

STATES OF JERSEY

OFFICIAL REPORT

WEDNESDAY, 1st MAY 2013

PUBLIC BUSINESS – resumption	3
1. Living Wage for Jersey: investigation (P.37/2013)	3
1.1 Deputy G.P. Southern of St. Helier:	3
1.1.1 Senator P.F. Routier:	7
1.1.2 Deputy R.G. Le Hérissier of St. Saviour:	9
1.1.3 Senator S.C. Ferguson:	10
1.1.4 Senator A. Breckon:	10
1.1.5 Senator P.F.C. Ozouf:	11
1.1.6 Deputy T.M. Pitman of St. Helier:	13
1.1.7 Deputy M. Tadier of St. Brelade:	15
1.1.8 Connétable P.J. Rondel of St. John:	17
1.1.9 Deputy J.G. Reed of St. Ouen:	18
1.1.10 Deputy M.R. Higgins of St. Helier:	19
1.1.11 Deputy J.M. Maçon of St. Saviour:	19
1.1.12 Senator I.J. Gorst:	19
1.1.13 Deputy J.A. Martin:	21
1.1.14 Connétable D.W. Mezbourian of St. Lawrence:	22
1.1.15 Deputy G.P. Southern:	22
2. Draft Policing of Parks (Amendment No. 5) (Jersey) Regulations 201- (P.41/2013) ...	25
2.1 Deputy K.C. Lewis of St. Saviour (The Minister Transport and Technical Services):	25
2.1.1 Connétable M.P.S. Le Troquer of St. Martin:	25
2.1.2 Deputy J.M. Maçon:	26
2.1.3 Deputy R.G. Le Hérissier:	26
2.1.4 Deputy J.H. Young of St. Brelade:	26
2.1.5 Senator B.I. Le Marquand:	26
2.1.6 Deputy K.C. Lewis:	27
Deputy J.H. Young (Chairman, Environment Scrutiny Panel):	28
2.2 Deputy K.C. Lewis:	28
2.2.1 Senator F. du H. Le Gresley:	28
2.2.2 Deputy K.C. Lewis:	28
3. Draft Control of Housing and Work (Jersey) Law 2012 (Appointed Day) Act 201- (P.42/2013) - as amended	29
3.1 Senator P.F. Routier (Assistant Chief Minister - rapporteur):	29
3.1.1 Deputy G.C.L. Baudains of St. Clement:	29
3.1.2 Deputy C.F. Labey of Grouville:	30
3.1.3 Senator P.F. Routier:	30

4. Draft Register of Names and Addresses (Jersey) Law 2012 (Appointed Day) Act 201-(P.43/2013) - as amended	31
4.1 Senator P.F. Routier (Assistant Chief Minister - rapporteur):	31
4.1.1 Deputy G.C.L. Baudains:	32
4.1.2 Deputy J.M. Maçon:	32
4.1.3 Deputy J.H. Young:	32
4.1.4 Deputy J.A. Hilton of St. Helier:	32
4.1.5 Deputy S. Power of St. Brelade:	33
4.1.6 Senator P.F. Routier:	33
5. Jersey Innovation Fund: establishment, funding and operation (P.124/2012) - as amended.....	35
5.1 Senator P.F.C. Ozouf (The Minister for Treasury and Resources):	35
LUNCHEON ADJOURNMENT PROPOSED.....	40
Deputy G.P. Southern:	40
LUNCHEON ADJOURNMENT.....	41
5.1.1 Deputy S.G. Luce of St. Martin:	42
5.1.2 The Connétable of St. John:	43
5.1.3 Deputy R.G. Bryans of St. Helier:	44
5.1.4 Deputy J.H. Young:	44
5.1.5 Deputy G.P. Southern:	46
5.1.6 Deputy J.M. Maçon:	47
5.1.7 Deputy J.A. Martin:	48
5.1.8 Deputy G.C.L. Baudains:	50
5.1.9 Deputy E.J. Noel of St. Lawrence:	50
5.1.10 Deputy S. Power:	51
5.1.11 Deputy R.G. Le Hérissier:	51
5.1.12 Senator A.J.H. Maclean:	52
5.1.13 Deputy M.R. Higgins:	57
5.1.14 Deputy M. Tadier:	58
5.1.15 Senator P.F.C. Ozouf:	59
ARRANGEMENT OF PUBLIC BUSINESS FOR FUTURE MEETINGS	64
6. Connétable A.S. Crowcroft of St. Helier (Chairman, Privileges and Procedures Committee):	64
6.1 Deputy J.H. Young:	65
6.2 Deputy J.A. Martin:	65
6.3 The Deputy of St. Peter:	66
ADJOURNMENT.....	66

[9:30]

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

PUBLIC BUSINESS – resumption

1. Living Wage for Jersey: investigation (P.37/2013)

The Deputy Bailiff:

The next item on the agenda is P.37 - Living Wage for Jersey: investigation - lodged by Deputy Southern. I ask the Greffier to read the proposition.

The Deputy Greffier of the States:

The States are asked to decide whether they are of opinion to request the Chief Minister, in consultation with other members of the Council of Ministers as appropriate, to investigate the feasibility and desirability of the introduction of a living wage for Jersey, with the investigation to include – (a) the experience in other jurisdictions; (b) the appropriate level at which a living wage might be set in relation to the cost of living differentials between Jersey and the United Kingdom; (c) the overall economic impact and business costs by sector; (d) the effect on States revenues; (e) overall cost/benefit analysis within the Social Policy Framework; (f) methods for, and timing of, the introduction of the living wage; and to report back to the States with his findings no later than 31st January 2014.

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

May I wish all Members a felicitous May Day, especially to the Constables, and my wife is out making sure your fields are fertile, and to the Chief Minister, at least we are not celebrating May Day in Greek style; we have got no universal strike on yet. **[Aside]** So may we have a happy May Day. Where do I start? Living wage: a concept that is fairly common in some other countries, especially in the U.K. (United Kingdom) and gaining support, for example, the London Living Wage, which currently stands at £8.55 an hour has the unalloyed support of Boris Johnson, and the thought of me and BoJo in the same cart is quite an interesting idea. What is the living wage? Well, the first thing to note about the living wage is it is not compulsory. It does not require legislation, it is a voluntary activity. Obviously it has economic and other benefits, it has an economic cost but nonetheless it is voluntary. People are encouraged to pay the living wage for ethical and moral reasons so that people, workers, can live adequately and that definition is ... and in the U.K. there are 2 levels, because it depends upon the cost of living for your area. So, we have a London rate, which I have said, is at £8.55; and a non-London national living wage elsewhere, which is at £7.45 per hour at the moment. We start with the living wage outside London, it is set by the Minimum Income Standard, a research project based at Loughborough University, which we have had contacts with before in terms of assessing what we are going to do with income support. Ten years in research... we did not follow that through but nonetheless that Minimum Income Standard has a long tradition. The MIS provides a well-researched measure of how much a worker needs to earn to avoid the effects of poverty, such as ill health, poor levels of child development and social exclusion. It is a very well researched piece of work. Outside London it is based on a couple with 2 children, both working full-time with paid child care taking up their full entitlement of means-tested benefit. It is a very basic budget. The family lives, for example, in council housing, does not run a car, does not contribute to pension or spend money on debt repayment. So it is, as it says, a minimum but adequate statement. How does that compare with the minimum wage? It is obviously higher than the minimum wage. The minimum wage sets a standard below which people should not fall but nonetheless requires support. No one I do not believe can live adequately on the minimum wage and we acknowledge that because we have an income support system which is an in-work benefit, which supports low paid, i.e. minimum wage, work. The

London living wage is calculated somewhat differently. It uses 2 approaches: the first calculates the wage needed to meet the costs of a basic budget for a range of household, this is termed “the basic living cost approach”; the second, the income distribution approach, is set at 60 per cent of the median income for London. The results of these 2 calculations, that an average and 15 per cent added for margin to cover unforeseen costs. So again, a low but adequate budget to keep people out of poverty. Importantly, a voluntary action on the part of employers. Not compulsory. No one is forced ever to adopt the living wage. I thought today, for once, I would be meeting little opposition from the Chief Minister and the Council of Ministers towards my request, which is for an investigation. I have tried to modify and moderate what I am requesting. I am requesting an investigation and I was very disappointed yesterday to see the comments coming from the Council of Ministers rejecting this approach. I feel the time has come certainly to examine the case. I do not think we lose anything by examining the case either to accept a living wage or reject one. But we should have a proper examination of it, I believe. Why now? To be frank, it came after we discussed the minimum wage, and I failed to raise that, so that it did not fall behind what was happening in the rest of the private sector, so that we have seen the minimum wage raised by a mere 5p in the pound, which means that our worst paid workers are falling behind their companions who are better paid. That, for the first time this year, I think, is a retrograde step, so I thought I would take a new approach and introduce us to the concept of the living wage. Why this year in particular? Partly because of my request but anyway the Statistics Unit have decided this year that it will do a comparative survey between Jersey and the U.K. as to what the relative cost of living is in Jersey compared to the U.K.

[9:45]

So come, I believe, June this year we will have a base on which to compare ourselves realistically, cost of living wise, with the U.K. and that forms a basis on which we can build if we were to consider the living wage. So that was already planned and this year then makes it appropriate that we consider the concept of the living wage. Furthermore, I believe that there is growing evidence that the minimum wage is insufficient to provide for a reasonable standard of living for workers in the Island. Why do I say that? Because we are supporting with substantial amounts of funding those who are on the minimum wage or just above it. If one examines the data provided through income support one finds that some £19 million is going to support people - families in work at low pay in this Island - through income support. So £19 million support through income support. If one examines supplementation, then low paid workers, again, are getting subsidised by the taxpayer to the tune of £60 million-plus. That is not only those at the very bottom, it is anyone earning less than £44,000 gets a supplementation, their contribution to social security topped-up. Now that is a significant sum, £60-odd million going to support the social security system. When one looks also at the border between tax and income one finds that while most people on the minimum wage will be paying no tax whatsoever, as you raise that even slightly you end up paying tax, so if we were to adopt the living wage in any serious way one would see additional revenues from 3 sources: (1) through a reduction in income support; (2) through a reduction in supplementation; and (3) through an increase in income tax. So the economic case as far as the Government is concerned is fairly straightforward. In the U.K. the Resolution Foundation think-tank has calculated it that if all those currently on the minimum wage received the living wage there would be a £2.2 billion net saving to the public sector, including higher income tax and national insurance receipts. So for the Government it pays to make sure that people are receiving a living wage. In the U.K. some 12 local authorities are now living wage employers and there are 17 further local authorities in the pipeline, so it is becoming an increasing trend, certainly within local and national governments. The figures that I have requested, and are given on page 11 of my report, confirm that in fact there are only 11 States workers in total who are earning below the London minimum wage, and several of those are apprentices. I do not quite know how they fit into the system but nonetheless in the

range of £6.73 to £8.29, 11 workers in the States sector. So the States sector could very easily be a living wage employer at no cost at all, and could then from that base, from that moral and ethical and economically sound base, encourage other employers to become living wage employers. It is just a system of encouragement. It is not compulsory in any way, shape or form, although what has happened in many areas is that local government, when a contract comes up for renewal - let us say a cleaning contract - local government, a local authority, will say that it will favour, not necessarily guarantee but favour, those who are living wage employers. There is an incentive for businesses thereby to adopt a living wage approach and that is often the way in which it spreads. Now I have lots of data in my report, and I hope people have read it. I will not go into the entirety of how much the living wage would benefit us as taxpayers and as a Government but the figures are there. In response to the comments it matters not whether my figures are entirely accurate and my estimates are valid. What I am saying is these are my estimates, will the Minister, and will the Council of Ministers, come up with a solid piece of research to confirm or otherwise analyse what the benefits might be? Where I have said, if every worker on the minimum wage were on the living wage then the income would be or could be ... what I am saying is it could be up to £14 million extra tax, £1.75 million reduction in supplementation. Something between £5 million and £8 million perhaps in reduction in income support. Now it is up to somebody else, with more expertise than me, to confirm or deny those sorts of figures and say: "This would be the benefit, here are the costs." That is all I am asking. So when the Council of Ministers says: "And your figures are not accurate" that really does not matter, I do not believe. They are there or thereabouts and what I am asking for is a proper piece of research to investigate those. In drafting my proposition one of the things I always try to put in is a date and obviously I have to put in some costings. The Council of Ministers has come back and said: "This date ..." which is 9 months away, the end of January next year. I deliberately thought: "What is the maximum I can do realistically to put on this proposition to allow people to do a decent piece of work" and I came up with ... it is not going to be debated until April, now it is May, just, but nonetheless 9 months is ample time, I would have thought, to produce a decent piece of work. Yet the Chief Minister and the Council of Ministers are telling me unrealistic. I really cannot believe that 9 months to produce a piece of work is unrealistic. They are also objecting to the fact that I have put between £10,000 and £20,000 as a reasonable cost of doing such an investigation. Again, the Minister has said: "Hang on, that is going to cost more than that surely." Well I based my figures on a very generous examination of how much it costs when experts are employed by Scrutiny. Certainly recently we have had some tremendous reports from Scrutiny in extreme depth on the Housing Transformation Plan and on Income Support, and when one looks at what is the cost of the advice coming on those, one has figures ... I thank the Chief Minister for pointing to me this, from the end of year figures produced by the Assembly to what has been spent by Scrutiny on all their reports over the past year, and lo and behold what we get, panel advisers, £2,500; £2,700 on migration; panel advisers Environment on the ash disposal I think of the order of some £1,000 on advisers, directly. That again extremely technical report required an adviser; came in at £1,000. Social Security and Housing Scrutiny, £6,000, they have done some heavyweight work but the cost £6,000 for the adviser. So to say we could not possibly do that, we could not get the advice from a suitably qualified person at under £20,000 I think is a nonsense. The total bill for Scrutiny who rely on advisers for last year was £12,500.

Deputy K.L. Moore of St. Peter:

On a point of order, Sir, I think - I do not have the figures to hand - but I do feel that my budget has exceeded the figures that the Deputy has suggested.

Deputy G.P. Southern:

Those are the figures that appeared in the end of year Assembly Report, that is what I have to go on.

The Deputy Bailiff:

That is not a point of order, and you will be able to put the Deputy right in a speech.

Deputy G.P. Southern:

Indeed. But to talk about not being able to do anything that is going to cost vastly more than that, in the worst case it is the order of tens of thousands of pounds. It is not an enormous amount. This in the context of yesterday a grant of £30,000 from underspends to go towards the Royal Navy. So the context is, I believe, if you are saying this important piece of research which should key into our future social policy is not worth spending on when the Royal Navy is, I think we have our priorities wrong. Now the Chief Minister has also said: "My department is also working on sustainable long-term planning and will be refreshing the existing Social Policy Strategic Framework during the course of the year in addition to all the other social policy initiatives outlined above." If they are genuinely refreshing and re-examining the Social Policy Framework I would suggest that the concept of a living wage should be part of that process. Without it, I think, the Chief Minister will be missing an opportunity. Also the Minister has said that to apply the living wage to those in low paid employment is inappropriate and suggested that in some cases most of those staff are temporary and seasonal, do not stay here for 5 years and therefore the majority are not eligible to claim income support, so the income support reduction that I think would happen, were we to claim it, were we to go towards a living wage, will not happen. But when one looks at the figures, if you turn to the back of my report in appendix 2, you will see the figures there. Low paid staff are 10 per cent of our workforce, 4,600 of 47,000. 900 of those are in the agriculture and fishing industry, 400 in wholesale retail, 2,000 in restaurant and bars. When one looks at the nature of those contracts, lo and behold, it is not that most of those are temporary, seasonal, not here for 5 years, they are permanent contracts. Agriculture and fishing, permanent contracts 48 per cent of the workers. They are here for a good length of time. They will be claiming income support, if not now then certainly in the future. Wholesale and retail trades, 83 per cent permanent contracts. These are people who are here for good. Hotels, restaurants and bars again, 63 per cent of them permanent contracts. They are here for the duration. They will be claiming. Other business activities again, half of those permanent contracts. They are here, it is appropriate, to expect some savings on income support from these groups.

[10:00]

In terms of the economic costs, one has merely to look at the employment figures and look at the fact that hotels and restaurants and bars make up a mere 9 per cent of our economy, agriculture and fishing, the other low paid area, which I believe we should be doing something about, only 3 per cent of our economy. In terms of the overall picture on our economy, most of our industry can, I would suggest, afford to move towards a living wage and would benefit from doing so in terms of the loyalty of the staff, and the productivity of the staff, as the case is made in my report, and the value of training people up when they stay. Stability of a workforce on a living wage is far greater than has been shown in the U.K. than those who are not on the living wage. Just to put some context on what the figures of £7.45, the national living wage, or £8.55, the London wage are. I highly recommend that everybody have a little browse through Jersey figures 2012 that came round yesterday, a very valuable Statistics Department publication, and I have reproduced for Members one of their charts which I have circulated this morning which shows average weekly earnings per full-time equivalent by sector 2012. I simply converted some of those sectors in the economy into an hourly rate and lo and behold, what do you find? Finance sector on average paying £24 an hour; transport and communications paying on average £19 an hour; manufacturing in the Island £15.70 an hour; construction £15 an hour, average wages. So the context of £8.55, even £7.45, is relatively "small beer" in terms of what the rates of pay are. When we get down into the lower rates of pay, wholesale and retail, on average, are paying £11.70 an hour. Hotels, restaurants and bars, on

average we are getting near this living wage, £8.50 and agriculture, the lowest paid of all, at £7.70 on average. That means half are paying more than that, half are paying less. Nonetheless, accept the context. It is not impossible at all for most of our economy to move away from £6.53 an hour towards £7.45 and hopefully, depending upon the results of the comparison with the U.K., which is coming in June, moving towards £8.55. Now I refer to the ways in which one might encourage employers to adopt the living wage. One of the procedures taken by some of the promoters of the living wage is to say: “We do not have to do it all at once. We can have 90 per cent of the living wage as your first target and some time later, move towards the full living wage.” I think the living wage provides a reasonable way forward and certainly one which ought to be considered when renewing our social policy strategic plans and I believe that the Chief Minister should be able to do that in the time allocated. A final point... and again it refers back and we will be referring to this in future debates, I think, throughout the year. One of the changes that has happened which has been highlighted by the Statistics Department is a change in the nature of the migration patterns over the past 10 years. Whereas in the past we have had 20 years before you got your “qualies”, now we are down to 10 years and for claiming income support, down to 5 years. The nature of the in and outflow of migrants has changed, whereas in the past one saw a pattern that after the first year a lot of people left. They either made a go of it and stayed or they left and one saw a rapid decline in the number of people staying around to wait for 20 years. Now we have got income support, we are talking about 5 years or 10 years for full “qualies”. What has happened is that the pattern has changed. Instead of most migrants coming in for a year, 2 years, and then going, what has happened is that people are staying and the pattern has been that people either leave in the first year and about half of migrants are leaving in the first year and then it is fairly steady with time. We are attracting on a permanent basis a lot more migrants. If we are going to get our home-grown workers into employment in the areas which are traditionally low paid, I believe that we ought to be moving towards a living wage whereby it makes a positive benefit to be in work. At the moment, with the minimum wage, if you are at the bottom end of the market, then the difference between being on income support purely and income support and in work is approximately £40 a week. You return to work, you enter minimum pay work for £1 an hour. That incentive is, I believe, insufficient to get our own workers into work in those areas. If we are going to make a difference on that, what we have to do and make it worthwhile being in work, is that we have to raise the hourly rate. That is the way to get people back into work, to raise the hourly rate, because at the moment, there is very little benefit once you have paid your bus fares, if £1 an hour is the reason for going back to work. So there are significant advantages, I believe, in raising the hourly rate at which people work. I believe that the time is right to do this investigation and for the Chief Minister to take this away and come back hopefully by the end of January next year with a piece of work to say that this is how we might proceed, these are the sorts of levels that the living wage might be set at and these are the mechanisms by which we will encourage the economy and employers to move towards the living wage. I maintain the proposition.

The Deputy Bailiff:

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

Senator I.J. Gorst:

I wonder if, before we do, I could ask if the Assembly would kindly now mark Senator Bailhache as malade?

The Deputy Bailiff:

Yes, does any Member wish to speak?

1.1.1 Senator P.F. Routier:

When I first saw this proposition, I thought to myself this is something that we obviously should consider and we are considering today and I wanted to be in a position whereby I could support the idea of looking at a living wage but when I looked at the workload that we have within the department, I found that we are really struggling to do what we are currently trying to do. We are in a position whereby we have so many initiatives on the go at the present time - and I could also think of new initiatives as well that I would like to do - but we need to prioritise the work that we are doing. We know that we have a real job of getting people back into work, the Back-to-Work initiatives. They are up and running but we need to ensure that they are working extremely well. We have got the extension of the ratification of the United Nations Children's legislation, which we need to get progressed. We have got the delivery of the objectives of the Children and Young People's Strategic Framework. We have got to get that progressed. There are the improvements in safeguarding for children and adults. We have to get that done and there are many other things with regard to people with disabilities and special needs and also our co-ordination of our work with the voluntary and community sector. The social policy team within the Chief Minister's Department is extremely stretched at the present time and we often have discussions in the department about wanting to do new things and wanting to do new initiatives but we have to recognise that we cannot do everything. When I saw, as I said at the outset, this proposition, I wanted to be in a position to be able to support it but the reality is I cannot. I find it difficult to commit the department to get the piece of work done within the time constraints in which the Deputy has wanted this work to be done and also the States have already set the work programme for us within the Strategic Plan. The Deputy in his speech spoke about renewing the Strategic Plan and that work could be put into it. Fair enough for the future, yes, I would be quite happy to agree for that to be included within it but within the time constraints that the Deputy has put within his proposition, I find it very difficult to be able to commit to be able to getting that work done. This may sound as if it is a bit of a weak argument but I am afraid the reality is that we need to be realistic about what we can and cannot do. The Deputy himself, quite rightly, identifies that having a living wage is not a compulsory thing. Even if we decide that we have a living wage, it is not compulsory for anybody to sign up to that. The experience in other places that do have a living wage is that it is very easy for those companies and those local authorities that sign up to it because it does not have any effect on them at all. It does not affect their wage bill, it does not affect the number of people they are going to employ, but the aim of trying to get ... I think what the Deputy is trying to get is to get the ones who are in the lower sectors to get their wages increased so that ... fair enough trying to get it increased but the reality is it is the same argument as we have about the minimum wage. Does it have an effect on people's job availability? Will there be a loss of any jobs? So the living wage is not a compulsory thing at all so whether it is going to have any effect at all on getting people their wages increased is doubtful.

[10:15]

The Deputy's comments regarding the costs ... the comments that have been prepared criticising the cost of producing this work are wrong. I believe the piece of work that needs to be carried out to look into a living wage is a major piece of work. It is not just simply appointing an adviser to do a bit of research to find out what is happening. I think there needs to be a great deal of consultation as happened when income support was established with the CRSP (Centre for Research in Social Policy) review that was carried out. We employed people from Loughborough University and it was a major piece of work, which took a considerable amount of time. We consulted with the public. We had workshops, we had lots of communication with the business community, the people who would benefit from income support and it was, I have to say, a major piece of work and the time constraints which are being suggested by the Deputy in his proposition I do not believe are achievable and the funding that he is suggesting is way-off mark if we are going to do the job properly. So, as I said, in this form and what is being suggested by the Deputy, I do not see that we

can do it within the time constraints and with the funding that he is suggesting and I leave it at that, so I do not think I am in a position to support the proposition.

