

# STATES OF JERSEY

## OFFICIAL REPORT

TUESDAY, 16th APRIL 2013

QUESTIONS.....	8
1. Written Questions .....	8
1.1. THE CONNÉTABLE OF ST. JOHN TO THE MINISTER FOR TRANSPORT AND TECHNICAL SERVICES REGARDING UPDATES TO THE ROAD TRAFFIC (JERSEY) LAW 1956 RELATING TO TRACTORS: .....	8
1.2. DEPUTY R.G. LE HÉRISSEIER OF ST. SAVIOUR TO THE CHIEF MINISTER REGARDING THE PUBLICATION OF PUBLIC SECTOR SALARIES OVER £100,000 : .....	8
1.3 THE CONNÉTABLE OF ST. JOHN TO THE MINISTER FOR HOME AFFAIRS REGARDING A REDUCTION IN JERSEY’S CONTRIBUTION TO UK DEFENCE:..	9
1.4 THE CONNÉTABLE OF ST. JOHN TO THE MINISTER FOR TRANSPORT AND TECHNICAL SERVICES REGARDING THE COSTS ASSOCIATED WITH USING SALT ON THE ROADS WHEN IT SNOWS:.....	10
1.5 DEPUTY G.C.L. BAUDAINS OF ST. CLEMENT TO H.M. ATTORNEY GENERAL REGARDING LEGAL PROTECTION FOR PLANNING APPLICATION PANEL MEMBERS: .....	11
1.6 DEPUTY G.C.L. BAUDAINS TO THE MINISTER FOR ECONOMIC DEVELOPMENT REGARDING THE SUPPLY OF SUPER UNLEADED FUEL TO THE ISLAND:.....	12
1.7 DEPUTY G.C.L. BAUDAINS THE MINISTER FOR HOUSING REGARDING THE REDEVELOPMENT OF LE SQUEZ:.....	12
1.8 DEPUTY G.C.L. BAUDAINS TO THE MINISTER FOR TREASURY AND RESOURCES REGARDING THE EVALUATION OF PROJECTS FOR FISCAL STIMULUS:.....	14
1.9 DEPUTY G.C.L. BAUDAINS TO THE MINISTER FOR TRANSPORT AND TECHNICAL SERVICES REGARDING THE BUS SERVICE: .....	15
1.10 DEPUTY M.R. HIGGINS OF ST. HELIER TO H.M. ATTORNEY GENERAL REGARDING PUBLIC OFFICIALS WHO FAIL TO INVESTIGATE ALLEGATIONS AGAINST COLLEGUES:.....	19
1.11 DEPUTY M.R. HIGGINS TO H.M. ATTORNEY GENERAL REGARDING POLICE INVESTIGATIONS: .....	19
1.12 DEPUTY M.R. HIGGINS TO H.M. ATTORNEY GENERAL REGARDING THE STATUS OF THE POLICE ASSOCIATION AS A PUBLIC BODY:.....	20
1.13 DEPUTY M.R. HIGGINS TO THE MINISTER FOR HOUSING REGARDING THE IMPACT OF THE HOUSING TRANSFORMATION PROGRAMME RENT INCREASE PROPOSALS ON BOTH INFLATION AND DEFLATION: .....	21
1.14 DEPUTY R.G. LE HÉRISSEIER OF ST. SAVIOUR TO THE MINISTER FOR SOCIAL SECURITY REGARDING THE SUSTAINABILITY OF INCOME SUPPORT EXPENDITURE: .....	22

1.15 DEPUTY R.G. LE HÉRISSEIER TO THE MINISTER FOR TREASURY AND RESOURCES REGARDING THE ACCOUNTABILITY OF THE BOARD OF J.T. :	23
1.16 DEPUTY J.M. MAÇON OF ST. SAVIOUR TO THE MINISTER FOR TRANSPORT AND TECHNICAL SERVICES REGARDING THE CURRENT OPERATIONAL STATUS OF THE ENERGY FROM WASTE PLAN: .....	24
1.17 DEPUTY G.P. SOUTHERN OF ST. HELIER TO THE CHIEF MINISTER REGARDING THE IMPACT OF INDEX LINKING SOCIAL RENTS ON UNDERLYING INFLATION: .....	25
1.18 DEPUTY G.P. SOUTHERN TO THE MINISTER FOR HOUSING REGARDING FUTURE DEMANDS FOR SOCIAL RENTED ACCOMODATION:.....	26
1.19 DEPUTY G.P. SOUTHERN TO THE MINISTER FOR HOUSING REGARDING FAIR RENTS FOR THE FULL RANGE OF SOCIAL RENTAL PROPERTIES:.....	26
1.20 DEPUTY G.P. SOUTHERN TO THE MINISTER FOR HOUSING REGARDING INCREASED RENTAL INCOME: .....	28
1.21 DEPUTY M. TADIER OF ST. BRELADE TO THE CHAIRMAN OF THE COMITÉ DES CONNÉTABLES REGARDING ATTENDANCE AT PARISH MEETING: .....	29
1.22 DEPUTY M. TADIER TO THE MINISTER FOR TREASURY AND RESOURCES REGARDING HOUSING PROJECTS COMPLETED WITH FISCAL STIMULUS FUNDING:.....	30
1.23 DEPUTY T.A. VALLOIS OF ST. SAVIOUR TO THE CHIEF MINISTER REGARDING THE ROLES PLAYED BY SENIOR CIVIL SERVANTS IN THE REFORM OF THE PUBLIC SECTOR: .....	32
1.24 DEPUTY T.A. VALLOIS TO THE MINISTER FOR HOUSING REGARDING THE DEVELOPMENT OF SOCIAL HOUSING UNITS SINCE THE BEGINNING OF RENT REBATE/ABATEMENT: .....	33
1.25 DEPUTY T.A. VALLOIS TO THE MINISTER FOR HEALTH AND SOCIAL SERVICES REGARDING INCREASES IN BOWEL DISEASES:.....	34
1.26 DEPUTY T.A. VALLOIS TO THE MINISTER FOR HEALTH AND SOCIAL SERVICES REGARDING THE FUNDING OF THE INTEGRATED CARE RECORD PROJECT:.....	35
1.27 DEPUTY J.H. YOUNG OF ST. BRELADE TO THE MINISTER FOR TREASURY AND RESOURCES REGARDING THE PROPOSED TRANSFER OF LAND AT THE PLÉMONT HOLIDAY VILLAGE EITHER TO PUBLIC OWNERSHIP OR TO AN APPROPRIATE BODY OR TRUST FOR PUBLIC ACCESS: .....	37
1.28 DEPUTY J.H. YOUNG TO THE MINISTER FOR PLANNING AND ENVIRONMENT REGARDING THE PROPOSED TRANSFER OF LAND FROM THE OWNERS OF THE PLÉMONT HOLIDAY VILLAGE TO AN APPROPRIATE BODY OR TRUST: .....	38
1.29 DEPUTY G.P. SOUTHERN OF ST. HELIER TO THE MINISTER FOR HOUSING REGARDING THE FINDINGS OF THE 2012 HOUSING AFFORDABILITY SURVEY AND THE BETTER LIFE INDEX 2013:.....	39
<b>2. Oral Questions.....</b>	<b>40</b>
2.1 Deputy G.P. Southern of St. Helier of the Chief Minister regarding the introduction of a Jersey equivalent to Transfer of Undertakings Protection of Employment (TUPE) Regulations: .....	40
Senator I.J. Gorst (The Chief Minister): .....	40
2.1.1 Deputy G.P. Southern: .....	40
2.1.2 Deputy G.P. Southern: .....	40
2.1.3 Deputy M.R. Higgins of St. Helier:.....	41

2.1.4 Deputy G.P. Southern:.....	41
2.2 Deputy M.R. Higgins of the Minister for Economic Development regarding the full costs of the legal action against H.M. Government over the removal of Low Value Consignment Relief:.....	41
Senator A.J.H. Maclean (The Minister for Economic Development):.....	42
2.2.1 Deputy M.R. Higgins:.....	42
2.2.2 Deputy R.G. Le Hérisier of St. Saviour: .....	42
2.2.3 Deputy M.R. Higgins:.....	42
2.3 Deputy J.H. Young of St. Brelade of the Minister for Planning and Environment regarding the shortfall in the supply of Category ‘A’ and affordable homes: .....	42
Deputy R.C. Duhamel of St. Saviour (The Minister for Planning and Environment): .....	43
2.3.1 Deputy J.H. Young:.....	43
2.3.2 Deputy K.L. Moore of St. Peter: .....	43
2.3.3 Deputy J.H. Young: .....	43
2.4 Deputy M. Tadier of St. Brelade of the Vice-Chairman of Comité des Connétables regarding the continuation of the unpaid role of Constable if no longer ‘ex officio’ members of the States in future:.....	44
Connétable D.J. Murphy of Grouville (Vice-Chairman, Comité des Connétables): .....	44
2.4.1 Deputy M. Tadier: .....	44
2.5 Deputy R.G. Le Hérisier of the Minister for Treasury and Resources regarding the number of domestic connections required to ensure the viability of the Gigabit project:.....	44
Senator P.F.C. Ozouf (The Minister for Treasury and Resources): .....	44
2.5.1 Deputy R.G. Le Hérisier: .....	45
2.5.2 Connétable P.J. Rondel of St. John: .....	45
2.5.3 The Connétable of St. John:.....	45
2.5.4 Deputy M.R. Higgins:.....	45
2.5.5 Senator S.C. Ferguson: .....	46
2.5.6 Deputy M. Tadier: .....	46
2.5.7 Deputy R.G. Le Hérisier: .....	46
2.6 Deputy G.C.L. Baudains of St. Clement of the Minister for Transport and Technical Services regarding the quality of road resurfacing and trench reinstatement by utility companies: .....	47
Deputy K.C. Lewis of St. Saviour (The Minister for Transport and Technical Services): .....	47
2.6.1 Deputy G.C.L. Baudains:.....	47
2.6.2 The Connétable of St. John:.....	47
2.6.3 Deputy T.A. Vallois of St. Saviour: .....	47
2.6.4 Deputy T.A. Vallois: .....	48
2.6.5 Senator S.C. Ferguson: .....	48
2.6.6 Senator S.C. Ferguson: .....	48
2.6.7 Deputy G.C.L. Baudains:.....	48
2.7 The Connétable of St. John of the Minister for Treasury and Resources regarding the use of Departmental underspends to extend mains drains across the Island: .....	48
Senator P.F.C. Ozouf (The Minister for Treasury and Resources): .....	48
2.7.1 The Connétable of St. John:.....	49
2.7.2 Deputy T.M. Pitman of St. Helier: .....	49
2.7.3 The Connétable of St. John:.....	50
2.8 The Connétable of Grouville of the Chief Minister regarding the Foreign Account Tax Compliance Act agreements between the United Kingdom and United States governments:.....	50
Senator I.J. Gorst (The Chief Minister): .....	50

2.8.1	The Connétable of Grouville:	51
2.8.2	Deputy M.R. Higgins:	51
2.8.3	Deputy M.R. Higgins:	51
2.8.4	The Connétable of St. John:	51
2.8.5	The Connétable of Grouville:	52
2.9	Deputy T.A. Vallois of the Minister for Treasury and Resources regarding the reform of the public sector:	52
	Senator P.F.C. Ozouf (The Minister for Treasury and Resources):	52
2.9.1	Deputy T.A. Vallois:	53
2.9.2	Senator S.C. Ferguson:	53
2.9.3	Senator S.C. Ferguson:	53
2.9.4	Deputy J.H. Young:	54
2.9.5	Deputy G.C.L. Baudains:	54
2.9.6	Deputy T.A. Vallois:	54
2.10	Deputy J.A. Hilton of St. Helier of the Minister for Economic Development regarding the use of non-locally qualified licenses:	55
	Senator A.J.H. Maclean (The Minister for Economic Development):	55
2.10.1	Deputy J.A. Hilton:	55
2.10.2	Deputy J.A. Martin of St. Helier:	56
2.10.3	Connétable A.S. Crowcroft of St. Helier:	56
2.10.4	Deputy R.G. Le Hérisier:	56
2.10.5	Deputy G.C.L. Baudains:	57
2.10.6	Deputy T.M. Pitman:	57
2.10.7	Deputy J.A. Hilton:	58
2.11	Deputy T.M. Pitman of the Chairman of the Privileges and Procedures Committee regarding complaints from the public relating to alleged data protection breaches involving the Assistant Chief Minister:	58
	The Connétable of St. Helier (Chairman, Privileges and Procedures Committee):	58
2.11.1	Deputy T.M. Pitman:	58
2.11.2	Deputy G.P. Southern:	59
2.11.3	Deputy T.M. Pitman:	59
2.12	Deputy R.G. Le Hérisier of the Minister for Economic Development regarding the McKinsey study into the future of Jersey's Finance industry:	59
	Senator A.J.H. Maclean (The Minister for Economic Development):	59
2.12.1	Deputy R.G. Le Hérisier:	59
2.12.2	Deputy M.R. Higgins:	59
2.12.3	Deputy M.R. Higgins:	60
2.12.4	Deputy R.G. Le Hérisier:	60
2.13	The Connétable of St. John of the Minister for Health and Social Services regarding succession planning for the Chief Ambulance Officer's position:	61
	Deputy A.E. Pryke of Trinity (The Minister for Health and Social Services):	61
2.13.1	The Connétable of St. John:	61
2.13.2	The Connétable of St. John:	61
2.13.3	Connétable D.W. Mezbourian of St. Lawrence:	62
2.13.4	Deputy R.G. Le Hérisier:	62
2.13.5	Deputy R.G. Le Hérisier:	62
2.13.6	Deputy J.G. Reed of St. Ouen:	62
2.13.7	Deputy S.G. Luce of St. Martin:	62
2.13.8	Senator S.C. Ferguson:	63
2.13.9	The Connétable of St. John:	63

2.14 Deputy M.R. Higgins of the Chairman of Privileges and Procedures Committee regarding the Venice Commission’s guidelines on voter equity: .....	63
The Connétable of St. Helier (Chairman, Privileges and Procedures Committee): .....	63
2.14.1 Deputy M.R. Higgins: .....	63
2.14.2 Senator S.C. Ferguson: .....	64
2.14.3 Senator S.C. Ferguson: .....	64
2.14.4 Senator P.F.C. Ozouf: .....	64
2.15 Deputy G.P. Southern of the Minister for Housing regarding the rationale underpinning the use of 90 per cent of market rents as the basis for social or affordable rents in Jersey: 64	
Deputy A.K.F. Green of St. Helier (The Minister for Housing): .....	64
2.15.1 Deputy G.P. Southern: .....	65
2.15.2 Deputy G.P. Southern: .....	65
2.15.3 Deputy M. Tadier: .....	65
2.15.4 Deputy M. Tadier: .....	66
2.15.5 Deputy G.P. Southern: .....	66
2.15.6 Deputy G.P. Southern: .....	66

**ADJOURNMENT.....66**

Senator P.F.C. Ozouf (The Minister for Treasury and Resources): .....	67
2.16.1 Deputy G.C.L. Baudains: .....	67
2.16.2 Deputy R.G. Le Hérisier: .....	68
2.16.3 Deputy R.G. Le Hérisier: .....	68
2.16.4 Deputy G.P. Southern: .....	68
2.16.5 Deputy G.C.L. Baudains: .....	68
2.17 Deputy J.H. Young of the Minister for Treasury and Resources regarding the refurbishment of Maritime House for the occupation of the Jersey Property Holding Department: .....	69
Senator P.F.C. Ozouf (The Minister for Treasury and Resources): .....	69
2.17.1 Deputy J.H. Young: .....	69
2.17.2 Deputy J.H. Young: .....	70
2.17.3 Deputy R.G. Le Hérisier: .....	70
2.17.4 Deputy J.A. Martin: .....	70
2.17.5 Deputy M. Tadier: .....	71
2.17.6 Deputy J.H. Young: .....	71
2.18 Deputy M. Tadier of the Chief Minister regarding consultation between Ministers and Constables should the latter no longer be members of the Assembly in the future: .....	71
Senator I.J. Gorst (The Chief Minister): .....	72
2.18.1 Deputy M. Tadier: .....	72
2.18.2 Deputy M. Tadier: .....	72
2.18.3 Deputy M.R. Higgins: .....	72

**3. Questions to Ministers without notice - The Minister for Housing.....73**

3.1 Deputy G.P. Southern: .....	73
Deputy A.K.F. Green (The Minister for Housing): .....	73
3.1.1 Deputy G.P. Southern: .....	73
3.2 Deputy S. Power of St. Brelade: .....	73
3.3 The Deputy of St. Peter: .....	74
3.4 Deputy M. Tadier: .....	74
3.5 Deputy T.A. Vallois: .....	74

3.5.1 Deputy T.A. Vallois: .....	75
3.6 Deputy R.G. Le Hérisier: .....	75
3.6.1 Deputy R.G. Le Hérisier: .....	75
3.7 Deputy J.M. Le Bailly of St. Mary:.....	75
3.8 Deputy S. Power:.....	76
3.9 Deputy J.A. Martin: .....	76
<b>4. Questions to Ministers without notice - The Minister for Planning and Environment</b> .....	<b>76</b>
4.1 Deputy J.H. Young: .....	76
Deputy R.C. Duhamel (The Minister for Planning and Environment): .....	76
4.2 Deputy J.A. Martin: .....	77
4.2.1 Deputy J.A. Martin: .....	77
4.3 The Deputy of St. Mary: .....	77
4.4 The Connétable of St. Helier:.....	77
4.4.1 The Connétable of St. Helier:.....	78
4.5 Senator S.C. Ferguson: .....	78
4.6 Deputy T.M. Pitman: .....	78
4.7 Deputy M. Tadier: .....	78
4.8 Deputy J.A. Hilton:.....	78
4.9 The Deputy of St. Ouen.....	79
4.10 Deputy S. Pinel of St. Clement: .....	79
4.11 Deputy J.A. Martin: .....	79
4.12 The Deputy of St. Martin.....	80
4.13 Deputy J.H. Young: .....	80
4.14 Deputy M. Tadier: .....	80
<b>PUBLIC BUSINESS .....</b>	<b>80</b>
<b>5. Starter Home Deposit Loan Scheme (P.131/2012) .....</b>	<b>81</b>
5.1 Senator P.F.C. Ozouf (The Minister for Treasury and Resources): .....	81
5.1.1 The Deputy of St. Ouen: .....	84
<b>LUNCHEON ADJOURNMENT PROPOSED.....</b>	<b>86</b>
<b>LUNCHEON ADJOURNMENT.....</b>	<b>86</b>
5.1.2 Connétable M.P.S. Le Troquer of St. Martin: .....	86
5.1.3 Deputy J.A. Martin: .....	87
5.1.4 Deputy M. Tadier: .....	88
5.1.5 Senator A. Breckon: .....	89
5.1.6 Deputy G.P. Southern: .....	90
<b>5.2 Starter Home Deposit Loan Scheme (P.131/2012) - proposed reference back.....</b>	<b>90</b>
5.2.1 Deputy G.P. Southern: .....	91
5.2.2 Senator P.F.C. Ozouf:.....	91
5.2.3 Senator S.C. Ferguson: .....	93
5.2.4 Deputy A.K.F. Green:.....	94
5.2.5 Deputy M.R. Higgins:.....	95
5.2.6 Deputy J.H. Young: .....	95
5.2.7 Senator I.J. Gorst: .....	96
5.2.8 The Connétable of St. John: .....	96
5.2.9 The Deputy of St. Mary: .....	97

5.2.10	Connétable J. Gallichan of St. Mary: .....	97
5.2.11	Deputy G.P. Southern: .....	97
<b>5.3</b>	<b>Starter Home Deposit Loan Scheme (P.131/2012) - resumption .....</b>	<b>99</b>
5.3.1	Deputy R.C. Duhamel: .....	99
5.3.2	Deputy A.K.F. Green:.....	100
5.3.3	Senator S.C. Ferguson: .....	102
5.3.4	Senator P.F. Routier: .....	104
5.3.5	The Connétable of St. Lawrence: .....	104
5.3.6	Deputy J.H. Young: .....	105
	Mr. H. Sharp Q.C., H.M. Solicitor General: .....	106
	The Deputy of St. Ouen: .....	106
	Deputy S. Power:.....	107
	Deputy J.H. Young: .....	107
5.3.7	Senator F. du H. Le Gresley:.....	108
5.3.8	Deputy G.C.L. Baudains:.....	110
5.3.9	Deputy S. Power:.....	110
5.3.10	Senator P.F.C. Ozouf: .....	111
<b>6.</b>	<b>Island Plan 2011: wind-farms (P.27/2013): .....</b>	<b>119</b>
6.1	Deputy G.C.L. Baudains:.....	119
6.1.1	Deputy R.C. Duhamel: .....	123
	<b>ADJOURNMENT.....</b>	<b>126</b>

[9:30]

**The Roll was called and the Greffier of the States led the Assembly in Prayer.**

## **QUESTIONS**

### **1. Written Questions**

#### **1.1. THE CONNÉTABLE OF ST. JOHN TO THE MINISTER FOR TRANSPORT AND TECHNICAL SERVICES REGARDING UPDATES TO THE ROAD TRAFFIC (JERSEY) LAW 1956 RELATING TO TRACTORS:**

##### **Question**

Could the Minister indicate what law drafting time, if any, has been put aside to review the Road Traffic (Jersey) Law 1956, specifically any reference to tractors and, if none, will he undertake to review the law, given that the size, horse power and use of such vehicles in the Island has changed dramatically and the legislation has not kept pace with these changes?

##### **Answer**

No law drafting time has been set aside to review the Road Traffic (Jersey) Law 1956. While reviewing the legislation has been an aim for some time, other priority commitments have precluded the required resources from being available to carry out such a review, consult as appropriate and prepare the necessary law drafting instructions.

In 2011, I chaired a group that carried out a review of the use of agricultural tractors. Unfortunately, due to resignations from the States and the elections, I am the sole surviving Member from the group. Good work was done, however, and I hope that the recommendations made by the group can be formalised and taken forward within the next 12 months.

Similarly, the Road Safety Strategy will consider aspects of driver licensing and training which if adopted will require changes to the legislation. While it is difficult to predict how significant the changes to legislation might be, I would expect that I will have to seek law drafting time to implement these changes.

#### **1.2. DEPUTY R.G. LE HÉRISSIER OF ST. SAVIOUR TO THE CHIEF MINISTER REGARDING THE PUBLICATION OF PUBLIC SECTOR SALARIES OVER £100,000 :**

##### **Question**

When is it intended to present the next activity report relating to public sector salaries over £100,000 (as agreed in p.59/2011)?

##### **Answer**

P.59/2011 requires the States Employment Board (SEB) to make a quarterly report on applications for the recruitment to appointments with salaries over £100,000. The last report presented in March 2012 covered applications made during 2011.

There had been insufficient activity to merit reporting on a quarterly basis, a judgement was therefore made to report on an annual basis. The P.59 report for 2012 is due to be reviewed by the



SEB at their next meeting in May and will be presented to the States as soon as possible thereafter. SEB will also review the reporting time basis.

### **1.3 THE CONNÉTABLE OF ST. JOHN TO THE MINISTER FOR HOME AFFAIRS REGARDING A REDUCTION IN JERSEY'S CONTRIBUTION TO UK DEFENCE:**

#### **Question**

Further to the UK government's intention to make large cuts in its defence budget, what action, if any, is being taken to reduce Jersey's contribution to UK defence and, if none, why not?

#### **Answer**

The arrangements for Jersey's voluntary contribution toward the UK Government's international representation, defence and assistance to citizens abroad are set out in the current inter-governmental agreement approved in November 1988.

The current agreement is for the provision of a Territorial Army Engineer Squadron. There are no current proposals to review the general commitment to the provision of the Squadron. The Island continues to enjoy substantial benefits from being represented by the UK through some 150 Embassies worldwide and in many international forums, from consular assistance to British nationals overseas and through support for Jersey businesses in other countries.

In my view, an overall view needs to be taken of our relationship with the UK Government and any decisions in relation to the review of the principle of our commitment to the Inter Governmental Agreement should fully take this into account.

The current Inter Governmental Agreement is a voluntary commitment not linked in any way to the overall UK Government Defence expenditure. Accordingly, it is not based upon any percentage basis of that and, in particular, is not based upon any pro rata share based upon relative population or relative tax income. Indeed, if it were based on either of these then the contribution would have increased in past years.

The significance of Jersey's contribution is not just financial, but much more importantly it provides a practical means by which Jersey men and women can have a direct and important role as part of Britain's armed forces, giving active service in conflicts in other countries.

In practice, the Home Affairs Department keeps a close watch upon the cost of running the Squadron as is shown by the costs in recent years. The figures below exclude the cost of the provision of the IMLO post, the functions of which have now been transferred to the Lieutenant Governor's Department.

ACTUAL COSTS					FORECAST COSTS		
	2008	2009	2010	2011	2012	2013	2014
	£	£	£	£	£	£	£
Jersey	427,414	454,439	423,869	435,553	542,699	483,089	469,684
UK	460,780	524,440	503,351	452,940	479,716	537,338	559,998
Total	888,194	978,879	927,220	888,493	1,022,415	1,020,427	1,029,682

The advantage to the Island of providing a defence contribution, which is locally based, is clear from the fact that nearly half of the costs of running the Squadron is spent locally. There are also other significant benefits to the Island in having a locally based Territorial Army Engineer Squadron based in the Island in terms of links with the UK military, availability of skills to assist with a major civil emergency and training and work experience for locally based people.

Guernsey and the Isle of Man also make equivalent contributions in different ways for their international representation, defence and consular assistance, and as far as I know they have no intention of cutting back on their contributions.

The final decision in relation to the provision of an Island contribution towards the UK defence budget rests with the States Assembly. However, it should be noted that this Assembly approved the continued financing of our TA Squadron for 2013-2015 as recently as September 2012 and this with full knowledge of the UK Government's intent to reduce its Defence budget.

#### **1.4 THE CONNÉTABLE OF ST. JOHN TO THE MINISTER FOR TRANSPORT AND TECHNICAL SERVICES REGARDING THE COSTS ASSOCIATED WITH USING SALT ON THE ROADS WHEN IT SNOWS:**

##### **Question**

Will the Minister provide details for the last three years of the volume and costs of providing salt to spread on roads when it snows, and advise why sand/grit is no longer used, despite the fact that this is readily available?

Does the Transport and Technical Services Department mitigate the impact that salt has on the water course, particularly where well/boreholes are next to the highway and, if so, how?

##### **Answer**

Over the last three years TTS has used approximately 200 tonne of road salt. 140 tonne was used this winter with approximately 60 ton used over the winter of 2011/2012 and no significant amount used during 2010/2011.

The road salt is applied at a rate of 20 – 40 g/m<sup>2</sup> for snow covered surfaces and a reduced rate is used for frost and ice.

The last purchase of road salt was made in 2010 when 150 tonne was ordered at a cost of £165 per tonne (£24,750 in total). At present the Department has 60 tonne in store and plans to re-order in the order of 150 tonne mid-year when the price is usually at its lowest.

Until the early 1990s, the Department in its former guises of Public Building and Works and PSd had traditionally used grit removed from the East Coast beach area on receipt of snow/ice warnings from the Met Office. The consistency of this product was excellent and, as it had been freshly removed from the beach, the salt it contained assisted its effect on the roads.

Following environmental advice this practice was stopped as the areas of extraction were then recognised as being environmentally sensitive both in terms of disturbance to the natural breeding habitat of marine life and due to the alteration of beach profiles. Permission would not now be granted by the Department of the Environment for extraction of sand/grit from the Island's beaches for this purpose.

The Department then used sand/grit purchased from local commercial sand pits however this proved to be less effective with problems of consistency (lumps), effectiveness and the mess it left on the roads after the snow which required mechanised road sweeping. The Department also suffered significant blockages to road drainage systems as a result of the grit.

As a result, the Department moved to the use of salt spinners approximately 12 years ago. The new machinery provides precise control of the amount of salt being spread to balance effectiveness in varying conditions with environmental considerations. The Department uses the salt sparingly and only where required when health and safety of road users is at risk.

In respect of potential pollution, many coastal boreholes around Jersey have a large salt input due to sea water intrusion. During snow conditions, the winter and snow melt will provide a large element of 'dilution'. Environmental Protection has not received any reported pollution events related to salt usage on roads. If received, the section would investigate these under the Water Pollution (Jersey) Law 2000.

**1.5 DEPUTY G.C.L. BAUDAINS OF ST. CLEMENT TO H.M. ATTORNEY GENERAL  
REGARDING LEGAL PROTECTION FOR PLANNING APPLICATION PANEL  
MEMBERS:**

**Question**

Would H.M. Attorney General give an update on the issue of legal protection for Planning Application Panel members and indicate when he expects this matter to be resolved?

**Answer**

I understand that the matter is being actively considered by the Environment Department with a view to providing the Law Draftsman with instructions on a possible amendment to the Planning and Building (Jersey) Law 2002.

## **1.6 DEPUTY G.C.L. BAUDAINS TO THE MINISTER FOR ECONOMIC DEVELOPMENT REGARDING THE SUPPLY OF SUPER UNLEADED FUEL TO THE ISLAND:**

### **Question**

Given that the fuel suppliers ceased importing Super Unleaded fuel some six weeks ago (but subsequently agreed to import limited supplies by ferry for those motorists who needed it) and that many forecourts have now exhausted their supplies, will the Minister advise motorists where Super Unleaded fuel can now be obtained?

### **Answer**

Following the announcement that Super Unleaded fuel is to be withdrawn from the Channel Island market Fuel Supplies (C.I.) Limited, which is owned by the RUBiS Group, has been working on solutions for those customers most affected by the decision.

The solution is the fuel will be imported by road tanker and/or isotank and delivered directly to selected RUBiS retailers. Fuel Supplies (C.I.) Limited is currently finalising the supply logistics between several third parties on the purchase and transport of the product from France. These imports will take place as soon as the existing stocks at the forecourts will have ended (expected end April 2013).

Fuel Supplies (C.I.) Limited is also working fuel retailers, which includes agreeing a contractual framework, developing new procedures and identifying appropriate storage capacity. Until these negotiations are complete Fuel Supplies (C.I.) Limited are unable to provide the forecourt names who are will stock Super Unleaded. However, Fuel Supplies (C.I.) hopes to release this information in due course but not until all of the details are agreed between the relevant parties.

Fuel Supplies (C.I.) has been working with motoring organisations, government representatives and other fuel importers and distributors to limit the inconvenience to Channel Island customers following the decision to withdraw Super Unleaded fuel from general supply.

## **1.7 DEPUTY G.C.L. BAUDAINS THE MINISTER FOR HOUSING REGARDING THE REDEVELOPMENT OF LE SQUEZ:**

### **Question**

Would the Minister advise, with regard to the redevelopment at Le Squez -

- (a) how many times the plans have been changed in the last five years;
- (b) how many times in the last year architects have made major revisions to the scheme, when and at what cost; and,
- (c) the latest proposed density compared with the original density.

### **Answer**

The regeneration of Le Squez and Le Marais was approved by the States in 2004. Since that time the area has seen a number of new phases of development which have provided both new social rented homes and opportunities for low cost homeownership. These have transformed the area.

- a) During the 5 year period to April 2013 Phase 2 of the Le Squez development was commenced and 60 new homes completed.

The remaining element of Phase 2 was identified as having potential for redesign to improve the economic viability of the project by increasing the number of homes to respond to changing needs. This redesigned element has become Phase 2c & has resulted in a 50% increase in unit numbers on that part of the site to now provide 24 homes a number of which have been purpose designed for the disabled.

b)

The Master Plan proposals for the Le Squez development have only recently been revised and for a number of reasons, which include:-

accelerating completion of the scheme into 2 phases rather than the proposed 8; and

adjusting the proposed types and mix of homes to reflect current and projected housing need; and

increasing the number of homes to be developed to 137 from 124; and

providing an opportunity for at least 1 group home and 1 additional large purpose built disabled unit; and

responding to the changing requirements of the School which is to become double form entry and requires larger amenity spaces; and

providing for the Number 15 Bus to enter Le Squez on School Road and exist via Rue de Maupertuis ensuring that residents continue to benefit from this important transport link.

but without impacting on key objectives of the Regeneration Master Plan such as:-

Improving pedestrian links through the estate; and

Removing the flow of through traffic; and

Providing the School with a safe direct access into the FB Fields; and

Providing homes with high levels of sustainability; and

Providing enhanced play provision for young people.

The cost of completing these Master Plan alterations is £14,574.43 which when compared to the overall Gross Development Cost of c. £30m represents less than half of one per cent.

- c) Prior to redevelopment the estate had 176 homes representing a density of at 42 dwellings per hectare (dph). As the Master Plan has evolved the site density has intensified. The first development proposals were for 185 mixed units of accommodation at 45 dph, with the alterations to phase 2 came an increase in density to 48 dph. The most recent Master Plan iteration aims to deliver 53dph.

Phase 2c is currently underway, this is will see the delivery of 24 new rental homes in June 2014

The procurement of a design team to lead the development of the regeneration project to completion (phases 3 & 4) is presently underway.

The Le Squez regeneration scheme and other projects underway or planned will provide much needed social housing, while also giving a welcome boost to the construction industry.

## **1.8 DEPUTY G.C.L. BAUDAINS TO THE MINISTER FOR TREASURY AND RESOURCES REGARDING THE EVALUATION OF PROJECTS FOR FISCAL STIMULUS:**

### **Question**

Would the Minister explain what criteria and processes, if any, he employs when evaluating projects for stimulus purposes and how he avoids such stimulus simply disappearing straight out of the Island via supplies of commodity or technical expertise?

### **Answer**

In assessing any projects for stimulus purposes, projects are measured against the 3T's criteria, and assessed in terms of the overall economic impact and ability to obtain value for money.

These criteria and processes were developed to deliver the Economic Stimulus Plan (known as Fiscal Stimulus) as approved by the States in P55/2009 and were advised for use by the Fiscal Policy Panel.

The 3T's are summarised as:

- **Timely:** Action should start immediately, and spent while the economy is in recession.
- **Targeted:** Policy should hit the intended target whether it is to support activity and employment in the Island, support those adversely affected by the downturn or implement projects which have intrinsic benefit.
- **Temporary:** There should be no negative long term implications for public finances.

The criteria for approving fiscal stimulus projects clearly required the targeting of spending on Island as far as could be achieved. In assessing any stimulus projects priority was given to those projects which had the highest content of local labour. Tender opportunities were restricted to on Island companies and suppliers had to demonstrate that they were employing locally qualified people.

It is useful to refer to R.67/201, Fiscal Stimulus: Financial and Performance Review which provides details of the processes, projects and achievements of the previous Stimulus Programme.

In addition to the £44 million original Fiscal Stimulus project the States approved £27.1 million of funding for Housing schemes under P.40/2012, Social Housing Schemes: Funding. As the international economic downturn has lasted longer than hoped the Council of Ministers has continued with a number of economic stimulus and job creation initiatives. The criteria and processes of the 3T's are being applied to these projects to ensure support to the local economy is maximised. Moreover during the course of all original Fiscal Stimulus projects there companies were required as part of the tender process to demonstrate the use of on Island Labour. This was

assessed as part of awarding the contract and was monitored during the project to ensure it was being complied with.

The policy initiative developed by Corporate Procurement and approved by the Corporate Management Board in January 2013 – “Community Benefits in Public Sector Procurement, Getting people back to work”. This is aimed at changing the way that the States procures Goods and Services to ensure that States policy aims of “local jobs” and getting people back to work are supported. Under this scheme those tendering for States of Jersey contracts will be rewarded based on their commitment to offer work, training opportunities and voluntary work placements to unemployed Islanders who are locally qualified to work. This initiative is particularly focussed on the Housing schemes funded under P.40/2012 and the creation of the “Getting people back to work taskforce” which brings together Ministers and officers from four key departments (Social Security, Education Sport & Culture, Treasury and EDD) to deliver a range of initiatives to ensure that there is a targeted, co-ordinated and collaborative approach to getting people back to work.

**1.9 DEPUTY G.C.L. BAUDAINS TO THE MINISTER FOR TRANSPORT AND TECHNICAL SERVICES REGARDING THE BUS SERVICE:**

**Question**

Would the Minister, with regard to the bus service -

- (a) provide details of passenger numbers per route for the years 2010, 2011 and 2012 and overall numbers for the first quarter of 2012 and the corresponding period of 2013;
- (b) given his assertion that re-instating the No 18 route would cost £180,000, provide a detailed breakdown of how that sum was calculated and whether it included fares from the quarter of a million passengers that used that route annually; and,
- (c) confirm that the increased frequency of Route 1A from every two hours to every hour (plus other changes) came into effect on schedule at Easter?

**Answer**

- (a) The following table summarises the total recorded number of passengers per bus route for the period 2010 to 2012 (excluding the school bus network), as supplied by Connex:

<b>Route</b>	<b>2010</b>	<b>2011*</b>	<b>2012*</b>
1	468010	495155	486870
1a	31815	42249	57322
1b	65559	54460	X
2	X	14399	89002

2c	47127	36802	X
3	139033	147054	144744
3a	80435	93109	92105
3b	10508	12050	13134
4	46290	50634	57398
5	65185	X	X
6	X	X	X
7	65516	X	X
7a	X	3117	X
7b	10525	X	X
8	79026	83280	91099
8a	26479	25950	X
8b	X	X	X
9	148086	178321	186785



<b>Route</b>	<b>2010</b>	<b>2011*</b>	<b>2012*</b>
10	X	X	X
12	135315	158960	110884
12a	91289	101926	156983
14	98014	86697	76861
15	760888	790618	775310
18	257770	254144	249487
19	76292	75631	66342
20	X	X	X
21	25166	26168	23371
22	9539	8682	X
23	110883	104341	92437
25	19363	97216	103876
26a	X	20147	5253
26b	X	20326	6326
27	16934	91242	101263
29	X	X	3818
75	X	X	X
Red	61732	57498	72925
Blue	82497	89341	73937
Green	79886	62908	52862
Yellow	55407	X	X
<b>Total</b>	<b>316,4569</b>	<b>328,2425</b>	<b>319,0394</b>

x = Service did not operate during that year.

\*Previous figures submitted to States did not include concessionary travel due to format

error in Connex data, since corrected 12/04/13

The total recorded number of passenger journey during the first quarter of 2013 (2 January to 31 March) is compared with the equivalent figure in 2012 as follows:

<b>Period</b>	<b>Q1 2012</b>	<b>Q1 2013</b>
<b>Total</b>	<b>716,317</b>	<b>687,555</b>

(b) For reasons of commercial confidentiality, it is not possible to reveal the rate per mile and rate per hour used in the calculation. In accordance with the 2013 Bus Operating Contract, the total annual marginal cost was derived as follows:

- (Annual mileage cost) + (Annual personnel time cost)

Where annual mileage was determined as follows:

- (Journeys per week) x (Miles per journey) x 52 weeks

And annual personnel time cost was determined as follows:

- (Journeys per week) x (Total hours per journey) x 52 weeks

Where total hours per journey was calculated as follows:

- (In-service time per journey) + (Standing time per journey).

For the purposes of calculating the total annual cost, no net gain in fare revenue was assumed to occur in the event of service 18 being reintroduced, as any passengers using this service would be abstracted from existing services 1, 1A and 16. Between them, these three services cover all of the roads previously served by service 18, with the exception of Marina Avenue (140 metres in length) and the northern part of Le Squez Road (190 metres in length).

The resulting marginal cost of reinstating the old service 18 is associated with the fact that simply replacing the current 16 route with the 18 is not possible, without effectively leaving Georgetown with no bus service. Altering the service 1 via Havre des Pas back to its pre-2013 route through Georgetown is a change which would require extensive consultation prior to implementation and is likely to be unpopular with regular passengers who appreciate the revised route of this bus service. Consequently there would be no alternative but to continue operating the current 16 so that Georgetown remained served by buses (or accrue the further additional the costs associated with a new Georgetown service), and thus it is not possible to avoid incurring the marginal cost of operation associated with reintroducing a service 18.

Interworking on the buses on the various routes across the Island more efficiently, to maximise use of the fleet and minimise standing times, has among other things allowed Liberty Bus in

conjunction with TTS to develop a contract that equates to about £1 million improvement in value against the previous contract.

(c) Proposals published in the Jersey Gazette on 14th February 2013 included an increased frequency on service 1A, to once per hour. Following representations from States Members, organisations, and bus users, a number of proposed enhancements to established winter bus routes were replaced with the introduction of the 'LibertyLink' group of services. Within this group is service 23, which shares a large proportion of its route with that of service 1A, ensuring that one bus per hour in each direction is currently being operated along the St Clement Inner Road past Marina Av. Enhancements on both services are currently being drafted by Liberty Bus for consultation to take effect from 27th May 2013, for the peak summer season these include proposals to further increase services along the St Clement's inner road to two buses an hour in each direction.

