

STATES OF JERSEY

OFFICIAL REPORT

TUESDAY, 16th SEPTEMBER 2014

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[9:30]

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

PUBLIC BUSINESS

1. Vote of No Confidence: Minister for Treasury and Resources (P.148/2014)

The Deputy Bailiff:

Very well, then the remaining matter on the Order Paper is Projet 148, lodged by Deputy Southern - Vote of No Confidence: Minister for Treasury and Resources - and I will ask the Greffier to read the proposition.

The Greffier of the States:

The States are asked to decide whether they are of opinion that they have no confidence in the Minister for Treasury and Resources.

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

May I start by saying that this motion of no confidence I am treating as a serious matter, because a motion of no confidence must be treated as a serious matter. It is not brought lightly, nor indeed maliciously, nor - lest anybody should suspect it - is it a question of personalities. It is a question of policies; policies which have been of some concern to me for a considerable time. In attempting to bring some amendments to this Budget, I began to realise that the whole thing needed serious review. It was almost impossible to break apart, and the end result, with a zero sum in the Consolidated Fund, made it extremely difficult to do anything with it. The concerns I expressed in my report, P.148, are not about the revenue forecast *per se* which led up to the 2014 Budget. I make no criticism of those who made them; they were doing their best at the time. My criticisms centre on, are directed at, the treatment that those predictions received at the hands of the Minister for Treasury and Resources. The shortfalls we are now aware of in both the 2014 and the 2015 Budget are significant and serious. There are questions that need to be answered, questions that singularly have failed to be answered in the last session at question time, on Sunday morning on the radio, no answers forthcoming. My suspicions about this Budget were reinforced by this absence of any concrete answers to questions. The questions, as I say in my report, concern 5 aspects of this particular Budget. One is the timing. When was the Minister aware of the impending shortfall and when and how was this information shared with stakeholders, in particular Members of this House? When were the changes to dividend or share arrangements notified to Jersey Post, Jersey Water and Jersey Telecom? Now they have been hurriedly amended at the last minute, and nonetheless those questions still need answering. In turn, this leads to the question of transparency. If such large shortfalls were known about, why did the Minister not alert Members to them? Why has he continued with his eternal optimism in the face of substantial evidence to the contrary? There is also the question of deliverability. Is it possible to deliver a 2 per cent reduction in pay budgets across all departments at a time when school rolls and hospital waiting lists are rising? If a job freeze cannot be delivered, what prospects are there for a further wage freeze? By wage freeze, I mean a below inflation wage award. Now, that again has been amended at the last minute. I understand now we are only talking about a 1 per cent cut across all budgets, nonetheless is it deliverable in every budget? Legality: the Minister has once again raided some supposedly ring-fenced funds. He needs to show that there are legitimate areas into which he can divert these funds. This principle which is occurring more and often of raiding specialist budgets, special budgets to cater for the general revenue spend is, we have seen, worst of all with the Health Insurance Fund, where we have taken 2 lots of £6 million out of it and it is now on its last legs. This principle must be wrong. Reneging: this again suggests that the Minister has chosen to postpone or delay action on a number of important areas where decisions have been recently made by the States, so who is

running the show? Is it the States or is it the Minister for Treasury and Resources? My layman's feeling that there was something deeply wrong with this Budget - a gut feeling, if you like - that something was wrong in the States of Jersey unfortunately was reinforced by the experts employed by the Corporate Services Scrutiny Panel, who in far more precise and technical terms expressed exactly the same reservations as I did. Many questions about the processes involved in the production and presentation of the 2014 and 2015 Budgets have been directed at the Minister, not only in Scrutiny, but also in question time, and indeed, last week on the *Politics Hour*. So far, as we shall see, there have been no answers. These questions will be put to the Minister once more today. I believe this Assembly has the right to hear honest and transparent answers to these questions. Will we get those answers? We shall see in the course of the next few hours. Before we start asking those important questions, let us take a moment to consider the Consolidated Fund. What is it? I like to think of it as the family's current account. Let us call that family the Ecobichons. It is there to ensure that the routine bills for running the household are paid. Mr. Ecobichon's wages go in and the regular bills, electricity, rent and so on, come out, often by direct debit. Mrs. Ecobichon takes out some cash for doing the weekly food shop. They have some savings in a deposit account. In fact, they are so well-off, they have a year's salary in the reserve, but it is only for emergencies and one-off purchases. In the good times, that is fine, the family lives well. The family has a small but adequate float in the bank to draw on to meet its regular bills and some unforeseen contingencies. That is like the Minister for Treasury and Resource's Consolidated Fund. Like the Ecobichons, he also has the Strategic Fund, with a year's income in it. But then suppose the economy worsens, the breadwinner loses all overtime, he then gets put on reduced hours and then on a zero-hours contract. Income goes down below expenditure. Instead of using their deposit account to tide them over, Mr. Ecobichon runs around the house frantically turning out the pockets of every pair of trousers he has worn in the last year, some of which he has not worn for years, and every old handbag he can find. He then empties the kiddies' piggybanks, along with their TSB savings accounts, raids Granny's National Savings, cashes in her I.S.A. (Individual Saving Account) and her Christmas Club, and finally hunts for the odd 50 pence he can find down the cushions on the sofa. Does the 2015 Budget sound principled or do the words of one C.I.P.F.A. (Chartered Institute of Public Finance and Accountancy) adviser sound more accurate? Does it remind you, this tale of the Ecobichons, of the 2015 Budget? Does the Minister's scramble to cover the shortfall in revenues in the 2015 Budget sound principled or do the words of one C.I.P.F.A. adviser sound more accurate when he says: "The need to fund core net spend from specific reserves and funds, together with the apparent speed by which the remedial measures have been put together, does not inspire confidence that the 2015 Budget has been founded on sound principles and good financial management practice." That is a serious accusation, that confidence is not inspired by a professional in judging this particular Budget. The Minister has recently started saying: "What would my critics have done differently?" I say they might have held their hands up and admitted the extent of the shortfall between estimates on which the M.T.F.P. (Medium-Term Financial Plan) was planned and the actual revenue income was serious enough to spend income from the Strategic Reserve to tide us over this critical period. The Minister instead pretends that all is well. He refuses to tailor his spending to match income or to attempt to raise income to balance expenditure. He chose instead to ignore the warning signs and plough straight ahead with his out-of-date M.T.F.P. Could he have turned to the 'Rainy Day' fund? I believe he could. If we look at page 109 of the Budget, it suggests at 2.1.1: "The Strategic Reserve Fund was established by the States with an initial capital injection of £10 million to provide the Island with some level of insulation from external shocks."