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

I am not sure how to respond to Senator Routier's enthusiastic endorsement of inaction but I have to say it has almost made me swing from the position I took yesterday when I tried ... the Minister for Social Security, who I know is heroically trying to keep the lid, as we speak, on welfare benefits and earning the undying admiration of many people. But what I think is important, and I hope the Minister will bear this in mind, is to take in mind the bigger picture and this is the sad thing. We have heard from Senator Routier about this tremendous range of initiatives but yet we saw within a few months a nearly £1 million study set up, done and reported and I have to say, even though I was underwhelmed by some things, I did not realise we needed to pay £1 million for somebody to tell us that one Ministry rather than 3 could look after the finance industry. I found that quite remarkable and Senator Ozouf can carry on about this because he knows he and I differ, but I have to say that was done at fast speed and I have to comment on the alacrity with which that was done and, as I said, some good findings, others of which were utterly underwhelming, quite frankly - but some good findings. Yet here we have a senior Assistant Minister saying that he is so bogged-down and all these initiatives and all this expense from Loughborough, nothing can be done. I find that absolutely appalling because if he was canny, what he would say is this could lead to reforms in all sorts of directions because, quite frankly, as I intimated yesterday, we all know that the welfare ... well, some of us, maybe not Deputy Southern, that has not reached him yet, to be fair. We all know it is having a lot of perverse consequences and I was only reading ... I have got here the *Daily Mail* comment on myths in welfare as published yesterday about what the left does not want you to know about Britain's £200 billion welfare bill and those are the sorts of issues ... and I have got the *Independent* editorial, a "leftie" newspaper, only read by sandal-wearing, wishy-washy, Liberal-leaning types [Laughter] but I will for the benefit of Senator Routier who is so bogged-down with his other studies that he may not have had time to read it this morning. In abstract, this is the plan to start dealing with the whole income tax credit system and so forth and, as we know, the government is starting some experiments in Ashton-under-Lyne of all places: "The welfare system's high impenetrable thicket of disbursements, credits and entitlements is at once unwieldy, difficult to navigate and costly to administer" and one of the big issues there is the perverse consequence of the tax credit system which I did think at the beginning was a good system and in parts still is, and it goes on to say: "The benefit system is crying out for reform and universal credit has some potential." Yet here we have the Assistant Minister in charge of social policy not embracing a study which could well lead to a balanced view of where this perverse system is possibly leading us. He is missing a trick and if I were Senator Routier's public relations adviser - which I am clearly not at the moment - I would embrace it with enthusiasm because this is a study worth doing. I find myself in an odd position and I have no doubt a lot of the opposition is arising and will arise because it is seen as yet another trick by Deputy Southern to increase benefit levels in some points and I think it could lead to a very good result for us. It could bring up findings that could lead to further discussion and, if I may mangle the English language, de-emotionalise this whole welfare issue, and the Senator should want to do that. That is his job and I am desperately depressed at this litany that: "I am so busy, there are so many studies, Loughborough took years to come up" and he is quite right, it did, with its study, *et cetera*. I am hoping that the Minister for Social Security, whose dedication is unlimited, will rectify this and give it his full support because I cannot believe what has happened. I would have thought the Council of Ministers as well would have said: "Yes, we know there are real problems with welfare." Every time I go round, people say: "Oh, let us put it back in the hands of the Parish because they knew the clients, they knew how to handle people." Well, I do not think we can go back so we have got to look at other ways of dealing with the issue. But here we have an aspect, I believe - because I do link-up issues like the

top-ups that we have to provide in increasingly large numbers to low wage people - a system that needs proper examination before it runs out of control, and I am desperately sad that the Assistant Minister has not seen it for what it is.

1.1.3 Senator S.C. Ferguson:

I must put a word in for Ashton-under-Lyne. It is a very civilised place. The Deputy has obviously not visited it. [Aside] [Laughter]

Deputy R.G. Le Hérisier:

When I make my claim, I shall ...

Senator S.C. Ferguson:

I have sympathy for the approach being taken by Deputy Southern but I think we are missing the point. This is a U.K. concept and if you notice, all the Deputy's comparisons refer to the U.K. and we are missing the point. In the U.K., the tax level is such that low paid workers on minimum wage are taxed. Our tax allowances are such that we are not taxing people on minimum wage. Maybe just, but we do not tax people on minimum wage so I think we have got to keep that in mind and obviously the Minister for Social Security will have a little more to say. We have got to also remember that if a minimum wage is too high, we will destroy job opportunities for locals. One of the things that is coming out in the economic arguments across the world where minimum wages are used is that too high a minimum wage rate for young people is making more of them unemployed because they are too expensive and they have not got the experience for the cost of them, so we do need to be terribly careful with rates that we set for these. As I say, I cannot really agree to this because, at this point in time, it does not apply to Jersey because we do not tax people on minimum wage.

1.1.4 Senator A. Breckon:

I would just like to bring Members back to the proposition because it is a request - should we request so-and-so to do something. That is what it is. Then the question Members might like to ask is: "Well, is it a reasonable request? Is it something that is difficult to do?" The answer I would say to that is that it is probably not because, in his report, Deputy Southern has already mentioned some sources of information in London and elsewhere done by others. Now, that is probably available on a website somewhere so somebody could do that and it could be a work project for somebody who is not working, so there is somebody who probably has the ability and wherewithal to do this; and is it doable? Yes, it is. Now, Senator Ferguson has just mentioned that it is to do with the U.K. but if people eat food, then we eat food here as well. We pay rent as living costs that are comparable, that are probably in there of how you get the benchmark, and much of this, I would suggest to Members, could be a desk-based research. Much of the scrutiny work is done, it starts off that way, and as Deputy Southern has quoted the advisers who have advised various Scrutiny Panels, it is not as much as even Deputy Southern is suggesting here. So perhaps somebody could do that and it could be somebody based locally who is given terms of reference, based on this, who could do it and do it in that timescale. But it is not something that is new because I remember when Mr. Powell was Chief Adviser, he had done work like this before the instigation, how much does it cost to live in Jersey, so there is probably some work in the department that has already been done that could be updated, so it is bringing this stuff together and it is also about a range of jobs, works and conditions. I do not see in here anywhere where it mentions minimum pay. This is talking about a living wage because no pay and low pay costs us money because we have to pay people to live and if we can get some quality information that shows the difference, then that is something that I think would certainly be of benefit to the Social Security Department, for example. I am just trying to think who was probably President of Social Security when Loughborough took so long to do the work. I cannot remember for the life of me

who it was but it might well have been Deputy Routier at that time. The other thing that I think is important is that it is a request and it is a request from a Member who could perhaps do some of this himself. There again, it would be a piece of work and then what do you do with it, whereas if this House gives it an endorsement, then it could come back as an R. or whatever and be on the public record and have some credibility. For those reasons, I will certainly support this and I hope other Members will consider their position because it is a request and there is not much else that a Back-Bencher can do to do this because we are not resourced and we do not have research assistance to do things like this ourselves so I hope Members will support it.

1.1.5 Senator P.F.C. Ozouf:

One of the great things about Jersey politics I always think is that we can not be in a party whip system, that we can agree in different groups on different issues and to Deputy Le Hérisier, I do not read the *Daily Mail* and I do not accept that the *Independent* is a left-wing newspaper and I do not also recognise the criticism or the slight against sandal-wearing Liberals. I am pleased to follow - and I am sorry that she is leaving - Senator Ferguson because on this occasion, I am entirely with, slightly to the left of physically, but I am in agreement with Senator Ferguson in the reasons why she is opposing this issue. I do not confess to be an expert on the living wage and I have looked at the issue in brief in an overall situation and in making a decision about the living wage calculation.

[10:30]

It is important to know whether or not we start work, which I realise Deputy Southern is cleverly asking us to investigate the issue of the living wage, but there are consequences once we have got that information. I think that Deputy Southern would be the first to accept, and perhaps he would confirm this in his summing-up, that he wants the living wage in order to make further arguments in terms of ensuring that the minimum wage is as close to the living wage as possible and if it is not, that we put in place benefit systems and tax arrangements and tax credits to do it. So Deputy Southern is ... I am not casting any aspersion on his thinking and his proposition at all but there are consequences to the issue that he is wanting us to deal with. I would be perhaps regarded as a bit of a "leftie" in having supported previously the minimum wage, which is inextricably linked ultimately with the issue of the living wage. Some people will argue against a minimum wage but I have accepted that on balance, set properly, a minimum wage does reduce poverty, it does reduce inequality, it does boost morale, and it can incentivise businesses to allocate wages in certain circumstances more efficiently. However, in these whole arguments of the living wage and the minimum wage, great care needs to be taken with the decisions that you take because there are unintended consequences and it is perhaps quite appropriate that we are having this debate today on May Day when we are seeing demonstrations in places and countries that have absolutely got benevolent and well-intentioned politicians; and I do say this quite genuinely, that Deputy Southern is absolutely genuine and well-intentioned in what he is trying to achieve. He does want to reduce poverty, he wants to lift people on low incomes out of poverty and we all share that view but the question is how do we achieve that. I would say to Deputy Southern that on May Day when we are seeing the wheels falling off the economic situation in Greece; yes, in France, with inflexible labour markets, with politicians that have promised living wages and minimum wages that will protect them and get everybody out of inequality, that short-term well-intentioned policy sometimes can have devastating ... and I will do a "Deputy Le Hérisier", because he often repeats something at the end of a sentence, devastating consequences. **[Aside]** **[Laughter]** It is quite clear. The unintended consequences are that setting minimum wage, which is inextricably linked with the issue of living wages, causes more damage if you set it wrong and if you get the minimum wage of the living wage component wrong, you can cause real long-term damage to your competitiveness, to businesses, to hiring, and you can do the very opposite to what you intended to do and you can

increase poverty. You can make the system of employment ... you can almost mean that people are unable to enter the labour market because of the inflexibility of the minimum wage, *et cetera*. Deputy Tadier is remonstrating. I will enjoy the intellectual debate that will no doubt happen and the economic debate that is at the heart of this proposition on this issue but I would represent that it is absolutely true. If you get the numbers wrong on minimum wage and linking that to the living wage, it will mean that fewer people get into work. This is a very serious issue and we are seeing the devastation of the arguments in favour of living wage and minimum wage, we are seeing that in the economies of Europe which are seeing millions of people unemployed and unsustainable amounts of public financial spending, which is the other side of it. If you are going to set a living wage, you either set it by the minimum wage or by filling it up with benefits or by using the tax system, those 3 component parts, and I am delighted that Deputy Le Hérissier is agreeing with it because I ask Members to look at the economic situation of countries that have embarked on these very well-intentioned policies. It is serious because they end up pouring money into their benefit system, they end up having inflexible labour markets and you see unemployment rising to stratospheric and tragic circumstances which means that you are increasing poverty of the people at the bottom. I understand that Deputy Southern is getting very excited by my remarks because this is effectively the dividing line between political debate and economic analysis. We agree with the objective but we disagree with how to achieve it. I am worried about the issue. I favour minimum wage set appropriately. I favour a benefit system which does provide the incentive for getting people to work and Senator Le Gresley warned us yesterday, and it was right that the radio station repeated his warning this morning. If you are creating a situation where basically people on income support with a living wage are simply in this situation, you take away all the incentive for these people to get into the labour market. You are creating a whole system. Once you are in and you get free instrumental music service, free Active card, you get a level of benefit, you can simply take away the incentive to get to work and Members are getting excited because this is the real thrust of the economic argument of politics and I am on the side of Senator Ferguson. I am on the side of the right-wing neoclassical arguments of economics on this particular issue. I do not believe that ultimately the solution for lifting people out of poverty is simply saying that yes we are going to simply set this minimum income level and we are going to deliver it either by a combination of minimum wage or benefit system. You have to make markets work and it is difficult. It is not popular in the short term to say that but if you create these problems, you create serious competitive issues. You create serious problems of unemployment and I would represent that it is something that we must examine and there are higher priorities, if I may say to Deputy Southern, than understanding what the living wage is in Jersey. We have 2,000 people that are actively seeking work. We probably have another 600 to 800 people who are unemployed that are not actively seeking work because ... the Chief Minister is saying to me it is more, it is probably 800 to 1,000. Yes, it is probably about 3,000 people unemployed. Yes, it is much lower than those May Day demonstrating countries today, in Spain, in Greece, in Cyprus, but it is still historically unbelievably high for our community and it is unsustainably high if we are simply going to start paying benefits to get people ... and our priority should be ... and Deputy Le Hérissier, I am aghast at his criticism on the McKinsey Review and the financial services review because what he should be doing he should be saying it is quite the right thing to do to put all our energies into making sure that we are creating jobs, that we are creating the background, that we are creating the situation and the incentives to work and we are going to get on to the Innovation Fund later on this morning. We need to be doing everything to help with the issue of financial services, the tsunami that is affecting retailing, the difficult situation with the hotel industry and how that is being affected and we should be doing everything and all our objectives should be about creating jobs and creating the economic situation to create these jobs. I am in agreement with Deputy Southern about lifting people out of poverty. I want to lift all those people who are on low incomes that he documents in his report out of poverty but I am afraid promising people, the research and the number of a living wage for

Jersey, then using those arguments to improve the benefit system even more and increase the minimum wage is not our priority and I am sorry to say it. We are a small team and all our endeavours need to be ... yes, living age calculation I concede should happen in the longer term. I accept it, it should happen, we should understand it. We have got better statistics than any other small nation virtually in the world and the real G.D.P. (Gross Domestic Product), the hiccup calculations for inflation, the purchasing power parity number, are all important statistics that we should develop in time in order to ensure that when the growth returns to the economy and when we have got less than 1,000 people unemployed, we can turn our attention to these other important issues. But in the short term, all our endeavours, every single bit of government money that we are doing should be directed ... now we sorted out our public finances, we are in a strong position, we have come out of the crisis in a good shape but we have got enormous problems on our hands in relation to unemployment, joblessness, and I am afraid there is more to come. Those are the arguments. While I absolutely understand the well-intentioned reasons why Deputy Southern wants to do this, I differ with him in how to achieve it and this issue must be looked at. Boris Johnson agrees with the living wage in London. He has agreed so for a number of years. They have a living wage which has been calculated not by the government authorities in London. It has been done by an independent organisation and the living wage is a voluntary issue. I have looked at the website. There is a voluntary issue in terms of the living wage but those were the conclusions of... and everybody when the economy is working and you do not have high unemployment, of course you then want to have the living wage arguments, but our priority is making sure that we have got jobs and we have got a competitive labour market, we have got a benefit system that does not hold people in benefits. Yes, there needs to be a carrot and a stick in terms of getting people into work and incentivising them and work should pay and all the rest of it and those are the priorities, those are the endeavours which we should be focusing on in the next 6 to 18 months and we will come back when we have got that unemployment down, we have created the economic conditions for creating jobs, when we have helped people through the transition of massively changing economies and massively changing sectors of the economy. Then we will return just as we will return back to putting higher priorities on environmental things and all these other issues which are so important. The priority is jobs and economic competitiveness and that is why I am going to be sympathising, agreeing with the fundamentals of what Deputy Southern is doing, but the priority is somewhat different.

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

I think we all know now who Deputy Le Hérissier borrowed his *Daily Mail* from. You listen to this and you just wonder whether you should be inspired or you should just go home. I have been here 5 years now and I think I have heard Senator Routier start every speech with: “When I first looked at this, I thought it was a really good idea and I wanted to support it but” and what he means is “but look who is bringing it. It is one of them ‘blooming’ socially aware ‘leftie’ sorts. We cannot have this. We cannot have equality or good things for all people” and he does it time and time again. There is a term used in this Assembly which I really hate but I am going to use it because I think Senator Routier is very much the establishment party, the Council of Ministers’ wrecker. He does this time and time again. He stands up and tries to rubbish something and let us just focus on a point made earlier because I have been here many times when Deputy Southern has come forward and he has tried to bring forward an actual figure to try and make the minimum wage better. He does his research. Now it is up to Members, of course, to either not agree with him or to agree but he brings this forward, a figure that he has worked out, and we reject it more often than not because he is being prescriptive. Well, he is not being prescriptive. He is saying: “Here is a bit of work that quite clearly does need to be done. Go and do it please, Minister” and we are still hearing these ridiculous excuses, all the rubbish that we are hearing - I am sorry I have to say “rubbish” - about what we cannot do. It seems the stuff that the Council of Ministers cannot do is anything that is to

do with social matters and you only have to think back to when former Chief Minister Walker led the Assembly and when he left office, I vividly recall him saying that: “What we have got wrong is we have failed to focus on social issues in our society enough.” Yet here we are, what is it now, when did he go, 2008?

[10:45]

We are still having the same old arguments. I think Senator Ozouf only visits certain parts of the world. I think for him 2008 and the global meltdown never happened because I think if he just would analyse it, he will see that it all came about because of the rather foolish, stupid, short-term, greedy policies of neoliberalism of which he is a great proponent. If he had travelled a bit further in the world to funny little places like Ecuador, you will see their Presidents and economists but, of course, the great advantage there is a left-wing economist and they have managed to grow their economy, I think it is by 4.5 per cent, over the last 5 years when the West are collapsing because of the aforesaid favoured policies of the far right *Daily Mail* readers. I do not like to think how long ago it is, but it must be a good 20 years, I used to manage a business and it was a U.K.-owned business. Even then, all those years ago, the staff there were given the London weighting for their salaries because people realised how very expensive Jersey is but at 20 years on and for some people ... and is there a link? I do not want to suggest ulterior motives but is there a link? Is it just coincidence when you hear these business owners talking against giving people a living wage? Is there some conflict there? I wonder. It is always about what we want to do tomorrow with the Council of Ministers and yet we know with the freedom of information, look at discrimination law. It is always pie tomorrow and how many years, decades and States Members coming and going do we get? Deputy Southern is asking for a bit of work to be in the hands of the Ministers, for them to do it, for them to set the parameters of that pretty much and come up with a figure that may say: “Deputy Southern, you have got it completely wrong.” If they can prove that Deputy Southern is wrong, I think he is big enough to say: “Okay, I got it wrong” but I think we all surely agree the work needs to be done and 9 months he has given; 9 months. Now I quit Scrutiny at the end of my first term. I was one of only 11 who saw it through. We put an awful lot of work like a lot of other people did to see really extensive reports rubbished or just left to gather dust on the shelves because it does not fit in with the idealism of the Council of Ministers. Now, you could do this in 9 months. Perhaps they should second Deputy Southern and give him a bit of financial support and I am sure he would do it himself. Perhaps he will tell us that in his summing-up but we all agree we say, at great length in Senator Ozouf’s case, that this work needs to be done. Why do we not do it? It is not going to be compulsory but I tell you what would be a good outcome of it, that if Deputy Southern’s figure is anywhere near right, it would raise awareness for a lot of people who seem to disregard that people need to live, not exist in one room with one light bulb and half a bar on the heater. It just seems when I do listen to people like Senator Routier and, I am afraid, Senator Ozouf, we are not a “can do” government, we are a “cannot do” and it is always when it is about social things and this ... I think it was Deputy Le Hérissier who said, this informs a great wider area. This may save money in certain areas, as Deputy Southern suggested. It will create greater awareness for all of us, every Member in this Assembly, and that has got to be worth doing in itself and Deputy Southern has highlighted for us with those estimates he gave. Well, they are not estimates, they are from a report with Scrutiny figures. The ludicrous sums that get suggested as we have seen all the way back to the Haut de la Garenne investigation, it is a standard tactic of the Council of Ministers. I think they just stick a few noughts on when they do not want something. This work could be done. Deputy Southern could probably do it. He will probably do it anyway if someone does not do it and he will be back again and I bet he is back within 9 months. So I would say let us get on to the next piece of work, let us support Deputy Southern. He is right with this. It is a living wage. People should be living, not just existing and that is what I think everyone in this House should be aware of and focus on.

1.1.7 Deputy M. Tadier of St. Brelade:

I have had a moment to calm down after listening to the Minister for Treasury and Resources. I do not know if that is a good thing or not as it has taken a bit of fire out of my speech. The first thing, interestingly, there must be some kind of psychic link between myself and Senator Ozouf because he started his opening speech talking about the beauty of having an independent system where we all acted independently and I was just typing those exact words into my opening speech because we do not have party politics here. Certainly we do not have it from the Council of Ministers because their arguments are so disorganised and disjointed between Senator Routier, on the one hand, saying: “Oh, yes, we love this idea for a living wage and we would have done it ourselves if we had had the time. We just do not have the time to do it” and then Senator Ozouf saying: “Living wage is a terrible thing to do. It would completely destroy the economy” even though we are not asking to introduce a living wage, just simply to have an investigation around the pros and cons of it, which may not be appropriate for Jersey, so we certainly do not have party politics in that respect. But in another way, I have always believed - and I think in our hearts we all believe - that you vote for things on policies and you vote for them on their own merits rather than on personalities. A good test to see if that is what we are all doing today is if you simply take the name off who lodged this and imagine if this was being brought forward by the Minister for Economic Development, and he said that we would like to investigate a living wage for Jersey because we are not sure whether or not it will work. We know that London already do it, we know London has got Boris Johnson, as it has already been mentioned, although they had Ken Livingstone before that and he is very enthusiastic about the living wage, London being a comparable example because it has a very high cost of living compared to the rest of the country and people. They also have a minimum wage incidentally in the U.K. but they are thinking: “Let us see how a living wage works”, and we know it does work over there, and let us see what the implications would be for our tourism sector perhaps particularly, but also for retail and agriculture. If the Minister were bringing forward exactly the same proposition, it would go through. That is even though the wording and the exact wording are the same. It is because it is an uncontroversial proposition. It is a sensible proposition. We should be doing this kind of thing in this day and age in spite of the fact that we have a minimum wage because the 2 are completely different. The way I look at the minimum wage, and I do not think it is healthy that the 2 get conflated, the minimum wage in our kind of society, in our kind of economy, will always err on the side of caution in favour of the employer and because we do not necessarily know the unintended consequences that it may have on the economy, especially in times of economic downturn, the majority will always be convinced we have to be careful. We cannot put the minimum wage up too much and find out that perversely it means that fewer jobs are created and more jobs are lost. The beauty of the living wage or the potential of the living wage is that because it is not compulsory, it allows people to say: “Okay, we are not going to make a living wage compulsory. We know that in an ideal world the minimum wage should really be a living wage because the States should not be having to subsidise either businesses or people to live in a society.” What is the point in working 40 hours a week if you have still got to knock on the door of the Income Support Minister and say: “Look, this £240 I am getting a week, not including perhaps deductions, is not sufficient for me to live on.” “There you go, there is some more money.” So what we are doing, we are going back to yesterday’s buzzword which is “aspiration” and we are trying to have a society which is aspirational and the way I see it is that we have employers out there ... let us focus on hospitality, for example, who are already paying a living wage and it is a way of endorsing those businesses who could pay minimum wages, who perhaps could rely solely on immigrant workers who are willing and perhaps who are the only ones who are willing and can afford to live on the minimum wage, but they say: “No, we think it is important that we pay a living wage for Jersey” and they think that they are paying a living wage which has not been calculated yet and they do that because they believe that it is ethical to make sure that their workers can afford to live and to eat in Jersey. I have focused on the fact that the other side, if we are going to call it

that, their argument seems to have changed. We started off with Senator Routier who I think was sent over the top, if you like. He was the first person to speak. He was there to test the terrain and his argument is: "No, we do want this but no time to do this at the moment" to Senator Ozouf who has already done part (c) of what Deputy Southern is asking for. He has already analysed the overall economic impact and business costs by sector and he does not agree with it. He thinks a living wage is dangerous but then he goes on to say: "This is something we must examine; we should understand it" so that just smacks of grasping at straws. The arguments are not clear here. You cannot have it on the one hand saying: "I have already done the analysis and I know as Minister for Treasury and Resources that this will not work but we must examine it" because it is contradictory and it is nothing more or less than simple scaremongering and shroud-waving. So what a living wage would do is reward those who are already paying the minimum wage and it give an incentive to those who may want to pay a living wage to do so. In one sense, we already know the concept of a living wage because income support itself has to figure out what it costs for people to live in Jersey so they know, for example, when you add your rent, your food, and everything that you need to live, it has already been calculated one way or the other and I am sure we could build on the information we have from the Income Support Department with some independent coalescing of the information along with the Statistics Unit. It is not going to take a long time to do that. What I am concerned about is that at no point, I am told by Deputy Southern, did the Chief Minister's Department or any of the Ministers invite Deputy Southern in to come and talk to them and say: "Deputy, we are really keen to do this living wage" or: "We think it has got some merit but we are worried about the timescale. So if you could perhaps give us another 3 months or if you could give us another 6 months or if you could refer it to Scrutiny or if you could get another way to do it which is not going to be so costly" although I think the cost issue has been addressed as a red herring. We know that money is floating around to do what the Ministers want when they want to do it and that has already been addressed, but I do not think this is about the money. I think this is about the will to do this. A working group could have been set up and can be set up to do that. What are the economic benefits? Well, let us imagine I know I have heard the Minister for Economic Development talking about consumer choice. It is important to give consumers choice in the Island, whether you are a shopper or whether you are choosing Jersey between one of the many other tourist destinations and I think if you can have hotels and restaurants which have an accreditation, not simply potential Michelin-starred or AA stars, but which has a local accreditation saying: "We are a payer of a living wage in Jersey." Certainly I, when I go abroad, will be looking for those distinctions like I do when I go to a supermarket. I want to know whether the eggs I buy are battery eggs or whether they are free-range eggs and when I go in there, if I have not got much money, I may still buy the battery eggs or I may say: "I am going to buy fewer eggs because I think it is important that these are done in an ethical way." The world that we live in is changing and these are the kinds of fringe benefits, if you like, external to Jersey, not simply locals, who will also benefit from the living wage. Finally, let us just remind ourselves what we are doing here. The living wage is voluntary. It empowers employers to differentiate from other employers and from their competition. We have been told that it is inappropriate to apply the living wage to the low paid sector but we are not implying anything because it is up to the sector themselves to apply the living wage as they see fit. If no employer, for example, in the agricultural sector pays a living wage that will not matter. Of course, if there are ones who decide to pay a living wage, that may force others to "up their game" and we may find that locals can start working in the agricultural sector. They can start working in these low paid sectors because they are no longer simply paying the minimum wage, they are paying a living wage for which Jersey people will be prepared to work and which they will not have to go knocking on the door of income support to get their monies topped-up. Generally, the only ones who can afford to work for the minimum wage are immigrants and it would be good if we could change that, would it not? We are talking about getting more locals working in the other sectors. I think that is all I have got to say apart from the fact that

Senator Ferguson talks about this is a U.K. model. There is nothing exclusively U.K. about the living wage. The U.S.A. (United States of America) has it too. Baltimore introduced the minimum wage in 1994 and that seems to be accepted readily and it seems to be working very well. The last point I wish to make, this is not the minimum wage. This is a living wage and because the minimum wage is compulsory, the living wage is not compulsory. This is simply an investigation. I see much potential in here for how a living wage could affect those locals, those businesses and tourists, *et cetera*. I can only see the positive sides. There may be negative aspects but that is what the independent review, which I would hope can be done very quickly and very cost effectively... so that rather than speculating, we could see what the benefits would be.

