cash flow, they are going to borrow it elsewhere. That is exactly the principles that I set out, agreed in the Strategic Plan and what I have explained on lots of occasions in terms of managing the balance sheet. I am doing exactly what I have said I was going to do, I have done exactly what the F.P.P. has asked me to do, and indeed, I am doing exactly what Deputy Le Fondré was trying to achieve in S.o.J.D.C. So, I would say to the Deputy, he cannot have it both ways. I would say, and I just want to just reinforce the points that Senator Le Marquand made and the Connétable of St. Clement: if this was an entity which we did not own 100 per cent of, I would not be bringing this preference share and I will say to Members that there are other preference shares the Treasury holds. We hold preference shares with Jersey Water, and we evaluated and I got advice from the Treasury on whether or not we should cash them in on that occasion, because we do not own 100 per cent of it, we would be giving something to the value of the minority shareholders. On this occasion... and this, with respect to Deputy Le Fondré, is an argument I have been having with him, I think, for 3 years, is that if you own something 100 per cent, you should be fairly relaxed about where you are doing it. Whether or not the value is in J.T. or the Treasury, frankly for taxpayers, it does not matter and I would respectfully say to Deputy Le Fondré, I think he went to a good accounting school but I learnt double-entry bookkeeping and I am afraid he cannot say to the Assembly that there is free money. He has dangled in front of the States the opportunity of getting more money for these preference shares. Well, if we could sell the preference shares, if the States is really serious in diluting the ownership of shares with J.T. which I think is a big issue which would require good advice, proper scrutiny, independent evaluation, if he is seriously suggesting that that is an option (which would be what he is proposing, because that is all he has got to say) he is just saying: "Could you sell them to somebody else to get a greater value?" I am afraid to say, other parliaments have told themselves that there is free money. Well, we have never done that. If somebody is offering you something for nothing, you doubt it and I am afraid to say to Deputy Le Fondré, he is offering us £29 million but I did double-entry bookkeeping on those tortuous 3 lots of examinations I did, I found it difficult and the double-entry is this: if it is £29 million - which is just a theoretical issue - if you can get it, you get £9 million more, but you de-value the value of the company. It is as simple as that. There is no magic, there is no confusion. I learnt this on day one of my accounting: there is no free money. In his summing up, I would just ask Deputy Le Fondré to confirm that even if, and it is a big if, is it not, that we would sell these preference shares and we get an extra £9 million, please can he just confirm that whatever pound over £20 million is a diminution in the value of J.T. I am sorry, I did not get the final qualification, I am not an accountant but I understand the basics: there is no free money. It is either getting the additional money and banking it, but you devalue the company. I would say that that is not the

reason why we are doing it. We are doing it because we own 100 per cent of it, we are getting the cash flow to put in the capital programme and I am putting that capital programme money in to do the Minister for Housing's capital programme, to do the other capital programme, and importantly, the task that the Minister for Economic Development set this Assembly and this Assembly signed up to the Economic and Diversification Strategy and we signed up to the Innovation Fund and £5 million of that is going in the Innovation Fund. I have been totally transparent, I have explained it absolutely and really frankly, I have enjoyed on occasion, good discussions with Deputy Le Fondré on accounting matters, and I know we disagree on some things. There is no free money. Is a review going to come up with anything? What could a review come up and say? Sell the preference shares? Well, then we have got a massive piece of work in order to try and then get this Assembly to approve a dilution in the value of the ownership of J.T. Do we really think that is possible? So, what are the alternatives? I either go and borrow the money or take it from the Strategic Reserve. When we have got an entity that owes us money, they can borrow the money more cheaply, they can get it to us straightaway, it does not affect anything else, it is just simply a sensible decision. I know it is complicated, but that is as simple as it is and I will respond to any of the questions that the A.G. (Attorney General) wishes to do. Perhaps it is time for him to intervene, Sir, if I may, if he is ready.

Deputy J.A.N. Le Fondré:

Sir, may I just ask a point of clarification from the Minister and it is only a memory refresher. Was he a Member of Finance and Economics in 2002?

Senator P.F.C. Ozouf:

Sir, I could speak at length about these issues...

Deputy J.A.N. Le Fondré:

It is a very simple question: was he a member of Finance and Economics?

Senator P.F.C. Ozouf:

Yes, I was. I was responsible for changing the arrangements with J.T. I brought the proposition to the Assembly to separate the ownership and regulation and I sat on Finance and Economics and I brought the Telecoms law to the States. So, if the Deputy wants to take me on in relation to the past issues of J.T. and the legal issues, I am afraid I did it. So, I understand absolutely about it and at some point, it was going to be repaid and 9 per cent was a good interest rate then. It is not a market rate, and frankly, from J.T.'s perspective, it is not right that we are charging them 9 per cent.

The Deputy Bailiff:

Attorney General, are you able to deal with these questions?

1.1.22 The Attorney General:

I hope that I am going to deal with all of the questions but, if not, I am sure people will jog my memory. The Medium Term Financial Plan is a framework. It is a framework which prescribes the maximum figures that can be used over the 3-year period. Once those maximum figures are established and the Medium Term Financial Plan is adopted, it is impossible in the subsequent budgets to bring forward in aggregate a figure that exceeds that prescribed by the Medium Term Financial Plan. If this amendment were to be accepted by the States, it seems to me that the overall framework for expenditure would remain the same but that the identified source of funding would be taken away from that. The final approval for how monies are spent in any financial year comes at the stage of the budget and it is not until the budget is approved that specific amounts can be used for specific purposes. Accordingly, if there is no source of funding available at the time of the

budget, it would not be open to the Minister for Treasury and Resources in my view to put forward those heads of expenditure because they would effectively be unfunded and he would have a responsibility to put them forward in a manner that was properly funded. Of course, if an alternative source of funding was identified in the intervening period between the adoption of the Medium Term Financial Plan and the budget, then it would be possible because it would be within the framework approved by the Medium Term Financial Plan for that head of expenditure to be put forward at the budget. I obviously cannot possibly comment on the principle of the sale of shares; that is, of course, a political matter. Although I have not done it in the right order, I think I have covered the points that were posed.

1.1.23 Senator P.F.C. Ozouf:

In conclusion, I am grateful for the Attorney General and I apologise to Members but that is why we lodged the plan a long time ago. We put a capital programme; we have discussed the importance of a capital programme. With the benefit of an iPad, I have now had a further piece of advice from the Treasurer about exactly what the consequences of not doing this are. If we would not get, effectively, the £20 million, then there are a number of issues... and I promise this is not shroud-waving but this is the advice I have got from the Treasurer: the capital programme would need effectively to relook at issues that we have got next year in the capital programme and obviously there is the issue of children's homes, there is the replacement health assets, there is the issue of the £2.2 million of identified alternatives. If I do not have the £20 million, I cannot basically fund the capital programme and the most important thing really is the issue of the Innovation Fund. If you have not got the money, there is a stricture allowed in our public finances law which is very good: it requires this Assembly to allocate money in order to fund both revenue expenditure and have sufficient resources for the capital programme. So, if Members do not want the capital programme, and there were one or 2 Members that do not want it, it is not in accordance with the F.P.P. advice, that is not in accordance with what we are trying to do to grow the economy, that is not what we are trying to do in terms of improving Housing and Health. We will not be able to do it. The Attorney General reminded us of the issue of the budget. I have not worked out the weeks of lodging. I could in theory come forward with an alternative funding mechanism, but I cannot see it. We have looked at it and where is it? I mean, there is no point in dangling things that are possible. There is no free money in selling this to outsiders, the preference shares should not be sold to outsiders if we do not want to dilute the interest of J.T. There is no free money in selling it to an outsider, even if you wanted to do it, and it has a consequence for the capital programme. I ask Members to vote down the proposition but I am more than happy, of course, for Scrutiny to evaluate this between now and the budget and if we have made a mistake which I do not believe we have, we have consulted, I have taken advice, I have done everything, then of course, Scrutiny is quite happy with the P.A.C. in order to scold us for wrong advice. But my advice, the advice of the Treasury is this is the right and the only way to achieve the payments and the capital programme that we have got and I hope Members feel that I have quite reasonable, a bit of a complicated issue, but it is quite simple: we need the money for the capital programme and this is the best way to do it, and it is in accordance with my Treasury advice and the advice that we were given by the F.P.P. and it is also in the advice of what Deputy Le Fondré did in his S.o.J.D.C. amendment, which is use existing resources. There is £20 million owed to us by J.T., they can refinance it and we can use for our capital programme. I ask respectfully Members to not accept the amendment.

1.1.24 Deputy J.A.N. Le Fondré:

Can I ask another question of the Attorney General please and apologies for the state of my voice today. If I have understood it procedurally, the summary is that there is not an issue today but there might be when the budget comes. But can I just confirm that the budget is still an annual basis and that capital approvals will be on an annual basis? So in other words, that the budget we are looking

at for 2013 will be for the expenditure in 2013 and that the other expenditure for 2014 and 2015 will have that final approval and that final framework approved, to use the Attorney General's language... well, 2014 will be in a year's time and then the 2015 will be in 2 years' time?

1.1.25 The Attorney General:

Yes, I can confirm that. Provided the amounts proposed do not exceed the amounts provided for by the Medium Term Financial Plan, then yes, they are approved on an annual basis, on a year-by-year basis.

1.1.26 Senator P.F.C. Ozouf:

The projects are agreed on an annual basis but if we do not have the available resources, then we cannot put the projects and this year, we have got projects which are dependent on this funding. We cannot find a solution until December: I cannot magic a solution on the budget day and rush States Members and give them an alternative way of raising the £8.5 million next year. I cannot do it.

[11:00]

1.1.27 Deputy J.H. Young:

The Minister for Treasury and Resources obviously speaks with passion and fire on this subject. I hope to just give one speech, and really try and calm things down a bit. One of the benefits of being an accountant - albeit a closet accountant, having had a previous career for many years as a public sector accountant - is that doing other things gives you a broad perspective and enables you to see the wood for the trees, and of course we have had many, many months of... I think the papers for this plan today probably amass to about, under the old-fashioned way, a couple of feet high. Even on the eve of this debate, we received 61-page documents from the Minister for Treasury and Resources. I am not querying that, but we have had a lot of material to cope with, and I think it is not surprising that important issues have surfaced as a result of Deputy Le Fondré's amendment, and to me the essential questions are there and they still need answering. Now, the Chief Minister, in his comments, said that he was at a loss to understand this issue of a loss of value. I do not think that is the point. The point is at face value, this transaction has raised important questions, and they do, and I am having a real struggle to see why there seems to be such a huge objection to having an independent second opinion on this matter. I am really struggling with that, because this is not a simple matter of the basis of valuation; I fully understand that of these shares. There is clearly, as Deputy Tadier told us, a trade-off here. There is a trade-off between taking the cash now that we can use for our capital expenditure, and then there is the alternative of having long-term potential growth in the company. I say "long-term potential" because there is no certainty about this. The company might make a loss. Who knows? Well, I hope it does not, and I can say absolutely I would be against any disposal of Jersey Telecom shares, absolutely firmly. This is a hugely important asset for the Island, it is a strategic asset, but when one listens to States debates about establishing independent companies - this is obviously very much a political theme of probably the last decade - we are told that these outfits have to be set up as arm's length, and "arm's length", I looked it up, I was doing a bit of research, arm's length transactions are bodies with which you do not have a relationship, and clearly we do. We clearly have a relationship with Jersey Telecom, and there is a lot of material about how one achieves open and proper governance and proper accountability in such structures. Now, it does not just stop there, so not only is there the trade-off of cash now against long-term growth in the company and risks, but what are the opportunities? We are being told: "Well, the opportunity here, the opportunity cost of not doing this and the opportunity benefit of doing it is that we can put this into alternative investments." We heard the Assistant Minister tell us that social housing was an alternative investment, but of course there are lots of other things, for example, question: we do also have States pension schemes with very long

long-term liabilities to pay. Are they generally getting investments in those funds of 9 per cent return on their capital sums? I am not sure. So therefore it occurs to me has anybody looked at what other opportunities there might be of using the Jersey Telecoms balance sheet in a slightly different way? So we have got all these alternatives, and then not only are there these consequential financial results of what is proposed, but also it is the downside of not doing it. Of course this is quite a complex financial appraisal, and of course that is well beyond... you know, this Assembly is clearly not in the right place to do that. Now, in an ideal world, somewhere in our massive 2 foot high of papers, we perhaps would have had this type of valuation put on the table for us transparently to have a look at, but we have arrived at a point where we do not have it. So I think that that predicates that we really do need to have this independently looked at. Now, I listened carefully to the Minister for Treasury and Resources and the Attorney General's advice, and I still wonder why it is not possible between now and when we debate the budget for us to have this transaction checked out. Why? What the Attorney General told us is that the Medium Term Plan sets spending limits. It is at the budget time that we have to be confident that we have got the income or the elements to pay for it, and we cannot approve the budget until we have got to that point. Now, I know it is close to the wire, but I really would... I think the Minister for Treasury and Resources has spoken, so he obviously cannot come back on that, but I really do not understand why the door is still closed on the time for that review. So I thought we must, I think, need to be able to demonstrate, because this issue is in public, this issue has now been raised in the public forum. It has become very high-profile, passions are high, and I think this Assembly really needs to not be put in a position where, given the importance of the Long Term Plan, there is just a rubber stamp for this part of the plan. An internal review obviously needs an expert. I think Senator Breckon is absolutely right that it could be done as a desk study. Well, we do not have it. The Minister for Treasury and Resources is saying it is. Can I ask him, I will give way and he can tell us where it is.

Senator P.F.C. Ozouf:

I thought I had explained that I do not just make these things up. I act upon advice and I act upon the advice of the Treasurer of the States, who says that this is a good decision and the right decision in order to find £20 million for the capital programme. I have been through, I have spent hours with the Treasurer on trying to find ways, and we have had some pretty heated discussions in the Treasury about how we are going to find more money for the capital programme, and this is her recommendation about that, together with her staff. So I do not just make this stuff up. I act upon the Treasurer of the States and all Members have got access to the Treasurer of the States. She has just sent me another note for the Council of Ministers on the consequences of that. I think that is independent advice.

Deputy J.H. Young:

Thank you to the Minister for Treasury and Resources clearing that up. I absolutely accept that he has had top-quality advice from the professionals that serve him as Minister. What I am saying... sorry, this Assembly. Well, the opinion of the Treasury officers has obviously been transmitted to the Assembly via yourself and the Council of Ministers. I think good governance arrangements would require, because of these questions being raised, and I think valid issues about what alternatives there are and what are the benefits of the alternative investments... If it is so good, for example, why do we not just treat it as a nil value, for example? You know, I want to see the potential... because what we have been told, that would so improve Jersey Telecoms' performance that we would get a massive gearing effect of that. That is the sort of line that was following from the benefit, but I accept in principle that a deal that is favourable to the company, as shareholders, we potentially receive the benefit of that. I am saying I would like to see that benefit quantified and measured against the other elements of this complex equation. So I think we come to the point

where I really think it is essential now, I really cannot see any argument against this review being conducted in very short order. Corporate Services, yes, let us have a report and let us clear this up by the time of the budget. So no, I am certainly not saying that this should not happen; I just want to see it proven. I support the amendment.

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

Much has been said about the role of Scrutiny and it is true to say that I, as a member of the Corporate Affairs Scrutiny Panel, did ask the Minister some minor questions on Jersey Telecoms as part of the M.T.F.P. overall view, and that is the problem I think that many of us face today. With hindsight, it would have been good if we had looked at this before. The problem was that there was literally no time, but Scrutiny does have a role, and it is quite pertinent with Jersey Telecoms. For the newer Members, I would like to remind them that we had, a number of years ago now, the Executive at the time, including the Minister for Treasury and Resources, standing up and telling this Assembly the best thing that can possibly happen is to sell Jersey Telecoms for £200 million and: "Look what we can do with that £200 million." Fortunately, this Assembly decided that Scrutiny should have a look, and the result is that the Chief Minister can stand up today and say: "The best thing we ever did was not to sell Jersey Telecoms." Sorry, I am not giving way to the Chief Minister, because I am certain those were the exact words he used. With regard to the questions, there have been many comments and quite a lot of new information brought into this Assembly. I certainly am at a point where I am more confused than I was when I started, and I do think that it is appropriate for us to ask some pertinent... and look at this particular subject before the States finally agree to redeem the shares as proposed. Members should not suggest or believe that just because Scrutiny chooses to have a look that it is going to come out with a negative answer or a negative response. It is just to ensure that whatever decisions we are making are the right ones. I would just like to remind States Members that there are some other issues that need to be looked at. We have been told quite recently that we want to encourage and develop our economy. One of the ways we could do it is Gigabit Jersey. We were told again a little while ago, and perhaps people have slipped since then, that we were going to help invest in Jersey Telecoms, which we have done. We have given them quite recently £10 million. We have also said: "By the way, we also acknowledge that because you need to borrow commercially to fund the rest that we will take a reduced dividend, and by the way, we only want 2.5 per cent for our preferential shares." Now, a little while later, we are going: "Well, forget about that decision. We are going to take £20 million out of the company" already knowing that they need to borrow money to invest in Gigabit Jersey to develop it and develop our economy, but we are going to take the best investment, which is the 9 per cent, out rather than the 10 per cent. Now, how do you work all that out? I am not suggesting that that process has not been thought through, but these are the significant questions that must be asked. They might not necessarily take long, but I cannot guarantee, and I am sure the Chairman of our panel could not guarantee that we could deliver before the budget. That is when we come to the next thing, and again, I just rewind to yesterday and ask the States Members to consider this. Yesterday, the States Members decided not to support an amendment that was brought by the Scrutiny Panel to ensure that certain growth funding was held centrally. Why? Because of comments made by the Council of Ministers that said that: "There was sufficient flexibility to deal with variations in States income, but also to address any new spending priorities and pressures which emerge during the course of the next 3 years." Where is this flexibility going to come from? Well, it comes from a number of areas, but the most interesting one is the point that our Minister for Treasury and Resources made earlier, and it is to do with the capital programme, because, and I quote: "Notwithstanding the proposals to allocate the growth funding to departments as part of their initial spending limits, there is still a significant amount of flexibility within the Medium Term Financial Plan to address new developments or new policies as they arise."

[11:15]

“The total capital programme proposed in the Medium Term Financial Plan amounts to £222 million and decisions to allocate this funding to individual capital projects will mean it will not be taken until the annual budget each year.” That was the suggestion and that was the focus of the Minister for Treasury and Resources comments yesterday: “Do not worry, although we have not got the growth allocations as proposed, we can use the capital programme.” If you remember, the States Members said: “The likelihood is that to balance the books, we are going to end up having to reduce the capital programme or increase taxation.” We are hearing today: “Well, we cannot touch the capital programme, but we have got to have a balanced budget.” Well, I am telling you now, Members, if that is the case, then we had better get ready for increased taxation, because that is our only choice. I am sorry, and I have perhaps spoken too long, but all I would say is that there are issues to do with this that do deserve to be scrutinised. If the States Members agree that this is to be scrutinised by the Corporate Affairs Panel, I am convinced we will do it as quick as possible and make sure that when it does come back to this Assembly that this Assembly can have the confidence that this is the right approach to take. Thank you.

The Deputy Bailiff:

Does any other Member wish to speak? Deputy Power.

1.1.29 Deputy S. Power of St. Brelade:

I will not be too long, because I have not really wanted to say too much up until now, but I think irrespective of how this vote goes this morning on Deputy Le Fondré’s amendment, we should be thankful to Deputy Le Fondré for one thing, and that is both us in this Chamber and the public have had a revision course on how shares are bought and sold and what they do, what preference shares do, cumulative preference shares, and indeed ordinary shares. So if nothing else this morning, for those of you who were sitting here this morning and did not take your binder to bed and read appendix 10 from 380 to 386, you have had, whether you wanted it or not this morning, a revision course which may be not exactly bed-time reading. That is the first thing I wanted to say. I think it has been useful for nothing else that we have understood the shareholding structure of this wholly-owned company, and if Members do go back to page 381, if they can heave it on to their desks, the binder, you will see on page 381 it does quite clearly say what this transaction is supposed to do: “The main reasons for the proposed redemption of these shares are to help J.T. adopt a revised capital structure for the company” and then on the next page it explains the £20 million, 9 per cent and the £20 million ordinary £1 shares. That is really the nub of the issue, so what we have to decide this morning is do we agree with all the expert advice that has been given to the Minister for Treasury and Resources, and indeed the Chief Minister, or do we accept Deputy Le Fondré’s view that there is a different view to be taken, and indeed that of my colleague in St. Brelade, Deputy Young. I go back to what has oft been said, and I hope you will forgive me for saying this, if you ask 4 accountants their opinion on an accounting matter, you might get 4 different pieces of advice, or if you ask a lawyer for their legal opinion on a legal issue, present company excepted, you might get 4 different versions, and indeed, as the Minister for Health and Social Services will well appreciate, if you ask 4 medical consultants their opinion on a medical issue in a court or whatever, you might get indeed 4 different opinions. So it is very clear from this debate this morning that Deputy Le Fondré - and I think his intentions are good - has a different view, as indeed Deputy Young has. In some ways, this debate and appendix 10 and the whole way we approach these very complex debates... Medium Term Financial Plan, I do not know whether Members remember the intellectual property debate that Senator Maclean brought earlier this year, there was hardly a debate. It was an incredibly complex document and yet we hardly debated it. So what we are doing this morning is we are trying to debate parts of this that may appear to be complex. Indeed, I think that the explanations that have been given to me have made some sense, that the Minister for Treasury and Resources has made a good speech, the Chief Minister has made a good speech,

Deputy Le Fondré, Deputy Young, the Attorney General and the Constable of St. Clement, so we have got a whole diverse series of views on this. But it is a David and Goliath scenario, in that you have, if the Minister for Treasury and Resources will excuse me for saying it, the amassed ranks of Treasury writing this hugely complex document that we have all had to digest, and on the other side, you have an individual States Member and a Scrutiny Panel who are trying to digest vast amounts of information over a summer period. I know the lodging period was July, but it is an equal effort sometimes to try and do some of the things that we have to do on Scrutiny. I think that I will speak about this again when we return to the main debate, because there are issues to do with yesterday's Scrutiny-amended amendment that caused me problems, and I will explain that later when we go back to the main debate. I wanted to also pick up on... there was an interesting comment that the Minister for Treasury and Resources said as to what was the driver for this. It is clear on our papers that it appears to be Treasury are driving part of this, but the Minister for Treasury and Resources did say that - and I think it says it on page 382 - that: "J.T. do wish to rationalise their shareholding" but in actual fact, he also said that they probably do want to get out from under this 9 per cent, and I think that is a fair comment. So there is an argument that Treasury want to get their money, but J.T. want to stop paying a 9 per cent dividend. So that is where we are. This is a situation that either J.T. approach Treasury or Treasury have approached J.T. I do not know who did what, but in terms of the overall view, that is where [Laughter]... I think the Minister for Treasury and Resources' ringtone demands £20.

The Deputy Bailiff:

I was just having exactly the same thought, Deputy. I might investigate that. There seems to be a consensus that that demands £20.

Senator P.F.C. Ozouf:

I apologise, I pressed the wrong button on my iPad.

The Deputy Bailiff:

I think that must be agreeing then.

Senator P.F.C. Ozouf:

I fully accept liability and apologise, Sir.

Deputy S. Power:

It sounded like the Simpsons.

Senator P.F.C. Ozouf:

President Obama.

1.1.30 Deputy S. Power:

So whoever, whatever is the driver for this, we have to accept that J.T. want to change their shareholding structure, Treasury need £20 million and we have to, as States Members, process this information today. I will listen to Deputy Le Fondré's summing up. At the moment, I am minded not to support the amendment, but I will listen to your summing up, listen to the Deputy's summing up. Somebody said, I think it was Senator Ozouf, that there was not really linkage between this amendment to the main proposition and Gigabit Jersey, that there is not linkage. Well, inevitably there has to be some linkage, because it is the same company. If we are giving funds to Jersey Telecom for Gigabit Jersey and then Jersey Telecom are rationalising their shareholding for whatever reasons I have just gone through, it is the same company, so one set of funds is going in and another set of funds is coming out. I am not clear in my own mind as to why this would happen in what I would regard as a relatively short period of time in the chronology of J.T.'s

corporate entity and the corporate positioning this year. We all went to the Gigabit Jersey presentation. I cannot remember when it was, last year or this year - losing track of everything now - but there is linkage and it remains to be seen how we deal with this, but it is a very complex issue. We have had a good revision course this morning on how this has all been explained and I will listen to Deputy Le Fondré's summing up.

Deputy J.H. Young:

Could I clarify? Deputy Power said I was against this transaction. It is not that, I am in favour of reuse.

1.1.31 Senator P.M. Bailhache:

Some of my best friends are accountants, but it is sometimes said of accountants that they know the cost of everything but the value of nothing. I am a simple lawyer and I have a simple lawyer's mind. We need cash for the capital programme and we need cash for the Innovation Fund. The preference shares in J.T., which represent in effect a loan by the States to J.T., is a source of cash for us. Now, at the moment, the company pays 9 per cent on that loan, and ordinarily speaking it may be true to say that one would not seek to redeem such a loan on such favourable terms, but who is going to benefit from this redemption? The public will benefit in terms of the capital programme and in terms of the Innovation Fund. J.T. will benefit because they no longer have to pay interest on the preference shares. Who is the owner of J.T.? The States is the owner of J.T. so the States will benefit in that sense as well. What is the problem? I really cannot see it. The amendment will upset an apple cart for no apparent purpose. The Public Finances Law says that you cannot spend money that you do not have, and so the capital programme would be dented and the Innovation Fund will have to wait. That is not in the public interest. The suggestion is that accountants like Deputy Young perhaps should have the opportunity of looking at it again. It would be a nice idea if it did not cause collateral damage, but all the expert advice that the Assembly has had from the Treasurer, from the panel, is that this is a sensible way forward. I cannot see the problem, and I am going to vote against the amendment.

1.1.32 Senator L.J. Farnham:

Just before I start, I understood that Senator Ozouf said it was President Obama on his mobile phone. Perhaps we should have let him take the call and maybe we would have been a bit... he was obviously after some advice with their trillion dollar deficit, or maybe he said there are some shares up for grabs in Jersey Telecoms. I did not realise it, but when I think back a long time, I have remember I have a certificate or perhaps a diploma in bookkeeping from Highlands College, and I must go back and ferret out the certificate and have another look at it. But that probably makes me, I do not know, a quarter of an accountant perhaps, if I am being generous, or only 10 per cent. But what I do know is it was enough of dipping my toe in the water of that honourable profession to realise that I did not want to be 100 per cent of an accountant and I decided to focus on business and politics eventually instead. I also, as part of that course, seem to remember I did touch on various in-depth aspects of consumer legislation, with the help of Deputy Higgins, who was attempting to teach me some of that subject at the time, and that is why I am a Senator, Sir, and perhaps not sitting in your chair. So Deputy Le Fondré, I have a great deal of respect for his accountancy knowledge and we have worked together in the past, and his amendment is well-intentioned. But I just want to try and just get Members to focus on something else, and that is our responsibilities, all of our responsibilities as owners of some of these valuable and important companies, that not only deliver tremendous returns to the States, but they fulfil great social needs in our society, employ many people, train people. They do not just give jobs to people, but they give very important career opportunities as well.

[11:30]

We have owned these shares since Jersey Telecom's incorporation in 2003 and it has been good for us. These preference shares are tantamount to having a bond and we have probably had tens of millions of pounds - I am not sure of the exact amount - but we have done very well out of them. But I want to ask Members, and I would ask Deputy Le Fondré if he was the owner of such an organisation, if any of us were owners of such an organisation, would we really be denying the business that we own an opportunity to improve their position? So I argue that it would perhaps be irresponsible for us to dig our heels in and say: "No, we are going to hang on to this. We are going to hang on to these shares and take the money." Oh, thank you, that was for me: "We have had £83 million." [Laughter] Yes, it is my speech, Sir: "Yes, we have had £83 million in dividends since incorporation." Thank you, Senator. £83 million, so we have done very well out of it, so I argue that it would perhaps be irresponsible to deny the board of Jersey Telecom, and I read from my Medium Term Financial Plan that they are asking for this. They want the opportunity to restructure themselves and replace quite an onerous commitment with something a lot more appropriate to their future plans to allow them to develop the business and produce a much more valuable asset for us with something that is more profitable in the years ahead. So I ask Members, despite the well-intentioned intent of Deputy Le Fondré's amendment, to just take into account our responsibilities as owners of these sorts of companies and allow them to do what is best for all of us.

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

I stand with a certain amount of despair this morning, listening to Members saying to me, or some people saying to me: "Let us put this off. Let us not make this decision now. Let us look at it again. Let us send it back to Scrutiny." This is what we do good in this Chamber, we put things off. If there is a difficult decision: "Let us just put it off, give it to somebody else to worry about in the future." What this debate has decayed into has been a debate about the shareholders of J.T. That is not what we are here to decide this morning. We are here to decide about the funding for the Medium Term Financial Plan. I shared many of the concerns that have been expressed this morning in this Chamber and yesterday afternoon in this Chamber right at the very beginning, when I first became aware that the Minister for Treasury and Resources was considering redeeming these preference shares, so I went to see him. I spoke to him. He almost convinced me, but not quite, so then I went to the Treasurer and I spoke to the Treasurer and some of her officers. They did convince me, but I still thought: "I want to know a bit more" so I then went to a principal member of the J.T. board to ask them what the board's view was. They were delighted that this was happening, it was in their best interest, and so making the decision today to support the M.T.F.P. is in the best interests of Jersey Telecom, the people of Jersey and the Medium Term Financial Plan, and for that reason, I cannot support the amendment.

The Deputy Bailiff:

Does any other Member wish to speak? Senator Maclean.