[9:45]

Are we suffering from external shocks? We certainly are. Then in 2.1.4 he starts talking about: "The capital value is only to be used in exceptional circumstances to insulate the Island's economy

from severe structural decline.” The question is raised at this early stage: have we got a structural deficit? That is a serious question to ask, because if it is structural, it almost automatically dictates that something must be done about it. If it is structural, either your spend has to come down or your taxes have to go up and yet that is not what we have been told and led to believe from this plan. The crucial question that requires an answer is when did the Minister learn of the potential shortfall of some £30 million in 2014 or prior to 2014? For this, we have to start back at 2012 and questions asked by several Members. Deputy Power asked: “Could the Minister clarify how the assumptions on economic growth, as outlined in the Medium-Term Financial Plan, were calculated? I am referring to page 42 of the Plan, which asserts that States income will grow from £613 million in 2012 to £681 million by 2014, which is over 10 per cent” to which the answer was: “As far as 2013 and 2014 is concerned, the approach is exactly the same of the U.K. (United Kingdom) Office for Budget Responsibility and other forecasting agencies. That is that the economy will return in Jersey, as in the U.K., to average performance in that period, reflecting long-term trends and recent experience. I personally reviewed all of the assumptions when I returned from my own summer break and was pleased that after having looked at them, I maintain the conclusion that the assumptions were absolutely robust.” They were not, as we now see, to our cost. Deputy Power again doggedly went on: “Most economies in the West, including the U.K. and U.S. (United States) are forecasting growth rates of less than or equal to 1 per cent in the next 12 months and not much more than that after that. Would the Minister agree that Jersey seems to be out of sync, and would he not agree that projecting growth that may not be achievable factors in increased States spending at the same rate? My question to the Minister really is is this prudent?” Then I ask: “Is it not the case that the Office for Budget Responsibility has been downgrading the U.K. forecast, so that now in 2012, it has confirmed that it is in double-dip recession, and that despite the Minister’s optimism, our own figures should equally be downgraded as well?” To which Senator Ozouf says: “They may in this year be downgraded in terms of economic growth somewhat, but this has not changed the income tax forecast that the Deputy quite rightly said was the most important thing.” In short, according to the Minister, while economic growth forecasts may be downgraded, income tax forecasts should not be, despite the obvious link between economic activity and tax revenues, the product of that activity. So here is the gap in understanding what is going on. We had something like 5 years of negative economic growth, minus 3 per cent, minus 5 per cent, minus 2 per cent, minus 4 per cent, and yet the Minister in charge says: “That is not going to affect the income returns.” Not in any economic book that I have read: that inevitably, sooner or later, you are going to see income tax and other tax revenues come down. It is bound to happen; it must happen. So there it is: total faith in the economic growth forecast but no link with the tax returns produced. Who is responsible? The Minister, in his answers last week, did give one answer. He said: “The Minister takes complete responsibility for looking at forecasts.” Where does the buck stop? With the Minister, complete responsibility. Now, Professor Oliver, advising the Scrutiny Panel, said: “It is very difficult to comprehend why the Treasury did not use the May 2013 forecasts for the 2014 Budget and to persist with forecasts that were outdated even at the time of publication of the Medium-Term Financial Plan in 2012.” Again, advice from a very thorough professional, who says: “Difficult to comprehend why the Treasury did not use the May 2013 forecasts for the 2014 Budget.” He continues to describe it thus: “In turn, this raises some very important questions. Did the Treasurer provide advice to the Minister for Treasury and Resources which was based on more optimistic scenarios, rather than those which were prudent, and if so, why? When were the Council of Ministers informed of the deterioration in the income forecast? Did they express their disquiet about the forecast? Were the 2013 forecasts not published in the 2014 Budget?” Note, not published because policy-makers were concerned that this would have called into question the wisdom of the marginal rate tax cut and drawn attention to the potentially deteriorating fiscal position in Jersey, when the authorities were seeking to obtain a favourable review from the credit rating agency, Standard and Poor’s. So when were stakeholders informed?

We still do not have that answer, but last week we had an answer of sorts. When asked by Deputy Le Fondré about the revised forecast and why it had not been used, the Minister said the following: “What we have done is we have updated Members of the latest information and I was quite clear in last year’s Budget, and that is why Members had a full copy of the full report which had not been published, because it contains a lot of granular detail of our income. All Members had a copy of the income tax forecasting conclusions last year and I will be doing that again this year, by giving Members the full details of the Income Tax Forecasting Group conclusions.” When did we finally see that advice, that paper? Deputy Young pointed out last week that we saw it. In fact, it was lodged on 3rd December as we were going into the Budget debate. No time to study it, no time to analyse it, no time to question it or to use on the Budget. Everybody had their amendments and their reactions ready without that critical piece of knowledge that we were going into deficit. We passed the 2014 Budget, fine, and only come February in the following year did questions start to rise up about this deficit and its size. The Budget had already been passed, passed in ignorance, because we had not had the information until the very day we were debating the Budget, no time to do anything about it. It is fairly common practice in the U.K. to hide, to bury bad news at 4.45 p.m. on a Friday evening when you have got a Bank Holiday coming up. Is that what happened in this case? “We will give them the information but we will do it on Budget day so no one can use it. We will get our Budget through without telling them, without fully understanding that we are into deficit budgeting.” I have one other bit of information. I remember seeing on that particular day - I do not know if it came in an email or if it came with the full document - but there is some blue line, red line and the black line showing something in absolutely tiny scale, it looks about less than a millimetre drop. It represents something like £30 million plus shortfall of tax revenues. A tiny piece of information, not really explored. Returning to the question of when were stakeholders informed, again, last week the Minister dodged the question raised by the experts, where I asked: “The key question is, I think, was the information contained in the 2014 Budget about the shortfall between predicted forecast revenues and what was coming in shared with the people making the decision over the loan, or was it a much larger shortfall between the predicted and actual or pre-forecast in the 2015 Budget? Were those 2 pieces of information, £45 million 2014 and £75 million plus 2015, shared with the assessors?” Here is the answer: “The fact is that we have seen a shortfall in revenue in 2013, fully disclosed, and we explained it, where it came from.” Then later on he says: “All information was given and the track record of beating estimates was also something that we explored.” Is that the presentation: “We had a deficit in 2013, but it was covered by a one-off payment from one company, more or less”? Did we talk honestly and frankly about what was predicted, £45 million shortfall, £75 million shortfall later on? We are told we have seen a shortfall in revenue in 2013, fully disclosed that. Does not say. Did we disclose or did we not disclose the people coming around to assess us for that fund? No answer, except to suggest information was given and we pointed to the track report of being prudent and under-estimating, usually, our income revenues. We return in fact to the endlessly optimistic position adopted by the Minister in the face of much evidence to the contrary. In his presentation at the 2014 Budget, the Minister spoke for 45 minutes. There was not one mention of the potential shortfall in revenues. Instead, endless optimism: “Since we lodged the Budget and I made my initial statement, there have been a number of positive developments. The global economy, according to the O.E.C.D. (Organisation for Economic Co-operation and Development) continues to expand at a moderate rate of 2 per cent this year. Whilst growth is uneven, it is expected to accelerate to 3.9 per cent in 2015, while the risks of Europe have receded...” *et cetera*. Further on: “Economic conditions locally are slowly improving. I am pleased to see that the latest results from the Business Tendency Survey show that most of the indicators have improved on the last year. In particular, business optimism is at the most optimistic period at any point since the survey began in 2009. Local business volumes were beginning to replicate the upturn in business confidence reported in the city and this was encouraging news.” Endless optimism; no mention of any shortfall anywhere.