#### **1.10 DEPUTY M.R. HIGGINS OF ST. HELIER TO H.M. ATTORNEY GENERAL REGARDING PUBLIC OFFICIALS WHO FAIL TO INVESTIGATE ALLEGATIONS AGAINST COLLEGUES:**

##### **Question**

What actions are available to the public if a public official, having been advised of an alleged illegal act on the part of one of his employees or staff, fails to investigate the complaint or to ensure that the person or body asked to investigate the complaint carries out a genuine and thorough investigation?

##### **Answer**

An allegation that an illegal act has taken place amounts to an assertion that a criminal offence has been committed.

Ordinarily, one would expect a member of the public to report a suspected criminal offence to the police and not the employer of the suspect. That comment applies whether or not the employer happens to be a public official.

In so far as a public official declines to refer the matter to the police then the member of the public can simply go straight to the police themselves.

It is difficult to imagine circumstances in which a public official would owe a duty to monitor a police investigation into a criminal complaint even if the public official had referred the matter to the police in the first instance.

#### **1.11 DEPUTY M.R. HIGGINS TO H.M. ATTORNEY GENERAL REGARDING POLICE INVESTIGATIONS:**

##### **Question**

Will H.M. Attorney General advise what steps members of the public can take if the police

- (a) fail to take any action regarding complaints of alleged illegality that are referred to them;
- (b) fail to adequately investigate acts of alleged illegality.

Will he explain what measures, if any, are in place to ensure the police deal with complaints relating to their current or former colleagues fairly?

**Answer**

A member of the public is entitled to make a complaint about the manner in which a States of Jersey Police Officer has discharged their duties and the statutory process is defined in the Police (Complaints and Discipline) (Jersey) Law 1999. Information is available online see:

<http://www.gov.je/Government/Comments/Pages/PoliceComplaintsAuthority.aspx>.

The 1999 Law established the Jersey Police Complaints Authority [Authority] which is an independent body whose function it is to ensure that complaints made about a police officer are properly and independently investigated.

The Authority must be notified of all complaints save for those of a minor nature that are resolved informally. In serious cases, the Authority must supervise the disciplinary investigation. In respect of other cases, the Authority has the discretionary power to supervise. That discretion is exercised having regard to the facts of the particular case. In the event that the Authority supervises an investigation it (a) can decide who should investigate the case (b) must prepare a written comment on the adequacy of the investigation and (c) can direct whether or not disciplinary charges should be brought. If a case is not supervised, decisions are taken by the Chief Officer. In respect of all cases, there is the power to appoint police officers from a different police force to investigate the case.

If a legitimate complaint was not investigated properly or at all by either the Authority and/or the Chief Officer then any such action (or inaction) may provide a basis for seeking a judicial review in accordance with the usual principles. Each case will turn on its own facts.

**1.12 DEPUTY M.R. HIGGINS TO H.M. ATTORNEY GENERAL REGARDING THE STATUS OF THE POLICE ASSOCIATION AS A PUBLIC BODY:**

**Question**

Will H.M. Attorney General advise whether the Police Association is a public body, as defined under the European Union Convention of Human Rights?

Given that the Association's officers are full time paid policemen given time off to undertake Police Association duties; the Association is given an office rent free at Police Headquarters and Police Officers are not entitled by Law to strike, is the Association actually a public authority?

**Answer**

The purpose of the Police Association is to represent police officers in respect of, inter alia, all matters affecting their welfare and efficiency. These functions are not public in nature. The Association is clearly not a public authority.

A ‘public authority’, is not defined in the Human Rights Law itself but is essentially a reference to a body *whose nature is governmental in the broad sense of that expression.....the most obvious examples are government departments, local authorities, the police and the armed forces. Behind the instinctive classification of these organisations as bodies whose nature is governmental lies factors such as special powers, democratic accountability, public funding in whole or in part, an obligation to act only in the public interest and a statutory constitution*”: see Aston Cantlow PCC v Wallbank [2004] 1 AC 546 HL at paragraph 7.

The Police Association was not established with a view to public administration as part of the process of government. Indeed, there is nothing governmental about its functions. Rather, it represents the interests of its members in the workplace. The fact that the membership of the Association are not entitled to strike and that the employer is apparently prepared to provide time and an office to assist the Association in the furtherance of good employer-employee relations does not change the fundamental character, nature and purpose of the Association.

### **1.13 DEPUTY M.R. HIGGINS TO THE MINISTER FOR HOUSING REGARDING THE IMPACT OF THE HOUSING TRANSFORMATION PROGRAMME RENT INCREASE PROPOSALS ON BOTH INFLATION AND DEFLATION:**

#### **Question**

Will the Minister advise members whether the rent increase proposals contained in R.15 – States of Jersey Housing Transformation Programme were reviewed by the Statistics Unit and/or the States Economic Adviser to gauge the potential impact (perversely) on both inflation and deflation in the economy over the short, medium and long term and

- (i) if they were not, will he explain why not?
- (ii) if they were, will the report/analysis be published before the proposition is debated by the Assembly?

Will the Minister explain –

- (a) what research, if any, has been undertaken into the combined financial impact of the proposed increased rents and changes to States tenants’ heating systems; and
- (b) the effect of the rent increases on tenants whose incomes have remained stagnant or fallen in real terms during the prolonged recession in the Island?

#### **Answer**

The development of my proposals for the Housing Transformation Programme has taken over two years and during which time I have consulted with a number of States Departments including the Chief Minister’s, Treasury and Social Security departments, as well as Scrutiny and external stakeholders.

In September 2011, I received initial comments from the States Economic Adviser, which outlined his thoughts on the economic effects of my then proposals.

Since that time, I have amended my proposals, particularly in respect of rents policy to reflect the implementation on new tenancies only that are created after 1st April 2014. I have recently asked for an update from the States Economic Adviser and have received confirmation that his earlier response remains valid. This confirmed that the combined impact of the proposals is expected to be a contribution of less than 0.1 percentage points to RPI.

I am pleased to see that this advice is repeated in the answer to the written question (7562) from Deputy Southern, given by the Chief Minister today.

The Housing and Social Security Departments have worked closely together to establish the potential social impact on tenants of my proposals. This is clearly laid out in section 5.2 of the Housing Transformation Programme's Full Business Case (R15/2013).

The on-going refurbishment programme of States rental homes has resulted in many tenants saving money on energy costs, through better insulated homes. In addition, changes to States tenants' heating systems have been implemented alongside a number of measures aimed at improving insulation levels of their homes. These measures now allow tenants to control their heating systems individually and many tenants have found that their energy consumption has now decreased as a result of these measure. Unfortunately, rising worldwide energy costs and the recent cold weather have negatively impacted islander's fuel bills.

I am aware that some tenants have seen stagnant or indeed falling incomes in recent years and I have fully taken this into account in my proposed rent policy, as all lower income tenants who receive Income Support will be fully protected under my proposals.

#### **1.14 DEPUTY R.G. LE HÉRISSEUR OF ST. SAVIOUR TO THE MINISTER FOR SOCIAL SECURITY REGARDING THE SUSTAINABILITY OF INCOME SUPPORT EXPENDITURE:**

##### **Question**

What are the actual sums and the sums as a proportion of Income Support expenditure devoted to income 'top up' in the last 3 calendar years and is the Minister satisfied that these sums are sustainable?

##### **Answer**

The published report on Income Support for 2011 (R.126/2012) identified that 80% of Income Support households use Income Support to top up other household income. The remaining 20% are wholly reliant on Income Support payments for their weekly income.

The report includes the following:

*“ Income Support tops up household income. Many Income Support households receive income through earnings, pensions, social security benefits, maintenance and other income. 80% of Income Support households have some other form of income, with the remaining 1,296 (20%) of Income Support households being totally reliant on Income Support for their weekly income.*

*As household income from other sources increases, Income Support benefit decreases until the family is fully self-sufficient. Depending on the source of income, a variety of incentives and allowances are provided to encourage Income Support families to support themselves as far as possible”.*

The 2011 report (pages 10-13) provides further details on the number of Income Support households who have income under the following categories: earned income, pensions, maintenance payments, long-term incapacity allowance (including invalidity benefit) and miscellaneous income.

At the end of December 2011, 74% of weekly benefit by value was being paid to households with some other form of income, and 26% was being paid to households with no other form of income. Allocating these proportions to the total weekly expenditure in 2011 of £66.9 million, this represents £49.8 million to households with other income and £17.1 million to those without other income.

This detailed analysis was not undertaken in respect of the 2010 results and the 2012 report is currently in preparation.

The level of Income Support expenditure is closely linked to the overall health of the local economy. I am satisfied that the funding allocated within the Medium Term Financial Plan is sufficient to cover the costs of Income Support over the next three years, barring a completely unforeseen change in circumstances.

Members will be aware that the Medium Term Financial Plan includes a reduction of £3 million in the Income Support budget from 2014 onwards and officers are currently working on a number of policy proposals to achieve these savings which I will be considering over the next few months.

#### **1.15 DEPUTY R.G. LE HÉRISSIER TO THE MINISTER FOR TREASURY AND RESOURCES REGARDING THE ACCOUNTABILITY OF THE BOARD OF J.T. :**

##### **Question**

How has the Board of JT been held accountable for the issues that have arisen with Gigabit Jersey and to what extent do these derive from a defective Business Plan?

##### **Answer**

JT's Board is held accountable in the manner set out in the Memorandum of Understanding ('MOU') between the Minister for Treasury and Resources ('The Minister') and Jersey Telecom.

The MOU has worked well in the case of Gigabit Jersey, and JT has communicated issues with the Project effectively in the spirit of the "no surprises policy". The Minister continues to meet with the board to discuss the performance of JT and provide robust challenge of the Gigabit Jersey project sharing with them his expectations to make sure it is delivered on time and in budget.

The Gigabit Jersey business plan set ambitious targets to create a world class fibre network and was challenged by external consultants as well as by Treasury officials prior to its approval. The Minister is satisfied with the steps taken by the Board to manage the project in line with its business plan and does not intend to get involved with detailed operational issues but will as States Members would expect hold the board accountable for the delivery of the project.

The Minister would like to take this opportunity to acknowledge the strong commitment of the Board of JT in actively pursuing a resolution to the issue with their contractor which resulted in the engagement of the contractors senior US personnel to bring the project back on track. The Minister is looking forward to the project being delivered successfully.

**1.16 DEPUTY J.M. MAÇON OF ST. SAVIOUR TO THE MINISTER FOR TRANSPORT AND TECHNICAL SERVICES REGARDING THE CURRENT OPERATIONAL STATUS OF THE ENERGY FROM WASTE PLAN:**

**Question**

Can the Minister advise whether the Energy from Waste plant is currently fully operational and, if not, explain why and –

- (a) how long it is expected to take to address the problem;
- (b) what the staffing cost will be, whilst staff are unable to perform their normal working activities;
- (c) the value of the ‘lost’ electricity supplied to the grid; and,
- (d) outline what maintenance agreement is in place in relation to the pipes?

**Answer**

The La Collette Energy from Waste Plant was designed to be a two stream plant to ensure that the plant could cater for major maintenance and consequential plant downtime. This design concept is very important for a plant that is situated on an Island with very limited alternatives for waste disposal.

The Energy from Waste plant is currently running on Stream Two whilst Stream One is undergoing repairs. A substantial amount of work will be undertaken by the contractors CSBC (Jersey) Limited, to replace four banks of superheater tubes that have shown signs of premature aging. The superheater tubes are being replaced with tubes of a superior material specification. In addition to this the Flue Gas Treatment system is to be modified to bring the hydrated lime consumption in line with the original specification. The work requires waste processing to be swapped between Stream One and Stream Two on several occasions so that Plant continuity and availability is maximised. This work is being undertaken under the contract between the States of Jersey and CSBC (Jersey) Limited, with all costs for design, materials, manufacture and labour being funded by the contractor.

- (a) The work will be undertaken between now and August 2013
- (b) This work does not prevent the staff from performing their normal working activities.
- (c) The electricity is not “lost”. There will be a period until August whereby the plant will not always produce full power however the electrical generation is a function of the amount of waste processed by the plant. Waste that is not processed in this period will be processed after August and thus the electricity attributed to that waste will be recovered.



- (d) The tubes will be inspected on an annual basis and a further three year warranty period will be granted on the superheater tubes that are being replaced.

**1.17 DEPUTY G.P. SOUTHERN OF ST. HELIER TO THE CHIEF MINISTER REGARDING THE IMPACT OF INDEX LINKING SOCIAL RENTS ON UNDERLYING INFLATION:**

**Question**

Will the Chief Minister state what effect the indexing of social rents at RPI plus 0.75% over the coming 30 years as proposed in the Housing Transformation Programme (HTP) will have in underlying inflation and explain how the Council of Ministers will ensure that inflation continues to be kept low?

How confident is he that inflation will remain within the range projected over the coming 30 year period of the HTP, and that rates for borrowing will remain low over this period?

**Answer**

**Inflation**

The indexing of social rents at RPI plus 0.75 per cent is anticipated to add less than 0.1 percentage points to both the headline rate of inflation (RPI) and to underlying inflation (RPIY).

This will not have any impact on the policy levers which the Council of Ministers should use to control inflation. These are:

1. Listen to the advice from the Fiscal Policy Panel on tax and spending policies so that the balance can be struck between allowing the economy to recover and at the same time ensuring that we do not run large deficits (which add to inflationary pressure) when the economy is growing strongly.
2. Continue to strengthen competition, which will help keep prices low by driving efficiency.
3. The new Economic Growth and Diversification Strategy agreed by the States in July 2012 will ensure that future growth is based on improved productivity (by focusing on developing the skills of local people, and by encouraging innovation, enterprise and inward investment) and therefore better supply-side capability which helps achieve growth without inflation.

One of the outcomes of the Housing Transformation Plan will be a net gain of 434 new homes to the proposed Housing Company, plus an additional 203 units to the Housing Trusts. This is a supply side impact which has the potential to result in a fall in market rents.

In the medium term, the States of Jersey Economics Unit forecasts inflation to remain around 3.0 per cent or less in 2013 and 2014. There is continuing downward pressure due to the level of spare capacity in the economy but this is balanced against the inherent volatility of global commodity prices. In the longer term, volatility in global prices will continue to influence inflation in Jersey but this should not distract from the policy issues which are likely to remain as above.

**Borrowing**

There can be some confidence around the costs of borrowing if, as anticipated; all funding is at fixed interest rates. Borrowing identified in the Housing Transformation Programme comes from both internal and external borrowing facilities.

#### **1.18 DEPUTY G.P. SOUTHERN TO THE MINISTER FOR HOUSING REGARDING FUTURE DEMANDS FOR SOCIAL RENTED ACCOMODATION:**

##### **Question**

“Will the Minister state what population/migration levels the proposals in the Housing Transformation Programme (HTP) are designed to cater for and what sensitivity analysis has been performed with regard to increased demand for social rented accommodation from immigrant workers and their families in the next 10, 20 and 30 years?

What consideration, if any, has been given in both the proposition (P.33/2013) and the full Business Case (R.15/2013) to the most recent Housing Needs Survey which shows growing demand for social rented accommodation of some 400+ units, and further demand from the immigration bulge since 2004 as these households gain licensed status after 10 years residence?

Does the Minister consider that net gain of 434 housing company properties, along with 203 new trust properties and the 300 sales will meet future social housing needs and if not how will the HTP meet demand?

Has the Minister sought advice from the Statistics Unit over the HTP and full Business Case over his projections over up to 30 years and if not why not?”

##### **Answer**

The proposals within the Housing Transformation Programme allow for the development of all sites currently in States ownership and designated for social housing. The new Housing Company can and will deliver additional social housing for viable schemes if further sites are identified and borrowing is made available.

I fully recognise that further units of social housing are required in order to meet the needs of our community in the longer term and I am working to ensure that these are brought forward. I am confident that the funding structures will be in place for new Housing Company and also the Housing Trusts to allow for the development of this additional social housing if the sites are brought forward in a timely manner.

I am continuing to monitor a number of sources including the Affordable Housing Gateway and Housing Needs Survey to ensure that the needs of our community are met.

#### **1.19 DEPUTY G.P. SOUTHERN TO THE MINISTER FOR HOUSING REGARDING FAIR RENTS FOR THE FULL RANGE OF SOCIAL RENTAL PROPERTIES:**

##### **Question**

Will the Minister list for members what the fair rent for the full range of properties from hostel, bedsit, 1 to 5 bed flats and houses would be today if rents were set at the proposed level of 90% of market rents as suggested in the Housing Transformation Programme?

Does the Minister accept that around 50% of all Housing Company tenants will be paying rent at 90% of market levels within 5 years of the formation of the company and that, since all rents whether at the 90% rate or not, are subject to annual rises of at RPI plus 0.75%, most rents will have risen in line with market rents by some 23%?

Will the Minister state why the figures showing additional rent income and contribution from Income Support on page 52 are not indexed to the figure RPI plus 0.75% when figures on page 45 which also include figures for net profit are indexed and will he undertake to provide indexed figures?

Can the Minister state in what year the financial model becomes viable when the Table on page 45 (P.33/2013) shows a £139,000 deficit?

**Answer**

It is important to recognise that the 90% rents policy if approved will require that rents for individual properties are set at 90% of the market rent for an equivalent property in the local rented market. That will necessitate a significant amount of benchmarking of individual units on a site by site basis and will take into account the square footage of the units, condition, amenities, parking, energy efficiency and other factors which have a bearing on value.

A broad benchmarking exercise was carried out in 2011 and from the data collected it is possible to give the range of market rents requested, updated to current values, as follows:-

<b>Property Type</b>	<b>Number of Beds</b>	<b>Lowest 90% Rent per week</b>	<b>Highest 90% Rent per week</b>	<b>Number of Units</b>
Bedsits	0	94.05	136.37	284
Flats	1	119.37	219.23	1622
	2	141.08	260.44	1268
	3	217.03	282.15	132
	4	282.15	303.85	2
Houses	1	151.92	227.88	50
	2	195.33	292.99	243
	3	148.58	325.55	724
	4	260.44	368.96	118

5	260.44	368.96	7
6	282.15	282.15	2

If my proposals are approved, we would carry out another market rent benchmarking exercise in advance of the increase coming into effect in April 2014.

Section 5.2.3 of the Housing Transformation Programme's Full Business Case illustrates how the modelled convergence of current rents to 90% of market under the proposed rent policy will occur. This indicates that 51% of tenants, including those in newly developed properties will be at the 90% level by year 5. Tenants will see annual rent increases linked to RPI plus 0.75%. If RPI rises in line with the central scenario projections of the States of Jersey Statistics Unit, then tenants will see aggregate increases of 21% by year 5 of the Full Business Case.

The figures showing the additional rental income and contribution from Income Support on page 52 of the Full Business Case have not been indexed in order to aid the understanding of the profile of the additional costs of Income Support over the 30 year period. I would be delighted to provide the indexed figures if the Deputy requires these.

I am happy to confirm that the financial model is viable throughout the 30 year period of the Business Plan. The Deputy is correct to highlight deficits in the early years of the model, when the new Housing Company is tasked to bring all homes up to Decent Homes Standard, whilst also developing a substantial number of new homes. Following this initial period, the financial model show a period of consolidation when the Company will be repaying its outstanding loans and thereafter from year 18, substantial cash surpluses will accrue, if there is no requirement to provide further units of accommodation.

## **1.20 DEPUTY G.P. SOUTHERN TO THE MINISTER FOR HOUSING REGARDING INCREASED RENTAL INCOME:**

### **Question**

Given that figures produced by the Housing Department show that rental income over the first 10 years of the business model for the Housing Transformation Programme will increase by over 80%, will the Minister inform members how much of this increase will be produced by rents from new-build accommodation and how much from rent increases across existing tenancies, re-lets and refurbishments?

### **Answer**

The business model that underpins the figures given in the Housing Transformation Programme's Full Business Case incorporates assumptions on future RPI figures. These are taken from the States of Jersey Statistics Unit's central RPI projections, which indicate, in the long term, annual increases of 3.5%. Given this assumption, business modelling assumes annual rent increases of 4.25% (3.5% plus 0.75%), as per the proposed rent policy.

Rental income in year 1 of the business model (2014) is estimated at £41.4 million. In year 10 of the business model (2023), total rental income is estimated at £75.2 million from the following sources:-

<b>Rental Income</b>	<b>£M</b>
Existing Tenancies	£59.3
Units Demolished	-£2.2
Units Sold	-£2.6
Re-lets	£7.4
New Builds	£11.4
Refurbishments	£1.9
<b>Total</b>	<b>£75.2</b>

## **1.21 DEPUTY M. TADIER OF ST. BRELADE TO THE CHAIRMAN OF THE COMITÉ DES CONNÉTABLES REGARDING ATTENDANCE AT PARISH MEETING:**

### **Question**

Will the Chairman provide a breakdown by parish of attendance at Parish Meetings where votes are taken (including, separately, meetings where the rates are determined) showing the figures as a percentage of the total eligible voters per parish?

Will the Chairman explain what, if anything, the Comité is doing to encourage greater attendance at Parish Meetings from parishioners?

### **Answer**

All Parishes record minutes of official meetings such as Parish Assemblies, Ecclesiastical Assemblies and Electoral Assemblies. Four parishes record the number present at the start of a meeting but some parishioners may arrive late or leave early. Where a vote is taken the number voting may be recorded but this will not necessarily equal the number of persons attending that meeting.

The number eligible to vote at a Parish Assembly is those on the Electoral Register in force on that day and any person who is a ratepayer of the parish (or who represents a body corporate which is a ratepayer) but a person will only have one vote regardless of whether they are eligible in more than one capacity. To determine the exact number eligible to vote at any particular Parish Assembly it is necessary to compare the different registers and exclude those listed more than once.

For these reasons the work required to provide a breakdown by parish showing the attendance figures as a percentage of the total eligible voters per parish would require considerable resources and makes it impossible in the time available.

However, where the business conducted consists of straightforward 'housekeeping' matters it is fair to say that the number attending is usually a small proportion of those eligible to attend. It will be

higher for the annual meetings where the rates are determined or if a contentious issue is on the agenda.

All parishioners – “principals and electors” - are notified of the time and date of forthcoming meetings and of the items to be discussed by notices placed in the Jersey Gazette and in the Parish box (*boîte grillée*). Notice may also be given through other media including the Parish newsletter or magazine, website and social media such as ‘Twitter’ and email, and the radio. Whilst the Comité encourages all to attend it is ultimately a decision for the individual as to how he or she chooses to participate in parish affairs.

## **1.22 DEPUTY M. TADIER TO THE MINISTER FOR TREASURY AND RESOURCES REGARDING HOUSING PROJECTS COMPLETED WITH FISCAL STIMULUS FUNDING:**

### **Question**

What housing projects were completed under the fiscal stimulus funding?

Will the proposed new Housing Company be required to pay back fiscal stimulus monies provided for stimulating the construction industry and, if so, why and how many other fiscal stimulus projects require payback?

Can the Minister confirm that there is significant risk to the outcome of the Housing Transformation Programme, in particular, the inability to borrow or significant changes in RPI over the 20 year period?

What would the return be to the Treasury if the Trusts were required to return their share of the income they receive via Income Support?

### **Answer**

*What housing projects were completed under the fiscal stimulus funding?*

A number of housing capital projects have received fiscal stimulus funding since 2010 and the status of which is set out below:-

Year £000 Status

Projects that were originally allocated as part of the £44 million fiscal stimulus programme.

Le Squez, Phase 2a	2010	8,138	Complete
Pomme d’Or Farm	2011	<u>3,250</u>	Completion due - May 13

11,388

Projects totalling £27.1 million approved by the States in P.40/2012.

La Collette – High Rise	2012		Ongoing
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Le Squez – Phase 2c	2012	Ongoing
2-4 Journeaux Street	2012	Ongoing
Lesquende – Phase 1	2012	Ongoing
Osborne Court	2012	Ongoing
Purchase - Life Long Homes	2012	Ongoing
Funding per P.40/2012	<u>27,100</u>	
Total Funding provided	<b><u>38,488</u></b>	

In addition to the above projects the Parish of Trinity has been supported by a £6 million infrastructure investment.

*Will the proposed new Housing Company be required to pay back fiscal stimulus monies provided for stimulating the construction industry and, if so, why and how many other fiscal stimulus projects require payback?*

It is proposed that the new Housing Company will take on the commitment of the Housing Department to repay the sums received. This requirement to repay was known when the funding was approved. Indeed the funds were specifically sought on a loan basis.

The requirement arises from the States decision under P.6/2007 - the Social Housing Property Plan. This agreed that Housing would no longer receive an annual capital allocation to undertake refurbishment and new build projects, but would fund such schemes from sales of existing housing stock. However, the adverse general economic conditions and difficulties in obtaining mortgage finance during the intervening period mean sales have been limited.

The stimulus funding of £38.4 million has therefore enabled schemes to commence that would otherwise have had to wait until the full costs of the schemes had been met by sales.

When the first funds were approved in 2010, Treasury and Housing had agreed to work together to identify alternative means of repayment through a re-financing of the fiscal stimulus “loan. As a result of this work it is proposed to replace the short term stimulus loans with a £40 million longer term loan, from the Currency Notes and Coins Investment Fund. This would be made to the new Housing Company upon its establishment. Details of this are contained in R.15/2013, “States of Jersey Housing Transformation Programme: Full Business Case”.

There were no other fiscal schemes where funding was advanced on a loan basis and therefore requiring repayment.

*Can the Minister confirm that there is significant risk to the outcome of the Housing Transformation Programme, in particular, the inability to borrow or significant changes in RPI over the 20 year period?*

The Minister does not believe that there is a significant risk to the outcome of the Housing Transformation Programme particularly related to the inability to borrow or significant changes in RPI over the 20 year period. Housing have undertaken a detailed and robust process to produce

R.15/2013, “States of Jersey Housing Transformation Programme: Full Business Case” which has been subject to external review and validation.

Included in the Full Business Case are detailed assessments of the risks associated with the Programme. e.g. Sections 5.5 to 5.9 deal with the Risks associated with the Financial Case. This identifies a range of risks and includes sensitivity analyses and makes an assessment for each risk. Both the borrowing and RPI issues are included in these sections.

In addition Section 6.5 sets out the Risk Management process that has been put in place to manage all significant and material risks to the effective delivery of the Housing Transformation Programme.

The Treasury is currently considering a number of financing options for the capital programme.

*What would the return be to the Treasury if the Trusts were required to return their share of the income they receive via Income Support?*

It is not clear what is meant by a return to the Treasury from the Trusts for income they receive via Income Support. The Social Security Department report, “Income Support 2011” identifies that there was a total of £7,522,000 paid in Income Support to Housing Trust rental tenants, of which £3,101,000 was paid in respect of the Accommodation element.

If the intention is to draw a comparison with the Annual Return to Treasury from the Housing Department then this would be incorrect. The Annual Return made by the Housing Department is based on the ending of the Rent Abatement and Rebate Schemes on the introduction of the Income Support System. This resulted in the rental income received by the Housing Department exceeding its expenditure and an annual surplus was created. The Annual Return is the mechanism whereby this surplus is returned to the Treasury, where it is amalgamated with other income to make up the total Income Support budget.

### **1.23 DEPUTY T.A. VALLOIS OF ST. SAVIOUR TO THE CHIEF MINISTER REGARDING THE ROLES PLAYED BY SENIOR CIVIL SERVANTS IN THE REFORM OF THE PUBLIC SECTOR:**

#### **Question**

Could the Minister advise what the roles the Director of Human Resources, the Director of Information Services, the Director of Property Holdings and the Director of Procurement have in the Public Sector Reform Agenda, have they ever had a meeting together to address structural and cultural changes in the States of Jersey and, if not, why?

#### **Answer**

On 27th March 2013, the Council of Ministers approved the Reform programme and allocated resources.

The roles of the listed Directors are as follows:-The Director of HR has taken on the role of Reform Programme Director, coordinating the Reform Programme. The Director of IS is a prominent member of the Reform Operating Board. The Director of Property Holdings and the Director of



Procurement have been involved through the Treasurer at Corporate Management Board (CMB) and the Reform Operating Board meetings.

Cultural change is one of the 5 pillars of the Reform Programme. It has been discussed at CMB and via 55 workshops inviting approximately 1,000 staff and over 30 road shows. In total, these sessions were attended by around 1,500 staff members along with all of the above Directors.

The delivery of a more integrated Information Services platform, which forms part of the first phase of the Reform programme, will be a key enabler to allow for departmental functions to be restructured.

**1.24 DEPUTY T.A. VALLOIS TO THE MINISTER FOR HOUSING REGARDING THE DEVELOPMENT OF SOCIAL HOUSING UNITS SINCE THE BEGINNING OF RENT REBATE/ABATEMENT:**

**Question**

Could the Minister advise how many social housing units have been built since the beginning of rent rebate/abatment per annum and how much of the Housing Department’s income has been returned to the Treasury per year during the same period?

**Answer**

Firstly, I would like to point out a very clear distinction between Income Support process and the old Rent Rebate and Abatement scheme. There was no annual return made to the Treasury Department with Rent Rebate or Abatement scheme, the cost of which was covered by the then Housing Committees existing budget.

The Rent Rebate and Abatement scheme was put into place in May 1990.

The Department of Environment monitors housing supply on an annual basis, they keep records based on net completions (i.e. completed homes minus homes lost through demolition, conversion etc).

The attached table shows the net annual completions of purpose built social rented homes since 1990. It shows that a net total of some 1561 such homes have been built up to the end of 2012 according to the Department of Environment’s records.

The current Income Support Scheme was implemented in 2008 and the Housing Departments annual return to Treasury is also listed on the table below for those years.

**Social rented housing completions 1990-2012**

**Table 1: Social rented homes completed since 1990 (net)**

Year	Net completions of purpose built social rented homes	Return to Treasury Department
1990	130	n/a

1991	75	n/a
1992	130	n/a
1993	86	n/a
1994	197	n/a
1995	50	n/a
1996	70	n/a
1997	(-137)	n/a
1998	51	n/a
1999	78	n/a
2000	60	n/a
2001	26	n/a
2002	290	n/a
2003	30	n/a
2004	59	n/a
2005	26	n/a
2006	207	n/a
2007	77	n/a
2008	(-74)	£21.8M
2009	45	£21.5M
2010	2	£18.7M
2011	(-10)	£21.5M
2012	93	£24.4M
TOTAL	1561	

**1.25 DEPUTY T.A. VALLOIS TO THE MINISTER FOR HEALTH AND SOCIAL SERVICES REGARDING INCREASES IN BOWEL DISEASES:**

**Question**

Would the Minister provide statistics on the number of patients who have been diagnosed with irritable bowel diseases such as Crohns Disease and Ulcerative Colitis in the last ten years and advise whether the Hospital has identified an increase or trend in this particular area?

**Answer**

Unfortunately, the department only has data from 2009 onwards and is not, therefore, able to provide 10 years of relevant information.

The data provided, relates **only** to in-patient care, as out-patient episodes are not clinically coded - this is in line with standard practice in the NHS

**Table of total patient numbers since data collation started:**

<b>Condition</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Crohn's Disease	58	69	89	75
Colitis	64	58	75	80

The number of individual patients receiving in-patient care, with these conditions as primary diagnosis are shown here. However, not all of these patients are necessarily newly diagnosed, as the same patient may have received in-patient care across more than one, or even all four, years.

This level of data is insufficient for the department to draw any statistically robust conclusions about potentials trends. Anecdotally, however, Consultants believe there is an average of between 12-14 newly diagnosed patients each year, and this has not shown any significant change.

**1.26 DEPUTY T.A. VALLOIS TO THE MINISTER FOR HEALTH AND SOCIAL SERVICES REGARDING THE FUNDING OF THE INTEGRATED CARE RECORD PROJECT:**

**Question**

Would the Minister confirm the exact funding of the Integrated Care Record Project, advise whether there have been any problems with implementation and, if so, what were they and how have they been addressed?

**Answer**

The funding for the Integrated Care Record (ICR) project was £12,000,000. The actual spend to deliver this project was £11,971,463, comprising £6,809,693 of capital expenditure and £5,161,770 of revenue expenditure. This expenditure was included in the States 2011 audited accounts.

The ICR project was successfully implemented within budget and went live in June 2011, replacing the 25 year old Patient Administration System. Implementation of any major IT development will always be challenging and will, almost inevitably, bring with it problems that need to be addressed during, and after, the implementation process. TrakCare, the core element of the ICR project, is no different.

The implementation of TrakCare is a key enabler for the future, paving the way for developments such as a full Electronic Patient Record, electronic requesting and delivery of diagnostic test results, E-Prescribing and the potential to link directly with island GPs and others. All electronic medical records and patient related information is stored on secured servers, on Island.

The following are just some examples of the challenges experienced during and after the initial implementation, and how they were addressed. As a new system, TrakCare required initial setup, as well as training and the development of new skills for staff supporting the system

As part of the implementation, a team of experts was employed to support the in-house team in completing the work required to implement the system. This work comprised many components, including the 'build' of 900 clinics and the development of more than 100 system reports required for 'go live'.

During the ICR implementation stage, the local support team needed to gain the necessary skills and experience to continue supporting the new system, skills and knowledge that were transferred from the initial expert team. The in-house support team members are now considered 'experts' in their roles, and are currently maximising the benefits to be obtained from the new system, enhancing the functionality offered by the system to proactively support the delivery of healthcare services.

The old system had very restricted functionality. TrakCare offers the ability to design and fit workflow preferences without computer code changes, and these improvements can now be carried out by our own in house support team.

As with most system implementations there was a requirement to review, 'cleanse' and validate the data being transferred to the new system. The local support team, together with hospital staff, identified and cleansed data transferred to the new system.

Data quality issues continue to be addressed on an ongoing basis, with the in-house support team and hospital staff continually improving data collection and analysis within the new system. Exception reporting has been developed to identify data issues and is used to improve data quality assurance and reporting.

Now in place and operating effectively, the functionality provided by the new TrakCare system delivers many improvements, including an Electronic Patient Record for Maternity, Emergency Department and Theatres, as well as real- time patient information for bed management.

Such changes provide challenges in their own right. A key element of the Department's White Paper is the development of information to support patient and client safety, as well as service planning and development to meet future demands and improving efficiency.

The Department has identified the need to make further investment and improvements and is planning to address a number of issues over the coming years, including:

- Improved integration and data sharing, for example, better links with GPs, where improved IT infrastructure can reduce risk and improve the speed and quality of communication between hospital and primary care
- Utilising and enhancing existing systems, for example, electronic patient referral and discharge summaries to improve clinical care and efficiency.
- Implementation of comprehensive, integrated computerised records across all health and social care settings
- Taking advantage of technological solutions to improve efficiency and effectiveness, for example electronic prescribing and electronic ordering of tests and communication of results to clinicians

**1.27 DEPUTY J.H. YOUNG OF ST. BRELADE TO THE MINISTER FOR TREASURY AND RESOURCES REGARDING THE PROPOSED TRANSFER OF LAND AT THE PLÉMONT HOLIDAY VILLAGE EITHER TO PUBLIC OWNERSHIP OR TO AN APPROPRIATE BODY OR TRUST FOR PUBLIC ACCESS:**

**Question**

Will the Minister advise whether the proposed transfer of land at the Plémont Holiday Village either to public ownership or to an appropriate body or trust for public access in pursuance of the Minister for Planning and Environment's Ministerial decision of 23rd November 2012, will be his responsibility and processed in accordance with Standing Order 168, and, if so, will he outline –

- whether the land will be transferred to public ownership or if not, of the appropriate body or trust to whom it is intended to transfer the land;
- the landscaping work required at the owners' expense to remove any existing liabilities on the land and to bring it into a suitable condition for transfer to public access;
- the future responsibility for the upkeep and maintenance of the land and standard and frequency of maintenance work required;
- the public and private rights of access, permitted uses and restrictions upon the land after the transfer to the body or trust for public access ; and,
- the financial implications of the proposed land transfer for the public?

**Answer**

The responsibility for agreeing with the applicant the terms of ceding the open landscape land to an appropriate body or trust rests with the Minister for Planning and Environment.

The Public is one of a number of potential bodies to whom the land may be ceded.

No decision has yet been taken in this regard. As such, it is not possible to provide detailed answers to the questions raised by the Deputy.

Should the Public be the preferred recipient, any terms agreed by the Minister for Planning and Environment will need to be approved by the Minister for Treasury and Resources.

Any subsequent transaction will require approval by the Minister for Treasury and Resources in accordance with Standing Order 168 (1) (a) and will be subject to the 15 working day period before any binding decision is made.

**1.28 DEPUTY J.H. YOUNG TO THE MINISTER FOR PLANNING AND ENVIRONMENT REGARDING THE PROPOSED TRANSFER OF LAND FROM THE OWNERS OF THE PLÉMONT HOLIDAY VILLAGE TO AN APPROPRIATE BODY OR TRUST:**

**Question**

Will the Minister provide the Assembly with details of the proposed transfer of land from the owners of the Plémont Holiday Village to an appropriate body or trust, in pursuance of his Ministerial decision of 23rd November 2012, which required a planning obligation agreement to be entered into as a pre-condition of development consent, such details to include:

- (a) the area of land proposed to be transferred;
- (b) the identity of the appropriate body or trust to whom it is intended to transfer the land for allowing public access;
- (c) the landscaping work required at the owners' expense to remove any existing liabilities on the land and to bring it into a suitable condition for transfer to public access;
- (d) the future responsibility for the upkeep and maintenance of the land and standard and frequency of maintenance work required;
- (e) the public and private rights of access, permitted uses and restrictions upon the land after the transfer to the body or trust for public access ;
- (f) the financial implications of the proposed land transfer for the public and the appropriate body or trust and whether agreement has been reached with them and the Minister for Treasury and Resources.

**Answer**

- (a) The area of land to be transferred to a body to ensure public access is approximately 16 verges.
- (b) The identity of the body or trust to whom the land will be transferred has not yet been determined. The final approval of such body will rest with the Minister for Planning and Environment.
- (c) The landscaping work required at the owner's expense will be subject to a Programme of Works which will be required to be submitted within 2 months of the signing of the Planning Obligation Agreement. Until approval is given to such programme, it would be premature for me to comment further.
- (d) The responsibility for the upkeep and maintenance of the land will rest with the approved body to which the land is transferred. The standard and frequency of such maintenance works will be as per stipulated in the approved Programme of Works.
- (e) The Planning Obligation Agreement and associated Planning Permit will specify the areas of land that will have public access. Each house plot will, of course, benefit from its own private access. As regards permitted use of the land to be transferred, this will

simply be open amenity land. Any material change of use of the land away from open amenity land would be subject to the full control of the planning system.

- (f) The financial implications of the proposed land transfer will be settled in the Planning Obligation Agreement, which is a matter for the Minister for Planning and Environment.

### **1.29 DEPUTY G.P. SOUTHERN OF ST. HELIER TO THE MINISTER FOR HOUSING REGARDING THE FINDINGS OF THE 2012 HOUSING AFFORDABILITY SURVEY AND THE BETTER LIFE INDEX 2013:**

#### **Question**

What consideration has the Minister given to the findings of the 2012 Housing Affordability Survey and the high housing cost overburden revealed in the Better Life Index 2013?

#### **Answer**

I do not believe that the findings of the 2012 Housing Affordability Survey have yet been published by the Statistics Unit; therefore, I am unable to comment until I have seen the final report.

The Better Life Index 2013 highlights a number of issues; however it is my opinion that on the whole the report shows Jersey as a desirable place to live, with people:-

- in employment - *“(78%) of the working age population in Jersey are employed”*
- earning above average salary – *“in Jersey, annual gross earnings were higher than in Great Britain (\$44,600) and substantially higher than the average for the OECD (\$35,900)”*
- enjoying a good work life balance - *“a small percentage of employees in Jersey work long hours”*
- in better general health than a lot of their European counterparts - *“People in Jersey also rate their general health highly, with 85% of adults reporting that they are in either good to excellent health”*
- are happy with their current housing - *“In 2012, 93% of adults in Jersey reported being either ‘very’ or ‘fairly’ satisfied overall with their current housing”*
- have more space in their homes than people in the UK *each Jersey resident occupied 2.0 rooms on average marginally more living space, on average, than those living in the U.K, where the average number of rooms per person was 1.8”*
- think Jersey is a good place to live - *“On a scale of 0 to 10 Jersey residents rated their overall life satisfaction as 7.5 on average. Life satisfaction in Jersey is higher than in all OECD countries except Norway and Denmark”*

Overburdening is clearly an issue in the Island as it is in the UK, it considers all elements of housing related costs, such as actual rents paid, the costs of utilities (water, gas, electricity and heating) and other services, regular maintenance and repairs by home owners. The cost of running a home can be very expensive for some Islanders.