1.1.34 Senator A.J.H. Maclean:

A lot has been said, and I will try not to repeat some of the ground that has been covered, but I am somewhat frustrated by the thrust of this particular amendment. Sending it back or seeking to send this to Scrutiny at this stage is the element that really frustrates me. I say that because the Minister for Treasury and Resources, the Council of Ministers have been through a long, long process in developing the Medium Term Financial Plan. It has been published now for some considerable time. This information has been scrutinised, and quite rightly so, that is exactly as it should be, by the Corporate Affairs Scrutiny Panel. This particular proposal or element of the Medium Term Financial Plan is contained, it is very clear. There is a wealth of information; there is a forest load of papers supporting what has been put together here. I would have said that if Members are that concerned, it would have been at that stage that this particular issue was looked at. But in reality,

when it is analysed, despite the very compelling speech yesterday by Deputy Le Fondré which laid one argument out, and we do know that accountants can make many different arguments by the... and I do not wish to use the word “spinning” of numbers, but quite simply, you can put a different emphasis on valuations and numbers, depending on the perspective you take, but this is very much a simpler issue. It comes down to one very simple thing. We own 100 per cent of Jersey Telecom. We are not selling Jersey Telecom or any element of Jersey Telecom. We still will retain 100 per cent of Jersey Telecom and that is really what the nub of the issue is. The rest of it is quite simply making it easier for us to fund the Medium Term Financial Plan from a cash flow perspective. I have to say that I have, as Minister for Economic Development, an interest in this from the perspective... it was mentioned a moment ago by Senator Bailhache, the Innovation Fund is getting, receiving its absolutely vital funding from this particular route. Without it, there will not be the opportunity of an Innovation Fund, which is going to give potential jobs, inward investment, help to grow the economy, things that we need to do, desperately need to do. In fact, I have been beating up the Minister by virtue of the fact I am only getting at the moment £5 million, and we want £10 million for the Innovation Fund. He has told me he is going to try very hard to find the remaining £5 million. If this proposition goes through, not only the other good things like the housing projects and so on will not have funding, the Innovation Fund will not have funding and this is something that I think is really critical, that we need to keep clearly in mind. The ability to fund the capital programme goes out of the window with this proposition, and I think that is a risk that we should not, absolutely should not, be taking. Just a couple of final points that I would like to make. Jersey Telecom - and it has already been said, but I would just like to emphasise it - they are understandably keen for this to proceed. This is a proposal they support. It is expensive money for them at 9 per cent. It is quite understandable that they want to be able to refinance. They want to be able to refinance because they want to continue to grow the business. Now, whose interest is that in? Growing Jersey Telecom’s business is in the interests of the Island, in the interests of the shareholders and surely we should not be doing anything to prevent that growth. How have Jersey Telecom been doing? They have been doing brilliantly. We should be proud in the way that business has been turned around. Since 2002, when it was incorporated - and Senator Farnham mentioned the point a moment ago, with some assistance - £83 million worth of dividends have been paid to the Treasury, paid to the States from Jersey Telecom. It has been mentioned before, Members may not be fully aware, but by next year, Jersey Telecom will get more than 50 per cent of their revenue from off-Island. They have been very carefully, very sensibly making investments in other business in other places around the globe as they grow and they diversify, exactly what they should be doing. To enable them to continue on that programme, this needs to be able to go ahead. They are paying 9 per cent at the moment. They can refinance at a lower rate. But on a risk basis, we do not lose anything as a shareholder because we still own 100 per cent of Jersey Telecom. It does seem relatively straightforward and I really think with all the back-up support and advice that has been received from different parties, from Treasury and so on, that it is something we should proceed with, and I have to ask Members to think very carefully before voting. The seductive element of the proposition from Deputy Le Fondré to send it to Scrutiny to have a look at, the options in terms of what Scrutiny could come up with in looking at this are very minimal, very minimal indeed. They could simply say to the Minister for Treasury and Resources: “Well, it is something we should do. We are going to leave the 9 per cent with Jersey Telecom. It is not going to help Jersey Telecom and you will have to find the money for the capital programme elsewhere.” At this late stage, this is very much the 11th hour and I do ask Members to reject the well-meaning, but I am afraid in this instance misplaced, proposition from Deputy Le Fondré.

1.1.35 Senator P.F. Routier:

I will be brief. I am not an accountant, as many of you will know. I am not a lawyer, but I am somebody who cares about providing social support and making sure that we can achieve the things

that we want in the Capital Plan. What I am not keen on is risking the ability of the Health and Social Services Department of being able to have the adult care homes. That is in this plan for 2013. I am not keen on risking not having the upgrade in the children's homes. Those could be at risk if we do not allow the funds to be available in the Medium Term Financial Plan. On that basis alone, I ask Members to reject this amendment.

The Deputy Bailiff:

Does any other Member wish to speak? I call on Deputy Le Fondré to reply.

1.1.36 Deputy J.A.N. Le Fondré:

I never realised an accounting issue could be such a matter of interest to so many people in such a small room and I never realised that Senator Bailhache was a simple, uncomplicated lawyer who only is interested in the cash. I think that is what many professionals are interested in. Right, so we have had a lot of fluff, let us put it that way, around about what we should be doing, why this is not a good idea and all the rest of it, so I am not going to address every comment that we have had, but I will try and get them down to some of the fundamentals. Now, one of the... sorry, Sir, I am definitely losing my voice again. One of the reasons - as Members may have noticed - that I asked Senator Ozouf was he a member of the Finance and Economics Committee in 2002 was because obviously they brought in the law that set up Jersey Telecom in its present form. There are 2 key matters in that report, as identified in my opening speech, and one was that the preference shares are there to guarantee effectively a minimum return from the board, and the second one in the report, quote again: "That we are expected to deal with J.T. at an arm's length basis. This is important, because the group must be seen to be operating in a competitive environment without hidden subsidy from or hidden obligations to Government" and I think that is just worth repeating. So I am not challenging J.T. As I said, I believe I support them. What I am trying to say is it may very well be in the company's interests to do this, but is it in our interest, and if it is, is it in our interests at the price we are doing it? That comes down to that wonderful argument for doing capital on income. In other words, if the value of J.T. goes up, that is great only either if it is reflected in increased dividends in the future, which we do not see on this M.T.F.P., because that is much further down the line, or if we are going to either borrow or sell the ordinary shares in J.T., because it is all very well having a share that might be worth £10 versus £20. You are never going to realise it. The increase in value is purely a paper exercise. So then it is coming back to the principle, as I said, you are dealing with J.T. at arm's length. I am not talking about giving up control or anything along those lines. If you really wanted to, I am sure there would be ways of doing it. You do have non-voting preference shares. But the point is it is to inform the price at which we should be redeeming these shares, and our own records say that they are worth £30 million and that is based on the income stream we are getting. I never realised that in the middle of the debate in the States we would end up talking about the dividend valuation model or the Gordon Growth Model or even the principles of gearing from Modigliani and Miller, which is something I studied I do not know how many years ago, and that is all about do you borrow and does that increase the worth of the company. Keep to the basics. We are dealing with this company at arm's length. The fact that we own them 100 per cent is irrelevant because we are meant to be dealing with them at arm's length. What we have got to consider is what is the impact of the income stream or the loss of that income stream on us? It is all very well talking about the expenditure and how wonderful it is going to be. I did not dispute the expenditure. It is how efficient is the finance that we are providing to fund that expenditure and that is in the interests of the taxpayer and that has got to be right, to be something to be brought up in this Assembly. I am afraid there is an awful lot of paper scribbled round, as I have been listening throughout the comments. Now, I take Deputy Power's point. I hope he will be considering the amendment, because he raised one issue which I have never got it straight in my head, and that is after discussing it, or at least emailing

exchanges with the Treasurer, and I had a discussion with J.T. From one bank account in the States ownership, we have put in £10 million and we are putting in another £9 million over a period of years, so £19 million going in. Into another account, we are receiving £20 million from that same company. Now, it may be completely different, it may be that the Gigabit stuff is going to generate huge amounts of revenue and things like that, but implicitly that is not a clear transaction. It is even less of a clear transaction when you take out the fact that of that... so over, say, 4 or 5 years, our net cash with the company is £1 million.

[11:45]

We have not raised £20 million. We have put in £10 million, taken out £20 million and foregone £9 million. But we are also giving up a million and a half a year of dividends, though. If you think about it: over 10 years, that is over £15 million. So that is why I am saying there is a cost to providing the finance to fund this expenditure. Therefore, should we not be saying, at the very least, that J.T., for example, instead of paying us £20 million, should be paying us more for redeeming those shares, for doing that company a significant favour? That is the point about being at arm's length. People have said: "This is not a proper valuation. It is just for accounting purposes and things like that." Well, you know, they are in our balance sheet. The Minister for Treasury and Resources and the Treasurer signed off on that balance sheet, dated 28th May 2012. To quote from the Minister for Treasury and Resources a year before (I am summarising it slightly): "I am pleased to present the 2010 accounts to the States which, for the first time, have been prepared in line with G.A.A.P (the U.K. Generally Accepted Accounting Principles). The adoption of G.A.A.P. will result in greater transparency and better information to guide our decision-making." So again, that £30 million is relevant. It has got to inform our decision-making. It has got to inform how we take the money out of the company. I appreciated Senator Le Marquand's quick mathematical sketch on the floor of the Assembly, and he is right; firstly has the company borrowed, and obviously that would influence because that is of course somewhere in there that we are losing in the overall scheme of things. But the other thing - and this has been referred to by, I think, Senator Le Marquand, it has been referred to by Senator Gorst, possibly even Senator Maclean - that is about the dividend flow. I think reference has been made that we are getting over 13 per cent return on the ordinary shares and things like that, and indeed they were saying in the comments that it is forecast to stay over 13 per cent, going forward. Well, the dividend forecast for 2012 is roughly £9 million. Okay? There was a budget and then there was a slightly reduced amount, which is £8.9 million. Call it £9 million. In 2013, that drops to under £2.5 million. In 2014, that goes to £5 million, and in 2015 it goes to £4 million. The point is, the figure for Jersey, in the next year, is only meant to be £1.5 million of the funding and dividends. So something else is going on in that structure because £9 million less £1.5 million is £7.5 million. So we have gone from £7.5 million to £2.5 million and that gap is not explained. Now, it is explained in the M.T.F.P. from the point of view, and this is about, again, information, as Deputy Power has correctly pointed out, on page 381. That section is about roughly 8 pages long, but in those 8 pages, realistically, there are a few tables, there is a summary of the positions and things like that. The only key paragraph, as we have heard: "This will help J.T. to adopt and revise capital structure and aid the revision of their dividend policy." As I said, the dividend policy does seem to be that it is going downward significantly. We do not know over what period that is and therefore there is an impact. The impact of reducing our dividends is that we are effectively putting more money into the company. That could be great because what is the return going to be going forward? We do not know. So that is why it is all very well making jokes about knowing the price of everything and the value of nothing or whatever it is, but that is why we are saying, in our accounts, the amount that we are informed by our auditors, by our auditors' accounts, these things are worth £30 million but we are only getting them back for £20 million, but we also know that out of another account we put in a significant sum of money to that company between now and over the next 3 years. So how does that work? What is

the actual cost that we are effectively funding this expenditure at? I am just skipping forward. I think the key thing, as people have said: "We need the cash" *et cetera, et cetera*. Yes, but we have got to understand that that cash comes at a price. As I said in my speech earlier, are we funding something on our credit card because it is easy and quick and convenient but the interest rate is expensive, or would we be considering doing something a bit more structured which is cheaper? Again, the whole principle here is that I am saying - in the same way as Deputy Young has said - that there are questions that still have not been answered. That is why I am asking for Scrutiny to look at it. That is all I am doing. Surely it cannot be unreasonable for the Assembly to request further investigation of sums which on paper does not look financially efficient, because we are being asked to vote on this today. That is what we are being asked to decide. We have to vote on part (f) of that proposition. As you can see, I am not going to go into every comment that has been made, but what happens if Scrutiny does not look at it now and we all vote on this, and then, in a month's time or something Scrutiny do come back and say: "This was a really bad idea because your long-term impact is quite expensive and this has not been in the interest, funding-wise, of the taxpayer." I am not talking about the benefits of the expenditure. You know, there are benefits there. They might turn around and say: "Well, in the M.T.F.P., we brought in the alternative investment strategies." Deputy Young pointed out the P.E.C.R.S. (Public Employees Contributory Employment Scheme) is going to be applied, Strategic Reserve has it, Currency Fund has it. It might well have been better to use it under the alternative investment strategy for most funds. That is the alternative. You have got to also bear in mind there is not much play been made of the Innovation Fund. The Innovation Fund is not part of the M.T.F.P, it is shown separately. That is very clearly stated in the section on Jersey Telecom. It is shown separately. I can see lots of heads shaking, but that is the case. I have just mislaid by part of the M.T.F.P. which quotes it, but it is in section 10 or page 380-something on Jersey Telecom. It splits it out. As we have said, on the budget process, we are not looking to fund the whole £20 million in 7 weeks' time or whatever the period is. You are looking to fund an element of it. The M.T.F.P. clearly states if this is not approved, we will consider borrowing for some of that money. So, in other words, there do seem to be ways around that particular procedural issue. So let us just go back to the main point. Those shares are worth £30 million to us. There cannot be any argument about that. That is what we show them in our audited accounts. We do not pluck that number out of the air. That is the value of the future income stream that we are getting on those shares at the moment. Therefore, can we clearly say we have sufficient information here in the M.T.F.P.? Well, if I had not brought this amendment, we would have to be basing our information, as I said, on those 8 pages in the M.T.F.P. and obviously a couple of other bits that have come out of Treasury. In essence, there are about 3 and a half lines within those pages that give us what that money is going to be used for by J.T. As I said, they talk about revised capital structure and a revision in the J.T. dividend policy which looks like it is going down. So let us put it this way around. Members should ask themselves the following question: if a member of the public asks them why did they vote to sell something or redeem something at what appears to be an undervalue, to give up what appears to be worth somewhere up to £20 million more than we received, can they justify supporting that on the basis of the information that was given to them in the M.T.F.P.? As I said, we are being asked to vote on this today. If Members now think that it should be looked at in more detail, then they should support this amendment. If they are concerned about delay, then the problem is, as has been said, if one pursues that to the logical conclusion, then this Assembly is just a rubberstamping exercise. That is not what we are about. We have the right to challenge anything laid before us in this Assembly, and if we are not happy we send it back. As I have said, I have tried to look at this and ask questions of the Treasurer, and I have had a conversation with J.T., but from a shareholder perspective there are still unanswered questions as to whether we are achieving the monies that should be achieved. What I am going to do, in wrapping up, is I am just going to finish by reference to some statements made by a U.S. (United States) gentleman - not President Obama,

mind you - a gentleman called Warren Buffett, who occasionally we quote in this Assembly, who is widely considered to be the most successful investor of the 20th century. Not only is he hugely wealthy (I think second only to Bill Gates), he is also proposing to give rather a lot of that wealth away, but he is rather well-known for some of his very straightforward ways of looking at things. So think about these statements and how they apply to our situation. "Rule number 1: never lose money. Rule number 2: never forget rule number 1." "Question: are we losing money on this or not?" That is about the income streams. "Risk comes from not knowing what you are you doing." Do we know what we are doing here? "What does not work is when you start doing things that you do not understand." Again, do we know what we are doing here? As Buffett said in a speech, he was not looking at quarterly earnings, projections, next year's earnings. He is not thinking about the day of the week it is. He does not care what any investment research or anybody says. He is not interested in price movement and volume or anything. He is simply asking: "What is the business worth?" The worth of those shares to us, which seem to be more than we are receiving, so why are we doing that? The other one is: "You ought to be able to explain why you are taking the job you are taking, why you are making the investment you are making, or whatever it might be, and if you cannot stand applying pencil to paper, you had better think it through some more, and if you cannot write an intelligent answer to those questions, do not do it." I was thinking of an analogy and I was looking across at the Constables and thinking: "What happens if you get a parishioner who is very loyal to the parish *et cetera*, and when they die, they leave a property to the parish which they bought for £350,000 and you rent it out and it brings a good income stream into the parish?" By the way, at probate, it is worth £500,000. A builder comes along to you and says: "I would like to buy that property off you. I will offer you £350,000." Would not your procurers insist, at the very least, on challenging the price? What I have said is I am not here doing this for the fun of things, and particularly my voice is not doing this for the fun of things, but I cannot get the finances clear. I cannot get the flows of money between us and J.T. transparent with the information available. That is why, on that basis, in my view, we had better think it through some more. Before we can answer, we need an independent certifier to review it before we commit ourselves to this path. I remind Members of the key argument: why are we getting rid of something for £20 million when it is worth, by our own records, £30 million? Should we not be asking more than just a nominal value on those shares when we are negotiating with J.T.? I can see there are at least 2 people, I think, straining to press the red button, but I am concluding. I thank Members for listening and I call for the appel.

Senator P.F.C. Ozouf:

The Deputy is principled and there are lots of questions I would pick him up on because he has not clarified matters, but there is one central issue. I asked him to explain. He has done his double-entry bookkeeping. He knows the consequence of getting one value in one hand and one value in the other. Would he just confirm his accounting experience is that even if we did get £25 million, that extra £5 million would diminish the value of 100 per cent owned assets? Would he also just confirm that the example that he has given of outside transactions, not owned 100 per cent, is not an erroneous thing and he is in danger of misleading the States by giving a comparison of something that is not 100 per cent owned. I just want to know what is the double entry? Extra 5 million there; where is the other £5 million? Will he confirm that we end up in the same position and he is dangling something which does not exist? You cannot make...

The Deputy Bailiff:

We do not want a second speech. You were asked to confirm the double entry point in Senator Ozouf's speech.

Deputy J.A.N. Le Fondré:

I thought I had covered that by saying there is an argument between capital flows and worth and what is the impact from the income streams that are coming through, because we know that the income streams are £15 million that we could lose. What I have also said is that it is very clear in the law that was brought when Jersey Telecom was set up in the way it is, that we are meant to deal with it at arm's length. In other words, this argument about the 100 per cent ownership, the principles behind that set up by the Finance and Economics Committee of the day was that the 100 per cent ownership is irrelevant. Thank you, Sir.

The Deputy Bailiff:

Do you have a point of clarification to ask of Deputy Le Fondré?

Deputy G.P. Southern:

No, Sir. I have just heard the Minister for Treasury and Resources say very clearly that Deputy Le Fondré is misleading the House. Did you hear it, Sir?

The Deputy Bailiff:

I heard him say that he was in danger of misleading the House, and I certainly did not get the impression that it was being suggested he was doing so deliberately.

Deputy M. Tadier:

Should it be “in danger of inadvertently misleading the House”? **[Laughter]**

Senator P.F.C. Ozouf:

I withdraw any suggestion, but he is comparing apples and oranges.

The Deputy Bailiff:

I certainly did not get the impression that Senator Ozouf was accusing Deputy Le Fondré of deliberately misleading the Assembly. Deputy Le Fondré, would you wish to take the 2 amendments together?

Deputy J.A.N. Le Fondré:

No, Sir. It has to be one, for one vote. It has to be one vote, Sir.

[12:00]

The Deputy Bailiff:

One vote.

Deputy E.J. Noel:

I have a matter for clarification. The Deputy, in his summing-up speech, asked for clarification about the dividend stream going forward in the longer term, and I have just been on the telephone to the...

The Deputy Bailiff:

This does not sound like a point of clarification. **[Laughter]**

Deputy E.J. Noel:

The finance accountant has told me that...

The Deputy Bailiff:

No, I am sorry, Deputy Noel. I am sorry, Deputy Noel. No, please sit down. You are not entitled to have a second speech and you are not entitled to dress up a second speech as a point of

clarification to a Member's proposal. Right. The vote is on paragraphs 1 and 2 of the 8th amendment proposed by Deputy Le Fondré. I invite Members who are outside the Assembly room to return to their seats and I ask the Greffier to open the voting. Have all Members had the opportunity of voting? I ask the Greffier to close the voting.

POUR: 18	CONTRE: 27	ABSTAIN: 1
Senator A. Breckon	Senator P.F. Routier	Deputy R.C. Duhamel (S)
Senator S.C. Ferguson	Senator P.F.C. Ozouf	
Connétable of St. Helier	Senator A.J.H. Maclean	
Connétable of Grouville	Senator B.I. Le Marquand	
Connétable of St. John	Senator F. du H. Le Gresley	
Deputy R.G. Le Hérisssier (S)	Senator I.J. Gorst	
Deputy J.A. Martin (H)	Senator L.J. Farnham	
Deputy G.P. Southern (H)	Senator P.M. Bailhache	
Deputy of St. Ouen	Connétable of Trinity	
Deputy J.A.N. Le Fondré (L)	Connétable of St. Clement	
Deputy S. Pitman (H)	Connétable of St. Peter	
Deputy M. Tadier (B)	Connétable of St. Lawrence	
Deputy T.A. Vallois (S)	Connétable of St. Mary	
Deputy M.R. Higgins (H)	Connétable of St. Brelade	
Deputy J.M. Maçon (S)	Connétable of St. Martin	
Deputy G.C.L. Baudains (C)	Deputy of Grouville	
Deputy J.H. Young (B)	Deputy J.A. Hilton (H)	
Deputy R.J. Rondel (H)	Deputy of Trinity	
	Deputy S.S.P.A. Power (B)	
	Deputy K.C. Lewis (S)	
	Deputy E.J. Noel (L)	
	Deputy A.K.F. Green (H)	
	Deputy of St. John	
	Deputy S.J. Pinel (C)	
	Deputy of St. Mary	
	Deputy R.G. Bryans (H)	
	Deputy of St. Peter	

Deputy J.A.N. Le Fondré:

Can I just thank those who have taken part in the vote today. Just for clarification, if this had not been happening, I would not have been in here. So I may well see if I can survive the morning and then disappear, Sir, with the voice.

1.2 Medium-Term Financial Plan 2013 - 2015 (P.69/2012): ninth amendment (P.69/2012 Amd.(9)) - Part 3

The Deputy Bailiff:

Very well. We now come to amendment number 9, Part 3, and I ask the Greffier to read this part of the amendment. It was lodged by the Corporate Services Scrutiny Panel.

The Greffier of the States:

Amendment 9, part 3, after paragraph (f), insert a new paragraph (g) as follows: “(g) to request the Minister for Treasury and Resources to develop a defined performance monitoring and reporting framework which produces a high level of transparency on the tracking of actual performance against the Medium Term Financial Plan and to report to the Assembly on the development of such a framework by July 2013.”

The Deputy Bailiff:

Chief Minister, is it correct that the Council of Ministers accepts this amendment?

Senator I.J. Gorst:

Yes, indeed, it is, Sir. Thank you.

The Deputy Bailiff:

Thank you. Senator Ferguson.

1.2.1 Senator S.C. Ferguson:

I thank the Council of Ministers for at last listening to us. I sometimes feel like a voice in the wilderness. I think there is a parable somewhere. **[Laughter]** On the other hand, he who lives longest sees the most. I plan to live for ever. No Liverpool Care Pathway for me, thank you. **[Laughter]** Yes, the Council of Ministers may have read, or if they have not, I hope they will, our adviser's report on part 3 of our amendment relating to the monitoring and the enhancements required and so forth. I would refer these to the Council of Ministers and the Assembly. I am not going to go into them in depth because the Council of Ministers have accepted this amendment, but it is obviously something that we shall be following up in Scrutiny hearings and it will be very helpful, as we have said in our amendment, to have a proper report from the Treasury, taking into account the enhancements that our very well qualified adviser has suggested should be part of this. So I commend the amendment to the Assembly and I thank the Council of Ministers for accepting it.

The Deputy Bailiff:

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

1.2.2 Senator P.F.C. Ozouf:

Very briefly. This is a good example where Scrutiny has added further value. I think the Treasury, in the last 2 years since the new Treasurer has arrived, has improved very, very significantly in terms of the information that is now disseminated to Members and the controls that have been in place. We were already going to be doing some of this, but I am delighted that there is now an amendment that requires us to do it, and it certainly gives us additional powers to do it. I do hope Members have had an opportunity... I know they have had a lot of information. I hope they might have had an opportunity just to rehearse the arguments that we have put forward in our comments which show that 6-monthly report. All of this time that we would be spending on annually doing a business plan can be spent with proper management, proper accountability and helping departments deliver their objectives. We have had a difficult debate on the last issue, but this is truly a win-win. All that time now better spent on better management, and I thank Corporate Services for their helpful amendment.

The Deputy Bailiff:

Can I ask, hopefully, whether no other Member wishes to speak? Then I call on Senator Ferguson to reply if she wishes to.

1.2.3 Senator S.C. Ferguson:

No, just to thank the Minister for Treasury and Resources for his kind words and ask for the appel, Sir.

The Deputy Bailiff:

The appel is called for on part 3 of the 9th amendment of the Corporate Services Scrutiny Panel. I invite Members to return to their seats and ask the Greffier to open the voting. All Members have had the opportunity of voting?

POUR: 33	CONTRE: 0	ABSTAIN: 0
Senator P.F. Routier		
Senator P.F.C. Ozouf		
Senator A. Breckon		
Senator S.C. Ferguson		
Senator B.I. Le Marquand		
Senator I.J. Gorst		
Senator L.J. Farnham		
Senator P.M. Bailhache		
Connétable of St. Helier		
Connétable of Trinity		
Connétable of St. Lawrence		
Connétable of St. Mary		
Connétable of St. John		
Connétable of St. Brelade		
Connétable of St. Martin		
Deputy R.C. Duhamel (S)		
Deputy R.G. Le Hérisssier (S)		
Deputy J.A. Martin (H)		
Deputy of St. Ouen		
Deputy of Grouville		
Deputy J.A. Hilton (H)		
Deputy J.A.N. Le Fondré (L)		
Deputy of Trinity		
Deputy S.S.P.A. Power (B)		
Deputy T.A. Vallois (S)		
Deputy M.R. Higgins (H)		
Deputy J.M. Maçon (S)		
Deputy G.C.L. Baudains (C)		
Deputy S.J. Pinel (C)		
Deputy of St. Mary		
Deputy R.G. Bryans (H)		
Deputy of St. Peter		
Deputy R.J. Rondel (H)		

We now come to the 6th amendment lodged by Senator Farnham. I will ask the Greffier to read the amendment.

1.3 Medium-Term Financial Plan 2013 - 2015 (P.69/2012): sixth amendment (P.69/2012 Amd.(6))

The Greffier of the States:

Page 2, paragraph (f), after paragraph (f), insert a new paragraph, (g), as follows: “(g) to agree that further to the proposal contained within the Medium Term Financial Plan to increase the Public Employees Contributory Retirement Scheme, P.E.C.R.S, pre-1987 debtor payments by £1 million in 2013, £2 million in 2014 and £3 million in 2015, in order to reduce the long-term costs to the States of the repayment. The Minister for Treasury and Resources be requested to present to the States no later than 31st July 2013, further options for the early repayment of the P.E.C.R.S. pre-

1987 debt and the Jersey Teachers Superannuation Fund, J.T.S.F., pre-2007 debt, to provide significant additional long-term cost reductions.”

The Deputy Bailiff:

Chief Minister, am I right in understanding that this also is...

Senator I.J. Gorst:

Accepted.

The Deputy Bailiff:

I meant the Minister for Treasury and Resources. Senator Farnham.

1.3.1 Senator L.J. Farnham:

In 1987, responsibility for the payment of pension increases from the Public Employees Contributory Retirement Scheme (known as P.E.C.R.S.) transferred from the States to the pension fund itself. This created a debt known as a pre-1987 debt which has been growing for over the last 25 years. The pre-1987 debt was valued at £55 million in 1987. At this time, it was thought that the employer contribution rate would be sufficient to repay the debt. However, by the early 2000s, it was recognised that additional payments were necessary and a framework was agreed for the repayment of the debt over an 82-year term. Despite making repayments since 2001, the pre-1987 debt has grown to £252 million and stood at that at the end of 2011. A similar debt exists for the Jersey Teachers Superannuation Fund for pre-2007 pension increases, and that debt is currently valued at £94.6 million. The Medium Term Financial Plan takes an important step in providing additional payments to accelerate the repayment of the debts. This is to be commended, but it is not enough. This action is, however, expected to reduce the term of the debt by 29 years and the long-term costs of repayment by over £1.7 million. However, even with this measure, the pre-1987 debt is not expected to be repaid until 2054 and will still cost the States almost £1 billion in financing costs by that date. The structure of the pre-1987 debt with repayments linked to pensionable salary increases means that payments are low in the early years and increase rapidly towards the end of the term of the loan. It also means that the payments in the early years are insufficient to cover the interest on the debt, and even with the additional funding provided within the M.T.F.P., it is likely that the level of the pre-1987 debt will continue to increase for many years to come. At the time the 1987 debt agreement was reached, the structure of the debt may have appeared attractive, but now, at a time of low long-term interest rates, it does not appear as such. It is therefore appropriate, sensible and prudent for the Assembly to request the Minister for Treasury and Resources to present further options for early repayment. In fact, it is clear to me that the potential cost reductions over the medium to long term are so significant they can no longer be ignored, and it is for this very reason that I am bringing this amendment. So, to be clear, I am asking for all possible options for making additional early repayment or even for a payment to be considered and evaluated. Part of this process must include a study into how the States balance sheet could be managed more effectively as a thorough review of the options available has the potential to provide very significant financial benefit to the States and to the people of Jersey. To round off, it might be helpful for Members if I were to explain briefly that both pension schemes undergo an actuarial valuation every 3 years. The valuations are carried out by the scheme actuaries. The pension schemes also receive investment advice on the setting of an appropriate investment strategy that aims to meet the future funding requirements of the schemes. The scheme actuaries have provided the calculations and facts upon which my amendment is based. The Chairman of the Committee of Management Investment has been consulted with by the Treasury on this amendment and he is content with the proposals. Furthermore, the original 10-point agreement and the pension regulations expressly provide for early repayment. It therefore makes

absolute sense to repay this debt early and reduce the long-term cost for the States. I thank the Council of Ministers for accepting this amendment and I ask Members to do the same. Thank you.

The Deputy Bailiff:

Is the amendment seconded? [**Seconded**] Deputy Higgins.

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

Just some clarification from the proposer of the amendment. You have mentioned various figures. What is the real-term growth in the pre-1987 debt? Allowing for inflation and everything else, what are the real figures? The figures are Monopoly money. When we start talking about today-type figures and future figures, what is the real-term growth in the debt?

1.3.3 Senator P.F.C. Ozouf:

Quite a complicated issue, and on an agreed amendment I think probably the best thing for me to do is to arrange for a briefing note to be sent around to States Members to give them an update exactly on that pension arrangement because it is quite complicated. Deputy Higgins is quite right. We have had some theoretical accounting debates on the previous debate, and he is not wrong; there are FRS17 valuations on different scenarios and this is subject that the Deputy Vallois and her predecessor in terms of P.A.C. have certainly been... this is a matter for the P.E.C.R.S., and there have been quite a lot of worrying figures put around about the liability. The difficulty is, as bond rates have fallen, the value of the debt has gone up, and we are absolutely very happy to accept and have accepted Senator Farnham's amendment. What we would not want to do is we would not want to pay the debt off early at the most expensive time. So I may be agreeing with Deputy Le Fondré on something. He understands these issues. We would not want to pay the debt off at the very low level of bond yields, but do we need to renegotiate? I am very concerned. Those early accounting lessons that I had were about double entry and also about matching, and I believe that you should match liability over the lifetime of when you need the resources. With the benefit of hindsight, that 10-point plan was in the interests of the States. We have put off a problem. It is one of the only problems we ever really put off in this Assembly or previous Assemblies put off in terms of liability. Your Treasury team absolutely wants to deal with this issue. I am grateful for Senator Farnham's comments about the fact that we have already put some more money on the table to repay this early. That has had some trade-offs. If we would not have done that, we might have been able to do some other things, but it is important, I think, to deal with this issue of this debt. I will say one perhaps comforting thing about our pension liabilities. These are big numbers. They are probably less, in reality, as interest rates do eventually go up than the numbers that are published in FRS17 valuations, but the liabilities are still there and we should deal with them. The only good news I would say to this Assembly is while there is a liability, and it is large and it needs to be dealt with, but it can be dealt with over a number of years, we do have a funded pension scheme to some extent. The United Kingdom, in terms of their pension, has absolutely no scheme at all.