Earnings going up, inflation staying low: “The Fiscal Policy Panel recognised in their annual report a moderate improvement in the economy too and they revised upwards their forecast for 2013.”

[10:00]

Is this backed up by the experts? Professor Osborne: “Like its predecessor a year ago, the foreword to the Budget is strong on rhetoric but weak on recognising reality, and elsewhere, the significance of the Fiscal Policy Panel’s comment that the medium-term outlook, while uncertain, suggests there are significant challenges in even maintaining a balanced Budget, that should not be underplayed.” Can we have confidence in the Minister’s handling and the content of the Budget in 2014 and 2015? Let us turn to the expert quotes that we found in the admirable recent Scrutiny report. Professor Oliver: “It is very difficult [I remind you] to comprehend why the Treasury did not use the May 2013 forecast for the 2014 Budget and to persist with forecasts which were outdated even at the time of the publication of the M.T.F.P. in July 2012.” Now he has taken some belated action in the 2015 Budget, does that inspire a return of confidence? Sadly, I do not think it does. Let us hear some more quotes from C.I.P.F.A.: “The fact is that a further 1 per cent cut in the marginal rate of income tax was in completion when income tax forecasts produced by the I.T.F.G. (Income Tax Forecasting Group) showed significant downturn further suggests a lack of clear direction in setting the financial strategy.” Lack of clear direction in setting the financial strategy. Who sets that strategy? Why, it is the Minister. Then a further one: “The need to fund net core spend from specific reserves, together with the apparent speed by which the remedial measures have been put together, does not inspire confidence that the 2015 Budget has been founded on sound principles and good financial management practice.” Serious and heavyweight criticisms of what the Minister has been doing: “It is clear that the proposed remedial measures lack maturity, and in some examples clearly contradict what was thought to be a settled strategy.” The experts, the people who know, reinforcing my questions at the beginning of my no confidence motion, they lack maturity and contradict what was thought to be settled strategy. So we made decisions, and come this Budget they got changed, they got postponed, they got delayed, they got changed. Lacking maturity: what have we seen? The share issue changed at the last minute because it was not thought through properly. We go on. The very phrase of: “The measures, if required” which occurred in the 2015 Budget, the first version we saw: “‘Other measures, if required’ suggests an inherent lack of certainty and confidence in the financial modelling, even by those involved in promulgating such proposals.” The Minister suggests an inherent lack of certainty and confidence: “We will do what is needed to be ...” “It would be our considered view that the timing and character of the remedial measures, as now presented, seriously undermines the confidence attached to the robustness of the States financial strategy.” Not me saying this, but professional analyst people looking at the state of this Budget: “It would be our considered view that the timing and the character of the remedial measures” this list, this scrabble around to find things to do to prop up revenue funding: “as now presented seriously undermines the confidence attached to the robustness of the States financial strategy.” No confidence there. Finally, from Professor Oliver: “The constraint of the M.T.F.P. has been breached, and because of this alone, it is difficult not to come to the conclusion that States expenditure is out of control.” States expenditure is out of control. So we come to the ultimate question which still has to be answered: do we have a structural deficit? If we do, and certainly ... I appear to have lost that particular quote. I think I know. Representatives from the public sector have been told we do, so they should accept below inflation pay awards. The Fiscal Policy Panel increasingly think that we do, and this was this year, at the last report. I think it was said: “I am more convinced than I ever have been that we have a structural deficit.” Do we have a structural deficit, and if so, why is that important? Because if we do, then the Minister must act to address it. We should not be scrabbling around to produce a zero balance on 1st January next year. Have a think about what that particular fund level has been over the past few years. It has ranged from something like £8 million to £19 million, and yet we are

going to start next year with ... okay, it has been moved. It was zero - I am almost finished - it has been moved to some 3 point something million, a tiny little reserve for if things go wrong next year. Where is the contingency? Nowhere. Dead easy to spend that without even blinking. He should be announcing either some form of tax rise or further cuts to budgets. Why is he not? After all, he is the Minister who can take tough decisions. Why not? Where is the tough decision? Is it because this is an election year and he is desperate to get beyond 15th October, before the reality dawns? The fact is that tax receipts have finally caught up with years of negative economic growth. It cannot come as any surprise to him or to us or to experts that that is the case, certainly not the professionals who served on the Scrutiny Panel. This is not an economic budget, but a political budget, one not based on sound economic and financial principles. The Minister for Treasury and Resources has produced a tax cut in a year when he has discovered a massive hole in his revenues. When asked about the black hole on social media, his immediate response was: "Black hole? What black hole?" Complete denial. Something like a total of £100 million shortfall in our revenues with the Medium-Term Financial Plan, and yet we have, by and large, ignored it. He has balanced the Budget solely from a series of transfers from special funds to the general revenue account. He leaves the current account empty, and as for 2016 and beyond, he says: "The preparation of the next Medium-Term Financial Plan will be the responsibility of a new Council of Ministers." One has to ask if he behaves like the outgoing Labour Treasury assistant, who left a note on the table saying: "There is no money left" because that is the reality. Can we have confidence in such a Minister? I believe we cannot. I urge Members to express this lack of confidence in their votes.

The Deputy Bailiff:

Is the proposition seconded? [**Seconded**] Minister, do you wish to speak at this stage?

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

Just to clarify, I am entitled, I think, under Standing Orders to make observations now and at the end of the debate.

The Deputy Bailiff:

Yes, indeed. Under Standing Orders you have the opportunity to speak just before the summing-up.

Senator P.F.C. Ozouf:

There are 2 things that Ministers - whether they be Jersey Ministers or Ministers serving any parliament around the world - know. Firstly, political life: this Assembly requires hard work, commitment, and moreover, discharging those responsibilities with honesty and integrity. Just as with all jobs and relationships, there are ups and downs, there are good days and bad days. There are the exhilarating times and there are the frustrating times. At the end of the day, one thing that it is certain is that all Ministers... and this Minister regards it as an enormous honour and privilege to be able to serve this Assembly and try and make things happen for the common good. Most Members, I think, agree that we are here to try and raise the standard of living of the people that have elected us and put us here. The difficulty is that some of us, quite legitimately, have different policy choices on how to get there, but the implication of a suggestion of dishonesty, of a lack of transparency, that is particularly difficult to deal with. There is a pleasure in serving this Assembly and I certainly have always taken my responsibilities extremely seriously. Deputy Southern speaks of notes being left at the end of a term of office. My aim would always be to leave a note to my successor that says: "This department is in good shape and in better shape than when I arrived." The second thing that Ministers know is that they can only continue to discharge their functions with the continuing confidence of the Assembly that elects them, and also, if I may say now that we do have a leader of Government, I think it is important that they can only continue or should only