It is for that reason that my proposals for reform are so vital, I want to see Regulation brought in for the social rented sector so we are providing well maintained and appropriate accommodation, at the right rent levels.

My proposals, if approved, will also see the establishment of a Strategic Housing Unit, which will, amongst other things, undertake the following responsibilities;

- developing a robust cross-tenure Island Housing Strategy
- championing the Supply of Homes
- proposing new affordable housing products to meet the needs identified through the new Affordable Housing Gateway
- proposing and updating a Jersey Social Housing Standard
- the development of housing policy within a States-wide strategic policy framework
- proposing and delivering the social housing rent policy
- proposing the criteria for eligibility for social housing on the Island through the Affordable Housing Gateway

The Strategic Housing Unit will focus on these matters and be able to develop housing policy in line with other social policy, taking full account of the valuable information being generated from such surveys as the Better Life Index and Housing Affordability Survey

## **2. Oral Questions**

### **2.1 Deputy G.P. Southern of St. Helier of the Chief Minister regarding the introduction of a Jersey equivalent to Transfer of Undertakings Protection of Employment (TUPE) Regulations:**

Will the Chief Minister inform Members, this week preferably, what progress, if any, has been made towards the introduction of a Jersey equivalent to the Transfer of Undertakings Protection of Employment (T.U.P.E.) Regulations and when he envisages that they will be debated by the Assembly?

#### **Senator I.J. Gorst (The Chief Minister):**

I refer the Deputy to my answer to him on 5th March of this year, and his attendance at the States Employment Board meeting in September of last year. At the meeting of the States Employment Board on 22nd March this year, a presentation was received from the Chief Executive of the Ports of Jersey on the current progress of the joint working between the trade unions and the ports, regarding the employee transfer as a result of incorporation. Positive progress was reported and the working group is continuing its work.

#### **2.1.1 Deputy G.P. Southern:**

So the Chief Minister does not know when he might be bringing some measures before this House?

#### **Senator I.J. Gorst:**

I do not have a fixed timescale for the completion of that particular work. When that is happening in partnership, as I said, with the trade unions, and very positive progress is being made, when that has been completed, then it is considered that that will be appropriate to roll out should there be any other need for it across the public sector.

#### **2.1.2 Deputy G.P. Southern:**

It is very pleasing to hear that co-operation is taking place between the Port Authorities and the trade unions. Is the Chief Minister aware that, as far as the transfer of staff to the bus company, we now have chaos? The bus company now refuses to recognise the trade union concerned and, I believe, is breaking the Employment Law. Will the Chief Minister take urgent action to ensure that the bus company obeys our Employment Law?



**The Deputy Bailiff:**

I do not think that comes out of the question, which is about the introduction of T.U.P.E. Regulations.

**Deputy G.P. Southern:**

It is about the transfer of staff from one company to another company.

**The Deputy Bailiff:**

It is a detailed question about a particular organisation rather than a question about the timing for the introduction of Regulations.

**Senator I.J. Gorst:**

I am quite happy to address it nonetheless.

**2.1.3 Deputy M.R. Higgins of St. Helier:**

Can the Chief Minister tell us where this particular piece of legislation or need for legislation is prioritised within his legislative programme? Is there, for example, any other pressing employment legislation that he is looking at other than this particular one? Where is it in the pecking order and is there anything else in train?

[9:45]

**Senator I.J. Gorst:**

There seems to be some confusion. This is not employment legislation; this is the creation of a Transfer of Public Service Employees Good Practice Code and that is happening, as I said, in conjunction with the unions and will be used in the first instance, with regard to the incorporation of Harbours and Airports and the Housing Department and, as I have said, it will be considered by the States Employment Board and used as the model for rolling out right across the Public Service, should that be needed in future. As the Deputy knows, employment legislation falls within the portfolio of the Minister for Social Security.

**2.1.4 Deputy G.P. Southern:**

In terms of the transfer of staff from one body to another on this Island, is the Chief Minister content that the guidelines, the Good Code of Practice, are being adhered to currently?

**Senator I.J. Gorst:**

As I have indicated, they are being worked on now so I am not sure how we can expect them to have retrospectively been followed. I think he is trying to resurrect his answer, Sir, that I believe you ruled out of order. I would be very surprised if it were the case that the bus company was acting outside of the Employment Law and I have no indication that they are.

**2.2 Deputy M.R. Higgins of the Minister for Economic Development regarding the full costs of the legal action against H.M. Government over the removal of Low Value Consignment Relief:**

Will the Minister collate, in conjunction with Her Majesty's Attorney General, the full costs of the legal action against Her Majesty's Government over the removal of Low Value Consignment Relief and advise Members of the total cost of the action to the States of Jersey, the breakdown of these costs into lawyers' fees, U.K. (United Kingdom) Government costs and other costs, and explain how much of the total cost the private sector contributed?

**Senator A.J.H. Maclean (The Minister for Economic Development):**

I think we have previously covered most of these but for the sake of absolute clarity, I can confirm for the Deputy that the total gross cost of the legal action was £797,743 comprising of £756,319 of legal costs, £35,000 costs payable to the U.K. Government and £6,424 for other general and administrative costs. As confirmed in my written answer 7351 tabled on 15th January 2013, the contribution pledged by the fulfilment industry towards the cost of the legal action amounted to £85,000. Therefore, the net cost to the public purse was £712,743.

**2.2.1 Deputy M.R. Higgins:**

Can the Minister tell us whether he has had discussions with his colleagues in Guernsey, and whether he happens to know how much they paid for these costs?

**Senator A.J.H. Maclean:**

I have not had a direct conversation with colleagues in Guernsey. I think the Deputy is probably well aware of sums that have been attributable in the media to the costs of the action. I should simply state, as I have previously, that the 2 cases were very different. They started at different times and a lot of the additional cost attributed to Jersey was in the preparatory work that allowed the Jersey case to get to court before the budget, which was absolutely critical. Otherwise, there would have been no opportunity of saving the jobs, which is what the majority of the process and purpose of the action was.

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

Is the Minister saying that the Guernsey case, because it was proportionately much less, well under £100,000 as I recall, was proportionately a less effective and less well prepared case as a result of the difference in sum?

**Senator A.J.H. Maclean:**

Those are the Deputy's words, not mine, but I would say, as I have just said a moment ago, that we started much earlier in the preparatory work. There was a considerable amount of witness statements and other matters that needed to be collated in order to get us a successful early hearing. Without that, we, and therefore Guernsey, would not have been successful. It is my understanding that the Guernsey case would not have been sufficiently robust alone and that is why the 2 were eventually joined together. That, I should add, was also in our interests. The 2 Islands ultimately joining the action and going jointly to the High Court at the end was beneficial to both.

**2.2.3 Deputy M.R. Higgins:**

Is the Minister prepared to put in writing the actual preparatory work that was done by Jersey that resulted in this extra cost, so we could all see if it was value for money?

**Senator A.J.H. Maclean:**

I think the Deputy would need to put it in writing himself to me exactly what it is he is asking for. If he is asking for all the details, there is a lot of confidential information that was collated from witnesses and I think that sort of information is highly unlikely to go into the public domain, but if he wants to clarify in writing, I will certainly have a look at it and seek advice.

**2.3 Deputy J.H. Young of St. Brelade of the Minister for Planning and Environment regarding the shortfall in the supply of Category 'A' and affordable homes:**

Will the Minister inform the Assembly whether his departmental review of the policies of the Island Plan 2011 has confirmed a significant shortfall in the supply of Category A and affordable

homes since 2011? If so, what action is he taking to bring forward revisions to the Island Plan policies to ensure this shortfall is eliminated and that the future need for affordable housing is met?

**Deputy R.C. Duhamel of St. Saviour (The Minister for Planning and Environment):**

Over 150 Category A homes have already been delivered against a target of 400 for the first 5 years of the Island Plan. It is also envisaged that there is a potential supply of over 800 Category A homes, including 500 for social rent, to be completed or construction commenced by 2017. The more difficult challenge is to bring forward a mechanism that delivers truly affordable homes, particularly when the development industry and the private housing market faces serious economic challenges. I will shortly bring forward an Island Plan amendment to set aside the policy that seeks to secure affordable homes as a proportion of private housing development contained in Policy H3 of the current plan, to replace it with one that focuses on the provision of affordable homes on States-owned sites and other private land through rezoning while still reflecting the spatial strategy of the plan.

**2.3.1 Deputy J.H. Young:**

That is good news that the Minister is going to review his policy. Could he give us some timescale of that, and indicate as well whether he will also be reviewing the number targets which are in Policy H1 as far as affordable homes from States-owned sites?

**Deputy R.C. Duhamel:**

The timetable is imminent, bearing in mind that any Island Plan review needs a substantial body of time to make sure that the Planning Inspector process is carried out effectively. This is a proper review, as asked by this House on a previous occasion, and I am intending that the whole thing will be discussed before the end of the year.

**2.3.2 Deputy K.L. Moore of St. Peter:**

The Minister says that this will be discussed by the end of the year. When does the Minister anticipate that building will take place?

**Deputy R.C. Duhamel:**

Building will take place as and when the building companies decide they wish to build and those who wish to purchase wish to purchase. There is nothing in my box of tricks or tools that I am able to do to ensure that. Buildings that are permitted, as the Deputy knows, are built in a record-breaking time. We do have some 1,400 houses that have been permitted ready for building at this time on our books and it is a matter of regret that due to the economic conditions, which are not just being felt by the Jersey community but worldwide, are not bringing those houses to be built in a short time period.

**2.3.3 Deputy J.H. Young:**

Would the Minister please confirm to the Assembly that not only does he have the resources to complete this review in a timely fashion, but he will be publishing his revised policies and proposals expediently and allow consultation with both Members of this House and the community as a whole?

**Deputy R.C. Duhamel:**

As the Deputy knows, it is a mark of my ministerial office that I do make a sensible attempt. In fact, I do encourage the widest possible consultation of all groups. Everything will be reviewed properly, it will be done as fast as possible, and this Assembly will be given an opportunity, as they should be given, in order to discuss the amendments to the policies before the end of the year.

**2.4 Deputy M. Tadier of St. Brelade of the Vice-Chairman of Comité des Connétables regarding the continuation of the unpaid role of Constable if no longer ‘ex officio’ members of the States in future:**

I hope the Comité has had a chance to at least prepare this answer in their busy schedules. Can the Vice-Chairman confirm that as the role of the Constable is an honorary position, with Constables only being paid for their membership of the States, the position would remain unpaid if they were to lose their *ex officio* States role?

**Connétable D.J. Murphy of Grouville (Vice-Chairman, Comité des Connétables):**

On 19th October 2010, the answer to a written question was tabled advising that the Constables do not receive any pay from their Parishes for the duties they perform on behalf of their Parish. The Constables are eligible for remuneration in their capacity as elected Members of the States of Jersey in accordance with Articles 1 and 44 of the States of Jersey Law 2005 and this entitlement to remuneration is wholly dependent on their remaining elected Members of the States Assembly.

**2.4.1 Deputy M. Tadier:**

Thank you, that was a very clear answer. The reason I asked that is, of course, that there is one campaign group who is called Option B which is going around telling the public that if the Constables are removed, then the Parishioners will have to pay for the Constables via their rates and we will end up with 42 States Members and 12 extra politicians who will be paid for, therefore more politicians. Could the Vice-Chairman confirm that, as it currently stands, there are no plans, certainly from his side of the Comité, to ask for remuneration in the eventuality that Connétables lose their automatic seats in the States Assembly?

**The Connétable of Grouville:**

No, we do not have any plans for anything like that at all. The whole of this situation would depend on the parochial assemblies and I might remind the Deputy that the role of the Parish Assembly is different to a Parish meeting. The Parish Assembly does not extend to matters beyond those specifically relating to the administration of the Parish. On occasions, meetings are held in Parish Halls to debate matters of local interest. Those are informal proceedings and must not be confused with the formal business of the Parish Assembly, which is what it would need in order to change the situation of the Constable within the Parish.

**2.5 Deputy R.G. Le Hérissier of the Minister for Treasury and Resources regarding the number of domestic connections required to ensure the viability of the Gigabit project:**

What number of domestic connections per month are required to ensure the viability of the Gigabit project and what numbers have been connected per month in the period January to March 2013?

**Senator P.F.C. Ozouf (The Minister for Treasury and Resources):**

I am advised that 541 properties were connected in the January to March period, 140 in January, 250 in February and 177 in March. This brings the total properties connected at the end of March to 2,278. As with any one-off infrastructure project on a scale as big as this, which is the biggest infrastructure project ever undertaken in Jersey, particularly in terms of logistics and interaction with users, the success of the Gigabit programme will be measured by reference to the successful connection of Island properties within the total envelope of 41.5 million. As I have previously stated, J.T. (Jersey Telecom) have had issues with their contractor, but I am pleased to advise that they have made significant progress in resolving those issues and I am advised that the number of homes connections will accelerate in the months to come.

### **2.5.1 Deputy R.G. Le Hérissier:**

I thank the Minister for his words. I wonder if the Minister could outline why he believes there will be an acceleration of connections in the months to come.

### **Senator P.F.C. Ozouf:**

I do not know whether the Deputy had the opportunity of attending the briefing that was given by J.T. Effectively what has happened is that there was a failure in the relationship between the subcontractor and the contractor, and effectively that has had to be resolved. Now new arrangements have been put in place. I have stated before that I regret the fact that the individuals that were employed by the subcontractor lost their jobs, but I understand that redeployment is now underway and with this new arrangement in place, for all those reasons, and the support of the contractor, we are going to see a rapid acceleration of connections.

### **2.5.2 Connétable P.J. Rondel of St. John:**

Under the previous subcontractor and the current subcontractor, I note that there are still as many holes being dug up to try and find the necessary boxes or connections. How much longer and who is picking up the final bill on all these holes that are being dug, and if the Minister is going to say it is going to be Telecom, can he give some serious thought before saying that, please?

[10:00]

### **Senator P.F.C. Ozouf:**

I would have imagined the Connétable of St. John would be celebrating infrastructure investment. It is something that he cared passionately about, and so digging up the roads and making our Island better is what exactly he wants, but he does raise an important question about the costs of reinstatement of roads and that is something which the T.T.S. (Transport and Technical Services) Minister is endeavouring to resolve with utility companies. As far as the total cost of the project is concerned, it is £41.1 million for J.T. and that has been partly funded by a loan to J.T. and receiving slightly lower dividends.

### **2.5.3 The Connétable of St. John:**

Will the Minister tell us what the cost will be to the Island over and above with the road repairs, please?

### **Senator P.F.C. Ozouf:**

I understand that T.T.S. have now significantly strengthened arrangements for main roads. I am not sure what the arrangements are for reinstatement of Parish roads, and it is something that the Minister for Transport and Technical Services is holding utilities to account for. The Connétable shakes his head. He cannot have it both ways. He cannot have the Island connected with mains drains, which I want to see, and better infrastructure if we do not do some digging up of the roads, but they must be reinstated properly.

### **The Deputy Bailiff:**

Minister, we have already departed substantially from the question and we are not going on to drains.

### **2.5.4 Deputy M.R. Higgins:**

I was trying to listen as closely as I could to his answer to Deputy Le Hérissier, but I do not think the Minister answered the question. The question said what number of domestic connections per month are required to ensure viability. We were told how many have been done in the last 3 months but how many are required to ensure the viability of the project?

**Senator P.F.C. Ozouf:**

I apologise for that. I did have that number in my notes and do not appear to have got it in my briefing this morning. That is my fault. I will circulate that number of what the estimated requirement of homes connected is, which has been discussed with the Treasury, and we have certainly been holding the board to account in relation to that number, but I will give the Deputy that number later on via email if I may.

**2.5.5 Senator S.C. Ferguson:**

How many people have subscribed for the 25-megabyte connections and above?

**Senator P.F.C. Ozouf:**

Sir, you said I went off piste. I am not sure that that question relates to the original answer. I am not Managing Director of J.T. but I will try and answer that question by email later. I do not hold those figures in my head and I do not necessarily know them. I am not a shadow board director.

**The Deputy Bailiff:**

It was closer to the original question than the one about the roads.

**2.5.6 Deputy M. Tadier:**

Is the Minister aware, when one connects to Broadband with J.T., whether it be Gigabit or anything else, that one is obliged to have a phone line attached as well? Can the Minister look into this issue as to whether or not it could be possible to purchase a Broadband connection without a landline and the associated cost?

**Senator P.F.C. Ozouf:**

You need a telephone line to get Broadband and that is certainly the issue with copper.

**Deputy M. Tadier:**

That is not true.

**Senator P.F.C. Ozouf:**

I am not an engineer, and I am just simply cannot answer questions about the commercial arrangements with J.T. My role is to deal with accountability of the board and sign off the high level policies in relation to infrastructure spend. States Members do like asking me questions about the micro management of these organisations, and I simply cannot do that, and that is really not the role of the Minister for Treasury and Resources. I cannot answer questions about telephone lines and Broadband in this micro way.

**2.5.7 Deputy R.G. Le Hérissier:**

Would the Minister not concede that the pricing policy, as such, that he and the board are being highly optimistic that there is going to be this uplift in connection? Would he not concede that there has to be a much more radical pricing policy to bring people to the point of signing up?

**Senator P.F.C. Ozouf:**

No, I do not agree, and these are issues that are rightfully for the board and, where necessary, for the oversight of the Jersey Competition Regulatory Authority who regulates telephone prices. If there is an issue with telephone prices and Broadband connections, then they will regulate. They have the powers to do so. That is the issue. As far as the business plan is concerned, I understand that the business plan was conservatively drafted in terms of the amount of connections that were made and the pricing policies. I have full confidence in the board in making the right commercial

decisions to make sure that this project not only delivers the infrastructure improvement but also returns money to the shareholder, which is ultimately the people of Jersey.

**2.6 Deputy G.C.L. Baudains of St. Clement of the Minister for Transport and Technical Services regarding the quality of road resurfacing and trench reinstatement by utility companies:**

Given the tone of the last question, I wonder if the Minister for Treasury and Resources should, in fact, be answering this. Is the Minister satisfied with the quality of road resurfacing via his department and trench reinstatement via utility companies and if not, would he advise what action he intends to take?

**Deputy K.C. Lewis of St. Saviour (The Minister for Transport and Technical Services):**

In general I am satisfied with the quality of resurfacing and trench reinstatement on the Island's main roads. The department has practices and procedures which specify the quality required by the contractors undertaking the works, and the rectification process, that they should achieve the desired standard of finish. In the majority of instances, the contractors achieve the department's required standard but on a small number of occasions, they do not. Where this happens, there is a clear mechanism for ensuring that substandard work is rectified at the contractor's expense. The recently completed La Rue de la Hougue Bie resurfacing project had a number of snagging items which the contractor has been made aware of and will repair at his own cost. Repairs are due to be carried out in coming weeks.

**2.6.1 Deputy G.C.L. Baudains:**

As an example, the Rue des Prés road is a suspension-testing course but I do not see that his department is requiring that to be resurfaced. Would the Minister agree with me that the standard requirement has dropped and that the way roads are now resurfaced is a different way to the way it used to be and as a result, the quality is not what it used to be? Why is that happening and why is the department not addressing it?

**Deputy K.C. Lewis:**

Yes, La Rue de la Hougue Bie has been made aware to me and officers are investigating this particular road.

**2.6.2 The Connétable of St. John:**

Given that a number of main arteries into St. Helier have been resurfaced over the last 5 to 7 years, will the Minister please explain how come Queens Road, for instance, has had its manholes lifted on several occasions because of failing asphalt and I note, even again this morning on my way in, that the manholes have been boxed again in yellow paint because a number of holes are appearing yet again. Can it be right and are the States picking up the bill for this maintenance work or is this being done under the original contractor's warranty?

**Deputy K.C. Lewis:**

Repairs of this kind are guaranteed for 12 months. With the new Street Works Law, which will be coming in the middle of next year, that will be extended to 3 years. If the roads are handed back to the States, they will be guaranteed for 3 years and any repairs will be taking place at the contractor's expense.

**2.6.3 Deputy T.A. Vallois of St. Saviour:**

Could the Minister advise how he knows that it is the fault of the contractor, and not the officer's advice given from the department via the policy and procedures laid out?

**Deputy K.C. Lewis:**

The procedures are very clearly laid down. I would be more than happy to get a copy to the Deputy.

**2.6.4 Deputy T.A. Vallois:**

It is fine to have policy and procedures laid out, but it is how they are implemented. How would the Minister know whether it was the contractor's fault or the officer's way of implementing those policies and procedures?

**Deputy K.C. Lewis:**

It is all very closely monitored but there are occasions where trenching is done without the knowledge of the department, or should I say they are reinstated without an officer present. This will be covered in the new Street Works Law where it will be clearly laid down.

**2.6.5 Senator S.C. Ferguson:**

Considering the roads on Victoria Avenue and so on, it is said that the guaranteed lifetime of the repairs on those was a number of years, I am told 20 years, rather than the normal 30. Would the Minister like to confirm this?

**Deputy K.C. Lewis:**

I believe that to be the case.

**2.6.6 Senator S.C. Ferguson:**

Does this not mean then that the quality of the road covering is not up to standard?

**Deputy K.C. Lewis:**

I need to check up on that with the department but as far as I am concerned, the covering itself was up to standard but there was an awful lot of drainage work taking place besides the actual road covering, and there was also some lane reconfiguration.

**2.6.7 Deputy G.C.L. Baudains:**

Could the Minister assure the Assembly that the process used in resurfacing roads will revert to the original more satisfactory process where it was laid in 2 layers instead of the one layer they are doing now? On trench reinstatement, can he assure this Assembly that his officers are monitoring trench reinstatement so that it is compacted and it is level as they go, because I do not believe there are any utility trench reinstatements being satisfactorily monitored by his department?

**Deputy K.C. Lewis:**

It is monitored by the department but, as I have stated, sometimes the trench is reinstated without an officer present. This will be covered by the new Street Works Law coming in the middle of next year where they will be legally obliged.

**2.7 The Connétable of St. John of the Minister for Treasury and Resources regarding the use of Departmental underspends to extend mains drains across the Island:**

Given the recent savings which have been made across States departments, what consideration, if any, has the Minister given to using some of these underspends to extend mains drains across the Island?

**Senator P.F.C. Ozouf (The Minister for Treasury and Resources):**



I am sure the Connétable of St. John will welcome the T.T.S. request and Treasury approval of £381,900 of the departmental underspends to be used to continue to develop the Liquid Waste Strategy this year. These funds will be used to finalise the work done to put in place a new strategy, and prepare for a consolidated strategy document which will be consulted upon. It is this Liquid Waste Strategy that will deal with the issue of mains drains extensions, along with all other Island drain issues. The completion of the strategy is obviously primarily an issue for the Minister for Transport and Technical Services, although he has set up a ministerial oversight group consisting of Planning and Treasury, and I would expect that the Minister will discuss with the Treasury the funding requirements as it is likely to be outside of the funding envelope of the M.T.F.P. (Medium-Term Financial Plan) capital programme and could involve some borrowing. This will be especially important as we all want to deliver the new strategy within 18 months. It is also important that I remind the Connétable of St. John that besides the work on the T.T.S. strategy, T.T.S. have already made enormous progress on a number of drainage projects through the Infrastructure Rolling Vote, but also in the Fiscal Stimulus Programme and a good example of this is the work currently underway with the Philip Street shaft in the north of town area.

### **2.7.1 The Connétable of St. John:**

I have heard some answers in my time but that one takes the straw, given that in my time on Public Services, we put strategies in place to extend mains drains and to be looking at it yet again, year on year, to me is wasting time and public money, having officers doing this. Will the Minister please consider, given we have had 12 months of non-stop rain, the water table is so high in many areas of the Island, that soak-aways are not working. People are having to pump crude effluent from their soak-aways on to land, and it is finishing up into the watercourses further down and, in fact, into reservoirs and the like, and will he please start spending some of this excess cash that he keeps on finding, on the areas of the infrastructure that need dealing with some urgency because at the moment, you are drinking my or my neighbour's bath water.

### **Senator P.F.C. Ozouf:**

It is important that in the Parliament of Jersey, I think we do ensure that we have a certain standard of comments that are made, and it is important that we do not scaremonger. I fully understand and agree with the sentiments expressed by the Connétable that we need to extend mains drains to more people, and we need to deal with the inequity of people that are connected to the mains drains for nothing, and those that have soak-aways that need to be paid for in terms of being emptied. He will know we were both members of the Public Services Committee for a number of years. The extension of the mains drains network is going to be more challenging. We have done the easy to connect properties. Those properties that remain to be connected are going to be longer and much more expensive and the strategy that I referred to, under the leadership of the Minister for Transport and Technical Services, is designed once and for all, to deal with the expectations of connecting other properties to Jersey. But we should not scaremonger. There is work to be done. We have a good drainage infrastructure which is improving and we are determined to reinvest and extend where possible, but not everywhere will be possible to extend.

### **2.7.2 Deputy T.M. Pitman of St. Helier:**

They say words are cheap. In support of the Constable, does the Minister not agree that in reality making more funding available, as the Constable requests, would, in fact, be a sensible and long-term money saver for the taxpayer rather than a drain on resources?

[10:15]

### **Senator P.F.C. Ozouf:**

I fully agree with the Deputy on the importance of infrastructure spend and I will be tabling later today a report which for the first time analyses infrastructure and capital spending by every quarter in 2013. It underlines and signals the huge and significant amount of capital and infrastructure spending which is being done, in order to support the economy and improve services and prepare for the long term and being delivered at good value for money. I agree with that and the focus on infrastructure spend is what we are doing in terms of our long-term planning, but we cannot do everything. I would remind the Deputy that connecting all properties to Jersey, and those last properties, will be more expensive in the rural Parishes and this is the strategy that I repeat is designed to deal with this and reinvest in our drainage infrastructure for the longer term.

### **2.7.3 The Connétable of St. John:**

Given the Minister's challenging remarks, we were told by Presidents and Ministers of the past, that money was going to be spent on our infrastructure for mains drains and they would be all in place by 2013/2015. We are in 2013 and there is still 9 per cent of this Island without a connection to mains drains. Yes, it is the most challenging area because of their locations, but not all of them are in that kind of location. Will the Minister agree that absolutely nothing has been spent by T.T.S. over recent years on extending mains drains into the countryside, nothing whatsoever?

### **Senator P.F.C. Ozouf:**

That is absolutely right, and I would remind the Connétable that he is a Member of this Assembly and he is able, just as we all are, to challenge forward forecasts and forward spending limits, in terms of the Medium-Term Financial Plan, and he will again have the opportunity because we agree capital spending a year in advance. If he is unhappy with the allocation of capital spending, he can amend the capital programme in the Budget this year. It is important that we remind ourselves that while the Connétable rightly talks about drainage, we have infrastructure in terms of schools, hospitals, the road network, waste and energy also, and these need to be prioritised and for the first time, under my leadership of the Treasury, we have a 25-year capital programme setting all of the infrastructure and capital requirements out and we will resolve the issue which he cares about, and I care about, and the Minister for Transport and Technical Services cares about, in terms of drainage infrastructure and we will settle this issue during the course of this administration before the end of next year so progress will be made.

## **2.8 The Connétable of Grouville of the Chief Minister regarding the Foreign Account Tax Compliance Act agreements between the United Kingdom and United States governments:**

With reference to the Foreign Account Tax Compliance Act Agreements between the United Kingdom and United States Governments, can the Chief Minister confirm whether these agreements are proactive or reactive for practitioners in Jersey?

### **Senator I.J. Gorst (The Chief Minister):**

The Intergovernmental Agreement that the United Kingdom Government wishes to sign with Jersey will mirror the F.A.T.C.A. (Foreign Account Tax Compliance Act Intergovernmental Agreement that we have initialled with the United States Government. The obligations placed on practitioners in Jersey will be limited to those set out in the agreements, and to assist practitioners in meeting their obligations, we will be issuing guidance notes. The agreements will be brought to the States for ratification in due course, as will the regulations necessary to put the agreements into effect prior to which the finance industry will have been consulted. Linked to the agreement with the U.K. is a disclosure facility which, together with the necessary regulations, will be presented to the States shortly for adoption.

### **2.8.1 The Connétable of Grouville:**

In the event that a Jersey practitioner inadvertently breaks an American law which does not exist in Jersey, will he or she be liable to rendition or prosecution and under whose jurisdiction will he be liable to be subject to this Act?

#### **Senator I.J. Gorst:**

I am surprised that that question is in order because it does not relate to these agreements. As I said, the obligations placed upon practitioners in Jersey will be clear within the agreements, and one of the reasons for the intergovernmental agreement, and the need for that intergovernmental agreement rather than direct report, is that the information is passed government to government and therefore if there are any issues which arise, they can be resolved government to government.

### **2.8.2 Deputy M.R. Higgins:**

I am reading “reactive” in a particular way. Will the Chief Minister tell us whether, as a result of signing the agreements with the United States and the United Kingdom, other governments in Europe are queuing up, because I am aware that it appears that other governments do want similar agreements from the Island and the United Kingdom? In fact, they are pressing the United Kingdom to make sure that all Crown Dependencies and Overseas Territories enter into similar agreements. Can the Chief Minister explain whether he has been approached or whether there are any talks on this because the industry is going to have to react to those as well?

#### **Senator I.J. Gorst:**

Let us be clear. It is government that reacts and signs and negotiates agreements with other jurisdictions, obviously in consultation or after consultation with industry. As I said in my statement when we last sat in the Assembly, we are aware that the United Kingdom has this automatic exchange of information high on its agenda for the G8 later this year. Members will be aware that they have signed in-principle agreements with other European Member States only last week similar to F.A.T.C.A. and I said then, and I stand by that, that we will watch with interest the efforts being made by the United Kingdom to promote F.A.T.C.A. as a new global standard. Should such a standard be adopted internationally, we will, of course, respond appropriately.

### **2.8.3 Deputy M.R. Higgins:**

Would the Chief Minister say that is he concerned that we may be used as a bargaining chip as part of the G8 negotiation, in other words, ensuring that information is exchanged from the Island in return for other things that the U.K. Government is seeking in the G8 summit?

#### **Senator I.J. Gorst:**

I would say that we could be used as a good example of a transparent, co-operative jurisdiction that complies with international standards, as long being involved and committed to the fight against tax evasion as shown by our 1999 law and therefore I believe that we can be used as an example for other jurisdictions.

### **2.8.4 The Connétable of St. John:**

Are the laws that we are passing retrospective?

#### **Senator I.J. Gorst:**

As I said, those agreements will be ratified by this Assembly. I am not really sure what the Connétable means when he uses the word “retrospective” in this regard.

#### **The Connétable of St. John:**

If I could help, I will rephrase the question. If you sign the law today, will anything that happened last week or last year be taken into account?

**Senator I.J. Gorst:**

As I said, agreements will come to this Assembly for ratification in due course. It is not clear quite what the Connétable means, nor, what the Connétable in his opening question meant. When it comes to retrospective, of course every intermediary operating in Jersey, now will have obligations placed upon them with regard to these agreements. I am not sure that it can be seen quite in the terms of retrospective or not. It will be every intermediary operating in Jersey at the point that the agreements come into force.

### **2.8.5 The Connétable of Grouville:**

In my original question which I was trying to dig down into, what I am trying to avoid is that we see the cases in the U.K. where citizens have broken a law inadvertently in another country and then been rendered from the U.K. into that country to stand trial for breaking a law which they did not know existed. Can he ensure, when he signs these agreements, that that is taken into account?

**Senator I.J. Gorst:**

We do seem to be confusing 2 issues here. As I said, the obligations within the agreements will be clear. We will be providing guidance notes to assist practitioners in meeting their obligations, and this Assembly will be asked to ratify those agreements and approve regulations in due course to bring them into force. With regard to the disclosure facility, it does oblige ourselves, that is the Government of Jersey, to require financial intermediaries to contact those of their current clients who are relevant persons to make the existence of the facility known to them. How they contact their current clients will be for each financial intermediary to decide.

### **2.9 Deputy T.A. Vallois of the Minister for Treasury and Resources regarding the reform of the public sector:**

Could the Minister advise what support his department is providing and its overall involvement in the reform of the public sector?

**Senator P.F.C. Ozouf (The Minister for Treasury and Resources):**

I would like to thank the Deputy for this important question. She will recall, I hope, the extensive briefing and information that she received by the Treasurer and her senior management team, about what the Treasury is doing in terms of government reform. Treasury is actively involved in the government reform programmes, service improvement and the ongoing work to deliver efficiencies. Reform in this context also includes significant areas in terms of transformation of the housing and health services, as well as long-term planning and the reforms of the States itself. So Treasury officials are supporting departments as they prepare business cases for each part of the reform programme, and I will do all I can as Minister for Treasury and Resources, to help deliver better value for money and build on the success of the Comprehensive Spending Review. As far as the Treasury itself is concerned, I hope that we are also trying to lead by example. The Treasury's introduction of Procure to Pay, will deliver significant ongoing savings and reform the way in which we purchase goods and services. Our departmental work on pensions is now underway with the aim of ensuring that we have a public sector pension offering which is sustainable, affordable and fair. Property Holdings are working on the office rationalisation strategy and I will be answering a question about that shortly. Tax transformation is also a Treasury important project that will deliver online filing of tax returns for businesses and individuals and will be extended over

the course of time as quickly as we can, so I am happy to say that my department is fully supportive and actively engaged in reform.

### **2.9.1 Deputy T.A. Vallois:**

I thank the Minister for his answer. What concerns me from that answer is with regard to the property rationalisation. Obviously he is in charge of Property Holdings. That has been going on for a significant period of time. With regard to the Comprehensive Spending Review where that was mentioned, culture change was a significant part of making the savings. Could the Minister advise why I should believe that the reform his department is supporting would be successful this time when it was not under the Comprehensive Spending Review?

### **Senator P.F.C. Ozouf:**

I have engaged in some debate with Senator Ferguson about bricks and handbags, about the issue of criticising previous reforms. I do not think it is fair to say that previous reforms have not worked. They have worked. The first set of reforms delivered millions of pounds worth of savings. We tried airbrush history. We have now dealt with a Comprehensive Spending Review that has delivered ongoing savings in excess of £58 million. This is not failure, this is success, and we are delivering better services. I am shortly going to be answering a question on an example of an office space strategy in terms of Maritime House, and I will answer that then. We are delivering hopefully a new police station. We are resolving numerous issues about the procurement and better value of repairs and maintenance. There is an awful lot more work to be done to improve property, and I agree with the Deputy that the vision of office space strategies and getting efficient office accommodation will help government reform, and we are going to be partners with the Chief Minister and the Minister for Economic Development in those endeavours.

### **2.9.2 Senator S.C. Ferguson:**

Will the Minister for Treasury and Resources not agree that the previous savings about which he is speaking so eloquently, the previous £35 million alleged savings, when the analysis was done they were £4.98 million. Does the Minister not agree?

### **Senator P.F.C. Ozouf:**

No, I do not, and I think that to say that the precursor to the Comprehensive Spending Review not under my leadership was a failure would be wrong. We have been delivering efficiencies for years but have accelerated that in the last 4 years, and unlike other governments who are having to engage in savings for austerity reasons, we are taking real ongoing savings on an annual basis rather than the short-term cuts of capital spending, and I do not agree. History will record its own analysis in terms of savings, but this Assembly and our public sector has reformed and modernised and we are delivering ongoing year on year savings. I wish the Senator and other people would give the public sector some encouragement about this efficiency programme, rather than simply carp from the sidelines and say it is not enough and we are not doing anything. I do not think that is fair.

[10:30]

### **2.9.3 Senator S.C. Ferguson:**

Does the Minister not agree that the general public, when they have savings, would expect to see their expenditure level drop? Does he not understand that this is what the public understands by savings and that we are not providing that particular standard for them to judge us by?

### **Senator P.F.C. Ozouf:**

We are delivering savings, but this Assembly is also delivering better services, and it is simply not possible to deliver improved health and social services, a better benefit system, support for jobs, and improvements in terms of housing if we do not increase investment in some areas. What I would say to the Senator is please understand that the increases that we would see in overall spending would be much higher, if this was not offset by efficiencies in some areas, and it is simply unrealistic to suggest that in this economic period and the need to improve health and invest in health and social services, that we can see the overall level of spending being reduced. Savings does not mean reducing overall spending. It means reallocating spending and getting better value for money, and let us raise the level of this debate rather than simplistic headline-grabbing numbers which do not always say the truth.

#### **2.9.4 Deputy J.H. Young:**

Hopefully I can avoid headline grabbing and try and address the £58 million savings that the Minister reminded us of. Could he tell us, please, how much of that savings was, in fact, introduction of user pays charges so, as it were, expenditure being moved on to service users? Also has he any figures available of how much of that saving was, in fact, deferral of future expenditure plans?

#### **Senator P.F.C. Ozouf:**

Those are 2 excellent questions, and we were very clear in the Comprehensive Spending Review that we would not allow departments to come forward with simply charging mechanisms, passing on the expenditure elsewhere and pass them off as savings. I will agree that there was one example where that was not successfully driven. That was effectively in the school fees issue in terms of education where the savings, which we then failed to deliver, was effectively cutting the grants for private schools and that was being presented as a savings, and that was not, and the Deputy would be right. All the analysis on savings has been broken down in terms of efficiencies and outside charges, and I will send the Deputy the links to the M.T.F.P. of the analysis of that spending. In terms of deferment, we have done the opposite of deferment in the fiscal stimulus and other boosts in the economy. We are bringing forward expenditure, ensuring that we are keeping the economy going and getting better value for money, rather than deferring expenditure. We are getting on with reforming the hospital, health, housing and other areas, and that is a good thing.

#### **2.9.5 Deputy G.C.L. Baudains:**

I would like to get away from spending and savings and back to the question, reform of the public sector. Would the Minister agree with me that the real problem is the structure, and not the civil servants working in it, because they do seem to take a lot of flak from time to time?

#### **Senator P.F.C. Ozouf:**

I agree with that and that is a requirement. The ministerial government was effectively introduced in 2005 with some degree of straitjacket which was not conducive. There were some failures in terms of ministerial government and the corporate departments, but under this Chief Minister and some of the announcements that he is going to be making later, I think that we are solving some of those structural issues and yes, we should not point the finger at our civil servants and our public sector workers. We have a responsibility for setting the tone and making sure that our policies are working and we need to encourage our public sector and not simply attack them.

#### **2.9.6 Deputy T.A. Vallois:**

Can I just clarify I am not throwing bricks at the civil servants. I am asking a question of the Minister and the Minister should answer. My final supplementary is under the C.S.R. (Comprehensive Spending Review), the Minister was, whether rightly or wrongly, argued to be putting his fingers into too many pies in terms of programmes going on. Can I ask the Minister

how he ensures that there is a balance between what he needs to do to support the reform programme, and how he allows other departments to get on and deliver their side of the reform programme?

**Senator P.F.C. Ozouf:**

Ultimately, yes, the Treasury did lead the Comprehensive Spending Review, but with the support of the previous Chief Minister in terms of that programme, and I think that the C.S.R. has delivered a great deal and we should be proud of what we have delivered. We are delivering a public sector which is caring more about money, a better value for money, and the structural changes that we have been making about the Medium-Term Financial Plan is improving matters, but this work never ends. We have got to constantly improve. We have got to constantly deliver what we do for less and we have got to save money on existing services to ensure that, as Senator Ferguson understandably is concerned about rising expenditure, that the increase in investment that we need is offset by savings. This never ends and this is an ongoing issue. Every company in the private sector has efficiencies every year and we have got to get used to this. This is not an end, this is an ongoing dynamic, but the next lot of savings are going to be more challenging because we have taken the easy stuff. That is why the reform programme needs to be more widespread, more detailed, and we need to engage our staff who often have some of the best ideas.

## **2.10 Deputy J.A. Hilton of St. Helier of the Minister for Economic Development regarding the use of non-locally qualified licenses:**

What action, if any, is the Minister able to take to ensure that those employers who hold vacant non-locally qualified licences, and who are therefore in a position to employ people newly arrived in the Island, offer the post to locally qualified persons?