[12:15]

I think we have got £1 billion in P.E.C.R.S. We have got a few hundred million pounds in the Teachers Fund. I would just say to Members, yes, there is a liability here but again here this Assembly and this Island, this Parliament is in a rather better position than, for example, the United Kingdom, which has absolutely nothing. No savings, no pot, nothing. Pensions are paid out of current revenue. Our predecessors back in 1987 made some wise decisions. Yes, there is an outstanding liability. We agreed to repay it over a longer period of time. The Treasurer has advised us that that is not sensible. We should be accelerating the repayment. This is the first step that we are going to be agreeing in the plan and I am very happy that we are now given a deadline, because a deadline means that we have to deal with it and we are going to come forward with

dealing with that past service liability debt. We are also going to be doing all the other things, working with S.E.B. (States Employment Board) in order to put the whole of the pension schemes on an affordable, long-term and sustainable system. I just warn Members there is a great deal of work that we are going to be doing in engaging with staff, and indeed Members, and I am going to have to invite Members to lots of briefings on pensions as we do make those decisions in a few months' time. I am grateful for the amendment and I am thankful and I hope the Assembly is going to wish us luck in dealing with this issue.

1.3.4 Deputy J.A.N. Le Fondré:

Just 2, I hope, very quick points. One is just to recognise I am glad of the direction of travel, as it were, both from the Council of Ministers and action, of course, by Senator Farnham because I do recall, I think it was 2 years ago, Senator Shenton bringing a very similar principle - I cannot remember the details - and it was resisted. I must admit, at the time I thought it seemed logical at the very least to be investigating it. What I would ask the Minister for Treasury and Resources is, when we do get these figures and things like that (and it kind of touches a bit on what Deputy Higgins has just said), could we have it on a net present value, discounted cash flow basis, because obviously the inflation impact going forward is quite important.

1.3.5 Senator S.C. Ferguson:

I should, I suppose, confess to a very slight, minor conflict because I get a small pension from P.E.C.R.S. Despite that, Members will be aware that I have been following this topic because we have had a large number of figures being bandied about, but what I can say is that the final cost in terms of current sterling (in other words, taking account of the time value of money) is, as calculated by the actuaries, identical. This is the basis of the actuarial calculation. If we are going to pay so much over I think it is 71 years remaining now, what sort of payment do we need to make each year for 25 years for the present values of the 2 to be identical? No problem. It is like working out a mortgage. It is a bit esoteric but it is fairly mechanical and, in best business school manner - there may be 4 accountants in this Assembly but there is only one M.B.A. (Master of Business Administration) - I considered the value of paying off quickly as opposed to paying off over a length of time. In some respects, despite the matching, the smaller amount over a longer time to pay could alleviate our current financial straightjacket. However, I took advantage of a meeting of the P.A.C. with the Chairman of the Board of Management of P.E.C.R.S. and I have also taken the advantage of contacting the union representatives and they are in fact in favour of paying off sooner. I do not know whether that is a reflection of the security of the amount of money in the States or what but, anyway, they would like the money quickly. I am just a little confused, and perhaps Senator Farnham can explain, why it is the Assistant Minister for Home Affairs bringing this and why was it not part of the Minister for Treasury and Resources' brief. That is another story, but I have done the work behind this and I will be voting in favour of it.

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

It is unfortunate that the Minister for Treasury and Resources has already spoken, but hopefully Senator Farnham can clear purely a definition side of things up for me. In terms of the P.E.C.R.S., on page 93 under point 94 it talks about the 10-point agreement in which it states that it allows for consideration to be given to accelerating or completing repayment of the debt as and when the financial position of the States improves. Then I believe further on throughout the Medium Term Financial Plan we also have a section where it describes the Stabilisation Fund in terms of we should only put money in there when the States' financial position improves and we have had advice from the Fiscal Policy Panel. Unfortunately, I have not got my *F.P.P. Report* here with me at this precise moment. Could Senator Farnham just give me some explanation around those 2 areas, why the debt rather than the savings? I do recognise that this is an important thing to do and

I completely agree with it. I would just like some understanding and definition from that point of view.

Deputy J.H. Young:

Sir, just to say apologies; I should have declared an interest earlier, if that could be recorded.

Senator B.I. Le Marquand:

I do not think it is necessary to declare an interest (I would have done so) because, frankly, this is just asking for some work to be done, but if I am wrong then I declare an interest.

Deputy M.R. Higgins:

Sir, could I also do the same in that case. I did not realise we were voting any money. It is a question of getting the study.

The Deputy Bailiff:

We are not voting any money.

Senator P.F.C. Ozouf:

We are not voting any money to anybody. It is just basically the reorganisation of the liability so the pensioners get it.

The Deputy Bailiff:

There is no financial interest.

Senator P.F.C. Ozouf:

No, there is none.

The Deputy Bailiff:

If no other Member wishes to speak then I call on Senator Farnham to reply.

1.3.7 Senator L.J. Farnham:

Thank you to the Members that have spoken. Deputy Higgins and Deputy Le Fondré raised a similar point, for which I thank them. I had spoken to Deputy Le Fondré prior to the debate about the real-time growth or the real-term growth and the discounted cash flow basis and I think that is a very important piece of work that needs to be done to show that we are getting better value. I know Senator Ferguson has done a good amount of work on this and that is something that the Minister for Treasury and Resources is going to have to focus on when he comes back to the States. Turning to the Minister for Treasury and Resources' comment about how the funds are valued and how it is valued quite high because of bond rates, when interest rates are very low the value of bonds tends to be high and the value of the schemes are linked to bond value. The only consideration (a word of warning) I would ask the Minister for Treasury and Resources and his team to consider is, if interest rates were to start creeping up again and bonds were to be devalued as a result, then, yes, the value of the debt could come down slightly, but it would make borrowing to repay the debt, if that is one of the options, a bit more expensive. So that has to be weighed up very carefully. I thank Senator Ferguson for her comments and views. She is the Chamber's financial expert outside of that of the Minister for Treasury and Resources; so I am very pleased and I take great comfort from the fact she is supporting this. I hope she still is. **[Laughter]** I think Deputy Vallois also raised a very valid point when she referred to the 10-point plan, which I have here in this folder. One of the reasons why this amendment is not prescriptive as such is that it could have led to a most complicated debate, but she does rightly state that we have the option to pay when the States' finances improve (I think I have the gist of the question right), which is why in the amendment I

allude to the fact that our balance sheet needs to be managed much better, rather than seek to find funding from this House out of States revenues or the Strategic Reserve even, which I could not have put in this amendment anyway because it is only the Minister for Treasury and Resources that can bring propositions or amendments in relation to the use of the Strategic Reserve. I very much think that we should be looking to make far greater use of our balance sheet and leveraging and utilising our asset base a lot more effectively and I hope it is with that in mind the Minister for Treasury and Resources comes back with his recommendations. I would just also like to say thank you to the Treasury and Resources Department who have been very co-operative. They have helped a great deal and answered all of the questions and I think to all of the other States Members from within the Government and Back-Bench Members. I think it has been a lot of teamwork that has brought this amendment and led to it being accepted by the Council of Ministers. So thank you again to them and I hope Members see fit to support it.

The Deputy Bailiff:

The appel is called for. I invite Members to return to their seats. The vote is on the sixth amendment proposed by Senator Farnham. I ask the Greffier to open the voting.

POUR: 41		CONTRE: 0		ABSTAIN: 1
Senator P.F. Routier				Connétable of Grouville
Senator P.F.C. Ozouf				
Senator A. Breckon				
Senator S.C. Ferguson				
Senator A.J.H. Maclean				
Senator B.I. Le Marquand				
Senator F. du H. Le Gresley				
Senator I.J. Gorst				
Senator L.J. Farnham				
Senator P.M. Bailhache				
Connétable of St. Helier				
Connétable of Trinity				
Connétable of St. Clement				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				
Connétable of St. John				
Connétable of St. Brelade				
Connétable of St. Martin				
Deputy R.C. Duhamel (S)				
Deputy R.G. Le Hérisssier (S)				
Deputy G.P. Southern (H)				
Deputy of St. Ouen				
Deputy J.A. Hilton (H)				
Deputy J.A.N. Le Fondré (L)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy S. Pitman (H)				
Deputy K.C. Lewis (S)				
Deputy M. Tadier (B)				
Deputy T.A. Vallois (S)				
Deputy M.R. Higgins (H)				
Deputy A.K.F. Green (H)				
Deputy J.M. Maçon (S)				

Deputy G.C.L. Baudains (C)				
Deputy J.H. Young (B)				
Deputy S.J. Pinel (C)				
Deputy of St. Mary				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				
Deputy R.J. Rondel (H)				

1.4 Medium-Term Financial Plan 2013 - 2015 (P.69/2012): - as amended

The Deputy Bailiff:

We now return to the debate on the Medium Term Financial Plan. Does any Member wish to speak?

1.4.1 Senator I.J. Gorst:

I am aware of the time and I know that we have had a very good debate. Inevitably, when we are discussing the amendments we are discussing the plan as well and it seems some considerable time ago that the Minister for Treasury and Resources stood up in the Assembly and moved the M.T.F.P. and I just want to reiterate a few of the points that he so ably made 2 days ago. He said that this is a historic debate and indeed it is. I am absolutely clear that, when I hope that we are about to go on and approve this plan, we will be putting in place a sustainable and affordable plan for the Island's finances for the next 3 years. If we cast our minds back to earlier this year when we approved the Strategic Plan, there was some scepticism about what that meant. Could we deliver on it? Could we find the resources to deliver on it and were we highlighting the real priorities of our community? We have today the opportunity to prove those detractors wrong. I believe that the Strategic Plan is just as fit today as it was 12 months ago. It is addressing those issues which Islanders told us were important then and remain important today for them and for their families: to deal and improve and modernise our health service; to ensure that jobs are created and employers are supported; to ensure that we have an appropriate population policy; that we are reforming Government and the public service; that we are thinking about family and community values; that we are ensuring that our housing is appropriate, that social housing is in good repair and is something that we can be proud of. By approving this plan today, it will mean that we can provide the resources to deliver on those strategic aims and to deliver on those promises, something that not all politicians across the world have the ability to do. This morning we have the ability to provide and to deliver on those strategic aims and to provide and improve and better the lot of Islanders right across our community and deliver services that we can rightly be proud of.

[12:30]

A number of Members throughout the course of this debate have raised a number of concerns. I think the greatest one and the one that people have talked about most is: is there sufficient flexibility in this plan for the period of time that it covers? Be in no doubt, Ministers fought, argued and debated, rightly, where we should allocate the money for the next 3 years. I am grateful that Members of this Assembly, throughout the course of the last 2 days, have recognised that that was a difficult process, but have equally recognised, more importantly, that the provision of those services, that the investment in those services and the investment in the future of this community was the right way to go. That, inevitably, has meant that there is not as much flexibility as the law might have envisaged when we were initially bringing into force the need for a 3-year plan, but be in no doubt there remains flexibility. As Members know and as has become apparent over the course of the last 2 days, there is flexibility in contingencies which remain. There is flexibility in the capital programme as well. So there is flexibility, not to mention the flexibility of carry-forwards as well. I believe that Members can vote with confidence in this plan. There does remain flexibility. It will be able to deal with what the future throws at us but, just as important, it will be

investing and providing funding for those services that perhaps in the past we have not been able to invest in and have not necessarily been high on our radar. We must remember that we are fortunate that the position we are in today has been built on difficult decisions of past Assemblies and difficult decisions that the Minister for Treasury and Resources has had to make and propose in this Assembly. I think we should thank him for that resolve and thank Members of this Assembly for making those difficult decisions, which means that today we can invest in social provision, in social services and improving the lot of many Islanders. The Minister for Treasury and Resources, when he was proposing this plan, said it was important because, whether you are a young person at school, a working family, a single parent or a senior citizen, this plan affects you and that is absolutely right. It will affect the life of every Islander and it puts money and invests money to what I believe is very good effect. As I come to a close, I want to just record my thanks to this Assembly for the support that they have given so far to this plan. I want to particularly record my thanks to the Scrutiny panels and the Scrutiny process. We have now been an Assembly working together for just over 12 months. I believe that we have proved those wrong that said our system of Government could not work. Yes, we know it needs improvements and refinements, but I believe that over the course of the last 12 months the Council of Ministers and Scrutiny and the Chairmen's Committee, have shown that this Assembly can work together and it can provide services in the way that the community wants. I am extremely grateful for the relationship that we have built and been enabled to build with our Scrutiny colleagues and with the Chairmen's Committee. My hope is that we continue to build upon that. Inevitably, Ministers do not always like the challenge that they receive from Scrutiny, but that does not mean to say it is not the right thing to do because I believe it is. We must build the relationships. We must work together, but we must challenge where appropriate. I believe that over the course of the last 2 days we have seen that at its best. Scrutiny have produced lengthy and important work and I am extremely grateful to them for that. I would like also to thank my colleagues on the Council of Ministers. I believe that we are working in a collegiate fashion and that we are sometimes putting our own individual interests aside, as you would expect, and towards the best interests of Jersey and that is exactly how it should be. That is exactly how we should be governing and I am extremely grateful for the hard work that they have put in. It goes without saying that Ministers could not work and Scrutiny panels could not work if it was not for the hard work, the long hours, day in/day out, that our officers and staff put in to produce good Government and good governance in our community. **[Approbation]** I am very grateful to them. It is more or less a year since this Assembly did me the very great honour in electing me as Chief Minister. I am proud of the way that this Assembly has operated and that Government is working and I am extremely hopeful that, as we approve this plan today, we put the resources and the money where our mouths are, where our promises were made and where our commitments were given. I am very hopeful for the future. It is remiss of me. I should just also thank, certainly when it comes towards today, the work of the Greffe in publishing and producing all this information, advising the Assembly on amendments and supporting them. **[Approbation]** So I wish to put my thanks on record for them as well. Senator Ozouf, somewhat ahead of his time, 2 days ago said he believes that the best is yet to come in Jersey. Of course, that was copied over the water, yesterday I believe it was, by the newly-elected President of the United States of America. I believe it is important that we govern in a way that does bring hope and does provide vision and a dream for our future and I absolutely believe that this plan does exactly that. It invests in our future. It provides a sustainable future and it means that we can honestly say that we believe the best can be still to come. **[Approbation]**

1.4.2 Deputy S. Power:

I will be brief, as I think we are coming up to a break. Whether it is the Minister for Treasury and Resources or the Treasury team in Washington, you find that financial forecasting for the next foreseeable future is almost a Mission Impossible. It is almost an impossible task. Even though we

have all had these enormous amounts of information to digest over the summer and autumn, the acid test of where we are today is really on page 42 of this Medium Term Financial Plan. We have projected what our States income will be, running from £612 million up to £711 million, and we are projecting that States expenditure will be nicely balanced, £615 million up to £691 million, with projections of a healthy surplus. My concern is this: any man or any woman or any accountant or any treasurer or any secretary of state or whoever who attempts to do accurate forecasting for the foreseeable future - particularly this medium-term, 3 years - have to be brave people because we really do not know what is going on out there. There are so many imponderables that this little Assembly has got to absorb and large jurisdictional institutions have got to absorb, including the most recent example of the changes in America. I draw Members' attention to the *Fiscal Policy Report* and the response to the Minister for Treasury and Resources on R.137 and it says on page 3, if we look at the recommendation: "The panel's assessment of the economic outlook for the Jersey economy has been downgraded for 2012 and 2013, and there are indications that significant spare capacity will remain in the economy over this period. This leads the panel to advise that the States should act now to give discretionary fiscal support to the economy for 2012 and 2013 and, if practical, to a greater extent than set out in the M.T.F.P." That is an extraordinarily important sentence and statement. I would advise the Council of Ministers that they pay serious attention to that comment because we need to invest in the local economy without any due delay and we need to give, as they say, discretionary fiscal support to the economy to a greater extent than set out in the M.T.F.P. My huge concerns with forecasting for the next 3 years is: what happens if our expenditure dips? I am not even going to attempt to answer these imponderables now. We saw the results of the election in America just over 2 nights ago. We have seen references to what is euphemistically referred to as this fiscal cliff and the fiscal cliff is what the American economy has to face by 31 December, where they are saying their deficit has to be reduced to 7.1 trillion dollars. That will affect us. The last thing I want to say is we deal with these very big and complex reports and propositions and sometimes I realise that it is almost impossible for a Scrutiny team or a Scrutiny group to analyse some of the enormous pieces of work that are going on. I pay respect to the Chairman of the Health, Social Security and Housing Panel and indeed Senator Ferguson on the Corporate Services Scrutiny Panel. I was placed in a very difficult position yesterday because I supported the Council of Ministers' amended amendment and the reason was that I did not want a delay in the discrimination law. The reason for that is I am the States' representative on the Community Relations Trust and they have waited nearly 4 years to see this discrimination law come through. It is important that that law is not interfered with and so I said yesterday to the Minister for Social Security that I am glad that that law will now be back on track and on schedule. So we deal with these enormously complex pieces of legislation, very detailed reports and propositions, and, the way the Assembly works, we are not equipped to deal with them the whole time. An example I referred to briefly this morning was Senator Maclean's P.112 this year, Draft Intellectual Property Rights Law, which was an enormous 90 pages of text on intellectual protection, which went through in about 25 minutes. I find that we need to do something in this way. So I say to the Chief Minister that, as we progress to the second and third year of this term, we need to revise the way this adversarial system works in here and maybe we can look towards a re-streamed system of Government that will allow us to work together sometimes, rather than in an adversarial way. I listen to the public. We drive the public nuts sometimes with some of the things that go on in this Assembly (I do not know whether that is parliamentary language), but we do the very best we can. All I want to say is I hope that this puts an end to this M.T.F.P. today; that it goes ahead, that some of the projections are accurate, and I am happy to support it.

The Deputy Bailiff:

I draw to Members' attention it is 12.45 p.m.

[12:44]

LUNCHEON ADJOURNMENT PROPOSED

Senator P.F. Routier:

I propose the adjournment, Sir.

The Deputy Bailiff:

The adjournment is proposed.

Deputy R.G. Le Hérisier:

Sir, is there any chance we could finish the debate?

The Deputy Bailiff:

I have 3 Members waiting to speak and presumably others may yet wish to speak as well. If you do not wish to make a proposition the States will now be adjourned. The States stand adjourned until 2.15 p.m.

[12:45]

LUNCHEON ADJOURNMENT

[14:15]

The Greffier of the States (in the Chair):

The debate resumes on the Medium Term Financial Plan as amended and the Deputy Bailiff had noted the Deputy of Trinity wishes to speak.

1.4.3 Deputy A.E. Pryke of Trinity:

Being one of the main recipients of this M.T.F.P., if approved, I felt I just needed to give a brief outline of where the money will be used because I am very cognisant that it is a lot of money that we have been asking for. I would like to thank the Minister for Treasury and Resources and his team and the Council of Ministers for their support in understanding really the main issues surrounding health and social services, and also to this Assembly who, only a fortnight ago, obviously backed that and gave it its full support. Just a couple of points I want to raise: that we have also in the plan asked for a 2 per cent business-as-usual grace, because, as most Members are aware, despite the amount of money that we have asked for in new services, business as usual still carries on and the cost of drugs, *et cetera*, ferrying patients to the U.K., whether it is on community or mental health placements, or specialist treatments like bone marrow transplants, have increased and will continue to increase over the next years. Also service and new money too for some medical staffing posts, sub-specialisation and some money in there to pay for nurses' establishment and better terms and conditions, because we know that in recruiting nurses - even though we have had a very good summer with recruiting nurses - as we go forward with new services it will continue to be a challenge. Also there will be increased costs within ensuring medical cover. I have just mentioned about the very good step that this Assembly took 2 weeks ago in funding for that. Also about our new hospital, even though we know that it is going to cost a significant amount, we will still need new beds over the next 10 years to cope with the increase in use of our services, but also to reassure everybody here too that in the plan there is increased cost to replace the M.R.I. (magnetic resonance imaging) scanner in years to come, upgrade of hospital main theatres, because all of this needs to continue before we even get a new hospital. I am grateful that also this Assembly has passed some money from the J.T. shares for our capital funding, because it is important that all our facilities - especially out in the community with older adults and young adults and especially our children facing complex needs - that they need to meet the requirement. I would like to thank Members for their support and we can look forward to investment being in the

care of Islanders and, by approving this plan, it will make a difference to, like I said, those adults and children who are very vulnerable in our society.

Deputy R.G. Le Hérissier:

On a point of clarification, did the Minister say that the hospital will not cost a significant sum? What sum did she have in mind?

The Deputy of Trinity:

I definitely did not say that because we all know it will cost a significant sum; the amount of money has not been sorted out exactly; in the region of £320 million to £400 million, and that is a significant sum.

1.4.4 Senator F. du H. Le Gresley:

I did not realise I was coming up so soon so I will have to think what I am going to say now. I wanted to put an air of caution into this Medium Term Financial Plan, not because I am in any way scaremongering, but we have to be realistic about what the future holds beyond this 3-year financial plan. I particularly want to draw Members' attention to the fact that this proposition includes part (c)(i), which relates to the transfers from the Health Insurance Fund, the subject of which we will be debating hopefully this afternoon under P.88/2012, and also the amendment from Deputy Southern. I am reminding Members that this moves over the next 3 years a total of £14 million out of the Health Insurance Fund to assist Health deliver primary healthcare and their general need for growth. If we do (and I sincerely hope we approve this Medium Term Financial Plan when we come to vote on it) I want to draw Members' attention to the fact that I am taking that as an indication that you are not going to give me a hard time when I bring my proposition P.88/2012, because really you are signing up to the movement of those monies to support Health.

The Greffier of the States (in the Chair):

I am sure you are not trying to mislead the Assembly, Senator, but the paragraph you refer to is very clearly dependent on that vote; I do not think you can say to Members: "If you vote for this you are voting", but Members will be voting as set out in (c)(i).

Senator F. du H. Le Gresley:

I totally agree with you, Sir, but I am just sending a sort of message to States Members; it is not as discreet as perhaps I should be, but to me we have to accept that Health do need extra money and that the Health Insurance Fund is going to be the vehicle to provide that. That is the point I wanted to make. I know this may come up later, but I should give Members an indication that the money in the Health Insurance Fund is being drawn down at a faster rate than we had perhaps anticipated, due to the ageing population, due to the fact that more people are visiting G.P.s (general practitioners) and more prescriptions are being issued. This is a trend that we anticipated before we entered into any discussions about moving money out of the actual fund. It is most likely that we will in time be having a government review the fund when this year closes, i.e. in 2013, but we have always anticipated that the contributions to the Health Insurance Fund will have to increase in the long term, and that is something that we have to take into consideration and will be something that will affect or be perhaps introduced at the same time as the next Medium Term Financial Plan. At the moment, we are quite comfortable in that we have probably in the region of 3 years' revenue expenditure in that fund, but that is where we are at the moment and I just wanted to draw that to Members' attention. The other big issue that my department is dealing with is the introduction of long-term care benefit. Again, much as I admire the words of the Minister for Treasury and Resources when he said no taxes will be increased during this Medium Term Financial Plan, States Members have approved the introduction of long-term care benefit and, if we recall, when we approved that proposition to introduce that law, the report that accompanied the proposition said

that the rate of contribution to provide a long-term care benefit could be in the region of 1.5 per cent, and that is something that we possibly may need to raise; that figure may not be enough. So, again, a word of warning, this will come in January 2014 and of course that is effectively taking money out of the pockets of some workers. So these are the sort of words of caution that I hesitate to bring but I think we all need to be realistic that, while this plan holds together, the future is not one where we can ignore the rising cost of health and the introduction of long-term care benefit, which will have an impact on workers in particular who will be providing the contributions. On a more positive note, I would like to mention the Back to Work programme and the successful bids that we have made in this Medium Term Financial Plan. **[Approbation]** Some Members will have heard today the fantastic success that we have had with getting unemployed people into work by working with the company TGI Friday's. I think it is absolutely remarkable that this team, the Back to Work team, has succeeded in getting 80 per cent of the new employees for this company from people who were currently unemployed and I think that team deserves great credit for what they are achieving. **[Approbation]** I can say to you that, as at the end of October, the Back to Work team this year have put 1,000 unemployed people back into paid work and I support very much their efforts but I also thank Members who have allowed that team to build, to develop programmes, which are clearly delivering what we all hoped would happen: getting people back into work. One of those schemes, which again we hope to fund through the Medium Term Financial Plan, is employment grants and, to date, 66 employers have taken advantage of that scheme and more are already in discussion with the Back to Work team. So the future for Back to Work, we obviously have some difficult times ahead through the winter months, but I am confident that what we have done by bringing that team together, working with Education, working with Economic Development, that we have a workforce there who are going the extra mile to get our people back into work. It is about a partnership and what we have shown with the work that we have done with TGI Friday's is that hospitality in particular can work with the Back to Work team and find jobs for our local people. So, with that, and hoping that I have not strayed outside of what is coming up with P.88/2012, I think Members for listening to me and I hope you will all endorse this plan.

1.4.5 Senator S.C. Ferguson:

I would just like to rap the knuckles of the Minister for Social Security. I am fed up with oldies being blamed for everything and I would be grateful if he would provide the evidence to support his assertions that the rise in charges is entirely due to oldies. Sadly, I must say there were concerns expressed in my foreword to our report, page 3 for those who have it with them, they are still valid. Yes, we identified some bouquets and we identified some potential brick bats. The economic situation has deteriorated since the inception of the forecasts. The forecasts are in the lower end of the range and the major risks, as the F.P.P. said, are downward. In fact there are doubts that the economic and income forecasts for 2014 and 2015 will be achieved and our income and expenditure levels are finely balanced, suggesting that there is little room for flexibility. We do need to check on whether there is a structural imbalance between income and expenditure, and we support the recommendation of the F.P.P. and we look forward to seeing the work from the Chief Minister's Department and the Policy Unit looking at this. We do need to look at it. All in all, we felt that this had been a good effort but it is not the whole story. At the moment this is a financial plan; this is not a business plan. We still have a lot of work to do in modernisation of the States organisation, which is a topic that does not figure significantly in the plan, and the cross-cutting issues: information services, property, H.R. (Human Resources) and procurement, are central to reducing expenditure and limiting the size of the public sector. The Chief Minister can be certain that I will continue to work for the Island, but I am somewhat sanguine about the future; I hope I am wrong. No one will be more pleased than me if that happens.

[14:30]

Finally, in business, income less expenditure equals, hopefully, a surplus. This surplus is built up to provide monies for capital expenditure. A bit simplistic, but you get the idea. What worries me is that we are finding monies for capital spending when we are in a deficit situation and the deficit is being bolstered by sums being raided from various funds, such as the Health Insurance Fund. As the F.P.P. said, this is a time for prudence and I would underline this, particularly as we go forward to 2014 and 2015.

1.4.6 The Deputy of St. Ouen:

First of all, I am extremely pleased that at last the States are looking at a 3-year Medium Term Financial Plan and not relying on an annual business plan as in the past. I acknowledge that clear efforts have been made to reduce overall expenditure in certain areas; however, I have also noticed that their budgets are set to increase significantly over the period of the Medium Term Financial Plan. I think it is refreshing to see that at last the Council of Ministers is starting to recognise and realise the full cost of the services we provide and the need to fund them appropriately. The problem is though that there is a cost, and presently I do not believe that we fully appreciate, or indeed the public fully appreciates, that cost. Senator Le Gresley alluded to the fact that we have already agreed and expect an increase in social security contributions to support long-term care. That is the tip of the iceberg. We have a health plan that has recently been agreed that will require, on the Minister's own admission, significant additional sums of money to deliver. On top of that, we have various capital programmes that still are not allowed for and provided for within the capital programme, including the hospital and the management of our liquid waste. I think that this is my place to qualify my support for this plan because I do not presently support a number of the savings proposals that the Council of Ministers has kindly shared with us for 2013. In particular, I am extremely concerned about the £2.8 million that is required to be delivered by the Social Security Department in reducing benefits and income support. Equally, I am concerned about further savings that are proposed to come from Social Security from those sorts of areas, although we have not any idea about where they are coming from. Although we have heard that £56 million of savings may be saved by the end of 2013, I remind Members that we are still in 2012 and there is a lot of work to be done if those savings are to be realised. I also want to point out to Members that, not only is the Council of Ministers faced with that problem, but we also heard this morning about the issue about balanced budgets and the requirement for the States to maintain balanced budgets. If all of the proposals and assumptions contained in this Medium Term Financial Plan are not realised then there is only one option and that is to increase taxation. In fact, the Minister for Treasury and Resources himself has perhaps changed his view somewhat from the time we first started looking at the Medium Term Financial Plan because in the first draft that we looked at the Minister for Treasury and Resources had said that the Medium Term Financial Plan assumes that there will be no tax policy changes within the next 3 years. He is now saying there is no intention to increase taxes significantly over the same period. I would put the Minister for Treasury and Resources on warning that the public, although they wish improved services, are definitely not currently prepared, I do not believe, to accept increased taxation. I for one will need to be extremely convinced before I will ever be able to support significant increases in taxation. With those comments, I will...

1.4.7 Deputy J.H. Young:

I think I am right in saying this is the first time this Assembly has approved the Medium Term Financial Plan under the new law and ideally it would have been better if we could have done this in more stable times and we are having to do this in all the uncertainty that we have spoken about for the last 3 days. Doubts do remain, doubts remains about our economy, our income level, and the limited contingencies provisions, which we have aired this week. All those points are recorded in the reports that Scrutiny have produced. But, nonetheless, the plan is a good start and there are

lots of good things in it. I just highlight a few, for example the T.T.S. (Transport and Technical Services) team have put in the plan adequate provision for dealing with the essential infrastructure for dealing with our sewerage systems, roads, and new provisions to deal with the ash problem, and indeed some proposals for sustainability. One particular scheme I think should be congratulated on, if the States approve the plan, the parish centre improvements, which is whereby a proposal to both achieve objectives for improvement of the village centres, where there were traffic conflicts between pedestrians, cyclists, buses, cars and so on, but also those schemes being dealt with under creative schemes for getting people back to work, and I pay full tribute to the work done by the Minister for Social Security on this. Every day we hear more and more of that team's successes. I would like to add my voice to others' congratulations on that work, but it is really terrific, I think really to be complimented, that we are seeing investments in the public domain, in the public infrastructure, which definitely we are told is fully in line with the recommendations for fiscal stimulus money; that we get a double benefit of an economic push to the economy and essential infrastructure, which we need. Infrastructure for which in past years our treatment has not been anywhere near up to the mark and we have allowed many of our assets to slip behind in their standard of maintenance. But there is absolutely no case for complacency here, this is a 3-year plan and there are clouds on the horizon. So I think I do have to put on record my reservations, I very much hope that this is the only time this Assembly, or this particular Assembly before the next Council of Ministers is formed post October 2014, has to deal with the Medium Term Financial Plan. As I understand the law, the only way we would do that is if emergency situations arise and we do not achieve our forecasts and we have to come back and relook at it. I hope that does not happen and I am very much looking forward to the Treasury and the Council of Ministers team using the flexibility that we have to try and ensure that the plan is successful. In closing, I am left with feeling somehow that our Government processes are less than ideal about the gestation of the plan and the systems for the approval of it. I would like to think that in the next 3 years minds will be turned to how some of these important policy issues, which we have aired on the floor of the Assembly, can be more brought forward in the consultation process so there can be more interaction at an earlier stage between Members generally and the Council of Ministers formulating their plan to try and deal with some of those points earlier on, which I think is a better framework. So I was very pleased to hear the Chief Minister's comments. I think he was saying a similar sort of thing, maybe not as clearly as that. But I would like to think that there are improvements possible in the way that our processes are developed. But, with those comments, I shall be supporting the plan and I look forward to... One other thing I should like to say, I have missed of course the major issue, which is, not only I emphasise the environmental gains in this proposal and the particular responses of the Council of Ministers to my own amendments, which I am grateful for, but the big issue is Health. I think it is absolutely right that the resources that we put into Health, or propose to do, are the number one priority and I support that very much.