continue with the confidence of the Chief Minister. A vote of no confidence, Sir, as Deputy Southern has rightly said, is the most serious motion a politician and a Minister can face. Under normal circumstances, the very suggestion in other places of a vote of no confidence leads to observers genuinely believing that there must be a problem; there is no smoke without fire. It is for that reason I am genuinely saddened that the day that we are now going to be hopefully, some of us, nominated for Senatorial positions and at a time when we should be working in preparing our last debates, the Assembly is being reconvened to deal with yet another vote of no confidence and yet another vote of no confidence in me. I cannot help but feeling that every Member sitting here does not really want to be here, but wants to be out and about talking to people and understanding what the real issues are that are concerning Jersey's future. I have lost count of the amounts of votes of censure, no confidence and certainly those that perhaps never even got here, but those that were widely talked about, tabled or withdrawn in my case. I can remember similar propositions being put to others and I would say to Deputy Southern this: that policy differences are part of political life, but questions of honesty and integrity are really difficult, I find them difficult and I need to respond to them properly and completely. I hope Deputy Southern realises, and the other Members I saw tweet last night, this is a proposition brought, as I understand it, with the full support of Reform Jersey, our only new political party. I understand, but I hope that Senator Breckon and members of Reform Jersey genuinely do understand, sometimes the anguish, the stress that it takes to deal with some of these issues. I am not asking for any special treatment. I have developed a fairly thick skin, but people around me, and certainly the people that serve the Treasury, take these suggestions extremely to their hearts. I would like to thank all Members and the members of the public. I have never had so many messages sent to me in the last couple of days, who have said: "Stick to your principles, Senator, carry on serving and carry on doing the best that you can. We do not always agree with you, but carry on and argue politely, robustly against this vote of no confidence."

[10:15]

Let me be very clear: the Budget 2015 is a balanced budget. The report that has been presented on advice - and I only ever make a Ministerial decision upon advice - clearly sets out measures that will be put in place to ensure that there is no problem with the unallocated amount on the Consolidated Fund. I did not use the word "deficit" because I think that there is quite a lot of misinformation about exactly the current account. Deputy Southern speaks of the similarity between the current account, the Consolidated Fund, and a fictitious Mr. and Mrs. Ecobichon. We are not Mr. and Mrs. Ecobichon and we should remember that we have a Public Finances Law which is not like the current account of Mr. and Mrs. Ecobichons, but at any one time has around £100 million in it because of the way we account for capital projects. It is the strictures that are within our Public Finances Law that does present - when income falls and we want to carry on spending and building our way out of a recession - challenges. I have not misled this Assembly, I have not misled the media and I have not misled the public of Jersey. We have arranged briefings every time throughout the last 3 years for Members on the emerging, changing financial position of the States. I have kept Members up-to-date with economic developments, with financial forecasts. Deputy Noel and I committed at the start of our term of office, with the full support, the encouragement of the Chief Minister, that we should be more transparent as a government, we should provide more information on a more timely basis. Members should see the granular underpinning statistics and assumptions in a way that they never have seen before. There has been much loose talk both in Deputy Southern's remarks, if I may say, and also in the whole lead-up to this debate about what exactly forecasts are. I have to say that for the avoidance of any doubt, Deputy Noel or our predecessors and I do not sit in the Treasury with a pencil and simply inscribe some numbers in a forward plan to meet Ministers' spending objectives. Our forecasts are professional and independently carried out. They are carried out by a highly-regarded group of

very senior officials. Many Members will know these individuals: the Comptroller of Taxes, the Chief Economic Adviser, the Director of Financial Services, the Treasurer of the States, eminent individuals like the International Adviser to the Chief Minister, who has more than 40 years of ups and downs of political life. Income tax forecasts should not be political footballs. They are not political instruments to throw around like confetti in a pre-election time. They are serious and they should be taken account of. When distributed - to those Members who want to see them - they should be read, and if questions arise, there should be questions. I am quite clear that all of the income tax forecasting information has been provided to not only Members but to the 2 important overseers of our public finances and Treasury decisions, Council of Ministers' decisions, and that is the Fiscal Policy Panel and Corporate Services. They have had all of the granular information ahead of time to consider their reports. It has been made very clear that forecasts will change and they do change. In this year's Budget, I have gone to great lengths to ensure that Members did have and that the Budget was based upon the latest and more accurate, prudent forecasts that the Income Tax Forecasting Group made. It is worth saying that all groups at panels, whether or not it is the M.P.C. (Monetary Policy Committee), when they make their decisions about future interest rates in the U.K., their minutes are published, and Members can recall, I think very clearly, lots of opportunities and times when different eminent economists have sat together with the Governor of the Bank of England and taken a different view, and such is of course the nature of all good professional teams. I do not think it is a secret, I do not think it is a criticism that the Income Tax Forecasting Group has had different and competing views about exactly the evolution of our public finances in recent years. My job has been to ensure that the consensus view, the majority view, has been included as a basis for the policies in this Budget. Questions have been raised about just when did Senator Ozouf and the Treasury know about a change in terms of the forecasts. I do not want to have to repeat what I have already said. I am very clear. I became aware of a fall in income around the end of May. I was aware that there was a very healthy dialogue and that members of the Income Tax Forecasting Group asked for more information to be done on the granular assumptions that had been made, questions about the forward projection of interest rates, which by the way is the principal reason of the fall in Jersey G.D.P. (Gross Domestic Product), not some sort of underlying serious economic problem. That final decision of the Income Tax Forecasting Group was made at a meeting of 30th June, when I - because I recognised the fact that there was dissenting and divergent views on that group - asked the Chief Executive of the States to sit with the full forecasting group in order to come to the majority consensus view, just in time in order to complete the budget measures and to propose the Budget. But I was aware, of course everybody has been aware, of an ongoing crisis in the world. The thing that is perhaps confusing to some Members, and I understand this, is the forecasts have been beaten. That 2012 forecast on which we discussed at length in this Assembly, the Medium-Term Financial Plan, when we knew the out-turn of 2011, popped out being wrong. We had an extra £27 million worth of receipts for housing. I said housing because I was looking at Deputy Power. Immediately that we had that additional excess of income over the estimate, over the forecast, even in that short period of time, what did we do? We reacted and I brought a proposition straight to this Assembly and asked for all of that surplus to be directed straight to the Minister for Housing's building programme. I have to say that it was with delight, with pride, that I passed on Sunday some of the latest building schemes that are being built with those resources at Lesquende. We have reacted, we have adapted and we have responded to a changing situation. The Budget 2015 does not go back on previous undertakings and decisions of this Assembly. Deputy Southern's report says that there is a problem with the new Freedom of Information Law. No. The new Freedom of Information Law will be implemented enthusiastically and properly on 1st January, earlier than the date originally proposed. The repayment of the pre-1987 P.E.C.R.S. (Public Employees Contributory Retirement Scheme) is still being accelerated. The Long-Term Care Scheme has been introduced on time. Eligible Islanders are already receiving the benefit, and it is worth reminding Members that one of the reasons why