**Senator A.J.H. Maclean (The Minister for Economic Development):**

Under the current Regulation of Undertakings (Jersey) Law, businesses are granted 3-year licences which, unless there is a breach of the law, cannot be revoked or changed. However, over the past 12 months, in order to support the rising number of local job seekers, the Population Office, during the process to review and renew licences, has very carefully considered unutilised licences. The Migration Advisory Group and Population Office have been reducing the number of licences for non-locally qualified persons in the economy in response to the economic climate. From a number of 9,100 at the end of 2009, the number of non-locally qualified licences was reduced to 7,346 by the end of 2012, a reduction of 1,754. This work will continue, including using the new powers under the Control of Housing and Work (Jersey) Law which will allow us to revise licence capacity at any point. What we will not do, however, is to restrict high value or growth businesses who demonstrate that they need specialist skills that are not available locally. These businesses are critical to our economic future and importantly, through their success, create job opportunities for locals.

### **2.10.1 Deputy J.A. Hilton:**

I thank the Minister for his answer. The reason I asked this question was because it came to my notice from a constituent, and this was put in the public domain, that they had gone for lunch in a pub operated by a local brewery and were very, very surprised to find that the young lady who served them had only been in the Island 2 weeks and had walked into this job. They were really disappointed by that, so this is why I have asked the question. We have over 2,000 people unemployed in the Island but it seems that local companies are still employing people who have just come off the boat. Could the Minister address that point, please?

**Senator A.J.H. Maclean:**

I share the frustration of the Deputy and she has alluded to where the focus of the problem is in terms of non-locally qualified, which is in industries such as hospitality, such as agriculture and such as retail. It is where businesses have, as has been explained before, licences with an allocation of non-locally qualifieds and, of course, if somebody leaves that post, that allocation is still in place and can be replaced, and so the example the Deputy has referred to is simply that. It is a replacement, I suspect, although without knowing the detail of the individual company. I am very happy to ensure the department investigates, but these are the sorts of examples that we hear and I understand how frustrating it is, but we are working very hard to ensure we get local people who are unemployed back into work. There are a whole stream of ways in which that is being done which the Deputy and other Members are well aware of.

**2.10.2 Deputy J.A. Martin of St. Helier:**

It might not come under the Minister's remit but I think it does. Are all licences flexible, because I note that we have X amount of people out of work and I note we have many full-time jobs that are unfilled, such as in the catering industry where part-time would maybe employ 2 people. So is the licence per person, or is it flexible enough to be 2 people, whether qualified or unqualified?

**Senator A.J.H. Maclean:**

Technically speaking, there could be 2 people so the Deputy is right in that respect. I mean the bottom line on this is that however hard we work, and the issue and the real gain here is job substitution. What we need to seek to do is to encourage more local people to go for jobs in hospitality, retail and agriculture. That is where there are jobs available. That is where we have, for decades, been bringing people and their families into Jersey. So more local people need to be prepared to do those jobs. There are opportunities, and I know my colleague at Social Security and his Back to Work team have been working really hard. The hospitality programme, for example, seeking to offer training to local people to encourage them to go into the hospitality sector, is one example and there are many others. But it is not going to be an easy job necessarily.

**2.10.3 Connétable A.S. Crowcroft of St. Helier:**

Is the Minister aware of local businesses that are being frustrated in their efforts to grow their business, especially in the hospitality sector, by the fact that there simply are not people with the suitable skills and experience available in the local job pool? Will he show flexibility and encourage the Population Office to show flexibility in allowing those businesses to grow at a time when we really need them to?

**Senator A.J.H. Maclean:**

As the Minister for Economic Development, I want to give the opportunity for every business to grow in whichever sector that may happen to be. The Connétable is perfectly correct. There are frustrations within hospitality and retail sectors who find difficulty because they are being pressed to employ local people, and they tell us consistently that they get local people coming for jobs who are not up to meeting the standards that they require, or who will not stay the course in terms of working in hospitality, which is unsociable hours, weekends and so on. It is a very difficult balance. If you are running a business you want to employ the person who is going to do the job for you to ensure you can keep the business going, to ensure you can be profitable and to ensure that you can continue to employ the local people, which are still an important component of that particular business. It is a very difficult balance.

**2.10.4 Deputy R.G. Le Hérissier:**

Can the Minister confirm that the view he put forward at the beginning, that he is not in a position to withdraw these licences until they naturally expire, so to speak, has been legally tested?



**Senator A.J.H. Maclean:**

That, frankly, is a matter that will be addressed in the new law which is coming into force on 1st July, so I trust that will be the case. What we have been doing, as I pointed out, is taking out capacity when licences have been coming up. Of course, there is a rolling programme. Licences come up all the time and capacity has been taken out on a regular basis since the economic climate has deteriorated.

**Deputy R.G. Le Hérisier:**

I wonder if the Minister could answer the question. Has it been legally tested that he is unable to terminate the large number of licences currently existing in the system, which are undermining the move to the localisation?

**Senator A.J.H. Maclean:**

I am not aware that it has been legally tested but, as I say, the new law comes into force in July and I suppose that will give absolute certainty of that particular question.

**2.10.5 Deputy G.C.L. Baudains:**

There used to be a differential. I cannot remember if it was 5 per cent or 10 per cent, whereby local people enjoyed a small advantage over people from outside the Island. Does the Minister believe that a reinstatement of such a system would benefit local employment? If so, would it be possible to reintroduce it?

**Senator A.J.H. Maclean:**

I think the Deputy is referring to procurement issues where there was a preference towards local suppliers, which gave them an advantage of, I think, 5 per cent or 10 per cent as he says. I am not certain that it has been used with regard to employment in the past. I am not quite sure in practical terms how one would apply it, bearing in mind that the majority of business, well in fact all businesses, the majority of their employees are locally qualified.

[10:45]

**2.10.6 Deputy T.M. Pitman:**

I did not think you could see me there behind my little colleague in front. The Minister referred to antisocial hours as one of the reasons why these industries are frustrated, they cannot fill them. Does he not concede that his department, and not just his department but his ministerial colleagues, need to be doing something more on a living wage, to make those jobs realistic for people? Obviously, doing nothing should not be a lifestyle of choice at the taxpayer's expense, but we must ensure that there is an incentive for people to work and to fill those opportunities, to help boost the economy and to give people self-esteem.

**Senator A.J.H. Maclean:**

What I said was it was unsociable hours, I think. If I used the term just used by the Deputy, then I apologise but I believe it was unsociable. That is what I certainly meant. On the subject of living wage, I know the Deputy feels strongly about this issue, but from a purely commercial perspective, he has to realise that if we are using the example of hospitality, it is an export industry, and we are competing in a very competitive world. We are already an expensive destination in many respects. Businesses have to operate within the cost base of the Island as it stands at the moment and, as such, are working within the laws delivering and paying wages, meeting the minimum wage and, in fact, many, and I have seen examples, exceed the minimum wage. Nevertheless, they have little difficulty finding employment from people that have necessary skills, but also the desire and the culture to want to work hard for the employer, which is an important point, from people who come

from outside of the Island. What we have to do is instil that culture into the local community. It exists in part. We need many, many more who pick up on that and we need to work hard to try and deliver it.

**2.10.7 Deputy J.A. Hilton:**

I have to say it is most disappointing that a local brewery like Randalls should see fit to employ somebody who has literally only been in the Island for a couple of weeks. Extremely disappointing. You spoke briefly about the Back to Work scheme. I listened to a young man on the radio yesterday, local young lad, 20 years old, who was saying how well Social Security, the Back to Work scheme, had worked for him and how encouraging that was to get into hospitality. So when you hear of cases like this, where a local brewery is employing somebody who has literally only been in the Island for 2 weeks, it is unacceptable. What I would like to ask the Minister is whether he would consider putting a condition on all licences that when a vacancy becomes available by a non-qualified person, that that licence for that non-qualified licence, in effect, becomes null and void.

**Senator A.J.H. Maclean:**

That is a difficult one to adhere to and certainly I am not going to make a commitment in this Assembly, but I take the point raised by the Deputy. I understand the frustrations, particularly with regard to the company in question. There are others that do similar things. I was encouraged though, reading in the *Jersey Evening Post* at the weekend, a local construction company making the point that they insist on local employment and they follow that through, and although we have heard a bad example today from the Deputy, there are many, many, many other companies that go out of their way to try and employ local people, particularly because of the existing economic climate. I think that is right. As a department, we also encourage local businesses to do exactly the same and we will continue to press that point.

**2.11 Deputy T.M. Pitman of the Chairman of the Privileges and Procedures Committee regarding complaints from the public relating to alleged data protection breaches involving the Assistant Chief Minister:**

Will the Chairman clarify whether the Committee has thus far had any contact or complaints from the public, relating to alleged data protection breaches involving the Assistant Chief Minister, reading documents identifying the victim and the alleged abuser in the Dean of Jersey suspension of commission case?

**The Connétable of St. Helier (Chairman, Privileges and Procedures Committee):**

The Privileges and Procedures Committee does not comment publicly on whether allegations have been made against individual States Members regarding possible breaches of the Code of Conduct for elected Members. In accordance with Standing Order 1571 P.P.C. (Privileges and Procedures Committee) does notify the relevant Member without undue delay whenever it is satisfied that it has information suggesting that the Member may have acted in breach of the Code of Conduct. Where appropriate, the committee notifies the Assembly of the outcome of any investigation in accordance with standing orders 1582 and 1583

**2.11.1 Deputy T.M. Pitman:**

Given that some of the material appeared, according to the member of the public, to originate from police sources, should the Chairman not be investigating under what mandate this material was obtained?

**The Connétable of St. Helier:**

P.P.C. does not investigate matters regarding the Code of Conduct unless it receives a complaint, as I have said in my answer.

**2.11.2 Deputy G.P. Southern:**

Has the Committee issued a notice that it is aware that a complaint has been made?

**The Connétable of St. Helier:**

I believe I have already answered this question. The committee does not comment on whether allegations have been made against individual Members or not regarding the Code of Conduct.

**2.11.3 Deputy T.M. Pitman:**

Perhaps the Chairman can advise: is it a breach of either the Code of Conduct or data protection, that a States Member has revealed, if inadvertently, outside the privilege of this Chamber, the identity of both a victim and an alleged abuser, which is now in the public domain? Not, I should point out, thanks to the citizens' media, who sensibly anonymised all those details.

**The Connétable of St. Helier:**

I do not think it would be appropriate for me to comment on that question, given that if there were to be a complaint on this matter, the P.P.C. would have to act impartially in dealing with it. So I am not really prepared to be drawn into commenting about a hypothetical matter.

**2.12 Deputy R.G. Le Hérissier of the Minister for Economic Development regarding the McKinsey study into the future of Jersey's Finance industry.**

How will the findings of the McKinsey Study into the future of Jersey's finance industry affect the economic growth strategy, if at all?

**Senator A.J.H. Maclean (The Minister for Economic Development):**

One of the 4 key strategic aims in the economic growth strategy is to grow and diversify the financial services sector capacity and profitability, with a clearly stated priority being to produce a new financial services policy framework clarifying the respective roles of industry, the regulator and Government. In late 2012, supported by additional funding from my department, Jersey Finance Limited instigated a review of the future opportunities and threats to our financial services sector. The recommendations of this review, which will be published very soon, were developed with the support of a steering committee that included representatives of Government, financial regulator and the finance industry and drew on the experience and knowledge of a joint Jersey Finance and McKinsey team. The review represents a key component of that policy framework and will form the foundation of a new financial services strategy. As such it will help to determine the future success of the financial services sector in Jersey and contribute significantly towards delivery of the economic growth and diversification strategy.

**2.12.1 Deputy R.G. Le Hérissier:**

Very reassuring words, I might add, but I wonder if the Minister could be slightly more specific and could he tell us on what grounds did the report see a threat to the finance industry, and what kind of strategies is he putting in place to counter those threats?

**Senator A.J.H. Maclean:**

I would invite the Deputy to come to the presentation when the findings of the report are going to be published. To discuss them at this moment is obviously premature, until that date. It is only a very short period of time before Members will be invited to a private briefing on the findings of the report.

**2.12.2 Deputy M.R. Higgins:**

Can the Minister tell us what plans he has got to institute a new review, following the constant changes that are taking place in the finance industry worldwide at the present time? For example, if we look at the Eurozone, which is in, I think, meltdown, it seems to be one crisis after another, and if we look at problems of growth ... if we look, for example, in the tax field of all the proposals that have been put forward for information exchange and so on, it is a moving feast. So to rely on one document, what contingency plans have you got for constant reviews and updating?

**Senator A.J.H. Maclean:**

There is an ongoing process, clearly, and greater investment into supporting financial services has been key and is clearly justified. That is increased funding for Jersey Finance. That is increased funding for the appointment of a Director of Financial Services, and support for him as well, is going to be absolutely essential. He is already proving that it is paying dividends with the work that he is doing in terms of bringing together the 3 key components, that is Government, regulator and industry. There are many challenges ahead. As the Deputy quite rightly points out, we see them on a regular basis and they are being addressed. There are also opportunities and that is an area that is focused on within the McKinsey report as one would expect, looking at different geographical locations, product opportunities that can be further developed. We have to look at the successes that we are seeing. Despite the challenges we are seeing increased amounts of deposits arriving in the Island from places like the Middle East, where investment has been put in recent years, significantly up in the last couple of years, and that should be welcomed and supported. There is a lot of work to do but there are opportunities.

**2.12.3 Deputy M.R. Higgins:**

With mention of the Middle East, I hope it is not money from Cyprus. Would the Minister be able to confirm on that? Money from Cyprus? Deposits from Cyprus?

**Senator A.J.H. Maclean:**

I do not think it is a joking matter, although the Deputy is laughing, I am not aware if there has been any flow of funds from Cyprus since their challenges. I understand that a certain amount of money headed towards Singapore, but it is a very competitive world and that proves the point that we have to be competitive in order to attract good business. That is what we are after, good quality business in Jersey.

**Deputy M.R. Higgins:**

Could I just mention I meant talking about the quality of the business, and my reference to Cyprus was we do not want the Russian money or the poor Russian money, put it that way.

**2.12.4 Deputy R.G. Le Hérissier:**

Notwithstanding the boundless optimism shown by the Minister, based no doubt on the McKinsey Report, which is excellent, I wonder if the Minister could give comfort to the population that even if economic growth of finance were to falter, there are other strategies in place that in his view could totally substitute for any faltering, any shrinkage, and of course there has been shrinkage of approximately 12 per cent in the last couple of years, that he is totally optimistic that there are other sources of economic activity that could step in?

**Senator A.J.H. Maclean:**

I am not sure I was earlier trying to demonstrate boundless optimism. I was trying to be balanced and fair. In terms of answering the question the Deputy has just posed, I mean, clearly a failure or retrenchment in financial services is a challenge for the Island. It represents 41 per cent of our G.V.A. (gross value added) and we have said many times, and that was a point very clearly made in the economic growth and diversification strategy debate, that there are no silver bullets here. There

is no other magic sector that we can introduce that is going to overnight replace the contribution that financial services make to this Island. However, there is a lot of work going on, as the Deputy will be aware, in areas like developing the digital economy, and I think that is a very exciting opportunity that the Island will continue to develop and will continue to invest in. We are also increasing productivity across the whole sector. All parts of the economy are an important contributor and we continue to work on them.

**2.13 The Connétable of St. John of the Minister for Health and Social Services regarding succession planning for the Chief Ambulance Officer's position:**

Would the Minister advise whether there was a succession plan in place for the Chief Ambulance Officer's position and if so, why was it necessary to advertise the post?

**Deputy A.E. Pryke of Trinity (The Minister for Health and Social Services):**

Yes, there was a succession plan in place, put in place by the former managing director of the hospital, and that plan is still ongoing. Acting-up arrangements do not, and should not, grant an advantage to the individual in terms of selection to a substantive post. National guidance on H.R. (Human Resources) policy is quite clear, that modern models of succession planning should still involve a competitive recruitment and interview process. Through that process all applicants will be assessed on a level playing field with every aspect of their experience taken fully into account not just in an acting-up capacity.

**2.13.1 The Connétable of St. John:**

That being the case, was the retiring Chief Ambulance Officer or acting Chief Officer offered the opportunity to run for this position? If not, why not? Will the Minister confirm that after having run the service very successfully for 4 years, as the acting chief, will his replacement have the knowledge, as he is coming from outside the Island, of the way Jersey works or are we going to have to train him before he can start his work?

**The Deputy of Trinity:**

I think there are 4 or 5 questions in there. I shall try and address them. The retired Chief Ambulance Officer did put his name forward, and it would be totally inappropriate to discuss any personal details. As regarding if the Constable thinks that it is an outside post, the outside gentleman mentioned is coming in to add his expertise to how the service should go forward. We have yesterday appointed an acting Chief Ambulance Officer and the outside expert will add guidance and support to him and to the rest of the management team before the recruitment process carries on in 6 months' time.

[11:00]

**2.13.2 The Connétable of St. John:**

Can the Minister please confirm then that the new ambulance chief will need training? Yes or no?

**The Deputy of Trinity:**

Will need training? It is ongoing training. All of our staff have ongoing training.

**The Connétable of St. John:**

Yes or no, please.

**The Deputy of Trinity:**

I have just answered the question. All of our staff do need ongoing training.

**2.13.3 Connétable D.W. Mezbourian of St. Lawrence:**

The Minister has told us that a succession plan was in place. Will she tell us now what the succession plan was and, in effect, has it failed?

**The Deputy of Trinity:**

No, the succession plan has not failed because it is still ongoing. As I said, recruitment will carry on in 6 months' time. This is an important post. It is important that it is done properly and correctly. During that time, obviously training and support regarding management issues continues.

**2.13.4 Deputy R.G. Le Hérisier:**

I am not sure we have been given the answer as to why the ambulance service is unprepared. Would the Minister be prepared to tell us in terms of all succession planning across Health - and there seems to be a very obvious trend that has emerged - would she be prepared to tell us that there are plans in place for all key officers and that these plans might, for example, involve periods off-Island to ensure that the right breadth of different experiences was obtained and so forth and so on? There is a feeling that these things are not thought about and all of a sudden panic sets in and all previous experience is somehow disregarded.

**The Deputy of Trinity:**

I totally disagree with the Deputy. We undertake individual appraisals of all our staff as a matter of standard H.R. policy, and supportive training and development of individuals to help them achieve their full potential. If that includes secondment off-Island then it includes secondment off-Island. We cannot, as I am sure the Deputy is aware, appoint everybody on-Island because, as you know, consultants and some middle grade doctors and some specialist nurses who ... we just will not be able to achieve that.

**2.13.5 Deputy R.G. Le Hérisier:**

Could the Minister explain then, given this excellent policy she has outlined, why they find themselves without a suitable candidate fully trained?

**The Deputy of Trinity:**

It went through a robust recruitment process, which included somebody from the Appointments Commission and an outside expert, and totally appropriate in the event that the right candidate did not emerge during this initial interview process and no one was appointed to the post.

**2.13.6 Deputy J.G. Reed of St. Ouen:**

Given the assurances that the Minister has given regarding the active engagement of succession planning within her department could the Minister inform this Assembly how many local and non-local individuals have been employed by the department over the last 3 years?

**The Deputy of Trinity:**

I do not have that number at my fingertips.

**The Bailiff:**

You are not required to answer it either.

**2.13.7 Deputy S.G. Luce of St. Martin:**

The Minister has told us that the acting Chief was in place for 4 years and that every person in the department has ongoing training. Given those 2 factors, will she review her succession plan?

**The Deputy of Trinity:**

It was unfortunate this case is not right, but at the end of the day it went through an appointments panel, so I am very happy with my succession planning. As with everything else, it can always do with looking at and if necessary to improve.

**2.13.8 Senator S.C. Ferguson:**

Surely the succession plan must be reviewed. To have somebody in post for 4 years as an Acting Chief Officer and then to be rejected does not say much for the way the succession plan has been set up and put together. It really is not good enough, Minister. Do you not agree?

**The Deputy of Trinity:**

No, I do not agree. We undertake, as I have said, individual appraisals of all our staff and if necessary, where necessary, ongoing training and development of all our staff to reach full potential. Unfortunately, in this case, no one was able to be appointed at the interview panel.

**2.13.9 The Connétable of St. John:**

Does the Minister consider the buck stops with her and, if so, she has let her team down in making sure the successive planning has not been put in place? That being the case, will she review her position as the Minister for Health?

**The Deputy of Trinity:**

We have a staff of well over 3,000 people and succession planning is important but, as I said in this case, no one was able to be appointed at the appointments panel, which is quite right. Therefore, to enable that succession planning to be ongoing, to be able to review what is right for the service and that is the most important thing at the end of the day.

**2.14 Deputy M.R. Higgins of the Chairman of Privileges and Procedures Committee regarding the Venice Commission's guidelines on voter equity:**

Does the Chairman agree that while the inclusion of Constables in the States Assembly is not a prerequisite for democracy, that voter equity is? What advice, if any, has been taken regarding the likely consequences of not meeting the Venice Commission's guidelines on voter equity, if either option B or C is selected as a basis for the States Assembly after 2014?

**The Connétable of St. Helier (Chairman, Privileges and Procedures Committee):**

The importance of voter equity and the effect on it of the inclusion of the Constables in the States Assembly is fully explained in the report by the Electoral Commission to which I refer the Deputy. As for the Venice Commission and the taking of advice, I have previously indicated in answer to a question that I do not believe the States instructed or otherwise expected Privileges and Procedures Committee to peer review the work of the Electoral Commission. P.P.C. received the Electoral Commission's final report and the recommendations on 10th January this year and lodged P.5 as soon as possible thereafter as per the Commission's terms of reference.

**2.14.1 Deputy M.R. Higgins:**

Will the Chairman accept that the Electoral Commission stated that anything other than option A would not give voter equity, and therefore if the public do adopt B and C we are going to have more inequity in this Island in terms of representation than before?

**The Connétable of St. Helier:**

I think the Deputy has merely stated what is explicit in the report of the Electoral Commission.

**Senator S.C. Ferguson:**

Sir, you never look in this direction. It is as bad as cutting off the Connétable of St. John's knees.

**The Bailiff:**

I shall try and look at you more often.

**2.14.2 Senator S.C. Ferguson:**

That is nice. Will the Privileges and Procedures Committee be asking the Electoral Commission to give thought as to what happens to voter equity if there is a large housing development in a Parish? Will P.P.C. be asking for a procedure for boundary changes to be instigated?

**The Connétable of St. Helier:**

The simple answer to that question is no, because the Electoral Commission has finished its work.

**2.14.3 Senator S.C. Ferguson:**

But is this not an area that thought should be given to because if there is a large housing development in a Parish then the whole voter equity, the numbers, will be up in the air again and will have to be recalculated. Does the Chairman not agree?

**The Connétable of St. Helier:**

I do agree with the Senator that the number of people in each constituency is a matter of importance, and depending on what option is preferred by the public on referendum day, on 24th April, and depending on what the States do with that favoured option, clearly P.P.C. may have to go back and revisit the matter.

**2.14.4 Senator P.F.C. Ozouf:**

The question indicates that B does not meet the Venice Commission requirements. Could the Connétable give his view as to whether or not B, in his reading of the Venice Commission, does meet its requirements because of the historic boundary issues?

**The Connétable of St. Helier:**

I must say I am uncomfortable in answering that question, given the fact that I have made my support for reform option A known. I cannot therefore speak on the Committee's behalf regarding the relative merits of the referendum options. As far as I am aware, only option A meets the Venice Commission's guidelines, but I do understand that they are best practice and they do not carry the force of law.

**2.15 Deputy G.P. Southern of the Minister for Housing regarding the rationale underpinning the use of 90 per cent of market rents as the basis for social or affordable rents in Jersey:**

Can the Minister explain what rationale, if any, underpins the use of 90 per cent of market rents as the basis for social or affordable rents in Jersey? Why is the basis of 80 per cent of market rates not used, in line with U.K. authorities?

**Deputy A.K.F. Green of St. Helier (The Minister for Housing):**

I have fully investigated the option of 80 per cent rent policy. It does not produce sufficient revenue on its own to support the investment that is needed to meet the Decent Homes standard for all social housing tenants, which is my main priority. I have secured a cap to the annual return that will be paid by the proposed housing company, but if this is not paid then there will be a shortfall in



public finances that would have to be funded in another way. I am not in the business of creating problems. I am in the business of solving them. It could be argued, to those that want to keep the rent level at 80 per cent, that they are protecting better-off tenants from paying the fair rent level when they could afford to do so. My proposal will put the whole social rented sector on a sustainable level. It will ensure Decent Homes standard for all tenants. It will remove the unintended hidden subsidy for those tenants who can afford to pay more over time. Introducing a lower rent policy provides a considerable level of hidden subsidy which is not sustainable. A 90 per cent near market rent is just that. It is near but not at market rent. The size of the social sector in Jersey means that there is no evidence that it will drive up rents in the private sector, and the States economist has confirmed that. I have explained in recent States questions that the impact of the sector will not drive market prices up or cause rent inflation. The biggest factor in driving up market costs is a lack of supply. I have had the support of the Council of Ministers and the Minister for Planning will be bringing forward new sites fairly shortly.

**2.15.1 Deputy G.P. Southern:**

The Minister for Housing mentioned a cap on the return to Treasury. Is it not the case that the difference between 90 per cent and 80 per cent in sustainability is down to the return to Treasury?

**Deputy A.K.F. Green:**

As I said, I live in the real world. I have said this before. That money comes from the rent rebates scheme and the rent abatement scheme which was administered by Housing before the changes. If we are going to fundamentally change that, then we need to look at it, this time, whether we are not going to spend money in health or education or elsewhere or whether we are going to increase taxation. I live in the real world. 90 per cent gives us the answer we want. That has been confirmed, by the way, by independent work carried out by the Scrutiny Panel's advisers. 90 per cent is the right way to go.

**2.15.2 Deputy G.P. Southern:**

The Minister failed to answer one of my questions, which was that he talks about a cap on the return to Treasury. As far as I know, according to the H.T.P. (Housing Transformation Programme) there is no cap. It is set at 3.5 per cent annual inflation increasing over the 30 years of the plan. Can he talk about it in more detail and explain what cap he thinks he has put in place?

**Deputy A.K.F. Green:**

The cap maintains the contribution in real terms going forward. So the cap will be increased by whatever the R.P.I. (retail price index) is but it maintains it in real terms. That means as the rent take increases, then my new company - I was going to say my department - if accepted by the States will continue to keep more of its rental return, which it can then in turn invest in new housing or maintaining Decent Homes standards. If we always do what we have always done, we are always going to end up with the same problem. I am solving the problem of underinvestment in housing at the present time and that requires a reasonable income.

**2.15.3 Deputy M. Tadier:**

Can the Minister confirm whether he has control over market rents?

[11:15]

**Deputy A.K.F. Green:**

No, I do not have control over market rents but what I do know from the small amount of economics I did when I was at school is that inflation is caused by too much money chasing too few goods. The best answer we can do is to increase the supply.

**2.15.4 Deputy M. Tadier:**

Would the Minister confirm if he has no control over what the market does, the market with its vagaries could see a hike when the wages and spending power of ordinary people in his tenants can stay static and therefore he will be locked in to what the private sector does, even though it may bear no relation to the reality that his tenants are feeling. They could end up with hikes in rent when he should be protecting them and not linking it to the market. Is that not a concern for the Minister?

**Deputy A.K.F. Green:**

We can all come up with scenarios that may or may not happen, but I come back to the fundamental problem here, which is lack of supply. I have got good support from the Council of Ministers and excellent support from the Minister for Treasury and Resources in terms of money. The only problem is the supply of sites and the Minister for Planning has worked very hard and will be making a statement on that in the near future. Increase supply, we solve the problem.

**2.15.5 Deputy G.P. Southern:**

Does the Minister accept, as he hints at in his answer to question 19, that over the first 5 years of his so-called plan, tenants will see between 21 per cent and 29 per cent rises in their rents?

**Deputy A.K.F. Green:**

No, I do not accept that because what the Deputy has failed to do ... yes, there is this increase in rental income, but he has failed to acknowledge that a lot of that increase comes from new rents from new build, which I intend to put in place.

**2.15.6 Deputy G.P. Southern:**

In that case, why does he state in his answer to question 19: "Tenants will see aggregate increases of 21 per cent by years 5 on the full business case"?

**Deputy A.K.F. Green:**

The rent policy says very clearly that we will be 10 per cent below market policy. For those tenants that we are protecting, for those tenants that are not on income support, and two-thirds are on income support and will find themselves fully protected from any increase, from those that we are protecting, they will have an increase in line with R.P.I. plus 0.75 per cent.

**Deputy G.C.L. Baudains of the Minister for Treasury and Resources regarding the appointment of the members to the Board of JT:**

Following the incorporation of Jersey Telecom, would the Minister explain the procedure, including those involved in the process, for appointing Members to the company's board?

**The Bailiff:**

One moment, Minister please. We are well inquorate. Members in the adjacent coffee room, could you please return? Very well, Greffier, would you please take the vote in the usual way? I remind Members that Members can push any button to show that they are present. The sitting will be adjourned for 5 minutes.

**ADJOURNMENT**

**The Deputy Bailiff:**

Very well. Deputy Baudains, we were in the course of your question to the Minister for Treasury and Resources.

**Deputy G.C.L. Baudains:**

Would you like me to put the question again, Sir, or do we carry on?

**Deputy J.A. Martin:**

I was just going to ask if we could have read out who was here at the call?

**The Deputy Bailiff:**

At the time of the call, yes. Greffier. There were 24 Members present then.

**The Deputy Greffier of the States:**

Those Members who pressed buttons were Senator Routier, Senator Ozouf, Senator Le Gresley, Senator Gorst, Senator Bailhache, the Connétables of Grouville, St. Peter, St. Martin, St. Saviour, Deputies Duhamel, Martin, Southern, Hilton, Power, S. Pitman, Tadier, Baudains, Baker, Young, Pinel, St. Martin, Bryans, St. Peter and Rondel.

**The Deputy Bailiff:**

Thank you. Very well. Deputy Baudains, would you kindly put your question?

**2.16 Deputy G.C.L. Baudains of the Minister for Treasury and Resources regarding the appointment of the members to the Board of JT:**

Following the incorporation of Jersey Telecom, would the Minister explain the procedure, including those involved in the process, for appointing Members to the company's board?

**Senator P.F.C. Ozouf (The Minister for Treasury and Resources):**

The constitution of Jersey Telecom Limited and the appointment of Members is governed by the relevant articles of Jersey Company Law. In addition, the appointment specifically of J.T. (Jersey Telecom) directors is covered in a memorandum of understanding between the Jersey Telecom board and the Treasury. It states: "The directors of Jersey Telecom shall be persons who, in the opinion of those appointing them, will assist Jersey Telecom to achieve its objectives. 2. The directors shall be appointed in accordance to the Companies (Jersey) Law 1991 and its articles of association. 3. All decisions relating to the operation of Jersey Telecom shall be made by or in pursuance to the authority of the board in accordance with the strategic plan. 4. The board shall be accountable to the Minister in the manner set out in the memorandum of understanding." So J.T. is 100 per cent owned by the public. As directors are appointed at the A.G.M. (Annual General Meeting) such appointments would also require the ratification by the shareholder when they vote. As with other matters the board would extend to me the courtesy, normally, of informing me of any significant changes to their composition and it is my practice, upon advice, that I allow the board to operate without undue political interference.

**2.16.1 Deputy G.C.L. Baudains:**

At the start of the Minister's explanation of the memorandum of understanding, I believe he said "in opinion of those appointing them". Could he further expand on who they may be?

**Senator P.F.C. Ozouf:**

The normal process is that the boards themselves will come forward with nominations by 4 directors. But in the normal course of events, under the M.O.U.s that I have established with all the utilities, we will discuss those potential appointments prior to them being made. In particular reference to the Chairman, that is obviously an important issue. It is a board appointment but I would expect the Treasury, and indeed, in the case with J.T. currently discussions are being held with the board about the kind of candidate that we are looking at in order to drive the company forward on behalf of the shareholder, which we represent.

[11:30]

**2.16.2 Deputy R.G. Le Hérissier:**

I notice from the earlier answer and I notice in the restructuring, in order to achieve greater rates of connections, there appears to have been another J.T. company formed, what one might call a subsidiary. Would the Minister comment on whether there is indeed a board governing this new body who are handling the people who have moved, for example, to the zero contracts in order to speed up connections?

**Senator P.F.C. Ozouf:**

All of the utilities have a number of subsidiary companies, which are special purpose vehicles owning property, or particular lines. For example, J.T. has a number of subsidiaries owning their expanded overseas acquisitions in Guernsey, and indeed the internet company they bought in the U.K. So there are a number of subsidiaries which is perfectly normal in terms of a group operation. Where they are 100 per cent owned, they are obviously controlled by the board, and that is a perfectly normal issue. We appoint the Group J.T. board and the subsidiaries are therefore subservient to the overall board and the wishes of the board in the same manner as with normal corporate governance.

**2.16.3 Deputy R.G. Le Hérissier:**

Just on a point of clarification, does this subsidiary, who are handling the connection work in replacement of a company that allegedly could not meet the targets, have a board of its own?

**Senator P.F.C. Ozouf:**

Under company law, all boards have directors in the normal way. J.T. is no special case. All companies must have boards of directors as set out in the 1991 Company Law and the associated regulations.

**2.16.4 Deputy G.P. Southern:**

Does the Minister not consider that as the employer, it sets a bad example that we are so reliant on issuing this number of zero hours contracts?

**Senator P.F.C. Ozouf:**

We are not the employer. We are the shareholder. The employer is the board of J.T.

**Deputy G.P. Southern:**

The word I think I used was the owner.

**Senator P.F.C. Ozouf:**

As the owner, no, I think that we have moved J.T. from being a States department, a Government department into a standalone entity. We have rehearsed on many occasions the important role that we have in safeguarding shareholder issues and not, effectively, overly politically controlling or attempting to control the standalone entities which are set up in order to drive better economy, better efficiency, better services and ultimately, a better value to the people of Jersey.

**2.16.5 Deputy G.C.L. Baudains:**

As a previous member of the committee that ran Jersey Telecom under Senator Routier I thought we had more information in those days. Does the Minister recognise that there is frustration in trying to influence a board that controls public assets? Just recently we had an example where one utility said that it was no longer going to accept cheques, and the Minister said it was an issue for

the board. Now we have concerns about rolling out fibre. Does the Minister recognise there is an issue to be dealt with regarding all arms-at-length entities?

**Senator P.F.C. Ozouf:**

I agree that there are sensitivities and there is rightful challenge by States Members in relation to the overall governance and strategy of these entities. I know the Deputy was a board member of J.T. at the time and the committee structure served that purpose well. But in a week where we are discussing internationally Thatcherism and what happened, a world in 1970 that ran Pickfords, British Airways, a rail network, a water company. The world has moved on. The complex world of company structures and markets and competition means that you need different structures. We cannot turn the clock back. J.T. is better as a company but what is different to privatisation, is it is 100 per cent States owned and we can put some influence, but we have set up a company and we set the board of directors up and we hold that board accountable for running that entity on our behalf and on behalf of the people of Jersey.

**2.17 Deputy J.H. Young of the Minister for Treasury and Resources regarding the refurbishment of Maritime House for the occupation of the Jersey Property Holding Department:**

Will the Minister explain why it is considered necessary to spend £694,000 on carrying out refurbishment of Maritime House for the occupation of the Jersey Property Holdings Department and whether there will be any financial benefits or savings from this expenditure?

**Senator P.F.C. Ozouf (The Minister for Treasury and Resources):**

Maritime House is being refurbished as part of an overall office accommodation strategy. The original building, as I am sure the Deputy will recall, was constructed 15 years ago. The plan is to update it to current bylaw standards. This will include replacement and upgrading of the mechanical and electrical installations for the increased number of occupants. The £694,000 for this project, is a carry-forward allocation that has been combined with an overall budget of £1.7 million for the project. This involves moving Harbour staff from Maritime House to the airport, which created the opportunity of making more effective use of the whole of Maritime House to accommodate a greater number of staff. I am grateful for the Minister for Economic Development and his team's co-operation in this. The project will also consolidate Customs and Immigration on to 2 floors. Property Holdings will relocate from currently 3 sites to one. The project has significant benefits; consolidating Customs and Immigration into a smaller footprint, freeing up 23 Hill Street to relocate Home Affairs and the town police facility from Piquet House, enabling Piquet House to be disposed of. The vacated office space at South Hill will be available for temporary uses, until that site is cleared for disposal for residential development. Vacating d'Hautree will be available in the short term use, avoiding the need to lease other space. This project is one example of how Property Holdings is making better use of office accommodation to deliver savings and disposal receipts to support the capital programme. It is a project of which my Assistant Minister is extremely proud and rightly so.

**2.17.1 Deputy J.H. Young:**

I am grateful to the Minister for the helpful insight into the property plan, and pleased it is progressing. Could he tell us, please, what the occupancy of Maritime House was in terms of number of staff and under the intensification he described, how many will be occupying that building?

**Senator P.F.C. Ozouf:**

110 and 147.

**2.17.2 Deputy J.H. Young:**

In the Minister's press release that he put out, he described the savings plan as being a result of careful management of spending. From what he said, I would like him to clarify, that the monies were originally allocated for this purpose. It sounds to me as if this is expenditure delayed, rather than some appropriation of savings from elsewhere. Would that be right, that this money was originally allocated for this purpose?

**Senator P.F.C. Ozouf:**

This is money being deployed into the economy. All the work has been placed with local contractors. This is progressing the Property Holdings property strategy and office strategy, which a number of Members are very concerned with. That is intensification of use of Maritime House, giving a further lease of life to this building, which was constructed at a cost originally of £4 million in 1998, and freeing up all this other accommodation. This is exactly the kind of property intensification use and better use of resources, freeing up old buildings which we no longer need and deploying them for alternative use, particularly residential, which is something the Minister for Planning and the Minister for Housing want.

**2.17.3 Deputy R.G. Le Hérisier:**

Despite the Minister for Treasury and Resources' not so subtle promotion of that Thatcher era, would he not accept that the centralisation implied in the way Property Holdings is working at the moment, goes totally against that Thatcherism which he so admires and, in fact, that the balance is wrong at the moment, and much too much is centralised in the body who will occupy Maritime House in all its glory, once refurbished.

**Senator P.F.C. Ozouf:**

I agreed with a number of things that Baroness Thatcher said and I disagreed with others, but what I do know is that she made Britain proud again and, basically, that is what we are trying to do. We are trying to instil a sense of confidence and future-proofing for Jersey. If we can learn anything from that, that is a good thing. In terms of what we are doing at Maritime House, I would just remind the Deputy that this is a concentration of Customs and Immigration into a smaller footprint. We are moving people into Maritime House, intensifying the use and freeing up other accommodation. If that is not Thatcherism, in terms of deploying better value for money, cutting spending and deploying those resources back into the economy, then I do not know what is. If that is a good thing of Thatcherism, this is a good project and we should be celebrating it.

**2.17.4 Deputy J.A. Martin:**

Could the Minister for Treasury and Resources advise whether he will also be putting social housing on a 15-year refurbishment programme, please?

**Senator P.F.C. Ozouf:**

Yes, we are doing an enormous amount for social housing and I would remind the Deputy that the standalone body of the Jersey Homes Trust probably has had a better track record in being able to reinvest in maintenance. What we are doing with the Minister for Housing's programme, is making sure that we have sustainable, affordable and delivered ongoing maintenance. The world where capital was free and departments did not put refurbishment and maintenance in, not only social housing, but in schools and in hospitals is at an end. We have now got proper accounting and better repairs and maintenance, and we have put significant resources in catching up on social housing improvement and across the States with fiscal stimulus and the other measures that we have been

doing. There was a problem, but we are fixing it, and we are fixing it faster than we ever thought we would.

**The Bailiff:**

Deputy Tadier, have you got a question more closely associated with the first one?

**Deputy M. Tadier:**

Would you not like to know, Sir?

**The Bailiff:**

I dare say I am about to find out. **[Laughter]**

**2.17.5 Deputy M. Tadier:**

Given the forthcoming refurbishment of Maritime House, would the Minister consider putting a straw roof on the building as a tribute to Thatcherism?

**Senator P.F.C. Ozouf:**

I do not think I can answer that question.

**2.17.6 Deputy J.H. Young:**

The Minister waxes lyrical, among other things, about the property plan, and I am fully behind that. Maybe the point of my question that he did not answer was not clear. I will try to be clearer. This money was billed as a great spending. Is it not right that this money was originally allocated for this purpose in the first place, and has merely been delayed? Is it not therefore misleading to present it as somehow a saving?