1.4.8 Deputy P.J.D. Ryan of St. John:

I will not take up the Assembly's time for very long but I do not think I could let the debate on this M.T.F.P. pass without just thanking a few people in various areas. When I first came into this job there was undoubtedly quite a high level of, shall we say, emotional debate and emotion around education generally, and I would just like to thank my colleagues in the Council of Ministers for listening to a more subdued and calmer level of debate around education. It was not always easy, I know that, but we have come out with various growth allocations, which I think are absolutely right. I see that the Chief Minister is shaking his head slightly but I think I speak the truth. I would also like to thank the excellent Education and Home Affairs Scrutiny Panel. It is from their excellent report on education that I quote a few things and just comment about the kind of growth that we have had agreed, things like vocational training and the increased numbers at Highlands College, the training allowances for the apprenticeship schemes that Members should have some

advance details of in their emails as we speak. There are various other things that are there; I will not go on. There are still some areas of potential difficulty, particularly in higher education in the short term, and I think that we will all have to work together in again a calm and measured way to try to manage whatever challenges are put in our way, usually from, shall we say, bodies outside of our direct control. It is not the right time to talk about the next M.T.F.P.; there will be plenty of time for that, but I just want to assure Members that there are plenty of other things that I want to look at in the medium term until we get to talk about the next M.T.F.P. in 2 or 3 years' time. So do not think that just because I have been reasonably successful in getting a few things through that I am happy or am prepared to sit on my laurels, so to speak; that is not the case, there are many things that we still need to look at in some great detail around education. I thank Deputy Tadier for bringing one to our attention over the teaching of modern foreign languages. So I leave it there and thank everybody concerned with, as far as I am concerned, a reasonably successful first Medium Term Financial Plan.

1.4.9 The Connétable of St. John:

I will repeat again the words I said several days ago: I still believe there should have been a Council of Ministers' Plan, Medium Term Financial Plan, and they should have stood or fallen by it. As it is, it has now been amended by Members therefore it is the States of Jersey Medium Term Financial Plan, and therefore when it all goes pear-shaped then it will be this Chamber, not the Chief Minister and his Ministers, who will fall. There is something wrong with our system if that happens.

[14:45]

They should be standing or falling by what they are presenting and should not have allowed amendments. Yes, if we have to alter the way this is done, we alter it. Nothing is beyond the wits of man or particular wits of Members of this Chamber. It concerns me; we were told in this Chamber a couple of years ago when they raided the Social Security Health Insurance Fund of millions of pounds, that it was a one-off. What are they doing? They are doing it all over again. We were lied to in this Chamber. I am sorry; I do not like using that word. We were told in this Chamber that it was a one-off and it would not happen again. It is here, it is happening. I am not at all amused, to say the least. That fund does not belong to the Treasury; it belongs to the people who pay into Social Security through their contributions. It is not there to be raided to bail out Health and Social Services. The Law needed to be altered, do it right. I did pick up on the Minister's for Social Security comments; he obviously is not happy, but I presume he is being cajoled by his fellow Ministers and put pressure upon to allow this to happen. He may be shaking his head at the moment but I am pretty sure that is the only way that they could have got all these extra millions of our money. I say: "Our money" because I have paid social security all my life, but some of that money is going to be spent on people who have never ever contributed into the Social Security funds and that is a real concern. It does not belong to the Exchequer, it belongs to the people who paid into that. It was a ring-fenced fund and the Minister for Treasury and Resources found a way, by tinkering with something somewhere along the way over the last couple of years, to allow himself to get his hands in that particular pot. He is doing his job, but he still found a way of getting into those funds. So, for that reason alone, I am not going to support this plan because, as far as I am concerned, that is not the way we should be going. The other reason of course, as I have already said, is because I believe this should have been a standalone Council of Ministers' proposition and it should not have been tampered with by this Chamber. I have said sufficient, thank you.

1.4.10 Deputy M. Tadier:

I kind of follow along the same lines as the Constable of St. John but perhaps come to slightly different conclusions. There are 2 facts, perhaps, which are worth highlighting first of all about this process that we have gone through today, and I mention them because it does potentially build a case for not supporting this M.T.F.P. altogether. The first fact is that Scrutiny and key Scrutiny Members in this Assembly are not satisfied with significant parts of the plan, and we have seen that and heard that clearly today. The second point, which I think touches on the same theme as The Constable of St. John, is that none of the amendments, which had not been accepted by the Council of Ministers, have been adopted by the Assembly. They could have theoretically been, but they were not. My question is: what does this say about the democratic checks and balances? Are they working well when there is no opposition? Clearly, we do not have a formal opposition in this Assembly and therefore what was suggested when we moved to executive government, it was to have a Scrutiny function. What is the point of having a Scrutiny function? It is that when they speak to you and when they speak to us and say that: "We are not happy with something here; we think this needs to be looked at," they have an inbuilt mechanism to be able to do that normally. Certainly, we can refer things to Scrutiny under normal circumstances as well; we cannot obviously with the M.T.F.P., and that maybe needs to be looked at. So what I would say is that this has been scrutinised certainly, many elements of it have been scrutinised, and some of that Scrutiny has been taken onboard by the Council. But we have this other point, and I think it ties in very nicely with this idea of raiding pots, and this idea that no taxes will be increased or that there will not be significant tax increases. Because what we have seen here (and I think the Minister for Social Security has been very honest with us and it is a point that many of us have been making for years) is that at some point we cannot continue as we are. We know the pressures out there to sustain, even at the same levels, the funding of public services, the care of the elderly - who are not a problem by any means - but the care and funding of the elderly to make sure that it is done properly is certainly something that needs a great deal of attention. It is, if you like, a political conundrum if we do not do it correctly. In that sense, Senator Ferguson is correct. So we hear that there will be no new tax increases, apart from of course cigarettes, alcohol and fuel ("cough, cough") which are going up very significantly. They are duty, of course, but they are taxes nonetheless. If we look at page 160 of the M.T.F.P. we note there is a nice little graph, which I will be using at some point on my blog and on Facebook, is that we see this nice little circle here, which says 84 per cent of income tax streams... personal income tax; that is interesting, is it not, and 16 per cent company income tax. Of course, we know that Jersey is a very successful economy, largely because of the companies that we have in Jersey, but yet they are paying 16 per cent tax and that yield will no doubt go down year on year, as we have seen it do in the last 10 years, because 10 years ago the balance was roughly 50/50. So to say that members of the public are not going to be facing any significant tax increases I think is disingenuous because they are and have been seeing increased taxation. I think this year is the last year where the allowances were finally phased out for those middle earners, those modest earners in many cases, paying 20 per cent income tax. There is hope though, because TGI Friday's have come to Jersey; is that not great news? Because the reason the Back to Work team have been successful is because TGI Friday's have come to Jersey. Well all I can say is thank goodness for TGI Friday's because what does that say about the Back to Work team? I know they do put a lot of hard work in, joking aside, but if it is only for the fact that we have managed to get this big company over here, who I am sure are willing to snap up unemployed people at a very good rate of pay and perhaps give them short-term contracts. Perhaps if they keep on only employing them on short-term contracts and then re-employ them we can maybe employ all of the unemployed people in the Island at TGI Friday's perhaps just by giving them 5 hours a week each. Nonetheless, they will remain on income support because they will not be able to get out of that vicious circle. So what I would say is that basically I come from the other side of the Constable of St. John in that sense, it is absolutely correct that the States Assembly should be able to bring amendments but when we have a gun essentially put to our head, metaphorically speaking,

by the Minister for Treasury and Resources when he says basically: “You cannot scrutinise, for example, the telecom shares, because, if you do that, I will not have any money, I will have to go away and find it, it messes the whole plan up.” So where does that leave the Assembly? Any of the amendments, if they had been successful, would have meant that the Council of Ministers would have had to go away and find money from somewhere else. So, if we are saying that the autonomy and the sovereignty of this Assembly is only theoretical because when it comes to the practicalities of it we cannot go away and find money anyway, what does that say about the ability of this Assembly to do that. That is why sometimes we come to the cynical conclusion I think - like the Constable of St. John is saying - that it should just be the Council of Ministers who make the decisions. Because we know that, whatever happens in the Assembly, even if it is a perfectly sensible proposition, even if it is only for £25,000, they will not give way because they know that they can always get a majority of the silent few in the Assembly who do not represent, in my view, what the public would necessarily want this Assembly to do and we are not providing a proper Scrutiny function. If I can just say this in the context of the Machinery of Government Review, because I think it is directly relevant, I would like to hear from Members about things like the Troy Rule because the Troy Rule seems to me to become less and less relevant when we have an Assembly that will just rubberstamp anything that the Council of Ministers comes up with and, in the absence of party politics, it is a complete nonsense. So I think today, in this Assembly, we have seen a very dramatic shift in democracy in the Island and I think this is one of the reasons why I am going to be voting against this plan, in spite of all the very hard work that our civil servants have put into it and the very good work that has gone into it, first of all because I do not think it stacks up ideologically, it is a very short-termist plan. They have had to rob things (I would say again metaphorically) like the shares, sell them off early, because they are so desperate for money to make the books balance in the short term, without taking on the very difficult decisions about progressive taxation if we do want to have very good public services, and, if we do not, about the nature of our public services going forward. So I cannot support this proposition today and I would ask any Member, just remember it will be a protest vote, this will receive at least 40 votes today. Otherwise, the other point to make is, we have a Council of Ministers, and I know this because I am within earshot of some of them, without mentioning any names, who clearly can see many flaws in many of the arguments of the Council of Ministers, but they cannot vote against it because there is this fear, which pervades in our Assembly, and that is without collective responsibility. Ministers are corporate souls, yes, they cannot vote against something, so some are forced to abstain and that is a very terrible state of democracy in our Island. I agree with the Minister that the best is yet to come but unfortunately it cannot come before 2014.

1.4.11 Deputy J.M. Maçon of St. Saviour:

What is perfection? Deputy Vallois whispers: “There is no such thing.” This is exactly my point. What we have before us could never be perfect; there is always some way we could look at it and we could all say: “Well, more could be done here, more could be done there.” But I think, overall, the Council of Ministers does need to be praised for what they have done. This is from our independent advisers: that it is a very good model for putting together an M.T.F.P. I am delighted that some of the growth bids, in particular the growth bids going to adult mental health services, in these types of areas are being looked at, because there are many Cinderella stories in the States that do not get the support that they should get. Although I say that with a word of caution because once the States Assembly has approved this there is nothing to stop any Minister from re-jigging any of the elements within this plan. What we are presented with today is a statement of intent and we have to take that on trust and we have to take that on goodwill. Unfortunately, we know that now and again those statements of intent do not get met, for whatever reason. I bear this in mind with the Health Insurance Fund work coming up and I have noticed that some of the elements that we were assured would happen last time for whatever reason have not happened. Therefore they

are having to come back to us to ask for that money in order to achieve that, which is why Corporate Services, with the support of the Assembly and the Council of Ministers, lodged our amendment in order to have that reporting method so that there is a better way that we can hold people to account, to address why certain matters do not get addressed when we give them the funding to do these matters. As I have mentioned in previous debates, I am still extremely worried and concerned about the economic growth forecasts. I still think there is a big problem there. I am not convinced, despite the eternal optimism of the Minister for Treasury and Resources, unfortunately I cannot join him on this particular matter. I wanted to point out that in this M.T.F.P. there will be elements that members of the public will not see, will not feel, because they do not necessarily interact with those particular services. Sometimes, in the wider public, there can be this attitude that the States are not doing X, Y and Z but if you are not necessarily engaging with those services, engaging with those particular people, then that gives you that perspective. Again, that is why I am so glad to see that certain areas are being supported.

[15:00]

While of course I always remain open-minded, there is a problem with these types of documents (and for new Members I make this point) that come to this Assembly which, no matter what you know, they are going to go through. Particularly a tactic - and I know the Constable of St. Helier is very good at this - is, if you can lodge an amendment and if you can get something into a document, which you know is going to go through regardless, that is a helpful tactic to adopt and I make new Members aware of that early on in the process just so they know for future reference. I think overall, while this is not perfect and while we could always say that there are more things that could have been done, it is a step in the right direction. There are many good things and good proposals and some very innovative ideas within this particular document which need to be praised and we need to be conscious of. There are failings, and we have discussed some of those failings, but I think on, balance, I am happy to support this.

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

I had been unhappy with certain aspects of this Medium Term Financial Plan and was uncertain whether or not I would support it. However, after this morning's debates I have come to the conclusion that I cannot, in fact, support it. What really made up my mind was the Jersey Telecom issue. If we go up 9 per cent income, the debt will need to be refinanced somewhere else, probably by a bank at 5 per cent. All that in fact will happen is that the money that we used to get will be going to a bank instead; it will not come back and enhance ordinary shares. All I can say is I am glad that the Council of Ministers do not handle my investments. **[Laughter]** By the way, now the shares are being unloaded, can I have some, because I could go to the bank and borrow 5 per cent and get a return of 9 per cent; that cannot be bad. I would like to contradict, unfortunately, the impression that The Chief Minister gave earlier regarding Scrutiny and how much the Ministers welcome their input. The Minister for Education, Sport and Culture followed in the same theme, because, in my view, nothing has changed. If a Scrutiny Panel report is supportive of a Minister, then Scrutiny is truly wonderful and really helpful. **[Footstamping]** However, if it is critical, they are a waste of space and a hindrance to the good **[Laughter]** government that Ministers believe they deliver. On the wider issue of this plan, what concerns me most, and has done for a number of years in previous plans, is a lack of savings. If a department creates a saving of £20 million and then puts in a bid growth of £30 million, there is no saving. One only has to look at the yearly headline figures to see this. If savings were genuine, the yearly expenditure would be less than inflation. In fact, if there was a saving of 5 per cent we would be spending less in 2013 than in 2012. It does not happen. Spending increases yearly, in real terms. I feel sorry for the Minister for Treasury and Resources; I have a vision of him wearing his King Canute crown, disappearing under the waves as the requests for funding pour in, almost a lifeboat issue. With so many Ministers

knocking on his door asking for more money, I think he really ought to change the lock. Sadly, in my view, the Fundamental Spending Review and the Comprehensive Spending Review have failed. The only hope, as I see it, and I have discussed this with The Chief Minister several times, is in departmental restructuring. This will deliver 2 savings and I do hope that that will start from a clean sheet. I do not want to see a few people moved from one department to another department; I do not want to see the office chairs reshuffled. I want someone to look at all services we provide, decide which ones we should do, which ones we should not be doing, and those that could be better done outside of the public sector, then a new structure created to provide those services. I hope that will happen soon before we end up taxing the public out of existence trying to fund all the schemes that we currently do. So the loss of some amendments, especially the Jersey Telecom one and the way Scrutiny was snubbed over that particular debate, together with a lack of real savings, means I will not be supporting this plan. I trust too that despite this morning's decision, the Corporate Services Panel will look at that particular issue, because we need to know the answers to those questions which have remained unanswered by the Ministers today. That is all I have to say.

The Greffier of the States (in the Chair):

Does any other Member wish to speak? Deputy Southern?

1.4.13 Deputy G.P. Southern:

It always comes as a relief when we have gone through one of these marathon sessions and we get towards the end and we are, by and large, exhausted from discussing the various amendments; in this case discussing and rejecting (although that is fairly normal) all the amendments. It is difficult to refocus and say: "What is this plan doing and how good is it?" and make a judgment on it. Before we vote on accepting this plan, as I am sure Members will, will Members please remember that in the future this plan and the actions and sums in it will become not the Council of Minister's plan, it will become our plan. Time and time again, the Chief Minister or other ministers will say: "I am only doing what you asked me to do in the Medium Term Financial Plan." The fact that they presented it and made it up, as soon as we vote for it, it becomes ours, so it is our fault if it goes wrong. I suppose the question is: will it go wrong? What is the likelihood? Let us have a look at the advice; to start with, from the Corporate Services Panel who have scrutinised in some depth and produced something that looks like a Scrutiny report which has key findings and recommendations and, what is more, came with an amendment to try and deliver some of their criticisms. In their conclusions they make 5 points. They suggest: "As the F.P.P. has reported, the economic climate remains uncertain with a result that income forecasts are now expected to be lower than the midpoint range used as the basis for the draft M.T.F.P. The outlook is gloomy. Future States decisions are required to deliver some of the funding sources or savings on which departmental spending limits are predicated." They say: "The C.S.R. (Comprehensive Spending Review) target of £65 million of reduced spending will not be met." Further on they say: "Contingency levels are lower than the States expected and the growth allocation which the Assembly would have expected to debate annually has disappeared." Serious criticisms indeed, and the most obvious one is that of the growth forecast. When we look at the growth forecast we see real G.V.A. (Gross Value Added) growing in 2012 by 1.4 per cent, 2013 by 2.0 per cent, 2014 by 2.5 per cent, 2015 by 2.5 per cent. Real percentage change in G.V.A. What does "real" mean? "Real" means "on top of inflation." What does it mean in real terms? Looking at the estimates in for inflation, we get real growth of 5.2 per cent in 2012. Are we still in the recession or are growing our way out of it? What do you think? That is going to be missed; that has already been missed. If one were to talk to the Minister for Treasury and Resources I think he might privately say: "Of course that is going to be missed. 2013 is looking a bit dodgy as well." But he will not do that in public because he is Mr. Optimist: confident, optimistic: "That is what we have got to do." To continue: 2013, 5 per cent growth, 2014, 5.6 per cent growth, 2015, 6 per cent growth. What is the trend line for growth rate over the

past decade, 2000 to 2010, say? Approximately zero. We had 2 booms and 2 busts. No, one boom and 2 busts is what we had. We have just gone through G.V.A. drops, reductions in G.V.A., I think, (and I could be corrected by the Minister for Treasury and Resources if I get it slightly wrong) of 10 per cent, 6 per cent and 1 per cent. Are we growing our way out of recession? Are those growth forecasts realistic? They certainly are not. The fact is, we are not going to get back into the position we were in pre-2000 in the time of this particular Medium Term Financial Plan. That is reason to be gloomy and to suggest that perhaps this is not the best Medium Term Financial Plan in the world, and that certainly those growth figures will not be reached. We will be back here with having to make some serious decisions within the next 3 years over re-jigging this budget. Why is that a problem? Because, I think, over the last couple of months I have been listening to various sounds of pots being scraped, barrels being emptied, cushions being thrown over backs of sofas with people desperately seeking the last few coppers in their sofa, piggy banks being turned upside down and shaken with a knife in the back, just to get the last few coppers out. Because contingency funds have been allocated, there is very little in the pot any more for contingencies, the unknown unknowns, the things that we were not expecting came along and hit us. There is nothing in the pot. Various funds have been emptied to the extent that they can, including (as we will find out) the breaking of a promise, an assurance given by The Chief Minister himself, the now Chief Minister as Minister for Social Security, that there would be no further raids on the Health Insurance Fund; we will debate that in a minute. But this is part of this emptying of all the pots, getting every single penny we possibly can and allocating it to something or other: currency fund, you name it. Because why? Because this Minister, the Minister for Treasury and Resources, this Chief Minister and the Council of Ministers are stuck to their broken plan. They will not face up to the reality that if we are to deal with and cope with the factors that are involved in the recession and the growing demographic change, then we are going to have to adopt a different taxation and spend mechanism. That is the reality. Otherwise our standards are going to go down. But this Minister for Treasury and Resources is committed to no progressive taxation, no higher rates; he cannot get any money out of the zero-rated companies, *et cetera, et cetera*. He is committed to no increases in taxation. Quite frankly, it is just not going to work and we will be very lucky if we get to 2015 and we have not had to do a piece of major fiscal and financial engineering on this plan. What I am most concerned about is the mechanism by which we have arrived at this particular plan and the optimism and confidence of The Chief Minister, in particular, this morning when he echoed the words of the Minister for Treasury and Resources that the best is yet to come. I am sorry, but I am afraid I think that is vacuous. I could offer to sing that song for you but I will not.

[15:15]

What I would do is refer Members to a slightly older song which was a hit, I believe, in the 1930s which was: "Buddy, Can You Spare a Dime?" because we have emptied all the pots. Can you spare a dime for the wage demands that are coming from the public sector? Nothing in the pot. That will render this financial plan unbalanced. It is not balanced; it cannot be balanced. There are figures in there that have not been achieved: £14 million from terms and conditions, not delivered, cannot be delivered now, cannot be delivered next year, lucky if we can deliver it by 2014, and that is only after a big fight with all our public sector workers. Savings in wages, can they be delivered? We do not know. So to call this balanced, it is balanced: it is a set of figures on paper that appear to balance. They have got no relation to reality. The Chief Minister is very proud of the mechanism by which we have come to it - that we have all been working together for the past 12 months on this - and he gave praise in particular to the scrutiny that has been done on this particular report. Well, with the noble exception of Corporate Services, who I have already mentioned who have done some decent scrutiny on it, I am afraid when I look at the rest of the scrutiny, I find that the reports are somewhat thin. I just added up the number of pages; the reports here are 7 pages long on a major initiative for the next 3 years, which will not be easy to change whatsoever. I just did a quick

sum and added them up; we have got 98 pages in total. In a £2 billion plan, that is £20.4 million per page. What do they say? Next to nothing. I will just take Members through them because I think it is important. An 11-page report on Department of Education, Sport and Culture, and this one is not bad because somewhere in there they raise some points: "The Scrutiny Panel is seeking assurance from the department that the college is sufficiently resourced to cope with increased rolls of students." I would have preferred to hear that they had checked it out and it was properly resourced. "The Scrutiny Panel has requested an assessment of the impact of not funding the proposal to extend professional partners." "Will families on lower and middle incomes struggle to support their children through university?" There are some questions asked. "The Scrutiny Panel is concerned about the impact of increasing the cost to the public of participating in sport and the restoration of budget cuts to clubs and associations. The panel intends to examine the department's strategy for promoting sport at all levels including disabled schools." Whenever that report comes it will be too late, because the money will have been allocated elsewhere; it is not in the Medium Term Financial Plan. Introduction: "The following new charges were described in the 2012 annual business plan: Introduction of charges for instrumental music." What has happened about that? Have we noticed any fall in the take-up of instrumental music? Where is the amendment that said: "What is going on? Where is the amendment to the Medium Term Financial Plan that puts some of that spending back?" It is not there. So a good effort, but there is nothing concrete in there. The Department of Health and Social Services; that is interesting. That is a whole 11 pages again. A massive budget and full of statements that read as if they have been dictated by the Minister: "The panel have been informed by the department that there are no new user pays charges within the Medium Term Financial Plan. Any existing charges are as stated in the 2012 Annual Business Plan and the department has no plans for outsourcing." That is not what I heard last. In 2012 they were looking at what they could charge for. But by and large it is just a list of: "This much is being spent here, this much is not being spent here, that is not being supported" but there is not one single piece of evaluation or analysis or judgment, not one value in there that says: "We think this is a good idea; we think this is a bad idea." There is not one amendment come forward. The Economic Affairs Scrutiny Panel: 11 pages again. It is just a review of what they are doing; it is a list, it is a summary of what the plan is, that is all it is. Not a single piece of judgment. It is hopeless. That is not scrutiny, that is not serious criticism, that is not examination, that is not analysis. That is worse than useless. What are we doing? It is worse than useless. The Chief Minister can shake his head, but it is worse than useless, and we are all friends together and we are all happy-clappy. Come on. Corporate Services Scrutiny Panel again, a bit more on the ball. They brought an amendment, remember. On the front page of theirs: "Report on Treasury and Resources: it is not clear how the remaining savings will be delivered, although we were informed that the Treasurer of the States is responsible for their delivery and understand that the Minister for Treasury and Resources is therefore accountable." Later on it suggests there has been an emphasis on finding funding from any available source. Finally, it also raises the question of whether these funds are to be used in accordance with the policies that govern their application. At least there is some criticism there and some analysis, and those comments were contained in the amendment. Corporate Services, Chief Minister, and again at least some questions: "If the department has been able to find funding to date for these services, why does it require growth funding for them?" was one of the points made in the amendment. Again, yes: "There was not a growth bid for it, a particular move, and provision is only reportedly made in the draft M.T.F.P. for it to be funded through contingency. It is, however, hardly an unforeseen matter." So nothing in the contingency; let us hope things do not go wrong. I could go on but I will stop now. But I will just go through them. I am glad the Deputy of St. Helier No.3 District behind me, Deputy Rondel, is glad that I am stopping because it would be embarrassing for me to leave out the Scrutiny reports from panels that he is on. **[Members: Oh!]** But we are very pleased that we are all getting on fine at the moment, but the quality of scrutiny being delivered is very low indeed. I can say that because, after taking a rest for 12 months, I am

now back in Scrutiny and doing my best to make sure that the quality goes up somewhat in anything that I am involved with. **[Laughter]**

Deputy S. Power:

Will the Deputy give way?

Deputy G.P. Southern:

No. Go on. What else have you got?

Deputy S. Power:

I am deeply grateful to the Deputy for coming on to my Population and Migration Subpanel but I would have thought with all his pot-shots and his combative speech of the last 10 minutes that he would have been far more useful bringing his vast experience on to Scrutiny over the summer during the scrutiny of the Medium Term Financial Term. **[Footstamping]** I did not want the Deputy on my Migration Panel.

Deputy G.P. Southern:

I expected nothing more but, nonetheless, as a gentleman, I gave you a second shot, okay? **[Laughter]** The fact is that what we have here in this Medium Term Financial Plan is a very dubious piece of work which I suspect is going to fall apart, if not within 12 months then certainly within 18, and we are going to be in dire straits. Maybe then The Chief Minister and the Minister for Treasury and Resources will realise that they have to do some hard thinking and make some hard choices to inform the population of Jersey that we cannot go on as we are. The low-tax, low-spend philosophy that we have had for the last 30 years, on the back of business taxes, admittedly, which are shrinking daily and have shrunk, that model no longer works. We have to do some hard thinking and make some hard choices. When are they going to wake up and recognise this? They have missed an opportunity here. Is this a plan for growth? Is this a plan for stimulus to get the economy going again? No it is not. F.P.P. said there is not enough front loading in there. The estimates for growth are just fantasy land. So I cannot possibly vote for this with all the holes in it and the errors and the mindless optimism contained in there. I have to vote against this because I certainly never want to be told that this plan is my plan.

The Greffier of the States (in the Chair):

Senator Routier?

1.4.14 Senator P.F. Routier:

Deputy Southern's approach to this Medium Term Financial Plan is surprising in some ways but not surprising in others. I was amazed at the way he has just torn into his colleagues on Scrutiny, criticising them for doing the work that they have done. It is evidence to me that he is a lone voice with no support and it is a shame because he has a lot of ability.

Deputy M. Tadier:

I think the Senator is misleading the Assembly.

Senator L.J. Farnham:

So there are 2 of them. **[Laughter]**

Senator P.F. Routier:

It is my opinion.

The Greffier of the States (in the Chair):

I think the Senator is entitled to express his view. He may or may not be right.

Deputy M. Tadier:

It is incorrect, Sir.

The Greffier of the States (in the Chair):

If we picked people up every time they say something that is incorrect, Deputy, we would be here...

Senator P.F. Routier:

In saying that, Deputy Southern's theme was that he did not want to be associated with this Medium Term Financial Plan because he started off by pointing out that it would become our plan as opposed to the Council of Minister's plan and if it goes wrong it is our fault. Well, I would like to suggest to Members that it will be our fault if it is successful in housing people, if it is successful in educating our children it will be our fault. It will be our fault if we provide excellent medical care. It will be our fault if we have good social care, if we support this plan. I think we should accept that there are a lot of good things in this Medium Term Financial Plan and we will be supporting our community by accepting what we are going to achieve today by supporting the plan. There are Members who feel there are things that they do not like about the plan, but overall it is going to achieve a great deal for our community. I really feel excited about it because we are going to move a long, long way to providing a lot more social care for people, and health care. This is what we are about: supporting the people that live in this Island in providing services for them which are appropriate to their needs. This is what this plan does. Particularly, I really like the idea of it being a 3-year plan. It is not a straitjacket; it is giving certainty to departments, it is giving certainty to the voluntary organisations that do not have to have, on an annual basis, a round of negotiations with the departments which they are working with. They can use their time effectively in providing the services to their community. That is what this plan does and I hope Members will realise and accept, if they are thinking about voting against the plan that they are voting against not providing services to our community, they are voting against not providing social care for our community and housing our community and educating our children. That is what they are voting against. I encourage everybody to support this plan. **[Footstamping]**

[15:30]

The Greffier of the States (in the Chair):

Does anyone wish to speak? Deputy of St. Mary?

1.4.15 Deputy J.M. Le Bailly of St. Mary:

Once again we are being asked to choose between a plan put forward by The Chief Minister and the Minister for Treasury and Resources, formulated by our top treasury and civil servants, or accept the wisdom of Deputy Southern. Now, either Deputy Southern is in the wrong job or we need to sack our top officers. I think I will back our experts' proposals. Thank you.