we have been so constrained on the unallocated balance on the Consolidated Fund is that we have used - carefully, in a planned, proper way - underspends for departments to ease Islanders' purses and incomes by using the splendid underspends from Social Security as a result of the Back to Work initiatives, as a result of all of the excellent work of Social Security, to pay for the long-term care introduction so that salary earners, wage earners and earners do not face the charge of the long-term care until the early part of next year. We did not want to take more money out of people's pockets, so when we saw an underspend we reacted, and we have given all those senior citizens of Jersey the thing that they had been asking for for years, which is the certainty of being able to keep their home and stay in their home and be looked after at the sometimes difficult twilight of life and with no cost to them from their pockets. That is examples of reacting and changing and does show that we have certainly used every single resource available to us in order to assist Island residents and the community and business. I make no apology for listening to the advice of the F.P.P. (Fiscal Policy Panel). They were clear 2 years ago and last year: "Make no deviation from a course of getting economic recovery. Leave no stone unturned. Do not be constrained by the balance of the Consolidated Fund. Invest, get the economy going" and that is exactly what we have been doing. That is exactly what this Budget is attempting to do on which I am now being faced with a vote of no confidence, because apparently I have lost that prudent approach that Deputy Southern - quite kindly, if I may say - says that I previously had. At the heart of this vote of no confidence is a question: that if growth was falling, if growth continued to fall, should gross spending have been maintained? As I have said, yes, absolutely yes, and I say yes again. I am not clear why Deputy Southern has singled out an exchange from September 2012 as being informative to a vote of no confidence at this stage. In early 2012 it was very clear, when that forecast by the independent forecasters was done, the world was changing and changing very quickly and changing to a frightening extent. We saw the second order of terrible tragedies in Greece, we saw the contagion in Spain, in Portugal, we saw downgrades of virtually all worldwide economies. The Minister for Treasury and Resources of Jersey was not at the I.M.F. (International Monetary Fund) asking for a loan, having a problem with a spiral of debt. No, this Minister for Treasury and Resources, with the full support of the Council of Ministers, was able to use the resources available to help, to support and invest. It is important, I think, that there is no doubt about how this issue of forecasts have and will continue to evolve. In 2011 and 2012, which is apparently at the heart of the criticism, that we got the forecast wrong in 2012, therefore we should not have done the Medium-Term Financial Plan, or at least we should have been deviated by a different course, there was a huge amount of change. Since they did their forecast, which was based not on their own pencil, even though they are eminent people, they were not with their innocent pencils out, they were taking the assumptions taken from global institutions like the I.M.F., the Office of Budget Responsibility, the European Central Bank. At the time those forecasts were being done it was said, and I have a quote here from the European Central Bank: "It looks as though the immediate tensions in the euro area of financial markets have eased." There was a view, if Members think back to that time, that after this second order crisis, things were going better. Forecasts, economic numbers rise as well as fall and we saw in the preceding months a contagion that carried out. But the Income Tax Forecasting Group should not be criticised for this. What they should be is complimented in maintaining up-to-date information and changing their forecasts and trying to understand why we had this extraordinary position, where despite their warnings, income continued to exceed the levels that had been forecast. Underlying this apparent disconnect from the gravity of the economic worldwide position, we still needed to understand the systemic underlying performance of the Jersey economy.

[10:30]

What are the facts about the income forecasts? Personal income tax growth has been revised down; £25 million in 2014 and £30 million in 2015. The number, as was made very clear with the post-

fact analysis, the annual accounts, and made clear by the Treasurer and me and all in the documentation in the States accounts, that this was being offset by extraordinarily high corporate taxes. The forecast in March 2014 had economic assumptions updated, and updated further information on personal and corporate tax, and the result was that, at the end of 2014, income was lower by £20 million in 2014 and £25 million lower in 2015 than the March 2013 forecast. It is very difficult to talk about these numbers because they are quite confusing, and I hope Members have seen the quite clear setting out of exactly what happened in the various documents that Members have had in preparation for this debate. At the end of the day, the combined effect of the 2013 and 2014 forecasts was to reduce income by £30 million in 2014 and £50 million in 2015. Frankly, given the seismic global changes and the decisions of this Assembly over this period, and given the fact that other forecasting bodies had similar issues in relation to the uncharted waters of the global economic situation, it should be of no surprise, frankly, that Jersey's forecasts have changed. There has been a lot of emotive language-use about this issue of forecasts. I have seen the *J.E.P. (Jersey Evening Post)* suggest that the fact that this Budget proposes a 2 per cent efficiency saving as a scandalous new piece of news. I hope that Members will recall the slightly demonic picture that was portrayed of the Minister for Treasury and Resources in January when I said very clearly then that I believed that £50 million to £70 million of savings were going to be required in order to continue to balance the books and to pay for the absolutely justified and necessary and defensible increases in health care. There has been much loose talk. It is almost as though the Treasury is being like that Ecobichon family, and I mean no disrespect to any Ecobichons because I know some and they are prudent Jerseymen and women, so it is unfair to be pejorative, but there are always the less prudent ones in the family, so perhaps there is a less prudent Ecobichon out there; I doubt it. But has been portrayed that somehow, almost like out of the pages of temps passé or the pages of Helier Clement that there is a biscuit-tin problem in the Treasury. Jersey, it is suggested, is somehow broke, that there is a problem, that somehow we have been emptying all the pockets, almost likening us to an imprudent family that has not planned our Budgets and planned for inevitable expenditure. I am proud that throughout my term of office I have found all the biscuit tins that have been around the States and we have put those biscuit tins in the context and the contents of the biscuit tin in the Consolidated Fund and the Common Investment Fund. One of the reasons why our income forecasts have defied gravity is because the results and the returns of those previously uninvested biscuit tins have been providing handsome returns to offset some of the difficulties in the financial crisis. I should not be criticised, I say to Deputy Southern, for the use of biscuit tins; I should be complimented, together with the Treasury, who have made huge and significant efforts to improve the investment performance of our taxpayers' funds that we should be so proud of. Over the last 3 years, and I think that I cannot really add anything else on the issue of forecast, just to simply restate, and so I came with a trolley to the States Assembly today and I brought a copy of the Medium-Term Financial Plan, I brought a copy of the Budget. I know there is a debate about when exactly Members got the full granular income tax forecasting numbers, which have not been published, which are there for Members' privileged use, all of the assumptions set out. I do not know whether or not it was the day before Budget day or on the Budget day, I do not know that, but certainly Members had them. More importantly, Members had the top-line information already given to them. Those Members who bothered to turn up to some of the Treasury briefings **[Approbation]** of which I have a record; I am not quite Deputy Maçon's milk monitor reporter **[Laughter]** but I know that my excellent Treasury staff are very enthusiastic in making sure that each Member is given the opportunity of being reminded when briefings are given. It is easy, is it not, when the media are here, when people are listening for performances for great big statements that the public can hear in an election time. Much of the work, Sir, with no disrespect to you or this Assembly, much of the granular research, of course, happens outside of this Assembly in preparation for these debates. I think there can be no Member that has turned up to an early croissant and coffee morning session with the