**Senator P.F.C. Ozouf:**

The Deputy does make a fair point. We have not said that all of the saving are not going to be carried forward. There are going to be some areas but it is sensible, in order to gather money together, for one vote to deliver something that is going to deliver better savings in economy. We were not ready to deliver Maritime House last year because we did not have the ability to move Harbours up to the airport. There was not the opportunity of doing that, so if deferred expenditure delivers better value for money then that is saving and this is a jolly good example of it. My Assistant Minister is not here today, but I do not think that Property Holdings can have any criticism levelled against them about the scale of repairs and maintenance that they have been deploying across the States in fixing a lot of the problems that existed before. The Deputy will know a lot about Property Holdings because it used to exist in Planning and Environment many years ago. There is a lot of work that has needed to be done to catch up and get better repairs and maintenance from decades of, frankly, underinvestment.

**The Bailiff:**

Before Deputy Tadier asks his question, I should just announce that I have added 6 minutes to question time as the result of the temporary suspension of the sitting.

**2.18 Deputy M. Tadier of the Chief Minister regarding consultation between Ministers and Constables should the latter no longer be members of the Assembly in the future:**

Would the Chief Minister advise in what capacity the Chairman of the Committee des Connétables has a seat at the Council of Ministers' meetings? Can he confirm that if Constables lose their automatic right to sit in the States Assembly, he will work closely with the Committee to provide a

mechanism to ensure that consultation takes place between Ministers and Constables when appropriate?

**Senator I.J. Gorst (The Chief Minister):**

The Chairman of the Connétables attends meetings of the Council of Ministers by standing invitation. If the people of Jersey decide they do not wish the Connétable to sit in the States Assembly, then we will, of course, need to continue to ensure that consultation takes place between Ministers and the Connétables when necessary.

**2.18.1 Deputy M. Tadier:**

I thank the Minister for that confirmation. Would he also confirm that perhaps members of the public do not need to be worried about the fact that Constables will have trouble accessing Ministers or the various departments, not simply because they have phones and internet, but because irrespective of what the future changes of reforms are, as civil servants, Ministers will respect the fact that a parallel jurisdiction exists and interactions need to take place in an efficient and effective manner.

**Senator I.J. Gorst:**

Of course, I would not want the public to be worrying at all. However, I think what the Deputy is trying to do is make a political point in favour of the particular option **[Approbation]** that he is supporting. I am not sure if you are going to allow me the same indulgence.

**2.18.2 Deputy M. Tadier:**

I am often trying to make political points. That does not mean the Chief Minister should not give a straight answer to a straight question. Can he just confirm that Constables, whether they are in the States or not, will have access to Ministers and that the systems will be able to run in train? Can he just answer that question?

[11:45]

**The Bailiff:**

Chief Minister, you may answer it as you see fit.

**Senator I.J. Gorst:**

Of course, Connétables will have access to Ministers but it will be in a very different manner from the access that they have today, and I am on public record as saying that I believe that we remove the Connétables from this Assembly at our peril. **[Approbation]** I believe that it will undermine fundamentally once and for all the parochial system and that is not something that I can support.

**2.18.3 Deputy M.R. Higgins:**

Can I just clarify that? Is the Chief Minister saying, effectively ... no, is the Chief Minister saying effectively that he will not be able to function without the support of the Constables because he has had to rely on their voting up to this date? **[Members: Oh!]**

**Senator I.J. Gorst:**

Not at all. My propositions and legislation that I bring to this Assembly, be it on my behalf or on behalf of the Council of Ministers, are well reasoned, they are based on common sense, and they are based on building a better Jersey for future generations, not on whether I can get the Connétables to support it or not. My point was this, that I believe that if we removed the Connétables from this Assembly we once and for all fundamentally change our parochial system upon which our society is built, and I do not believe that we should do so. **[Approbation]**



**The Bailiff:**

Do I call on option C for a question? [Laughter]

**Male Speaker:**

No, thank you, Sir. I just want to welcome the Chief Minister to our campaign. [Laughter]

**Senator I.J. Gorst:**

Perhaps I should at this point while I stand by, as you would expect, exactly what I have said in response to Deputy Tadier, I can give no comfort to the Senator because I believe that we need to reduce the number of Members of this Assembly, therefore the only option open to me is option B.

**The Bailiff:**

I am pleased to say, I think question time has now come to an end.

**Deputy M. Tadier:**

Do I not get a final supplementary?

**The Bailiff:**

No, the time has expired, Deputy. We now come to questions for Ministers without notice. The first question period is for the Minister for Housing. Deputy Southern.

### **3. Questions to Ministers without notice - The Minister for Housing**

#### **3.1 Deputy G.P. Southern:**

In response to written question 19, the Minister for Housing produced a range of rents for 90% of market value. Will he produce equivalent figures giving a single figure which shows what fair rents will be under a 90% regime?

**Deputy A.K.F. Green (The Minister for Housing):**

In due course, of course, I will have to do that, but the whole point around market rents is that similar houses in similar locations of similar size and structure are a similar rate. Therefore, how a 3-bedroom house, if I make this up, at La Moye might command a higher market rate than a 3-bedroom house in the middle of town. That work will have to be done. But that is what market rates mean.

##### **3.1.1 Deputy G.P. Southern:**

Will he do so before 30th April, when we are due to debate this serious matter?

**Deputy A.K.F. Green:**

No, I will not do so, because it will not be relevant. It only becomes relevant when the policy comes into place with the market rents that apply at the time of the rent increase, which will be, from memory, April next year.

#### **3.2 Deputy S. Power of St. Brelade:**

In the proposed Housing Transformation Programme, the elephant in the room in the Housing Department continues to be the £25 million a year, over ½ a million a week, that is transferred to Treasury to cover rent rebate, abatement and different costs for the trust. Would the Minister agree with me that failure to deal with this financial noose is a problem and will continue to be a problem in the Housing Department if it is to be reformed?

**Deputy A.K.F. Green:**

If it was to continue to be allowed to grow, then I would agree that going forward it could continue to be a problem. We have capped it. I have worked with the Minister for Treasury and Resources and I have worked with the Scrutiny Panel, because they advised me to look at it again. I have worked with both these teams to cap it. As the supply of social rental homes increase, and as the new rents start to come in, then that figure going to the Treasury will be a smaller proportion of the income coming in. Therefore, I live in the real world, as I say, I am here to solve problems not create them. If we were starting fresh with a blank piece of paper today, we may well do it differently. But the fact is we are where we are. If we change it then what is going to not get done? Are we not going to invest in health, are we not going to invest in new schools for education, are we not going to do the liquid waste strategy or are we going to put tax up in order that I can change the basis on which we have worked in the past.

### **3.3 The Deputy of St. Peter:**

In media interviews yesterday the Minister suggested that once the new housing association was on its feet, if the Housing Transformation Programme is accepted by the Assembly, that more social housing units would be built, the full business case provides for, in the H.T.P. Could the Minister describe to the Assembly when he feels, after how many years, the Housing Association would be on its feet to extend such building projects?

#### **Deputy A.K.F. Green:**

I am very grateful to the chairman for this question, and it is an excellent one because it gives me an opportunity to explain how this works. When rents are at 90% of market rate, if that is accepted by the Assembly, and we have capped the contribution or the payment that we make to Treasury, therefore, for the first-time the department will be on a sustainable financial basis. I do intend as part of that basic system to increase the number of social houses within that. But I want to get to the main point; the fact is that the rental incomes will allow investment in new homes. For the first-time it will be possible to take a professional, business-like approach to a new development. It is not rocket science, if you want to build 30 flats on a site and the rental incomes over 25 years allow for maintenance and pay for that, this organisation will be able to borrow. The limiting factor, in terms of houses, will be the sites availability. I am pleased to say, as I said earlier, that the Council of Ministers and the Minister for Planning worked very hard for me to do that. It is all crucial around the 90% rent level, which gives us a sustainable financial future.

### **3.4 Deputy M. Tadier:**

Will the Minister advise why following advice from his department, that one of my constituents should get evicted from his private property? He is now being faced with £1,500 legal bill, having been awarded costs against him for eviction. Is this a policy of the department to advise on eviction and will he be paying for my constituent's legal fees?

#### **Deputy A.K.F. Green:**

It is not policy for the department, and of course, it would be wrong for me to try and second guess the circumstances around that.

### **3.5 Deputy T.A. Vallois:**

Could the Minister advise in the H.T.P. proposition report of P.33 there are 2 reports that are due to come forward, Social Security and the financial strategy for the Housing Transformation Programme, could he advise whether they will be available before the debate, and if not, will he defer the debate until 14th May?

#### **Deputy A.K.F. Green:**

The first one I think is mine and the second one is for the Minister for Social Security, but I do believe they will be available just before the debate. We are working on them now, it is a lot of work. 90 work streams we have been working on to get this together.

### **3.5.1 Deputy T.A. Vallois:**

Does the Minister not think it unreasonable, considering the amount of time that Housing have had to put this work together, that they expect States Members to debate this on 30th April, just after they have received 2 extremely important reports on the H.T.P. to ensure the sustainability of housing?

### **Deputy A.K.F. Green:**

What we will be debating is the principles. The detail comes later. So I do not think it is unreasonable. My department, along with Social Security, have worked extremely hard on this, and as I said, we had 90 work streams running at one time. Professor Whitehead herself said that in terms of staffing, I think she used a term “parsimonious”, that the staffing levels were parsimonious compared to other organisations that she has seen. We have to be fair, this is a principles, the detail comes back later for full debate by the Assembly.

### **3.6 Deputy R.G. Le Hérissier:**

Would the Minister not concede that given all the issues he has raised, given the tremendous drive and energy that would be required and which he currently displays, that it is totally wrong to think that the new housing authority should be put in the hands of a senior civil servant, and it will continue to need enormous political commitment and drive in order that the policy is secured?

### **Deputy A.K.F. Green:**

I do not think it is totally wrong to transfer a staff that is capable of doing the job, they can prove they are capable of doing the job, and it is totally in line, I think, with being a good employer and the principles of T.U.P.E.

### **3.6.1 Deputy R.G. Le Hérissier:**

Could the Minister confirm he believes that all the targets he wants to be achieved will be achieved without political drive and leadership?

### **Deputy A.K.F. Green:**

There will always be political drive, whether it be a Minister for Housing, or whether it be a Minister where housing is part of his responsibility. There will always be political drive. I think fundamental to ensuring that the work is done thoroughly is proper appropriate Jersey regulations.

### **3.7 Deputy J.M. Le Bailly of St. Mary:**

Would the Minister enlighten us as to whether any progress has been made with establishing a category of housing to enable the lower income groups to buy realistically affordable housing, which is envisaged to be priced in the £200,000 to £250,000 bracket?

### **Deputy A.K.F. Green:**

This is probably a question for the Minister for Planning, but the Council of Ministers, including myself and the Minister for Planning, have worked very hard on this one. I am pleased to say that considerable advancement has been made, to the point that we are not quite there yet, but to the point that the housing chapter in the Island Plan has been redrafted, and I am sure the Minister for Housing will be bringing it in due course to the Assembly for discussion or debate. One of the things that is really important around this one is that there needs to be a synergy between the top end of social rent and the affordability of a mortgage in some sort of affordable scheme. That is

why the Strategic Housing Unit is so important, it needs to start bringing forward different schemes that allow people who ... and let us be honest, if they improve their situation through hard work, through getting better education, maybe the children leave home with a bit of luck as well, if they get themselves in a better position we want to celebrate that, we do not want to criticise people that have improved themselves. We want to give them real opportunities to get into home ownership. The work I am getting and the support I am getting from the Minister for Planning is excellent and I believe we will be coming forward with the scheme.

### **3.8 Deputy S. Power:**

Getting back to the £25 million a year that is being transferred to Treasury, is the Minister and his senior officers happy that this £25 million a year, though capped, is a sustainable figure that can be transferred into the new housing structure?

### **Deputy A.K.F. Green:**

Yes, we are happy. I mean, obviously, we would prefer not to have to pay it, but we live in the real world. I have to say that if I was the owner of 4,500 homes and I was transferring it free of charge to another organisation, I think I might want to see some return on it, and capping the figure as we have done I think is more than a reasonable approach.

### **3.9 Deputy J.A. Martin:**

In an earlier answer the Minister said that two-thirds of his tenants, I think there is around 4,500 homes, are already on income support. Does the Minister know when the rents reach 90 per cent of market value how many more people will be drawn into income support, bearing in mind that a lot of tenants only receive income support for housing rent?

### **Deputy A.K.F. Green:**

Because we are protecting existing tenants, not many more will be drawn into the income support. We are protecting them as much as they will be paying R.P.I. plus 0.75 per cent increases. Not many people will find themselves coming into the income support bracket. That said, of course, new applicants coming in will be paying the full rent, but I believe because of the criteria we currently have, most of those will find themselves on income support and rent component in the private sector anyway.

### **The Bailiff:**

Very well, that brings the question period for the Minister for Housing to a close. We now come to questions for the Minister for Planning and Environment, Deputy Young.

## **4. Questions to Ministers without notice - The Minister for Planning and Environment**

### **4.1 Deputy J.H. Young:**

As we have had a recent change of heart from the Ministerial Steering Group on the publication of the short-listed sites for the hospital, could the Minister confirm that indeed sites in the St. Helier waterfront are in fact on consideration for the site for the new hospital?

[12:00]

If so, how does he square that with the proposal to consider the planning application this week for the States of Jersey offices on the Esplanade site?

### **Deputy R.C. Duhamel (The Minister for Planning and Environment):**

This is really a question for the Minister for Health. If she wishes to divulge the consideration of the short-listed sites for hospital relocation, it is up to her. I am not in a position to do her work for her.

#### **4.2 Deputy J.A. Martin:**

Can the Minister advise who is leading and who is on their new review panel, looking into traffic issues around the proposed site of the police station or Green Street Car Park and Green Street roundabout?

#### **Deputy R.C. Duhamel:**

From the department just recently, in a quick email, the suggestion is that the Department is working with T.T.S. to look at the parking requirements, not exclusively for the police station, but parking requirements specifically for the north of town area, and to determine whether or not any particular large developments might have knock-on effects elsewhere. As for the makeup of the group, I am advised that it is officers from the Environment Department and also officers from the T.T.S. Department and a number of consultants.

#### **4.2.1 Deputy J.A. Martin:**

The Minister for Planning has to decide this Friday on the future of the Green Street Car Park site. Will he be doing this without the findings of this new review panel?

#### **Deputy R.C. Duhamel:**

That depends. I am not privy to divulge whether or not that information will be available to me at the meeting as yet, or not. Certainly it is one of the things that I must take into consideration when assessing the police station application, and if indeed specific questions remain unanswered because work is yet to be done, then the obvious thing is that there will be a call for that work to be undertaken.

#### **4.3 The Deputy of St. Mary:**

As it now appears that we have joined up thinking between the Minister for Housing and the Minister for Planning, would the Minister be able to indicate when he envisages commencement with building the new category of affordable housing?

#### **Deputy R.C. Duhamel:**

Indeed, there are a number of applications that are in the pipeline, not least of which is the application for Girls' College, which, according to the Supplementary Planning Guidance, indicates that the preferred use for that site is for affordable units of accommodation. If indeed there has been a change of heart as to the long term use of that site, and not to put it on the market necessarily for first-time buyer units for open sale at high prices, then indeed I think an application could be considered to start building on that particular site in a very short timeframe. There are also other sites that are being discussed, and I would have thought that if we do have a coming together and a convergence of the thinking processes from the Minister for Environment and indeed the Minister for Housing, then progress can be a lot faster than it has been in the past.

#### **4.4 The Connétable of St. Helier:**

This States Assembly has spent considerable time developing and amending the North of Town Masterplan proposals and expectations of the public were raised considerably. What is the Minister doing to bring the private land owners back to the table in order that this masterplan can be pursued vigorously?

#### **Deputy R.C. Duhamel:**

What this Minister is doing, is he is able to finalise the planning guidance note for the particular site in question, with or without the support of the owner of the site. I think once the final document is seen by the owners of the site, there will be support for it. That said, in relation to my earlier remarks about the extent of the Minister for Planning and Environment's powers to force people to build things that they do not necessarily wish to build, in strained economic times at the pace that they would not wish to build them in is incredibly difficult. If indeed the House would like to give me those powers I am pretty sure that I could bring people to the table a lot faster.

#### **4.4.1 The Connétable of St. Helier:**

Is the Minister optimistic that in the lifetime of this Council of Ministers, we will see some positive news from the north of town master plan, particularly in relation to the Le Masurier site?

#### **Deputy R.C. Duhamel:**

Personally I am confident, but you should never count your chickens.

#### **4.5 Senator S.C. Ferguson:**

What progress has the Minister made with encouraging architects and builders to adopt new building methods with the attendant reduction in costs?

#### **Deputy R.C. Duhamel:**

In the last decisions that have been undertaken by the Minister, there have been extra provisions that I have put on to the positive approvals, to encourage the uptake of sustainable building technology in as many areas as I am able to do it. The wider one is about moving the industry generally into the provision of modular building techniques, in particular those that do have much of the buildings constructed in European factories, is slightly longer aim. There are a number of private applications that are coming forward though, which is very encouraging. When the news gets out of the affordability of those units and indeed the speed at which the buildings can now be erected, I think the larger building companies will be chomping at the bit and biting my arm off to do the same.

#### **4.6 Deputy T.M. Pitman:**

Is the Minister aware of any moves within his Council of Minister's colleagues to approach the owner of the Plémont site with a renewed offer of private and public money to purchase the site and basically reopen the Plémont debate? Has any pressure been put on him to change his mind on this?

#### **Deputy R.C. Duhamel:**

That is a question that I would rather not answer.

#### **4.7 Deputy M. Tadier:**

If option B is adopted as the model from 2014 will the Minister give an undertaking to only allow new developments in those districts which are over-represented, in an attempt to give greater voter equity to the Island for those Parishes which will be over-populated?

#### **Deputy R.C. Duhamel:**

Now there is a thought.

#### **4.8 Deputy J.A. Hilton:**

With the ongoing problem and delay around solving the asbestos problem, the Minister's Environment Director recently said it was proving tricky to get all the right people together for the visit to Bordeaux, where asbestos recycling specialist Initum runs its operation. How much of a

priority does the Minister place on the asbestos problem, and are his views filtering down to his officers to get a move on and to address this important problem?

**Deputy R.C. Duhamel:**

I certainly think and would hope that my officers are fully on board. The difficulties have arisen, so to speak, in getting departmental officers from and across 2 departments to work together. Personally it should not be as much of a problem as perhaps is being suggested, and I am hopeful that the date that has been given to me, which was 16th April, has not been met because of other prior commitments from T.T.S. officers. I am told that another date is being sorted out for shortly afterwards and the visit will take place in early May.

#### **4.9 The Deputy of St. Ouen**

Could the Minister inform this Assembly whether he or his department have been consulted over the future of the Fort Regent swimming pool or other areas in the vicinity, and if so, in what form?

**Deputy R.C. Duhamel:**

I think at the moment we have more than one group that is looking at the long term proposals for the Fort Regent area, and indeed, my officers in the longer term, planning part of the department, are conducting a proper masterplan review of the area, which as I said, takes into account the Fort Regent group. I am aware that another group that is being undertaken by the Property Holdings Department, under the auspices of the Minister for Treasury and Resources and the Assistant Minister for Treasury and Resources. Hopefully both parties will speak to each other at some stage and the importance of the longer term benefits that can be brought to the area will come to the fore.

#### **4.10 Deputy S. Pinel of St. Clement:**

Can the Minister give the Assembly an update on future proposals for Samarés Nursery?

**Deputy R.C. Duhamel:**

Not exactly at this point in time. It has been suggested at the Council of Ministers meeting in asking me to review the situation for H3. The proposals that were being put forward by my department and myself, were deemed to be unacceptable at this point in time. Consequently there has been a request of my department and myself to come forward with a slightly different review or different mechanism in order to achieve the housing needs. Part and parcel of that review is perhaps to suggest that there should be a revision of the sites that were specifically excluded as H3 sites in the Island Plan, and to reconsider those, perhaps with rezoning proposals, or making exhibits, to ensure that if indeed this House, in agreeing those sites, are coming forward to be useful for residential accommodation. But the residential accommodation would only be built or only allowed if it were deemed to be properly affordable, and able to be treated and conveyed in that state in perpetuity.

#### **4.11 Deputy J.A. Martin:**

In the report from the States of Jersey Development Company, referring to J.C.G. (Jersey College for Girls): "The significant adaptation to the listed building and the redevelopment will only be realised if necessary flexibility is provided to achieve an economically viable and sellable scheme." Can the Minister confirm that, because it is the States of Jersey Development Company, they will not get any preferential treatment to the listed buildings?

**Deputy R.C. Duhamel:**

I did publish in my planning guidance note that this Minister's preference was to use that site in line with the thinking of the Assembly for the provision of affordable homes. The application - that is before me at the moment, so I cannot go into it in too great detail - is perhaps suggesting that the

amount of affordable units that are to be put on that site is not necessarily the greatest number that that site could accommodate. There are negotiations and discussions taking place, and the head of S.o.J.D.C. (States of Jersey Development Company) is down to visit me next week, I think it is, or perhaps the week after.

#### **4.12 The Deputy of St. Martin**

Given the Minister's personal commitment to recycling, how does he justify the high level of costs to local companies for the various permits and licences required to undertake this work?

##### **Deputy R.C. Duhamel:**

I think the Deputy would have to tell me a little bit more as to which permits he is talking about. Generally, I do not govern necessarily the permits, there is planning permits for overall use of particular sites. Indeed, a lot of the further charges that may or may not take place are subject to a different ministerial control.

#### **4.13 Deputy J.H. Young:**

Since the Minister declined to reply to my earlier questions, not his responsibility, would he accept that it is his responsibility under the law to ensure that land is used in the best use of the community, and the matter of whether or not the waterfront is one of the few suitable sites for a new hospital, is a matter that does rest with his responsibility and one is entitled to ask him to tell us?

##### **Deputy R.C. Duhamel:**

I think the long term strategic use of any piece of land is absolutely vital. I do accept that it is an area of responsibility and remit that I am interested in and I should take into account. That said, the ordinary planning process does not necessarily at all times give me the opportunity to wade in and to suggest that, just because the Minister for the Environment thinks it should be used for A and it must only be used for A. If planning applications are made which are covered adequately by the rules and regulations which come under the planning laws, I am legally and duty bound to consider those on those planning merits and terms.

[12:15]

#### **4.14 Deputy M. Tadier:**

Would the Minister confirm that he is committed to Island wide kerbside recycling? If so, what has been the hold up, up until now, in achieving a system of Island wide kerbside recycling?

##### **Deputy R.C. Duhamel:**

In a nutshell the Island decided to invest over £100 million of capital monies into an incinerator which needs to be fed. There is a difference of opinion as to the economic worth or value of burning materials which could otherwise be recycled, for example, the 7,000 tonnes of plastics that we do commit because of their high energy value for burning. They are based on oils, so obviously they do have a high calorific value. We would suggest that perhaps if a recycling price, in excess of the burning price, could be achieved, then one would go down the recycling route. There comes a point that in the running of an incinerator or any Energy from Waste plant, that if the materials that are conveyed to that facility are not of a sufficiently high burnable quality, then indeed, the burning of other fuels might well have to be considered, or alternatives of allowing imports of materials from Guernsey or further afield would have to be contemplated, to run the machine according to its design, capacity and use.

**PUBLIC BUSINESS**



## **5. Starter Home Deposit Loan Scheme (P.131/2012)**

### **The Bailiff:**

There are no other questions, we will then bring question time to an end. There is nothing under J or under K. We now come to Public Business, the Starter Home Deposit Loan Scheme, P.131, lodged by the Minister for Treasury and Resources. I ask the Greffier to read the proposition.

### **The Deputy Greffier of the States:**

The States are asked to decide whether they are of the opinion - to refer to their Act dated 1st May 2012 in which they approved the Draft Strategic Plan, which *inter alia* set out a priority to “house our community” and undertook an action to bring forward schemes to support first-time buyers and - to approve, in accordance with the provisions of Article 2(1) of the Building Loans (Jersey) Law 1950 the transfer of £3 million from the Dwelling Houses Loans Fund to the Consolidated Fund for the purposes of providing cash balances for the operation of a Starter Home Deposit Loan Scheme for an initial trial period in accordance with the principles and processes outlined in paragraphs 1.6 to 4.2 of the report of the Minister for Treasury and Resources dated 4th December 2012.

### **5.1 Senator P.F.C. Ozouf (The Minister for Treasury and Resources):**

Perhaps it is particularly relevant after such a number of questions from Members this morning on housing supply and Scrutiny’s comments on the Housing Transformation Programme, that we turn our attention this morning to a proposal designed to boost home ownership among Islanders who are currently prevented from doing so. I am seeking Member’s approval this morning, and hopefully this afternoon, under the Public Finances Law for a Starter Home Deposit Loan Scheme. I should say, that while this is in the name of the Minister for Treasury and Resources under the Public Finances Law, I very much regard this as a joint endeavour between the Minister for Housing and myself. This is a joint proposal which has to be in the name of the Minister for Treasury and Resources because of the law. I am pleased that the Housing and Treasury Departments have worked so well and so constructively in relation to this proposal. I should also say, I have the support and the strong support of Ministerial colleagues. I would also like to thank Corporate Services for their work in reviewing this scheme. They have been constructive, they have been challenging, and they have asked a number of important questions and provided feedback on the proposals. I will be addressing during the course of these introductory remarks, a number of the matters that they raised in a way that I hope summarises the note that I also sent around to States Members on Friday. As Members will recall that it was on 4th December 2012, designed to coincide with the Budget, that this scheme was originally lodged. A scheme developed specifically for Jersey, for Jersey circumstances to help first-time buyers address the challenge of entering the housing market. Under the proposal, deposit loans of up to 15 per cent of a property value will be eligible to certain households under a strict gateway requirement. Those households will be expected to provide a 5 per cent deposit themselves and secure the remaining 80 per cent from a participating mortgage lender, subject to, I hope, this Assembly’s approval. The £3 million that has been identified is quite appropriately coming from the Dwelling Houses Loan Fund, which of course as many Members will remember, was the scheme that the States itself had in order to help people get on to the property ladder in a world where there was not such a widespread mortgage lending service industry. It seems particularly appropriate that we used the balance that has helped many Islanders get on to the ladder of home ownership in order to now, in this time, get more Islanders on to ownership of their own home. So the reality is, given the current economic conditions, Islanders seeking home ownership are presented with a number of barriers, whereby a number of the proportion of the Island’s population simply cannot afford and aspire to the goal of home ownership, the dream of home ownership, because of the size of repayments that they are

forced to make, because of house prices and the ability to raise deposits because of the current credit squeeze across the financial services industry. Both the Minister for Housing and I are supportive of a scheme in a way that seeks to address one problem that certain house purchasers have, namely, the overcoming of the barrier of finding a deposit in order to achieve their first-time buyer home. Around the world we have seen governments try to put in place policies designed to boost home ownership. We are very well aware that safeguards are important in putting in place a scheme that will work and will not have unintended consequences. Firstly, the deposit loan will be repayable at a zero interest rate, so far as the property is not sold at a profit within the term of the mortgage. Second, this is an initial pilot scheme, and a pilot scheme for good reason. Its impact needs to be monitored, and I also stress that a longer term version of the scheme will not proceed before we have evidence of this trial scheme's benefit, and with evidence that demonstrates that. Finally, I would also like to stress that the additional planning policy will need to be established in the supply of low cost entry homes, and that this scheme is designed to complement all of the issues that the Minister for Planning and Environment and the Chief Minister raised in answers this morning. This is a scheme designed to complement this issue, not to override it. Comments presented by the Scrutiny Panel have questioned if this scheme will in fact enable first-time buyers to surmount all the barriers facing them, given that the scheme only deals with the deposit barrier. I would like to stress that this scheme is designed to boost home ownership at a time specifically when banks have been increasing their deposit requirements at unprecedented levels, compared to what we have seen in recent years. We do not disagree that other barriers exist, and we recognise that more must be done regarding housing affordability. One scheme cannot solve every possible barrier to the dream of home ownership for many Island families and individuals. Corporate Services have understandably questioned how the scheme will help people facing the barrier of having an income too low for a mortgage; this scheme is of course targeted at the lowest income households that can reach the dream of home ownership. The report understandably from Scrutiny expresses caution towards encouraging households to take on debt that they might subsequently struggle to pay off. This is an understandable and real concern, and we acknowledge this possibility. For that reason we have established strong partnership arrangements with lenders, who will take responsibility for the due diligence of applications, from looking at applicants and their ability to repay the mortgage that they are going to be taking out. This is also going to be complimented by the significant advice and understanding that exists within the Housing Department on the pursuance and the running of the existing schemes that they have. The Scrutiny Panel ask what other options are being considered and what is being done to address barriers and the extent of research undertaken, prior to this proposition being lodged in the Assembly has been questioned, with particular attention drawn to the consideration of what other schemes that we have looked at. A number of schemes were considered, and some of those were put forward in the panel's recommendations. However, after significant research by officers within Housing, Treasury and the Chief Minister's Department, we decided that these alternatives were less effective in achieving our targeted aim of particularly dealing with the issue that deposits are a barrier to home ownership, because of constrained credit markets that we are seeing. The Minister for Housing and I, with our teams, extensively examined and evaluated other schemes in other jurisdictions, and we used that knowledge to adapt this special trial scheme for Jersey. I also should say that both Assistant Ministers of both Treasury and Resources and Housing have also cast their eyes over these issues, and I am pleased to say this proposal has the strong support of both the Assistant Ministers for Housing and Treasury and Resources. The proposal has been carefully designed to ensure that it does not inflate property prices, which is often a problem of Government's well-intended intentions in relation to boosting home ownership, but has the unintended consequences of artificially boosting prices. Ministers did take strong economic advice by our independent Economics Unit. I believe that we have put in place all of the measures in order to reduce any problem of, effectively, the unintended consequences of boosting housing

supply, but underlying is the absolute principle that we want to get people who currently cannot get into home ownership into the home ownership that they dream. The Scrutiny Report also questioned for the requirement to repay the interest on the scheme if they sell within 20 years would put people off the scheme. In terms of inclination to apply, I am pleased to say that many prospective home owners have already stated their eager anticipation for the scheme. So the interest repayment does not appear to be an issue at this stage. However, when sales take place at a profit, and that profit is sufficient to repay the interest, that it would seem to the Minister and myself, to be entirely reasonable that given taxpayers provided the initial helping hand, that should be repaid. The Minister for Housing and I have ensured that all eligibility criteria were also defined in accordance with the funds that have been allocated. In clearly defining this scheme's eligibility criteria, sufficient limitations are being put in place that enough households will gain from this scheme, without having to turn away individual people who are going to be entitled under the gateway to potentially receive deposits. Without going into too much detail, as I am sure Members have read the report, I will set out a couple of the parameters which are designed to restrict lending to households with incomes within the lower quartile. Loans cannot be obtained for purchasing of properties on large new-build developments. This is not a scheme that is designed to deal with the current market conditions of large developers in Jersey. That is not what this scheme was designed to achieve, and for that reason we are not prepared to extend the scheme to, effectively, large house builders. There are the possibilities of using the scheme for very small schemes, for example, some small town redevelopments where a townhouse will have been divided or particular small schemes. This is not a scheme which is designed to effectively help large developers in the Island, and I think that needs to be maintained. Similarly - and Scrutiny were quite right to question this issue - this scheme should not be effectively a subsidy scheme to allow people to buy properties for buy-to-let or investment purposes. We want to help first-time buyers or buyers that are eligible through the gateway. In the Scrutiny Report they also suggested, or challenged, this issue of what effectively is a first-time buyer. The Housing Department for many years has had this label of "first-time buyers", but has been flexible in whether or not certain other people that could have been home owners previously, could be defined as first-time buyers. For example, an individual who bought a first-time buyer flat, maybe one of the Woodville flats or one of the other flats that have been previously designated as first-time buyers... if those individuals wanted to, still of limited means, for example, marry and start a family but were simply unable to buy in the open market place, it seems entirely appropriate to the Minister and I that that definition, that we will, if I may say, implement a policy of slightly widening the definition of first-time buyers should also apply to this scheme. If somebody is of limited means and they owned a flat, but they simply cannot get into a family home, then this deposit scheme will be extended to designate on a case by case basis those individuals as we have done in the past, to be defined as first-time buyers. I hope Members will support that.

[12:30]

I should say that I have also been in good debate about the ability of the market to respond for a high percentage of mortgage markets. In the report there are 5 x 90 per cent mortgages and a 100 per cent mortgage now available in Jersey. But we are concerned that those high levels of mortgages that are available do come at a certain cost. So we do not believe that simply because credit markets do seem to be lightening somewhat, and there are some 100 per cent mortgages and 90 per cent mortgages on the market, they are expensive, and there are other criteria that effectively will mean that those individuals that aspire to home ownership simply cannot get in. This scheme, we believe is still required. We hope that it not going to be something that is going to be required in the longer term, but that is only going to be if credit markets particularly ease over the next few years. We believe the parameters outlined in our scheme and in reference to the pilot project can be revised in time if we need to make further changes on other schemes in the future. Notwithstanding

this, it is entirely possible for additional funding that we think we can make available for certain other schemes, if this trial is successful. Indeed we hope that it is going to be over-subscribed. The impact of these proposals will of course become apparent once the trial has been initiated and it is underway. We undertake to engage in monitoring of the trial, and it is important that we understand the consequences of the trial on the overall market of the housing market in Jersey, which has - as many Members will know, if they have looked at the house price index and others - seen a certain degree of inflation and frothiness taken out of the market in the last few years. We have looked at all the issues also as to whether we should charge interest on the loans. We do not propose interest if a buyer has a loan, and continues the full repayment of the mortgage over a long period of time. If we do put an interest rate on the loan, that is simply going to have the consequence of increasing the cost of that home ownership aspiration that we are making to Islanders. We simply just do not think we should do that in this initial scheme. This scheme is going to hopefully help up to 100 families get on to the housing ladder using resources that were previously allocated to other dreams of home ownership for past generations. I believe that while it is not being proposed as the silver bullet, the solution to all the home ownership barriers that Islander families face, we believe that this scheme will achieve a targeted and controlled, without unintended consequences, dream of achieving home ownership for up to 100 Island households. I will answer Member's detailed questions on any of the parameters of the scheme. The Minister for Housing will also hopefully address the Assembly on the operation of the scheme as it will work, and I certainly will answer all of Member's questions on any of the detailed operational side of it. I would say to Members that what we are asking Members this morning, or this afternoon is an 'in principle' decision, of which then we will go away and work out some of the detail, and we will take on board some of the points that Scrutiny has made. But we need to make this decision in order for us to take that decision, in order to put in place the scheme, which we will do quickly. There has been a lot of anticipation about home ownership. It is one of our key strategic aims within the Strategic Plan. We have spoken a lot in questions this morning about reaching the goal of home ownership. There is an issue, there are barriers, this scheme, which is designed carefully to deal with one problem of deposits I hope gains Member's approval, certainly during the course of this afternoon's debate. **[Approbation]**

**The Bailiff:**

Is the proposition seconded? **[Seconded]** Does anyone wish to speak? All Members in favour of adopting this ...

**5.1.1 The Deputy of St. Ouen:**

I am happy to start the debate and I am sure that there are certainly others that will choose to follow.

**The Bailiff:**

I dare say.

**The Deputy of St. Ouen:**

It gives me no pleasure to stand to speak against the proposition, however the Minister has left me with little choice. I want to help more people get on to the property ladder, however I also want to see schemes introduced that will provide best use of funds available, specifically targeted to help those most in need. I will elaborate on that view further. Unfortunately, based on the information provided to the panel during the whole of its review, and the responses received from the Minister, the panel and myself still have serious reservations over the proposed scheme. So much so that members of the panel met with the Minister on 4th April to ask him to fully address the issues highlighted in our review prior to bringing this matter to the States, so that all issues could be ironed-out and dealt with and we could have confidence in the scheme. It is disappointing that

rather than deal with the issues raised in the appropriate manner, the Minister has chosen to continue with the debate, and sought in the Ministerial response sent to Members late on Friday afternoon to justify the actions without, in my view, due regard to the matters raised by the panel. Let us not forget that each of us have a duty to make sure that schemes such as this can be relied upon and will not have any unintended adverse effects on those we are trying to help. It remains the view of the panel, that until the matters raised in our report are properly considered and answered to the satisfaction of the panel and indeed States Members alike, the scheme should not go ahead. In my view the late response provided by the Minister does not in any meaningful way allay my concerns, and it would be a disservice to this Assembly if the Minister were allowed to dismiss the many concerns raised by statements that have not been properly scrutinised. Many questions are still left unanswered. Presently first-time buyers are faced with, as the Minister has quite rightly said, a number of obstacles, including high house prices, very high deposit requirement, a high proportion of income needed for mortgage payments, and a general lack of affordable flats and houses. Although this scheme only attempts to deal with the deposit barrier, it is not clear whether the scheme will be sufficient to allow significant additional numbers of first-time buyers to surmount the barriers that are facing them. Why base a loan on an 80 per cent mortgage when generally lenders offer 90 per cent mortgages. Why discriminate against those that are currently able, and purchasing property within the mortgage requirements as set out, and those that we are seeking to help. In particular, given that the current proposal makes little difference to the cost of a mortgage, how will it help people whose income is too low for the mortgage, or lack the ability to raise the required deposits. Furthermore, can we be satisfied that the Starter Home Deposit Loan Scheme is the best way to help people on to the home ownership ladder. The panel, along with our advisers, asked what other options have been considered. However, no detailed evaluation of other options was provided during the course of review. I am dismayed to hear the Minister claim otherwise. In our report Members will find alternative options which have been mentioned by our advisers which have been shown to work elsewhere. As I said before, one would at least expect that these should have not only been explored, but reasons given to this Assembly and to the panel why the Minister has chosen this particular scheme above others, in particular, with due regard to the impact that this scheme against others will have on property values. There has been a conflict, again, of information provided because the Minister this morning seems to claim that some new-build, small developments will be included, and yet we had confirmation from the panel, and I think even in the Ministerial response, that no new developments would be allowed. The reason why we flagged-up the option of alternative schemes that were available and worked elsewhere, is that they did allow new-build simply because in that way you would not impact on the value and the price of property, because you were adding new property into an existing market, as well as new owners. Based on documents made available to the panel, there seems to be one enthusiastic lender and several others who are lukewarm or reluctant. This naturally raises the question, why is it so attractive to one lender and not several? Doubts also exist over the loan repayment requirements, both during and after the loan period. Any agreement will need to be very clear on exactly what successful applicants will be expected to pay from any sale proceeds. Questions have been raised by the public as to whether this scheme provides best use of taxpayer's money, and ultimately assist others who may wish to participate in the scheme at a future date. This may be a pilot scheme, but surely it must be sufficiently robust so that these concerns can be dealt with and assurances given that the scheme will and can continue beyond the initial period. We are aware, looking at the statistics, that the potential demand for the scheme is high. How does the Minister plan to manage potential applicants' expectations, when we are told that funds are limited and only able to support approximately 60 to 80 loans? What will be put in place to ensure successful applicants are not let down at the last hurdle, because the funding has run out and they are no longer able to access the necessary financial assistance? We have already seen home ownership proposals to be found wanting. Do we really want to find ourselves in the same

position again? In the introduction to the Ministerial response to the panel's review on the Starter Home Deposit Loan Scheme, the Minister states that many of the recommendation made by the panel have been immediately actioned. Where is the evidence? There is little new information as far as I am concerned, or detail, contained in the Ministerial response to allay the concerns raised by the panel. In particular, the Minister for Treasury and Resources was asked to revise the eligibility criteria to ensure that households already in possession of a property, whether freehold or share transfer, would not be eligible for a deposit loan, especially because funds were limited. Sadly the Minister chooses simply to reject the suggestion and seems happy, as he stated earlier, to use a limited amount of funding to help those who already own a property and to benefit from an interest free loan. This cannot be right. The Minister for Treasury and Resources was also asked to re-examine the eligibility criteria in respect of liquid assets. Members must decide for themselves whether it is appropriate that successful applicants are allowed to retain what many would regard as substantial assets, and still access interest-free money when we know that the reality is that those that are out there buying homes now commit the vast majority of future income and savings to afford their own home. It is wrong that you link this system which enables people to buy their homes, with an income support system that is designed to support people on the very lowest incomes. As I have said before, each of us have a duty to make sure that schemes such as this can be relied upon and will not have any unintended adverse effects on those we seek to help. I am not persuaded that the current proposal meets this test. So it is with regret I cannot support this scheme as proposed. Thank you.