[11:00]

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

This is just a request, no more, no less. Yesterday we had the Chief Minister tell us we were giving £30,000 to a warship that is visiting the Island later this week. We were not asked to vote on it. This action was taken on the Ministerial powers. Would it cost £30,000 to do this bit of work? I doubt it. Having been in business for many years, I always considered paying an employee sufficient that they did not have to work more than X hours per week, not have to find a second job in the evenings or weekends to make ends meet. That sometimes can come back and bite you in your behind. Because if you had a lot of extra work and you need guys and girls to do overtime, it became rather difficult to get them out of their comfort zone of, shall we say, at that time I think was 45 hours a week or 40-plus hours a week anyway. They would do it maybe for a week or 10 days, do the overtime and then say: "We have got sufficient, we have got a little bit extra now to be able to buy the Christmas presents", or whatever it was, and they were comfortable. That was quite a good comfort factor to me knowing that the staff I employed had sufficient ... and they were not being expected to have to work as barmen or cab drivers or whatever to supplement their incomes. A minimum wage at £6.53 is all well and good, but on a 40-hour week that would give you £261.20 a week, less your 6 per cent social security, you would come out with somewhere in the region of £240 a week. In 2013 that is very poor indeed. Some of these people on the minimum wage, yes, they have their accommodation found and usually it is in things like portacabins and the like in the agricultural industry. Other people who are working in the hotel industry will have their accommodation found within the hotel complex. But others within the shops and possibly restaurants and the like will have to be paying rent as well, or they live at home with their parents. There is nothing wrong in doing the work, if we can find £30,000, Chief Minister, to supplement this warship that is coming over, given that we make an annual grant to the defence of the realm, I wonder if this was underspend that came from that particular grant. It would be interesting to know, but we will not be probably told because this was done under Ministerial Decision. This House had no opportunity of voting on that. None whatsoever. To have a living wage to me, and in particular to have the information on people having a living wage, whether it is £9 or £10 or £11 or £8.50, whatever it may be, that information would be very useful in any future debate. We do what is right by our people. Half an hour ago, when I was out in the Members' Room, a Senator walked in and said: "You cannot support this", and he gave a couple of reasons, and he has been on his feet for about 10, 12 minutes this morning telling us why we should not be doing this, that or the other. I need information. If I come into this Chamber and we have an opportunity of ... because of this proposition here of getting that information before our next debate on minimum wage or whatever it may be, we are all that much the wiser. The people of Jersey can benefit from collecting this information. That is all that this report and proposition is asking. No more, no less. Do the work. If we do not do the work today, we might have to do it in 2, 3 years' time, because I am sure this will come back. I have been dealing recently with a vulnerable couple of 74 who, through no fault of their own, found in August last year that their pension was stopped. Both still working, and I have to ... it was February this year that I found out about this, just by chance. I had

to intervene. With their permission, I contacted Social Security, they said: “Oh, there was correspondence sent to the address and the letter was returned. Hence immediately when that happens we stop any financial help to that address”, i.e. the pensions for both these 2 people being cut. Between August and February this household had no income other than the work that these elderly people, very vulnerable people, were doing. I thought: “Well, this is not acceptable.” I spoke to Social Security, they reinstated the pension and backdated it to August. I looked at the amount they were getting, they were not getting any help at all from the department. Not even their television licence. Nothing whatsoever. So I got hold of the department and with the help of our Parish Secretary, they sent out some forms and the couple filled them all in, all 23 pages of them, which are very taxing, some 2½ hours per form to fill in. At the end of the day, I think it was 10th or 11th April this year, Social Security have given some additional support to this vulnerable couple. That is just one couple on this Island. A Jersey couple, aged 74. It is all well and good, we need information like this that is being asked for by Deputy Southern, we need those things to help us do our job. Historically we knew where help was needed in the old system that was got rid of several years ago, but now people do fall by the wayside, we do not know where help is needed. Social Security, because of data protection, will not give Parishes information about who are vulnerable, who are not. They do not necessarily send out Social Security people to these vulnerable people’s homes, they do not know who are vulnerable and who are not. That was a backwards step, certain things still need to be put in place, because the Parishes still have that knowledge, who their vulnerable people are, but because it is not 2-way street, because of data protection people fall by the wayside. I ask all Members to deal with this with their heart and their minds, we are only asking for this work to be done. We are not asking for anymore or anything less. I applaud the Deputy for bringing this forward. Thank you.

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

I must admit, I have been rather disappointed at the way the debate has gone, because we seem to have individuals that stand up and say that they are not experts and then they express a view about whether or not we should introduce a living wage, where in fact we are far from that position. Unfortunately Deputy Southern - and I accept his views - obviously has expressed his view that he would like to see a living wage introduced. The only thing is that this issue is a request for the information to determine ... or for this Assembly should I say, to determine whether actually we should pursue the introduction of a living wage or not. In fact Deputy Southern was quite right in saying that the only difference between a living wage and a minimum wage, which we do have now, is that a living wage may be higher. The investigation and the areas that have been suggested in this request and have been made to the Council of Ministers would help us to determine whether our minimum wage is appropriate or not, as much as a living wage. But I think that there is a lot to be said for it. Equally, I am a bit disappointed with perhaps some of the comments made by Senator Routier who is supposed to be the champion for all of our social policy. Again, I suppose it is expected that the Minister for Treasury and Resources should make the economic argument, but we are not just all about money. We need to have an eye on our social responsibilities as well. There needs to be that balance. We need to understand also the impact of one thing against another. In fact Senator Routier reminds us, and in the comments we are reminded that the Chief Minister’s Department will be refreshing the existing Social Policy Strategic Framework during the course of the year. Well this should all be included in that refreshment, not excluded. The suggestion that: “Oh, well, we are too busy” well, how do we know? Because to be honest we see various proposals being made by various departments to take on extra work, which we never signed up to. This is a small request being made. Finally I would like to draw Member’s attention to one paragraph of the comments. It is the Council of Ministers’ comments and it says: “I suggest to Members that this proposition should not be accepted at this time.” Well, tell me, when is the right time? I would suggest that the time is right, we are looking at and want to develop and improve our

social policy and the impact and the effect and the balance that that has, with obviously all the economic issues and financial issues that we have to be mindful about. We have a Chief Minister that, thankfully, is committed to developing and promoting social policy, and others in the Council of Ministers, I have to add. I am really, really struggling and I have yet to hear any argument that says that this cannot be done. The only thing I would ask Deputy Southern and the one thing that is causing me a little bit of concern, regarding the proposition is part (f). Because part (f) says: “Methods for and timing of the introduction of the living wage.” Now, my concern is that inadvertently perhaps, he is trying to second guess the outcome of the work. I would ask him before he sums up, to consider whether or not that it is necessary to keep (f) in. Thank you.

The Deputy Bailiff:

Can I just say to Members, as a matter of construction, I think that (f) is a matter for investigation if the proposition were to be ... I call on Deputy Higgins.

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

I shall be exceptionally brief, as probably everything has already been stated. I would like to state though that I fully support this proposition and ask Members: what is it that you have to fear from carrying out an investigation? Because if you are not prepared to carry out an investigation into this matter all you are doing is demonstrating beyond all doubt to members of the public that Members have closed minds and are not prepared to examine evidence and are not interested in the plight of low paid members of our community. Bear that in mind, that is the message you are going to give out, you are not interested, you are not even prepared to look at the evidence. I shall be supporting this fully.

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

When looking at this, and even reading the comments of the Council of Ministers, I am finding it very difficult to really understand the resistance to this proposition.

[11:15]

As has been said, this is just an investigation, it is a research project, it is not asking anything to be brought in. On the Scrutiny Panel we spend a lot of time talking about how we are going to best investigate things and getting information in. On the Chairmen’s Committee it is a bit laborious, but for goodness sakes, we are not that difficult about it. I think it is ridiculous that the Council of Ministers... I mean to see the underspends that have just been produced to turn around and say: “We have not got the resource to support this.” I mean, it is nonsense, absolute nonsense. Finally, I think, as I am sure we always do in this Assembly, we have to sit down and think: “Who are we here to represent, who do we serve, why are we here and what do we serve and what is the function and purpose of this Assembly?” I think all Deputy Southern is asking for is for information and I think the resistance is what this would reveal and what this would say about Jersey society and how expensive it is to live here. I do not think some Members want that in black and white, for other Members to say: “These are the issues and this is what we need to tackle.” That is why I will be supporting this proposition, because I know who I am here to represent. Thank you.

1.1.12 Senator I.J. Gorst:

This is I think one of those debates which has been extremely useful. I hope that some of the comments which perhaps have been a little bit personal will not be taken in that way, but to some extent reflect Member’s different approaches to trying to solve or deal with the same problem. But I will just come on later and speak about one of those personal comments which I think is grossly unfair. I want to address a few of the myths and be quite clear about the comments that the Council of Ministers has made before I make my final position. Firstly, I do not think it is fair to say that this work will not cost very much and I think Deputy Southern knows and accepts and realises in

the way he laid out his opening statement, with regard to minimum income standards and the work that Loughborough historically has done. I think he probably accepts that it is a similar piece of work that would need to be undertaken to realistically have an updated living wage proposal or level. Other Members have said that we could just take numbers from London and fiddle around with those and use that or that we could just simply update historical information. I do not believe for a minute that that is the case. I think it is important that in the Assembly there is an acceptance of the quantum of the piece of work that will be required to deliver what Deputy Southern wishes. Therefore, with that level of work will come a level of cost, which I believe will be greater than that indicated in the proposition. I think it is important that we acknowledge that. I think it is also important that we acknowledge some of the benefits or unintended consequences that might arise out of a living wage, albeit that this proposition asked for a piece of research into it. I do not think that we would want to say that we will introduce a living wage lightly. One of the delights, if I might call it that, of my job is that for some reason I seem to get a lot of complaints on my desk about various Government initiatives, about the difficult economic climate, particularly from the construction industry, from the retail sector; we know that as well the agricultural industry is very concerned when they consider extra costs that might be imposed upon them by this Assembly, and hospitality as well. Why is that important? It is important because they are the very sectors that would be affected by a living wage. As Deputy Southern admitted in his opening comments, it will not be affecting the States - the States pay bill - it largely will not be affecting large or financial services areas, but it will be affecting those other areas at which the Members wish, on the one hand, to encourage, because they are part of diversification, but on the other hand, seem to be suggesting that they could accept greater costs, albeit wage costs and continuing employing at the current level. I believe that we need to be extremely, extremely cautious in that regard, because hardly a week, certainly no month goes by that people do not complain to me about the current employment legislation believing that it is already constraining employment and increasing employment and real employers tell me that the current employment law is stopping them, today, from creating jobs, when I know that there are 2,000 people out of work. So I now have to take that concern very, very seriously and I am very grateful in that regard to the work that the Minister for Social Security is undertaking or the Employment Forum is undertaking on his behalf with regard to the unfair dismissal - I am struggling with my words this morning - the unfair dismissal requirements within the existing legislation. We must not lose sight of those concerns. Deputy Southern also says that one of the rationales for us undertaking this review work should be that we will see supplementation reduce and we will see benefit payments reduce. I just want to remind Members that supplementation is available to workers in our community right up to those on salaries of around £43,000. It has probably increased slightly now. Therefore, we should not get too carried away about the supplementation benefits that might arise from any living wage, nor the benefits to income support as well. If we take the premise that minimum wage is paid mostly to those low income individuals who are recently arrived in our community, of course all these benefits only arise if such a thing is legislatively imposed. Therefore, I suppose, I am not sure whether I am making Deputy Southern's argument or not, you could say that you are going to have all these benefits, but all those benefits would only accrue, albeit, I do not think they accrue in the manner or in the quantum that Deputy Southern is suggesting if it is legislatively imposed. We know that Deputy Southern has quite clearly, I hope, said this morning that he would not want to see it legislatively imposed, albeit, (f) of this proposition suggests perhaps he might be thinking otherwise. But that is a debate for another day. I think it is an important point. If I might now just revisit my opening comments about the unfortunate personal nature of this debate earlier, and I would like to put on record my support for my Assistant Minister. I believe that his social conscience is second to none of the Members of this Assembly. I believe that his track record, in regard to legislative changes that have improved the lives of ordinary Islanders and the most vulnerable members of our community is one that we could all aspire to. Therefore I think some of

the comments that were made earlier in that regard were unfortunately misplaced. Other comments were made about this Government not having a social conscience and always putting something other than social legislation to the top of its agenda. Nothing could be further from the truth. If Members look at the strategic priorities of the Strategic Plan they will see that social agenda, social policy is ripped large right through all those 7 priorities. It is this Government that is bringing forward the funding for the Freedom of Information Law, not any other government before it. It is this Government that is bringing forward Discrimination Law, and providing the funding for it, not any other government. It is not an accusation that I am prepared to accept sitting down, because it has no truth attached to it whatsoever. Having said all those things, I have, as you would expect, listened to the debate. As I said at the start I think it has been a very good debate, and I think that the only disagreement around the Assembly is largely when this work should be undertaken. Therefore, I am prepared to accept the proposition, albeit, that I have to say to Members, come forward with what I think will be a revised timescale for delivery of the work, because of the reasons that Senator Routier, absolutely rightly and appropriately pointed out. I think the disagreement really is about when this research could be delivered, and I am prepared to go back and look at that again. Thank you. **[Approbation]**

1.1.13 Deputy J.A. Martin:

Well there really is not much to say after the Chief Minister has very, I would say, wisely explained all the reasons that at first they were not going to accept this, but now are. I can just hear Deputy Vallois from her recovery bed screaming: “Yes, Social Policy Framework. At last” which it does say in part 5 of Deputy Southern’s to look into. I have to make this point because myself and the Constable of St. Helier, Deputy Routier could not make it. We are on the Manual Workers’ Joint Council and the point was made to us that over the last 10, 15 years around about 1,000 manual workers’ jobs have gone in gardening, cleaning, property maintenance and big contracts have gone out to very wealthy employers. It has been said before in this Assembly, it would be interesting to know how many wealthy employers are being subsidised because they are only paying the minimum wage to employees that were, when employed by the States, getting a lot more. I just would like to pick-up the point the Chief Minister made about it is only newly arrived people that are normally on minimum wage. I totally disagree. We did lose both the very large L.V.C.R. (Low Value Consignment Relief) companies. They both paid minimum wage, and I would say 99 per cent of their employees were local. Just for Senator Ferguson, the minimum wage may not attract tax in itself, but if you are on the minimum wage you normally have to do 2 to 3 jobs, which will in time ... obviously you have to pay tax. I hope it will cover that. How many wealthy employers is the taxpayer of Jersey subsidising through the benefit system? I think, as Deputy Maçon says, this might throw up some very interesting information, and I am glad that they will be doing the work and it will come back to this House. Thank you.

The Deputy Bailiff:

Chief Minister, can I just ask you for some clarification? As I understood your speech to the Assembly you were prepared to agree that your Council of Ministers would investigate the feasibility and the desirability of the introduction of a living wage as set out in (a) to (f)?

[11:30]

It was only the date by which you would report back that caused you difficulty? Did I understand that correctly?

Senator I.J. Gorst:

That is correct, yes.

The Deputy Bailiff:

Do you have a date to give Members?

Senator I.J. Gorst:

I do not, Sir. But I have had correspondence from staff, as I was speaking, basically reconfirming what I said about the scope and scale of the work necessary. I cannot this morning give a revised date, but I will do so and I hope to do so if possible by the next States sitting with regard to the date.

The Deputy Bailiff:

I only ask these questions because when Members come to vote on the proposition it is a political proposition so the question for the Council of Ministers is do they face political criticism for not doing the job by a date which the States have set? Members may wish to support the proposition in the light of what you said, but on the assumption that there will be a different date. Therefore, it would be helpful to know what that date was going to be.

Senator I.J. Gorst:

Indeed, Sir, I recognise that. Unfortunately I cannot give that this morning. Of course, Sir, I am well used to facing political criticism and opposition, whichever way one looks, I say.

The Deputy Bailiff:

The pleasure of being in public office, Chief Minister. **[Laughter]** Connétable of St. Lawrence.

1.1.14 Connétable D.W. Mezbourian of St. Lawrence:

I know I am not the only Member of this Assembly who is disappointed in this debate today. Disappointed because we have had to discuss it for a number hours **[Approbation]** when we look to the Council of Ministers for strong leadership. We are promised in the Strategic Plan that the Council of Ministers is committed to delivering strong leadership. I think they would have been well served by agreeing to bring forward comments to say, such as Senator Ozouf said: “We want to lift people out of poverty. The living wage should happen eventually”, as Senator Ozouf told us, he accepts that. He told us the priority is to get people into work and we will return to this in the future. I am so disappointed that the Council of Ministers could not have agreed that it was a sensible pragmatic view to support the proposition. Albeit with a proposal that the final date that a report be presented to the Assembly be changed from 31st January 2014. I am sure most of the Members here today agreed with the opening words of Senator Routier: “When I first looked at this proposition I was minded to support it”, because indeed I was and I am sure many others were, because it is a reasonable request that is being made. As we have heard, it ties-in with a review of the overall strategic policy which this Assembly must decide upon and which we have been told is being reviewed. I am disappointed that we have not had the strong leadership that we should have, that we deserve, that we have been promised. I am sure Senator Gorst will say ... he has just mentioned he is used to being criticised, I do not want to criticise him, I do not want to criticise the Council of Ministers, but they should recognise that if they do not provide the leadership that we need and we deserve and we require, then they will be criticised. I am sorry to have to be doing that now. Having said that, their U-turn, because that is what it is, a U-turn, I believe is welcome and we must accept that. Thank you.

The Deputy Bailiff:

Does any Member wish to speak? Then I will call on Deputy Southern to reply.

1.1.15 Deputy G.P. Southern:

It is difficult to know quite what to say. Obviously I am going to maintain my proposition with the date in there. We are informed that that date probably cannot be met and there will be a different

date coming back. My reservation would be ... because I always put a date in, because that is where you get things done, but it should not go beyond the end of 2014. That would be my reservation. Surely they should be capable of doing a decent piece of work in that sort of timescale, any further would be, I think, not really acceptable to the House and would open the Chief Minister to some criticism. Just briefly, for those who may still have reservations about this, I want to reinforce, and it has not been said enough, a move towards a living wage is entirely within the employer's power to control. Each individual employer will look at his business and say: "Is it sustainable, is it realistic, is it efficient for me to move to a living wage? Are there advantages to be made, that make it worthwhile for me, and can I afford it?" The answer will be yes or no. And for each individual employer they have total control over whether they do or do not. If they look at their business and say: "Yes it is possible for me to do and I get the kudos of putting I am a living wage employer on my front door and I get the advantage of loyal staff who I will have trained and stay", so he does not have to retrain another bunch coming along 2 minutes later. If the benefits outweigh the dis-benefits, then that is under each individual employer's control. There is no threat to any employer, nobody is going to be made to do anything. It is a question of encouragement and a realistic assessment of a particular business. No tourism employer is being made to move to the living wage. No agricultural employer has been made to move to living wage. That will not happen. They will look at their business and say: "Yes, I can move to it. It makes sense to me." Or: "No it does not and I am not moving there." That is the reality. So there is no threat at all. I just thought, because there has been some criticism of the figures we produced, there is some argument, and particularly from Senator Ferguson, about the level of tax. Now, come June this year, we are getting a comparison between the cost of living in Jersey and the cost of living in the U.K. I believe that will include such diverse matters as the taxation level and the social security levels, versus national insurance in the U.K. *et cetera*. It will be a realistic and effective comparison to form a starting point. On the back of that piece of work, which stats are doing now, it is perfectly possible, I believe, to do an examination of the living wage by comparison with the U.K. once that is in place, in a relatively, I would say, short-ish timescale. I do not think we will get bogged-down in the minimum income standard that we did back in the old days under Senator Kinnard, and subsequently under Senator Routier, who eventually abandoned it as impossible. I think we have a starting point which is different today than what was. So it is perfectly possible to do. Yes, I must comment, I think, as to what I said at the beginning. I too am disappointed that all too often the Council of Ministers comes back to a Back-Bench proposition whether mine or another Back-Bencher to say: "You cannot have it. We do not like it, we oppose it." When in fact they ought to be saying: "Well, we have a difficulty with this, here is an amendment. Actually the cost will be more than £10,000 or £20,000 it might be" whatever figure they can come up with, £100,000. Okay. We will amend the financial and manpower statement, because that is realistic, because they have a better idea than I have. Equally, with the timing. If this is a question of timing and we cannot do it by January 2014 then why did not ... this has been lodged since the 18th March. Why did I not get an email, a little tweet? I am on the end of a phone. Why did not somebody phone me to say: "I like the idea and it is something we ought to be getting on with eventually, but the timescale is wrong"? How about: "Would you accept this amendment for June next year" or whatever? That does not happen. It all too often does not happen. The fact that we have spent 2 hours ... just about 2 hours, yes, on the dot, today debating this when it could have been settled within 10 minutes is a waste of our time.

The Deputy Bailiff:

Perhaps not too much longer, Deputy?

Deputy G.P. Southern:

I know. [Laughter] I expect sarcasm from them, not from the Chair, Sir.

The Deputy Bailiff:

Well, it is an open door, is it not?

Deputy G.P. Southern:

Yes, I accept that, Sir. I accept that. But nonetheless, this does happen time and time again when it is perfectly possible for somebody to look at propositions from the Back-Bench and say: “We cannot go completely with it, we need to amend it.” Why does that not happen, time and time again? At which point I will maintain the proposition, Sir. I thank all those who support this particular proposition and call for the appel.

Senator L.J. Farnham:

May I just be clear, because it could affect the way I vote? I understand that the Chief Minister has undertaken to carry out this research whether Deputy Southern’s proposition succeeds or fails? Can I just be clear on that point, Sir?

The Deputy Bailiff:

I understood the Chief Minister to say that the Council of Ministers would be carrying out this research, but not within that timeframe. So the appel is called for, I invite Members to return to their seats, and I ask the Greffier to open the voting.