1.4.16 Deputy M.R. Higgins:

I really was not going to speak at this stage but I am going to join in now. I was particularly grateful for the support the Council of Ministers gave to the plan of the Island of Jersey, the introduction of the Cadet and Military Liaison Officer and a headquarters for the sea cadets. But in terms of the plan overall, I do not have any confidence in it. I have to be perfectly frank and honest. The others have made the case that the forecasts are really optimistic, and I have used this expression before but I stand by it. I think John Kenneth Galbraith said: "Economic forecasting is making astrology look respectable." That is how bad it is. I am afraid with what is going on in the world at the present time and if we look at the world economy, changes that are going on in the

United States, in Europe and so on, we can be thrown out of kilter so easily. The other thing too is, our economy is an open economy; it relies on what is going on in the rest of the world. So we can make whatever plans we like for this Island and make whatever assumptions we do, but it can be turned over tomorrow by a single event. The *Jersey Evening Post* yesterday (I think I lifted up the paper) showed how the I.M.F. (International Monetary Fund) are going to be looking at us to do with money-laundering again; another investigation by the I.M.F. We know that the O.E.C.D. (Organisation for Economic Co-operation and Development) are planning on having another look at us; we know that the Chancellor of the Exchequer in the U.K., our great friend George Osborne, is meeting up with the Germans because they want to look at transfer pricing plus the fact that companies are booking their profits offshore in places like Jersey. When we have got most of the world facing monstrous great deficits, for example if we look at Spain and Greece where half the population is unemployed, where you have got people under 25 who have got no prospect of a job, where people are facing austerity left, right and centre, they are going to be looking for every single penny they can find. We just had, for example in Greece, the editor of one of their newspapers release the names of I think it was 2,000 people who have been evading tax by putting it into Switzerland. How many citizens of any nation are going to put up with tax evasion or money being placed in offshore centres or transfer pricing arrangements or anything which is diminishing the tax take in their nations? The answer is, not for long. You are going to have social unrest in these countries and there is going to be pressure for change. Whether we like it or not, we are a financial centre; there is some good financial work going on here, I have got a lot of respect for the people in the industry, but there is an awful lot of other unseemly work going on behind the scenes and there is a lot of business that we cannot take any pride in having. So the pressure is going to come on us and when it does we are going to find the finance industry, which has not been particularly successful over the last 10 to 15 years - and Senator Le Marquand was one who demonstrated that when he showed that we have had no real growth in the economy over that sort of period of time - we have been stagnating. Other economies which diversified in the past have performed better than us. The point I am trying to make is we have made various assumptions in the Medium Term Financial Plan. We can see how tight the finance is when we had the argument today over the Jersey Telecom preference shares. We can look at the fight even over the £25,000 for teaching assistants. Their figures are so tight and they have been, as Deputy Southern said, raiding the pots. It will not take much to throw that plan out and I cannot believe that in a year's time we are not going to be back here trying to find other sources of money. I know that the Minister for Treasury and Resources is very confident that there are going to be no new taxes over the next 3 years. I am sure there is going to be lots of stealth taxes but I do not believe that this plan will hold up. If I am wrong, I will be the first to admit it, and if it is successful I will be first one to stand up and say: "I was wrong, you were right" but I am not convinced. All I am trying to say is, although I am grateful for the support that we did get for the particular things I was putting forward, even though they did oppose it, the point is that I just do not think that this plan will stack up, so I shall not be supporting it.

1.4.17 Senator L.J. Farnham:

We sometimes forget that we are a representative democracy and we are the representatives of that democracy and in our legislative Assembly that we all sit and debate in. We have had some good debates over the last couple of days. It has had its highs and lows. But we have to have a consensus. We never all agree... oh, we did once and that was on my amendment. **[Laughter]** But it is good, in a way, that we do not all agree. There is no reason, because we do not agree, to really be so gracious in defeat. I was uneasy with certain aspects of the very large task of producing this 3-year Medium Term Financial Plan but we voted against the amendments because the bringers of the amendments failed to convince this Assembly that they were worth voting for. So really, rather than carping about it, I wish Members would raise the level of their game and produce amendments

that do stand a chance of getting through, because we would all support them. I am not a member of the Council of Ministers and I do not come in here saying I am going to support them regardless; I will listen to the debate, unlike Deputy Le Hérisier who comes in with the opposite approach every time. **[Laughter]** He has taught me a lot in the last 12 months. I am one of those Members always prepared to be persuaded by a high level of debate. But is not only the content of some of the amendments, it is the fact that there is no consultation and, quite frankly, as we all know, politics is the art of the possible. I think if Members had more political nous at times they would seek to bring on side other Members and work with other Members, to seek consensus in this Assembly of ours. I did stand up to just align myself with the comments made with the first speaker of the day, Deputy Power, who brought up a very serious note about the state of the economy. We are in recession, we have been for some time; we must not lose sight of that, and I was very pleased with the report of the Fiscal Policy Panel and their recommendations and I hope the Minister for Treasury and Resources takes those on board. We do need to inject money into our economy. It is tough out there; people are hurting, businesses are hurting, we must not lose sight of that in the euphoria of passing the Medium Term Financial Plan. Let us keep our feet on the ground and remember that the Minister for Treasury and Resources has come back from Japan with renewed energy and vigour and was (I do not know if this is the right term) basking in the envy of other finance ministers from around the world who are absolutely flabbergasted at the strength of our financial position. I know that the Minister for Treasury and Resources had some very constructive talks with some of them who, I think, advised or recommended that we should perhaps be more creative with the way we fund things. We must not be afraid to be strong; we have got to be bold. Take for example tourism: no criticism of Senator Maclean at all. It is not his fault that tourism **[Laughter]** has been in decline for very many years; in fact, if it was not for him, it might be in worse trouble. But we cannot sit there and accept that any more; we cannot sit on our hands and manage this decline. We have got to do things, we have got to be bold, we have got to push the boundaries and think outside the box and all of the other clichés that we all like to use. That is it from me, thank you.

1.4.18 Senator A. Breckon:

Just a few points: I think other Members have mentioned, but it is worth mentioning again, the role of Scrutiny, and I hope those who have been involved producing the reports do not feel frustrated, because they are not lost, they are on the record now. I think it will be a case of revisiting to see what you said, because if a report is 30 or 40 pages, then the actual research is usually a couple of document boxes and more interviews and transcripts and all sorts of other things. It is certainly worth doing. The other thing that Members are aware of is that it is against the clock. It has to be done in a given space of time and it is usually not the most convenient time, which is over the summer or at the end of the summer when not necessarily everybody is available and it does interfere with the normal work programme. So I think Scrutiny are to be congratulated in a very, very big way for their contribution, and I think the Ministers do need to reply to those reports in a formal way, but it will be interesting to see how that flows following this debate. I can also say from experience that I do not think I have ever had as much comprehensive information for a States debate as was supplied for this, and congratulations must go to all people in the departments and their lead teams in doing that, because what it does do is, if you have got a question then the answer really is in the documentation we have had. If you want further information then you can sort of develop that, and some Members have done that. I know Senator Farnham mentioned the amendments, but for somebody as an individual to bring an amendment, even with support of officers, is not the easiest thing to do, because you start on your own with a blank piece of paper. Then what do you do and what is the best way to do it and how do you get support of colleagues? But I think it is well worth doing and all the amendments have had some merit and that has exercised the minds of the House. It would be a sad day if any Council of Ministers were in such a

position where they had presented a report like this and it went through virtually on the nod; nobody had anything to say about any of it, because you were all satisfied. Deputy Power mentioned his dilemma the other day with the funding for the discrimination law, and he voted the way he did because something was in there, and I think that sets the trend for this whole report, because there are things in there that perhaps not everybody is comfortable with. So the question is: if you are uncomfortable with a bit of it, do you vote against all of it or do you say: "It might sort itself out"? The reason I say that is because that is where I am, because I remember myself, Deputy Baudains and the Constable of St. John (who is the Deputy of St. John now) expressing some concerns when the Health Insurance Fund was used as a sort of rainy day fund to do some things with health. What we said at the time is: "Once you start doing this you will keep doing it" and that is where we are now. Okay, it is a fund there, and somebody said: "There is a surplus there" but the other thing that matters is I can tell you the Financial Services Commission have got about £7 million in the bank and nobody has mentioned that. I am not sure what they are going to do with it, but they have got it. Why has nobody had a look at that? Why do they need it? It is supposed to be for some sort of legal provision if there is need, but if they do they can come back for it. We put them in a position to raise funds by charging for registrations and things, and they are accumulating a pot there. Others have mentioned others that are doing the same thing, but perhaps somebody could have a look at that and that could be put into play and maybe we could do something at Fort Regent with that funding, just as an example, and spend some money up there and get it from the Financial Services Commission. I am sure that would be helpful. The other thing that concerned me, as I say, in (c), paragraph 1 is the dip of the health insurance fund, which we are going to debate later, and also at paragraphs (d) and (f) is the Telecoms thing again, and I was not comfortable with that. The other thing, note 2 mentions that the Medium Term Financial Plan assumes that funding of substantial elements of the Forward capital programme for both the Housing Department and the airport and harbour trading operations will be funded from capital receipts. I am not sure that that is going to happen. I remember Le Squez, which was going to be self-funding, it was going to be regenerated, things were going to be sold and we were going to generate a profit from Le Squez, and we have not done that. We have put in temporary funding on a number of times to keep that scheme going. But that was not the plan and in P.6/2007, which was the housing plan, there was a surplus from Le Squez, and again that has not happened. So I think the housing thing is an issue that needs to be addressed, and not just by the Minister for Housing and the Minister for Treasury and Resources, but by all of us, because there is a need for funding. It is not automatic that it will happen through the markets; the markets will need some reassurance before they will do that, and I have seen indications of that already. Again, that is mentioned in note 2 as a sort of an aside: "Well, these things are going to generate their own things." Housing sales will not generate enough to do much at all. It might fix a few roofs or something like that, but it just will not do that at all; that is not going to happen. The economy is not ripe for that at all.

[15:45]

My reason for raising some of these issues is that in 6 months' time when something comes up in the House, somebody is going to stand up (probably a Minister) and say: "But we have already agreed this." "Have we?" "Yes, it is in the Medium Term Financial Plan. It is on page 99, paragraph C, and that is what it says and that is what we have agreed to." That does worry me because, although this debate has rightly taken some time for this House, it is not possible to get into every area and every paragraph because in the time we have had not every Member has had the time to do that and even Scrutiny, with the best respect, have not had that time either. So there are some things that certainly this House will need to address in the future and through the Minister for Treasury and Resources and the Council of Ministers we might need to reprioritise some of the issues depending, I think as Senator Ferguson said, she is not quite that hopeful about the economic future and what is going to happen. But that is something... it is not a problem just for those or for

the Ministers; it is a problem for all of us and I hope we can address it in that way. But I do have some concerns about the way this is worded and I am not sure yet whether I am going to vote in favour or not.

Connétable S.W. Pallett of St. Brelade:

I was not going to speak on this. I have not been feeling in the best of health and I apologise to Members for not being here the past couple of days. But I can assure you I had the radio on when I was at home and did manage to sleep through most of the last 2 days' debate.

The Greffier of the States (in the Chair):

I hope it made you feel a lot better. [Laughter]

1.4.19 The Connétable of St. Brelade:

As a Connétable, I think if rumours are to be believed, this could be the first and last M.T.F.P. that I am going to have the opportunity to debate or vote on. But what I would like to say, I think it has been very difficult for new Members. As a new Member I have not had the opportunity to sit through previous debates on business plans, annual business plans, and budgets; so I think it has been very difficult for us to get our head around a 3-year M.T.F.P. But Scrutiny has allowed me to review the M.T.F.P. in terms of the 3 departments that I sit on Scrutiny Panels with and it has given me a good insight as to the future of those departments over the next 3 years and what they are trying to achieve. I have been involved obviously with these departments. Obviously the information they have provided and helpfulness has been gratefully received. But I would like to speak from a parish point of view because not much has been said about parishes and I hope my fellow Constables will agree with me that I think we are all keen to play our part in ensuring that this M.T.F.P. is successful. I still believe that the opportunity and many of the goals in the M.T.F.P., and in fact the Strategic Plan, will be better and more easily achieved with the Constables in this Chamber. But that is an argument for another day. Deputy Young has mentioned funds allocated for village scheme improvements in the next 3 years and as he said that I could see several Constables licking their lips over this money. Having seen St. Aubin wait for several years for much-needed input and necessary improvements, I too will be knocking on that door. The only other thing I am keen to see as well is something that has been spoken a lot about; that is care in the community. It is something that I think a strongly-supported parish system will help to achieve. That strong parish system I really do not wish to see diminished or damaged in any possible way. I fully support the aims of the M.T.F.P., but there are further issues within the plan that need further scrutiny at the right time. I include items such as the Innovation Fund within that list. What is needed is fair and focused scrutiny which is relevant, which is important. In that regard I think Ministers have been moving in the right direction in support of Scrutiny, but I believe there is further work to be done in this field. Our Scrutiny Panel reports have been rubbished. I think that is a real shame. I am proud of the work that the 2 Scrutiny Panels I have been on have done... [Approbation] because as Senator Breckon has said, there has been an issue with timescale and it has been very difficult in a short period of time to put these reports together. I am getting a little bit tired of all the knocking and the self-doubters in this Chamber. That is not just true of the M.T.F.P., but also of some of the policies being put forward. I think it has got to come to a stop. What I would say to Deputy Southern is: "At least we have got pots of money to empty and obviously those pots of money are there to support our economy through what are particularly tough times." The construction industry and retail in particular are having a really difficult time at the moment and if we do have to shake those tins and prise open those pots of money, then so be it. We have only got those pots of money, in my view, because of the prudent, sensible approach taken in recent years by Senator Ozouf and previous Ministers for Treasury and Resources. In terms of using this money, again I do not care if we are rattling the pots, because I think we really do have to

support the economy now. It is important that we support it now and in that regard I fully support this M.T.F.P. Please, let us stop the doubting and let us just get on with good government. **[Approbation]**

1.4.20 Connétable J. Gallichan of St. Mary:

I just rise very briefly to echo the sentiments expressed by my colleague, the Constable of St. Brelade, to tell him that like him I am very appreciative of the parish-centred development funds that are allocated in this plan. It is one of the first things I alighted upon when I looked at it, and it is very important. Just to let you know I am already in there with the Minister having coffee, and I will leave the door open on the latch as I leave so there is no need for him to ring the bell or knock. **[Laughter]** But seriously, like the sentiments echoed by Senator Routier, this has been put forward by the Council of Ministers, certainly. There has been terrific input from Scrutiny; whether it was accepted or not it is all valuable. There are always things to be looked at. It does not mean we always have to accept every alternative point of view. But the fact that points have been raised and debated is entirely healthy; it is entirely as it should be. I am happy and proud to stand behind this plan and to say that I will do what I can to make sure that it is successful, that it does provide the services and the infrastructure that our Island needs. I am not going to back away from it on the vain chance that some of it may not be achieved or that some of it may not be right, because in life we make decisions. We are here to make decisions and I was elected to make decisions. I have made them. I have not been particularly vocal because the things that I have needed to be said have either been said by others or I have said them off-line before we got here. I have asked my questions and I have got the answers that I needed, and I am behind this plan and I can assure the Minister for Treasury and Resources and the Chief Minister and the other council that he will get support from me to make sure that the important things that we have decided do come about because our Island needs things. We know what our Island needs, we know what is lacking and we are in terrifically different times to where we were 10 or 15 years ago. But we have adapted and we have adapted the way we do things; we have adapted the way we structure our finances and we have adapted the way we look forward and plan for the medium term; and that is entirely appropriate. So no negativity please, because this Island needs us to drive it forward. That is what we are here for. That is what we are elected for **[Approbation]** and I for one am going to do that.

1.4.21 Deputy T.A. Vallois:

I am in a bit of a difficult position because I suppose some Members will expect me to say something about Scrutiny, being President. But I am going to say this from an overall point of view. Being a member of the Machinery of Government Review, President of the Chairmen's Committee, Chairman of the Public Accounts Committee; not very easy roles to deal with, especially listening to some comments in this Assembly. The Medium Term Financial Plan, yes, is difficult. Yes, it is hard to imagine that we have to agree so much money over a 3-year period. Forecasting what is going to happen in 2015 is no easy feat. I would like to thank all officers, all Ministers, Assistant Ministers for their help with Scrutiny in terms of briefings, in terms of hearings and I would also like to thank all members of Scrutiny and our officers for the hard work that has had to go into doing this. **[Approbation]** It started off with a meeting with myself and the Chief Minister back in March, determining how we were going to co-ordinate a proper approach for Scrutiny because it did not happen under the Business Plans. It was expected that Corporate Services were to look at every single department and ensure they were spending their money right and it just did not happen, it could not happen properly. Deputy Southern may not be happy with Scrutiny, but we cannot be everything to everyone. We have a certain amount of resource, we have 16 members, we have so many officers and we do what we can. Education has stated that they will follow up some of the policies that are coming through. What we are being asked here today is to agree an overall limit to the expenditure in part B. We are being asked here if we think the

intended total amount for income is correct. But then we will not finally agree that until the budget on the income, and parts of the Health Insurance funds, the contingency expenditure, and the actual policies that are going to be delivered are where we need to be pulling together and ensuring that they are delivered and done properly. I will refer one thing that has bothered me for the last 4 years in my term of office was the Social Policy Framework that was developed in 2007 under the first Council of Ministers of the States of Jersey under ministerial government. Within that there was a requirement for a social assessment to take place before the Annual Business Plan on policies in terms of the expenditure that had been made. I have never seen one of those, a strategic social assessment annually on how that would impact on things. There have been time and time again arguments over the definition of this and the definition of that. We had it with the growth funding and the actual cost of services. I will say 2 parts, being on Public Accounts Committee looking at the reports and accounts from last year, 2 snippets of information that I found quite intriguing, quite encouraging, was (1) the Chief Officer of Health and Social Services when they came for P.A.C. and told us all the plans, all the stuff they had gone through in order to make Health and Social Services fit for purpose for the 21st century, for the future of this Island, for the future of younger generations and for the future of the ageing population in Jersey. I was quite impressed and, to a certain extent, excited that this is finally happening. As somebody who has had to use the Health Service myself, I am in great hope that what is being said will finally be delivered. But we all have a key part to play in that, not because we are a Scrutiny member; not because we are a Minister or Assistant Minister, and not because we are a Constable or a Senator or a Deputy, but because we all are here elected to represent the people of Jersey. We are all here to work together. So if we have got a problem with a policy we bring the policy to the States and we argue it on the floor of the House, and we say: "No, that is not right, Minister. This is the reason why we should be doing it this way." Now, this is about the money that we should be setting for that. If we do not agree with an officer or a particular department about how they are going to deliver that service, we bring the policy to the floor of the House and we debate whether it is the right thing for the Island or not. I am going to support the Medium Term Financial Plan but, as always, with caution. I will be questioning and possibly bringing propositions to debate with policies that I do not particularly agree on and I will not be sitting behind and hoping that the Council of Ministers can deliver this because I will be on their heels every minute of every day ensuring that this will be delivered in an appropriate fashion. There cannot be... the Chief Officer for Economic Development, there was a comment made by Senator Farnham about tourism. They managed to reduce the tourism expenditure but increase visitor numbers last year, and that was identified in their *Tourism Review Board Report*. I think that is a little snippet, but those kinds of things, the little things, can make a big difference. It is not an easy thing being a States Member; it is not an easy thing, I imagine, being a chief officer or a finance director in the States of Jersey, but I am going to support this with a lot of caution. I take a deep breath.

[16:00]

I really hope that we can finally action all the things that we have been saying we are going to be doing, especially at the beginning of my first term in the States when we said we would fundamentally change our service in order to deliver £65 million of savings. I feel what we did was we tried to save the £65 million without fundamentally changing a thing in the States. I am glad to see that finally we are looking at fundamentally changing things. I am quite proud to say that I will be a part of trying to help that happen.

The Greffier of the States (in the Chair):

Does any other Member wish to speak? I call on the rapporteur to reply.

1.4.22 Senator P.F.C. Ozouf (The Minister for Treasury and Resources - rapporteur):

It could be argued that alongside passing legislation, holding Ministers to account, the most important job of a parliament is what we are just about to do in this vote and what we have been doing in the last 3 days which is allocating expenditure. The debate on allocating expenditure should be tough. There should be challenge. There should be a good debate and I am thankful to Members for holding up their energy levels and even getting enough energy to come into the Assembly in order to come and make the important decisions that, after a very few minutes of contributions, we are going to be taking. The debate on the main proposition almost ran the risk of becoming quite negative at some stages. There have been some amendments that have been defeated. There are some amendments that were headed off at the pass, where solutions were found. There were some amendments that were won. 2 important amendments were lost and I hope that that does not dispirit in any way those that brought those propositions in terms of the Corporate Services and in relation to the J.T. one. I just want to say 2 things about that. I am determined; I had to ask the Assembly to put the necessary resources in place to deal with the capital programme, but I am going to listen to those Members who have concerns about the J.T. issue and we are going to hold some briefings about it, because I want to make sure that Members have no lingering doubts that it is and it was the right thing to do. I understand it was complicated. I am determined also and I am going to work with the Chief Minister to listen to Members' concerns about what they want in the 2 subsequent budgets in terms of flexibility to allocations of growth. I believe the culmination of this plan has been because the Council of Ministers and led by the Chief Minister, have been a listening Council of Ministers, perhaps in a way that we have never done so before. We shared the early drafts of the M.T.F.P. and it is the M.T.F.P. before Members because of so many different and so many Members' input. It is not just simply the Minister for Treasury and Resources or the Council of Ministers in a closed room coming up with a plan. It has been a truly interactive plan. I understand the issue of flexibility and the need to deal with political priorities, notwithstanding the fact that of course we are going to be doing much more fixing in the decisions that we are just about to take. I am going to deal very briefly with the comments that some Members have made. I am going to deal with the negative ones first because I just want to have a one final ditch attempt to see whether or not I can persuade them to vote in favour of the M.T.F.P. I want to talk directly to Deputy Southern. Does he really think that criticising and admonishing Scrutiny in the way that he did is going to win friends and influence people? Is that going to add anything? I was extremely impressed with the effort that Scrutiny have gone into; not just because of the reports that they have put forward, because of the briefings that they held with individual Ministers, for the challenges that they made, and I thanked them in my opening speech and I think they have served this Assembly in an exemplary way. Nobody is perfect, but they have added value, they have added challenge and this debate and the amended proposition is better as a result of Scrutiny's input, and the other Members of this Assembly. **[Approbation]** A line has been put in the sand for us over S.o.J.D.C. dividends in the future. We found a solution for the Band of the Island of Jersey. We have got an environmental project funded by Social Security as a result of some of the discussions that Deputy Young has made. We have language assistance just there. We have money... we have been thinking about the third sector; the third sector, the voluntary and the community sector that does so much brilliant work. I went last night to Jersey Waters' 130th anniversary and saw £130,000 given to organisations. I mention the Alzheimer's Group that got £6,500 more for their good work. For Brighter Futures, the Anthony Nolan Trust. All helping, all doing good. Frankly, the result of this plan, the certainty that it gives the voluntary and community sector is better. Deputy Le Hérisier lost his amendment, but he has raised some important points about the need for us to look constantly. Yes, there are some additional resources available within the lottery as a result of the... Deputy Le Hérisier made the Council of Ministers think about his amendment. We have confirmed a solution for Sea Cadets. The Governor's Office is going to have a sea cadet co-ordinator helping young people and all the good work that they are doing in Grainville School and across the cadet forces across the Island. We have also had a further

improvement in terms of the pension. Is this a better plan than when we lodged it at the Council of Ministers? It absolutely is a better plan, and that is a result of all the good work of Scrutiny and other Members who have come forward and improved it. So it is not the Council of Ministers that has got a monopoly of what is right. This plan is better because we have worked, or at least most Members have worked, as a team. To Deputy Higgins and those other people who have questioned the assumptions on income. Again I repeat to Deputy Higgins and to all those other Members who have concerns about the income levels: they have been scrutinised by the F.P.P. They have been confirmed as being valid. Not only even our estimates; there are independent people, and the Treasury's track record of giving accurate assessments of income. In fact we normally undershoot rather than overshoot and I do not think that we will have been proven difficult in the past. Deputy Higgins also went on a tirade about what is wrong with our financial services' industry. He said that we have not been successful about anything in the last 10 years. In fact, we have been successful: we have held on to our financial services' industry. We have only lost a small proportion of jobs compared to some other centres. I am not giving way. Yes, there are challenges. I am discussing at the moment with the people that are doing the review of financial services with my colleague the Chief Minister and the Minister for Economic Development of the challenges that are facing our financial services' industry. I have 8 of them. I will not go through them, but the change in tectonic plates of the world, the shift in power from the U.K. to Asia, the changing pattern of the fact of the ageing society. Pressure on governments because of their needing to deal with deficits, technological developments, environmental resource constraints, infrastructure investments required and, of course, the ever-changing issue about tax avoidance. Are we ready for these changes? You bet we are, and that is why we are doing all of the work that we are doing with E.D.D (Economic Development Department) and others to prepare Jersey for this changing world. As the Constable of St. Mary said, we have been successful in the past because we have adapted and changed, and this plan is about continuing to be nimble and to adapt. So I would ask Deputy Higgins not only simply to look at the dark side, but to look at the good things and to the adaptability and to the change that this plan does. It is easy to be critical. Senator Ferguson has been both critical and complimentary and I am grateful for that. The economic situation has changed. But what I would say to her and also in relation to the income forecasts, if we would not be investing, if we would not be doing Digital Jersey (for which the funds are in here) if we would not be putting the money in the finance industry, if we would not be maintaining the tourism industry, perhaps our income would not be what we are saying. We are assuming that we are going to be successful in the investments that we made, and that is why we are investing. I think that there is good diversification. To Deputy Tadier: I have been doing some research on this issue of how much corporate tax versus income tax, because he criticises. He says now we are a failure; we do not create. I will tell him one thing: Denmark has 7.7 per cent of their total revenue in corporate taxes. My calculation for Jersey - and I will be corrected if I am wrong - is about 18 per cent. So let us have some meaningful comparisons, and Denmark is not one of them of those places with a zero or 10 per cent rate. There are tax rates and there is revenue and we should be realistic. We now have a proper organised and sustainable and defensible system of corporate tax passed and we should not be critical of ourselves. But I am afraid it is true we have had to adapt and change. But I do not think there is further adaptation that we are going to have to make. The Deputy of St. Ouen: it is interesting to be on a different side, and I said that before. I recognise his support for the 3-year plan and that is really good. He did say that we had some issues in relation to further challenges going forward. I think that he was challenging whether or not we are going to be able to deliver the benefit savings of £2.6 million, and there is excellent work going on in relation to this. Not unfair targeting of benefit reductions, but getting people into work that should be working and should be given chances. If the benefit reductions are going to happen because we are going to be successful in many more T.G.I. Friday's, getting people who want and can and should work into work and that is going to be a better use of tax resources. So it is a positive thing. To Deputy

Baudains: does he really want to vote against the whole of the M.T.F.P. on just because of the J.T. issue? I just ask him, because if every Member took the view of Deputy Baudains then we would not have any money to allocate to any departments. He wants to be convinced of the J.T. issue and I am determined to convince him of the J.T. issue. I would just ask him to reserve his judgment on the J.T. issue until we come to the budget because I can prove to him I am confident in my officers' advice and I am confident that we have made the right decision. But I accept that there are things, but is that a reason to vote and chuck out effectively the entire £2.1 billion or more of money that we are going to be allocating for all the good services? To Deputy Young: again when we worked in a different world we did work together on getting infrastructure. Somebody reminded me earlier in this debate about asking for sea defences. We got money for infrastructure and he is right, and we do need to look after our infrastructure. This plan does take money from areas such as J.T. and I want also to refer Members, there have been suggestions that we have been shaking the tin. If Members have their white folders could they turn please to page 21, because all of the shaking of the tin issues and finding alternative ways of funding are set out on page 21, they are all there. Yes, the Council of Ministers has had a difficult issue, and all those issues about finding money are on page 21. To the Members who doubted the fact that we have been skinning all the reserves, let them have a look at page 122. We have a net balance sheet of the States of Jersey of £3.7 billion. If I would be Minister for Treasury for the U.K., that would be a minus figure of £3.7 billion. We would have a 100 per cent debt to G.D.P. (Gross Domestic Product). We are presenting a plan with 100 per cent of assets to G.D.P. Have we done a bit of balance sheet reorganisation that is sensible? Absolutely. We have been using our decisions that we have made in the past to invest in our community and invest in our infrastructure. We have got quite a long way more to go, and I do not think I would want to do any more really digging into any of those, but we have not touched the Strategic Reserve, we have not raided our pension funds and we have not done anything else. Our reserves are set out quite clearly; I will not go into that. On the assumptions on page 304 of the plan, they are all there. People have doubted those income projections. They are set out in a transparent way and I remind Members again that there is not a linear relationship in Jersey between G.D.P. and income. Our income has been holding up. The good news that I had to say to Members 2 days ago was that already our income has been holding up compared to our estimates which is very much a positive issue. To the Minister for Education, Sport and Culture: yes, there are issues and we have a lot of work to do, I think he would agree, in relation to dealing with policy issues of Education and I think that while the M.T.F.P. 2 is going to be dominated by further challenges in Health, certainly there are going to be some challenging issues potentially on the savings and investment side that we need to do. But now we can spend the time on preparing for the M.T.F.P. 2 by doing all that work on Education. So I am pleased that Deputy Maçon is coming over to our side. He has joined my club, he is an optimist; he is on our side and he has been working hard in Scrutiny. I do thank him for the work that he has done. **[Approbation]** I just remind him again for the growth forecast versus the F.P.P. and to give him reassurance that the F.P.P. cast their pretty critical slide rule over those issues. Deputy Power said we need to keep under review a lot of these assumptions, and absolutely. A Corporate Services amendment requiring us to keep an ongoing monitoring, we are absolutely going to review. With all the free time that we are going to have not doing annual business plans we are going to be able to do proper monitoring. Yes, the Treasury does have an obligation to ensure just as the P.A.C. and Corporate Services and all those other panels, they have to make sure that the departments that are going to get those allocations when they finally come into force in the budget, deliver what they are being asked to do.