**The Bailiff:**

I give notice to Members that there is lodged the Reform of Social Housing: second amendment by Deputy Southern, amendment 2 to P.33. Also the Chief Minister and Chairman of Comité des Connétables: monthly meetings proposition lodged by Deputy Tadier, P.51. Is that it?

**Deputy M. Tadier:**

Can I just give notice to the Assembly that I intend to be invoking Standing Order 26(7) to ask for this to be taken at this sitting, because I think it is a matter of importance on which the electorate ahead of the referendum need to have certainty on. I will be making that case whenever the due juncture is, Sir.

**The Bailiff:**

When the time is right that case can be made.

**LUNCHEON ADJOURNMENT PROPOSED**

**The Bailiff:**

Adjournment is proposed, the States now stand adjourned until 2.15 p.m.

[12:45]

**LUNCHEON ADJOURNMENT**

[14:16]

**5.1.2 Connétable M.P.S. Le Troquer of St. Martin:**

I thank the Minister for Treasury and Resources for his explanation and the information he sent in response to the Scrutiny Panel report. I thank the Deputy of St. Ouen for an excellent speech before lunch, because he raised concerns that I had when I read the proposition. Times have indeed changed. I recall my first home purchased with a States loan - and some Members today in the Assembly will recall those - Regulations set by the Housing Department as to how much the seller could sell their house for and issues over the contents which made up the price. The States loan

available to me was over a period of 35 years' payment and at interest rates that ended up a higher percentage than that of the banks. I eventually went back to the States, closed the States loan and took out a bank loan. Having read the papers, some of my concerns were expressed this morning by the Deputy, in particular, a couple of concerns: yes, I want to help young couples get on to the housing ladder and it is very hard, and I have been through it and so have my children. However, we must also remember that we are being asked to be prepared to use £3 million of public money, and for what return? I suppose you could say we are speculating to accumulate and, after all, we are doing that for the rugby club. I think we are supporting the finance industry and, of course - to me - the infamous Tourism Development Fund, about which was my maiden speech. Maybe the Minister for Treasury and Resources could advise us how much the £3 million would earn over a 30-year period if invested or, put another way, how much the public purse is likely to lose. I appreciate that the £3 million would not be owed over the entire period. My next concern is that the lenders and banks restrict money for people for a reason; I do not think it is because they have not got any money. They surely restricted or set a maximum of 80 per cent or less, because they want to ensure that the person can pay them back and avoid getting into difficulties. Fortunately, we are not giving away the 15 per cent under the proposals, but just giving it away interest-free. However, the 15 per cent has to be repaid, so there will obviously still be a higher monthly mortgage bill, be it made up of 95 per cent to a bank or 80 per cent to a bank and 15 per cent to the States, the only gain being that the 15 per cent interest is an additional premium but interest-free. The banks and lenders will be concerned about those who have first call on the money; if the marriage fails and the house has to be sold, do we underwrite the risk? Finally, I have concerns as to who receives the concession, first come first served. If we go down the line of those who otherwise cannot afford to receive it, they receive the concession. I am sure the Minister for Treasury and Resources and, indeed, the Minister for Housing, who I am sure will speak later, wants to help those who need the most help, however, we have to understand the position of others who have to fund their own loan totally privately and who have, in my opinion, the right to feel a little aggrieved when they see others being supported by the public purse as they struggle along. Who wants to pay interest rates on an additional 15 per cent over 20 years when maybe a neighbour or a friend or relative has a 15 per cent 20-year interest-free loan? I wish to support the proposition, and not merely because the Minister for Treasury made it so attractive in his opening speech; nice and quaint, young couples being supported at the start, and living happily ever after in their home. The reality is that it will not happen in all cases, some will try every method possible to achieve the concession that they can gain for themselves, others will be unable to repay the interest-free loans and there will be envy from others who want to know why they were unsuccessful. Like other Members, I supported the Strategic Plan which covered, among things, to house our community; this is one method put forward to achieve it and I look forward to hearing other Members speak and the Minister summing up, and I am sure the Minister acknowledges why some Members have a degree of apprehension.

### **5.1.3 Deputy J.A. Martin:**

I remember this when it was mooted by the Minister for Treasury and Resources quite a few months back now and I have followed it with interest. I did speak to him outside, and I am probably going to upset the Constable ... oh, there you go, he has gone again. No, I spoke to him outside with the Minister for Housing. I am normally probably one who is accused of looking for reds under the beds, and I absolutely think this is a very good scheme. I would go further, and I did mention it to Housing and Treasury, to say that I think out of those 20 years, couples or single people should be able to have a holiday. The hardest thing is to get on that ladder, you are 3 or 4 years on that ladder and it is all relative: your wages are going up, your mortgage stays the same, but these are quite a bit in the first 3 or 4 years. Or, after 5 years, married couples have children: that first 3 or 4 years of maybe having one or 2 children very quickly, you want to have a holiday

from paying this back. Maybe it is a step too far, but I think for people to be able to realistically do this, take the 15 per cent ... The Constable of St. Martin has just mentioned younger couples; no, I know as we are talking about the third of the States tenants who have reached middle-age, children are leaving, taking on second and third jobs, without realising that £1,300 or £1,400 a month rent, that is totally fair, without help cannot get that deposit together. But if they have got their own properties, they will go out and do 2 or 3 more jobs. I know so many people that would do it. It is a small scheme. The Deputy of St. Ouen's "liquid assets"... well, it is based on Social Security, but when you are taking on a property, if you are a tenant, you have got a landlord to do this, that and the other, you need a certain amount of backdrop in the bank. I do not think this is unreasonable when you are allowing people who have full benefits from Social Security to have this amount, and then saying: "You have got to prove you have got holes in your pockets and got nothing left in them to get on to this scheme." So, sorry, I am supporting the Minister for Treasury and Resources. I think it is a good scheme, but I would like him to consider this. Anything that can get people on to that ladder, get them off of relying on support, give them pride, all goes down the line; people now who have bought, they can help their children, release a bit of equity maybe. People who have never been on that ladder, it is quite scary, this gives them a step up that ladder or step on to it. I hope that the people who really think that we could do a lot more ... but what are we investing in? As I say, it is a pilot, it is 6 months, if we can get another 20 people, I do not know about the money, to get them on the ladder, let us see how we go. I do not really think ... well, it will probably be a long debate, having said that, because I have already spoken, but I just think to me it is a no-brainer. I think it is a good use of money and I would just ask the Minister for Treasury and Resources to consider that there possibly could be a holiday - one, 2, even up to 5 years - and I think it would make it a much more attractive scheme to people.

#### **5.1.4 Deputy M. Tadier:**

I am sure there are other people who want to speak; they are just being overly coy after the lunch break. I am going to restrict it to a very few points. Obviously, it has been raised about to what extent the Government should get involved in the market. I am just questioning at the moment who are the real winners here; we are obviously being told 100 families here. There is an element of emotional tightening of the heart strings here, I think, because you could also say an emotional gun is being put to the head, because, of course, what is going to happen to these poor 100 families if we do not do this today? That is certainly a consideration, but the real fundamental questions are: are we proposing something today which is the right thing to do? We have already heard from Scrutiny, they are not happy with it, they have not had the responses from the Minister yet that they wanted to, so there are definitely grounds here for some kind of, if one were minded to do it, a reference back, because there is definitely information which, again, if Back-Benchers were trying to bring these propositions about which there were such grave question marks over spending £3 million of States money on, we would be told to get lost, quite frankly. I know that is not necessarily parliamentary, but if we were metaphorically told to go away and rethink it. Certainly you are not having that money but, yet, when the Council of Ministers come up with shoddy plans - and I think I hear even murmurings from Ministers that they do not agree with this - then what is going on with this? Who does this really benefit? We know house prices are already coming down, there is difficulty in that that unfortunately has not been reflected in private rentals yet, so we are saying: "We will lend you 15 per cent to get a house which is going to have you saddled with negative equity in the next 5 to 10 years" and that is really going to help those 100 families, is it not? I think we need to go back to the drawing board on this one. It certainly helps perhaps some associates who might be real estate owners, and it certainly helps get those out of a sticky fix and will give them a bit of business, but in the long term what is the actual result? I think the Council of Ministers needs to get back to the drawing board with this, come up with a holistic plan about providing affordable housing, which is surely what we need to do. We know we have been dragging our feet with the provision of affordable housing, both for rentals and for purchasing, and



until the Council of Ministers can get to grips with that, the rest is just window dressing and populism, I believe, to try and make sure that when they come back to the elections in 2014 and say: “Well, at least we did something, we got these 100 families to be able to buy houses which are over-inflated and, now that the housing market is cooling down, they will be saddled with negative equity, and will that not be great for them?”

#### **5.1.5 Senator A. Breckon:**

When I looked through the report, I highlighted a few what I think are key words because, in paragraph 1.1 of the report, it talks about: “Supporting affordable and first-time buyer home ownership.” What is “affordable”? We have had this discussion and debate, and it is one of those things that is a bit in the clouds, as it were. It also mentions at 1.4 about the multiplier for borrowing, and it talks about: “Generally considered to be 4 times income.” From memory, the average income in Jersey is about £35,000, so we are talking about £140,000, and I wanted just to relate to that in a minute, because at 1.5 it talks about a 3-bedroomed house priced at £494,000. That does not add up, and that is why it is unaffordable to many people. But when I looked at this in the last month, I have looked at, well, how much does it cost to build a house? It does not cost anything like that, so where are the extra costs?

[14:30]

Maybe the Minister for Treasury and Resources might be better applying his mind to how much it costs to build a house than looking at, say, cigarette prices, because it is a bigger issue to look at that. The reason I say that is I have done some web-based research, and there are many properties in the U.K. from national builders on sale new, on site, for less than £150,000. So how do they do it for less than a third of the price? They are brick-built, they have a good standard of insulation, they have got bathrooms and garages and whatever else. Why does that happen, then; why have we got that? Should we not look at it from the other side and ask: “Well, why do houses cost so much?” Flats, indeed, why do they cost so much? That is something to which I think the Minister for Planning and Environment may apply his mind. Because rather than perhaps prop-up the market and say: “Well, we will put some more subsidy in here to enable people to do it” there is evidence that says - and that is produced by the Statistics Unit - that house prices have come off the top to where they were, the market no doubt was overheating; supply and demand. People working in finance were getting low cost deals to enable them to get in there, which was putting pressure. There was take-up, and that was the result of that, and property price inflation over one year was about 27 per cent, I think, which is just not sustainable; it is crazy. So what we need to do, I believe, as a Government is keep away from that. If there is a level of self-correction, let us call it, then let us leave it alone, let us keep out of it and let that happen. People can sit on their hands, whether they are buying or selling, and wait ... and the Minister for Planning and Environment mentioned this morning that permission has been given for 1,400 homes that have not been started. Why is that? Because that was not the case before, as soon as permissions were given, diggers were in, contractors were in and they were going up as we were speaking. It also mentions here in the report about: “The challenges of purchasing a home in Jersey are well appreciated”, and it says about the Jersey Housing Affordability Index. Many people, it talks notably about: “79 per cent of householders cannot afford a 3-bedroomed house and 51 per cent of householders are unable to afford a 2-bedroomed flat.” So that suggests to me that it is overpriced, and people do not earn enough money to afford that, so what I do not believe we should be doing is interfering now with the market to prop it up to enable people to get on to a ladder, but is it a ladder or is it a slippery slope? Because do not forget they have to service a mortgage, it is not just a case of, well, they will get help with a deposit, they still have to go out there ... and again, there is confidence in the labour market; about whether people want to get involved with a heavy financial commitment at this stage with the way the economy is. The other thing, the property bulletins are published regularly, and there is quite a lot of property for sale under £300,000. Okay, it is not the ideal house but, having

said that, people having to purchase maybe a townhouse, it does not have any parking, or a 2-bedroomed apartment, then there is absolutely nothing wrong with starting somewhere. It is a case of people have had soft loans, who have had some parents or grandparents or things like that, to enable them to do that; again, the family connection is good and strong. But do we need to be there. The other thing as well we say is: are we raising people's level of expectation that we will keep coming up with schemes, be it what may, on an *ad hoc* basis? Why do we not go back and reinvent the States loan scheme and say: "Well, this is what we are going to do, and this is it, and it applies to one-bedroom flats, 2-bedroomed flats", across the property scale, within reason, and we do it properly rather than come up with things. Again, others have mentioned that the answers to the challenges that were put down to Scrutiny, in my mind, have not been met. It is not a case of: "Well, it is in principle", well, it is not really in principle; if we do that then we will do it and people will have a level of expectation. The other thing, to be fair, I think we need to be fairly consistent, if that is possible. If we are going to do this, then we cannot just do it for 68 or 100 people, we have to say: "Well, this is a scheme we have got, it is achievable for us to do it, it is sustainable so that if you are looking at property these are the rules." But we have not done that, and at this stage I do not think that is fair and it is raising people's expectations: "Well, something else will happen in the future" when it may well not. For those reasons, as this stands, I will not be supporting it.

#### **5.1.6 Deputy G.P. Southern:**

I am getting increasingly worried as this debate goes along. I am worried because of, basically, 2 things: (1) we had the presentation by the Minister for Treasury and Resources, very fluid and fluent, however, it basically said: "We have not finalised the details yet and we will come back with that" but it is the old ploy, this, if you like, is almost like 'in principle' and: "We will finalise the details later and come back to you with that." But the fact is that this proposition is not in principle, it says: "Go and spend up to £3 million in the next 6 months" that is what it says: "Here is £3 million for you to do what you like with" and although we have not seen what the details of the scheme are, and what eligibility in particular applies because you have not finalised it. Then I heard the message from Scrutiny which reinforced that: "Further information is required on what would happen if participating households sell their property before the 20-year term. The acceptability of the scheme depends on the details of structure and operation", 3.2, 3.4: "What evaluation is undertaken on similar schemes in operation elsewhere? A formal report with economic advice was not requested by Ministers." There is a whole series of key findings and recommendations, 42 of them in fact, and I think that the Scrutiny Panel has done their job, but they have not been satisfied by the answers that they got. I would propose a reference back to the Minister for Treasury and Resources in order that he can engage with the questions and reservations expressed by the Scrutiny Panel and has further talks with them, come back with a properly-formulated scheme that we know we can vote on, one way or the other. So I propose a reference back.

## **5.2 Starter Home Deposit Loan Scheme (P.131/2012) - proposed reference back**

### **The Deputy Bailiff:**

Standing Order 83 enables a Member to: "Propose, without notice during a debate, that the proposition be referred back in order that further information relating to the proposition can be provided to the States, or ambiguities or inconsistency can be clarified." I think it is the first of those which is material to what Deputy Southern's proposition is and he asks the Minister for Treasury and Resources to respond in more detail to the Scrutiny Panel Report. It is a proposition for reference back, which is in accordance with Standing Orders, and therefore I am going to allow it. Is there anything further you wish to say on that proposition, Deputy, or have you said all you need to say?

### **5.2.1 Deputy G.P. Southern:**

I think I would just briefly ask people to examine the first few pages of the Scrutiny Report and the details that are contained there are not minor details, they are not picky, they are substantial questions that need asking and addressing in order to satisfy what the actual scheme is going to look like. We cannot vote on £3 million worth of spending without knowing what the scheme is going to do, who is eligible and who is not and how the scheme will work. If we have that, then we can quite happily, if we choose to, pass this proposition. I fear if we do not then we are voting blind on £3 million worth of spending.

#### **The Deputy Bailiff:**

Is the proposition seconded? [**Seconded**] Minister?

### **5.2.2 Senator P.F.C. Ozouf:**

Politics is a frustrating endeavour sometimes because one really wants to make progress, and Ministers are often criticised with this chicken-and-egg situation about whether or not we should be dealing with in principle versus detail. I am sorry if I inadvertently gave the impression in my opening remarks that the detail of this scheme was not clear. I am sorry if I gave that impression to Deputy Southern. What I should have said very clearly is that the scheme is very clear, and I am going to deal with the fact that there is no case for a reference back, I would argue, to States Members for referring this back for more information, either on the detail of the scheme that has been put forward by the Minister for Housing and myself or, indeed, the response for Scrutiny. What I should say is that I should have said that it is appropriate for the operation of the scheme in terms of the policy to be worked on; the operational aspects of it are not for politicians or for the Ministers, that is for our departments. Certainly, there are some aspects of the operational issues of the scheme that need to be worked on in accordance with the policies that have been set out. I have spoken to a couple of Members over the lunchtime adjournment on a couple of questions that they have had. Can I say to Members, if they can turn to page 4 of the proposition, which clearly sets out exactly what the criteria is going to be in terms of who is going to be eligible to this scheme, the Minister and I and our teams have taken significant advice, and it is absolutely wrong to say and to repeat this issue of not having taken economic advice. I have met on numerous occasions with the Minister for Housing, the Economic Adviser, and yes we have also had written advice from the Economic Adviser on that, but I would just ask Members to look at the subtlety of the operational constraints that we are asking Members to agree. We have set out a maximum price of properties that will be eligible for the scheme, as the report explains, carefully judged in the lower quartile of house prices so we do not get the unintended consequences of a boost to house prices. The maximum income, not only in a generic scheme... and the States could be rightly criticised in the past for having generic schemes, but it is a matrix which sets out a requirement not only for just the value of the house arrangements, but for every single category of property. So if Members look in detail, it is nice and simple, but it is clear and it is very detailed. That table gives the gateway through which only participating potential deposits requestors are going to have. So a maximum price for a one-bedroom flat, a 2-bedroomed flat and 3-bedroom house, the maximum income and therefore the maximum deposit. It might be quite simple in a table, but it is incredibly detailed and there is an awful lot of analysis and reasoning that went into the construction of this gateway. I think that while we are criticised sometimes for putting things in too many words, this is a concise report buried in an awful lot of detail of the scheme operational: incomes, overall property values, *et cetera*. Indeed, it has been pored over by Scrutiny. I understand the fact that there may be some dynamics on the Scrutiny Panel such that they are not of one mind or there is some difference, some tension - absolutely understandably; that is what politics is about - of different views. But I would refer Members to my response with the Minister for Housing on Scrutiny's findings. We have made detailed comments on every single one of the findings, and there are 2 aspects of the

Scrutiny Panel Report, because there was a bit of a disconnect between what the Deputy of St. Ouen was saying in terms of the report, from what I read, and the remarks of the Deputy of St. Ouen. I would just say to Members, and I am looking at this in detail, we have published an 11-page report on the Scrutiny Panel's Report, and we have said: "In terms of the recommendation (1) accept; (2) ..." not a matter for the Minister for Housing and myself, because that is a Council of Ministers matter as to where things are discussed, so that is not a matter for either of them and not really relevant to this issue: "(3) accept; (4) reject" because we do not want to restrict this issue of the first-time buyers: (5) is simply the definition of first-time buyers; we want to have a wider version, as I think Deputy Martin said: "(5) we should re-examine the eligibility and the appropriateness of eligibility criteria." Well, I have just explained how. I do not think you can get any more refinement of the eligibility criteria, we have set it out very simply: income group per type of accommodation. (7): we have already discussed this issue of new-build schemes. No, this is not a scheme for new house builders and big house builders, and I am not going to name any, but Members know who I am talking about in terms of the big developers in Jersey, this is not a subsidy scheme for them, this is a scheme to help the market function because of a constrained level of quoting. So I do accept that we are rejecting that particular recommendation. But as to all the others, recommendations (8), (9), (10) and (11): "Accept, accept, accept, accept." I have made comments about that. Deputy Southern, in moving this reference back, spoke about spending. I would just remind Deputy Southern that we are lending, we are not spending, and yes we are lending at 0 per cent, but I think he has perhaps misunderstood the whole concept of what we are trying to deal with. He said in his justification for this reference back that we were simply granting, and I use his words, I wrote them down: "£3 million to do what you like with."

[14:45]

We have constrained ourselves significantly in the analysis that we put forward for the gateway. This is not £3 million to do what we like with, this is £3 million lending to up to 100 individuals or households or families, and I use that, as Members would understand why I would say that, in the broadest definition possible. This is to help up to 100 families get on to the dream ladder of home ownership. I do not think, quite honestly, having gone through the significant evolution of this scheme that we put forward, having brought it to the States, having laid it before the States last December, having had Scrutiny look at it, having accepted the vast majority of the Scrutiny recommendations that they bring forward and answering, I hope, all their questions ... and if there are other questions that Scrutiny has, then let me answer to them. I do not think there is any more that we can do to guide Members and to help Members, on a scheme for £3 million for up to 100 potential homebuyers than we have already done. I am frustrated, like the Minister for Housing, that it has taken this time to bring the scheme. We wanted to announce it at the Budget and then bring it in because of the economic situation. We wanted to get on with this, and it is with some degree of frustration ... I have not had any questions from Deputy Southern since December of last year; I do not know whether the Minister for Housing has in relation to this. We wanted to give some aspiration and some hope to people that cannot access home-buying as a result of this scheme, and prevarication and delay and asking for more answers on a report about which I believe we have spent a lot of time with Scrutiny answering their questions, if they do not like the scheme because they do not believe we should intervene in the marketplace, if Deputy Southern does not agree with that, then vote against the proposition, but please do not ask us to give more detail on an already properly-evaluated, properly-assessed, properly-researched from 2 departments, economic advice, financial advice from the Treasurer of the States, and also all the other public scrutiny of all the other people that gave evidence to this. Please do not frustrate that process, do not allow a reference back and let us do what want to do, which I thought was in our Strategic Plan, and get people on to home ownership. **[Approbation]**

**The Deputy Bailiff:**

The original proposition is to approve the transfer of £3 million from the Dwelling Houses Loan Fund to the Consolidated Fund for the purposes of this scheme. The reference back is a proposition to ensure, if Members think it is necessary, that enough information is available to Members for the purposes of considering that proposition to transfer £3 million. So the debate on the reference back proposition is not a debate about the merits or otherwise of the scheme, it is only a debate about whether one needs to have more information in order to decide the principal resolution, and I would wish to give that guidance before we embark on the reference back proposition.

**Senator P.F.C. Ozouf:**

May I make a point of order? Sir, you were perhaps paraphrasing, but I would also in just support, ask you to rule that the £3 million is in accordance with paragraphs 1.6 and 4.2, and therefore there is a restriction in relation to the £3 million that is clearly set out.

**The Deputy Bailiff:**

I was paraphrasing; that is in the proposition. Senator Ferguson?

**5.2.3 Senator S.C. Ferguson:**

Me thinketh the gentleman just doth protest too much. The panel was exercised as to whether to ask people to vote against or to reference back; it is a marginal decision, it is very finely-balanced. Basically, if you read the Ministerial response, which I think has been circulated to all Members, there are a lot of words, but it is rather short on detail. For instance, all this economic advice that was given: well, I think there were 2 meetings, the second meeting he could not attend, but he sent a very clear email on the maximum price that has been picked. I do not know where that has come from. The whole point about this is that we have a top line which is very clear: deposit loans for first-time buyers, but when you get down underneath that, the work has not been done, or if it has been done it is not in a form that has been produced for evidence for Scrutiny. We talk about the size of the market and so on; there were 140 properties in this quartile sold last year and, if you bring another 63 people into the market, what are you going to do to the price? Up; you know, we are into our next housing bubble. There is the whole business about why are we lending at 0 per cent and yet the kids across the way, who bust a gut, if you will excuse the expression, Sir ...

**The Deputy Bailiff:**

That is not a parliamentary expression, Senator.

**Senator S.C. Ferguson:**

Oh, well: "Who have laboured diligently" [Laughter] ...

**The Deputy Bailiff:**

Is a very elegant way of putting it. [Laughter]

**Senator S.C. Ferguson:**

Yes, but it does not have the same oomph, Sir. Anyway, they have laboured diligently to get their deposit and so on, but they are paying a percentage. In actual fact, the difference per month on using the scheme proposed in this proposition and using a normal scheme is £22 a month. If you have an equity loan scheme then that would cost the purchaser £186 a month less. So we do not know whether this is the best use of taxpayers' money because we have not seen the research behind it. If we read through the Minister's acceptance and rejection of some of the recommendations, the Minister says that we should not re-evaluate the definition of a first-time buyer. I do not know whether States Members are aware of this, or the new ones anyway, if you are living in a share transfer flat, then you can be counted as a first-time buyer for the sake of schemes such as La Providence in St. Lawrence. Now, on the one hand, the Minister rejects our

recommendation that that definition should be revised, and on the next hand he says this is to help people on the property ladder. But if we have the old definition, it is also helping people to climb further up the property ladder. Are we coming up with a scheme to help people on to the property ladder or to help people climb further up the property ladder? I say that we should be helping people on to the property ladder, which means that they may well be buying share transfer flats. So, the definition does need changing. Again, we come back to the question of do we have interest or not and why has this particular scheme been picked. I am sorry, I am not going to go through the whole rigmarole of all the rejections and so on.

**The Deputy Bailiff:**

No. Because the only question is whether or not there is more information from the Minister that will help the Assembly in reaching a conclusion.

**Senator S.C. Ferguson:**

Yes. I think we do need more information, because it was very clear in the hearings ...  
[Interruption]

**The Deputy Bailiff:**

That has got to be at least £15. [Laughter]

**Senator S.C. Ferguson:**

I think perhaps he needs a lesson in how to run an iPad. No, when we discussed the question of interest and the procedures if you sold before the 20-year period was up, if you sold before the 20-year period was up and you made a profit, if you sold before the 20 years was up and made a loss, what were the procedures that were going to be followed? Nobody had any idea. They were going to come back to us with an explanation and a procedure. We have not had it. Yes, I think we do need more information and I would support the reference back.

**5.2.4 Deputy A.K.F. Green:**

It seems to me that we find lots of reasons why we should not do anything and never have the courage to do what needs to be done. This scheme is, in my simple mind, a reduced States loan scheme. It is very difficult to separate what I want to say in my main speech to the reference back, but I heard Senator Breckon say: "Why not bring back a States loan scheme?" Well, of course, to bring back a States loan scheme would be totally inappropriate, we would not want to be competing with the banks, but what we can do, and I think Deputy Martin hit the nail right on the head, is support not just young couples but middle-aged couples who aspire to buy their own homes with the deposit. Now Senator Ferguson has gone and chucked loads of figures at us about the difference between having, if you like, 100 per cent or 90 per cent mortgage and having an 80 per cent mortgage with the 15 per cent from the States and 5 per cent that they have saved and, monthly, there is not a huge difference, that is accepted. But have you ever tried to pay rent and save a deposit at the same time? Many Members will not have tried to do that, but some of us have and it is very hard. This helps young couples and middle-aged couples who find their circumstances better, who have worked hard to improve their lot, get on to the housing ladder. I have got lots of other things I want to say, but I think it is for the main speech. There is enough information here, it is very clear about the way it is going to be worked. We have had good economic advice. The way it has been structured it will not affect the market, it is only an experiment. We have got young couples and middle-aged couples out there screaming for the scheme. It is not the silver bullet, it is one scheme. We have answered nearly everything that Scrutiny has raised, and I am beginning to wonder if I was in a different private Scrutiny meeting last week to everybody else, because I thought we had reached consensus on most of the

information. If you are against it, vote against it, if you are for it, vote for it, but do not reference it back, because you will not get any new information.

#### **5.2.5 Deputy M.R. Higgins:**

I do not think it is a question of voting against or anything else. There is not a single person in this Assembly who does not want to help get people on the housing ladder, [Approbation] so I do not think it is a question of voting against a particular scheme or anything else, it is simply a question of: let us make sure the scheme is workable and is going to do what it says on the tin. Now, enough reservations have been raised by the Scrutiny Panel; it does not have to be a long delay, while the Ministers come back and give us the answers and we can then go forward in the knowledge that the scheme will do what they are supposed to do, and that the faults that people have identified can either be allayed or confirmed, and then people can make a proper decision. But I do think let us not make it into 'them and us', those who are in favour of trying to help people on to the housing ladder and those who are not, because that is not the case. There is no one, as I say, in this Assembly who does not want to help people. I would say let us refer it back, let us get the information, whether it be a month, or whatever it is, for the reference back, and we get the information and we can vote on it and hopefully go forward with the support of everybody.

#### **The Deputy Bailiff:**

I would like to think that Members must know whether they have enough information or not to decide this question. Deputy Young?

#### **5.2.6 Deputy J.H. Young:**

I will try to be brief. My head wants to go with the Minister for Treasury and Resource's proposition because everybody in this Assembly wants to do something about improving the access to housing, but I think it is wrong that we are left in a situation where we have a very comprehensive Scrutiny Report that has put lots of very important questions -, they are detailed - but the answers we have... and they have been delivered to us very recently, only over the weekend again, and many of those ask us to basically take it in trust because the details are yet to be decided. It may seem a small thing, it is a small scheme, but of course it is put forward as a pilot for what may be a bigger scheme. So I think myself that there are lots of issues which, if we reject the reference back, that I would need to air to explain why these important issues are not being properly answered in the proposition, and I am very disappointed that we are in this position.

[15:00]

I would ask not to put us in a position of saying that somehow we are voting to stop things, dragging our feet and all that kind of thing, not helping people if we go for a reference back, but I think we do need to start to move in this Assembly towards a proper, mature process of getting proper information for these things. We have got into a housing crisis, there are all sorts of reasons for that, funding and the lack of funding is one of those reasons, and it is very important that what schemes we put in place are sustainable in the long-term. So I make a plea, I shall be supporting the reference back, and I really hope it is passed so that we do not have to have a divisive debate, a negatively-aimed one, when really we should be looking forward and putting our energy into solving this housing situation.

#### **The Deputy Bailiff:**

If no other Member wishes to speak, I call on Deputy Southern to reply.

#### **Senator I.J. Gorst:**

Thank you, Sir; sorry, you just appeared to be looking in the opposite direction.

**The Deputy Bailiff:**

No, I was looking very carefully.

**5.2.7 Senator I.J. Gorst:**

This Assembly, I believe, can be proud of its record. I know we have a tendency to wish to criticise each other and find faults where there are not perhaps faults. I believe that we have a Strategic Plan which is just as fit for purpose, if not more so, with the passage of the 15 months or so since we approved it, and one of the 7 priorities was making sure that we transformed housing across our community. I believe that the proposition before us will go a small way to doing just that. I was criticised in the media and by some Members at the time of bringing forward the Strategic Plan saying: “Well, do you believe you are going to be able to deliver on these priorities, Chief Minister, because there have been issues which have been challenging Members of this Assembly for many years and little progress appears to have been made?” Recently, over the last 2 weeks or so, I have been rightly challenged for perhaps some of the delays around the reform programme and it not working, and not being brought forward as quickly as I would have liked. That is right that this Assembly challenges me and ensures that we are working towards the Strategic Plan and delivering those aims. I do have concern that we will continue to talk, we can continue to request further information and we can continue to consider Senator Ferguson’s hypothetical and ponderous questions about what might happen in 20 years’ time and, while we do that, people in our community are living today in substandard accommodation, and that cannot be acceptable. Young people are struggling to see where their future is because they cannot afford to get on to the property ladder, and there are a number of reasons for that. One of them is that they cannot borrow and access that borrowing in order to do so. This is a pilot scheme, it puts forward £3 million to help in that particular problem. We do not need further information at this point, we need to have the courage of our convictions, we need to see the problems which our community is facing and act to start to help to address them. I ask that Members do not support this reference back, but allow the Minister for Treasury and Resources... and yes, Deputy Young, have faith, have trust in the Minister for Treasury and Resources and in the Minister for Housing because they too share the Deputy’s concerns and have put forward a proposal which will help to start to get people on to the property ladder, and that is what we, I believe, have a responsibility to do.

**Deputy J.A. Martin:**

The Chief Minister said most of what I was going to say, so I will sit down, then. Thank you.

**5.2.8 The Connétable of St. John:**

Given that rousing speech by the Chief Minister of having trust, I have heard it all before. We are where we are today by having trust in the President of the day of Policy and Resources when he said: “Accept Clothier and we will put the meat on the bones later.” We now are where we are. Yet again we are having the wool pulled over our eyes because the Council of Ministers and a number of their supporters are going to try and push this through, instead of doing what is right and listening to Scrutiny and coming up with the right answers. We are doing everything yet again on the back of a fag packet, for want of a better description. Yes, it might be a 10 or 11-page report, but it is insufficient. Let us have the details now before we spend this £3 million, because there are other ways of doing this, but we need to get it right for our young people. It is all well and good that 100 families might benefit, but we are all taxpayers and if you are the 101st or the 105th family, you lose out because, yes, it is a trial, yes, I am aware, but let us have the facts up front, let us have it warts and all, please, Minister for Treasury and Resources, not just in part. Because I have heard so many times in this Chamber: “Accept it. You do things in principle nowadays.” Well, this appears from any other way of looking at it, something in principle: “But this is the evidence you are going to have. Take it or leave it.” Really, we want more. We are asking and



Scrutiny have asked for more. I know we hear lip service continually from the Council of Ministers about how they respect Scrutiny for doing this, that and the other; well, here is an opportunity now to prove it. Withdraw your opposition, Minister for Treasury and Resources, and allow Scrutiny to do the work that Scrutiny have asked you to do in its entirety, and give us that information.

#### **5.2.9 The Deputy of St. Mary:**

Anything that allows people to access the property market, allowing them to buy their own home, has to be a good thing. We have an opportunity here to allow that to happen. Every person who buys reduces the possibility of the taxpayer having to provide them with a house in our social housing. Houses are too expensive; they can be built far cheaper by a change in construction methods, and I believe that the Minister for Planning and Environment and the Minister for Housing are addressing that. In the meantime we are being asked to provide what is a desired amount in a trial scheme to allow a small number of people the opportunity to do something for themselves. We should not deny them that opportunity; this is a loan, not a gift. I will not allow them to lose that opportunity.

#### **5.2.10 Connétable J. Gallichan of St. Mary:**

Very briefly. People are calling for more information. The whole point of a trial scheme is that it will provide the information that people are wanting. It is very simple. **[Approbation]**

#### **The Deputy Bailiff:**

I call on Deputy Southern to reply.

#### **5.2.11 Deputy G.P. Southern:**

I rise to support the Constable of St. John, who gave an excellent speech, and to support the reference back, because we have clearly heard from 2 members of the Scrutiny Panel who came up with considerable questions and key findings that required some sort of answers, and they state very clearly that those answers have not been forthcoming. I thought the Chief Minister was going to swing this debate quite easily until he made the fatal error of referring to the old: "I am a Minister, trust me." Time and time again in the 11 years now I have been in this House, I have heard that phrase: "Just put your trust in the Minister, in the President before him, in the Minister, we will do the right thing. We are doing the right thing." The fact is the Chief Minister said: "We should be proud of our record in this House" and indeed we should. We should not be proud of our record on listening to and paying attention to Scrutiny, because, by and large, we tend not to. Ministers try wherever they possibly can to ignore the findings of Scrutiny, and that is what has happened here. I will just read briefly from the key findings and recommendations. The concluding key finding says, and this could not be more clear: "More clarity and detail are required about how the scheme would operate. Until that clarity is obtained and outstanding issues are resolved, the panel cannot support the proposals." Now, it need not take long to reassure, to answer those questions from Scrutiny and to get it clarified and to have this proposal back in a slightly different form, an amended form probably, but one that we can trust because we have listened to Scrutiny, we can trust that it can be made to work properly. At the moment, we have not got that. This debate is: "Do you have the details of this proposition before you now so that you can safely vote it through?" I believe the answer is no. I believe I clearly heard the Minister say: "The details of the operation and eligibility are not yet finalised." I think that is what he said, and we will see in Hansard whether those words were accurate. That is the case. I could go through another 5 points which the Scrutiny Panel has said have not been addressed, have not been satisfactorily answered. I will not do now. If you believe that you have got the answers and that what you have got is a scheme which can work and you know sufficient about the detail of it, then vote against this

reference back. If you do not believe that, then vote for this reference back. Let us be safer; it will not take long to fix.

**The Deputy Bailiff:**

Do you call for the appel? The proposition for reference back of P.131 to the Minister for Treasury and Resources for further detailed information on the operation of the scheme following the Scrutiny Panel's Report. I invite Members to return to their seats and ask the Greffier to open the voting.

<b>POUR: 15</b>		<b>CONTRE: 29</b>		<b>ABSTAIN: 0</b>
Senator A. Breckon		Senator P.F. Routier		
Senator S.C. Ferguson		Senator P.F.C. Ozouf		
Connétable of Grouville		Senator B.I. Le Marquand		
Connétable of St. John		Senator F. du H. Le Gresley		
Connétable of St. Martin		Senator I.J. Gorst		
Deputy R.C. Duhamel (S)		Senator L.J. Farnham		
Deputy G.P. Southern (H)		Senator P.M. Bailhache		
Deputy of St. Ouen		Connétable of St. Helier		
Deputy S.S.P.A. Power (B)		Connétable of St. Clement		
Deputy S. Pitman (H)		Connétable of St. Peter		
Deputy M.R. Higgins (H)		Connétable of St. Lawrence		
Deputy J.M. Maçon (S)		Connétable of St. Mary		
Deputy G.C.L. Baudains (C)		Connétable of St. Ouen		
Deputy J.H. Young (B)		Connétable of St. Brelade		
Deputy R.J. Rondel (H)		Connétable of St. Saviour		
		Deputy R.G. Le Hérisier (S)		
		Deputy J.A. Martin (H)		
		Deputy of Grouville		
		Deputy of Trinity		

		Deputy K.C. Lewis (S)		
		Deputy T.A. Vallois (S)		
		Deputy A.K.F. Green (H)		
		Deputy of St. John		
		Deputy J.P.G. Baker (H)		
		Deputy S.J. Pinel (C)		
		Deputy of St. Mary		
		Deputy of St. Martin		
		Deputy R.G. Bryans (H)		
		Deputy of St. Peter		

### 5.3 Starter Home Deposit Loan Scheme (P.131/2012) - resumption

#### The Deputy Bailiff:

Very well, we now return to the debate on P.131. You were in the middle of your speech, Deputy Southern. Have you got anything further you wish to say? **[Laughter]**

#### Deputy G.P. Southern:

No, Sir. I have finished my speech.

#### 5.3.1 Deputy R.C. Duhamel:

Members probably will not be surprised to know that I am not supporting this scheme, not because I substantially do not agree with the provision of housing or I have fallen out with the Minister for Housing, which I have not - we are on very good terms at the moment **[Laughter]** - but, basically, I do not support the broad political philosophy of putting our trust and faith in the Minister for Treasury and Resources; in fact, I have probably mispronounced that, it is not supporting the “Phil Ozouf-y” of putting our trust in the Minister for Treasury and Resources. This scheme does not do what it says on the front of the packet, it is not solving the problem of providing true affordable units for our public who know, as we do, that the units of accommodation that we are having built are outside their ability to pay for.

[15:15]

If indeed we were, and I know this is a pilot scheme, coming forward with a programme that reduced the cost of houses to a level that people could afford, then I would be the first to be signing-up to it, but it does not do that. What it does is continue to accept that the cost of housing that people are aspiring to will still be expensive, will still be traded at prices that will increase, but the Government will be stepping-in to assist the lucky few, as if they are lottery winners, in being able to put their first step on the rung of the ladder to provide a home for themselves. The other thing that I do not agree with is that this is billed as a Starter Home Deposit Loan Scheme. If it were a starter home deposit scheme then I would be fully expecting the units to be starter homes, but we are not having those homes painted in those terms, we are talking about 3-bedroomed

houses £410,000 and beyond. They are clearly not affordable and the scheme does nothing to solve the problem in the long term, which I think is something that all of us would wish to support. I do not think it represents good investment of funds and this House does still retain the responsibility for the sensible placement of the application of funds, and I think £3 million to start off with is not a small sum. Indeed, there have been other Members who have brought to this House proposals, after the Medium-Term Financial Plan has been agreed, to spend extra sums that have not been accommodated in those plans and been told, probably quite rightly, that they should be thinking otherwise. We have signed-up to financial policies that do require us to spend our monies more sensibly. There is a financial recession. We do not know how long it is going to last. Putting this mortgage noose around people's necks, albeit at 0 per cent interest for a period of time, does not discourage people from trying to bite off more than they can chew. I think, for me, that is the key issue, which is why I cannot support this scheme. The properties must be affordable in the first place, and they must be truly affordable, which means that if people have to pull their belts in, in order to forego the fancy cars, the fancy holidays and the fancy other things that they spend their monies on, in order to purchase a long-term home to put over their families' heads then that is the way it should be; not to be supported by Government schemes that shift monies for the relatively few, the lucky few, to put their necks on the chopping block, so to speak, and to bite off more than they can chew. We do not know what is going to happen in the future with property prices. If indeed the market is allowed to find its own level I think there will be a slackening. There will be an approach which will encourage the house prices to settle at perhaps a lower level. It is already showing itself in the fact that there is such a lot of property on the market and the prices are dropping. That is not to say that I would wish for those who have over-extended themselves to be in positions where they are going to be in negative equity but, then again, the reasons for purchasing a house should be one of homemaking and not of capitalising on rising financial markets for housing, which I feel is what we would be supporting if we do sign-up to the scheme. It is a shame that we did not vote the vote we have just taken, to send it back for further scrutiny. I think the Scrutiny Report that was produced was an excellent one and raised a lot of issues. Notwithstanding the comments from our Minister for Treasury and Resources, I do not think they have been properly discussed or answered, but we have moved on from that debate and the key thing in my view is to sign-up to those who think that it is not necessarily the best scheme ever. It does not solve the problem in the long term and it will encourage people to do things that, really speaking, financially they should not be being encouraged to do. I will not be supporting the scheme.