Treasurer and myself and the Assistant Minister over the last 3 years, that has attended the numerous briefings that we have had for States Members: going through, showing detailed confidential information about our concerns, what is going right and what is going wrong... No Member could be surprised, and the evidence is there. No Treasury has ever given Members such detailed information, not hidden. There is a tab that gives the Income Tax Forecasting report; it is a tab, it is not difficult to read. It is there. Of course, I always stand ready to answer any Members' questions, but it is not only Members that have had this but the principal Scrutiny people that give this Assembly the independent reassurance that the Treasury is not somehow taking leave of its senses or moving on an imprudent path. I am proud, with Deputy Noel, of the level of transparency, the level of detail that Members now have to inform the decisions that they make in this Assembly. I also have to take exception with the whole concept that it is wrong to use all of those additional resources that we do have in funds and not to deploy them for the benefit of our people and to the benefit of the economy. It is absolutely the right thing to do to put a Budget forward based upon a prudent forecast which is balanced and which does mean that we do not have to defer, put off, delay or let people down in some of the spending decisions that we have made. No turning back from the jobs work by Social Security, no turning back from the investments in the hospital: whether or not it is the cancer ward, whether or not it is new operating theatres, whether or not it is the urgent rebuilding of mental health facilities. No turning back from the Minister for Education, Sport and Culture's new schools and extension of schools facilities. No turning back from the Innovation Fund and other investments, no turning back from eGovernment. Last night I was privileged to be representing Jersey, in my role as Assistant Chief Minister for Financial Services, to address 2 big conferences in London on the future of FinTech; I was absolutely astonished at what is going on in building London as a tech city of the future and I warmly congratulate the work of Digital Jersey and particularly the Executive Director **[Approbation]** who I met yesterday. This is a joint venture between, effectively, Economic Development and Financial Services. We have such a fantastic opportunity to develop new and innovative services, so no turning back from Jersey Telecom's fibre roll-out, no turning back from a determination to put Jersey as one of the leading jurisdictions in terms of infrastructure. Yes, that can be dealt with by asking Jersey Telecom to fund some of their capital in a slightly different way. They are well capitalised and we do want them to invest that infrastructure that will build our digital economy, and they can provide when we need it, because they are so well-capitalised, some additional dividends. We have been discussing rightly, and Members would expect me to talk to those institutions when we have to deal with the stricture of the Consolidated Fund and an unallocated amount. I have signalled that it is perhaps the right time, without in any way throwing caution to the wind, to look at this issue of the bizarre situation whereby a medium-term financial plan has to be put forward and we have to fund the capital up-front before you could even pay for it. It is, in fact, the rules that we have partly created, and perhaps not amended over a period of a financial plan, that have caused this whole issue, this whole loose talk, this inaccurate talk, sending the wrong message out that somehow there is a problem with our public finances. The people that I saw in London last night where I spoke about our beautiful beaches, our tourism industry, our agriculture industry, our financial services industry ... I had a stream of people saying: "Goodness me, that sounds like a place I want to come and live in" and jolly good. We should continue to invest all of our energies in order to send the message out that Jersey is back and Jersey is growing and we welcome strong, diversified, reputable business to our shores. But we must invest in order to achieve it, and that is exactly what this Budget is trying to do. The criticism against me is to somehow do something alternative. What is the alternative that Deputy Southern wants to do? I know that he has opposed every single measure virtually in my political office; it almost feels sometimes that I have been hounded by the measures that I have taken. I remind Deputy Southern, respectfully when he speaks of a deficit, and now apparently the suggestion that I deserve a vote of no confidence because I am now a prophet of optimism instead of a prophet of doom, that this is

the Minister for Treasury and Resources that had to tell this Assembly and the people of Jersey that there would have been £100 million deficit in 2013 if we had not taken corrective action. So it feels as though I cannot win: either I face a vote of no confidence for being too gloomy, or I face a vote of no confidence for being too optimistic. If I am halfway in between, that is probably the right course of action. I certainly believe that knee-jerk reactions are not those of a responsible Assembly and a responsible Minister for Treasury and Resources. We are not borrowing, I have to say to Deputy Southern; we are matching all of the expenditure lines with income, and that is what is set out in the schedule. We have borrowed for housing. When I told the audience last night the fact that we had 52 basis points over 40-year gilts, many people, who were some of the leading FinTech wizards of London, were seriously impressed. We are not borrowing for revenue expenditure and we are not drawing-down imprudently from savings, we are using unspent balances, like the Dwelling Houses Loan Fund and other funds; properly, prudently, legally to maintain our course, which is to design and secure the best economic recovery for Jersey. Keeping the spending plans that we had is the right thing to do, and that has been endorsed by the Fiscal Policy Panel. I have heard in the Deputy's opening remarks that the alternative course of action, because I have been asking for one ... I want to know why I have to be faced with a vote of no confidence and deserve one because, if I do deserve one, what is the alternative? Deputy Southern has, I think, now said he thinks that we should use the 'Rainy Day' fund; that means the Strategic Reserve. I say to the Deputy, I think he is falling now foul of his own criticism; he is using ring-fenced funds which are before this Assembly for further tightening and improvement, and he is using his own arguments against me in terms of his own alternative plan. I say to Deputy Southern: how many times has he brought a proposition to spend money from the Strategic Reserve? Had I gone with all of the proposals to spend the Strategic Reserve, there would have been nothing left; there would certainly have been nothing left [**Approbation**] to put and invest.

[10:45]

There is no free hospital but there certainly is a free-of-cost-to-taxpayers hospital, which is the very *grands projet* that my friend ... about which the Connétable of St. Mary has always rightly said: "When will there be a reward for this prudence, for these difficult decisions?" If we had taken the path that Deputy Southern is using in this vote of no confidence against me, of using the Strategic Reserve earlier, it would have been gone. You cannot spend money twice, there is no Mary Poppins bag, there is no money tree, you can only have money once, but what you can do is invest it, and that is what we have done. If Deputy Southern wanted a proposal to withdraw money from the Strategic Reserve for revenue expenditure, for not doing a savings plan, for putting more into the wage pot next year, then he could have discussed that and brought a proposition, and he has not done so. There are obviously a lot of schools of thought from economists, this Assembly has appointed on a statutory basis some of the U.K.'s leading economists to our F.P.P. and, with the greatest of respect, I listen to them and their advice. They are saying our path is correct: "Put money into the economy, benefit local businesses, put more money into Islanders' pockets by the marginal rate of tax cut. Support employment, spend on capital, keep firms busy." This issue of a structural deficit is, I think, seriously loose talk. There will be a structural deficit if the next Assembly does not tackle, as is set out in the long-term revenue plan, the issues that are there for all Members to see, and there again, there is no surprise. There will be a structural deficit if Health get their deserved and necessary £50 million by 2019 extra revenue expenditure, and no measures are taken to deal with it. There is a political debate to be had about how that is dealt with. Can it be dealt with by economic growth? Can it be dealt with by savings or does it need to be dealt with by a combination of charges that are appropriate? More charges, perhaps, like Senator Maclean did when he recovered the cost of running gambling shops. Why should the public be running and subsidising the cost of gambling shops? He was right; a charge was introduced and I think there is more opportunity to recover from businesses who make profits, charges that are currently