[16:15]

We are going to have opportunities to do that. I thank the Minister for Health and Social Services for her contribution and I thank also the Minister for Social Security for saying to us that we do

have some challenging issues in going ahead with Health. Yes, we said there are no new taxes. I am going to state again: I am not changing my vocabulary, I mean what I say: the next 3 years there are going to be no substantial changes in the tax arrangements that we have already said. There will be some duty issues; there will be no new taxes and there will be minor adjustments generally. Indeed, Members already know what the budget is because it was also for the first time published before we completed the business plan. That has also been a further development. We are having a business plan debate for 3 years knowing what the budget is. I hope that was helpful to Members. But the Minister for Social Security is right and those other Members that said there are certainly some challenging issues going forward in relation to how we fund the new hospital. We have done a lot with Health in this plan, but there is a lot more to do. To Senator Farnham: yes, we did have a positive meeting in Tokyo and yes, we are held up for the jurisdiction that has been prudent and responsible and that is holding us in good stead. To Senator Breckon: he wanted a formal response to the Scrutiny report. Treasury has already done that and I am sure that other departments will do that. I am not sure that he is right about the Le Squez issue because we are going to get the money back from Le Squez investment; that is as a result of the work that we are going to do with the Housing Department. I would like to conclude in terms of remarks Members have said, Deputy Vallois said: "Social Policy Framework." I would say to Deputy Vallois she is probably right about that assessment not being done, but this plan is about social matters. It is about Health, Housing, and all those other issues. In fact, it is what the Chief Minister wanted to say which was to put social issues at the heart of this administration's agenda. So perhaps the report has not been done, but the substance of the reforming, improving social fabric is within this report. Also she is right, I have already said it: she must hold Ministers to account and also our civil servants to account to get value for money for the money that we are allocating to them; and: "Carry on questioning" I say to her and all her Scrutiny colleagues. The Connétable of St. Brelade was, I think, absolutely quite inspirational in what he said and I hope it is not the last M.T.F.P. debate where there are Constables here, if I may say. **[Approbation]** He was right to say that the parishes and the Connétables have a joint role in helping us deliver our plan. The Constable of Trinity: I should have confessed to the Assembly that one of the reasons that why we have had to find some more money for capital, is we have lent the Constable the money to do his fantastic housing project and we are also helping the Constable of St. Saviour with her housing project at the back of the parish hall. We are deploying all available resources that we have got in order to help delivering improving housing, and I think that is a great thing. The village schemes, that is going to make a difference. The Constable of St. Helier is not here; he has had all the money for improvements in the past, now it is the time of some of the other parishes and that is absolutely great. I look forward to the Connétables knocking on the door of the Treasury for more assistance in terms of what they are doing for their communities and also the Minister for T.T.S. (Transport and Technical Services) because we are going to be doing some good things. We are going to reinvent; we are giving the parishes new things to do and new ways in order to improve their communities and that is absolutely fantastic. Before I conclude, I do just want to thank everybody for their contribution to this debate. I of course want to reiterate my sincere and very heartfelt thanks to the very significant work done by the Treasurer and her team. **[Approbation]** I want to say also of my own office staff, I have an office manager who runs my life that allows Deputy Noel and me to have all those outside meetings, organising all those third party people and I want to thank my office manager and her team for the support that she gives me, but also me in being able to have time for Members and doing all the work that we have done. She deserves special thanks. **[Approbation]** To the Greffe, to C.M.B. (Corporate Management Board), to Ministers, to Assistant Ministers, to law draftsmen and all those that have been involved in departments to getting us to where we are today. This is a plan that does change things. I said that in my opening remarks. It is a new culture about the way we make decisions and the way we spend money. It is tough because it is asking for savings and yes, we are deciding on that third wave of C.S.R. (Comprehensive Spending Review) savings which is tough. But it is bold on investment. It

is going to make a dramatic difference to Health, it is going to make a dramatic difference for Housing, it is investing in our infrastructure, quite apart from continuing all the good work that departments such as Home Affairs and others do, and it is also giving the Minister for Social Security and the Minister for Economic Development every opportunity to do the thing that we said was our priority which is reducing unemployment and securing job opportunities. It will make Jersey better. It will make our community and voluntary sector better. I was flattered that President Obama elect said the best is yet to come. **[Laughter]** There was no collusion and I have to confess to Members that it is not the first time that a politician has said “the best is yet to come” in any sort of political debate, but I meant it; I meant that this plan laid the foundations, good solid foundations that this Assembly has made in recent years, that it was going to make Jersey better and that we were going to do what we said in the Strategic Plan and this was about putting the resources behind that bold improving plan. I state again that as a result of this plan, have confidence. The man whose name I sit in the building of was of course former Senator Cyril Le Marquand, and he said it is all about confidence. I go and travel in quite a few places around the world; I am fortunate both for the States and privately, and you do get a sense of a country or nation that has confidence. Guernsey has confidence; they believe in themselves. We perhaps lacked in confidence in the last few years because we had to make difficult changes. So we should remember former Senator Cyril Le Marquand. It is about confidence. We can have confidence based upon good decisions, sound public finances and what I believe is a now improved and absolutely fantastic Medium Term Financial Plan which will develop and improve the lives of the whole of our community. I commend it again to the States and I ask for the vote on the plan as a total. **[Approbation]**

The Greffier of the States (in the Chair):

The vote is on the plan as amended by the minutes that were adopted. If Members are in their seats I will ask the Greffier to open the voting.

POUR: 36		CONTRE: 7		ABSTAIN: 1
Senator P.F. Routier		Senator A. Breckon		Deputy of St. Ouen
Senator P.F.C. Ozouf		Connétable of St. John		
Senator A.J.H. Maclean		Deputy G.P. Southern (H)		
Senator B.I. Le Marquand		Deputy S. Pitman (H)		
Senator F. du H. Le Gresley		Deputy M. Tadier (B)		
Senator I.J. Gorst		Deputy M.R. Higgins (H)		
Senator L.J. Farnham		Deputy G.C.L. Baudains (C)		
Connétable of St. Helier				
Connétable of Trinity				
Connétable of Grouville				
Connétable of St. Clement				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				
Connétable of St. Ouen				
Connétable of St. Brelade				
Connétable of St. Martin				
Deputy R.C. Duhamel (S)				
Deputy R.G. Le Hérisier (S)				
Deputy J.A. Martin (H)				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				

Deputy K.C. Lewis (S)				
Deputy E.J. Noel (L)				
Deputy T.A. Vallois (S)				
Deputy A.K.F. Green (H)				
Deputy J.M. Maçon (S)				
Deputy of St. John				
Deputy J.H. Young (B)				
Deputy S.J. Pinel (C)				
Deputy of St. Mary				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				
Deputy R.J. Rondel (H)				

1.5 Draft Health Insurance Fund (Miscellaneous Provisions) (Amendment) (Jersey) Law 201-. (P.88/2012):

The Greffier of the States (in the Chair):

Very well. We come now to the Draft Health Insurance Fund (Miscellaneous Provisions) (Amendment) (Jersey) Law P.88 and I will ask the Greffier to read the citation.

The Deputy Greffier of the States:

Draft Health Insurance Fund (Miscellaneous Provisions) (Amendment) (Jersey) Law. A law to amend the Health Insurance Fund (Miscellaneous Provisions) (Jersey) Law 2011. The States subject to the sanction of Her Most Excellent Majesty in Council have adopted the following law.

1.5.1 Senator F. du H. Gresley (The Minister for Social Security):

Like the Minister for Treasury and Resources, I am a natural optimist, but I had proposed to start my speech by saying this will be fairly straightforward, but I have decided that perhaps that is not necessarily going to be the case. This amendment to the Health Insurance Fund (Miscellaneous Provisions) Law provides the legal framework for further transfers from the Health Insurance Fund to the Consolidated Fund. We have just voted and agreed paragraph (c)(i) of the Medium Term Financial Plan which set out the value of these transfers in each of the 3 years totalling £18 million. However quite rightly money cannot be taken out of the Health Insurance Fund without the specific authority of this Assembly and a change to the Health Insurance Fund Law is therefore required. Members will remember a similar debate to approve transfers from this fund in 2011 and more recently this year. At that time, that is in 2011, the Minister made it very clear that only 2 transfers were being approved and that it was very important to create a sustainable funding stream to meet future health costs. Since then enormous progress has been made to review the way in which health services are provided in Jersey and to set out a clear path for the future. Of course, this has taken time, but I think it is clear to everyone that the time was well spent and will stand us in good stead in years to come. All Members will remember the debate from 2 weeks ago in which this Assembly gave overwhelming support to the proposed health strategy and approved a timetable for agreements on a new model of primary care services and a sustainable funding mechanism for health and social care in our Island. The timetable is that these proposals will be brought back to the States by September 2014. Subject to the approval of the States of any legislative changes required, the new system of funding primary health care should be in place for 2016 to coincide with the end of the current Medium Term Financial Plan. It is not realistic to believe that we can address the major issue of sustainable funding for health care in a shorter timetable. So the plan for the next 3 years incorporates taking money from the Health Insurance Fund to help fund existing primary health care services provided by Health and Social Services, while the long-term proposals

are being developed. Deputy Southern has lodged amendments to the regulations proposed today and so I will conclude at this point, asking Members to support the legislation in the first reading.

The Greffier of the States (in the Chair):

Are the principles seconded? [**Seconded**] Does anyone wish to speak on the principles of the law? If not, I put the principles. Those Members in favour of adopting kindly show. The appel is called for on the principles of the legislation. Members are in their seats. I will ask the Greffier to open the voting.

POUR: 28		CONTRE: 7		ABSTAIN: 0
Senator P.F. Routier		Senator A. Breckon		
Senator P.F.C. Ozouf		Connétable of St. Clement		
Senator A.J.H. Maclean		Connétable of St. John		
Senator F. du H. Le Gresley		Deputy G.P. Southern (H)		
Senator I.J. Gorst		Deputy of St. Ouen		
Connétable of St. Helier		Deputy M.R. Higgins (H)		
Connétable of Trinity		Deputy G.C.L. Baudains (C)		
Connétable of Grouville				
Connétable of St. Lawrence				
Connétable of St. Brelade				
Connétable of St. Martin				
Deputy R.C. Duhamel (S)				
Deputy R.G. Le Hérisseier (S)				
Deputy J.A. Hilton (H)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy M. Tadier (B)				
Deputy E.J. Noel (L)				
Deputy T.A. Vallois (S)				
Deputy A.K.F. Green (H)				
Deputy J.M. Maçon (S)				
Deputy of St. John				
Deputy J.H. Young (B)				
Deputy S.J. Pinel (C)				
Deputy of St. Mary				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				
Deputy R.J. Rondel (H)				

The Greffier of the States (in the Chair):

Deputy of St. Peter, this falls to your Scrutiny Panel. Is there a matter you wish to scrutinise?

The Deputy of St. Peter:

No, thank you.

The Greffier of the States (in the Chair):

Very well. Do you propose Articles 1 to 3, Minister?

Senator F. du H. Gresley:

All *en bloc*, Sir, if I may.

The Greffier of the States (in the Chair):

Very well. There appears to be an Article 1 and 3, but no Article 2, but I am sure we can correct the numbering. So the Articles are proposed. Are they seconded? **[Seconded]** Now, there is an amendment in the name of Deputy Southern. I will ask the Greffier to read the amendment.

1.6 Draft Health Insurance Fund (Miscellaneous Provisions) (Amendment) (Jersey) Law 201- (P.88/2012): Amendment (P.88/2012 Amd.)

The Deputy Greffier of the States:

Page 9 Article 1(a) in paragraph 1 for the words: “2013, 2014 and 2015” substitute the words: “and 2013”; (b) in paragraph (2), in the inserted Article 2A (i) in paragraph (1), for the words beginning: “credited to the consolidated fund” to the end of the paragraph substitute the words “credited to the consolidated fund £2,000,000, for the purpose of funding primary care services in 2013”, (ii) in paragraph (2), for the words: “In the year for the purposes of which the withdrawal and credit is made” substitute the words: “in 2013.”

1.6.1 Deputy G.P. Southern:

For those who are still stinging a little perhaps from my earlier words, I urge you to listen to me this afternoon with your tension out and, if you are still stinging from my words earlier, to listen to the words of a few other Members of this House back in 2010. Because when I saw this proposal I was completely flabbergasted, because I know I stood in this Chamber and received cast iron assurances that what I was witnessing, transfer of money from the Health Insurance Fund into the day-to-day running of the Health Service would never occur again.

[16:30]

If you do not believe me, the principle is absolutely one which we must abide by, I believe, that money which each and every one of us in Jersey pays into the Health Insurance Fund should remain ring-fenced. We pay for a service, it supports us in our health service, but it should be ring-fenced, and this is a complete abandonment of that ring-fencing. Back in 2010 when this first happened, Deputy P.J. Rondel then of St. John, summed the feelings of many when he said: “Once again, I want to raise the issue of raiding these funds which were never put in place for this purpose.” The Connétable of St. Clement said: “I do worry, and I think it is worth pointing out again, as it was in the debate on the principles, that this is really more of a device to prop up the Health and Social Services budget and really has got nothing to do with primary health care.” Senator Ferguson said: “Clearly, I think Members should note that this is for 2 years only. I have complained bitterly, both at the time of the business plan and in my amendment to the business plan, that this is quite wrong. I really do not see that we should be taking money from the Health Fund to subsidise the Health Department which cannot get its finances under control.” Those were the words then. I believe those words are equally if not more valid now because of what happened and the promises that were made. In the comments on my amendment the Minister for Health and Social Services had the following to say. He starts off by saying: “At the last sitting the States Assembly voted in favour of the proposals for change set out in P.82 around the new way forward for the Department of Health and Social Services”, and he says: “It is essential that the Health and Social Services Department has the right funding in place to be able to deliver the changes set out in that proposition.” Indeed, I have completely no argument with those sentiments. But the question is: “the right funding in place.” I suggest that this mechanism of funding is not the right funding. He goes on to say: “The Council of Ministers’ vision is to deliver a sustainable health and social care system in which services are delivered in the most appropriate cost-effective manner to meet the needs of Islanders. The Minister for Health and Social Services and the Minister for Social Security are united in their intention that primary care must be integral to the new system.” Again, I have no quarrel with those words, but I missed out 4 in the middle: a health and social care system “which is properly funded.” Is this proper funding? Is this the right funding? I would argue it is

not. He then went on to say: “However, primary care is complex, including general practitioners, dentists, pharmacists, and high-street opticians. The quantum of change is unprecedented in Jersey and needs to be extremely carefully planned and implemented. It is essential that the system remains in balance and that Islanders continue to be able to access high quality appropriate services when they need them.” Again, no argument; we are completely agreed. He then goes on to say: “The new system will require additional funding”, and he also mentioned earlier today that the Health Insurance Fund has only 3 years’ funding in the pot and suggested we do not worry as we will have new systems and funding streams set up by 2015. Members can work that out for themselves. That is a bit tight. He then says: “States Assembly voted in favour of the proposals for change set out in P.82 and it is essential that the Department” here we have the same phrase: “has the right funding in place to be able to deliver the changes set out in that proposition.” He has just talked about that taking a while to get in place. So, why am I so flabbergasted? Because I believed back in 2010 and 2011 that this transfer of funding out of a ring-fenced fund was going to be a one-off. I refer to the words of the then Minister for Social Security, now our Chief Minister, who gives some pretty hard and fast guarantees. Then he started off: “The draft law provides for a transfer of funds in 2011 in the total sum of £6.131 million. Article 2 of the draft law allows a Minister to return to the States seeking a similar transfer in 2012.” So far so good; the total transfer was approximately £12 million. He then went on to say: “There is no provision made for any further transfers and the Minister for Health and Social Services has made a clear commitment to address the issue of primary health care services within this 2-year period. Legislation will be brought forward before 2013.” That sounds pretty concrete and absolute; no provision for further transfers and legislation will be here before 2013. It has not happened. But I believe that sort of statement was one of the reasons why this House voted to do this transfer, because they were aware they were given near cast-iron guarantees that it was not going to happen again. Yet here we are, it is happening. He then went on to say: “The ring-fencing of Social Security and Health Insurance Funds is of paramount importance and the agreement with the Minister for Health and Social Services to propose this draft law has not been undertaken lightly.” It was a serious business then and it is serious business now. He then went on: “Drawing funds down now and extending the scope of the law to fund a modern primary care health service will require additional contributions to be levied in the coming years.” We have already heard from The Minister for Social Security that anyway we are going to have to raise the level of contributions to this fund, and yet, at the same time, he is proposing to take more money out of it. Listen to it carefully: “The effect of these proposals will be to place the fund into in-year deficit for 2011 and 2012.” For 2011 and 2012 read and 2013, 2014, 2015; 5 years of in-year deficits. “If funding for the proposed initiatives was to continue on this basis in the medium-term...” is 5 years medium-term? I believe it is. We have just passed a Medium Term Financial Plan which was only 3 years long: “then the accumulated surplus would very quickly be exhausted.” You cannot be clearer than that, and yet here we are. That same Minister who is now Chief Minister is proposing that this is appropriate and correct funding we should be doing. We should be breaking that ring-fence again. He then went on: “As I said introducing the Articles, I am aware of strongly held views on both sides of the arguments as to whether the funds in the Health Insurance Fund should be used in this way. I recognised and I heard what Members were saying last time. Some feel that we have been here too often in the past and I am convinced, I am absolutely certain that one thing is for sure. We cannot be here again in a year's time, and we certainly cannot be here in 2 years time.” Instead of which we are proposing that we raid this fund not for just one year or 2 years but for 3, 4 and 5 years. Members would have every right to criticise me if I stand up without that sufficient evidence. I apologise for bringing that forecast and making it true. Yes, I am criticising the now Chief Minister. This should not be happening. We were given cast iron assurances that it would not be happening because that would be a risk to the fund. We are in exactly the same position as we were 2 years ago. We are told we are working on it and it will not happen again. As The Minister for Social Security says, this would

have the effect of reducing the expenditure approval for H.S.S.D. (Health and Social Services Department) within the Medium Term Financial Plan in 2014 and 2015, and would require an alternative funding source and expenditure approval to be agreed for these primary care services. That is exactly why I have brought this amendment, and I have not brought the amendment to stop it now, immediately. I have left in place the £2 million for 2013 in order to give the Ministers concerned, Treasury and Social Security, Health and Social Services, time to get their heads together and for 2014 and 2015 the appropriate, correct source of funding in order to be able to continue to deliver these health services. There is no argument that we need to deliver it; just an argument with the source of funding. This was one of the problems that the Medium Term Financial Plan had. It does relate to this scraping of every barrel; how can we fund this? It smacks of desperation. We were given promises, absolutely sure that this would be sorted by now, and it is not. What do we do today? Do we say: "Well, tough; we could not quite make it this time. We will raid this pot again and put it in peril." That is what is said; negative funding. Or do we say: "Here is the line" because as far as we know you could be back again yet further on this fund. I believe it is time to draw the line. I believe it is absolutely essential that we protect the ring-fencing of this particular fund along with the Social Security Fund and do not raid because it is a convenient short-term solution. It puts the entire fund at risk and I do not believe we should be doing it not only because of that risk that because, if we start raiding what people pay imagining they are ring-fenced and start paying it for other things, then we are on a very, very slippery road and we should not start on it. So, draw the line and vote for this amendment.

The Greffier of the States (in the Chair):

Is the amendment seconded? **[Seconded]** Senator Le Gresley?

1.6.2 Senator F .du H. Le Gresley (The Minister for Social Security):

I rose to speak first because I think Members may be somewhat confused by the speech from Deputy Southern.

Deputy G.P. Southern:

Why?

Senator F. Du H. Le Gresley:

I am just about to explain to Members why they may be confused. The Health Insurance Benefit is a pay-as-you-go benefit. What people pay in should match what we pay out. It will not always be perfect obviously, but what we have, and what we are talking about taking money from, is the reserve. This is the surplus which has been built up over a considerable period of time. When we are talking in terms of running out of money, *et cetera*, we are talking in terms of when the break even rate ... that is when the expenditure exceeds income ... is at the time when the Government will be telling us we need to take some measures to look at the rate at which we are collecting the money.

[16:45]

To back up what I have been saying, I know that Deputy Southern thinks highly, quite rightly, of the Fiscal Policy Panel. I do not have the page but in their October 2012 report they have a table, Figure 2.25... it says at page 53 so that may be it... it gives Members their estimates of the deficits that will occur in the Health Insurance Fund as the result of the Medium Term Financial Plan proposals to transfer sums out. The figures they have come up with are that in 2013 there will be a surplus of income over expenditure. In 2014 it will be a deficit of £4 million and in 2015 a deficit of £5 million. That means in reality that the reserve fund will be reduced by £9 million during the period of the Medium Term Financial Plan. I am not going to go there, but unfortunately because we do not have an Auditor General, the accounts of the Department of Social Security for 2011

have not been allowed to be issued yet. They will say that the transfer which took place in 2011 and was the first of those £6 million transfers resulted in a current year deficit of £3 million and that the total net assets of the Health Insurance Fund at the end of 2011 was £80 million. If we take the figures I have just been using and assume that the 2012 transfer we approved earlier this year will be another deficit of £3 million, that will leave us with £77 million and by the end of 2015 it will reduce it by another £9 million. So, we should not be panicking that we are stripping out because all the time what we are paying out is being matched by what we are bringing in. I can confirm that because the figure for benefit expenditure in 2011 was £25 million and the income we are forecasting for 2012 is £29 million. So, the income is exceeding the expenditure at the moment, apart from the net result of these transfers we are talking about. In reality, by the end of this Medium Term Financial Plan, even assuming greater demand on the Health Insurance scheme for increased benefits by way of G.P. (general practitioner) consultations or drugs or whatever, we anticipate there will be in excess of £60 million at the worst scenario and that would be equivalent to running the fund without any more contributions for another 2½ years. That is not a desperate situation, I would put to Members today, and as I have already mentioned when we were debating the Medium Term Financial Plan, we are having a Government actuary review of the fund as at the end of 2013. To reassure Members that things are not too gloomy as Deputy Southern would have us believe, the most recent report came out this year, albeit it was for the period 2003 to 2007 from the Government actuary. It said: "By drawing on accumulated surpluses the fund is also forecast to be able to provide existing benefits until the end of the actuarial review period in 2027." I will put to Members that is quite a long way off. However, we accept that there will be future demands on this fund and therefore the next review will be taking place in 2013 and may be that 2027 period will be drawn back a bit. But, do not panic. If we were panicking I would not be bringing this proposition. There is money there. We can afford to do this. Health needs the money and I do not think Members should support Deputy Southern's proposition.

1.6.3 The Deputy of Trinity:

I am sure this Assembly may well be experiencing a sense of déjà vu. The Minister for Social Security is before Members again asking for your support for a proposition that sees the Health Insurance Fund money is being used to fund some of the primary care... and I really stress, services delivered by my Department as opposed to primary care services delivered by GPs. As Deputy Southern quite rightly points out, we have previously debated this issue. We did assure this Assembly that any transfer would be for 2 years, 2011 and 2012. When we made that commitment we did so in absolute faith. At that time we thought we could develop a funding solution for primary care within that 2 year period. Why have we not done that? Is it because we simply think it is easier to raid the Health Insurance Fund? Let me reassure Members, no. It is because we will not settle for a quick fix solution to the detriment of a sustainable, equitable long-term solution. 2 weeks ago this Assembly voted almost unanimously for a new model of health and social care; a model which sees the right care delivered by the right people at the right time, but one that requires the right funding solution. We have not, despite what the Constable of St John might be saying, been sitting on our hands doing nothing. If he takes the time to look at page 2 of the Council of Ministers' comments he knows full well that we have been out to consultation over the last 2½ years. On page 2 it gives an exact timetable of where and how we are going to do that. It says: "Engaging with dentists, high-street opticians, pharmacists; January to February 2013; agreeing a detailed work plan", and it goes on and on. I will not repeat that because Members can read for themselves. But that is important. We have a relationship with our GPs but not as yet with opticians or a close one with pharmacists. Any long-standing, sustainable solution must be equitable across the board. You charge the Council of Ministers with the task of bringing forward a number of particular proposals related to that model. It includes the development of a new model of primary care, as I said, in consultation with GPs, dentists, high-street opticians, pharmacists, and

a proposal for a sustainable funding mechanism for health and social care. We have debated in detail Scrutiny's helpful amendment about the timescales for the proposals and we have agreed with Scrutiny that we will bring it back to this Assembly for a debate in September 2014. Once it is back here and agreed, then and only then can we start the process of making significant law changes required to bring those proposals into fruition. As I said, the timetable is set out in page 2 of the comments. I wish it was sooner, because I am keen to get on and make sure that people can access GPs, pharmacists, opticians and dentists. We are keen that it is sooner but it is just not physically possible. We need to have that good relationship with all those professionals. Proposals for a new model of primary care and a sustainable funding mechanism have to be developed side-by-side. It is not easy. It is negotiation, proposals, back, consultation. It cannot and it will not happen overnight. The importance of affordable, sustainable and appropriate primary care services together with sustainable funding for all health and social care cannot be underestimated. In November 2010 when I stood here and asked for the Assembly's support for a 2-year Health Insurance Fund transfer, I and this Assembly knew that we needed to find a real solution to this real problem. Nobody knew then in 2010 quite how far-reaching that solution would be. We know it now because of all the work we have done on developing our new model of care, and I explained that 2 weeks ago; it has taken us over 2 years with consultation, a Green Paper and the White Paper to get us where we are today. When this Assembly voted for the proposition set out in 2011 and 2012 it did so in recognition of the fact that the world has changed dramatically since the health insurance law first came into force in 1967. So has the way we deliver primary care. Prior to approval of these propositions the Health Insurance Fund monies could only be used to subsidise G.P. visits and prescription drugs. This had numerous implications. Not only did the care provided by G.P.s and other community-based services evolve in separate ways. It also meant that Health and Social Services funding was diverted into primary care simply because G.P.s do not provide all primary care services. Primary care services, funded directly by the Department of Health and Social Services, include childhood immunisations. We have a great success rate of 97 per cent of children getting their correct immunisation before the age of 5. That is something to be applauded. Antenatal care in the community and sexual health clinics with Jersey Brook is a very, very important service. So too is dressing clinic. But it also includes other primary care supplies such as dietary products which are very important for some people who could not live without it. The same can be said for oxygen, incontinence products and, the main part of the funding, to third parties such as the Family Nursing and Home Care service; £5 million a year. As we all know, they provide a very good service to care for people in the home, but also people who have paid into the Health Insurance Fund. This investment in primary care inevitably affects my Department's ability to make much-needed investment in other essential services, while we have heard that in the meantime the Health Insurance Fund has accumulated a surplus of £80 million by the end of 2011. The monies transferred in 2011 and 2012 were not, and I quote: "A raid on the Health Insurance Fund." They were a legitimate decision made by this Assembly to use health insurance monies for the purpose for which they were intended, the funding of primary care. We now need this Assembly to support the proposal that we transfer monies again in 2013, 2014 and 2015. To do so only in 2013 will not only have a detrimental effect on our ability to put in place a new model of care. Much more immediately, it will place us in a position whereby my Department cannot afford to provide Islanders with the essential services they need. That cannot be right. To say no to this transfer in 2014 and 2015 will create a real funding problem that will directly impact on Islanders and it will cut across the decisions taken by this Assembly 2 weeks ago. To do so on the basis that Health Insurance Fund transfer was originally envisaged for only 2 years cannot be good governance. I know that the amount is significant. That is why the transfers will be tightly controlled by The Minister for Treasury and Resources. As in 2011-12, the money will be audited to demonstrate it has been used for the purpose to which it is intended.

[17:00]

The purpose for which the Health Insurance Fund is intended is primary care. I can give Members that assurance, on that list on page 3 of the comments, it is primary care. I urge Members to reject the Deputy's amendment and support P.88 as it is set out by The Minister for Social Security and I would like to thank him for bringing this proposition forward. P.88 as it stands is a key to my Department's ability to care for the health of Islanders during the period of this Medium Term Financial Plan. It is what Islanders need and deserve.

Deputy M. Tadier:

Before I start can I just raise the issue that will need to be spoken about at some point in the absence of the chairman of P.P.C. who I hope might hear this and will come running back in before 5.30 p.m. We will need at some point to decide what to do with proceedings if we are unlikely to finish this debate today. I know there is a meeting at 7.00 p.m. tonight of the Electoral Commission which I hope BBC Radio Jersey listeners will go to in their droves. Members will need to get away for that, so if we can just bear that in mind perhaps at the moment. I am happy to seek any direction from the Chair at any point on that.

The Greffier of the States (in the Chair):

If you have any proposals to make, Vice-Chairman, it may help Members have some steer if Members intend to sit after 5.30 p.m. or come back tomorrow or another time.

Deputy M. Tadier:

Without knowing how many people are likely to speak on this and how long the next item is likely to take, I just thought I would give advance notice of that, Sir.

Senator I.J. Gorst:

If it helps I could defer my later items as well to the following sitting.

1.6.4 Deputy M. Tadier:

I recall when The Minister for Social Security stood for election in the by-election a year and a half ago; he probably remembers better than me. He was a candidate and I was simply one of the roadies. He was very keen and passionate about having a progressive rate of taxation. I do not know if he still has that opinion and no doubt at some point we will be able to test that during the course of the next couple of years in the Assembly. Probably the reason he did that, having his vast wealth of experience at citizens' advice bureaux, was because he knows that in order to pay for essential services, social services, health care, housing *et cetera*, somebody in society needs to pay. It is necessary to have an equitable system not simply for the budget levels to add up but also to have some kind of social harmony in society so that one feels there is some equity involved. The reason I mention that is because earlier The Minister for Treasury and Resources seemed to make a comparison with Jersey to Denmark. It was quite an interesting comparison because he was saying that in Denmark the corporate tax only accounts for some 8 per cent of their overall revenue. Of course, in Jersey, if we do the maths for 2013, it counts here for 11 per cent and going down all the time. What he did not mention is that income tax overall in their revenue... and I am going from figures for 2008 so I appreciate they might be slightly rough ... only accounts for 52 per cent of their overall revenues. In Jersey we know that income tax already accounts for 69 per cent of our revenue, so the first thing to say is that their tax base is a lot more diversified. They certainly have corporate taxes, V.A.T. (Value Added Tax), duties and other things to mention. All of which are designed to have a progressive taxation and redistributive model which extends to their health care system which is, by and large, free and they have very few private hospitals; I think it is less than 1 per cent of private healthcare. So, we are not comparing apples with apples, although interestingly enough they do have a lack of natural resources and rely very heavily on the personal services industry. If we are going to compare Jersey with Denmark maybe we can aspire to what Denmark

does. They have one of the highest income tax rates in the world, and in 2006 it was the highest, because they believe that if you are successful and proud to be Danish then you should contribute in the best way that you can to the maximum of your ability, and we do not have that. Why am I talking about this? It is relevant, oh yes **[Laughter]** anything can be made relevant. The reason it is relevant, of course, is that this question comes up time and time again, and no matter where we sit in this Assembly we have, as Deputy Southern quite rightly quoted, a good cross section of this Assembly who have qualms and are concerned about what is called the raiding of this ring-fenced pot which was meant for something else. The reason we are in this position where we have to raid a ring-fenced fund is because we do not have a long-term plan. It was mentioned before that we are getting all these little pots and we are turning them upside down. I quite like that analogy of the piggy bank, sticking the old knife in there trying to get the last pound coin out or the coppers to make things work. It seems to me that is increasingly the position we are in, because we will not face and bite the bullet. We know that these are all very short-term plans and I think that is exactly what Deputy Southern is getting at with this amendment. There is no long-term thinking. There is no question about what happens when the funding dries up. What happens to the funding for the Les Quennevais school, for example, which will be competing with the health funding? What happens about the funding for the new hospital? We talk about selling off properties. Sure, we can sell off properties to developers who will not be interested in building social housing for first-time buyers housing, but they will be interested in building luxury flats and that does nothing to help our situation when we know that both of these areas are in chronic and urgent need of investment in Jersey. We will have less capability to do that if we are selling off key strategic properties. I would say this is not the way to do it. I think we need to take heed of this amendment. We need to start thinking in the long term and do joined up thinking, and if there are ring-fenced funds they should remain like that. It is exactly the same for the Department of Housing, for example. That is being raided and not being allowed to keep its revenues. It is unlikely even after, in the new model they have, in the corporatised model, they will still have to give their monies back to the Treasury, or a certain amount of it anyway, and the vicious circle goes on. If Members think that enough is enough and we should not use these monies which are ring fenced, then they should support this amendment and I invite those Members to come together, to put their heads together and think about a long-term future for the funding of public services in this Island which does not rely on a zero tax rate and companies and individuals who could easily pay more money doing so when the tax burden falls on those individuals who are least able to pay.