### **5.3.2 Deputy A.K.F. Green:**

As the Minister for Treasury and Resources said in his opening speech, I strongly support the proposition that he has brought today, and I have worked very hard with him and his officers and my officers to get it here. While home ownership has been an expensive endeavour for people in Jersey, the effect of the global recession on bank lending requirements has made it very difficult, if not impossible, for young families and middle-aged families who have worked hard and find their circumstances have improved to aspire to that dream. Because people say this is an ill-conceived scheme that has not been thought out, it is on the back of a fag packet, I would just like to run through some of the criteria that we worked through and then come back to my main points. As we said, this is £3 million coming from the Dwelling Houses Loan Fund. The pilot scheme is what we said: 6 months. On admin, the Population Office in the Chief Minister's Department will be looking at eligibility and I will come back to that in a minute. Treasury will be making sure everything is in place for the loan, and the Law Officers will be doing the legal side and looking at the contracts. We have some very good governance in place there. Talking about partners now that are going to lend the rest of the money, the 80 per cent. We have got one lender completely on board who is even prepared to do the administration and collect the money that we want back

because this is a loan, as one of the previous Members said. This is not a gift. We are not spending £30 million. We are loaning up to £30 million and one lender was even prepared to collect the money for us and put it back into our account. We have got another lender almost prepared to do the same, but certainly will come on board with the scheme. The eligibility issues that we have already put in place: must be resident in the Island - you would expect that - must have the residential “qualies” as we call it; must qualify as a first-time buyer; must be 18 years of age; the applicant is restricted to the size of accommodation. Does this ring a bell with Members? Does this not sound a little bit like the States Loan Scheme, because it is based on that except we are not lending all the money. There are upper income levels. There are asset caps. It must be the place of residence. So we are not allowing things like buy-to-rent, as has been suggested. Legal costs and fees are all taken into consideration when looking at the money that the young people or the other people may have, and there will be an exchange of data between the primary - that is the bank - and the secondary lender to ensure that funding is safeguarded. Anti-money-laundering processes apply and affordability assessments are taken out entirely by professionals. We put a lot of work into making the scheme viable and it is not rocket science, as I said earlier with another scheme today. This is very similar to the States Loan Scheme except we are lending a deposit. The Deposit Loan Scheme will address the specific obstacle of young people and others who cannot get together a deposit because they are paying high rents. I have been through this, where I have had to pay rent to my landlord and try and get a 20 per cent deposit together. It is very difficult to do. All we are doing is easing that bit. We are not putting people in a situation where they will have loans that they cannot afford. They will be able to afford the loan. That will be part of the assessment. What they are struggling with is getting the deposit together at the same time as they are paying high rents. Of course, we have other issues in relation to housing in our community, such as supply of housing. That is something I am working on with Ministers and we hope to have solutions there. We need the Strategic Housing Unit to come forward with other creative ideas. This idea is not the silver bullet to solve all housing problems. It is one way of allowing people to access housing. I would like the S.H.U. (Strategic Housing Unit), if the States accept it at the next sitting, to come forward with schemes such as people moving into homes that have been built for them and renting them for 5 years and then taking out a mortgage to buy them; another creative scheme to get people into affordable homes. I concur with much of what the Minister for Planning and Environment says about affordability. We need to do lots of work there in terms of making homes more affordable and if we get it right, if we get that synergy between the top of the rental and the coming into an affordable home right, people will be able to move through. That is work in progress, but because that work is in progress and we have got one scheme ready to go, are we going to throw that back? We have got lots of experience in the Population Office - that used to be in Housing - lots of experience in the Population Office of this type of work under the States Loan Scheme. I really do not understand why Members have such difficulty with it. It has been modelled on similar schemes in the U.K. - we looked at schemes there - but tailored to meet Jersey’s needs. Following the pilot scheme, of course we will evaluate it. Any good manager or overseer of schemes always looks at what went well, what did not go quite so well, what can we learn from this, what do we want to repeat, and then we get a more robust scheme coming in later. This scheme will help up to 100 families to realise their dreams of home ownership and, as I said, we will assess that as we are going. I would just like to pick up on a couple of points that I had written down when I was getting slightly depressed, as we were going through this. It is somewhere in here. Negative equity was mentioned. We are not encouraging people to invest in homes to sell to make a profit. We are encouraging people to invest in a home and I hope negative equity does not happen, but it is only a problem if you come to sell it. If people are investing in a home for their family negative equity will not be a problem and I hope that we do not ever see it as a problem. It was mentioned earlier: “Well, 100 families will get it and everyone else will be envious.” Is that not same with any housing scheme that has been brought in? People were envious of the

allocations at La Providence. People were envious of other allocations throughout the Island because they were not the ones selected to get it, and I can understand that, but that is not a reason not to help the 100 that we want to help and if it is successful we will help more than 100. We will bring the scheme back. This is something that will help families achieve their dream. It is simple. It works. We have got plenty of experience in this field and I urge Members to support it.

### **5.3.3 Senator S.C. Ferguson:**

Senator Breckon asked: “Should Government be interfering in the market?” Absolutely right: “Have we raised expectations too much?” I do not know. I suppose it is understandable in a pre-election year. I have also just received a note from somebody. I do not know quite who it was but it is from one of the summaries of the Court loans and so on: “It appears that the Jersey Housing Trust have just borrowed something in the order of £150 million against their properties.” I do wonder if these loans have been guaranteed by the States.

### **Senator I.J. Gorst:**

Could the Senator give way, please?

### **Senator S.C. Ferguson:**

Yes, surely.

### **Senator I.J. Gorst:**

I also am in receipt of a copy of Court correspondence and it appears to me that it is not just borrowing but it is the normal rolling-over of a loan at 10-year periods.

### **Senator S.C. Ferguson:**

In which case these are in fact loans that are being guaranteed by the States. **[Aside]** Well, they were, I think, when they were taken out, but anyway. **[Aside]** I would be very glad to hear the Minister explain it because it does not matter, I think, whether it is a guarantee or just an underwriting because anyone wanting anything on this would look to the States to support it. Anyway, I think we can all appreciate and understand the wish to help people on to the property ladder and, as I have already said, one of the problems with this proposition is that it does not explain how the plan will be put into action. In fact, if I was wondering if it would help me, I would not know where to start because anyone wanting to buy their first property would not understand how the plan is going to work and it is not altogether clear on the gateway.

[15:30]

We have raised a number of recommendations in our review and some have been accepted but, as I have said, the Ministerial response is somewhat wordy. I do wish Ministers would remember the old saying at the top of exam papers: “Length in an answer is not in itself a virtue.” The problem that we have had with the scheme is that we have got a pretty good top line, but the underlying detail is lacking. It is quite probable that this is partly due to the fact that the Council of Ministers did not have an opportunity to discuss the proposition at a full Council of Ministers meeting. As we understand it, Ministers were canvassed by email and there was no formal discussion, and this is totally contrary to Council of Ministers procedures. While this is perhaps a matter for the Council of Ministers, it is a concern that it is proposed to spend money without proper discussion, and this is particularly worrying when the *J.E.P.* (*Jersey Evening Post*) reported the Minister for Treasury and Resources as saying that a deficit of £90 million was forecast for this year. We have not seen any outline of procedures which would ensure that these loans were to be used solely to help people get on to the property ladder, and we have a fundamental disagreement with the Ministers about those people who should be helped with the scheme. As I said earlier this afternoon, the Housing Department definition of a first-time buyer includes those people who are living in share transfer

flats and, therefore, they were entitled to be considered as first-time buyers when houses in schemes such as La Providence come up for sale. Some purchasers had significant funds towards the purchase, through the sale of a share transfer flat, and it seemed to us that for this scheme, with the limited price ranges available under the scheme, the only people who should be considered were those who are currently not owners of property. You will hear emotional pleas for the existing Housing Department definition to be continued. This is not a scheme to help people further up the ladder. It is to help people on to the ladder. Now, the Minister is refusing to change his definition to the one that is fair for the population and I do not think that is right at all. The Minister also wants to allow purchasers only in small new-build developments or old build. Major new-build developments will not be allowed and, given the small number of properties available in the sector - and, as I say, there were 140 transactions in the relevant price range last year - another 60 to 100 purchases will start another housing bubble. The Ministers must realise that any such restrictions as they propose will distort the market. We questioned the liquidity limits being proposed as they were the same as the income support limits and we do not understand why. Originally the Ministers were minded to accept our objections, but they have now decided to reject this and perhaps the Minister for Treasury and Resources will explain in his closing statement. It also seemed manifestly unfair that these loans should be interest-free. For one, interest on the repayment ensures that there are more funds for more people to be helped and, as I have said, the difference in cost as calculated by our adviser is £22 a month. If the scheme were to take the form of an equity loan, then the difference to the mortgage payer would be £186 less a month, including an interest payment. Is this deposit loan scheme, therefore, the best use of taxpayers' money? The actual mechanics of the scheme are still to be worked out. In our hearings there was confusion as to whether interest would be charged. What happened if the property was sold before the term was up at a profit or at a loss? Now, if I am applying for a loan under this scheme, these are details I do want to know. I want certainty. We must demand certainty before we agree to the scheme. We should not be agreeing to something where the details will be worked out later. We have concerns regarding the security of the States interest. We have been told that the majority lender will do a thorough K.Y.C. (Know Your Customer) and due diligence, but we have not seen the evidence to support this. There is also a lack of clarity regarding the second charge on the property which would represent the States interest. I am sorry that the Attorney General is not here, but I would have liked to have known from him whether he could confirm whether there could be a second charge on a share transfer property where one share represents the property. Do you think the Attorney General is listening, Sir? **[Laughter]**

**The Deputy Bailiff:**

Hopefully the Attorney General will turn up to answer your question in due course. I suspect the answer might be yes, but ...

**Senator S.C. Ferguson:**

We met with the Minister for Treasury and Resources and the Minister for Housing on 4th April to express our concerns and to offer them the chance to delay the debate until the matters about which we were concerned were answered. The answer is obvious. We are here debating the proposition as originally planned. Frankly, I am not prepared to agree to a high-level principle without knowing more about the detail. It is an insult to this Assembly to bring a high-level plan and expect us just to agree meekly when we do not know how it would work. I would ask the Assembly to vote against this proposition so the Ministers can fill in the detail and bring it back to the Assembly. I would point out that it cannot be brought back for another 3 months, whereas if the Minister had agreed to the reference back he could have brought it back within 2 or 3 weeks. I do ask Members, we need the details. We should not be agreeing to something without knowing the details.

### **5.3.4 Senator P.F. Routier:**

Many years ago when I started out in life I can recall being on waiting lists trying to get a property to buy and I put my name down in a lottery and failed miserably, unfortunately. I was not one of the lucky ones to be successful in the lottery. That was the way it used to happen years ago. There were plots of land which were allocated for building first-time buyer's houses on and your name went into the Greffier's hat, I think it was, and it was drawn out. If you were lucky you were allocated a property. But eventually I was very lucky to find a plot of land and to have a housing loan to build my own house. That was with the help of the States and at that time it was a very reasonable loan. As time has passed by I have been able to pay that off, but I had the help of the States to get my foot on the ladder. We are currently letting down a lot of young families, a lot of people. **[Approbation]** The blockage that is currently there, that is what this scheme trying to do, is the ability of young families to get that first deposit together and that is the real struggle. Unless they are lucky enough to have parents or family who can help them with a deposit, they are not going to be able to get on to the housing ladder, and I think we have a duty to try and help them where we possibly can. I shared this scheme with some young people and I showed them the proposition and their eyes lit up. They understood it. I mean there are some Members who are saying they cannot understand it, but their eyes lit up and they thought: "Oh wow, this is going to be an opportunity for us." Also, the parents that they were living with, their eyes lit up as well. **[Laughter]** But what I would suggest to Members is this is, as has been described, a pilot scheme. We owe it to young people to give them the opportunity to get their foot on the ladder and to try the scheme. It is not spending this money. We are loaning the money to them. We are going to get it back. All we are possibly losing out on is some interest on that money, and that is not a great amount of money when you think of the great scheme of things. If we can help 100 families to get their foot on to the ladder we should take this opportunity. I urge Members to support this proposition. It will be a great leap and it will be a leap of trust. I know people have talked about: "We should not trust anybody." Well, we should trust people and take this opportunity and help young families to get their foot on the ladder. **[Approbation]**

### **5.3.5 The Connétable of St. Lawrence:**

I just have a couple of questions for the Minister for Treasury and Resources. They were questions that I picked up through reading the proposition when it became available and they are questions that have been asked by the Scrutiny Panel, but I think they are particularly pertinent. We have heard not least from the last speaker who has said this is a trial. It will be for a trial period of 6 months. I would like the Minister for Treasury and Resources to advise us, if the trial is deemed a success, first of all, how will it be assessed as having been successful or not? If it is deemed a success and it is decided to extend, will it be by another 6 months? Will it be by a year or maybe 2 years? For however long it is extended, my concern is that there are limited resources at the moment in the Dwelling Houses Loan Fund and I have seen nothing in the proposition to allay my concerns about where future funding will be found. Looking at the Scrutiny Report, it is clear that the Minister for Treasury and Resources was questioned about where further funding would be found and I am concerned to read in 7.26 on page 54 that the Minister feels it is unlikely to continue for more than 5 years. He stated that he does not think that the scheme would be maintained in the long term, and that gives me some cause for concern because it is not a problem that is going to go away. If it is something that we start to offer to potential homeowners and young families, I think it is something that should be considered for an ongoing matter rather than something very short term. So it is not clear to me how it is going to be assessed on its success or otherwise. Funds are limited in the Dwelling Houses Loan Scheme. Where will they come from if those funds are used up completely and for how long does the Minister see this scheme continuing? If he decides to run it for a couple of years, will it be fair then to other homeowners at the end of the trial scheme who would no longer be able to access this loan towards their starter home? I hope



the Minister will be able to answer those questions because dependent upon his answers will be my decision as to which way to vote.

### **5.3.6 Deputy J.H. Young:**

My starting yardstick is the old Supplementary States Loan Scheme where, for several decades, Jersey people were helped to purchase their family homes, originally constructed under those policies of the day for, unbelievably, figures like £5,000-7,000. Estates were built and those houses, through all sorts of reasons perhaps involving policy failures, those houses are no longer affordable by young people setting up home.

[15:45]

Of course, during that journey the States Loan Scheme fell out of use, mainly because of the credit boom. The banks were offering money like no tomorrow. Loans were flying around like confetti, as many as you liked, and, of course, the interest rates being charged on the States Loan Scheme were higher and so it fell by the wayside. Of course, now we have a situation which is in reverse. We have a failure of the bank lending set up. Lenders require loan-to-value ratios and extraordinarily large deposits and we are, all of us, looking for a means of helping break that loop and, of course, the States have got enormous power. The States have no debt. The States have enormous reserves and the States have clout in the financial services market. So, again, looking at how does the scheme we have got compare to my yardstick in my head of the old States Loan Scheme. There we had a flexible low-start loan scheme. Loans were repayable over a very long period, sometimes 30-plus years, 35 years, and the whole point is that people repaid on the basis of their income. They received interest subsidies; interest subsidies that lessened as their progress through life and careers happened and their earnings increased. As their earnings increased their payments increased, and eventually reaching the point where they got that wonderful day when you are on a fully commercial loan, fully repaying the loan on a proper repayment basis. Sometimes those situations, when they brought up family, took many years and I think there must be a huge number of people in Jersey who have benefited such an excellent facility. Then of course the system coped with in the event of the property being sold the interest subsidies were recovered. Of course they had the benefit of a rising property market to help that happen, which is no longer the case, but of course they also had the opportunity, if they remained in the property for the full term of the loan, as many did, then those subsidies were written-off. To me that was the States lending, as a lender, an imaginative scheme. It went hand-in-hand with Housing, with Planning policies to facilitate the supply of homes, which is a story for another day, which has plainly been remiss in recent years. But just sticking with the scheme. The scheme we are now offered today is thankfully a very small scheme, a scheme I want to find a way of improving but it really falls very, very short of my yardstick. I think somewhere in the papers it said: "This States Loan Scheme cannot be brought back, not relevant to today's conditions." Oh yes, I would like to see some analysis of this. What are the reasons? To me the fundamental issues are still there. Unfortunately we are having to make the decision of go or no go, as it were, because we do not have the opportunity to address or find answers to the Scrutiny Panel's questions, but a couple of points to me are really quite important. There are uncertainties and risks there, and it does not matter to me whether it is a pilot scheme because if we can see those risks we ought to deal with them because otherwise that scheme has a risk of being extended with those risks in there. We do not want a repeat of previous mistakes in previous schemes. The risks are, as I see them in the Scrutiny Report, for the States as lender. There must potentially be an exposure to potential losses through having only secondary security on the homes. There is this issue of share transfer flats and funding as to what is the extent of financial security in the event of default. Of course we have this Spanish/Jersey lovely legal custom of *dégrévement* which I think is where somebody defaults, the properties are seized, and effectively there seems to be some sort of lottery in place as to who gets

the rights to grab the spoils. Of course that is really difficult if properties are declining in value. Of course it said in the paper that it has kind of dismissed that properties being repossessed in Jersey are rare. Frankly, that is right and I am delighted that is the case. But I think nobody can be complacent about that because property repossessions are savagely damaging.

**Senator I.J. Gorst:**

I wonder if the Deputy might give way with regard to a comment he made about dégrèvement. I wonder if the Solicitor General might be able to clarify the situation in a way that perhaps the Deputy was not able to.

**The Deputy Bailiff:**

I think the question, Solicitor General, is whether or not dégrèvement rates as a lottery. [Laughter]

**Mr. H. Sharp Q.C., H.M. Solicitor General:**

No, I do not agree with that analysis.

**Deputy J.H. Young:**

I ask the Assembly to excuse my layman's analysis. Could I follow up with a further question to the Solicitor General to put that right, or would you like me to ...

**The Deputy Bailiff:**

Absolutely, Deputy.

**Deputy J.H. Young:**

Since the Solicitor General has said that I am wrong, could he please confirm that a dégrèvement is a process whereby in the event of default on loans secured against property, then those parties to the loans... there is some process to find out who is able to recover moneys.

**The Solicitor General:**

May I also take the liberty of answering a question that Senator Ferguson posed, I think, when I was out of the Chamber. The answer is in respect of a share transfer property where a person can take security in respect of the share certificate. It is perfectly lawful for more than one security to be taken in respect of the same share certificate and in the event of bankruptcy the security taken takes priority over all other claims.

**The Deputy of St. Ouen:**

Can I ask a supplementary question to the Attorney General with regard to the comments he just made because he has said, as I understand it, that security can be taken up in the share. What he has not said is which security has priority on that share in the event of a default?

**The Solicitor General:**

That will depend on the parties who wish to take security over the same share certificate and what arrangements they reach between themselves, if any. If there is no agreement then the starting position is whoever took security first that security ranks first in priority.

**The Deputy of St. Ouen:**

Could I also ask the Solicitor General, when it comes to this particular proposal where you have 80 per cent mortgage with a provider, which is a substantial sum, and a very much smaller security of 15 per cent, what is the likelihood that the smallest security that is taken on the share will have any likelihood of retrieving that overall amount in relation to the fact that you have a much larger security already established on that share?

**The Solicitor General:**

From the sounds of the question, I assume that the larger security also takes priority, and therefore in the event of a sale of the property to satisfy the security clearly the larger loan, assuming it takes priority, will be repaid first. Insofar as there are funds still left, those funds can then go on the second security interest.

**The Deputy Bailiff:**

I think the Solicitor General for Deputy Young has forgotten the question. He was asking about priorities on dégrèvement.

**The Solicitor General:**

Sorry, if I did not cover it earlier. Supposing that the relevant lenders of funds have a security or other charge over the property they will take priority on dégrèvement.

**Deputy S. Power:**

May I be allowed to ask another question? It is in relation to share transfer certificate again. Could I ask the Solicitor General this question: if a bank has got the primary deposit of the share certificate and does not wish to share security or offer supplementary security or share *pari passu* with a secondary lender or a secondary provider of deposit, is that bank within its rights to refuse to share access to that security on that share certificate?

**The Solicitor General:**

A bank can invite the person who is going to benefit from the loan to enter into a security agreement which includes a covenant, which will preclude that person from entering into any secondary security over the same share certificate. It is all down to whether or not the person who has taking out the loan wants to enter into that agreement. One would have thought if that person needs a second loan from the States, that the person is not likely to want to enter into such an arrangement. But as I think I said a bit earlier, this all comes down to what the bank, the States and the person acquiring the property, what they agree between themselves. This is not a legal issue, this is a commercial agreement, who wants to enter into the particular agreements.

**The Deputy Bailiff:**

Deputy Young, do you remember what you were saying?

**Deputy J.H. Young:**

I would like to thank the Solicitor General for those answers and Members' questions, because he put the issue very much more clearly than I could. So if we are in a situation, which I think we are, where we are proposing an arrangement whereby there will be both primary and secondary lenders, different identities holding different security interests... and we do not appear to have in the documentation sufficient definition of what the rules are that would cover the situation on repossession and so on. But of course, also it highlights to me, listening to the Solicitor General there, I assume it is going to make it much more complicated for borrowers if they want to take additional charges to improve their property, which is normal in the case of mortgages. That is what people do. They purchase them and they raise additional loan finance, so I think that is another complication. But that is not the only risk for borrowers. I think the risk for borrowers that I worry about is that they are at risk, I think, because we are dealing with sort of lower... not totally low income but lower income groups here, the risk of taking on commitments which they cannot repay because they will be, if I understood these arrangements correctly, paying interest and principal on their primary lenders' loan, and principal only on their secondary loan. Of course this is much less flexible than a mortgage through a single lending source, which can flex according to

variations in income. Of course the circumstances in which people's income will change over a lifetime of a loan, particularly if it is 20 years, are pretty significant. First of all, there is a loss of income through one of the partners, either through ill health, or losing their job, or maybe through having family commitments. Then there are the issues that sadly strike a good number of people in our society: divorce and separation where massive financial issues arise and very commonly one partner is left seeking to have to salvage what they can, desperate to hang on to their family home, repaying a loan. Of course what they need from their lender is they need some flexibility. They need flexibility and what are the sort of things that private lenders do? They certainly allow people to transfer payments on loans to interest only. Well, there is nothing said in here about that because our loan, of course, there is no interest element, it is just principal. But the other thing they do is they suspend payments. Is the flexibility in this, I ask, in those sorts of circumstances to give repayments holidays and so on. In order to deal with that we are going to have to have a situation, one can see, where primary and secondary lender, in order to avoid repossession when things go wrong, we are going to have to have an arrangement where both lenders work together and agree what goes on in this particular case. Of course I was very pleased to hear the Minister for Housing say that one of the lenders has agreed to try to administer the scheme as a whole. I think it is essential it is. Not split-up into different fractions with a bit being done by the Treasury Department, a bit being done by the primary lender. But of course that is not what the papers say. It is another example where there are issues not properly covered. In fact what the issue is, is that these loans require one manager. Then there is the issue of macro and economic unwanted effects. It is a small scheme but of course it could be extended. But it is selective on the type of property. It focusing on flats and so on and there must be a possibility of some market distortion there.

[16:00]

Incidentally I should like to go back, I have forgotten one place I have just seen. My note leaps out of the page. If things do go wrong, going back to the previous point, and people lose their property in the event of these losses of income and repossession happens, of course people have lost all of their stamp duty, all of their legal costs and they may well have a negative equity. It is imperative that there is that loan management. So the choice I have, I would love to see either the replacement for the States Loan Scheme back. What I put in my manifesto and I would really like to know why we cannot have it. I would love to see a look at a property equity share scheme because that is one of the answers, i.e. we can take the share of a property and we can split it into different shares and we can have proper sensible arrangements that deal with that. Why have we not had that legal reform? I have been hearing this for decades that Jersey needs an equity share arrangement. What have we got? We have got legislation committees on this... we do not have it. It is so frustrating that there is no attempt to address that. Where we come to is, is it better to have a poor loan scheme than none at all? I am really torn on that. Really torn. Because I want to help these people, I really do. Of course my heart said it is better to have that poor scheme and accept it might help a few but it is going to disappoint many, 101, 105, 110, all the other people. My head says ... I just wish this had been referred back. Again a better more sustainable scheme. One where the risks for lender and the borrower have been properly thought through. I would like to see the detail, maybe that is the fault of mine that I do not like to sign-up to things blank. I will listen carefully to what the Minister for Treasury and Resources says in reply to my points and I shall make my mind up then. But my feeling generally is that this should be set aside and we should have a better scheme.

### **5.3.7 Senator F. du H. Le Gresley:**

I was struggling to come up with the right quotation and my colleague has, I think, found it for me, but the expression is "Nero played the fiddle while Rome burned". We are all very good at playing the fiddle in this Assembly. Meanwhile there are people out there who want to get on the housing

ladder and if they are listening to any of these deliberations in here, they must know that we never raise expectations we are going to do anything because all we do is dither. That is the problem with this Assembly. **[Approbation]** So we have heard speech after speech saying we want more detail, we want this, we want that. But this is a pilot scheme. It is being trialled. It says it in the documents. I pride myself on reading everything that comes before this Assembly and although I am a member of the Council of Ministers I have read the proposition in great detail. I have read the Scrutiny Panel's report, which I think is very good, but I have got enough information to launch a trial scheme. I do not need a lot more detail and I really struggle with Members who keep going on about the extra information they are seeking. If we carry on like this we will never do anything in this Assembly. We really will not. **[Approbation]** Deputy Young went on to quite rightly point out that the Dwelling Houses Loan Fund was designed to help people buy the whole house, not just part of the house. But the fact is that there is only £11.7 million net asset value in that fund. If we were to lend the whole value of 3-bedroomed houses at, say, £400,000, which is the maximum proposed in this proposition, that would help people buy about 30 houses. So we would help 30 people and the fund would be exhausted. That is fine. Those lucky 30 will be wonderfully content that they have a loan from the States at, I do not know what rate of interest, but that is how quickly the Dwelling Houses Loan Fund would be exhausted if we were returned to the old scheme. It says in the report from the Minister for Treasury and Resources that because of the value of the properties today, the Dwelling Houses Loan Fund in its previous format is not viable. So we have this proposition today to take £3 million from that fund and to use it to help people get on the property ladder by helping them with their deposit, 50 per cent of their deposit, for a property. These are maximum prices. A number of Members seem to talk about people ... "We want affordable homes", I heard the Minister for Planning and Environment saying. The number of times I get fed up with that expression "affordable homes". What is the definition of an "affordable home" in Jersey? Can somebody tell me? Why can we not be quite clear what we mean by affordable homes? Is it a £250 home, is it a £50,000 home? We have to be realistic. It is what is available in the current market. Not far from where I live there was a property for sale at about £350,000. I do not know what price it finally reached. It was a dilapidated Victorian house, 2-bedrooms, in need of T.L.C. (tender loving care). I thought to myself: "If only young people, young families, or young people starting out as a couple could afford to buy that sort of property and do it up gradually as their income increases, why do we not have any scheme to help people do things like that?" Here we have it. The Starter Deposit Loan Scheme. They would be able to buy a fairly run down Victorian house, of which there is quite a few around in Georgetown, where I live. They could do those up over time and have a home for the future and they could stay there for the 20 years and enjoy the free interest rate on the deposit. So we are giving people a chance. I applaud the 2 Ministers and although this was not widely discussed at the Council of Ministers I had no problem with this scheme at all. I think it is a very good idea. As I said before, we have a reputation for fiddling while Rome burns. Let me remind Members of the Homebuy Scheme. I have not brought the information with me but I am looking at Deputy Power. Was he not the chairman of the Scrutiny Panel that did not like the Homebuy Scheme as was presented at the time? **[Aside]** He liked it? He did later like it. He liked it when he was Minister for Housing. It was a wonderful scheme, and I am sure if the Senator, who is chairman of the Corporate Services Scrutiny Panel was to become the Minister for Treasury and Resources tomorrow, she would probably like this scheme. People change. That is what happens in politics. When we are slightly in opposition - and I have been there as a Back-Bencher - we do criticise. It does not mean we stop everything because we have had some criticism of what we are trying to do. We are all trying to go in the right direction hopefully. I think I had quite a lot of other points I was going to make. Yes, there was another one. We had a new Scrutiny Panel report out this week. Excellent report, if I might say, from the Health, Housing and Social Security Scrutiny Panel. On P.33, buried in there is a little gem, and I am looking at the little gem, which is Deputy Vallois, because it was her

suggestion, I believe, to the Scrutiny Panel that those tenants living in state social housing who were not taking income support, who perhaps could make that move into home ownership, should be encouraged to save by paying a slightly higher rent and the money would be saved into a savings account run by the housing company or whatever authority they we are going to have. So there was an example of a Deputy thinking out of the box a little bit, shall we say, and thinking: “Yes, people do need to save up to buy their first homes and we do need to give people the opportunity to do that.” But I suggest that this scheme that we are talking about today is quite simply the first chance that many people, not just couples or not just families, but even single people, will have the chance to get into the property and ownership of property. The Minister for Housing quite rightly said that high rents prevent many people from saving the sort of money that is required. Much as they would like to be saving they can only save small sums. This is an example of Government trying to be proactive and I strongly recommend that we approve this proposition today.

#### **5.3.8 Deputy G.C.L. Baudains:**

I have to say I have been disappointed by many of the speeches from the Ministers because their glowing endorsement of this proposition seems to miss some of the major issues, which have been highlighted by Deputy Young and indeed the Minister for Planning and Environment. I believe they were spot-on. This proposition of course means well but it is misguided, which I will come to in a moment. Of course we want to help people own their own homes but not by causing other problems in the process, which I believe is what will happen here. There are other ways to enable people to own their own homes. We have talked about fee-electing in the past. Deputy Young earlier this afternoon spoke about the previous States Loan Scheme. I think that was a mistake to let that get into disarray and become unfashionable and unattractive. What worries me about this scheme is that it will enable people to purchase houses we otherwise could not afford. That might seem like a good idea but if they cannot afford houses at the moment then the market will adjust and those houses will have to become affordable. If we artificially allow people to buy houses that they could not otherwise afford then it enables those house prices to stay where they are. In other words, by enabling a purchase we are effectively propping-up an already overpriced market. That is the concern I have about this.

#### **5.3.9 Deputy S. Power:**

I am not quite sure what to say after Senator Le Gresley’s speech but I think it might be helpful for some States Members to have a little revision on what happened in 2009, and I say that very briefly, it will be a revision in the context of what I am about to say about a starter loan deposit scheme. There were 2 speeches this afternoon that triggered me to speak, and I was not going to speak. One was by Senator Routier and one was by Senator Le Gresley. Senator Routier, the very first sentence he said was: “We are letting down an awful lot of young people” and we are. It is not just now. We have been for 4 years. We really have been for 4 years. For as long as I have been on Scrutiny Panels either scrutinising the Housing Department as a sub-panel, or as an Assistant Minister and briefly a Minister, this has been a constant recurring problem within this Assembly. I would say to my colleagues, and to you, Sir, that I find myself in a strange position of having been in this position 4 years ago, where I had to essentially wing-it and create a scheme that was literally dropped on my head by the then Minister for Planning and Environment, Senator Cohen, on the Homebuy Scheme. There was no template for Homebuy. There was no previous track record or experience of Homebuy. We had never done anything like it before, and yet the officers at the Housing Department in a period from February 2009 to I think it was July 2009 created a scheme and 46 families were housed in St. Lawrence with mean prices of between £250,000 and £260,000 with a States of Jersey bond, which is now I think on the States balance sheet, and it worked. I do not think there has been a problem with that scheme since. Then I now refer to what Senator Le Gresley said, that at times this Assembly goes into almost overkill or overload or minutiae in

looking for every single aspect and answer to a scheme. We did not have it then, and as a relatively inexperienced Assistant Minister I had to wing-it with the officers of the Housing Department and make that scheme work, and we did. I do not think there has been a default since. Moving on from that, to where we are today, we – plurally - this Assembly, has not done anything in affordable housing, in my opinion, really since 2009; that is 4 years. We have not really done anything except listen to what the Minister for Planning and Environment referred to today as an indifferent relationship between Ministries with regard to how we create affordable housing. We have watched one or 2 private development companies supply what Senator Le Gresley is seeking, in terms of definition, an affordable protect.

[16:15]

This Assembly has witnessed the 3 Ministers responsible, Housing, Planning and Environment and Treasury, argue and to a certain extent not produce what we would regard as accessible housing for this community. We are arguing today about £3 million, which if the deposits were about £40,000 would create something in the region of between 60 or 70 deposits, or 70 transactions. If it was £50,000, about 60. So we are not talking about a great deal of money. I would say to Members and colleagues that if this was a development company, or a construction company, or a property company, we would probably all be fired for dithering with a lot of what is going on here today. We do not make decisions and we have... at the moment, the only mitigating factor that is stopping a wave of demand for first-time buyer housing and housing for young families, is the fact that the banks are not lending. If the banks were lending this Assembly would be under enormous pressure to produce a product and the answer in the last 4 years is that there has been little or no product, apart from what one or 2 development companies have produced. I have issues with the scheme. I co-wrote the scheme with my colleagues. I am not happy about the fact that major new developments were not going to be allowed. I am not going to go through a litany of things, because I do not think it is appropriate. Most Members have made up their minds. I find it extraordinary in the report and proposition - it is a Treasury and Resources proposition - there is almost no input at all from the Housing team or from the Housing Department. There are gaps in the information here. There are many areas I could pick, but I am not going to pick on. There is a whole pile of key findings and recommendations that I am sure colleagues have all diligently read. I am not going to go over them. I find myself almost in the same position that I was in 4 years ago where history is repeating itself. We have a scheme being presented to the Assembly that is not complete in any way, shape or form. It has flaws. There are gaps in the information. Overall, I think that the intention is good, to produce a degree of affordability in some of the product that is out there at the moment that cannot sell. The last thing I would say, and it is comments made by the Constable of St. Brelade about 2 weeks ago. He did a media piece out at the new development at La Moye. The essence of the story was that a lot of these houses are over £400,000 and they are not affordable. Likewise, the Uplands Hotel development at the top of New St. Johns Road turned out to be not a first-time buyer or an affordable product compared to the one that was done in 2009. So, we have an issue. It is beholden on this Assembly, the 3 Ministers I have mentioned and perhaps the fourth if the Chief Minister gets involved, to ask the Ministries involved to produce a product which can be made available to States Members. This is a very small scheme. I will wait for the summing-up by Senator Ozouf to see where he is, but there are serious gaps in the supply. This goes a small way towards it. It is not perfect, but history is almost repeating itself from 4 years ago.

**The Deputy Bailiff:**

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

**5.3.10 Senator P.F.C. Ozouf:**

I am going to respond quickly to the points that Members made. I am grateful for all Members who have spoken. Those who have raised questions, I will do my very best in this summing-up to convince them of the merits and the benefits of this scheme. I turn first to the Connétable of St. Martin. He said something really quite important, which I think is a guiding principle in Members' final decision. He benefited from the original States Loan Scheme. I believe that the States Loan Scheme together with other schemes has helped literally hundreds of Island families achieve home ownership. We do not often speak about this work, we believe in social mobility, I think. We believe in the next generation being better and more equipped and having a higher standard of living than the previous one. I would say to the Connétable, please support this scheme because this scheme is going to be delivering social mobility, just as he experienced in proving himself and his family in a way perhaps that previous generations were not. We are lending the money. We are not spending it we are lending it. He asked a good question as to whether or not there was a better use. The bad news is that I am told by my Treasurer that investing £3 million at the current rate that we get on deposit of 2.5 per cent would yield in 20 years' time £4.7 million. Of course, the caveat is that we might get slightly more than the £3 million back, because some people will not have the full duration of the loan. So there is a slight caveat to that. The other thing I have to say is, I apologise for this, that the Treasury and the Treasurer of the States have done rather better than 2.7 per cent by leaving the money in the States deposit account. I will say the Strategic Reserve performance and the other investment in the Consolidated Fund has been an absolutely stellar performance. We are now absolutely beating the benchmarks. So, I am afraid to say, I cannot give the Connétable any comfort. If we invested the £3 million, yes we would get £4.7 million at 2.5 per cent, but because of the track record of the wonderful work that the Treasurer of the States and her team is doing, we would get a lot more, but we would deprive people of home ownership. I hope he is not going to hold that one against me. He was worried about the restrictions. He was worried about first come first served. I understand that. First come first served is certainly better than lottery. I will deal with that in a bit. There is an issue. The officers in operating the policy set by this Assembly will be sensitive to this issue. I hope that we will not disappoint anybody that is going to come forward with the deposit. I hope that also if we do get to the stage where we come up to the £3 million - I cannot promise this - I will work with the Minister for Housing, either with contingencies or something in order to allow those 2 or 3 people that might fall either side of the authorisation scheme. Clearly we are not going to get everybody that is authorised through, because other things will go wrong: *caveat emptor*, the property might not get through, they might not be able to get to court, there may be a problem. We are going to authorise, I hope, more loans in principle than will go forward. We will be very sensitive to this issue about making sure that nobody who gets through the gateway is disappointed. We will track that very carefully. He raised the issue of haves and have-nots. If I may respectfully say to the Connétable, unfortunately, in our society - and this is one of the things that we struggle with - not everybody is equal. There are some people who we determinedly focus on helping. What we are trying to do is give a group of people who cannot get on to the home ownership ladder a hand-up in relation to that. Not everybody is equal. Not everybody has a job in the finance industry with a particularly high salary. Some people are nurses. Some people are working in retail. Some people are doing perhaps third sector work. There will be people who might not have the high income of others. It is these people, on relatively low incomes, that through no fault of their own, because of the credit squeeze, cannot get the full 20 per cent deposits that are required for banks. If we are discriminating - positively discriminating, I would argue - then I think that is a good thing. I ask him please to reflect on that issue of those haves and have-nots. We are helping the have-nots, but we are doing so in a very targeted way. We are helping people at the margin. We are helping them to get over the wire into home ownership. I also, when meeting with him yesterday outside the Parish of St. Martin church, saw the St. Martin village as I drove past. I saw the excellent work that St. Martin has done. I thought about some of the other work that has been done of Parishes, getting people



into home ownership or better housing tenure. I think of the Elderly Scheme that is just by St. Martin's Catholic Church, where elderly people have perhaps downsized into their own homes and the St. Martin scheme which helped first-time buyers. I would ask the Connétable to come with us in this scheme and to help people. He discriminates against St. Martin people, positively. That is a good thing. We are positively discriminating against people who just simply cannot get over the barrier in terms of the housing deposit. One of the great things about Jersey politics is sometimes we agree or disagree in different groups. Can I say the delight that I hold in Deputy Martin agreeing with a proposal that I am bringing forward today? I am really pleased. It is great. **[Approbation]** This is what is good about Jersey politics. She could not have said anything that has supported the scheme any better than I could. She said it is a step-up. She is absolutely right. She also said about discrimination of some of the issues to do with different types of household. Something I feel quite passionately about, for obvious reasons. Yes, we should be not only supporting family. I know we talk about families, but we talk about that family unit - I do certainly - in the widest possible sense, in all the unconventional modern types of family units that exist. She is absolutely right. We have to do much more in terms of addressing the issue of different types of family units, single people and perhaps single people that remain single people throughout their lives, for all sorts of reasons. I agree with her and I warmly thank her for her support. It shows that politics is not just about personalities. To Deputy Tadier, he said whether or not the government should be intervening, whether or not we should be assisting in the market. He was right to say that the market has fallen. There is no doubt that the market in house prices has fallen. Some of the froth that was in the market a number of years ago has come off. I welcome that with the Minister for Housing. Certainly we do not want to see anybody in negative equity. That is a dangerous thing. The whole welfare and the whole positive feeling of people thinking about the house market is important. Certainly, yes, Deputy Tadier is right, there has been a lowering of prices, but I would say to him that the way that this scheme has been constructed it will not inflate. He suggested - and this is a refrain that he has had before - that somehow this scheme is going to help people who own property. If it helps a seller who has not been able to sell their property at the very lower end, perhaps a property owner like Senator Le Gresley thought of, somebody with a property in need of refurbishment, if that is helping a homeowner sell their property on this very limited basis in the lower quartile of the different values, then I say that is a good thing. I should also say that it is wrong to say we do not have holistic plans for property ownership and housing, where there is a lot being done on the whole housing supply as evidenced by the Minister for Planning and Environment's comments. I am going come on to his comments in a minute. It will not be inflationary. Senator Breckon has stood in this Assembly and I have heard him on many occasions talking about the housing market. I was quite shocked in the questions that he raised. I think he said the problem of house purchase was the cost of building. I will happily go through with Senator Breckon the analysis of the reason why house prices are high in Jersey. Yes, we have done a lot in recent years to deal with the issue of the cost of building. That is coming down. That is why we are getting great value, for example, on the purchase of Langtry Gardens and other areas. We have to make sure that we do not see a constrained falling in size of a construction industry, because we will restrict supply, we will not get competition and we will see the old problems of high building prices. The real problem - I think this showed fundamentally a misunderstanding of the economics of the housing market - is land. That is the reason why prices of property is high in Jersey. It is because of land, I say to Senator Breckon. He said we have raised expectations. I am pleased we have raised expectations. I am pleased that we have raised expectations that people will be able to get into home ownership. I ask Senator Breckon, with the passion that he has made at previous submissions on the housing market and homes and all the rest of it, to reconsider and to support this proposition. I think I addressed all of Deputy Southern's issues in the reference back, perhaps wrongly, so I will not revisit that. It simply is not correct to say that there was not economic advice taken.