subsidised by Government. It is for the next Assembly to deal with any issues of a structural deficit, and the F.P.P. have made it quite clear that we do not know if there is a structural deficit, and we should not be criticised for that; there is still an unknown charting of an economic course. Certainly, my position is that we should match income with expenditure over the cycle, and certainly over the next 2 M.T.F.P.s if I am not here - or if I am here - I believe that there should be a rebuilding of the Stabilisation Fund as a clear underlying principle. I stand by my record: there has been no scandal, there has been no concealment of figures, no underplaying of forecasts. There has not been, if I may say, any business in the backdoors, apparently, of the corridors of power. At the start of 2014, I made it clear that savings were going to be required. It is difficult to see how now this could be regarded, or the suggestion of asking for an efficiency saving for departments could be regarded, as concealment. We have been transparent about the challenges we face. We have had big debates about health care. The Minister for Health and Social Services' proposition has been very clear about the fact that there is Phase 1, which we have paid for, £27 million more for the Health and Social Services Department, with the promise of a free hospital from the Strategic Reserve, and the fact that there was going to be a further challenge going forward. There is no news about this, there is no news about the need to invest and to consider education. I hope that nothing in the long-term revenue plan is a surprise to Members. The last 3 years, indeed the last 6, have been characterised by an extraordinary period in economic history-book writing. Jersey finances are, notwithstanding that contagion, unlike most other small jurisdictions, incredibly strong. I feel a little bruised, if I may say so, by some of the things that have been said, but I believe that a little bruising, a little discomfort, a little challenge - as I said repeatedly to the Constable of St. Mary - would result in a dividend in the longer term: a stronger economy, a robust jobs market, an infrastructure which has been improved and invested in, and averting future capital spending and keeping people in work to such a significantly greater extent than anybody ever would have believed. I believe that the Budget is the right budget for Jersey. I know this is going to be difficult because we are going to have, effectively, a mini Budget debate now and we are coming back next week. I think that all of the independent, credible, professional experts agree with the course that has been taken. We have a Budget debate next week and I look forward to having a proper debate, and even right up to the Budget debate next week, should there be any Member in any doubt of anything in terms of numbers that they do not understand, please come, as a number of Members regularly and always do, to understand what the figures mean, from not only me but from the professionals and the dedicated staff within the Treasury. I care about my job and I believe that I have discharged it to the best of my ability. I take it very deeply and with quite a degree of sadness that integrity and honesty has been questioned. I do not know whether that contravenes Standing Orders but certainly a Minister has to have the confidence of this Assembly in terms of honesty and integrity, and this vote of no confidence, quite apart from the political choices that could have been made, are striking at the very heart and at the core of that. I hope that I will win this vote of no confidence. I hope that Members will see this vote of no confidence for the inaccurate omnibus of criticism that it is, that it is not justified, that is not fair and we can deal with this vote of no confidence quickly and that we can get to back where we should be, which is listening and serving the people of Jersey, as I have tried to do, with honesty and integrity and to the best of my ability. **[Approbation]**

1.1.2 Senator S.C. Ferguson:

A bravura performance; I congratulate the Minister for Treasury and Resources, but is this the time to bring a vote of no confidence, a month before a general election? Is this, in fact, the correct vote of no confidence? Yes, the income forecasts are questionable and the remedial measures to balance the consolidated reserve are symptomatic both of panic and a sharply-deteriorating financial position. The problem is that these are just fiddling at the edges; in fact, what we need is not a single vote, but a collective one. I put it to the Assembly: should the Budget be passed next week?

Should the next Assembly, which will have to deal with the current financial position and the structural deficit, not be the Assembly which commits to the Budget for 2015? In fact, should we not give the new Assembly the authority as well as the responsibility? The Minister for Treasury and Resources on 9th September, in a written answer, has already said that the Budget deals with 2015. It will be for the new Council of Ministers to propose appropriate tax and spending measures to deliver a sustainable Medium-Term Finance Plan for 2016 to 2019. It would be inappropriate for the current Minister for Treasury and Resources to set out future expenditure of the States. Well, given the fact that the income receipts for 2014 are deteriorating, the sooner the new Assembly gets to grips with the deficits the better. The crucial part of the Budget activities is Projet 141 - Draft Finance (2015 Budget) (Jersey) Law 201-. It is my understanding that Article 1 - the Article which sets the tax rate of 20 per cent - is the essential Article. If the Budget is not passed then the subsequent Articles fall away and the allowances, *et cetera*, remain as for 2014 but, by passing Article 1, the States can continue to collect income tax, G.S.T. all the other taxes as we go along, and then a new Budget can come with the new Minister for Treasury and Resources and the new Assembly. Currently, we are in the position of having a Budget which is based on a Medium-Term Finance Plan which is not fit for purpose. In fact, as our adviser said: "Failure to adjust projections in line with the latest intelligence could mean that Members could be voting on a Budget that senior officers know is unlikely to be achieved." What a banana republic. Our advisers were, in fact, appalled that our last year's report was based on what appear now to be incorrect figures. If we account for our financial position as most people account for their household expenses, in 2014 we are going to have a deficit of £103 million, in 2015, £190 million, in 2016, £200 million and in 2017, £130 million. That is the basic in/out position. We have lost the link between income and expenditure. It was there for the original Medium-Term Finance Plan; now it is not fit-for-purpose, income is going down expenditure is going up. We are in a position to deal with this but we need to deal with it now, not to put it off and say: "Well, this is deficit spending and the economy is going to start growing again." We need to have a plan. When you go and get a loan from a bank, if you just turn up there with a piece of paper and say: "Well, yes, it is going to be in deficit but, it is all right, we are going to win, we are going to get things together" and there are just a few numbers scrawled on the back of an envelope, your bank manager will say: "Well, yes, but that does not exactly give me confidence." You are going there with a plan, all nicely laid out: "This is what is happening, this is our structural deficit but we are going to deal with it by doing X, Y, and Z" and: "Brilliant, no problems, you can go ahead." At the moment, we have only got an envelope with a bit of scrawling on it. Removing the Minister for Treasury and Resources at this stage does not enable us to challenge him in the full context of the Budget. I consider that the questions we need to have answered are far more fundamental than those being asked for in the vote of no confidence. At the moment, we have got a single episode of personality politics rather than a full-blooded howl of protest against our financial position. I shall, in effect, be circulating a paper analysing our particular economic and financial position later today. We can recover from this but not if we do it in the current manner. The issues to be addressed are far broader - our whole economic and fiscal strategy is much broader and more important - than those listed in the report to the proposition, and are the principles underlying the Budget. We are talking of the whole handling of the economy. The Minister must supply the latest up-to-date estimates of the deficit and stand accountable for his handling of the economy at the Budget debate. Frankly, we have the need to stop, take breath, and reassess our financial position. This is why we need a full Budget debate when the Minister for Treasury and Resources can justify his position, and the real vote of no confidence is at the ballot box. The public should remember that their vote is their voice and they should use it. I shall be abstaining from this.

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

I am very pleased to follow the last speaker, because I too am not prepared either to support or to reject this proposition; I too will be abstaining.