1.6.5 The Connétable of St. Clement:

Deputy Southern reminded me in his report and his introductory comments of what I said in a similar debate 2 years ago. I said this is really more of a device to prop up the Health and Social Services budget and really has nothing to do with primary health care. I could have been persuaded to vote against Deputy Southern's amendment, and why I wanted to hear from The Minister for Social Security and The Minister for Health and Social Services is because I was wrong. But they have said nothing to convince me that I was wrong 2 years ago and that Deputy Southern is wrong today. The Minister told us what they were planning to do about primary health care; all this consultation and the changes. But with respect, Minister, we knew that. We had a debate just a few weeks ago and we gave you 100 per cent support to go away and do it, and that is good. What I wanted to hear from the Minister is what has been done with the £12 million they have already had to enhance the primary health care system. Is there a better primary health care system now than there was 2 years ago when we gave them the £12 million? Is there a more cost-effective service? Are there new services which the people can access with this £12 million which was taken, not raided, quite legitimately and legally from the Health Insurance Fund? I have not heard anything about that. I did hear from the Minister (she will correct me if I am wrong) that this money has been used to the Family and Nursing Home Care, the immunisation programme, the

Brook Centre and one or 2 other things, which the health service has been doing for donkeys years without using the money from the Health Insurance Fund. The Minister went on to say that because the money from the Health Insurance Fund has been used to support those services she has been able to invest in other services in the Department of Health and Social Services. Therefore, 2 years ago when I said this is simply a device to prop up the budget of the Department of Health and Social Services, the Minister has confirmed that I was absolutely right, and Deputy Southern is absolutely right today. The Minister for Social Security also said this is supposed to be a pay-as-you-go scheme and there happens to have been a surplus built up over the years. That may be and it may be not, but if the surplus has been built up so significantly over the years then it means one thing. We have been paying too much. **[Laughter]** The proportion we have been paying in our Social Security contributions towards this fund is simply too high, and the people who have been paying into that deserve to get something from it. The Minister said it is to support G.P. services and prescriptions. Okay, we get free prescriptions; I think that is good and I thank Senator Routier for doing that when he was there. But there are complaints that G.P. prices are too high. So why, with these surplus funds, have we not improved the subsidy paid to G.P.s for their consultations? We hear a lot of people complaining about dental costs. The law does provide that we could have subsidised dental costs from the Health Insurance Fund if that part of the law was activated. If we have this amazing surplus in there which is designed for primary health care why have we not done that? We have not done that because the Department of Health and Social Services has run out of money and has needed to use that money. As I said 2 years ago and I will say again now, it has nothing to do with primary health care. It is to prop up the Health and Social Services budget. Therefore, most unusually and I think for the second time in my political career, I am going to support Deputy Southern's amendment.

1.6.6 The Connétable of St. John:

I think I have said it before; shame, shame, shame on all those Members who voted the £12 million across 2 years ago. You were hoodwinked them and you are being hoodwinked again today. I think the Connétable of St Clement is absolutely right in everything he has said. He is not always right **[Laughter]** but he is today. £80 million or £84 million, whatever the figure might be, is not a great deal of money in this day and age. Yes, if you build that up over 70 or 80 years that is one point something million a year when you look back in surplus. It is good to have some reserves, not bailing other departments out who have not kept up their end of the bargain. If they ask for something and, as the Connétable has already said, if they had come in here and said: "We have spent it on this, this and this", but they have not. They have done something completely different. I am totally appalled that you are back here so soon and I am appalled at our Chief Minister who made us all these promises. He made you all these promises because I voted against it on that occasion, as I am going to vote with Deputy Southern today. Our people pay Social Security and their rates have just gone up in recent times. I heard someone over in the far corner of the Assembly bench say: "Not for this." If there are additional funds within the package that comes into Social Security they should bring something to this Chamber so that they can move it across into other areas within the Department which will benefit those people who have paid it and not take the money out to get used to put something else in place. I heard The Minister for Health and Social Services say Family Nursing.

[17:15]

I have been given to understand, and I have been trying to get some real information about what is available on Family Nursing today and I am still waiting. I have been sent their accounts and whatever else, but I have still not had and I still cannot get anything on the internet on exactly what is available. When people have Family Nursing now... and I was talking to a former Connétable only on Sunday when he had to have some heart treatment some time back, where the previous

time he had had a heart operation and Family Nursing came along and all the bandages *et cetera* were supplied by Family Nursing. On this occasion he went to have his dressings changed and he was told: "You will have to bring your own bandages and the like with you." He had some and there were rather expensive pieces of kit, shall we say, so the nurse, being a male nurse, told him: "If you go and get them from a certain place at St. Clements you will find they are cheaper there because they are going to need quite a few of these over the next few weeks." But he had to pay for them himself. Things have changed considerably in a short period of time. A family or a couple at this moment in time pay £100 a year as their subscription. I am given to understand that is dropping away and it will be done as a gift or donation to the Department. I just wonder if we are really getting care out of the community that we had some years ago when Family Nursing was family nursing. We seem to be having a way of doing things as user pays. It is going more down the route of the user pays. The health service wants to put things out into the community that they have not made sure that ... if you are going to hospital you will have this free of charge, but if you go out to St Clements or St Mary's or wherever the District Nursing Association meet or have their clinics, then you go to them and they no longer come to you. You have to go and get the bandages yourself and you have to pay for them. I would not say that is progress, not in my book. We are going backwards. We are saying we want to go in a partnership with the public and keep people in homes longer. They are the ones picking up the bills when historically we picked up the bills. I do not think we are getting the value for money we were getting, but I do not want to see a ring fenced fund that is put together being raided. Because it is a raid, and contrary to what everyone else in this Chamber may think, I do not agree with raiding something that people have paid for and are paying for on a weekly or monthly basis out of their wages. That can be used by people who have not paid into this fund. There is a big difference. If there is something that is ring fenced it should be ring fenced. When this happened 2 years ago I then wrote to the Privy Council about it and even to this day I have not had a reply from Privy Council. But we all know how long it takes to get anything back from Privy Council. I have not had a reply. We know from the amount of times we have sent legislation across that it takes months and years to get something back. We were told earlier about emptying the piggy bank. This is yet again another way of getting money from one area, robbing Peter to pay Paul. At the end of the day the £80 million we have currently... so-called surplus by The Minister for Social Security; it is not a great deal of money, as I have already told you. In the long term that can go. We just need to have a serious problem and that money can go. But we should not be going into that particular fund. The money should be coming from the Treasury. Yes, you have altered the law now, but what have we done today? What did we do this afternoon? This House passed the Medium Term Financial Plan. This was already in it. You passed it before you even got this money. Talk about putting the cart before the horse. That is typical of this Chamber. We put things in the wrong order. Chief Minister, I am appalled at you.

The Greffier of the States (in the Chair):

Through the Chair, please.

The Connétable of St. John:

I am appalled at the Chief Minister. 2 years ago he made a promise in this House that he would not come back for more.

The Greffier of the States (in the Chair):

I am not sure he did make a promise. He did say that he could be rightly criticised if he came back...

The Connétable of St. John:

Sir, he made a promise to me in the Member's room, which is in this House, that he was not coming back again. So, what does he do? We see it within 2 years. You are being hoodwinked.

Do not go for this. Let the Minister for Social Security keep the money in that fund. Do not allow him to move any more money across because it is your money, the money of the people out there who have paid. It is not taxpayers' money, although The Minister for Treasury and Resources will try to tell us differently I am sure. It is not his money to spend. He will have to find the money from somewhere else. He has it in his Medium Term Plan now. If you do not give him this extra \$40 million over X number of years he will have to find it from somewhere else because you have already adopted it. So, it is for yourselves because I am definitely not supporting this. This is yet another ruse. They are pulling the wool over your eyes, call it what you will. I am not supporting it.

Senator S.C. Ferguson:

Oh dear. I feel like Cassandra today, Sir.

Deputy G.P. Southern:

Cassandra was always right.

1.6.7 Senator S.C. Ferguson:

She was always terribly gloomy. Yes, it is something like 2 years since (I hesitate to say it but I am going to) we last raided this fund. I think it was 2010. I do wonder where the drive to primary care has got to, because it does appear to have taken 2 years to get the G.P. engagement meetings on J.Q.I.F. (Jersey Quality Improvement Framework). The G.P. central server program is underway and the system has been up and running for some time; the software that was written. But the real problem is that many people do not have an awful lot of confidence in the way Health and Social Services spends money. Yes, it has been improved, but there is still a considerable amount of scepticism remaining. The original transfer was to cover a growing deficit in Health and Social Services, as Members from the previous Assembly will recall. They will also recall that the Assistant Minister for Social Security fought very hard against these transfers. The Minister for Health and Social Services effectively tells us that we must agree to this as we agreed to the Health White Paper 2 weeks ago. I am sorry, that is blackmail. This is not the way to do business. The Minister says there is a surplus. Part of that I have contributed and I want it in a properly organised primary care system, not just siphoned off to support people; to support an expensive health system which seems to be a bit disconnected. I will be supporting Deputy Southern.

1.6.8 Deputy K.L. Moore of St. Peter:

Being a Member who was not here in 2010 I would just like to look at this in simple terms, if I may. I think the Constable of St Clement hit on a good point. People have perhaps been paying too much in contribution towards the Health Insurance Fund and perhaps they should get something back. Perhaps they should get back a better health care system [**Approbation**] and that is what we all voted for 2 weeks ago. We also voted 2 weeks ago to put together a better model for primary care, which has been explained already this afternoon, and to do that we were already told by the *Raftery Report* in 2008 that should be done and that report also said that the Health Insurance Fund should not be managed by the Department of Social Security. It said that The Minister for Health and Social Services should administer it. Therefore, if we follow that path, as the primary health care model is developed by 2014, it is likely that the Health Insurance Fund will come under the auspices of The Minister for Health and Social Services. So I really do not see what the issue is, because it will all go towards the same aim which is improving our health care services, and that is what the public want and that is what they expect. I would like Deputy Southern to kindly explain to us which services he suggests we cut from 2014 and 2015. We have all agreed to introduce new services in our health care system. Is he thinking about the intermediate care with £2,340,000 allocated in 2014 and £2,890,000 allocated in 2015? That will go some way. I am sure everybody

here who wants to receive care in their homes will really appreciate that cut. He could also cut the older people's mental health which starts with dementia; those figures might help with his cuts. We at H.S.S. have been delighted to see extra funds going towards growth in the health care system. We feel that it is long overdue and we hope that Members will not support this amendment.

1.6.9 Senator P.F.C. Ozouf:

I am pleased to follow the Deputy of St. Peter because she comes absolutely to the point. We did approve the Medium Term Financial Plan but for the avoidance of doubt the money allocated to Health was dependent on this decision being made. So, I am afraid I hate to go back to the J.T. debate in relation to the capital programme but if this money (there are no other pots available) is not allocated then Health do not get their money. Frankly, after having approved the White Paper after all the difficult decisions we have had to make to try and allocate the resources we have available, we will not find it. I do not think that is in the spirit of the White paper or the M.T.F.P. debate. It is a fair criticism to say that more work should have been done a long time ago in sorting out the Health Insurance Fund. That criticism is true going back to the 2 previous Ministers in relation to that, and I do not blame them because they were burdened with other aspects. There is a very small policy team in Social Security, a tiny team who have dealt with income support, other difficult issues and we should have made more progress. They were not even in a position to be able to progress the matters in terms of reforming the Social Security arrangements and the Health Insurance Fund because there was not a health policy that could, be linked into finding exactly where the money could be spent. It is only now that we have completed the work on the Health White Paper that The Minister for Social Security can do the work. Is it a perfect state of affairs? No, it is not. I was in the States when the original allocation was made from the Health Insurance Fund and the Health Insurance Fund has collected money, and yes, it is in surplus. The only difference I have with my esteemed colleague, The Minister for Social Security, is I think there should be more money in the Health Insurance Fund because we should not have given away free prescriptions [**Approbation**] and we may have been able to do more in terms of giving more resources to The Minister for Health and Social Services and all those good things The Minister for Social Security does. I do not scold Senator Routier because he is a good friend of mine, [**Laughter**] but we made a decision there probably we did not. So there has been a huge amount of difficulties in sorting out Health politics. It was a Cinderella area for 10 years and we made no progress. We have now made progress and we now have good projets that are going to change people's lives. There is a great deal of work to be done on reforming primary health care. There are enormous issues which the Minister now has to work with. He now has an overseer of G.P.s in his Department. He now has some of the equipment in terms of some of the advice for G.P.s to do this. As the Deputy of St. Peter said, this debate is about whether or not we are going to put the money behind the policy we agreed in the White Paper, and I think it would be a dreadful state of affairs if we reneged upon those policy principles we agreed. We always find it quite difficult making a final decision but now we have to put our money where our votes were in terms of the *Health White Paper*. Yes, there has to be as reform done of Health and Social Services. Deputy Southern is looking at me as though there is some sort of free money available.

[17:30]

This proposition means that we will not give the money to those areas of health and that is not fair. Yes, there has to be reform of the Health Insurance Fund. That has to be done. Let us do both. Let us allocate this money now because it is there, it is people's money and it is going to be put to people's primary health care and other health care needs and we need to give the Minister all the encouragement to now reform this antiquated system which is not fit for purpose any longer.

Deputy J.H. Young of St. Brelade:

Can I ask the last speaker to clarify part of his remarks, if I may, please? He did tell us that if we voted for the amendment then there would be no money, but he also said that the decision to approve the Medium Term Financial Plan was dependent upon us approving these transfers under this law. Could I ask him to clarify whether that means if we approve the amendment now and we are required at a later date to do those transfers during 2013, prior to 2014, does that mean then that there will be no money? Is he saying that that decision now has to be taken irrevocably today in order to give effect to the M.T.F.P.?

Senator P.F.C. Ozouf:

Sir, maybe you could offer me some guidance if I am misinterpreting because I do not have a copy of the law here. But my understanding is we bring into legal effect the allocations of money when we do the budget and I cannot put a plan that has an overdraw amount. I have already made clear that, effectively, we have gone as far as we can in terms of the Consolidated Fund balance. I think the allocation of money, effectively, we are revising the allocations that we have agreed in the Medium Term Financial Plan and when we came to the budget we, effectively, would be looking at those reductions from the health budget as a result of these matters. I am afraid that there is no easy issue with this. It has got a consequential amendment. Health will get something, they will get £2 million and, effectively, they get nothing in 2014 and 2015 and that is where we are. I am sorry about that but there is an unintended consequence and there is a stricture that we now put ourselves around in having to do a 3-year plan. We either vote down this amendment and give the money or the money is not there but forgive me if have got that wrong.

The Greffier of the States (in the Chair):

Forgive me if I am wrong, but saying could you come back, for example, later and ask for the money to come from the same fund, you would have ask from the source if you could come back at a later date and ask again if the Health Insurance Fund is the right fund.

Senator P.F.C. Ozouf:

We could do, Sir, but the problem is that we have just been... and many Members have stood in this Assembly about the fact that we are giving certainty to departments and I thought that that is what we were signing up to. We signed up to a *Health White Paper* and then we signed up to a plan that meant departments were not going to be uncertain, they were going to be certain. Do we really think that there is any other source for this money? There is no other source for this money. If Health are going to get this money it has got to come from the Health Insurance Fund. I have not got any more preference shares or any other magic wands to deal with. I have got the Health Insurance Fund working with the Minister for Social Security, it is as simple as that.

Deputy J.H. Young:

Sir, I am sorry to ask for further clarification because I do not think I quite understood what the Minister for Treasury and Resources is saying. Is he saying, in effect, Deputy Southern's proposition to amend this law would, in effect, negate the decision of the Medium Term Financial Plan we just made or is there opportunity for us to do all that at a later date so that we do not do this wrecking of the Medium Term Plan that the Minister for Treasury of Resources has just said. Is that opportunity open to us at a later date if this amendment is passed?

Senator P.F.C. Ozouf:

It is in theory but it does not give the certainty, and I have to ask Deputy Young, where else is the money going to come from? That is the difficulty; there are no easy answers with this.

The Greffier of the States (in the Chair):

If I could assist you from the Chair, Deputy, the States this afternoon approved the heads of expenditure for the Health and Social Services Department for the next 3 years. They approved a total sum of money in the M.T.F.P. but in approving paragraph (c)(i) they said that £2 million of that expenditure, £6 million in 2014 and 2015, would not be made available unless the States agreed a transfer from the Health Insurance Fund. It would not undermine the decision you took on the M.T.F.P. which stands but the Health would clearly not get the money that is theirs. It does not overturn the decision but it simply is a dependency in the law. It would not stop the Minister coming back later but he would have to ask from the same fund.

Deputy J.H. Young:

Sorry, Sir, but does that mean then that there would not be procedurally any opportunity for them to obtain the money later between 2014 and 2015?

The Greffier of the States (in the Chair):

They could but only from this fund and not from another source. Chairman of the P.P.C., it is 5.35 p.m. and I have 3 Members waiting to speak.

Connétable A.S. Crowcroft of St. Helier:

Sir, can I suggest that we finish this item this evening and then the Chief Minister, I think, has kindly agreed to carry over his 2 items. If we are able to do that, I would suggest we carry those over to the next sitting.

The Greffier of the States (in the Chair):

What about P.89, the Minister for Social Security's...?

The Connétable of St. Helier:

I do not know whether he is prepared to carry that over until next session as well. I am certainly off the Island tomorrow and I think Members have got other plans for next week.

The Greffier of the States (in the Chair):

Minister, in relation to P.89, are you able to...?

Senator I.J. Gorst:

Sir, I do not know if it would be helpful. Of course, this again is an amendment arising out of figures which have been put into the M.T.F.P. with regard to the supplementation calculation, so it would seem more straightforward to take it today. I do not think that it is necessarily going to be a very long debate and I would hope that we could deal with it relatively quickly, once we have completed this one.

The Greffier of the States (in the Chair):

Very well. Do Members agree to continue the sitting until P.88 and P.89 are concluded?

Deputy M.R. Higgins:

Sir, can I just say that there is also the annual general meeting with the First Tower Community Association this evening and there are at least 4 Deputies who should be there.

The Greffier of the States (in the Chair):

It is a matter for Members but...

The Deputy of St. John:

Sir, there is also a very important public meeting tomorrow that the Minister for Planning and Environment has to attend, and it is key to the decision for the new St. Martin's Primary School. I would just make a plea that we do not sit tomorrow.

The Greffier of the States (in the Chair):

Clearly, some Members have commitments but all Members in favour of continuing until P.88 and P.89 is...

Deputy M. Tadier:

Sir, could we ask for the appel and that would give us numerical evidence as to who can stay perhaps?

The Greffier of the States (in the Chair):

Very well. The vote is whether to continue the sitting. If you wish to continue vote pour, if you wish to adjourn (and then we would have to address when we reconvene) you vote contre. This has to deal with P.88 and P.89 and the Greffier will open the voting.

The Connétable of St. Clement:

Sorry, I am probably being pedantic, Sir. I am quite happy to finish P.88 but then I think we should stop. Is it possible we stop after we finish P.88?

Senator L.J. Farnham:

It would just be sensible. Let us get P.88 out of the way and then decide then, Sir.

The Greffier of the States (in the Chair):

We do not want to spend hours and hours deciding. I think the Constable is correct because P.88...

Deputy M. Tadier:

Sir, the reason I ask is because I do have to go, I have got an engagement. But the other thing is there is a fear that Members might think: "Let us give it another 20 or 30 minutes" and then when you get to 30 minutes there will still be people to speak and then we will have to stay until 8.00pm, those who are left, so one should bear that in mind.

Senator L.J. Farnham:

Sir, did you say there were 3 Members left to speak? Members may indicate if they wish to speak, so we will have a better idea now because if there are more than 3, Sir, this could go on for some time.

Deputy G.C.L. Baudains:

Sir, on a point of clarification, is it not normal these days that when one cannot finish the business on the designated days, which, in this case, is Tuesday, Wednesday and Thursday, then the normal thing to do would be come back next Tuesday?

The Greffier of the States (in the Chair):

No, the normal one these days would be to put it for the next sitting. I think that old system was abolished a while ago but I think the Members must decide. I think there is a proposition for the Assembly, which is, do you wish to pursue your amendment, Constable?

The Connétable of St. Clement:

Yes. There are a lot of us who have got commitments tonight, certainly the Electoral Commission are in St. Clement at 7.00 p.m., so I want to go by 6.30 p.m. and I am sure the other Deputies of St.

Clement wish to as well. It is difficult to know how long these things are going to take. I do think we should finish P.88 but then I think we should stop.

The Greffier of the States (in the Chair):

Very well, let us take a vote. Those Members who wish to defer P.89, which is the Social Security Amendment of Law, to the next sitting, kindly show. Those who wish to maintain it today. Sorry, I think we need another appel, it is very close. If you wish to defer it you vote pour, if you wish to maintain it today you vote contre and the Greffier will open the voting. I am referring to P.89, you vote pour to defer it and contre to maintain it today. The Greffier will close the voting. The proposition has an equality of votes and is therefore rejected.

POUR: 21		CONTRE: 21		ABSTAIN: 0
Senator A. Breckon		Senator P.F. Routier		
Senator S.C. Ferguson		Senator P.F.C. Ozouf		
Connétable of St. Helier		Senator A.J.H. Maclean		
Connétable of Trinity		Senator B.I. Le Marquand		
Connétable of Grouville		Senator F. du H. Le Gresley		
Connétable of St. Clement		Senator I.J. Gorst		
Connétable of St. Lawrence		Senator L.J. Farnham		
Connétable of St. Ouen		Connétable of St. Peter		
Connétable of St. Brelade		Connétable of St. Mary		
Connétable of St. Martin		Connétable of St. John		
Deputy R.C. Duhamel (S)		Deputy of Trinity		
Deputy G.P. Southern (H)		Deputy S.S.P.A. Power (B)		
Deputy of St. Ouen		Deputy S. Pitman (H)		
Deputy J.A. Hilton (H)		Deputy K.C. Lewis (S)		
Deputy M. Tadier (B)		Deputy E.J. Noel (L)		
Deputy T.A. Vallois (S)		Deputy A.K.F. Green (H)		
Deputy M.R. Higgins (H)		Deputy G.C.L. Baudains (C)		
Deputy J.M. Maçon (S)		Deputy of St. John		
Deputy J.H. Young (B)		Deputy S.J. Pinel (C)		
Deputy of St. Mary		Deputy of St. Peter		
Deputy R.G. Bryans (H)		Deputy R.J. Rondel (H)		

The matter is not deferred: 21 votes were cast pour and 21 contre. Therefore the decision now for the Assembly is whether to continue this evening to debate P.88 and P.89.

Senator L.J. Farnham:

Sir, could I amend that?

The Greffier of the States (in the Chair):

No, I do not think so, Senator, it could go on all night.

Senator L.J. Farnham:

I was only going to suggest, Sir, we put a time limit of 6.30 p.m. on this evening.

The Greffier of the States (in the Chair):

No, I do not think that we can put a time limit on it, Senator. If Members agree to continue they continue, it might be 8.00 p.m., it might be 6.00 p.m. I do not think...

Senator L.J. Farnham:

I would like to propose, Sir, we continue until 6.30 p.m.

The Greffier of the States (in the Chair):

I think we must vote first on whether agree to continue. Any Member is free at any time to propose the adjournment, Senator, so come 6.30 p.m. you can propose the adjournment. Very well, and we will open the voting: pour if you wish to continue and contre if you wish to adjourn now.

POUR: 27		CONTRE: 13		ABSTAIN: 0
Senator P.F. Routier		Deputy of Grouville		
Senator P.F.C. Ozouf		Deputy J.A. Hilton (H)		
Senator A. Breckon		Deputy J.A.N. Le Fondré (L)		
Senator S.C. Ferguson		Deputy of Trinity		
Senator A.J.H. Maclean		Deputy S.S.P.A. Power (B)		
Senator B.I. Le Marquand		Deputy S. Pitman (H)		
Senator F. du H. Le Gresley		Deputy K.C. Lewis (S)		
Senator I.J. Gorst		Deputy M. Tadier (B)		
Senator L.J. Farnham		Deputy T.M. Pitman (H)		
Senator P.M. Bailhache		Deputy E.J. Noel (L)		
Connétable of St. Helier		Deputy T.A. Vallois (S)		
Connétable of Trinity		Deputy M.R. Higgins (H)		
Connétable of Grouville		Deputy A.K.F. Green (H)		
Connétable of St. Clement				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				
Connétable of St. John				
Connétable of St. Ouen				
Connétable of St. Brelade				
Connétable of St. Martin				
Connétable of St. Saviour				
Deputy R.C. Duhamel (S)				
Deputy R.G. Le Hérisssier (S)				
Deputy J.A. Martin (H)				
Deputy G.P. Southern (H)				
Deputy of St. Ouen				

The Assembly will continue and I stress that any Member is free at any time, nevertheless, to propose the adjournment. I call the Constable of St. Peter.

1.6.10 The Connétable of St. Peter:

I shall be very, very brief. It is just to say through the Chair to my fellow Constable of St. John he will hear the words shame, shame, and shame again but that will be from his parishioners who are not supporting this money going into primary care. It may be useful just to remind Members what primary care is. It is the first point of contact you have with any medical professional, whether it be a G.P., dentist or optician. Beyond that secondary care is the general hospital. This money is to enable the general hospital, the secondary care department, to be able to continue delivering primary care services to the number of people who currently cannot afford to go to G.P.s or do not want to, for whatever reason, and this bill is to enable us to continue doing that. Part of the work that we are doing in the new way forward is to work up with the primary care system, including dentists and opticians, a way forward where perhaps we can find a co-funding mechanism to make it easier for people to go in there. That is work that is in hand now. We are in negotiations already with the primary care body, which are the leaders of the G.P.s. This work is in hand and has been going on and I have been involved in meetings with them. If I may say, the allocation of this money is essential to enable Islanders to continue to get their care in whichever way they wish to

have it. Sorry, Ma'am, I did not realise you had changed. I certainly cannot because I want to make sure that my parishioners and my constituents can continue to enjoy the service they currently have. Unfortunately I cannot support Deputy Southern's amendment on this occasion.

The Constable of St. Clement:

Ma'am, could I seek clarification? It is just that the Minister, in her speech, said that these funds have been and would be used to invest in other health services. The Assistant Minister says they are going to be invested in primary care services. Which one is right?

The Deputy of Trinity:

No, I very much definitely said primary care services and if the Constable wants to look on page 3 of the Council of Ministers' report it gives a list of: "Primary care services" that we deliver and the main bulk of it is the community nurse, which is family nursing and home care which is Family Nursing Services.

1.6.11 Deputy S. Pinel of St. Clement:

I will be brief. There have been many accusations about the silo mentality of Jersey's Government with departments working in different directions. The transfer from the Health Insurance Fund of money for the next 3 years, as has been done for the last 2 years to support primary health care is an example of partnership of working together. The Health Insurance Fund can sustain this transfer in the medium term and Health cannot manage the expectations of primary care without it. As stated in the proposition: "The accumulated surplus of the Health Insurance Fund is to provide for the increasing cost of current medical and pharmaceutical benefits with an increasing proportion of elderly people." This is exactly what this transfer of money would be used for. The Assembly voted almost unanimously for the healthcare plan, a new way forward, a couple of weeks ago. Health and Social Services and Social Security are united in their intentions to deliver excellent primary care. We should not, now, be tying their hands but supporting and funding the new model for primary care. I ask Members to oppose Deputy Southern's amendment and support P.88.

1.6.12 Deputy A.K.F. Green:

I can understand some of the concerns of Members but what we are dealing with here is years and years of underinvestment in the health service. We are assisting the Minister for Health to put that right and, hopefully, she will be assisting me to put that underinvestment right in housing later on.

[17:45]

The Minister for Treasury and Resources mentioned certainty for departments but I would like to see certainty for members of my family, for members of the public that they are going to get the treatment that they so rightly deserve and expect but also certainty over the next 3 years for Family Nursing Service who are ones that will be providing much of this care. I have a very, very simple rule in life when I am looking at services and it is one that I have carried right through when I worked in the public sector, that if something is not good enough for my mum then it is not good enough for anybody else's mum. What we are trying to do here is to put care in the community for people's mothers and fathers and other families and I want it to be the best and I want to be ensured that people get the service that they deserve. The Minister for Health wants to do that, we need to give her the funds to do it and we need to give her time to work with the Minister for Social Security to come up with a sustainable plan for the future. Please, reject the amendment.

1.6.13 The Deputy of St. Ouen:

I am getting rather concerned that, first of all, we, as States Members, need to rely on the decisions that are made in this Assembly. In the last 12 months it seems that 2 decisions that previously had been made, commitments and commitments given, have been altered. The first is long-term care

and the second is this one. I would just like to remind States Members that currently, before we approve the amendment as proposed by the Minister for Social Security, the purpose of the fund is clearly outlined on page 323 of the Medium Term Financial Plan and it says that it: "Receives funds allocated from the Social Security contributions for the use of paying all claims for money benefit, G.P. subsidy and pharmaceutical benefit and the Minister is responsible for the fund." Correct me if I am wrong but one of the plans in the health proposals that are coming through here is to provide improved access or even free access to under-5s, that is G.P. access because of the cost. There is no mention in the amendment and even in the list that the Minister for Health talked about that this can be dealt with and yet this fund does exactly that. If we want more people to access the G.P., if want to take off and help support pensioners who are struggling to get to the G.P. because of the cost, this is the fund. Do we see that being proposed? No. What is it, we are going to take money out for this or primary healthcare and free access to G.P.s and improve the subsidy? We cannot do it, there is not sufficient money. By the way, can I just remind you that currently this fund receives 2 per cent from all Social Security contributions? That is going to be added to by another 2 per cent roughly for long-term care. That will then be added to when we come to replace the funding or deal with the monies that are going to be diminished from this fund by taking extra monies out. Then let us think of it, we have got an increased demand. From who? First of all, we have got a natural growth thankfully, more births than deaths. That means more children, we were already talking about primary school; 0 to 5s, increased access to G.P.s, increased demand. Also, we know that because of our growing population we are going to have more people aged 65 and over, generally, who will need to access G.P.s perhaps more than others, so we have got to provide for them. That is why we have got the surpluses and we have built up the surpluses in the fund. That is why we have not had to increase the contributions to this fund because we prepared for it. The problem is now, as the Minister for Social Security rightly says, whatever we do we are going to have to increase the contributions because we cannot sustain this level. We have only been here 3 days and we have only just agreed the Medium Term Financial Plan and everyone is saying: "Oh, if we do not do this we cannot do it" and yet the Chief Minister has mentioned time and time again: "The plan is flexible, we can adjust, and we can deal with spending pressures. We can do things but you do not need to set aside annual growth allocation because, oh, no, we have dealt with all of that." Hang on, maybe if we had had that annual growth allocation we would not have needed to draw out of this fund. That would have been a realistic use perhaps of that growth allocation. The Chief Minister shakes his head but, Minister, you have chosen to prioritise and identify how things will be paid for, not us. You have come to us and asked us, do we agree? Do not criticise us if we say: "No, you have got to go back and think again." That is part of your responsibilities that we expect you, as the Council of Ministers, to do. But also just raise a number of other questions, (1) we are told that the Minister for Treasury and Resources has tightly controlled the release of funds for Health and Social Services. Where is the evidence? I certainly have not seen it. Where is the report? Where is the supporting document that goes with the Council of Ministers' comments against this amendment? It is not there. What is the overall cost of pharmaceutical services? I bet if you ask those detailed questions you will not get the answers because we have been trying and we still have not got the details of what services are linked to primary care and what the individual services cost because the information is not there. Yes, absolutely we need to invest in our healthcare services. Is this the way to do it? I do not think so.