[16:30]

I live in Cyril Le Marquand House. I am known to walk around Cyril Le Marquand House **[Aside]** ... I do in more ways than one, perhaps too much. I walk around and I talk to people. I spent a long time with the advisers of this scheme sorting out this scheme with the Minister for Housing. Not every single meeting that I have had with the Economic Adviser and my friend the Minister for Housing has been documented. We have documented the key decisions. But to say that we did not take economic advice is simply wrong. The Minister for Planning and Environment, he is the only Minister who I think dissented. I am sorry about that. I want to thank him this morning for his concurrent policy supporting what we are doing here today of boosting housing supply with his 2 clear statements. Firstly, that he is putting H3 on hold, in order to deliver more supply. Secondly, I thank him for his co-operation with the Minister for Housing and other Ministers on dealing with rezoning. We need to have rezoning. We need to have rezoning to deliver social rented housing and shared equity schemes. I think the only difference between myself and the Minister for Planning and Environment ... Senator Le Gresley raised this issue of affordability of what is an affordable home. I think it is not breaking a confidence of the Council of Ministers to say that the Minister for Planning and Environment believes affordable should be the cost of building for about £200,000 for a 3-bedroomed house or a family home. He has said that in public. I would love to say that we can promise people delivering a 3-bedroomed home for £200,000, but I just simply cannot see how we can deliver it. I certainly cannot from an economic and a Treasury point of view deliver it. It is not realistic. We need to help people that realistically can get into home ownership on a proper mortgage basis with a repayment, without completely undermining the market. I am not a market interventionist. I am at the margin wanting to intervene, but I do not want to undo the fundamentals of the market. Of Deputy Duhamel's argument in saying we can deliver hundreds of homes at £200,000, I just simply think that we cannot do it. I do thank the Minister for his support on dealing with supply. This proposition today is not the silver bullet. It is not the panacea. It is not the inoculation that is going to deal with all of the ills that we have in affordability in terms of home ownership. But it is a small example of what we can do. I will respond to Deputy Power's comments in a minute. To Senator Ferguson, first of all can I say that the Jersey Homes Trust loans are authorised by the Treasury, advised by Property Holdings, a reorganisation of the Jersey Homes Trust, as the Chief Minister said, of their borrowing. Yes, we have authorised some reorganisation of the borrowing in order to allow them, effectively, to do what the Minister for Housing wants, which is to deliver more homes within their stock. The Jersey Homes Trust is a very good example, because it was a very controversial issue in this Assembly. The world was going to cave-in when we did the Jersey Homes Trust. There was going to be all sorts of problems and there were all sorts of bogeymen and other things that were raised through it. The fact is the Jersey Homes Trust has delivered over 800 units of rented accommodation, with lots of people being very happy in their homes. I think it is a great success. If we have reorganised their borrowing, because of the 10-year requirement, then that is a good thing. I am happy to brief States Members on that if they want. I have signed the Ministerial Decisions. They were probably exempt until they went through court, for commercial reasons. I was very surprised with Senator Ferguson's speech, because she said earlier that the comments about whether or not she would support the schemes were finely balanced. I thought that I was having bricks thrown across at me at this side undermining the whole of the scheme. It was not a finely balanced speech by Senator Ferguson, it was an absolutely trashing speech of the scheme. I do not think that is fair. I do not think that is what her report says. The criteria is clear, as I said in the report earlier. The criteria on who can have the scheme in terms of their earnings, split by type of property, and maximum prices not to have inflation. The share transfer issue I think has now been dealt with, as I have tried to in Scrutiny. Also, I would also say the share transfer definition, this is a point of dispute I think with the panel: if a single person on a relatively low income is wanting to be a first-time buyer, I repeat the issue, and if they then want to marry, start a family,

then I think that we should allow some flexibility. This, if I may say, is done on a case by case basis by the Minister for Housing. In this scheme it will be a case by case extension. The Minister must approve every single person that is not a first-time buyer, but a near first-time buyer, then I think we should allow the scheme to help those people who aspire to having a family into being continued to be defined as a first-time buyer. I accept that the definition of a first-time buyer is confusing, but you could be a first-time buyer twice. If that is a shared ownership person that has had a share transfer property on limited means that gets through the gateway, so be it. It is not a panacea. It is not just automatic. I do not think I am ever going to get Senator Ferguson to agree with this. If a person owns a share transfer property and if on the sale they are below the asset cap in the scheme then we will treat them as a first-time buyer. That is the statement from the Housing Department. The policy reason is that they do not have assets and so we should not permit them to trade. I think I have dealt with all of those issues. The question was also raised about a person who might fail the repayments of the mortgage during the course of the scheme. I think we have dealt with that. We have had some discussions about the dégrèvement procedure. I hope nobody has to go through the dégrèvement procedure. But for this, we have obviously got controls. Yes, we are risking the fact that some people's circumstances will change; they may divorce, they may lose their job. The actual purpose of this scheme is partnering with a lender. We do not want to become a lender in relation to that. Senator Breckon wanted to restart the whole of the States Loan Scheme. I am confused about that. We are partnering with lenders that are going to make that assessment on somebody and, yes, we are piggybacking on that evaluation of whether or not those people can borrow and repay over the course. No lender, including any of the lenders we are going to partner with, are going to want somebody to fail. That is the worse kind of situation to be in. To the Connétable of St. Lawrence... and I want to be absolutely clear about answering her questions, because they were all very good questions. The first question is: how are we going to analyse it? The first thing is we are going to analyse how the scheme works and look at the properties that are going through the scheme, and looking at similar properties who are not, to see whether or not there is any inflationary effect. That is going to be one of the key things. We are going to see whether the scheme works, whether or not we are going to guess properties and people through the gateway. That in itself is going to be analysed. We will get analysis from lenders. We will get economic advice. We will see from the Statistics Unit whether or not there has been any market distortion. I do not think there is, but we will look at it. We will ask the Statistics Unit to look at the whole segmentation of the market, first-time buyers and all the rest of it. We will look at that. We will analyse in detail whether or not the scheme is working. Of course, it is quite small. She raised the issue of more funds. Senator Le Gresley has already said he has done his research as always, that there is still, after we have debited the £3 million from the Dwelling Houses Loan Fund... there was a total balance at the end of the year of £11.6 million. So effectively there is about £7 million left. We will need to make a provision. We could use some of that in order to do a further scheme, but I think we would look to other sources of revenue. As Members know, we are evaluating at the moment, how we are funding the capital programme. A report is out shortly on that later today. We are looking to see how we are going to fund the long-term capital programme. I do not rule out us, if the scheme is successful, potentially going out and borrowing a certain amount in order to lend for deposits. I am not promising anything, but we will look at it. We will look at all available resources to see whether or not there is a scheme. She said: "Is it fair that the scheme is just being opened with a short window?" We are responding to a particular problem. If I am absolutely candid with the Connétable, I would say that I hope that this scheme or a similar scheme in the longer term is not required, because credit markets will ease and we will return to some normality in terms of borrowing. We are hearing this in the media from around the world: banks are hesitant to lend money. We have Vince Cable in the U.K. encouraging people to lend money. As the Chancellor of the Exchequer said, they are putting the Homes for Loans Scheme on "steroids" was the word that he used, in terms of the printing of money and the loan scheme and quantitative

easing. So, there is an awful lot that is being done to get money into the housing market and into capital spending. I hope that that works and that some of that money comes through to the market. We did an analysis of the mortgage market a number of years ago and it was competitive. I think it still is, but working with the Minister for Economic Development we will perhaps look again at the mortgage market to see whether we need to get any other lenders in. There have been a number of players in. We have Guernsey Building Society. In the whole review of our financial services industry and the taking of deposits, I think we need to look at lending and the domestic mortgage market. I hope the scheme works. We will do another scheme if necessary, but I hope it is not going to be necessary in the longer term, because the market will sort itself out. I hope that answers her questions. Deputy Young, I was a bit of an *enfant terrible*, as some Members may recall, of politics and housing and planning policies in the period from 1999 to 2004. I had lots of discussions with the Qu  r  e/Layzell Committee. I was thrown off the Housing Committee, because I said that I wanted to have shared equity. I do not think there is anybody in the Assembly left now from that Housing Committee. I was told by the President, Senator Le Main - I think he was Deputy Le Main - to resign, because I was against the Lottery. I was against the fact that it was completely wrong to take people's names out of a hat and sell houses on that basis. I was completely against rezoning propositions that were brought forward with an either/or of rezoning of either 'Category A' social rented houses or first-time buyers. I was incandescent with a rezoning proposition at the back of the Cottage Homes that delivered a huge windfall of land of increased value because the landowner all went to first-time buyers. We have learned a lot. We have learned a great deal in the last few years about how to do planning obligations. I am proud of the 55/45 per cent, which I developed with the then Mr. Young at the Planning Department in order to deliver those hundreds of units for first-time buyers. We fixed the issue of having an onward restriction for first-time buyers. When a first-time buyer would buy one, they would see a massive increase in their profit, we had price control and then you could sell it to anybody. The first-time buyer restriction was only on the first purchase. We fixed all of that. Now, we are going to make better policy decisions in relation to planning obligations on what I hope are going to be the rezonings that this Assembly will approve to increase supply. I can debate with Deputy Young a lot about housing policy. We have done a lot on first-time buyers. We have done a lot on delivering affordability. But, we need to do more. The way to do more is the whole range of initiatives. I asked Deputy Young to support this proposition. It is limited. It is well-researched. It has been well-evaluated. It will deliver home ownership. I hope that his panel will work with the Minister for Planning and Environment to deliver rezoning propositions with tough planning obligations, which are going to deliver, yes, shared equity. He is wrong also to say that shared equity is not allowed under Jersey law. It can be. He is not here today. But the Conn  table of Trinity has done a shared equity scheme which the Treasury has supported with  4 million worth of a loan, which we will get back. They have done their own shared equity scheme by something ever so simple. In true Trinity simple style, the Conn  table turns up with his procurers and says: "Yes, we have sorted shared equity, Philip." What we have done is we have said that the interest charged on the shared equity will be the difference between the market price when they bought it and the price if they sell it. By the way, we have a legal opinion to say so from some Silk in London. They have delivered a share equity scheme. It is working. We do not need a law. We do not need a statute. We can do it. That is a kind of "can do" attitude. I am sorry if that is another plug for the Parishes, but it is true. They have delivered what Deputy Young said in relation to shared equity. **[Approbation]** I really, really, really hope that Deputy Young, with all of his experience of home ownership, rezoning, planning obligations and the rest of it, will support this scheme. He interchanged the word "heart" and "head". He said his "head" essentially supported it. I heard it. I am not sure whether other Members did. His head does support it, because it is a good scheme and I ask him to change his mind. Senator Le Gresley gave a bit of a barnstorming speech, I thought. He does his research. He said: "Rome burns and we fiddle." Absolutely. He said he has enough information.

He is one of the toughest Ministers around about detail. Now, if I can convince Senator Le Gresley and get through his discerning eye, who will find every “i” that has not been dotted, the comma in the wrong place and the numbers that are wrong, then I would say: “Do not trust me, trust Senator Le Gresley,” **[Approbation]** because he is happy with it. If he is happy, I am happy. **[Laughing]**

[16:45]

I think I have dealt with Deputy Baudains in relation to “inflationary.” I say to Deputy Baudains, it is not going to be inflationary at this level. I ask him to look at the report where it shows that only properties that can go through the gateway that people will buy. It will not be inflationary. I do not believe in market distortion. Finally, one more Member to respond to, I have sympathy with Deputy Power. I have sympathy because he is on the Scrutiny Panel that has been looking at this and I think his heart is in it and I think his head is in it. He is spot-on when he says that we have not done enough for home ownership in the last few years. He is right. I wish we had rezoned properties in the last Island Plan. I reckon we would have been building properties as a result of rezoning, but the problem was a lack of planning obligations. I am sorry if I criticised his Homebuy Scheme. I had concerns, not because of the operation of the scheme, which was walking and talking almost like a bit of a shared equity scheme. I was concerned only because of the uplift in land value. That was my only concern with the Homebuy Scheme, which was documented. I am with him, absolutely, in relation to a scheme. It was well-researched in terms of its operation. It was simply the land value that I was against in terms of the uplift of the landowners, which I referred to earlier. He is proud of the Homebuy Scheme. I cannot remember how many units it delivered. I think it was 46. So, this will deliver up to 100. If he supported Homebuy and other people thought that Homebuy was good, because it allowed people into home ownership, then I ask Members to support this. I believe, as I said earlier, that this Assembly believes in social mobility. While home ownership is not the solution for everybody... as we are making very clear with our policies of supporting and improving social rented housing. There is no stigma of being a tenant. But there are some people who want to get into home ownership and we should help them. This Assembly, over the generations, has helped hundreds of people into home ownership, through the States Loan Scheme, through rezonings and price control, some of which had unintended consequences; yes, windfalls were made, but hundreds of people have been enabled to get into home ownership. Home ownership is more difficult these days because of high prices, as we have already debated. We need to put the supply in. This scheme is a trial. It is a trial that will work. I am confident. I hope that it will be possible, if market conditions are necessary, to bring forward another potential loan scheme to do more. We can always do more in politics. We can always have a lot more detail. When you have a scheme that has been worked at, that has the support of 2 Ministers, that has been properly advised by the Treasury and the Housing Department, building on the Dwelling Houses Loan Fund, which was set up to help people with home ownership and lending £3 million, when we have enough information and Members have confidence in the administration of the Housing Department, who will run this scheme and confidence in the banks that will partner us, then I hope that Members have got enough information to support the scheme. I hope I have answered all Members’ questions. I ask Members to support the proposition.

**The Deputy Bailiff:**

The appel is called for. I invite Members to return to their seats. The vote is on whether to adopt the proposition P.131. I ask the Greffier to open the voting.

<b>POUR: 38</b>		<b>CONTRE: 9</b>		<b>ABSTAIN: 0</b>
Senator P.F. Routier		Senator A. Breckon		

Senator P.F.C. Ozouf		Senator S.C. Ferguson		
Senator A.J.H. Maclean		Connétable of Grouville		
Senator B.I. Le Marquand		Deputy R.C. Duhamel (S)		
Senator F. du H. Le Gresley		Deputy G.P. Southern (H)		
Senator I.J. Gorst		Deputy of St. Ouen		
Senator L.J. Farnham		Deputy M. Tadier (B)		
Senator P.M. Bailhache		Deputy T.M. Pitman (H)		
Connétable of St. Helier		Deputy M.R. Higgins (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.G. Le Hérissier (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 S. Pitman (H)				
Deputy K.C. Lewis (S)				

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.P.G. Baker (H)				
Deputy J.H. Young (B)				
Deputy S.J. Pinel (C)				
Deputy of St. Mary				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				

## **6. Island Plan 2011: wind-farms (P.27/2013):**

### **Deputy G.C.L. Baudains:**

I was just wondering, given the number of items on the Order Paper whether Members would rather do the smaller items and start this in the morning. Clearly, we are going to be back tomorrow anyway. I was just seeking Members' thoughts on that. I had thought the previous debate would probably be finished by lunchtime. How foolish I was.

### **The Deputy Bailiff:**

It is a matter for you, Deputy. It seems to be clear the Assembly is coming back tomorrow. We perhaps might as well stick to the Order Paper and get on with your proposition, I would have thought. The proposition is P.27 - Island Plan 2011: wind-farms - lodged by Deputy Baudains. I ask the Greffier to read the proposition.

### **The Greffier of the States:**

The States are asked to decide whether they are of opinion to request the Minister for Planning and Environment, having undertaken the required consultation process, to bring forward for approval by the Assembly amendments to the Island Plan 2011, and in particular to section 9 of the Plan, to provide that utility-scale wind-farms will not be permitted in Jersey, on its offshore reefs or in its territorial waters.

### **6.1 Deputy G.C.L. Baudains:**

Members will see I have circulated some notes. I took the view that they may help to keep my speech somewhat shorter, which I am sure Members will appreciate. Although the thrust of my proposition is quite simple, there are in fact some technical details behind it. We are probably all

aware that the global warming or climate change issue, as some now call it, continues to exercise minds and is probably the main driver behind the E.U.'s (European Union) Directives on carbon renewable energy, and ultimately its obsession with generation of electricity from wind-farms. Obviously, as an engineer, this is a subject of interest to me. I have studied it in some depth. Indeed, I could speak on it for some time. Again, Members will be pleased to hear that is not my intention. My proposition is not about whether or not you believe in anthropogenic global warming. It is simply about the practical and environmental issues around having wind-farms on or around Jersey. Theories as to whether the world is heating up or cooling down or whatever are not relevant, so I hope we can avoid being side-tracked. I would also like to make it clear from the very outset that despite being a confirmed petrol head, I fully endorse the need to move towards renewable energy and away from reliance on fossil fuel. The world has used most of its easy oil, and is now moving on to deep sea and shale deposits, as we know. Some countries - for arguments sake, Britain and China - have huge coal reserves, but of course these are finite, as indeed is uranium for nuclear reactors. It makes absolute sense to harness power that is available indefinitely. Of course, there are several sources. There is biofuel, which is a means of harnessing the sun by photosynthesis. There are solar panels, where you harness the sun directly. Tidal power, where technology has moved on, now used in hydroelectric dams. Then there is the harnessing of wind power. We all know that windmills have been around for hundreds of years. Again, the technology has moved on. What my proposition is about is really quite simple: are they suitable for Jersey? If not, why are we wasting taxpayers' money investigating it? The problem is that we, in my view, do not have a clear position on this. The nearest we get are policies in the Island Plan, where the relevant ones are ambivalent, to say the least. I will come to those in a minute. Which means, depending on how one interprets the situation, some will believe wind-farms are ideal for Jersey and start exploring the possibility, which is already happening. On 24th January of this year, our Met. Office produced a leaflet. If I may I will just read a couple of short extracts from it: "The Met. Department wants to find out more about the wind around Jersey's territorial waters to inform future planning for renewable energy. It is applying for permission to put a mast and weather monitoring equipment on outlying rocks 3 kilometres from the main island of the Écréhous and 6 kilometres from the main island of the Minquiers, which, of course, is still on the reefs. The 3-year offshore wind project is sponsored by Jersey Electricity. If the application is approved, which I believe it has been, the kit and masts will transmit information on wind resources around Jersey waters and help inform discussions about harnessing wind energy in the future." They then say: "The 10-metre mast and weather monitoring equipment will not be put in place during the bird-nesting season and the mast would be erected without the usual supporting guy lines which can pose a risk to flying birds. Principal Meteorological Officer Anthony Pallot said: 'This project will provide us with accurate, up-to-date information about the very specific weather conditions in this part of Jersey. This is essential to long-term planning for Jersey's future energy needs.'" From that we learn 3 things. Wind-farms are actively being evaluated right now, because you are not going to monitor something that you might perhaps be doing in 50 years' time, because by then the data would be obsolete. They admit that their mere 10-metre masts could be a potential risk to birdlife, had they had the stays. I ask what will happen if dozens of masts, 10 times that size, are erected? As Members may know, wind turbines are notorious for chopping up birds; very unfortunate. Thirdly, this research is sponsored by the J.E.C. (Jersey Electric Company). I presume that means we are all paying for it through our electricity bills. I would like next to turn to the Minister for Planning and Environment's comments in the *J.E.P.* of 11 days ago, where he made a number of, what I consider, are worrying and contradictory statements. He said, this is always assuming the *J.E.P.* quoted him correctly: "It is misplaced to conclude that a proposed measuring project using temporary masts on offshore reefs is a pre-cursor to siting wind turbines on these sensitive areas; absolutely not the case." I have to ask: why else would they be there? In complete contrast he then went on to say it might be possible to site a wind farm 25 kilometres off



the coast, south-west of Corbière. Well, I hate to tell him but 25 kilometres is just a touch over 15 miles which takes us outside Jersey's territorial waters. Even at that distance modern turbines would be clearly visible from all over Jersey. Modern turbines are usually in the order of 400-foot tall and are therefore visible for 25 miles at least. I am sure that would do wonders for our struggling tourism industry, especially visitors by boat who would be passing closer to them. Given the lack of a definite policy on wind farms, which I will come to in a moment, and the Minister's other comments, such as: "A great deal of enabling work had to be done to investigate the potential for Jersey to exploit natural resources and it would be necessary to talk to fishermen and environmentalists to identify the most suitable sites for wind and tidal power", it is clear to me that quite a lot has been going on in the background that we do not know about. One example is the Department of the Environment's *Fuel for Thought* Green Paper from, I think it was 2007, where on page 18 their position becomes clearer, or should I say sort of clearer, because it states: "Jersey has a very good on and off-shore wind resource. There are likely to be insurmountable planning barriers to exploiting on-Island wind resources, but there is some potential for exploiting off-shore wind", which they then go on to estimate could cost somewhere in the region of £160 million. So to me it is quite clear that off-shore wind is actively being considered, while people are clearly oblivious to the fact that trying to use wind for electricity generation is a fool's errand, which I will prove in a moment. I would also remind anyone taking comfort from the fact: "Well, this is never going to happen. Good Lord, it costs £160 million." It was only a week or so ago, well, probably a little bit more, we decided to spend £400 on a new hospital without a clue as to where the money is coming from. Some have suggested, I know, that we might research the possibility of getting E.U. funding to build these. I would suggest that is very dangerous territory and yet another indication that a wind farm near you may be a possibility. Given the power the Minister for Planning and Environment has - and I must stress here I have full confidence in our present one - and encouragement by a department that is clearly fixated by wind turbines, it would only take a misguided decision by a future holder of the office to cause us to have such a construction either on the Island or in our seas. We do not want, or I certainly do not want, our Island or its territorial waters disfigured by ugly useless turbines, and they are useless. So before I go into a little more detail on the local issue I would briefly like to touch on the effectiveness of them generally or, put it another way, why are we even considering them?

[17:00]

Here I would ask Members to look at the notes I circulated. They are in 2 parts. The first half is extracts from our files, which are in no particular order, and they deal with wind farms in general terms, where Members will see they are not the panacea they are cracked up to be. First of all they would not be built at all were it not for the massive subsidies. At the top of the first page Members will see every turbine in the U.K. is subsidised to the tune of £138,000; each one, each year. The U.K. currently pays out a £1 billion annually in wind turbine subsidies, nearly all of which goes straight out of the country to the foreign owners of those wind farms. Building costs, we know, are around £250,000 per turbine, and according to a recent scientific survey these machines only last 10 to 15 years. They do not last for the 25 originally assumed. They also need infrastructure, expensive cables, which in our case, we know from our link to France, would be in excess of £40 million, and they produce very little electricity. Nothing at all when there is no wind and when the wind is strong they have to be shut down to prevent structural damage. If they do produce electricity it is usually at the wrong time. Page 3 of my notes gives one example where at a time the U.K. demand was high a wind farm was producing just 1.6 per cent of its total capacity, just when it was really needed. So to power the U.K. would need one-third of a million turbines, not forgetting 100 per cent backup by conventional power stations to deliver power when the wind turbines are not able to. As I have said the only reason they are built is because of the massive E.U. subsidies. Also there is a quite worrying aspect. If Members look at the penultimate paragraph on

the first page they will see wind farms are paid thousands of pounds per day to be turned off because they are producing electricity at the wrong time. I have to ask: "Do we really need this in Jersey especially at the enormous cost and visual impact?" I have to say at the bottom of page 3 is a sample of online comments about wind farms and I think they are probably right. I do not know how much hot air is going up there. **[Laughter]** The second half of my notes shows the relevant parts of the 2011 Island Plan, which I think is what we would normally rely upon as being the guiding policy. A few moments ago I spoke of the plan's ambivalence towards renewable energy and Members will now see what I mean. Paragraph 9.42 appears to put the bar for such projects at a very high level but over the page, paragraph 9.49, appears to embrace it with open arms. I am alarmed by the policies, NR4, NR5 and NR6, which all start with the phrase: "Will be encouraged." To me of particular concern, given the Minister's assertion that a wind farm could be established 15 miles south of Corbière, is paragraph 9.43 where it is confirmed that our planning laws only apply within our territorial waters. Does this mean that a wind farm is being considered outside of our territorial waters and if so what control would we have over it? Who would build it? Who would own it? Would it be a private scheme? I have no idea. Turning to the last page of my notes, we have the on-shore renewal energy part of the Island Plan. To me one of the most worrying aspects has to be paragraph 9.51 which states: "It is considered there are no suitable on-shore locations where the barriers to installation would not be insurmountable." If I might read that again: "It is considered there are no suitable on-shore locations where the barriers to installation would not be insurmountable." This is quite an important paragraph and yet it is completely ambiguous; it is in my view. It could be read 2 ways. It could be read that either of the suitable locations, none have unsolvable barriers or it could be read that the areas where barriers can be overcome there are no suitable locations. Which is it? I believe the first option is the one they had in mind otherwise why would they not have simply put a full stop after the word "locations". It seems quite clear to me that the department believes wind turbines could be built on-Island because they state it would be acceptable to have them, provided they are at least 500 yards away from your house. It really does worry me. The Planning Department, as we know, goes potty if the glazing bars on your window are not just right, but the comrades now next door do not seem to understand the environmental impact of huge turbines and the effect they have on wild life and humans. Do these people not realise countries put their turbines in remote areas to avoid such problems? As I said turbines smash up wild life. They can be seen for 25 miles. They are a health hazard within 3 miles. Members will recall from the earlier part of my notes that the noise these turbines generate is of a particularly dangerous frequency. It is the same frequency as a human body and it is known in sufficient intensity causes death and yet the department suggests 500 yards. It is truly unbelievable. The avoidable factors: even disregarding the uselessness of wind turbines generally, they are totally unsuitable for a small island. You simply cannot get them far enough away from habitable areas. I brought this proposition because I am seriously concerned at the total lack of clarity which appears to be allowing covert encouragement of a technology that others are now finding, at great costs, to be fundamentally flawed. The Minister for Planning and Environment has said he wants to keep his options open. I have to ask what for? If he is waiting for technology to improve one might understand, but the truth of the matter is the problem is not the technology. It is the variable nature of wind and no technology will make the wind turbine work when there is no wind. Today's need for a reliable supply of electricity is far removed from the days when you could grind corn in a windmill as and when the weather allowed. There are 3 fundamental problems with wind farms. They do not provide reliable power. There is no power when there is no wind and none when there is too much wind, and it is for that very reason that wind farms require 100 per cent back-up by conventional power stations, either gas or coal or nuclear. Some people, unfortunately naively, think because the wind is free electricity from turbines is very reasonable. In fact the cost of the electricity they generate is 2 or 3 times that of conventional generation and you need a huge amount of very expensive turbines to generate usable quantities of power. As I have said, it is estimated a

third of a million would be needed to power the U.K. alone and that is assuming the wind is blowing. The environmental impact is something which really concerns me. Unless you can put them far enough away to be out of sight they are unacceptable. I mean you can see the wind turbines on the nearby French coast at 15 miles away - the ones at Carteret - so I would say 15 miles is a minimum. For the department to suggest 500 yards is ridiculous. So finally, wind generated electricity is unsuitable for all the reasons I have given, and many more besides in any location, never mind Jersey. It is totally unsuitable for us because we do not have any location, either on land or sea, where wind farms of any size would be acceptable and obviously I am not talking about a single turbine, I am talking about a wind farm of 20, 30 or 50 turbines. So why then do we keep our options open when there are none to be kept open? I believe the only way to achieve clarity is to make it quite clear in the Island Plan where we stand on this issue, because I believe if we do not the present ambiguity will continue and as a result taxpayers' money will continue to be wasted investigating in technology that is not only flawed but completely unsuitable for Jersey. Given the powers enjoyed by the Minister for Planning and Environment we could, if we do not, ultimately be faced with the worst case scenario that a commercial wind farm has been approved. By all means let us get on with harnessing tidal power, something we should have done decades ago, but wind power: no way. I would like Members to make that clear before we sleepwalk into another disaster. I make the proposition and will answer questions if Members ask.

**The Deputy Bailiff:**

Is the proposition seconded? **[Seconded]**

**6.1.1 Deputy R.C. Duhamel:**

Right, 20 minutes. Don Quixote had similar problems tilting at windmills but nevertheless that was only in moments of madness. One of the difficulties that I have got with this particular proposition is that the Deputy is setting hares running. Quite clearly the proposal is talking about things that would not get planning permission in any shape or form. I think it is only right that I mention what those issues are from the outset. The Deputy is talking about proposals or suggestions that might come forward by our own electricity company, or indeed other outside companies, to put wind farms on the Écréhous or the Minquiers or even the Dirouilles and other off-shore reefs. I think the Deputy has forgotten that we have, under the Planning and Environment laws, designated these areas as Ramsar areas and because they are Ramsar areas that affords them a level of protection. It is not a complete prohibition against any development that might take place in these areas, for those who read the agreement, but it is, nonetheless, pretty strong in terms of providing a discouragement for commercial activity. So you have this Minister's assurances up-front, backed-up by the Island Plan, that no wind farms are potentially going to be considered for those off-shore reef areas and indeed, if they were, the likelihood, the very strong likelihood, is that they would be objected to on many, many grounds. So I think that rules that one out. The second suggestion, which the Deputy refers to, which is absolutely correct, was the statements that were made in the 2007 *Fuel for Thought* documents and other documents since in suggesting that on-shore wind sites are not really a reasonable possibility for the Jersey public. So when those statements were written, what we are suggesting is that nobody is going to set aside several square kilometres in St. Ouen's Bay or St. Brelade's Bay or in St. Aubin's Bay or any of the other bays either close to shore or onshore for the provision of wind farms in any shape or form that has been suggested. They are clearly too big. The size of the towers is of the order of La Collette chimney and to picture a number of those onshore in any particular shape or form is an absolute lunacy. I think again we can be assured by the policies within the Island Plan and other documents that quite clearly set out that these things would be a very strong no-no. So why have we mentioned the 500 yards? There have been a number of applications, small scale applications, for smaller turbines and indeed a number of Islanders have purchased smaller pieces of equipment, which they have invested in, to provide

electricity for their homes and indeed to provide, perhaps, opportunities to make an investment return by selling the surplus electricity back through the J.E.C. grid. Those things can be contemplated because there is a scale difference. That is not to say that the Minister for Planning and Environment - myself, or any others- would be willing, or wish, to see the Island pepper-potted with all of these micro turbines all over the Island, all trying to compete with each other to make the return or to provide themselves with free electricity but, that said, these things are permissible in other places and they have to be duly considered on their merits. That is why we suggested 500 yards.

**Deputy G.C.L. Baudains:**

If the Minister would give way for a moment, my proposition deals solely with utility scale wind farms not private ones.

**Deputy R.C. Duhamel:**

That is indeed the point that I am making, and I am glad that I do have that measure of support from the Deputy in that perhaps his proposition is going too far.

[17:15]

So what does that leave? The Deputy was beginning an argument, or series of arguments, to convince us that through, perhaps, scare tactics that these wind turbines are about to be placed in waters that are outside of our jurisdiction and perhaps he is right. The Island has been contacted by a number of energy firms and by the French Government, who are representing those interests, on a number of occasions and I do have one of the document presentations that was made to our Island officials on 17th January 2012. The French companies, and there are a whole group of them - a consortium - are actively considering a number of potential sites on the west coast and north coast of France and they are all large scale wind power farms as well as tidal farms. Those presentations, just to give you an idea of the size, are in 5 places. There is a potential for a 500 megawatt wind farm just off the island of Normoutier, which is another small island if people know it, where they grow the Bonnette potatoes similar to our Jersey Royals. There are 480 megawatts of potential capacity in Saint-Nazaire. There is a 500 megawatt wind farm that is being actively proposed at Saint-Brieuc, just to the south of the Minquiers. There is another one at Courselles, 450 megawatts. Another one at Fécamp, 498 megawatts, and another one at Le Tréport, 500 megawatts. So contrary to the impression that the Deputy is trying to convey, if indeed he is right, he is probably one of the few people on the planet who does not like or does not believe in wind power, and that means that all of the French engineers, the French Government officials, other competitive companies who are bursting to try and encourage the uptake of that engineering capacity in order to bring jobs and prosperity to their regions, have got it absolutely wrong. They have not only got it absolutely wrong in terms of pitching in for a technology that does not deliver electricity, they are going to be delivering these things for perhaps other reasons. That is the negative effects that they are going to have from their tourist industries or from their boating fraternity or from their fishing industries or indeed from any other person who might otherwise be attracted into their local vicinity. I do not believe for one moment that the Deputy from St. Clement is the only person on the planet who is right and that all of these other persons, who have a great deal of level of expertise in the areas that we are talking about, are absolutely wrong but let us suppose that they might be. Where does that leave Jersey? If we take the closest suggestion which is 100 of these wind turbines to be located at Saint-Brieuc. Saint-Brieuc is right on our southern boundary line.

**The Deputy Bailiff:**

Minister, I have listened to this for a few minutes but I am not sure that it is relevant to the proposition being...

**Deputy R.C. Duhamel:**

I think it is relevant.

**The Deputy Bailiff:**

Excuse me, the proposition is limited to a request to you to bring forward an amendment to the Island Plan to provide that utility scale wind farms will not be permitted in Jersey at off-shore reefs or territorial waters.

**Deputy R.C. Duhamel:**

Yes, or territorial waters, absolutely right. I am just coming to the point to suggest that the French Government and indeed the U.K. Government and other governments are actively pursuing wind farms on their boundaries. They are all at sea, as they have to be, the further you go out the greater the wind velocities and indeed what I am endeavouring to show by way of argument, is that the French are pursuing a very large wind farm on our southern most boundary and there is the potential - if I am allowed to finish - for our electricity company, or indeed other companies, to be invited, perhaps, to the Island to make a proposal to extend the French contribution of a wind farm slightly to the north across the international boundary into our waters but way, way below the Minquiers in our territorial waters. I do not really have too much objection to the first 2 points that the Deputy is making and that is, that there should not really be permitted in Jersey as far as possible, utility scale wind farms, on its off-shore reefs. I think from the reasons I have given about the Ramsar designation that is not necessarily a possibility, likewise utility scale wind farms onshore; that is not really a sensible possibility. I do have strong objections, which I want to explain, in terms of prohibiting through this proposition any attempt by any other party, known or unknown at this point in time, for the placement in our territorial waters, far enough away to keep those who do have objections on visual grounds or to keep all of those who are happy, in environmental terms or environmental grounds, if a planning application were to come forward, to look for siting of a wind farm in our territorial waters, I think I will be duty bound to consider it sensibly. If indeed this proposition goes forward we are effectively saying that Jersey will never ever allow anybody to put forward these applications, and if they do they stand zero chance of getting them considered favourably because this Island state has decided that on the basis of evidence given by the Deputy of St. Clement that it is a non-starter. That is broadly it. In terms of the contribution that these wind farms can have it must be something to be considered as our economic package. I am one of the few Members who took it upon myself to travel with the previous Minister for Planning and Environment, Senator Cohen, to a part of Sweden where an off-shore wind farm was available and that was 48 turbines of a smaller kind with an investment of 180 million euros returning 110 megawatt capacity and with a generating capacity of 0.33 terawatt hours per year, which represents enough electricity to run 60,000 homes. Now I am not suggesting that if any wind turbine farm were to be applied for on our southern most territorial waters that it would necessarily have to be that large but the point has to be made that this wind farm at Lillgrund in Sweden is offering the Swedish Government, and those 60,000 homes that do get cheaper electricity, an economic return from something which is benefiting from the investment of the 180 million euros that have been put into the system. If one does the arithmetic and scales-up for that capital cost, and admittedly there is maintenance costs and running costs to be taken into account, but if you do your figures over the 20 to 25-year life span, or even indeed at 15 years, that return on electricity more than adequately pays for the investment. So I think that what is being suggested by the good Deputy from St. Clement in that these wind turbines do not generate enough electricity, is not the correct picture to be painted. Equally, as Members will know, I am particularly interested in long term sustainability and indeed technological advancements that would assist to turn this technology, which does have its problems I would admit, in terms of the intermittency of the winds that blow. But there is a whole load of, as some Members might be interested to hear, storage

techniques, which can take the wind power when it blows, compress air or other fluids and to use the expansion of those gases at times when the electricity is required and these things are coming on to the market at a regular pace. China is investing in them. Other larger countries are investing in them but indeed if we listen to the Deputy of St. Clement it cannot be done, it will not be done and it should not be done, and I think that is not the way forward. The other point he was making about the subsidies is that this has been, for a long while, new technology and many of the governments, notably the U.K., are investing by way of subsidy into the provision and uptake of this technology, not for the sake of just trying to discount the energy prices, but to attract the companies, the expertise and the know-how through working with their universities into turning the situation into an opportunity whereby U.K. and British technology can be provided as an export market. So it is not just about cheap electricity prices it is about the opportunities for investing in the education, investing in the intellectual rights and the engineering skills that can be sold abroad as an export project. The Deputy also mentioned that perhaps from a tourism point of view people would not wish to look at these things. If they did indeed happen they would be pretty much off-shore, on the horizon and at most times of the day they would be hardly visible. Likewise what is happening is that many of the areas, in league with the conservationists, are being turned into marine no-take zones in order to boost and enhance the natural environments to provide enhanced fishing opportunities as well as the opportunity for generating electricity. So picture this in 10 years' time or 15 years' time, or whatever, perhaps even sooner, we could have a wind farm on our southern most extremity, in our own territorial waters, that we cannot necessarily see most times of the day, not only providing cheap electricity but giving us an opportunity to enhance the marine offerings through our fishing programme for growing natural food. I think this is all pretty much in tune with the move for sustainability and is something that we should not just turn our nose up at, at this point in time, in the absence of perfect knowledge, and suggest that it is not something that should or could be contemplated. The other final point - I know it is getting late - is that these schemes, and the Deputy is absolutely right, do not last for ever. So as part of the costings there is the provision for dismantling the equipment at the end of the 20 to 25-year period, and indeed coming back with enhanced turbine technology, as may or may not happen, or indeed kind of returning the seabed back to its natural state as far as possible. So I think if we do, as an Island, sign-up to this proposition we are not sending our positive messages to the world that we are interested in sustainability. We are not sending out positive messages to the world to say that we are an up and coming society that does like to, at least, consider doing things perhaps in a better fashion which makes, maybe, less demands on the environment. We are sending out the opposite of that. We are telling everybody that we are negative. We do not want to move forward and certainly, on the basis of one of the Deputy's view that he does not like the look of these things, or he suspects the technology or the running costs, or any other issues, that we have listened to one person rather than listening to a whole host of other persons who are doing these things in other places. I think that probably sums it up and I ask for the adjournment.

**The Deputy Bailiff:**

Proposer? [**Seconded**] The States therefore stand adjourned until 9.30 a.m. tomorrow morning.

**ADJOURNMENT**

[17.29]