POUR: 35	CONTRE: 7	ABSTAIN: 2
Senator P.F. Routier	Senator A.J.H. Maclean	Senator P.F.C. Ozouf
Senator A. Breckon	Senator B.I. Le Marquand	Senator S.C. Ferguson
Senator F. du H. Le Gresley	Senator L.J. Farnham	
Senator I.J. Gorst	Connétable of St. Peter	
Connétable of St. Helier	Deputy K.C. Lewis (S)	
Connétable of Trinity	Deputy E.J. Noel (L)	
Connétable of St. Clement	Deputy of St. John	
Connétable of St. Lawrence		
Connétable of St. Mary		
Connétable of St. John		
Connétable of St. Ouen		
Connétable of St. Martin		
Connétable of St. Saviour		
Deputy R.C. Duhamel (S)		
Deputy R.G. Le Hérisier (S)		
Deputy J.A. Martin (H)		
Deputy G.P. Southern (H)		
Deputy of St. Ouen		
Deputy of Grouville		
Deputy J.A. Hilton (H)		
Deputy of Trinity		
Deputy S.S.P.A. Power (B)		
Deputy S. Pitman (H)		
Deputy M. Tadier (B)		
Deputy T.M. Pitman (H)		
Deputy M.R. Higgins (H)		
Deputy J.M. Maçon (S)		
Deputy G.C.L. Baudains (C)		
Deputy J.H. Young (B)		
Deputy S.J. Pinel (C)		
Deputy of St. Mary		

Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				
Deputy R.J. Rondel (H)				

2. Draft Policing of Parks (Amendment No. 5) (Jersey) Regulations 201- (P.41/2013)

The Deputy Bailiff:

Very well. We now come to P.41 - Draft Policing of Parks (Amendment No.5) (Jersey) Regulations - and I ask the Greffier to read the citation of the draft.

The Deputy Greffier of the States:

Draft Policing of Parks (Amendment No.5) (Jersey) Regulations. The States, in pursuance of an Order in Council of 26th December 1851 and Article 92 of the Road Traffic (Jersey) Law 1956, have made the following Regulations.

The Deputy Bailiff:

Lodged by the Minister for Transport and Technical Services, Minister.

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

Following a request from the Minister for Education, Sport and Culture to amend the Policing of Parks (Jersey) Regulations 2005 I am pleased to propose this amendment as follows: to designate Les Quennevais playing fields as a park, to designate Grainville playing fields as a park, and thirdly to designate F.B. (Florence Boot) Playing Fields as a park. These playing fields are experiencing ongoing problems with vandalism, anti-social behaviour and increasingly problems with dog owners failing to keep their dogs on a lead and off the playing fields. These amendments will formally designate these playing fields as parks, and as such enable proper management and policing of the area, and to ensure that dog owners keep their dogs off the playing fields. The 3 playing fields will be designated as Part 1 Parks under the Regulations. A Part 1 Park requires dog owners to keep dogs on a lead and within the confines of the established paths. I make the Regulations.

The Deputy Bailiff:

Are the principle seconded? [**Seconded**] Does any Member wish to speak? The Connétable of St. Martin.

[11:45]

2.1.1 Connétable M.P.S. Le Troquer of St. Martin:

I very much support the proposition. I am indeed involved in St. Martin's village green which became a designated park a couple of years ago. There needs to be some control on the parks and also the danger of children being blinded by dog-dirt left in the park. Just one thing, the proposition states there is no financial or manpower implications to the States arising from the adoption of the draft Regulations. I wondered how the Minister was going to appoint persons, and how many he was going to appoint to police the parks? Taking it one step further, the Minister for Transport and Technical Services would be the park authority, because there is no amendment to this Regulation for the new parks. Article 1 of the Regulations show that the Minister for Education, Sport and Culture to be the authority in the playing fields, on a par with Springfield Stadium. That is already in the schedule. Will the policing be members from the horticultural staff for these 3 parks, the groundsmen, or will he be employing people in the evening. I am not wishing

to put the Minister on the spot, but how many people have been reported in the last 5 years for breaching the Regulations in relation to policing of the parks? Thank you.

2.1.2 Deputy J.M. Maçon:

Many of the questions I was going to make have already been raised by the Constable of St. Martin. Therefore, I shall not make them. I did sit on a Scrutiny review looking at issues related to this some time ago and certainly the law as stands was well-drafted and well-structured for what it wanted to do, but the biggest problem was not so much having the law there, it was having the enforcement of the law around. So my question to the Minister was: what liaising has happened with either the various honorary forces within the relevant jurisdiction or with the Minister for Home Affairs in order to better tackle these issues? The problem has always been not so much that there is a lack in law, although the Minister is trying to address this, but having people to enforce the law at the time when these things occur. So I would just want to know what consultation and what measures have been put in place in order to stop this because simply saying: “Well, we are going to leave things as they are” really is not good enough.

2.1.3 Deputy R.G. Le Hérissier:

Very briefly, on behalf of E.S.C. to thank the Minister for bringing this forward, and indeed to thank Deputy Maçon for raising those points, because I know when he did this Scrutiny he got some rather risible comments, but what I think the people making those comments failed to appreciate is it is little things like this, if I can put it that way, that annoy people intensely for the very reason that the Deputy has cited, namely, it appears that no one is taking an interest and it appears no one is following through on enforcement. Certainly, while I am glad to say it would be left to T.T.S. (Transport and Technical Services) it is the view of E.S.C. that there will be policing, but it will not be oppressive, we will not be running after every dog owner as to whether or not their dog has committed an illegal act, or they themselves in charge of the dog have been responsible for that act, but there will be a response to complaints, and the Minister, I think, is going to allude to this.

2.1.4 Deputy J.H. Young of St. Brelade:

Just to say I am fully behind the introduction of controls over the open areas of the parks, for all the reasons that Members have said, particularly dog owners, and I am very grateful for the undertaking that there will be sensible and commonsense policing by whoever ends up having to enforce this, because I notice on the Les Quennevais area, in particular, the law obviously when we pass this will require dogs to keep to the path, but, of course, the plan includes very big areas of trees and so on, so I think technically we are probably about to pass a law that means that somebody whose dog on a lead wanders into the bushes may be committing an offence. I am sure that was not intended but I am very pleased to hear that sort of commonsense issue is not going to be unreasonably enforced, so I support this in the prime purpose, which is obviously to rule out antisocial behaviour and so on in the open areas of the park.

2.1.5 Senator B.I. Le Marquand:

I just want to make a comment from the policing point of view as I would see this. In relation to premises like this, which are clearly already controlled by a particular department, namely T.T.S., the primary responsibility for checking what is going on is obviously going to lie with their staff who are around the premises, but it seems to me that what happens by virtue of this being designated is that the principles or rules in relation to it then become clearly set out so that when they do approach people they can say: “Look, you really should not be doing this because that is contrary to the law” *et cetera*. Then, of course, if people really are unreasonable, they have the ability to contact the police force to get the police to come down and to ensure that charges are brought, where that is appropriate. So that is how I would see this happening. I think it is quite a

different situation, if I can put it that way, to some of the town parks where, clearly, there is police presence very close by all the time and officers may be going through some of the parks, so you have got a more active process. But that, I think, is how I would see it and I am sure the police would be very happy to co-operate in the way I have described.

The Deputy Bailiff:

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

2.1.6 Deputy K.C. Lewis:

I am obliged to the Minister for Home Affairs for that clarification. As I say, this was requested by the Minister for Education, Sport and Culture and we are more than happy to oblige. There has been some considerable disruption in the past in Les Quennevais, and I have had reports of unruly behaviour at F.B. Fields, and so on. We are doing this with a light touch and it is not heavy-handed, it is just bringing the parks in. People are more than welcome to walk their dogs in these areas as long as they stick to the paths, keep their dog on a lead and, if the dog leaves faeces, it is picked up and removed. Not to pick it up is unfair, anti-social and, once this is passed, will be against the law, punishable by a fine in Section 2. It is not a heavy-handed approach; it is to give powers to the States Police, Honorary Police and any other park officials to just enforce these Regulations. It is done with a very light hand and hopefully it will be non-contentious, and I make the Regulations.

The Deputy Bailiff:

The principles are proposed. Will all Members in favour of adopting them kindly show? The appel is called for. I invite Members to return to their seats. The vote is on whether to adopt the principles of these Regulations and I ask the Greffier to open the voting.

POUR: 39		CONTRE: 0		ABSTAIN: 0
Senator P.F. Routier				
Senator P.F.C. Ozouf				
Senator A. Breckon				
Senator S.C. Ferguson				
Senator A.J.H. Maclean				
Senator B.I. Le Marquand				
Senator F.du H. Le Gresley				
Senator I.J. Gorst				
Senator L.J. Farnham				
Connétable of St. Helier				
Connétable of Trinity				
Connétable of St. Clement				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				
Connétable of St. Ouen				
Connétable of St. Martin				
Connétable of St. Saviour				
Deputy R.C. Duhamel (S)				
Deputy R.G. Le Hérisssier (S)				
Deputy of St. Ouen				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy J.A.N. Le Fondré (L)				
Deputy of Trinity				

Deputy S.S.P.A. Power (B)				
Deputy S. Pitman (H)				
Deputy K.C. Lewis (S)				
Deputy T.M. Pitman (H)				
Deputy E.J. Noel (L)				
Deputy J.M. Maçon (S)				
Deputy G.C.L. Baudains (C)				
Deputy of St. John				
Deputy J.H. Young (B)				
Deputy S.J. Pinel (C)				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				
Deputy R.J. Rondel (H)				

The Deputy Bailiff:

Deputy Young, does your panel wish to scrutinise this Regulation?

Deputy J.H. Young (Chairman, Environment Scrutiny Panel):

No, thank you, Sir.

The Deputy Bailiff:

Very well. Minister, you have proposed the Regulations and the schedule *en bloc*, I take it?

2.2 Deputy K.C. Lewis:

Indeed, Sir. Thank you.

The Deputy Bailiff:

Is that seconded? **[Seconded]** Does any Member wish to speak? Senator Le Gresley.

2.2.1 Senator F. du H. Le Gresley:

I was just reflecting on something the Minister has said in summing-up, and I was not quick enough to get up on my feet. I do live very close to F.B. Playing Fields and the only dogs allowed on F.B. are guide dogs, and I would not want the message to go out from this Assembly that people can exercise their dogs on F.B. Playing Fields, because I would be one of the first to use it.

The Deputy Bailiff:

Does any other Member wish to speak? Minister, do you wish to reply?

2.2.2 Deputy K.C. Lewis:

Absolutely. As the Senator just said, with all parks, guide dogs are admitted but guide dogs, listening dogs, police dogs in execution of their duty and the dogs with the Impôts are specially trained, shall we say, to do their business prior to leaving home, so that has never been a problem. I would like to thank all Members who have spoken, and propose in Third Reading.

The Deputy Bailiff:

[Aside] I was just fascinated by the idea of a police dog executing its duty, but ... **[Laughter]** so Regulations 1 and 2 and the Schedule are proposed. Those Members in favour, kindly show. Those Members against. Those Regulations are adopted. Do you move the Regulations in Third Reading, Minister?

Deputy K.C. Lewis:

Yes, Sir.

The Deputy Bailiff:

Is that seconded? **[Seconded]** All Members in favour of adopting the Regulations in Third Reading, kindly show? Members against. The Regulations are adopted.

3. Draft Control of Housing and Work (Jersey) Law 2012 (Appointed Day) Act 201-(P.42/2013) - as amended

We now come to the Draft Control of Housing and Work (Jersey) Law 2012 (Appointed Day) Act lodged by the Chief Minister. The Chief Minister has an amendment to it. I take it Members will agree that it should be dealt with as amended. Very well, Greffier, could you read the proposition?

The Deputy Greffier of the States:

Draft Control of Housing and Work (Jersey) Law 2012 (Appointed Day) Act. The States, in pursuance of Article 53(2) of the Control of Housing and Work (Jersey) Law 2012, have made the following Act.

3.1 Senator P.F. Routier (Assistant Chief Minister - rapporteur):

The Control of Housing and Work Law was approved by this Assembly in July of 2011, sanctioned by the Privy Council on 17th October 2012 and, thereafter, registered in the Royal Court. Subsequently, last month the Assembly approved the Regulations under the Law. Today, I propose the (Appointed Day) Act, which will bring the Law into force on 1st July 2013. The new law will introduce a considerably more effective and streamlined regime for managing immigration, as I have outlined on a number of occasions. This is critical for Jersey, as our current laws urgently need replacing. This must be done, however, in an ordered manner to make the process as seamless as possible; this is why we are proposing 1st July, which will fall immediately after 30th June manpower returns and will give Islanders and businesses certainty around when the law is being introduced so that they can complete their preparations. As part of this, we have published guidance materials and will be running a wide public awareness campaign. We will also keep the operation of the new law under close review, including conducting a post-implementation review this year so that we can make continuous improvements as they are necessary. Before I conclude, I want to offer thanks to a wide range of people who have supported this work, in particular, my Ministerial colleagues, some of whom have been instrumental from the very early days of policy development. I can recall back in the days when I was Minister for Social Security, being part of the working group lead by Senator Ozouf, which set us out on the path of the new law, The Scrutiny Panel, for all their hard work; our drafting and legal teams; the officer team who have supported me; and, importantly, the public and representative organisations, without whose contribution the law could not be as refined as it is. It has been a real team effort and I am grateful to all for the support. I finally want to reiterate how wide-ranging this piece of work has been, not only will it affect all Islanders, every property and every business, but it is a foundation for improving how we deliver services as a public sector, building on the Population Register of Names and Addresses Law, which will be subject to our next debate. I make the proposition.

The Deputy Bailiff:

Is the proposition seconded? **[Seconded]** Does any Member wish to speak? All Members in favour of adopting the proposition, kindly ... sorry, Deputy Baudains, did you wish to speak?

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

Yes, sorry, Sir, the light did not come on the first time I pressed the button, my apologies. Obviously, I was not here for the original debate, and I am not going to go over that, this is an Appointed Day Act. Just to make my position clear that I am not happy with the law; in my view, it is overly complicated, bureaucratic and intrusive and had the previous Regulation of Undertakings and Development been operated the way it was intended, we would not need this. I shall probably not vote for it.

3.1.2 Deputy C.F. Labey of Grouville:

I would just like to ask the Assistant Minister a quick question: if a decision has yet been made as to whether the cards will have a photograph on them and, if not, how they will be identified to that person?

The Deputy Bailiff:

Does any other Member wish to speak? I ask the Assistant Chief Minister to reply.

3.1.3 Senator P.F. Routier:

I am sorry Deputy Baudains does not feel able to support this proposition. Perhaps I can try and convince him at the last moment, because the current Regulation of Undertakings and Development Law is ineffective, it really is. There are times when there has needed to be the ability to call employers to account for perhaps not following their licence properly, and the legislation does not allow us to ... well, we have to take a case to the Attorney General and for the law to go through the legal process, and it is a very long-winded process.

[12:00]

This new legislation will allow us to put an enforcement notice on any business to say: “You must keep within the licence” and that alone is going to be one of the real benefits of ensuring that we are able to ensure that businesses are keeping within their licensed regulation. I do hope that the Deputy is able to support ... there are so many other good benefits with this legislation, it simplifies it for a lot of businesses rather than complicates things. The Deputy of Grouville asks about photographs on cards. Currently, there will not be a photograph on the card but, as I mentioned, there is a lot of publicity going to be carried out over the next few months informing members of the public and businesses that when they are looking at the card they also need to look at a form of identification alongside that, whether it be a driving licence or a passport. So it is a dual process: if an employer is going to take on a new member of staff, they will take a photocopy of the registration card and a photocopy of the formal identification, which already exists. So that is the process that will take place. I hope that has answered the question, and I maintain the proposition.

The Deputy Bailiff:

Will all Members in favour of adopting the proposition kindly show? The appel is called for. I would like Members to return to their seats. The vote is on whether or not to adopt the Control of Housing and Work (Jersey) Law 2012 (Appointed Day) Act. I ask the Greffier to open the voting.

POUR: 37	CONTRE: 1	ABSTAIN: 0
Senator P.F. Routier	Deputy G.C.L. Baudains (C)	
Senator A. Breckon		
Senator S.C. Ferguson		
Senator A.J.H. Maclean		
Senator B.I. Le Marquand		
Senator F.du H. Le Gresley		
Senator I.J. Gorst		
Senator L.J. Farnham		
Connétable of St. Helier		

Connétable of Trinity				
Connétable of St. Clement				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				
Connétable of St. Ouen				
Connétable of St. Martin				
Connétable of St. Saviour				
Deputy R.C. Duhamel (S)				
Deputy R.G. Le Hérisssier (S)				
Deputy of St. Ouen				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy J.A.N. Le Fondré (L)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy S. Pitman (H)				
Deputy K.C. Lewis (S)				
Deputy M. Tadier (B)				
Deputy T.M. Pitman (H)				
Deputy E.J. Noel (L)				
Deputy J.M. Maçon (S)				
Deputy J.H. Young (B)				
Deputy S.J. Pinel (C)				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				
Deputy R.J. Rondel (H)				

4. Draft Register of Names and Addresses (Jersey) Law 2012 (Appointed Day) Act 201-(P.43/2013) - as amended

The Bailiff:

We now come to P.43 - Draft Register of Names and Addresses (Jersey) Law 2012 (Appointed Day) Act - again, as amended by the Chief Minister, and I will ask the Greffier to read those Acts.

The Deputy Greffier of the States:

Draft Register of Names and Addresses (Jersey) Law 2012 (Appointed Day) Act. The States, in pursuance of Article 9(2) of the Register of Names and Addresses (Jersey) Law 2012, have made the following Act.

4.1 Senator P.F. Routier (Assistant Chief Minister - rapporteur):

The Register of Names and Addresses (Jersey) Law has been developed alongside the Control of Housing and Work Law. Today I propose the Appointed Day Act which will bring the Law into force on 1st July of this year. The new Law is a foundation for more effective governance and better co-ordinated services to Islanders, giving us the ability to share a limited set of information between public authorities for statutory purposes and other purposes approved by this Assembly. In addition to all those I thanked during the previous debate, I would also like to extend my thanks to the Data Protection Commissioner who has provided advice and guidance to ensure we have a practical system to enable us to share data with appropriate safeguards. I make the proposition.

The Deputy Bailiff:

Is that seconded? **[Seconded]** Does any other Member wish to speak? Deputy Baudains?

4.1.1 Deputy G.C.L. Baudains:

In a similar vein to the previous one, again, I did not take part in the original debate. This does greatly concern me because in a few days' time we will be celebrating our liberation yet here we are introducing similar sort of bureaucracy where people need to prove who they are and where they are. I think it was in 1941 that people had to carry identity cards with them, that was introduced. I do not see what it is going to achieve, because if we are attempting to control population, controlling and monitoring the indigenous population will make no difference at all, it is purely the immigration part that needs monitoring. The fact that I might need a card of some sort to prove who I am, I think, is going to be offensive to many local people. I also hope in his summing-up the Assistant Minister can clarify for me an original document I read; I understood it to mean that a local resident would only need this registration whenever he or she either moved house or moved employment, and yet I did see a document, which I have been trying to trace over the last couple of days, where it appeared to read that anyone after 3 months would need to be registered. I am also concerned on the employment side that apparently this legislation affects self-employed people. I mean, if I was casting my mind back to when I started work when I was self-employed, I would not today see why I would need to apply for some licence in order to work for myself from my own property. I do find this intrusive and I am not sure it achieves a great deal in the process.

4.1.2 Deputy J.M. Maçon:

Very quickly, I have just pulled out from wallet, after listening to Deputy Baudains' concern, my social security card. What is going to be introduced is an enhanced social security card. Scrutiny has wanted a photo I.D. (identification) on that, which has been accepted, supposedly in the response twice from the department, and now we hear that it is not going to work. So I am going to write to Corporate Services and ask them to bring a proposition on that matter, because I think it is ridiculous to have something accepted twice by the Council of Ministers and then for it not to be done. But all I want to point out to Deputy Baudains regarding his concerns about having a registration card so that the system knows who you are, we are already there. There has already been crossover with this particular system and the Social Security system, so the majority of the population is on it already, which is why I am happy to support these Regulations.

4.1.3 Deputy J.H. Young:

I would like to understand why the rush, because on 23rd April we have had R.35 and R.36 given to us by the Minister, draft exemptions for these new arrangements, and also draft fees and, of course, these have raised lots of questions. These draft Orders are proposed to be made, it said, from 1st July. I think I would like to hear from the Chief Minister as to why we need to do this today, because what is the procedure for answering queries about these exemptions and fees Orders? I have got, for example, a question: I can see the point that those who have entitled status do not need to have a card, but what happens if they change their job or move their house? Are they going to have to pay fees and go and get a card and so on? I think those are impositions that I would certainly like to understand before being asked to rubberstamp this particular measure.

4.1.4 Deputy J.A. Hilton of St. Helier:

In a similar vein to Deputy Young, I would just like to seek clarification on the point of the £75 charge when people new to the Island register. Can the Assistant Minister confirm whether Jersey people, when they either move home or change jobs, will also have to pay that £75 charge, which could, in effect, mean a family of 4 adults moving home could end up having to pay £300 just to register, if I have understood the law correctly? If he could just clarify that for me, please.

4.1.5 Deputy S. Power of St. Brelade:

Very briefly. I have heard some of the comments and I think it is fair to say to the Assembly that at this stage the Chairman of the Corporate Services Scrutiny Panel has agreed with me and with Deputy Rondel that there will be a third review by the sub-panel on population and migration and we will be dealing with issues such as population modelling and what work the Statistics Office is doing and what decisions the Council of Ministers will be making. These will all be reviewed, and we will be looking again at the possibility of photographic I.D. on the card, which was recommended in the last Scrutiny report, and we are not going to let it go. We have done 2 reports on population and migration and there will be a third one, so I think it is fair to say - I do not want to speak for the whole Corporate Services Panel - we will be doing a sweep-up, a catch-all final review of population and migration, and we hope that the Assistant Minister will be listening to us, as he has before.

The Deputy Bailiff:

Does any other Member wish to speak? I call on the Assistant Chief Minister to reply.

4.1.6 Senator P.F. Routier:

Deputy Baudains was asking about the confusion he has in his mind about whether a local person needs to have a card after 3 months. The 3-month issue is that if somebody comes to the Island and gets into work, they will need a card, if they take a lease on a property, they will need a card, but if they do not do either of those 2 things within the 3 months, they will need then to get a card. It does not apply to people who have been in the Island for many a year, unless they do not need to do that, because the names and address register will, no doubt, already know who they are because they will be having transactions with the States in some other way, whether it be through Social Security or eye tests; it is just the method of getting people on to the Names and Address Register. So for new people coming to the Island, there are 3 ways of them getting on to the register, and that is either work, residence or, if they do not take out a lease themselves, they would then have to register within 3 months. So I hope that clarifies that for him. Deputy Maçon raised the issue with regard to the photo and the reviews which have been carried out by the Scrutiny Panel, the photo on the card. In both those responses to the review, it was recognised that it was something we would look at in the future, certainly we did not commit to doing it immediately, but we will have an ongoing review of how this law is operating. If it is felt in the later stages that a card is required, well, we will no doubt consider that but certainly for the purposes of the operating of the law, we believe that having the new card working alongside the existing photographic identification which people have will be sufficient for the operation of the law. If we were to go along the route of having a photograph on the card, it then opens itself up to other uses and all the rest of it but for the purposes of this particular law we are satisfied that it will be effective. As I say, it is something we will review; as the Chairman of the Scrutiny Panel has said, the panel is going to be carrying out further review and we will be working with them. We want this to work, as every Member wants this law to work effectively, so we will do what we need to do to make that happen. Deputy Young was asking: "Why the rush to do this today?" The reason for passing this today is because we need to let the public know and the business community know that there is a definite date this is going to happen, because this is a later date than we initially thought; we initially were hoping for an April date but, as time has gone by and the way we have needed to develop to ensure that all the processes are in place to make sure all the I.T. (information technology) systems are in place, we now have that confidence that that is all ready to go. Also, on reflection, as I said in my opening comments, the manpower returns were due on 30th June, so it neatly fits in to start this legislation on 1st July. We all know we have all been crying out for this law to be in place as soon as possible, but I think he was trying to link it with the propositions which are due for debate in a couple of weeks' time. Those are stand-alone issues which should not affect the start of the law; I am happy

to have a Members' briefing on what those Regulations are going to do, I think that would be a useful thing to have, so I would welcome any Member to come along to that.

[12:15]

That, I think, is related to what Deputy Hilton was asking about, the £75 charge and, hopefully for comfort for her, local people will not be paying the £75 for the charge, so for people who are already in the Island and have been here for some time, there is no charge for them, it is only newcomers to the Island. I hope that covers all the questions, and I maintain the proposition.

The Deputy Bailiff:

Would all Members in favour of adopting the proposition kindly show? The appel is called for. I invite Members to return to their seats. The vote is on whether to adopt the proposition for the Register of Names and Addresses (Jersey) Law (Appointed Day) Act, and I ask the Greffier to open the voting.