1.6.14 Senator A. Breckon:

Unfortunately, because I am surrounded by Ministers for Social Security, one in front and 2 to the left, and Senator Routier's abolition of prescription charges and there was no consultation and it was done, unfortunately, in an election year. It was done in the election year of 2005.

Senator P.F. Routier:

I am afraid it was done the year before.

Senator A. Breckon:

Anyway, the 1974 Social Security Law allowed for other benefits to be paid, like dental. If we have got too much money, why has that not been addressed? If the Members will look at the Annual Social Survey one of the things that constantly crops up, especially for elderly people and people with families, is the cost of G.P.s and the cost of dental, it is there. Does it prevent you going or calling or whatever? The answer is, yes, it does and the reason for that is because of the cost. If you think of an elderly person or an elderly couple if they have to pay £70 or £80 for a G.P. to visit at home, 2 visits and that is their money gone for the week and that concerns elderly people. We have got a surplus in this fund, why has nobody come up and suggested: "Maybe we could do something like this if people have a particular medical condition or a particular need"? Nobody has done that. What we are saying is just give it somebody else because they know what they are doing. But what about the people who are suffering hardship and who could have drawn on this fund if somebody had done something? It has not been done. Why has that not been done? There is still a sentiment: "We have got a young person's scheme, we have got the other" but it is not quite there yet and people do not want to have to beg for benefits; sometimes it is nice if things are given to people. I am still uncomfortable and I express this and it sounds like ... I could just say grumpy old man, but grumpy old people who are sort of ... Well, we have allowed the money to be taken from this fund, when some of us said when this happened it will happen again and it will happen again and again. But somebody sees this as a bit of a treasure chest and it is there, yes, okay, we can get on with the crossroads. I would be interested if the Minister for Treasury and Resources could produce what the money was spent on. I think it was the Constable of St. John mentioned: "We have funded family nursing." We have funded family nursing with a grant for as long as I can remember, for all sorts of things. Are we swapping the funding? Are we transferring things? We are going to hear later about transferring the Disability Transport Allowance, which was centrally funded from taxation to Social Security, so if we are going to do that maybe we should be having a Social Security debate instead of nibbling away at these things and then other Members could suggest ways perhaps of assistance. If we want people to live longer and live at home and then if they need G.P.'s visits then they will not be able to afford that unless there is an adequate funding mechanism that assists with that, or do we employ G.P.s ourselves and get them to work for the health system through the Social Security, is that cheaper to do that? I will support this amendment; I think it is the best of 2 evils here, but I would rather not ... and others have expressed this, that we have opened the door here and somebody is going to see this as a very tasty pot. The Minister for Social Security said it is true about the funding. What we are doing is we are depleting the fund by allowing something else. I think Deputy Southern, when he said: "It will go in 3 years" that is if nothing goes in but, of course, contributions will go in and so it is on a downward curve. But somebody has seen this as a way of funding things which are not quite, I do not think, all primary care and I would like to see the evidence, as the Deputy of St. Owen mentioned, that supports that because I have not. For that reason I will be supporting the amendment.

1.6.15 Senator I.J. Gorst:

I thought it is only right that I stand and say a few words, as I have received a goodly amount of criticism this afternoon. Most of it, I have got to say, I feel is unfair but there we are, that is the life of a politician. The previous law was for 2 years and Health and Social Services have done an incredible amount of work. More work has been done in reforming Health and Social Services and in changing primary care services in the last 2 to 3 years than has been done in the last 20 years. It is slightly frustrating when, as I said at the last sitting, we have probably one of the most reforming Ministers of Health sitting in this Assembly than we have seen in many a decade and she is still

being criticised for not doing things quite quickly enough. It takes time, it takes a lot of persuasion, and it takes a lot of negotiation. Senator Breckon is quite right, it is not simply about G.P.s; primary care goes right across the medical services which are offered in the community: it is pharmacists, it is dentists and it is opticians and it is other things as well. It is important that that is produced in a joined-up thought-through way and not just simply believe that G.P.s are the ones that are going to provide this service into the future. Laws have been amended to allow nurse prescribing. Laws have been amended, in due course, to allow pharmacists to prescribe, so much work has been done. G.P.s are moving to a new way of receiving validation, responsible officers have been appointed. They are working with U.K. oversight bodies. Lots of work has been done and this Assembly knows that because it has already approved the *Health White Paper*. I, rightly, could have been criticised if no work had been done, if we had sat on our hands, as the Connétable of St. John suggests. That is absolutely not the case (I am pleased he is re-entering the Assembly) much work has been done. It must be remembered that some of the critics that we have heard this afternoon were critics 2 years ago when I brought the original piece of legislation, so I have no argument with them. They were wrong then, they are still wrong now. **[Laughter]** Why is that the case (and I am surprised at the removal of this amendment) quite simply because money has been taken from contributors and put into the Health Insurance Fund. Perhaps I need to repeat that for those Members who are not supportive. Ma'am, I do not know if you heard that; perhaps I should say it again, the Health Insurance Fund. I feel I am getting confused. We might argue about the niceties of the differences between contributors and taxpayers and that is right that we in this Assembly should. But we have a pot now of £80 million sitting that rightly can be used for health and primary-care-associated funding.

[18:00]

That is what is being proposed that that money should be spent on. I believe that for Members of the general public, we would be criticised if we were not using that £83 million to help Health work up its new proposals and come forward, in due course, with those new laws for primary care funding, but also to work on its modernisation and transformation programme that we have overwhelmingly supported in this Assembly. It is simply providing money for health provision and I see no problem with that whatsoever. In the words of the Connétable of St. Clement, and I am surprised he is still here, it is quite a way to St. Clement and I just remind him he has to be there for 7.00 p.m. if not before **[Laughter]** but this is giving money back for health services. It is doing exactly what he is suggesting we should be doing. If we have collected too much money in one pot that can be attributed and used for health, then give it back. This is exactly what we are doing. We are giving it back to improve the health provision that Health and Social Services provides to the primary care sector in the various ways outlined in their report. I just want to pick up before I finish on one of the things that my Deputy said in his speech. He said that I had spoken earlier about the M.T.F.P. being flexible and here we are, one of the amendments that he was party to of the Corporate Services Scrutiny Panel was that they felt they wanted to inject extra flexibility into the M.T.F.P. and here we are not 5 minutes later suggesting that we are not going to approve this funding for health, we are going to remove even some of the flexibility that is in there by not accepting this transfer of funds. So I am slightly surprised in the change of direction that we have seen there and I would ask him to reconsider because he was rightly raising issues about flexibility and I addressed those in the debate of the M.T.F.P. and I asked him to consider and maintain the flexibility that is in there and not to reduce it even more. I do not think I have got anything else to say. It simply is the best use of those funds which are available to be used in what I can only say is a most appropriate way and I believe that the general public, if they were asked with the choice, would also say was the most appropriate way and I fear that perhaps some people who have spoken against this, and certainly Deputy Tadier, he is not here to defend himself now, but he was certainly indicating that what we should be doing is raising taxes rather than using this money to spend on

health and I cannot for a minute believe that that is the appropriate way, nor do I believe it is the way that the public would wish us to go. So I ask that Members reject this amendment. I congratulate the Minister for Health and Social Services for the good work that she has already undertaken and the reforms that she is already bringing forward and yes, encourage her to work perhaps a little bit quicker, but I know that she is committed to that anyway.

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

This has been a lengthy debate. Does any Member have anything new to add? **[Laughter]**

1.6.16 Deputy G.C.L. Baudains:

What a load of rubbish I have just heard. **[Laughter]** The Social Security proposition is taking funds from the wrong place. Really to me the matter is quite simple. If Health and Social Services need more funding for primary care, they should have made a bid for themselves in their own name. In fact, to be quite frank, I am insulted by the Minister's proposition. We had absolute assurances previously that raiding the Social Security Fund would not happen again and yes, it is. The Council of Ministers, in my view, have not bothered to use the 2-year window that the previous funds allowed, as they promised, to sort out the funding. The Chief Minister in his speech here has made much of the fact that much work has been done. Well, maybe, but not the right sort of work. It has not sorted out the Health and Social Services funding. What has happened? They have brought forward a proposition they assured us they never would which means, as far as I am concerned, they cannot be trusted, they are not honourable. Henceforth, we can never believe anything they tell us. I support the amendment and once we have voted for it, I would hope that the Minister for Social Security would do the honourable thing and withdraw his proposition. Finally, the Minister for Treasury and Resources tells us that no other money is available as he has been telling us quite often in the last day or 2 but I seem to recall him saying not so long ago, was it today or yesterday, I do not know, it has been a long time, that when he was opposing the Corporate Services Panel with flexibility, I seem to recall him telling us there was, in fact, sufficient flexibility. I would say: here is a chance to use it.

1.6.17 Deputy E.J. Noel:

I will be very brief. I just want to pick up one of the points that one of the speakers mentioned about governance of these funds. I will just advise Members that there is an official ministerial decision to release the funds. There was one in 2011. Attached to it is a formal audit report signed off by the Treasurer of the States and this is something that the previous Minister for Social Security, Deputy Gorst, felt very strongly about, to have these robust procedures in place, and I can confirm that the 2012 audit is to be released imminently so there is good strong corporate governance regarding the release of these monies.

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

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

1.6.18 Deputy G.P. Southern:

I believe Deputy Baudains has brought us back after quite a lengthy debate to the point at issue. He is absolutely correct when he says that the Minister for Health and Social Services should have made a bid in her own name to get funding for this, having made promises 2 years ago that this would not happen again and it was going to be all sorted. As she came close to that and seeing it was not sorted, she should not have been coming back to this House out of principle to breach that ring-fenced fund again knowing the depth of feeling that was expressed the first time round. The reason why this fund is in separate hands is because the Minister for Social Security is supposed to act as the guardian of this fund and make sure it is used properly. That is what his role is, not whenever somebody taps him on the shoulder and says: "Can you lend us from this fund?" to agree

to it. He is supposed to be the guardian. That is why they are separate. Now, there might be talk about moving it eventually. It has not moved yet. It is not under the control of Health and Social Services. Whether that is right or wrong this House will decide whether to move it and whether that is sensible and the right thing to do but it has not happened yet. The Minister talked about: "Yes, but we have built up a nice pot in the Health Insurance Fund and it has got enough to last X." What we have done there is we have built up this fund over since probably 1974, Social Security Law, yes, we have built it up over something like 40 years and there it stands at £80 million but over a period of 5 years, we are going to remove around £15 or £16 million from that. Is that a sensible thing to do at a time when we are told by that Minister that the demand on that fund will be going up? We have heard from children, extra birth rate, from increasingly the elderly, greater and greater demand on that fund. We have heard talk about why do we not use it for something else, why do we not use it differently, but we come back to that basic guardianship of that fund and he should be praised and the previous 2 Ministers for guarding it so well and building it up because that is what it is there for. It is a safety net so that we do not suddenly run out of money and yet £15 million out of it in a period of 5 years is too much when we know it is going to be stressed. That has dealt with that. Now, I heard very clearly what was in hand in order to provide sustainable funding for what will be the new delivery of primary care under the new system and on pages 2 and 3 of the comments, there it is laid out. There are 10 bullet points, do this, then this, then this, then this, and it works out it is an 18-month period. That sounds awfully like the guarantee that was given in 2010: "In the next 2 year, the Minister for Health and Social Services will bring forward legislation." So what I am hearing and sometimes earlier in the speech, I thought it was the same speech, exactly the same reassurances that I heard 2 years ago I am hearing again today. It was not done there, will it be done now? A 10-point delivery in 18 months when, for 2 years, not been able to deliver it. Is that going to slip as well? Are we going to have this debate when we are in 2015 coming to the next Medium Term Financial Plan? I fear that there is a real danger that that will happen. I return again to the words of the now Chief Minister. I did not believe it when he said that the people who criticised him then were wrong and they are wrong now. I think the people who criticised the decision 2 years ago were right because we are here now debating the same thing. He said clearly: "We cannot be here again in a year's time and we certainly cannot be here in 2 years' time and Members would have every right if I stand up, without sufficient evidence, to criticise me." He is consider himself considered to... I am on my feet, Chief Minister. You know the rules. Congratulations, you just put me off that sentence. **[Aside]**

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

Deputy, please continue with your speech. You should not be speaking to the Chief Minister across the Chamber.

Deputy G.P. Southern:

Thank you, Ma'am. I wish we both knew that and here again the commitment, the Minister for Health and Social Services has made a clear commitment to address the issue of primary health care services within this 2-year period. Legislation will be brought forward before 2013. I am sorry that it has not been done. I am not glad that it has not been done but if it has not been done and that assurance was given, I do not think on the same principle we should be voting for this move again because I believe we voted for it then on the basis of those promises, never again, and here we are. The issue is the one of ring-fencing and the Chief Minister now, Minister for Social Security then, said the ring-fencing of Social Security Health Insurance Funds is of paramount importance, paramount importance and here we are neglecting that paramount importance. Now, I have thought that my amendment would have kept in place the year's funding so there would not be an immediate cut. We were told from the Chair earlier, and I want everybody to be clear to be fair that they are clear on what will happen, is that the Minister for Treasury and Resources might bring

back the funding that I am intending to remove but if he does so, he has to use the same source. I just want to check with the Chair that that is correct. He cannot use some other funding.

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

That is my understanding, yes.

Deputy G.P. Southern:

Okay, so Members, when you vote, to be fair, I thought I could just take the immediate donation of £12 million later and keep the £2 million but that is not the case. If you do vote for this amendment, it is all of that funding gets pulled and I support this amendment still on the principle and call for the appel.

Deputy J.H. Young:

I would like to clarify what has just been said because I may have missed that in the anteroom. If there was a further judgment I thought where we ended is that a vote for the amendment would allow the transfer to happen in 2013 but that would not preclude a later transfer for 2014 and 2015 under the Medium Term Financial Plan.

[18:15]

Senator P.F.C. Ozouf:

May I assist the Assembly? To clarify, Deputy Southern has been absolutely quite fair in saying that the only source of revenue for the growth items would be the Health Insurance Fund and the only issue is the certainty issue. There is either a choice for Members. If Members do not want to give Health the money, then they vote against it. If they want to try and delay an issue, well, in theory you could do that but we have just voted on a 3-year plan and it does not give Health their funding so it is about certainty and the funding. I hope that is helpful.

Deputy M.R. Higgins:

Can I just clarify a point too? Can the Minister for Treasury and Resources tell us that on the Medium Term Financial Plan, we have voted forward money for Health for 3 years and there is nothing to stop the Minister for Health and Social Services reallocating the money she has got during that 3-year period. So if she considers this to be the highest priority, she could be moving money from some other area to that.

Senator P.F.C. Ozouf:

Without having a debate, that would just mean a cut. It comes down the same thing. It would just be a cut to the Minister for Health and Social Services. It is as simple as that.

Deputy M.R. Higgins:

But she could; but she could.

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

We need to go to the vote now. The vote is for or against the amendment of Deputy Southern to the Health Insurance Fund. All Members, I hope, are now in their seats. I ask the Greffier to open the vote.

POUR: 12		CONTRE: 27		ABSTAIN: 0
Senator A. Breckon		Senator P.F. Routier		
Senator S.C. Ferguson		Senator P.F.C. Ozouf		
Connétable of St. Clement		Senator A.J.H. Maclean		
Connétable of St. John		Senator B.I. Le Marquand		

Connétable of St. Brelade		Senator F. du H. Le Gresley		
Deputy G.P. Southern (H)		Senator I.J. Gorst		
Deputy of St. Ouen		Senator L.J. Farnham		
Deputy S. Pitman (H)		Connétable of St. Helier		
Deputy T.A. Vallois (S)		Connétable of Trinity		
Deputy M.R. Higgins (H)		Connétable of Grouville		
Deputy G.C.L. Baudains (C)		Connétable of St. Peter		
Deputy J.H. Young (B)		Connétable of St. Lawrence		
		Connétable of St. Mary		
		Connétable of St. Ouen		
		Deputy J.A. Hilton (H)		
		Deputy of Trinity		
		Deputy S.S.P.A. Power (B)		
		Deputy K.C. Lewis (S)		
		Deputy E.J. Noel (L)		
		Deputy A.K.F. Green (H)		
		Deputy J.M. Maçon (S)		
		Deputy of St. John		
		Deputy S.J. Pinel (C)		
		Deputy of St. Mary		
		Deputy R.G. Bryans (H)		
		Deputy of St. Peter		
		Deputy R.J. Rondel (H)		

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

Now, the Assembly goes back to Articles 1-3 which have already been proposed. Does any Member wish to speak? Very well, would the Minister for Social Security like to reply on Articles 1-3?

Senator F. du H. Le Gresley:

Yes, I think we have had a good debate as a result of Deputy Southern's amendment but we have reached a decision and I maintain the regulations and ask for the appel.

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

Very well. The vote is for or against Articles 1-3 (not amended) and I ask the Greffier to open the vote.

POUR: 29		CONTRE: 6		ABSTAIN: 1
Senator P.F. Routier		Senator A. Breckon		Deputy J.H. Young (B)
Senator P.F.C. Ozouf		Senator S.C. Ferguson		
Senator A.J.H. Maclean		Deputy G.P. Southern (H)		
Senator B.I. Le Marquand		Deputy S. Pitman (H)		
Senator F. du H. Le Gresley		Deputy M.R. Higgins (H)		
Senator I.J. Gorst		Deputy G.C.L. Baudains (C)		
Senator L.J. Farnham				
Connétable of St. Helier				
Connétable of Trinity				
Connétable of Grouville				
Connétable of St. Clement				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Ouen				
Connétable of St. Brelade				

Deputy J.A. Hilton (H)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy K.C. Lewis (S)				
Deputy E.J. Noel (L)				
Deputy T.A. Vallois (S)				
Deputy A.K.F. Green (H)				
Deputy J.M. Maçon (S)				
Deputy of St. John				
Deputy S.J. Pinel (C)				
Deputy of St. Mary				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				
Deputy R.J. Rondel (H)				

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

Now, Minister, would you propose the draft law in Third Reading?

Senator F. du H. Le Gresley:

Yes, I propose them in the Third Reading. [Seconded]

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

Does any Member wish to speak in Third Reading? Very well, I think we should go straight to the vote then on Third Reading. The appel again has been asked for. All Members are in their seats. I ask the Greffier to open the vote on Third Reading.

POUR: 27		CONTRE: 6		ABSTAIN: 1
Senator P.F.C. Ozouf		Senator A. Breckon		Deputy J.H. Young (B)
Senator A.J.H. Maclean		Senator S.C. Ferguson		
Senator B.I. Le Marquand		Connétable of St. John		
Senator F. du H. Le Gresley		Deputy S. Pitman (H)		
Senator I.J. Gorst		Deputy M.R. Higgins (H)		
Senator L.J. Farnham		Deputy G.C.L. Baudains (C)		
Connétable of St. Helier				
Connétable of Trinity				
Connétable of Grouville				
Connétable of St. Clement				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Ouen				
Connétable of St. Brelade				
Deputy J.A. Hilton (H)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy K.C. Lewis (S)				
Deputy E.J. Noel (L)				
Deputy T.A. Vallois (S)				
Deputy A.K.F. Green (H)				
Deputy J.M. Maçon (S)				
Deputy of St. John				
Deputy S.J. Pinel (C)				
Deputy of St. Mary				

Deputy of St. Peter				
Deputy R.J. Rondel (H)				

The Connétable of St. Clement:

Could I test the mood of the House and propose the adjournment?

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

Do Members agree to adjourn? All Members are in favour of adjourning, very well. I think before we do adjourn, I think we should first turn to the President of P.P.C. and ask about the arrangement of business for the next meeting. Would you like to propose...

Senator I.J. Gorst:

Sorry, have we agreed to adjourn? I would... I thought we had agreed to do the next item unless someone else proposed the adjournment and therefore yes, I would like to test the mood, whether the Assembly would prefer to simply stay and finish that item rather than adjourn.

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

There is one more item to consider then, P.89/2012. Do Members wish to remain to consider this item?

Deputy M.R. Higgins:

Can I just repeat again there are 4 Deputies who are supposed to be at the First Tower Community Association for the A.G.M. (Annual General Meeting). There is the Electoral Commission on at one of the parishes and there are lots of other things going on and, to be honest, we have spent long enough on this. Let us deal with this at the next sitting.

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

I think the States do have priority over other meetings. Would the Assembly like to vote on whether we should adjourn?

Senator A. Breckon:

Yes, shall we have an appel, Ma'am, on the adjournment please?

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

So, Chief Minister, you are proposing that the Assembly should remain for P.89/2012.

Senator I.J. Gorst:

Yes, if I could.

1.7 Draft Social Security (Amendment of Law No. 3) (Jersey) Regulations 201- (P.89/2012)

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

The appel has been called for. Those Members who wish to remain to debate P.89/2012 should vote pour and those who do not wish to remain should vote contre. Please open the voting.

POUR: 23		CONTRE: 12		ABSTAIN: 0
Senator P.F.C. Ozouf		Senator A. Breckon		
Senator A.J.H. Maclean		Senator S.C. Ferguson		
Senator B.I. Le Marquand		Connétable of St. Helier		
Senator F. du H. Le Gresley		Connétable of Grouville		
Senator I.J. Gorst		Connétable of St. Clement		
Senator L.J. Farnham		Connétable of St. Lawrence		

Connétable of Trinity		Connétable of St. Brelade		
Connétable of St. Peter		Deputy S. Pitman (H)		
Connétable of St. John		Deputy M.R. Higgins (H)		
Connétable of St. Ouen		Deputy G.C.L. Baudains (C)		
Deputy G.P. Southern (H)		Deputy J.H. Young (B)		
Deputy J.A. Hilton (H)		Deputy R.J. Rondel (H)		
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy K.C. Lewis (S)				
Deputy E.J. Noel (L)				
Deputy T.A. Vallois (S)				
Deputy A.K.F. Green (H)				
Deputy J.M. Maçon (S)				
Deputy of St. John				
Deputy S.J. Pinel (C)				
Deputy of St. Mary				
Deputy of St. Peter				

So we turn to the Draft Social Security (Amendment of Law No. 3) (Jersey) Regulations and I ask the Greffier to read the citation.

The Greffier of the States:

Draft Social Security (Amendment of Law No. 3) (Jersey) Regulations 201-. The States in pursuance of Article 50 of the Social Security (Jersey) Law 1974 have made the following Regulations.

1.7.1 Senator F. du H. Le Gresley (The Minister for Social Security):

As I said before, I think this one is very straightforward but I may stand to be corrected. This is the second change that flows out of the Medium Term Financial Plan debate of today. As Members will be aware, the States provide an annual grant towards the cost of supplementation for supplementing the contribution records of lower paid workers to protect their pension entitlement. The cost to the States of providing this grant has been reduced since the introduction of the 2 per cent contribution rate for higher earners from 1st January of this year. These new contributions now meet part of the cost of supplementation with the States making up the balance. At present, this calculation is undertaken on an annual basis. With the introduction of the 3-year financial planning cycle, it is sensible to adjust the calculation in line with the timing of the M.T.F.P. and this is the purpose of these Regulations. For clarity, the amendment restates the whole of Article 9A, much of which is unchanged from the current version. The only major change is to create a new calculation which will be used in the second and third years of the M.T.F.P. In these years, the value of the States grant will be uprated by the increase in the earnings index in a given year. This means that the value of the States grant will be known in advance for each year of the M.T.F.P. and there would be no need to allow for a contingency budget. The grant moves money from the Consolidated Fund to the Social Security Fund. The value of the grant will depend on the increase in the earnings index 2 years before the start of each M.T.F.P. For this M.T.F.P. that we have agreed today, the earnings figure of 2.5 per cent from 2011 is being used. The increase in the earnings index for 2014 will then be used in the calculations for the 2016-2018 Medium Term Financial Plan and so on. In some cycles, the earnings index figure being used will be a bit higher than the average over the 3 years and sometimes the figure will be a bit lower. Over the long term, these differences will even out and the Consolidated Fund will provide and the Social Security Fund will receive approximately the right amount of money to meet the cost of supplementation. The main impact of this change is to allow the value of the States grant to be calculated in advance

for each of the 3 years of the M.T.F.P. Funding for the proposed calculation has already been approved as part of the plan that we agreed today and this amendment to the Social Security Law formalises that decision. I propose the principles.

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

Are the principles seconded? [**Seconded**] Does any Member wish to speak on the principles?

1.7.2 Deputy G.P. Southern:

I will be brief: at last something sensible today.

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

Does any other Member wish to speak? Do you wish to reply?

1.7.3 Senator F. du H. Le Gresley:

I am stunned [**Laughter**] but I will take that as a compliment and propose the principles. I do not think we need to take an appel.

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

Those Members in favour of the principles, kindly show? Thank you, the principles are adopted. You have asked for the appel, have you, Deputy? I beg your pardon. I hope Members are in their seats and that we may proceed to a vote and I will ask the Greffier to open the vote.

POUR: 30		CONTRE: 1		ABSTAIN: 0
Senator P.F.C. Ozouf		Connétable of St. John		
Senator A. Breckon				
Senator A.J.H. Maclean				
Senator B.I. Le Marquand				
Senator F. du H. Le Gresley				
Senator I.J. Gorst				
Senator L.J. Farnham				
Connétable of St. Helier				
Connétable of Trinity				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Ouen				
Connétable of St. Brelade				
Deputy G.P. Southern (H)				
Deputy J.A. Hilton (H)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy S. Pitman (H)				
Deputy K.C. Lewis (S)				
Deputy E.J. Noel (L)				
Deputy T.A. Vallois (S)				
Deputy A.K.F. Green (H)				
Deputy J.M. Maçon (S)				
Deputy G.C.L. Baudains (C)				
Deputy of St. John				
Deputy J.H. Young (B)				
Deputy S.J. Pinel (C)				
Deputy of St. Mary				
Deputy of St. Peter				
Deputy R.J. Rondel (H)				

I now turn to the Chairman of the Scrutiny panel, the Deputy of St. Peter. Does your panel wish to scrutinise this matter?

The Deputy of St. Peter:

No, thank you, Ma'am.

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

Minister, would you like to propose Regulations 1 and 2 together?

Senator F. du H. Le Gresley:

Regulation 1 replaces the existing Article 9A and Regulation 2 brings the changes into effect from 1st January 2013. As I have already explained, most of Article 9A is unchanged from the current version. The new section is on page 10 paragraph 4 where an uprating formula is provided for the second and third years of a Medium Term Financial Plan period. I propose the Regulations.

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

Are the Regulations seconded? **[Seconded]** Does any Member wish to speak on Regulations 1 and 2? I assume there is no need to reply in that case, unless you wish to do so, Minister. Those Members in favour of the Articles, kindly show? Those against? The Articles are adopted. The Regulations are proposed in Third Reading, Minister?

Senator F. du H. Le Gresley:

Yes, please.

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

Are they seconded in the Third Reading? **[Seconded]** Does any Member wish to speak in Third Reading? In that case, would Members kindly show if they are in favour of the Regulations in Third Reading? The Regulations are adopted in Third Reading.

ARRANGEMENT OF PUBLIC BUSINESS FOR FUTURE MEETINGS

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

We now come to the last item of business today. I ask the Chairman of the Privileges and Procedures Committee to give propose business for future meetings.

2.1 The Connétable of St. Helier:

Business for the next sittings are as set out on the Consolidated Order Paper under M with the addition of the 2 items we have not dealt with today, P.85/2012 and P.86/2012 in the name of the Chief Minister, which I suppose will go to the head of the Order Paper at the next sitting and with P.119/2012 in the name of Deputy Higgins, Connétables and other parish officials: explanatory document and new legislation, which is put down for 11th December.

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

Are Members content with the arrangements of public business for future meetings?

2.2 Senator P.F.C. Ozouf:

I had been in contact with Deputy Martin about P.92/2012, the Police Station relocation, and I had asked Deputy Martin if she would be willing to put that matter further down the Order Paper because I was, along with other Members, going to be attending an A.P.F. (Assemblée Parlementaire de la Francophonie) meeting outside of the Island and I thought that it was important as Minister while my Assistant has been dealing with this that it was appropriate that I was here. I am not going to ask for this because it is not fair that Deputy Martin is not here to respond.

However, I do just wish to signal the fact that on the basis of the current arrangements, I plan to be absent on States business on 20 November. I will be returning early on 21 November and I express the hope that Deputy Martin herself has a matter out of the Island on the Thursday and the Friday but I would express the hope that she would consider dealing with the police relocation so that we can start that if there is or we can finish it on Wednesday because there are other matters but it would not be fair to do that now. That would be unfair but I think it is only fair that I signal that and I would ask perhaps in my absence for somebody else to ask that. I do not think it is an unreasonable request to have that debate on the Wednesday and I just signal that.

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

I will invite the Greffier to talk to Deputy Martin.

2.3 The Connétable of Trinity:

Would it be possible with P.119/2012... there is a lot of work involved in that and we have not spoken to the Chief Minister at all, the Connétables. It is on our agenda for Monday to discuss it but to get it forward, could it be moved to January? I think that would give us more time.

[18:30]

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

I think for the moment we need to leave it where it has been put and then again discussions should occur outside the Chamber.

Senator I.J. Gorst:

Will it have been lodged for the requisite time?

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

It only needs 4 weeks.

Senator I.J. Gorst:

My apologies, I thought it needed 6.

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

I think the Assembly should leave it where it is for now because in the same way as the previous item, Deputy Higgins is not here but I will invite the Greffier to discuss it with him and ask him to move it.

2.4 Deputy E.J. Noel:

I would just like to make a request to Members, if they wish to have a one to one briefing regarding P.92/2012, then I am happy to arrange those so if any Members want a meeting with officers and myself, then just contact me, please.

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

Very well. Do Members accept the future business as set out? Very well, the meeting is adjourned until 20th November at 9.30 a.m.

ADJOURNMENT

[18:33]