POUR: 38		CONTRE: 1		ABSTAIN: 0
Senator P.F. Routier		Deputy G.C.L. Baudains (C)		
Senator P.F.C. Ozouf				
Senator A. Breckon				
Senator S.C. Ferguson				
Senator A.J.H. Maclean				
Senator B.I. Le Marquand				
Senator F.du H. Le Gresley				
Senator I.J. Gorst				
Senator L.J. Farnham				
Connétable of St. Helier				
Connétable of Trinity				
Connétable of St. Clement				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				
Connétable of St. Ouen				
Connétable of St. Martin				
Connétable of St. Saviour				
Deputy R.C. Duhamel (S)				
Deputy R.G. Le Hérisssier (S)				
Deputy J.A. Martin (H)				
Deputy of St. Ouen				
Deputy J.A. Hilton (H)				
Deputy J.A.N. Le Fondré (L)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy S. Pitman (H)				
Deputy K.C. Lewis (S)				
Deputy M. Tadier (B)				
Deputy E.J. Noel (L)				
Deputy J.M. Maçon (S)				
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				

5. Jersey Innovation Fund: establishment, funding and operation (P.124/2012) - as amended

The Deputy Bailiff:

We now come to P.124 - Jersey Innovation Fund: establishment, funding and operation - lodged by the Minister for Treasury and Resources, and I ask the Greffier to read the proposition, as amended; unless Members have any issue with the amendment, then as amended.

The Deputy Greffier of the States:

The States are asked to decide whether they are of opinion to refer to their Act dated 17th July 2012 in which they approved the economic growth and diversification strategy which *inter alia* proposed the establishment of an Innovation Fund and: (a) to approve, in accordance with the provisions of Article 3(3)(a) of the Public Finances (Jersey) Law 2005 the establishment of a special fund to be known as the Jersey Innovation Fund; (b) to agree, in accordance with provisions of Article 2(4) of the Public Finances Transitional Arrangements (Jersey) Order 2011, to increase the expenditure approval for 2013, approved by the States on 6th November 2012, in respect of the Economic Development Department Head of Expenditure to permit the withdrawal of an additional £5 million from the Consolidated Fund to finance the creation of this new special fund; (c) to agree that the Jersey Innovation Fund should be operated and used in accordance with the revised operational terms of reference set out in the appendix to the amendment of the Minister for Treasury and Resources dated 17th April 2013, under the supervision of an independent innovation board to be established by the Minister for Economic Development through a process overseen by the Appointments Commission and following the commission's code on appointments to public bodies; (d) to agree that any loans or grants made by the Jersey Innovation Fund will be authorised by the Minister for Economic Development.

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

The arrival of this platform does not indicate the length of time that this debate necessarily might happen, and also Members might ask why, whatever platform it is, it should not be sitting just behind me by the Minister for Economic Development. In reality, as I am sure Members know, this is effectively a proposition which has been worked on very hard by the Minister for Economic Development but due to the Public Finances Law it is only the Minister for Treasury and Resources that can bring forward a special fund. The other reason for having this is to ask Members, perhaps, I hope that they have seen the report that was circulated yesterday and, most importantly, the tracked changes version of the old report and the amendment so that Members can see each one of the changes that has been made to the Report and Proposition. That has been done by the Minister for Economic Development's staff in order that Members can be absolutely clear of what changes have been made from the previous proposition and the current one. I am grateful to you, Sir, for allowing the proposition to be proposed as amended. Members will recall that last July we approved the Council of Ministers' economic and diversification strategy setting out what we hoped was going to be a bold blueprint for the future of the Island's economy. That proposition had a number of different component parts and one of them was the establishment of the Innovation Fund. It was designed to encourage innovation and improve Jersey's international competitiveness. I am sure that Members do not need any reminding of the scale of the economic challenges that are facing the worldwide economic community, particularly Western democracies and developed economies and, of course, in Jersey. The global economy and Jersey are still feeling the chilling aftershocks of the most severe economic crisis that we have seen, certainly in the post-Second World War period. It is very clear that the recovery, now it is clearer than when we had the

economic growth strategy debate last July, is going to be slow and difficult and some people are almost characterising the recovery as being somewhat corrugated: there are going to be more ups and downs, there are going to be more dips, as we emerge from the economic turmoil of the last few years. There is a tremendously difficult, rocky road ahead in dealing with the deleveraging of excessive credit markets, of overspending by governments and dealing with the consequences of bad financial regulation. Jersey's economy has evolved over the decades; we are, effectively, today, and perhaps always were, an export economy. We are dependent on the exports of our services to places elsewhere, and we have got to do everything we can to create an environment in which the local economy creates employment opportunities for our local people. The Fiscal Policy Panel has warned us in their most recent report, in which they commented upon the Medium-Term Financial Plan, that they did not see a return to growth for the economy in Jersey to any great extent this year, and warned us that all the risks were on the downside. If we are to achieve our objectives of a strong and sustainable economy, address our rising and really problematic unemployment issues, we have got to be prepared, and this Assembly has got to support every single possible pulling of every lever that we can to make every opportunity to create enterprise, jobs and economic growth. We have no choice but to improve our competitive position, to try and take a greater market share in some export markets, and we need to do all we can to support and encourage local businesses to take advantage of the genuine opportunities. While there are severe difficulties, there are opportunities in a number of different sectors. Members, I am sure, will recall the weighty tome by the Economic Adviser that underpinned the Economic Development Department's economic growth strategy which said and reminded us that we are only going to deliver economic growth, we are only going to deliver jobs, if we focus on productivity and greater innovation. This Island has a great history of being innovative: in fishing, in agriculture, in tourism - and indeed today in financial services - but we cannot rest on our past successes or our past delivery of jobs in the way that we have in previous decades, we cannot be complacent. The solution for Jersey has always been an ability to adapt and change. Governments across the world have recognised increasingly over the last few years that innovation is at the heart of enterprise and growth and employment will follow if you foster innovation. If you do not focus on innovation, you can lose opportunities forever. Approving the Innovation Fund today and targeting States resources to support entrepreneurial innovation projects could be a groundbreaking and landmark decision, we could be supporting a proposition which will be the success stories, which will be the big employment opportunities, the big drivers of growth for the future, and this Report and Proposition is really quite exciting in what it could do. The States and the private sector need to work together to do what we can to deliver jobs and deliver growth, and I can speak, I hope, for the Minister for Economic Development when he believes that Government should generally keep out of the way of business and we should simply be creating the right climate for business itself to foster, and I am sure that he is going to be bringing that business-like approach to the work that he is now doing in government reform. But there is a role for the Government to support business and innovation. When it comes to innovation, the consensus is that businesses do tend to under-invest, and this can impact negatively on growth and unemployment. The key to success is investment in research, in development and in innovation and by agreeing the Innovation Fund today, we will be allowing the States to assist where we can to make a difference in a measured and appropriate and targeted way, to fill the gap in our Economic Adviser's analysis of our problems with the economy and what we need to do in order to make it grow. I ask Members to consider the current economic malaise where the economy has, it is true, seen little growth since 2002, and the Economic Adviser's quite detailed and forensic analysis and conclusion that we need to do more and we needed to do more on productivity which, if anything, may have declined. If we do not raise our game and encourage greater innovation and enterprise, what will happen to the innovation ideas, products and services emerging in the coming months and years that cannot - and this is the crucial point - find funding in today's very different world on access to finance, where credit is now in a

difficult short supply and we have seen an end to the days of easy credit. Not having an Innovation Fund in place and encouraging support to entrepreneurs will mean that opportunities could and will be lost to Jersey. We will not be able to create the businesses of the future and we will lose out on exciting opportunities for future generations of Islanders. There are always risks, and this is probably at the heart of this debate, with any type of government intervention, but with the help of Scrutiny we have got, I think, an assessment framework and the criteria right. My point today is that on the matter of innovation there are greater risks of no government intervention than the risks in terms of lost business opportunities in not doing this proposition. The Assembly approved in the M.T.F.P. (Medium-Term Financial Plan) as we heard from the Deputy Greffier's reading of the proposition, £5 million for this scheme to provide funding, and I should say that was the initial target of £5 million; depending on the success of the scheme and the Part 2 work, we hoped to be able to find the second £5 million as soon as possible. But that will be dependent on whether or not the scheme is a success. Since that economic growth strategy was approved by the Assembly last summer, a great deal of work has been done by Economic Development working with Treasury and key stakeholders to finalise the proposition, as originally lodged by the Treasury last November. That document set out also all the guidelines in the way that the scheme would work. With the help of Scrutiny that has now been improved and on behalf of the Minister for Economic Development, who will probably speak later on in the debate in responding to Members questions, the Scrutiny Panel has done this Assembly a great service in looking at that original proposition and improving it greatly. The Economic Affairs Scrutiny Panel should be warmly thanked for their work; they recognised right from the start the importance of this Innovation Fund, but they also recognised the important precedent and the risks that were associated in using public funds in order to try and stimulate economic growth and in delivering enterprise. I think, if I may say, their work is a good example of Scrutiny at its best, Scrutiny in action: they have challenged, they have criticised and, as a result of that, the Council of Ministers and the Economic Development Department have listened and we now have a really improved, I think, proposition which Members should have confidence in because it has had the close attention of the work of the Economic Affairs Scrutiny Panel. Their feedback has been fundamental in delivering a number of amendments that will deliver greater detail of the fund's operational terms of reference. Each of their revisions of the original report seeks to reflect the Scrutiny Panel's findings, and all of the recommendations made by Scrutiny. I would like, if I may just very briefly, to address the main changes that have been made as a result of their endeavours but, before I do so, perhaps it is important just to remind Members what the real key features of the fund are and why it is so important to the growth strategy that we approved last July. The aim of the fund is to support innovation and a wide range of activities, from direct business support to strategic infrastructure projects in the private, public and third sectors, and this will, we are confident, improve the rate of innovation in Jersey and lead, we hope, to significant employment creation. Under this proposal, the Innovation Fund seeks to encourage innovation, as defined as product, services and other solutions that can be new to the business or international market.

[12:30]

The fund importantly, unlike perhaps previous interventions that we have made in the past, will be designed to support all sectors of the economy, from enabling investment in I.C.T. (Information and Communications Technology) infrastructure to providing additional support to attract innovative business to the Island. Investment will only be made in projects that clearly demonstrate a significant opportunity to improve Island competitiveness, its infrastructure, or develop or grow new and existing businesses; importantly, to deliver diversification that will result in the creation of jobs for local people. Projects will have to clearly demonstrate how the investment will deliver wider economic benefits to the Island. The implementation of the scheme is set into 2 phases: the initial scheme, which this proposition relates to principally under the Public Finances Law, because

effectively it is a government fund where for loans and, in exceptional cases, grants will be used to support projects. Within 6 months of the launch, and this is Part 2, it is intended that it be moved to a partnership fund in order to harness the benefits of leverage, sharing risk, greater private sector expertise and the fund will make investments in return for equities in projects. That is not possible under the arrangements of the Public Finances Law until changes are made. Scrutiny has served this review extremely well, because they focused particular attention on this important issue of risks associated with managing a fund of this nature. The Minister and I have accepted that the fund is going to allow investment in private sector innovative projects, but that that does come with a degree of risk. Not all the projects will succeed, some will fail. The decision today on the agreed revised operational terms of reference does strike the appropriate balance between the level of governance that is needed to put in place to manage overall risk, but also as a fund which is appropriately capitalised with an amount of public money. As identified by the Scrutiny Panel, the role, responsibility and constitution of the Innovation Board is absolutely critical to the operation both in phases 1 and 2. The board, following a Scrutiny recommendation, will now have 4 private sector representatives, including an independent chair and 3 public sector members. The private sector board members will be selected based upon their commercial expertise of similar investments drawing on experience, we hope, from a wide group of people. In phase 1, the board will review every application and, if required, obtain the appropriate external advice when an application requires specific technical expertise. They will carefully consider all the due diligence and background reports prepared by the board's executive officer. They will make recommendations to the Minister for Economic Development to approve or reject an application, after being fully satisfied that the application has a reasonable chance of success. Importantly, it is recognised that approving a loan or grant must not be the end of the board's involvement; a robust after-care governance structure should be implemented with the board's full involvement to ensure that the performance of any investment is monitored and managed throughout the project life. The board will also contribute to the development of phase 2 and bring private sector knowledge to the development of the partnership fund. The Scrutiny Panel fully acknowledging the anticipated benefits of phase 2 of the partnership fund proposal, has urged that this model should be considered at the earliest opportunity. This is a recommendation which is wholeheartedly agreed with and work will be undertaken immediately, subject to Members' approval today, to ensure that this can be accelerated and be delivered within a 6-month timeframe. We also want to assure Members that the additional proposal and report brought forward for phase 2 will be delivered following future engagement with other key stakeholders and subject to also, we hope, some rigorous review by Scrutiny. Returning to the proposal, I would highlight that the revisions made following receipt of Scrutiny's recommendations will improve access to the Innovation Fund and increase the level of investment in all areas across all sectors of the economy. The panel challenged the strict eligibility criteria for applicants defined in the criteria, specifically the requirement whereby business established under the Company Law has been abolished, in order to encourage applications from individuals, third sector organisation and trading entities, including sole traders, limited liability partners, companies and partnerships. To address the concerns that Scrutiny has, the high growth criteria and the £65,000 G.V.A. (Gross Value Added) eligibility requirement have also been removed, and that has been replaced by an ability to demonstrate the potential to deliver genuine growth resulting in new job opportunities and revenue increases. Additionally, due to the ambiguity of the funding of last resort original criteria, this has been removed so as not to undermine the quality of potential applicants and misconstrue the purposes of the fund. The Scrutiny Panel paid particular attention as to how success and failure will be measured as the Innovation Fund is implemented, both in an overall sense and through its individual projects. It is accepted that what constitutes a failure needs to be consistently defined. In the review panel, they make reference to the point made by the Minister for Economic Development where estimates for project failure could be as high as 70 per cent, based upon similar schemes in the examples that

Economic Development has brought forward from Israel. For clarity purposes, the value cited by the Minister for Economic Development in fact represents the proportion of projects that did not initially exit on high value multiples of the original investment or where business plan forecasts were not achieved. The figure quoted by the Minister for Economic Development is therefore not the level of company failures, but it is nevertheless hopefully now understood. It is recognised that it is unlikely that initial loan repayments will match the investment at the outset and so the scheme does not intend to focus on failure of individual projects in the first phase. To do so, the Minister believes, would be discouragement of potential applicants by implying negative expectations on them. Therefore, failure is defined solely in holistic terms as reduced innovation or outputs and fewer job opportunities for locals. In terms of defining success, heightened engagement between the important stakeholders and Economic Development has led to a more unanimous definition, which is consistent with the fund's overall agreed purpose. In the revised Report and Proposition criteria, success will be attributed to a scheme once it has encouraged investment in the areas of innovation, delivered a competitive advantage to Jersey, attracted additional private sector investment as well as high value inward investment businesses and raised the productivity of local organisations. These criteria are now equally prioritised and it is not necessary that individual projects deliver them all in isolation. Critically though, it is intended that these benefits will collectively contribute to increased local job opportunities, which is the outcome most heavily prioritised by the scheme and, no doubt, the issue that Members are most wanting to support. It was further recommended by the panel that key performance indicators are established and precise guidelines are developed to ensure that these objectives are met and so the fund also manages itself ultimately to be self-replenishing. The response to this is worth stressing: although the scheme is aimed to be self-replenishing in the longer term, this is unlikely to be achieved, frankly, in its early stages. Key performance indicators are being distinguished for the different stages of the scheme; initially it is not expected that loan repayments will, as I say, replenish funds due to the nature of stage repayments in the product development life cycles. As royalties from sales build and as loans mature, loan repayments will begin to replace and exceed the initial investment, we hope, and reduce the early stage of deficits in phase 1. Within 6 months, the new Report and Proposition will bring forward specific mechanisms in the model to move to the partnership phase 2 model and, subject to approval, these phase 2 equity arrangements will allow for greater and earlier potential of returns paid plus compensation and other initial investments through dividend and shares of sales of multiples, and the original investment price. That is the Minister for Economic Development's response to the position to ensure that the fund works. The third major component of the scheme raised by Scrutiny was that monitoring mechanisms should be instilled by the board to ensure timely and robust due diligence. As the Innovation Fund is capitalised by public money it is necessary, of course, that due diligence - and something which the Public Accounts Committee is clearly concerned about - risk assessment, is deployed. It is of equal importance, however, that these procedures do not deter applicants, and E.D. (Economic Development) is proposing limiting the application process, including consideration to a target of 6 weeks. In terms of monitoring the overall performance, the revised operating terms of reference have established the minimum reporting requirement for all supported projects. Any project which does not meet its agreed project objectives will be placed on a risk register, managed by the executive. The Scrutiny Panel also questioned the constitution and the role of the Innovation Board and the associated role of the Minister. To strengthen that, the number of private sector members has been increased, with an independent chair. Additionally, so that sufficient after-care and monitoring is provided, consideration is being given to commissioning input from other organisations, such as Jersey Business, Digital Jersey and the States Rural Economy Team. Recommendations in accordance with the corporate governance procedures are predominantly in line with phase 2 of the project. When phase 2 is finalised, the panel's recommendations on those regards will be carefully considered by the Minister and, where appropriate, and where can be, adopted. The department has

accepted the views of the panel with respect to minimum and maximum funding specifications and this has been amended; specifically, the proposal that £20,000 minimum has been removed while retaining the maximum of £500,000 for as long as the scheme operates under phase 1. These eligibility criteria will be reconsidered when phase 2 is under way. The Scrutiny Panel also looked at the fund's income and costs and the recommendation here is that, while not being made available, there will be guidelines for formal details of repayments established. Interest rates will be needed to be assessed against benchmark commercial interest rates, and that information will be provided by the Treasury. I hope Members will join the Minister for Economic Development and I in supporting what I hope is an improved and revised scheme so that the initial phase can be put in place. We believe that it is vital that a positive message is sent out to local businesses that in these difficult economic times the most encouragement will be given by Economic Development and the Council of Ministers and the States in creating new job opportunities. These agreed terms of reference with Scrutiny represent an important step in government providing support and further economic fiscal stimulus to the local economy. This, of course, is not simply a silver bullet, it is one of a whole suite of initiatives designed to do everything we can to support the local economy, of which one was the report that was issued last week in relation to capital investment. I have gone on record, particularly in the last couple of weeks, to say that it is important that we must do everything we can, and we must do more, in a number of different areas. We must have more shovel-ready projects and we must encourage enterprise, we must encourage departments within the States third-sector organisations to bring forward as much investment as they can in the local economy. This Innovation Fund proposition represents a fundamental structural investment by this Assembly in supporting innovation which will, while there will be failures, secure - we are confident - jobs and economic growth and particularly will foster that most important part of the Economic Adviser's recommendation, which is to boost productivity. It is an important proposition, it is a proposition with substantial resources. It is not a silver bullet, but it is part of a whole suite of projects, a suite of initiatives designed to ensure that we give everybody in Jersey and the Jersey economy the best possible opportunity to grow in such a difficult time. I move the proposition and I call for the appel ... **[Laughter]** I call for the adjournment I got my "As" wrong.

LUNCHEON ADJOURNMENT PROPOSED

The Deputy Bailiff:

There is no harm in trying, Minister.

Deputy G.P. Southern:

Sir, before the adjournment is called, if I may. I rise to my feet to propose to move to the next item under 85 of Standing Orders. We received these documents yesterday, 24 hours' notice, one contains some 60-odd points of change made, the other is densely-typed red and green amendments to this proposition. I, and I do not believe anyone else in the Chamber, has had sufficient time to fully consider the impact of these amendments and I for one certainly cannot safely vote for this proposition as amended because I have not had time to study it and to look at the impact, and I believe nobody else in the Chamber could, with their hand on their heart, do likewise. I propose that we move to the next item.

[12:45]

The Deputy Bailiff:

The reason, Deputy, is that this document emerged yesterday?

Deputy G.P. Southern:

Yes. The response to the Scrutiny Report emerged yesterday; no one in this Chamber has had real time to decide on what the weight and import of those amendments are. It may well be that this is

improved and revised, as the Minister for Treasury and Resources says, but he does remark that it is a very important and significant paper, and I do not think we can vote for it now. It could be here in a fortnight when we have had time to study what the amendments were and what the impact was. That would be a safer way to proceed.

Senator P.F.C. Ozouf:

Sir, can I raise a point of order? I am sure that Deputy Southern did not wish to mislead the Assembly, but this document is simply the consolidated version of what was sent round to Members on Friday which was, effectively, all the amendments, and the amendments of the proposition were lodged with a 2-week lodging period, which was 2 weeks ago, which summarised it, and the document that I referred to in my remarks was simply to be helpful to Members in order to provide a tracked changes version. All of the amendments were before Members before the Assembly, together with the Minister's comments, and a further email was sent. So 2 weeks ago was when Members got this information and an email was sent on Friday, so it is simply not the case to say that Members have only had this information in terms of the details of this yesterday, and I would appreciate it if you could rule, Sir, whether or not the amendment was lodged in good time.

Deputy G.P. Southern:

As a point of clarification: "S.R.4: response to the Innovation Fund, Minister for Economic Development", is dated 30th April, that is yesterday.

The Deputy Bailiff:

The adjournment has been proposed, so I am going to give my decision on Deputy Southern's application at 2.15 p.m.

[12:48]

LUNCHEON ADJOURNMENT

[14:17]

The Deputy Bailiff:

Immediately before the adjournment, Deputy Southern sought leave to place a proposition without notice to move on to the next item under Standing Order 85(1). The reason given for that proposition was that the Minister for Economic Development had circulated a detailed response to the Scrutiny paper which only arrived late yesterday. In fact, in fairness to the Minister for Economic Development, under the Scrutiny Code of Practice, that should have been delivered within 6 weeks, i.e. by 8th May. So it should be made plain that the Minister for Economic Development was not late in filing that response. The amendment by the Minister for Treasury and Resources was lodged on 17th April and **[Interruption]** ... I might be changing my mind, Minister. **[Laughter]** It was lodged on 17th April and hence the amended proposition could not be debated until today. Under Standing Order 85 paragraph 2, I only have to decide if the proposal to move on abuses the procedures of the States or is an infringement of the rights of a minority. Unless the proposal breaches one of those 2 provisions, then the proposition is in order and can be put to a vote. There is a process for setting the agenda. On the Consolidated Order Paper on 16th April, P.124 was first on the list for debate at this sitting. Because of the amendment, it was to be taken on the second day. Any Member could have moved a proposition not to debate it today at the end of the last sitting. Under Standing Order 87(2), any Member may propose that a proposition be deferred if it is listed for debate. This proposition is no longer listed for debate because the debate has opened. So it is now too late to bring a proposition for a deferral, which could easily have been brought at any time prior to 12.18 p.m. today. In my view, the bringing of this proposition on the

grounds advanced by Deputy Southern is an abuse of procedure because it amounts to a different way ... a back door route for seeking a deferral of the proposition when in fact there is a procedure under Standing Orders for doing that. The second reason for refusing the proposition is that we have a rough and ready rule in the Chair that if less than 10 Members have spoken, then it would be an infringement of the rights of a minority to allow this proposition to be put. Now, of course it may well be that that second reason will become invalid in the course of the debate. Once 10 people have spoken there is no reason why the proposition to move on to the next item cannot be brought again, although it cannot be brought by Deputy Southern. Equally, if the proposer of that motion at that time does not give the same reason that Deputy Southern gave, he may well find that it is not an abuse of procedure. So I thought I would make that plain to Members at this stage but I think for the reasons I have given that both on the grounds of the infringement of the rights of a minority and on the grounds of an abuse of procedures of the States, I am obliged under Standing Orders to refuse the proposition. So we now return to the debate. Deputy Southern, you had indicated you wished to speak but it may be you just wished to make that proposition. **[Aside]** Very well. The Connétable of St. Helier wanted to speak but he is not here. Does any other Member wish to speak? Deputy St. Martin?

5.1.1 Deputy S.G. Luce of St. Martin:

I have considered it, but I am not going to wax lyrical about the Economic Affairs Scrutiny Panel's involvement with this proposal. I am not going to put into Members' minds a vision of the panel walking through a country town named Jersey and while strolling down the High Street, coming across a small supermarket named Government Supplies. I am not going to ask Members to imagine the panel entering that store, looking around at the various sections and then choosing the aisle marked "Economic Development." I am not even going to ask if they could imagine what products the panel might have found in that aisle or how they might have discovered a shelf marked "Economic Growth and Diversification." Or if they could envisage, stacked between the packets of Tourism Development Fund and bags of Enterprise Strategy, a big shiny sign saying "Brand New Product" and then looking down, picking up a sample tin to read the label "Innovation Fund. Open to all." I am not going to suggest that the panel might have turned to each other and said: "Let us take this back home to Morier House, open it and see if it does what it says on the tin. I am not going to do any of that because this proposition, this initiative, is far too serious to make light of and even more serious because when the panel did get their imaginary tin open, they discovered that the contents of the tin were certainly not as advertised. Indeed, had it been real, it would have been sent straight off to Trading Standards followed, I fear, by an embarrassing and successful prosecution. I hope Members would have had time to consider, not only the Scrutiny Panel's report, but also the response from the Minister for Economic Development, finally the amended proposition that we have before us today. I also hope that the Members will realise that there has been a not inconsiderable amount of work - joint work, from both sides - that has gone on unnoticed in the background since this was first proposed. On behalf of the panel, I would like to take this opportunity to thank the Minister, in fact both Ministers, for devoting the time and energy necessary to working with Scrutiny in order to modify this proposal into something which is now workable and truly accessible to all. In very simple terms, the panel discovered, after opening their imaginary tin and examining the contents, that there were a number of requirements in the detail behind the original proposition that were completely incompatible. Some of those unrealistic requirements that the panel discovered included the creation of jobs that would need to provide a gross valued-added figure of over £65,000 per employee, the setting of maximum and minimum amounts of funding that the scheme would provide and the exclusion of sole traders and partnerships as well as limited liability partnerships. There was also little clarity as to the definition of success and failure of, not only the individual products, but of the Innovation Fund itself and it seemed to the Scrutiny Panel that despite stating quite clearly that it would be, this fund would be

impossible to access if you were in either the public sector or, much more importantly, the third sector. Finally, we found that there were - how should I say it - some minor inconsistencies between Economic Development and Treasury and Resources as to where we were going with this fund and indeed how we were going to get there. Notwithstanding those facts, I can assure the Assembly today that all those issues and many others have now been addressed and that the Scrutiny Panel, Economic Development and Treasury and Resources are now moving forward together with a firm recommendation that Members support this proposition. Our Scrutiny review ran to over 160 pages. The Minister's response was carefully considered and lengthy. He consulted, he acted and he accepted the vast majority of the recommendations. He has made a large number of changes. The outcome that we have today is, I hope, an excellent example of both sides co-operating together to create something that is better, more workable, more relevant and more supportable. Before I sit down, I would like to stress, if I may, 3 things. First, today's modified proposal is not a cosy collaboration between Scrutiny and Government. This amended proposition is a genuine response to a lengthy, factual and well-researched Scrutiny Report. Secondly, there are still issues such as the role of the fund's executive and the thorny subject of due diligence that the panel will continue to monitor on an ongoing basis through quarterly hearings. Thirdly, there is now a second phase to this Innovation Fund; a phase that did not really exist in the original proposition, a phase that was identified and highlighted in our Scrutiny review as being a significant and distinctive separate step forward. The second phase involves the States taking equity in private businesses and I can assure the Assembly, as I have assured the Minister, that my panel will conduct another separate review when the details of this step change in the way Government promotes new initiatives are brought to this Assembly in a few months' time. We are all aware of the difficult and fast changing economic times that we find ourselves in. Ever since this concept of an Innovation Fund was first mooted some months ago, the global economy has continued down the path of uncertainty and we are absolutely not immune here in Jersey to feeling the effects. Where the emphasis was only a short time back on job creation, it is now more heavily focused on job security and maintenance. Where it was aimed very definitely at new high growth business, it is now quite rightly focused on maintaining jobs throughout the whole of the local economy. We are all going to have to work much harder just to stand still and we cannot waste a moment. The Economic Development Department is going to have to work to develop the economy as they have never done before. With this type of new initiative, there is always a balancing act to be followed between moving fast and an attempt to stimulate local business and create work for Islanders and the requirement to scrutinise this type of new scheme to make sure that it is fit for purpose. I can assure Members that the proposals before them today are now considerably more fit for purpose than they were and that it is now time to move ahead with this fund; a fund that will help to create new and maintain existing jobs while hopefully, at the same time, making a financial return to the Government coffers. I think we all accept that it is still not perfect but now is not the time to delay and modify further. Now is the time to encourage uptake of this scheme and to move ahead with this first phase of the Innovation Fund. Jersey men over the centuries have always been resourceful, entrepreneurial, inventive and creative. With the challenges we currently face, they need to be all those things again. Innovation is one way that we can start to work our way out of our current predicaments and I would urge Members to support this proposition. Thank you. **[Approbation]**

[14:30]

5.1.2 The Connétable of St. John:

At this moment, I am going to wait for the debate to enlarge as the afternoon goes on, but I have to raise concerns earlier that if E.D.D. (Economic Development Department) are involved, is our money going to be spent wisely? I raised it in the Chamber yesterday about the club near the airport, which was given funding. I am raising now the issue to do with the film company that

sailed off in the sunset with the £200,000 which we do not seem to have anything to show for it and I am wondering now if we will be funding one or 2 of our quangos with some gimmick to sell mobile phones or the like where we lose yet again large sums of money. If I support this, and I will hear what else is going to be said this afternoon, the faith I have got is that this has been through Scrutiny. It has been through Scrutiny and I have an awful lot of faith in that part of Government, believe it or not. I know the Ministers 9 times out of 10 pay us lip service. Our reports are very rarely taken note of unless it is something they specifically want to push through and the report goes down a specific route. But knowing the members on this particular Scrutiny Panel as I do, I am minded when the time comes to vote, if I do not hear otherwise this afternoon, to go with the recommendations of Scrutiny and support it because I think the Island needs a leg-up in those small businesses. I sincerely hope that anybody who is on the board comes from an extremely successful business background from, probably, the Island and maybe even beyond, somebody who has moved here who can contribute in a big way to making sure we invest in the right areas but not only with the small people. People who can prove to that board that we are going in the right direction. If it was left to me to take E.D.D. out of the equation, because I am not happy with what has happened in the past, I would. Hopefully this new board or this group of people who are going to be advising on the investments will take all of those things into account. I am going to wait, as I say, to hear the rest of the debate but that is where, at this moment in time, I am coming from. I am putting my faith in the people that I know on Scrutiny that have looked at this and there have been major amendments made to the original proposition and so therefore you have to convince me now, Minister, that this is the right way forward and it will be interesting to hear how the debate goes.

5.1.3 Deputy R.G. Bryans of St. Helier:

When I heard about the Innovation Fund, I felt that this was a creative initiative that I could fully support but as I read through the detail, particularly from Scrutiny, this was not what I first imagined. It was not what most people imagined. A fund that would energise and encourage entrepreneurs to come forward and find seed funding to help capitalise their ideas. In essence, we would find the next Richard Branson or the next Steve Jobs. I still think that what we have is a worthy initiative and I will support it but I still believe an element of the funding - I should use the Pareto principle - say 20 per cent, should be used for helping the next generation of freethinkers fund their ideas, encourage entrepreneurship, look for new ways to create employment on this Island. Funds for small ideas. I hope innovators from each of our major industries; finance, agriculture, tourism and the blossoming I.T. sector come forward and knock on E.D.D.'s or the Treasury's door demanding to be heard. Last night I attended a presentation by 3 of this Island's pioneers in the field of 3D printing. They discussed ideas about the printing of medicines and forming human tissue for burns victims; incredible concepts but just within reach. These people need encouragement, they need support, they are the potential visionaries and market leaders of the future and could create a new industry that would reduce the growing numbers of unemployed. What I would ask is that consideration is given to providing access to funds allowing creatives to realise that this is a brave Government, willing to put not just their support but hard cash on the table to make things happen. I am looking for a kind of skunk works, a fund that would pick up and promote small profound ideas. We need to get ahead of the curve, support and encourage entrepreneurs and put Jersey firmly on the map for a creative future. I urge Members to support this proposition.

5.1.4 Deputy J.H. Young:

When I first read the proposition, my thoughts on it reflected very much the matters that have been reported in great detail and thoroughness by the Scrutiny Panel and so I certainly think they have really helped advance this debate tremendously. So, I would like to thank them for it. Of course, I think the level of investment required is about right. I think, you know, a balance has to be struck

between risk and benefit and £5 million for public funds is about the right level. Of course, unless we have any mechanisms in Jersey to encourage creativity and generation of new ideas, some of which will lead to successful business ventures, our economy will become moribund. I think it is one of the problems of modern life that all sorts of factors tend against the creative people and the people that have the good ideas that struggle. I think it is an excellent initiative in principle that we have such an arrangement to give that encouragement. But of course, we are a government and we are dealing with taxpayers' money. We are not a private investment fund. We are not a Richard Branson and therefore we have this overriding responsibility to make sure that we manage risk properly. I think that balance, as spoken of between the risks and red tape and bureaucracy, and one of the things that I certainly worried about was the suggestion somewhere in the papers that we should err on the side of removing red tape and less on managing risks. I think that balance has to be very carefully judged. So, one of the things about risk that occurred to me straightaway when I read the original report was that I would like to feel that no investments by this fund would ever be the sole investment being made in the project. I think there is no finer test than somebody else is prepared to invest their money in it. Somebody who comes along and says: "I want you to lend me 100 per cent and everything and I can deliver you the earth", my scepticism would generally be quite doubtful about that. A thing I certainly was looking for, I suppose, would be a kind of a minimum threshold of private investment where ... I cannot set that, the rules of the fund, but in my head, it is around about 50 per cent. To me, that makes sense. It is a balance between people putting 50 per cent of their own money or their own asset risks compared with public money. So, overall, I wish to see a predominance of loan finance rather than grants. I will come to this in a minute but in the new reports ... I have not had the opportunity to go through this detail. I feel very guilty about that because I like looking at detail but I feel I have not had the opportunity to do that. I get the impression that within the proposals that we are now coming to, the amendments of the operational code by the Minister for Treasury and Resources, now reflects the predominance of loan finance. I think I remember seeing something about that they will mainly be used - loans - and grants would be the exception. Well, I am very much in support of that. I could not see much attention to where private security is taken. For example, entrepreneurs nearly always in the private world, put their own properties up at stake. They put their properties, their own dwelling houses up for security for commercial investments. I think that is an important element. It may seem harsh but it is a way of covering risk. I did not get the same impression there was recognition of the need for one of our policies about this where these loans are secured and when they are not. Of course, I also saw that we are talking about loans up to £500,000. I think that was a typo because it says: "500,00", which I think means half a million pounds. But I think we are talking about loans of what could be a half a million pounds. So it is not an insignificant sum. I am also concerned that the States are not taken for a soft touch. I use that term, I suppose, because I do not think our track record as a government and civil servants, and I say that as an ex-civil servant myself but one who spent 7 years in the private sector having done compliance work, due diligence and detailed investigations into corporate structures. I do not think government is well placed to do this kind of work best. So there are big risks there about not having the commercial expertise and knowledge and experience, looking at what could be complex corporate structures of people coming forward for support. I asked the question of Deputy Noel because I had not picked up in the paperwork because I have not had a chance to get into the detail, whether or not companies would only be Jersey companies and then Deputy Noel's answer was: "No, this can be companies in other jurisdictions." This therefore will mean complex company structures and of course quite a number of people, I am sure, in this Assembly have had experience investigating those. Companies owned by other companies owned by other companies in different jurisdictions and so on. All that is the meat and drink of detailed investigation, of due diligence. To be sure that one can look at an enterprise, and one has to look at the whole structure and identify where the risks are effectively being moved. It is no good having security against a top-level company that is insolvent or has no

assets because they are owned by somebody else. You have to get into the detail of that structure. So, I think it is right, ironically. I think it would be too restrictive to say that this could be Jersey companies but I certainly want to be sure that whatever structures are used, and of course they could be L.L.P.s (Limited Liability Partnerships) and what have you, that there is this proper due diligence investigation with commercial expertise. So I looked at the board and I tried to work out where that due diligence was going to come from. Again, I apologise if I got it wrong because again, I have not had time to get into the detail of this, but I think it is going to be the Treasury civil servants on the board. Now, I have got the greatest respect as experts in public sector finance but I am not sure that that is the right place to do commercial due diligence. I would very much have favoured having this contracted out in some way. There are lots of firms; there are law firms ... I am no advocate for any but there are lots of commercial organisations who will do this type of investigation. If that is what is intended, fine. I will listen to the Minister's summing-up, but again, that is a question in my mind. Who is going to do this? Because it is crucial and I do not think it is right that if that person is kind of caught up with the politics... I think they have got to be able to give honest opinions, just like compliance people do when they go to a company's board and say: "This is the proposal." They have got to be bold and honest and set out their evaluation of risks and, you know, upset the board. Now, this is a political climate we are working in and easy to get the flavour: "Oh, well, you know, the politics say okay. We will gloss over issues that you should not gloss over." That is a risk that I would want to guard against. It is a tough job for whoever has to do it that really needs careful thought. So commercial experience and of course also on the question of security for loans, we need to have adequate legal advice. With the greatest respect, I am not sure our States Law Officers are the ideal people. I would be looking for commercial, legal expertise to be inputting there. Now, I wish I had had a chance to test this detail instead of standing here and saying how I feel about things. There has not been a chance. You know, I tried to listen carefully to the Minister for Treasury and Resources' speech but it was delivered at such a fast pace I am sure he was trying to get the adjournment. If I was to ask for notes of what he said, I would find difficulty and I have not had a chance to read the Minister for Economic Development's report or tracked detail but having said those things, I do feel in support of the principle that the Scrutiny Panel have helped us tremendously. I praise them. I support the principle and I would like to have more time to study details.

[14:45]

I am really disappointed that we have not had the chance and all this useful information is coming late. So I will listen to what is said about the management of risks, loan finance and due diligence. I hope it is not me, Sir. I will sit down. **[Laughter]** Dumb silence and there is nothing coming up... oh. **[Laughter]** Nothing is coming up.

The Deputy Bailiff:

It would seem, Deputy, that you are due to pay at least £10, if not £20, by now to the fund. **[Members: Oh!]**

5.1.5 Deputy G.P. Southern:

I would like to be able to support this proposition, unfortunately, like the previous speaker, I have not had the required amount of time to study the detail and I would like to be able to trust both the Ministers and the Chairman of the Scrutiny Panel and believe them that now this does what it says on the can. However, I have been in the House rather a long time now and I have listened to various Ministers for Treasury and Resources, Chief Ministers and Presidents of committees from Senator Horsfall through Senator Walker, Senator Le Sueur, Senator Ozouf and one of the phrases that echoes around my head and I seem to recall being told by each and every one of those is that a government is absolutely terrible at picking business winners and should not and cannot be in that

business. That is what it reminds me of now that here we are, we are in the business of - and I will say it - gambling with States money, taxpayers' money and backing winners. In order to do what must be the minimum, I opened up S.R.4 response at page 22 and the first paragraph I came across, number 8, referred to that very thing that the previous speaker was talking about; due diligence. What I read was quite horrific. This is a recommendation made by the Scrutiny Panel, immediately accepted by the Minister and for immediate sanction and operation. It says: "While ensuring effective and robust processes are established where required, such as due diligence, continued attention should be paid to ensuring that the J.I.F. (Jersey Innovation Fund) is not overburdened by red tape. I think that is a recipe for disaster. We must have sufficient safeguards in place that we do not end up losing money." The Minister says: "The management of J.I.F. will not be overburdened with red tape but it will have the appropriate levels of due diligence and risk assessment for a fund capitalised with public money." That is what it says and that is the assurance and I am asked to believe it. Maybe I have been here too long but quite frankly, I do not. Having said that, if I cannot - because I have not had time to read it, have we heard that before - trust what has been said and what is printed in here and the assurance that it does what it says on the can, what I can go on is actual experience. I too, like the Constable of St. John, can make reference to Canbedone Films, or as we have it in my household: "Yes, You Were Done Films." If the Minister for Economic Development and his department can lose £200,000 on Canbedone Films, equally I believe it does not behove me to trust it with £5 million and assume that we are going to get a good return on that either. So I cannot be voting for this and I will be opposing this particular proposition.

5.1.6 Deputy J.M. Maçon:

I am really excited about this. I think it is such a good idea. I really think that this is something which can provide a service for those individuals who do have good ideas but may not be able to convince the entrenched and established views out there and particularly at the moment we all know that one of the biggest issues is a blockage of funding for those seed businesses that really need to gain access to it. So I think this is, in principle, a very good idea. I do have concerns over many of the details and I would like to put them towards the Ministers and have a response just to clear my understanding so that I will be able to support this. The first one on the detail; while the board makes a recommendation to the Minister for Economic Development, if we could just have some clarification about the appeals mechanism, how that would work, because I do not think there is enough detail in this particular document to flesh out how that will work. I would appreciate that. It is interesting, I remember it must have been the first Strategic Plan ... so 2008, Deputy Higgins brought an amendment to the Strategic Plan then about laying the grounds for a truly diverse economy. I remember Senator Maclean at the time saying government is not good at choosing winners and it is interesting how this is changing over time. Unlike Deputy Young, I like the idea of having a mixed board from a different background, again because it is having that different perspective of people granting access to those businesses who may not be able to get finance from other areas. I think having a different makeup, a knowledgeable one, an experienced one of course, but having that slightly different perspective on things. Having the public interest in there as well, I think is a benefit. I do not think that is something that should be looked down upon. However, I am concerned when the Minister for Treasury and Resources spoke about how the public sector will have access to this fund, in particular for things such as infrastructure projects, because it makes me think of the Tourism Development Fund, and one of the biggest things that got funding out of the Tourism Development Fund was mostly public sector ... well, it was restricted to that but the Tourism Development Fund, it was Transport and Technical Services, it was the Environment Department, it was these bodies that were making applications and getting the money out of the fund and the problem with that is, it means that those departments which should have been getting the budgeting in order to provide what they should have been doing had to go to this

other fund in order to be able to do that. Perhaps the Ministers can allay my concerns about how this is not going to be somewhere where: “We need a bit more money”, so it is going to be the Ports of Jersey that is going to be applying to this fund, it is going to be J.T. (Jersey Telecom), it is going to be something else like that. Because, again, if that is the case then we should not be taking as much off as a shareholder from those companies in the first place so that they can reinvest in themselves or if it is a department like T.T.S., we should be giving them enough funding in the first place. Otherwise, all we are doing is the same amount of money but we are just shuffling it around from different departments. The problem with that is that that is all getting eaten up in different administration while all these processes are going on. That is not an efficient way of delivering what we should be delivering anyway. If the Ministers could address that point, I would welcome that. I do take comfort that, in the main, we are looking at a loan scheme, which means that this money would have to be paid back into the system and in theory recycled and redistributed. I take comfort in that. I think that is a good way forward. So there is that. Not to bring a dampener on this but we have to remember that at the same time, if we are going to welcome something where there is that element of risk, we have to accept that ultimately some of these projects will fail. If that is the case, how are we - someone that grants out public monies - going to cope with that? There has been a lot of backlash already and it is not necessarily a failure as such but there has been a lot of backlash against the Economic Development Department about the £200,000 to do with the movie. Now, again, I say it has not failed as of yet, but again, we have not even reached that point. As I was at the polling station the other day, I had a certain number of constituents who were not happy and were calling for a certain officer’s resignation over the matter. So again, when dealing out public funds, how do we cope when there is going to be failure and if Members are going to support this scheme, they have to accept that there is going to be failure, that is the risk that we take on and we have to be able to put up our hands and say: “We made a decision; that decision was wrong.” More importantly, those people and in particular the Ministers, whoever will be that at the time, to be able to stand up and accept that and say: “Yes, this was a failure. I signed it off. It is in my name.” How is this Assembly going to handle that situation because the worst thing is, if we have this fund and we want that dynamism, the Minister who is going to be discharging this - which will be the Minister for Economic Development - needs to be able to have that ability to make a decision to back something which perhaps has a higher risk but ... because the other thing is, otherwise they become risk averse, they are not going to be granting these things because they are so worried that if they get something wrong, then comes in the vote of censure, then comes in the vote of no confidence and things like this. So there has to be a change in behaviour to how States Members will view this particular fund, view the role of the Minister for Economic Development when discharging these particular duties and how we, as the States Assembly, see failure and how we go forward on that. I am sorry to be a bit pessimistic but I say this to address the balance and show that there are 2 sides to this and how as States Members now and in the future, we are going to have to change how we think about things and how we deal with these things going forward. So if the Ministers could just address the concerns that I have raised, I would welcome that because I am almost there but not quite there. But I do think that this, in principle, is a very good idea.

5.1.7 Deputy J.A. Martin:

When I started reading again the proposition and I think it comes back to what the Constable of St. John is always saying: “This is the meat on the bone.” From what the States decided on 17th July and strategic policies... when I read the 4 aims, I do not quite get where the money is going to go because it says: “To encourage innovation and improve Jersey’s international competitiveness, grow and diversify the financial services sector capability and profitability, create new business and employment in high value sectors and raise the productivity of the whole economy and reduce reliance on inward migration.” I think this goes back to what Deputy Young was saying. If

anything is worth investing in, you have normally got somebody else there first to try and, you know, with money, hopefully, to put that forward. Since I have been listening to the debate this morning and reading through this, the little niggle in my ear: “We have been here before. This is not new.” As I say, I did not have a chance to digest the response to the Scrutiny Panel’s report, which was lodged in March. But on 16, the Scrutiny Panel obviously are concerned that: “The potential level of demand for the Jersey Innovation Fund has not been assessed through formal research, *et cetera*. However, organisations and the responsible Minister are hopeful of introducing or attracting significant levels of application with good ideas from the fund.” We have got to read all this in the context of the 4 initial aims, which would, to me, be quite self-funding because they are all good parts of our ... well, probably all growth parts of our economy.

[15:00]

But what really worries me is the response across from 16. It says: “EDD, through both current and previous support programmes, has a good understanding of the likely number of applications.” There should have been experience and that is why there should be a lot more meat on this bone: “The experience gained from the work done by Jersey Enterprise 2007-2011[and I am sure the Minister for Treasury and Resources will be able to answer a lot of that because he was the Minister for Economic Development at the time] and grant schemes such as the Jersey Innovation Initiative, Jersey Export Development Initiative, the Rural Initiative Scheme and Tourism Development Fund...” Now all these had pots of money. All these were given out for businesses, many small, good at innovation that could not get funding from the bank. Now, I want to know where that money went. I want to know how much came back. As Deputy Maçon says: “How much did we write-off?” He says that obviously we are going to write-off some because all this in the Jersey Innovation Fund is new money; £5 million we agreed to. Where have those 4 pots of money gone? I do not know and I have not had time ... but the Scrutiny Panel, and I think they are practically all new, have not perhaps been in the House long enough to remember these schemes, all given a different name, but all under Economic Development. So I do worry. Where has the money gone? Why is there no equal payment? And detail ... I mean, when I read a scheme in the proposition on page 11: “Company receiving a loan ... the terms and interest rate will be determined through consultation between the board [and how are they, as Deputy Young says], the Treasurer of the States and the Minister and agreed on a case by case basis.” I get quite... I do not know. I get very worried because it is not our money. That £5 million we took a gamble on. It is money that is coming to us and it is £5 million and they would like to put it up to £10 million. I totally understand that at these times of economic downturn and if there is help, you can give people out there, but as I say, we have been here before. I need to know more and just to ... it is more of an over to Scrutiny and I have great respect for Scrutiny and the people in Scrutiny at the moment and the work that they are putting in. I know the Chair overruled Deputy Southern but the response to Scrutiny was put on our desks yesterday. It is not a small piece. Now, Scrutiny should have upped their game, not in the work they are doing, but for the respect for themselves and they should have said: “We have been told we are not going to get these responses until the day of the debate and could we move it 2 weeks?” It is just an overall to Scrutiny because we are going to have this probably same conversation in 2 weeks’ time when we come back for the discrimination or we have just had a very good briefing. Scrutiny, and it is the panel who scrutinise Health as well, they have so much work to do and cover but they do do a fantastic job and if they are going to deliver their report, over the next weekend is Bank Holiday and then we have got May Day. I am sorry, they need the respect so this all comes down to, if they are doing a good job, Economic Development, yes of course they have. They have got, I would say, probably £1 million of officer time gone into this response and we are supposed to digest it overnight. All right, we are where we are. I am not going to propose we move on, I just really would like this House to get a bit more respect, for Scrutiny especially, and start... they knew what was going on and they probably saw

the thing's response ... the Minister for Social Security has told everyone today he has seen the draft report from Scrutiny on the draft Discrimination Law. Great, he has seen it but we have not and we need to all take this in with all our other work and everything else. I think we were waiting for that law for 7 or 8 years so another couple of weeks is not going to really hurt anybody. I just want to say that overall because I think people are doing a lot of good work and we are bamboozled right at the ... the meat and the bone do not always absolutely fulfil what they say. This certainly does not because they have done it before. This is 4 schemes put into one. I do not know where the money went. I do not know what the success was and I do not think they informed Scrutiny because they should have. In that answer, they should have an absolute measure of how many took up those schemes, how many failed, how much money they got back. It is not hard even with basic math you can do it. So at the moment, I will wait until the Minister for Treasury and Resources ... I say he does know his stuff because he was Minister for Economic Development at the time. I will wait until he sums-up. I do not really want to vote against this but it is just ... I think a lot of people are feeling like I feel and others are saying it. Rush, rush, rush at the last minute and I am sorry, I have not had time to, you know ... I have read the report, I have not had time to read all your responses, but being in here long enough, I could pick a few holes in them and I would have written questions in by next time to flesh out the meat on the bones.

5.1.8 Deputy G.C.L. Baudains:

In his opening speech, the Minister for Treasury and Resources referred to S.R.4, his response document. I did not get mine, well, I found it in my pigeonhole at 9.00 a.m. this morning. Obviously I have not had time to read it but thank you for the speech of the Scrutiny Chairman. I am somewhat more relaxed than I otherwise would have been but I would just make the point that I will give notice that if papers keep arriving late like this, and the Ministerial comments are a prime example, in future I am going to start automatically voting against the proposition to which they relate through lack of information because it really is unsatisfactory. Having said that, I am inclined to support this proposition because I do not think there is anyone that wants to diversify our economy more than I do. I see it as a way forwards. I do have one or 2 concerns because I am not aware of any cost benefit analysis having been done on stimulus funding generally. So whether this creates a benefit for the economy is more of a hope than a judgment in my view. I am concerned whether there will be overlap between Economic Development and other departments giving grants and subsidies and whatever and how that might be avoided. I notice one or 2 speakers have referred to the film *Canbedone* or *Knights of Impossingworth*; I would like to say that I think the department was entirely right to support this venture but where, in my view, it went wrong was, as Deputy Young said, there was probably a lack of attention to due diligence, 'Know-Your-Client' and that sort of thing. So I would like to be reassured by the Minister for Treasury and Resources in his summing-up that this will be done properly because another of my wishes, and has been for some time, is that we remove the red tape that surrounds business and industry generally because of all the growth industries we have got, I think that is the best one. We really need to get hold of that. But as other speakers have said, I think it was Deputy Southern, at the same time we have to balance that. There is work to be done in knowing your client and in due diligence but on the other hand, we do not want excessive red tape. So there is a balance to be struck and I am hoping the Minister can advise me exactly how he is going to achieve that.

5.1.9 Deputy E.J. Noel of St. Lawrence:

Members should be aware that, you know, what do we do if we do not do this? Doing nothing is not an option. We need to send a signal to Islanders that this is a proactive Assembly. We are often told politics is the art of the possible. Creating this fund and putting the money there and starting delivering on projects sends the right messages to our economy, to Islanders. There is devil in the detail. I take Deputy Young's points he raised, I covered it in the amendment if you look at

page 13, it covers due diligence, page 18 covers the make up of the board. My cup is half full. It is not half empty. We need to get on and deliver this.

5.1.10 Deputy S. Power:

I will be brief. I welcome this innovative approach. I do welcome the fact that we are now prepared to take a more active role in investing in and hopefully for the majority, as Deputy Young said, local business. It is very clear from the structure of the Jersey economy that small business plays a huge role in the Jersey economy and that small is beautiful. We have got to diversify this economy and diversify as a matter of urgency. What we have been dependent on for far too long has put us in, in my view, a vulnerable position and it is now up to those of us who live on the Island and who are involved either directly or indirectly in the economy to nurture innovation but also to nurture diversification. The great God of the Jersey economy, the wealth management industry, the trust management industry and all of the off-shore finance stuff is slowly dissipating and going away and I hope, and I really do hope, that as the Minister for Economic Development and his team start to disperse, and as the Treasury see the loan repayments come in, I do hope that a lot of small disbursements will be the case for applicants rather than large ones that make up the 4 or 5 referred to in the report and proposition. But specifically for the Minister for Treasury and Resources, there will be applicants who will be approved and they will have problems as the economy has problems and in relation to the response on S.R.4, I would like the Minister for Treasury and Resources to deal with this, number 35: "Some Innovation Funds in other jurisdictions are managed by external agencies." That is the finding and then the comment is that the proposed model is a Government fund where the fund remains within government and complies with Public Finances Law", and it goes on to say: "... would not be very effective for the executive officer function to be provided by an arm's length." The problem with developing a new product such as this is that there will be teething problems, there will be issues and there will be management issues and there will be problems policing delinquency, arrears and compliance. I would like the Minister for Treasury and Resources to link that with number 36 on S.R.4, the discrepancy that has been identified in the Scrutiny Report between the role of Treasury and Resources and Economic Development. Then finally, if the Minister for Treasury and Resources could deal with the financial and manpower implications because in 42 it said the original budget was 100, it immediately went up to 150 as a result of the Scrutiny Report and then it says that the Scrutiny Panel are still concerned about the reporting structure and some of the external expert advice that was given. So my questions for the Minister for Treasury and Resources are grouped into 3 areas which are confirmed by 35, 36 and 42. We need to be very careful when we start lending money like this that we have the structure in place afterwards to deal with all the complex issues that may occur as a result of, as Deputy Young said, a locally formed company, a locally owned company, a locally trading company or a subsidiary of a company not owned here. How we deal with the issues as they occur and it is not really clear to me how we police it. So I am going to support it and I hope that further detail will go into this, particularly the area of the estimated costs in managing and policing this initially.

5.1.11 Deputy R.G. Le Hérissier:

Very quick, I totally agree with Deputies Baudains and Power about the need for caution but generally I think it is long overdue and well valued. What I am very worried about is it says on page 20 that job creation is of paramount importance. I do not want to see the simplistic thinking that was applied to the fulfilment industry. That went over the top. It was in the end subsidised by the kind of subsidies that were referred to today in the Living Wage debate. In other words, the State was playing a massive role in the so-called free market environment. The second point I would make, while I entirely agree with the objectives, it has to be borne in mind all the time that one of the reasons that Jersey is difficult to do business in, aside of the usual comments about red

tape as mentioned by Deputy Baudains, one of the reasons is this incredible high cost base which is linked to the nature of our major industry and its impact upon property prices and prices throughout the economy. That is a real challenge and we can go on and on about wonderful ideas and so forth but that is what drags down a lot of small businesses, that they have to contend with a high cost base which is not of their making but which is imposed upon them because the major industry can afford and indeed through property inflation and other factors, drives that high cost base. But those words of caution and perhaps slight gloom and despondency, I think this is a no-brainer, assuming the right governance is put in place.

[15:15]

5.1.12 Senator A.J.H. Maclean:

This proposition reflects the valuable input from Economic Affairs Scrutiny Panel that has been led by the Deputy of St. Martin, as Members are well aware and I thank him for his comments earlier on this afternoon. It is with no doubt in my mind that Scrutiny's review and recommendations have improved this proposition and I would like to take this opportunity to thank the Deputy and his panel and all the officers for all the work that they have done. Members will note from my comments about the panel's recommendations that we have been able to accept just about all of them. Those not accepted or either not possible under current law or are more relevant under the proposition we will bring in phase 2 of the Innovation Fund and I will come back to that in a moment, if I may. Members are all too aware of the challenges facing our economy at the moment. Unemployment is at record high and businesses and Islanders are struggling as Jersey continues to be buffeted by the effects of the global economic crisis. That said we are, as an Island, in a much stronger position than most and with the right investment and support I am confident that Jersey will have a strong economic future. At the moment a number of local businesses are failing to realise their true potential, partly due to a lack of access to sufficient funding for investment in products, services, training, infrastructure and other solutions. Please, make no mistake access to finance is one of the biggest barriers to investment and growth facing our economy at this time. Without sufficient funding many innovative businesses are severely handicapped. I should make it clear that the Innovation Fund is, however, just one of a suite of schemes proposed within the Economic Growth and Diversification Strategy to support businesses more generally. It is of and by itself not the silver bullet that alone will propel our economy back to growth but it is an important product that will provide confidence and funding opportunity to local and inward-investment growth businesses. More products to support small and medium-size enterprises will follow soon, available through grants via Jersey Business for both locally focused and export businesses. These will build on existing support currently available such as schemes like the Tourism Development Fund, which, as Members are aware, has £500,000 through the Medium-Term Financial Plan per annum available; the Rural Initiative Scheme, which, incidentally, has approved 23 grants this year, totalling just over £116,000. These schemes are designed to specifically support businesses operating within the Island's traditional sectors. What has been missing is a scheme to inspire and to stimulate innovation, one that encourages investment in new ideas, new products and new services. The proposed Innovation Fund before Members today seeks to exploit market opportunities and to capitalise a significant increase in local employment opportunities as part of government's efforts to stimulate overall economic growth. The concept of operating innovation funds is by no means new. There are a variety of such funds around the globe: within the U.K., Singapore, Malta, Northern Ireland, all have made a significant difference by supporting the rate of innovation in their own jurisdictions. Jersey is currently at a disadvantage in not having a product to offer entrepreneurs. In Singapore, for instance, a \$320-million fund has been set aside as a competitive strategy to improve technology innovation over the next few years. It aims to nurture technology start-ups and develop technology expertise and infrastructure by contributing up to 50 per cent to 70 per cent of the development costs of small and medium-size

business enterprises. While the scale of the economic challenges in Jersey fortunately do not match those in many other jurisdictions, it is essential that sufficient resources be allocated to the Innovation Fund in order for it to be able to deliver results. Of course, taxpayers' money is a precious resource and it is the duty of government to ensure that when this is invested in higher risk activity, such as innovation, then this risk needs to be minimised and managed appropriately and proportionately. The establishment of the board with private sector investment experience is key to the corporate government's arrangements and due diligence requirements for a fund capitalised with public funds. I would like to, therefore, reiterate that investments will only be made in projects that can clearly demonstrate a significant leverage in terms of improving Jersey's competitiveness, that includes infrastructure improvements, developing innovation and diversification and, importantly, good job opportunities for local people. On the matter of innovation the real risk is a lack of government intervention. By not approving this proposal for a Jersey Innovation Fund we would miss business opportunities, miss growth opportunities and fail to create job opportunities. Following the recommendations made by the Economic Affairs Scrutiny Panel, the eligibility criteria have been changed to ensure that any individual or organisation of any size from any sector, including the third sector, can apply for support from the fund. This will mean, as an example, that a young entrepreneur, who may still be at school even and who is hopefully about to create the next Facebook, can apply for an early-stage funding to kick-start his new enterprise. It would also mean that an established business looking to grow and needing investment support into a new innovative product or service can also be supported. Members have raised a number of points and I would like to, if I may, at this juncture, just cover some of these to be of assistance hopefully. The Connétable of St. John I will start with. Unfortunately, he is not in the Assembly at the moment but I would like to cover... he raised some points that cannot be left unaddressed. Yet, again, he raised the point about the rugby club sponsorship and tried to draw some comparisons between the Innovation Fund and sponsorship for the rugby club. I would like to make it absolutely plain to the Connétable that, in my opinion and certainly from the evidence we have gathered to date, the £75,000 invested in supporting the rugby club has been one of the best investments that we have made to date. **[Approbation]** We have seen thousands of bed spaces filled in the off-peak period when tourism desperately needs it. We have seen hotels filled. We have seen restaurants and pubs benefit. We should recognise and remember that the rugby club itself has grown, both from an infrastructure and employment point of view. It has a wage bill in excess of £1 million. Those are employees in the Island spending money in our economy. I might add, and this will not come as a surprise to Members, that the rugby club spends over £300,000 a year in procuring drink and food, which is dispensed at the weekend at their matches, all of that benefiting our local economy. **[Approbation]** I may be criticised about some investments but that one is one that I think stands the test of time. I will, in fact, because several Members have understandably mentioned it, just touch on the issue of film. I use the quote of the Connétable of St. John, he said: "The money has sailed into the sunset and there is nothing to show for it." That is absolutely wrong; no, no, no. At this stage there are questions raised as far as the P.A.C. (Public Accounts Committee) report and those questions will rightly and properly be addressed and responded to and that will happen in short order. But at this stage the investment in bringing economic benefit with a potential fund through a film to the Island is something that I think should be welcomed. I certainly hope it is going to be successful. I have no reason to believe that in due course it will not be successful and I am delighted to see that the Connétable of St. John has now returned and is facing me full on **[Laughter]** not in his usual seat. But, nevertheless, I think that, hopefully, covers those particular points. I will move on swiftly to Deputy Bryans. Deputy Bryans raised a very good point and I hope that he will be encouraged that this Innovation Fund is not just for big ideas, he talked about small ideas. We are interested in small ideas that can become really big deliverables. That I believe he is right, the Innovation Fund can stimulate and I hope my example of the student who could create the new Facebook will give

him some reassurance that the Innovation Fund is there to seek out all opportunities that are going to benefit Jersey in the future, whatever their size may be. It is about productivity, it is about improvement and it is about future growth. Deputy Young, although he has not got time to fully reflect on the details of the proposition, nevertheless, as usual, made some very salient points and asked some searching questions. He talked about the linkage between investment, such as the Innovation Fund, and indeed other areas that we could address to assist the local business community and he was absolutely right. He talked about red tape, it is something that I feel very strongly about and I think, as a government, we need to continually consider whether indeed we have too much red tape and too much bureaucracy. I use the phrase and I have used it many times: "Government is here to be an enabler for business." Government is here to largely set the environment that business can prosper and grow and employ people and generate tax revenues that will benefit the community. Government should, therefore, largely get out of the way and allow business to fulfil those clear objectives. The Deputy, I think, is right about that. We need to work harder at trying to make it easier for businesses. We must not remove necessary protections that need to be in place. There needs to be a certain level of legislation and oversight, quite rightly so and regulatory oversight but, nevertheless, we need to make sure that it is proportional. The Deputy was going on about the management of risk and the number of investments that the fund may make. It is very difficult to assess how many investments the fund will make. The fund, in its first guise, first phase, has funding of £5 million. We have made an assessment that that could translate into 5 investments, it could be 10, it could be a few more. I do not think we should be hung-up on the actual number. I think the important thing is that the Innovation Fund makes good investments, whether they be small ones or slightly larger ones, it is about the quality of the investments. It is about ensuring that due diligence is appropriate and that we make certain that we do not overburden businesses in terms of making an application and going through a set process that is going to be too long but that we make sure that as we are dealing with taxpayers' money that the necessary checks and balances are put in place. That is the reason why we have a board and, in fact, I would thank here yet again... it was a point that the Scrutiny Panel raised, they were not happy initially with the balance to the board, with the number of private sector individuals on the board. We have changed that balance now to have private sector individuals, 4, and 3 from the public sector, which gives a good weighting of expertise that will be able to advise and scrutinise the applications as they come through. I should also say that there is going to be a very heavy focus on the fund and I hope this has come through with regard to loans. Grants would be *in extremis*. The intention is that the majority of the money distributed by the Innovation Fund will be in the form of loans, which will attract interest and, in certain cases, royalties, which we will pay back into the fund, hopefully, to move towards ultimately replenishing it. Security was another point that the Deputy raised. Of course, security is a difficult one because on the one hand one can argue that if a business proposition is brought forward and has security then, of course, it is a bankable proposition and they would be going to the bank and would get funded through the traditional routes. Of course, one of the reasons perhaps is that the Innovation Fund is to bridge that gap where perhaps there is not collateral available to an entrepreneur or a business that has an idea to innovate and to grow and, therefore, that has to be very carefully considered. But it is the expertise of the board that is going to be critical in assessing whether indeed there is sound rationale behind the proposal that a particular business is bringing forward to seek funding.

[15:30]

I should also add that, of course, the loan agreement itself - the terms and conditions of that loan agreement - will clearly reflect the risk associated with and, therefore, the security that may or may not be available by directors and/or a corporate structure, if indeed one exists. Deputy Young, in part I think, was also talking about phase 2, which is investment in exchange for equity. I think he crossed over that line in part. Again, his point, I think, was about how we would manage that

particular issue of making investments for exchange of equity in particular businesses, and he was concerned whether the expertise would exist within the public sector. I would have to say that in phase 2 the view very much is that we would be seeking to outsource to a professional body, those with the right expertise. That is certainly not something that I would see in phase 2 being dealt with in-house. There are, of course, venture capital companies. There are all sorts of professional organisations. They do it as their living, they know what they are doing and I think that should give comfort to the Deputy. But I should hasten to add phase 2 is another proposition. That is something that will come back to this Assembly, hopefully, within 6 months after it has been properly scrutinised, of course, for consideration. Deputy Southern, also... unfortunately, not in the Assembly but he made some comments. He raised the point, and I know Deputy Maçon did as well, about picking winners. It is indeed true, I have often stood here and said: "Governments should not be picking winners" and that is exactly the reason why, with the Innovation Fund, we are establishing a board with private sector expertise. They are the ones who will be looking to advise appropriately as to whether or not an investment should be made. I might add, the board themselves will have the capability to outsource determinations that are necessary in particularly complex structures. I think that was something I did not address that Deputy Young raised. There are indeed sometimes some complex structures or complex proposals put forward. The board, if they do not feel they have the necessary expertise, will and can quite easily outsource that for a separate opinion and verification before making a recommendation to the Minister as to whether they feel an investment is appropriate.

Deputy R.G. Le Hérissier:

Sir, I wonder if I could interrupt. It strikes me the Minister, much as we obviously like listening to his words, is giving the summing-up to and taking away from ...

The Deputy Bailiff:

Deputy, he is speaking to the proposition. He is commenting on previous speeches. It may well be that the Minister for Treasury and Resources will not need to reply in detail. **[Approbation]** That will be a matter for him, of course.

Senator A.J.H. Maclean:

I would like to thank Deputy Le Hérissier for his observation. I was indeed trying to be helpful to the Minister for Treasury and Resources so that he would have perhaps much less to do. I will leave him to just sweep-up any bits that I have unfortunately perhaps not covered or perhaps choose not to cover. **[Laughter]** Yes, I was referring to Deputy Southern and he, again, talked about overburdening with red tape and getting the due diligence and so on right. Of course, what would be a disaster is if, as I think the Deputy was trying to suggest, we put in place a regime that is so onerous that in fact the Innovation Fund is not able to lend any money to anyone. That is not what we are seeking to do. There is an element of risk associated here. We have to understand that. I will come on to Deputy Maçon in a moment about how we manage that as an Assembly. It is more challenging and it is something that has not happened before. The only comfort I can perhaps give to Members is that it is not something brand new to Jersey that is not done elsewhere in the world. Innovation Funds do exist, as I have said, in many places around the world. We just need to make certain that ours is appropriate for Jersey and that we manage it properly and proportionately. Deputy Southern also made a rather strange comment that maybe he has been in this Assembly too long and all I would say in answer to that is that that is a matter for the electorate, and I am sure they will deal with it in due course as they see appropriate. **[Laughter]** I do not quite know why he raised it as a point. Moving on to Deputy Maçon, I am, first of all, delighted that he is excited by the proposition and that he thinks it is a good idea. He then went on to ask a number of questions, I think some of which I have probably addressed already in the points that I have made.

He asked about the appeals process. The recommendations that are made by the board, having taken its time to deliberate on a proposition that is put forward, comes to the Minister and if they feel that a proposition has been turned down by the board and is not put forward to the Minister, the applicant can, of course, appeal to the Minister. It follows very much the route that we have chosen with the Tourism Development Fund, which, over the years, has worked very well. That is the appeal process to the Minister. If, of course, it comes to the Minister and the Minister does not feel satisfied with the proposition on the recommendation of the board then, of course, it would be very difficult to have a further appeal process, having gone through 2 particular stages, although the Minister could ask the board to look at the matter again and clarify perhaps some areas of concern that he or she may have. I have covered the point about, hopefully, governments in picking winners and, hopefully, the Deputy will be satisfied with the fact that necessary expertise will be outsourced to deal with that. I have also emphasised the fact that this is very much about loans and not grants. I would also perhaps add the question he raised; I think he was fearing that government departments, as was the case in the early days perhaps of the Tourism Development Fund, and whether beneficiaries have some of the funding within the T.D.F. (Tourism Development Fund). That is not the intention with the Innovation Fund. It is not impossible, I should add, that a government department could indeed make an application that could be supported through the Innovation Fund but it would be an absolute *extremis*, as far as I am concerned. It would have to be something quite extraordinary. But I think it wrong to count anything out but we are not going to see the early days of T.D.F. where a number of States departments, particularly Tourism, who had their budget supported in that way. Deputy Martin is clearly concerned. I think she has concerns about return on investment, I think that is effectively what she is talking about. Jersey Enterprise, the forerunner of Jersey Business, did have a number of schemes she touched on, a number of products to support business enterprise grants and so on. There are about 30 enterprise grants that were £5,000 each to help with small businesses getting up and running. These were those grants and there is a huge difference. I have made the emphasis, in the Innovation Fund this is primarily about loans, loans with loan agreements with interest rates applicable to them and with royalty payments. It is going to be very clear, if the Deputy is concerned, these investments. It will not be transparent or visible in terms of what return we get. It will be under a loan scheme, which a grant is an entirely different animal. I suppose in terms of measuring we can look at the number of small business start-ups over the period 2007 to 2011, the number of jobs that were maintained. It was all about, in many respects, maintaining jobs within businesses. A lot of the export grants allowed local businesses to look at new markets where they were finding a shortfall in revenues locally because of the downturn. I think that these types of small investments in small businesses have, without doubt, helped the small and medium-size sector. It is very difficult to hang actual figures on it. Whatever I quote to the Deputy probably will not deliver on what she is asking but, then again, please understand that grants are very different to the loans that we are proposing in the Innovation Fund.

Deputy J.A. Martin:

Just for clarification then, it is interesting about the small businesses but will they be subsumed into this innovation scheme?

Senator A.J.H. Maclean:

No. If the question is: are there going to be a range of products similar to the Jersey Enterprise schemes still available to the small and medium-size enterprises in the Island? Yes, there will but not necessarily through the Innovation Fund. That is what Jersey Business is there for. Jersey Business has a budget of £650,000. A certain proportion of that will be ... and they are looking at a range of products that the board of Jersey Business think are appropriate to support S.M.E.s (Small and Medium Enterprises) and so things like export grants and what have you are being considered,

support like mentoring for businesses - really important - is also being considered. That is a different suite of products. Deputy Bryans was talking about it earlier, some of these small businesses or individuals will come up with innovative ideas that could indeed apply to the Innovation Fund but that is a slightly different issue. I think that has covered most of those points. Ultimately, I would just say that it is an absolute priority, the Innovation Fund, in my view, to boost Jersey's economy in every way we can. By creating the right environment, as I have said previously, it helps to build confidence and allow businesses to have that confidence to invest and grow in their businesses and access to finance is going to be absolutely key. I would hope that Members will approve this scheme, this Innovation Fund, as presented. It is an important step forward to improving Jersey's competitive edge and raising employment opportunities for Islanders. It will give, without doubt, great confidence to the business community in the Island if we can get this product in place and in the future, within 6 months, if we can seek to develop it in the way that other jurisdictions have into a partnership model. I think that is going to be a difficult stage and a difficult step in some respects but it is the right thing to do. But that is a matter for another day, which we will bring back for now. We need to get behind the local business community. We need to put this product in place and I would urge and hope that Members will be supportive.

Deputy J.M. Maçon:

A point of clarification just on that final point, if the Minister could just clarify, surely this is a service and not a product, they are different.

Senator A.J.H. Maclean:

The Deputy is right. I described it as a product, it is a scheme actually. The Innovation Fund is a scheme that is there to, hopefully, stimulate innovation and provide stimulation for businesses.

5.1.13 Deputy M.R. Higgins:

I can remember speaking in this House and in the media some 5 years ago about setting up a Jersey bank that would provide funding to small and medium businesses in Jersey. The bank that I envisaged would have provided many transmission services as well and would have operated through the post office and sub-post offices, although company funding would have been centralised and administered by what I would have called traditional bankers, bankers who knew and had close working relationships with their clients, rather than the remote bankers of today who largely base their decisions on computer-scoring models and are rationed by their head office in terms of lending. This is because I had major concerns with the thought of civil servants making these decisions without the proper skills and possibly with a 'watch-my-back' mentality. It was also desperately needed because at that time bank funding was strictly rationed. I also thought that it might have also provided another string to the bow of Jersey Post Office at a time when it was shedding labour and downsizing. The scheme that is before us is not my scheme but I do believe it is an important step in the right direction. I wish we had considerably more time to study the proposals in detail. I will, however, support it because I am, and I have said since before I came into this House, convinced that we need to diversify our economy because we are in a vulnerable position because we are relying on one major industry, an industry that is under threat from all sides and that could easily shrink under the threats that it is facing as well as it could recover coming out of this recession. We do not know which way it is going to go. We need to diversify our economy and we should have done so a long time ago. I will also support it because I want to tap the skills, knowledge and experience of some of our graduates and others who have skills that they have acquired elsewhere, who currently either have to seek employment in the finance industry or leave the Island to use those skills and experience. I also believe that none of us should expect a dramatic or speedy transformation of our economy. But with our economy either still in

recession or flat-lining we need all the help we can get. The contributions to economic growth and to employment, that they may well generate, will be more than welcome. I also happen to believe that we have to accept the failure of some of the projects that are going to be supported because that is the very nature of such innovation funds. I will just make one comment, just on what Senator Maclean said. He was stressing the importance of the individuals who are going to be on the board, private sector people. Let me just say that private sector people get it wrong as well, as we have seen some colossal failures. The point is we have to be prepared to accept failure and we should not, in one sense, step away from some of the risks that we are going to have to take.

[15:45]

We have to take chances if we are going to transform our economy. In conclusion, therefore, I will support the proposition and I will watch its implementation like a hawk. I hope with what I have said about accepting failure, not too critically, providing that the management structures are adequate. As far as I am concerned it is a measure long overdue and I wish it every success.

5.1.14 Deputy M. Tadier:

In a similar vein I think it is important to give credit where credit is due. I think the comments about the late presentation of papers has already been made and that that should not be made a habit; it certainly would not be accepted from this side of the Assembly and if one had a less benevolent Assembly it certainly would not have been accepted today. I think it is important, of course, the devil is in the detail and we will all be scrutinising this with hawkish eyes to make sure that it can do what it says in the tin. I was expecting the Deputy of St. Martin to say in his vision about this tin in this mythical store, that when he opened it up there was a can of worms inside and that is the reason he was sending it back for inspection with the Trading Standards. But it is not simply about creating this fund. It is a great idea this fund. We know it is being done elsewhere and obviously as long as the money can be allocated to the right people and the comments about failure are salutary because you cannot always pick the winner but as long as in the long term we are getting the money back into our economy it should be seen as an investment, very positive, we should all be happy about that. But it is all about infrastructure. It is all about the idea of making things easier, partly with physical infrastructure but also about the way we do things, cutting red tape and applying common sense. That is why I am very pleased to be on Scrutiny looking at the entertainment licences to see if in that very small area, which perhaps affects the tourism and hospitality industries, we can do stuff that will encourage our own youngsters perhaps and people who want to come over here to entertain. There are musicians, there are street artists, whatever, to make sure that they can do that in perhaps a way that is much easier and much more beneficial culturally and economically to the Island. But I have just jotted a few things down here and you might get people saying: "I want to bring boatloads of people to Jersey." I was in Guernsey for the weekend just on a holiday and I was surprised when I saw this massive ship. It was a cruise boat and I have never seen that. I have heard about the mythical cruise boats that visit Guernsey. They may want to come to Jersey but we do not have the facilities for that. We do not have a deep harbour. We could have tenders. I met someone last year who said: "I wanted to bring an international poker tournament to Jersey." Imagine that. Poker may not be everyone's cup of tea but it gets played in Las Vegas, it gets played in London and Paris. High-roll tournaments and people would not have to get involved in the games themselves but that could be broadcast all around the world showcasing our Island. This person could not do it because he was told that our licensing laws were not flexible enough and there was too much red tape in order for him to do that, so he just did not bother in the end and that business went elsewhere. I want to build a world-class revolving restaurant at Fort Regent. Imagine that with a cabaret and a casino but I cannot do it because the access to Fort Regent is not sufficient and it is not salubrious enough to attract people there from our town centre. What can we do about that as a government? We could follow up the

plans that we had to build an elevator from Snow Hill, for example, the plans that are already there, 10, 15 years ago, which was developed but have been shelved. I want to make international films and make Jersey a centre of film excellence. I hope that is on the cards. I know that there are those in Jersey who want to do that but it is too expensive for me and my company to move to Jersey and Jersey does not have the expertise that has been developed yet in that area or maybe let us think less grandiose. I want to be able to have an al fresco dining area in town, maybe you are one of the restaurants in St. Helier. What they want to do is just expand their seating area into the Royal Square but they cannot do that because it is very arcane the way the Royal Square is regulated and perhaps they have not been able to get the St. Helier Roads Committee on side, so they cannot put seating now in the Royal Square. If you are one of those event organisers or perhaps a musical band who is not doing it for the money, you might want to be able to play your musical instruments in the Royal Square. You may want to organise music every night in the summer or even just at weekends in the Royal Square. But the permits and the permissions that you need to do it are too onerous and too inflexible to make it worth your while because you can play there on a busker's permit but as soon as you need to mic-up your double bass for amplification that is a £40 permit and you need to do a health and safety document to show how you are going to do it. It is not very enticing if you are not doing it for the money. By all means set up this Innovation Fund but make sure we have the political will and the structures, both physical and abstract, around that to make sure that people can innovate and to make sure that we support these things. The idea that there are all of these Mark Zuckerbergs running around who created Facebook, that is fine but he created that because he had a very good education background. We need to make sure that also we do not forget that whoever it is that comes up with these ideas they do it because they have been trained in whatever areas, whether it is to do with I.T. In this case he was an I.T. genius and it is only at that point when he came up with the idea that somebody decided to support him. We must make sure that in all of these cuts that we are putting forward we are not diverting money from the fundamental part of making sure that all of our pupils in Jersey are getting very well educated, whether it is in music or the arts or in I.T., so that when we do get the innovation they can speak the languages that are necessary to make sure that they can welcome the tourists, that they have the I.T. skills when they leave school to make sure that they can apply for an innovation grant. These 2 things all go hand in hand. I am very hopeful today about where the 2 Ministers for Economic Development are taking us. Of course, the devil is in the detail but let us make sure we can all work together. A good idea is a good idea, no matter where it comes from, both in the Chamber and that applies to whether it comes from public or private sectors.

The Deputy Bailiff:

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

5.1.15 Senator P.F.C. Ozouf:

May I start by thanking Senator Maclean for sweeping-up. Members want seamless government, they want a team approach and I hope that we have demonstrated that in terms of just as we did with Deputy Green and the housing proposal. This is Ministerial government being joined-up and I am certainly not going to repeat any of the good remarks that Senator Maclean made, although I have to say he did miss out on a few things, which I probably need to answer for him. But there is a serious point; this is a debate that is 25 times the materiality of the music cut grant that we did yesterday. It is 25 times £200,000, I think I have got my maths right and so it does deserve this Assembly's full attention because we are voting on something that is incredibly important. I would like to start by thanking, again, the Economic Affairs Scrutiny Panel for their work. They wrote a 165-page report and to the Deputy of St. Martin and the 2 other members of that panel have not been mentioned, he is not here today, but the Constable of St. Brelade and the Constable of St. Ouen. I met both the Deputy and the Constable of St. Brelade on this issue. It really is, I think, an

example of this Assembly working better, being constructively critical. The Deputy of St. Martin did not mince his words. He said some pretty critical things but he was a critical but constructive friend in terms of boosting economic activity. He said 3 things: he spoke of the entrepreneurial resourceful Jerseyman and woman, before anybody says anything, absolutely and that is exactly what this is supposed to be doing in trying to help him. I am going to deal with the 2 Members that Senator Maclean did not speak about because they obviously spoke after him. Can I, first of all, thank Deputy Higgins for uncharacteristical support for Ministers? He gave bankers a bit of a ticking-off and warned of private sector failures but he gave his support and it was heartfelt. He genuinely believes I think that we need to do a speedy transformation of our economy. He is absolutely right and I thank him for his support. We cannot quite do a bank but we certainly can do things and this is part of a whole suite of manoeuvres. Yes, he is right to look at this to see the implementation of it. If more resources are required, if this is going to work, to get the speedy transformation, then we will do more and we will listen to him. Deputy Tadier, he spoke about broadcasts around the world. I am finding it a little difficult to deal with broadcasts around the world when I have read this afternoon in *Le Parisien*, which is the largest second regional paper in France with a worldwide online audience and there are 500,000 copies of this spent. I have got the article from *Le Parisien* here and it is a direct quote: “*Nos pratiques privent le fisc français de millions d’euros.*” Our economy is costing the French Republic’s Treasury millions of euros. Broadcast around the world to 500,000 people who have been reading about Jersey, so I wish to differ from that broadcast around the world about what our economy does. Our economy, in terms of financial services, does not lose that amount of money and I hope that this innovation will ensure that we continue to ensure that we do not deprive financial authorities, whether it is France or anywhere else around the world, but we add value and I will come back to financial innovation later. **[Interruption]** I am not giving way, Sir.

Senator P.F. Routier:

Would the Senator make it clear who made that statement?

Senator P.F.C. Ozouf:

That is a direct quote from *Le Parisien* from Deputy Tadier, those are direct quotes.

Deputy M. Tadier:

What is the relevance to this debate, Sir?

Senator P.F.C. Ozouf:

I am not giving way, Sir.

Deputy M. Tadier:

I just do not understand the relevance to this debate.

Senator P.F.C. Ozouf:

Broadcast around the world. The Constable of St. John, the Minister has dealt with his issues. Perhaps I could add, maybe we should invite him to the rugby club and he can actually see the value of that issue. **[Laughter]** The Minister did not refer to the ...

The Connétable of St. John:

Will the Minister give way, Sir?

Senator P.F.C. Ozouf:

Of course.

The Connétable of St. John:

The rugby club, why should I attend the rugby club more than the bowls club who brought 100 people over here for a week last week to play bowls? They are all contributing to our economy, not solely the rugby club who were given £75,000.

Senator P.F.C. Ozouf:

They were given more than that and they are bringing more than 100 people. But anyway, let us not get into an argument about that. The fact is we need to do everything. We need to do everything we can to support bowls clubs, rugby clubs, innovation and other things around the world in terms of getting our name out there and bringing people to Jersey. He said: "The Island needs a leg-up." Absolutely and this is what this proposal is. He also speaks about investment and infrastructure. I would say to the good Connétable, this is an investment in our entrepreneurial infrastructure and that is why he should warmly support it. He is a businessman. He understands how it is difficult to start small enterprises and I am sure that he will be aware of the lack of finance that is available for young entrepreneurs and innovative ideas. Deputy Young: he was disappointed about Treasury officials. He was a Treasury official once, I think he was an accountant in the States of Jersey a number of years ago and he was worried about Treasury officials. His phone was fairly innovative. There is a new test by the Greffe now to turn off the microphone to see whether or not it is somebody's phones that is buzzing. He was fairly innovative in putting off the microphone **[Laughter]** and learning how to get more £10 in. The point that he made, and a number of people have made, which was the Connétable of St. John's point, this is not a silver bullet. If I may say to both the Connétable of St. John and Deputy Young, there is an important partnership here with Planning too and they sit on the Environment Scrutiny Panel. The Minister for Planning and Environment has a responsibility also to deliver growth to ensure that we have got the space and the capacity to take some of these businesses that are going to be coming in to Jersey. Office space, if I might politely say to Deputy Young, is very important to this issue and it is important that we put everything we have in to ensuring that we give the economy of Jersey every possible support. That is about putting grants, putting products or services and ensuring that we have a fast-moving planning service too, this is absolutely vital. Deputy Bryans and the issue that the Minister did not raise was the 20 per cent funding for ideas. He said: "We should be a brave government prepared to put hard cash." He spoke about Digital Jersey. He spoke about the event last night about 3D printing. That Digital Jersey initiative, built on the progress that we made with the gigabit, is now delivering. Last night the 3D printing, tomorrow Professor Stephen Heppell coming to talk to us about how we make our education system and we prepare our young brains for the future, those innovative brains that are going to be applying for the innovation services of the future. He makes a very important point about Digital Jersey. There is another aspect to the work that this Assembly has been doing about putting in place every single possible initiative to boost our economy and Digital Jersey is one of them. I will come back to his creative blue card in a minute.

[16:00]

A number of Members have criticised speed, about the speed of response. I have noticed the number of innovations around this Assembly in recent weeks. I think I have seen 2 mini iPads in the Constables' benches. I have seen one on the Greffier's desk, there are 4 here, and there is even one at the Back-Bench with the Chief Minister now. Innovation is on its way and is wafting through this Assembly. Innovation means if you have an iPad you can read stuff more quickly and that is exactly the message we should be taking. We have got to be a fast-moving Assembly. We have got to be able to respond quickly to things and we cannot be a paper-based group of laggards that simply takes weeks to respond. It is just an important issue. We talk about speed but we need to speed-up in terms of the initiatives that we have. I say that because Deputy Southern was depressing. He spoke a number of weeks ago about the Green Initiative Fund. I cannot help but

think if this proposition would have been in his name then he would be supporting it. The Green Initiative Fund, we argued that many of those things that he wanted to achieve in the Green Initiative Fund were going to be dealt with by this Innovation Fund. He supported that. Why is he not supporting this? Because all the things that he wanted to achieve there are actually, in part, going to be achieved by this Innovation Fund. That is something the Deputy of Grouville, with her rural work, focuses within Economic Development on. I ask him to support this proposition because if he does not he is obviously speaking 2 different languages: one, when he has got a proposition for himself and one when it is a Ministerial proposition and I think that would be a shame. Deputy Maçon was nearly there. He said he was nearly over the line, I think, but not quite there. I hope the Minister has got him over the line. But he made an important issue that a number of other Members make about fear of decisions and it is a really important point. He is right that we need tough controls and Deputy Higgins said this: "We also need to create a culture where we are prepared to take some risks and we are prepared to take some failures." Providing good process has been done, providing codes of direction and good procedure has been carried out, we should not blame people for having backed a loser when it looked like it could be a winner. That is about risk. He talked about a need for a change in mindset, he is absolutely right and I hope he is now over the line and going to be supporting the Innovation Fund. Deputy Martin, the Minister has responded to her concerns. I would remind Deputy Martin that Economic Development has taken its share of C.S.R. initiatives but overall Economic Development has a budget in the region of £18 million. That is why they are delivering a whole range of initiatives, products or services or whatever it is, Digital Jersey, Jersey Business, all of these different initiatives, the new tourism arrangement. They are delivering a whole series of things. This is not just one of them and they are, hopefully, going to be quite complimentary. She challenged one thing about whether or not this fund was about financial services. It is a good question because last week I do not know whether she was able to attend the presentation to the States by Jersey Finance on the McKinsey review. One of the most important issues ... and that is why I slightly goaded Deputy Tadier about finance. Finance, an *Economist* article, which perhaps he could look at, last February spoke about the importance of the financial word to "innovate". We are an innovative financial services centre, that is our future. We need different kinds of financial services' businesses in the future. The business that we did 10 years ago is not the business that we are doing today. The business that we are going to be doing in 10 years time and the different services or laws or funds or hedge funds or banks are going to change. We do need to have innovation in every single part of our economy and that is the only way we are going to keep ahead of the game. That is how we have kept ahead in the past. She challenged me about what else is being done. I would just ask her, and it is a genuine point of reflection, what if we had not put in the services that we have done in the last few years on the enterprise initiatives and all the rest of it? I say only, we have only got 2,000 people unemployed, compared to many more percentages in other places and I do not think that has happened entirely by accident. It has obviously happened because of the private sector. It is not government that makes business, it is people outside. But we have put in the right mechanisms and we have done well. Economic Development have - and they report to us, sometimes we do not believe what they say in terms of their numbers - created hundreds of new jobs over the period of the last 3 or 4 years and that is because of the work that they have done. If we had not done that our unemployment would have been higher. But it is a fair question and perhaps she needs to get an iPad to get the rush, rush, rush issue because we need to move faster. Deputy Baudains: I understand that Deputy Baudains is a real whiz with engines. Deputy Bryans spoke about Skunk Works and I did not know what Skunk Works were. Skunk Works is an acronym for Advanced Development Programs and apparently its famous designs of various different things have been created out of Skunk Works. Perhaps if there had been an innovative grant available for Deputy Baudains he might have designed a B52 bomber or some other fantastic piece of mechanical engineering. He understands I think, as an engineer, the importance of ideas and research and

development and investment in ideas. I hope that he is going to be supportive of this because this is what this is about. Deputy Power, I think I have answered the question or the Minister has answered the question about estimated costs. There is £150,000 within E.D.'s (Economic Development's) budget that is designed to put costs associated with running this particular scheme. I cannot remember whether it was Deputy Power or somebody else asked about that. That is 800 hours of E.D. officer time to monitor the scheme and to run it and I think full transparency on that. Deputy Le Hérissier said about high-cost base, about how the finance industry is crowding everything else out. He has got a point and that is why we are also making sure that we need the right access and we need the right access to property for people. Supply needs to be put in place and that is why the Chief Minister, with the Minister for Planning and Environment, said: "We wanted to build an extra 500 houses in order that we deal with this cost of housing." It is a tightness of supply with over-demand, not only just about financial services. But he is right and we need to create an environment in which all businesses can succeed. The world has changed. The *Financial Times*' front page today has got 4 headlines on it: "Evidence of Global Slowdown. U.S. Private Sector Hiring Weakens. Osborne Warns Bank of England Against Curbing Growth." There is no doubt that the world is continuing to be in significant difficulty and it is changing faster than ever we believed before. On tax we have seen things on transparency just literally in the last 24 hours. There is an unwinding of public finances in appreciation of what is going on, of the difficulties over the last 10 years. Organisations, I am told, need to focus on 3 things: costs, their balance sheet and the top line. This Assembly has shown courage and foresight in dealing with our public finances. We are now in a very strong position. Thanks to the work of the Treasurer and Assistant Minister we have got a Strategic Reserve that, I am told, is now worth £700 million. That is a good balance sheet. That gives us not money to spend in terms of recurring expenditure but gives us comfort that we can invest in infrastructure, that we can make the kind of decisions that we are making today. We must concentrate. We have dealt with public finances. We are looking after our balance sheet. We need to look at the top line and the top line is about economic growth and building jobs, building businesses, that otherwise would not happen. Bring in more 1(1)(k)s, I.T. focus, Digital Jersey, the Rural Initiative, Tourism. This is one proposition in a whole suite of initiatives. The Assistant Minister said: "The glass is half full." The Jerseyman is known to be an innovative individual. The building that some of us spend quite a lot of time in, bearing the name of former Senator Cyril Le Marquand, said: "It is all about confidence." I am confident about Jersey, and I know many Members also are confident about Jersey. Deputy Bryans is the Deputy for good ideas I think, or one of them. One of his good ideas was this nice little blue card and it says: "You made my life better today, thank you." On the other side it says: "Pass it on." I urge Members to pass on the message of enterprise and innovative messages to the Jersey community and vote in favour of this proposition. **[Approbation]**

Deputy M. Tadier:

Sir, shall I wait until now to make my point of order because I believe Senator Ozouf misquoted me? The article can be found online if people want to check it and it is a shame that he did not quote the part when I was asked whether Jersey could survive after finance. I said: "Yes, but it requires investment in Jersey and diversification", which is exactly what we are talking about here today. I would have hoped we would be in agreement about that.

The Deputy Bailiff:

Very well, the appel is called for. I invite Members to return to their seats. The vote is on the Jersey Innovation Fund: establishment, funding and operation and I ask the Greffier to open the voting.

POUR: 41		CONTRE: 1		ABSTAIN: 0
Senator P.F. Routier		Deputy G.P. Southern (H)		

Senator P.F.C. Ozouf				
Senator A. Breckon				
Senator S.C. Ferguson				
Senator A.J.H. Maclean				
Senator B.I. Le Marquand				
Senator F. du H. Le Gresley				
Senator I.J. Gorst				
Senator L.J. Farnham				
Connétable of St. Helier				
Connétable of Trinity				
Connétable of St. Peter				
Connétable of St. Mary				
Connétable of St. John				
Connétable of St. Ouen				
Connétable of St. Martin				
Connétable of St. Saviour				
Deputy R.C. Duhamel (S)				
Deputy R.G. Le Hérisssier (S)				
Deputy J.A. Martin (H)				
Deputy of St. Ouen				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy J.A.N. Le Fondré (L)				
Deputy of Trinity				
Deputy S.S.P.A. Power (B)				
Deputy S. Pitman (H)				
Deputy K.C. Lewis (S)				
Deputy M. Tadier (B)				
Deputy T.M. Pitman (H)				
Deputy E.J. Noel (L)				
Deputy M.R. Higgins (H)				
Deputy J.M. Maçon (S)				
Deputy G.C.L. Baudains (C)				
Deputy of St. John				
Deputy J.H. Young (B)				
Deputy S.J. Pinel (C)				
Deputy of St. Mary				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				

ARRANGEMENT OF PUBLIC BUSINESS FOR FUTURE MEETINGS

The Deputy Bailiff:

Very well, that brings the agenda to an end, save for the Arrangements for Public Business for 14th May.

6. Connétable A.S. Crowcroft of St. Helier (Chairman, Privileges and Procedures Committee):

The arrangement is set out under M in the Consolidated Order Paper with 3 variations. We need to add P.38 - Draft Wills and Successions (Amendment No. 2) (Jersey) Law 201- that was deferred from this meeting. We need to add P.33 - Reform of Social Housing - P.33/2013, fifth amendment, an amendment lodged by Deputy Le Fondré. Privileges and Procedures is seeking to move Projet 4 - Code of Conduct for Elected Members: Commissioner for Standards - to 18th June to allow us time to discuss the matter with our colleagues in Guernsey because that meeting was not able to take place due to bad weather. On a personal note I look forward to receiving the comments from the Council of Ministers on my proposition, P.40 - Parish Rates: the States Liability.

The Deputy Bailiff:

Are there any matters that arise? Deputy Young.

6.1 Deputy J.H. Young:

Yes, Sir. P.38, had that gone ahead and had been discussed ...

The Deputy Bailiff:

Can you turn off your cell phone ...

Deputy J.H. Young:

It is not me now, Sir. [Laughter] I should say I have turned my telephone off, so there we are. It is turned off, so it is not me. Can I carry on? It is not my phone.

The Deputy Bailiff:

Sorry, you were on P.38.

Deputy J.H. Young:

P.38, Sir, Wills and Successions (Amendment No. 2). I would have asked for that matter to be referred to the Scrutiny Panel today. I have given notice of that to the Chief Minister and to the relevant Chairman of the Scrutiny Panel, which I think is Corporate Services. If we are going to list it for 14th May I think I need to flag that because it does not allow time, if that reference is accepted, to allow to do the job properly. I think, personally, I should be asking for that to be taken at a later date.

The Deputy Bailiff:

That is advance notice that, no doubt, can be taken into account on 14th May and there will be a deferral at that stage.

6.2 Deputy J.A. Martin:

Could I ask a question of the Scrutiny Panel who are scrutinising P.6, first, when their report will be in? Secondly, which was a very interesting debate we had today or presentation on this law, it was discovered around the table we do not have a policy that would be an opt-out for pushing people to employ locals. It seems a policy that does not exist. I would very much not want the Minister to get here in 2 weeks' time because we were all there when it was said: "We need this policy before we need this law" because we would undo so much good work that the Minister for Social Security has done. I leave it in the hands of the Minister but I do give warning that there was a lot said around that table that maybe this could be delayed. I notice we are not sitting until 4th June. I am hearing around the House that maybe this policy can be put in place sooner rather than later or it can come after. The Constable of St. Mary, who is very concerned like me, is nodding that he can come after but I think for the work they have done I would rather the policy there in the first place. I will be led by the Minister for Social Security. If he feels we have got enough information and

the Scrutiny Panel report will be well in time for the debate, given the 2 Bank Holidays, I will not ask for it to be moved. If not, I will ask the House to move this to 4th June.

The Deputy Bailiff:

The Deputy of St. Peter, is it your panel that is looking at this?

6.3 The Deputy of St. Peter:

Yes, it is, Sir. We are hoping to get the report to Members, if not tomorrow then on Friday, which I hope will give adequate time.

The Deputy Bailiff:

Very well, if nothing further arises, those are the arrangements for Public Business on 14th May and the States now stand adjourned until 10.30 a.m. on Liberation Day.

ADJOURNMENT

[16:15]