[11:00]

Roughly 4 weeks before election day, 7 or 8 weeks until the new Council of Ministers is appointed, on nomination day itself, but that is outside of the Assembly, and on the day before nomination day for the rest of us, is not the time to be seeking to remove any Minister. **[Approbation]** That is probably the first applause I have had for a while, but I do not know if that will continue. But there is the opportunity to bring out the relevant points for the public to draw their own conclusions in time for the election, and that will be the right place for such matters at this time. As Senator Ferguson has already alluded to, there is also the issue of the Budget debate. That is where I intend to make my main comments and my main protest. The Minister for Treasury and Resources was absolutely right to talk with pride about the quality of our beaches, about the joys of living here, about the good reputation of the finance industry, and obviously the hopes and aspirations of things to come. That is absolutely true but that is about the economy. This is about the finances of the States of Jersey, and there is a difference. What I want to reiterate is my sheer anger at how I feel this Assembly has been treated in terms of information flow, and it is all about timing. Just in case Members get lost, there was an initial income shortfall of £70 million; that has morphed into £95 million at the time of this Budget. It looks like that may have shifted further to £100 million, particularly if you read the latest forecast included in the Corporate Scrutiny report, which is very much worthwhile reading, particularly the advisers' sections. It is absolute fact that the Treasury Department produced figures based on data from April 2013 that showed a £70 million fall in the income forecast; that is well over a year ago, probably a year and a half ago. It is absolute fact that that information is included in a report dated September 2013. The Minister stated in his comments that Members were provided with a full Income Tax Forecasting Group paper in December 2013. That was in his response that was sent round to us, I believe, last night. What is also true is that the Minister did issue a report, P.149/2013, to Members. The hard copy, as far as I could see, was presented to Members on 3rd December, the day the Budget debate commenced and, broadly speaking, that was that report. That is at least 2 months, in relation to the date we are talking about, that that data had been produced. There may have been an electronic version fractionally before but, broadly speaking, the data in here is September 2013 at the latest, could have been earlier, and we were given it in December, on the day or just before the Budget debate started. In this particular section, and I am just going to read 2 quotes, it says: "Although these forecasts show a slightly lower forecast for States revenues in 2013 and 2015 ..." and it carries on. Well, my definition of "slightly lower" is not a £70 million shortfall. The second point, it says: "While a detailed and updated report has been prepared by the Income Tax Forecasting Group [that would be the I.T.F.G. for future reference] this can be included in the update to the M.T.F.P. annex in 2014" so we had not had it at this point: "We do not want to row back on our positive choice to have freer M.T.F.P. forecasts and to work with within them." That is the thrust of what was in that report. The other thing that particularly annoyed me is that correlates, broadly speaking, with 3 pages that the Senator referred to in here dates-wise. This is R.8/2014, the clue is in the year. It was given to us at the end of January of this year, it was not given to us before the Budget debate, for obvious reasons. So the detailed information in here was not available, as far as I can see, before the Budget debate. The 3 pages in the report that we did get correlates roughly to part of the information that Senator Ozouf related to. It correlates broadly speaking to pages 1, 2 and 3, it does not include pages 4, 5 and 6, and what I am holding up is page 4. I do not get excited about granular detail because I do not really care about all this stuff. I do care about the 6 figures at the bottom, which are totals by year: one for the M.T.F.P. forecast, which was what was in the Budget, and one that says: "Initial long-term revenue plan forecast, April 2013." If you do one minus the other, you get the £70 million, so we did not get, as far as I can see - I am very happy to be corrected - numeric data in that format

before the Budget. We certainly did not get the full I.T.F.G. report because the full I.T.F.G. report, the supplementary had 6 pages and I think there is an appendix, at the second tab, which is 50 pages. As I said, in my view, that is not providing us with correct and timely information in a transparent manner. There is no question we did get the information, but it was after the Budget. I would also point out that at the very front of this is the updated figures for the 2014 Budget. Those are based on the optimistic forecast, not the long-term revenue plan forecast. Senator Ozouf has also quoted, and I was not going to bother with this but he referred to it again today, and the significance of all this, about the timing, is about the justification for the reduction in the marginal rate of income tax, which cost about £8 million. This is the quote directly from the F.P.P., which Senator Ozouf quoted as saying they supported it. Well, the only quote I found quickly on their 2014 report is the following: "Perhaps the most significant measure in the draft Budget 2014 is the proposed reduction in the marginal rate of income tax. This is a structural change in taxation policy that will reduce revenue in future years by nearly £8 million a year on a recurring basis. As a fiscal stimulus measure, it does not score well as it is neither timely [it will impact largely in 2015] nor temporary." That does not sound like a raving amount of enthusiasm for that decision. They do state, to be fair: "To ensure such a decision can be afforded, careful consideration of the structural position of States finances is required, although it is not clear from the Budget 2014 report that this has been undertaken." Then it says it is a matter for States Members. So to quote that the F.P.P. were fully behind the reduction in the marginal rate of income tax, to me, from my interpretation of those phrases, is not necessarily accurate. What I would also say, which I found somewhat interesting, and I am afraid it was the reason why my speech got slightly longer - not hugely, I hasten to add - is that earlier this year the Council of Ministers lodged an amendment to the M.T.F.P. in respect of the Housing Transformation Programme. It was debated on 4th June of this year. The Council of Ministers was informed of the 14th May revision in the income figures, that is, the £95 million, on 11th June. The figures on this report, page 6, show revised surpluses for the M.T.F.P. in 2014, this year, and 2015, next year, revised £4.6 million and £20.2 million. Seven days later, on the basis of the data that went, we were told that the Council of Ministers considered it on 11th June. Those figures are now £31 million deficit and £36 million deficit; 7 days later. That completely ignores the fact that in September 2013, if not earlier, Treasury had identified the original shortfall of £70 million. So what happened to the prudent Minister for Treasury and Resources taking action as the forecast changed? They changed last year, they did not change significantly 3 months ago. £70 million is a lot more significant, and a further £25 million. It would have shown that the reduction in the marginal rate of tax was unaffordable. In my view, States Members should not have to read the small print when it receives information from the executive. With that in mind, I await the Council of Ministers adopting the recommendation on Corporate Scrutiny Panel for this Budget concerning the updating of the Budget for the most recent income forecast. We have something that came round on Friday, which was the I.T.F.G. stuff. That is based, I think, on February to April. In the Corporate Scrutiny report there are income tax updates for May and June. I understand they had sight of July. The difference between May and June is a further downgrade of £5 million, if I have read those figures correctly, but I am just trying to explore that at the moment. That is why I said I think we have shifted from £70 million to £95 million to £100 million. The significance of that, if you take £5 million off the balance of the Consolidated Fund, you go negative on the basis of the figures in the Corporate Scrutiny report. It is a moving feast at the moment, that is why the C.I.P.F.A. advisers ... now, do not forget, that is a national institute of accountancy, they are as objective as you can possibly get, are saying that States Members should have the most up-to-date figures for the Budget debate. In fact, they have suggested, and I do not know whether it is realistic to get August, but we should certainly have July to make sure that what we are approving is not in reality a problem. I would be delighted, by the way, if it is not. I am working on the basis of data I have at this point. This is not about personalities, it is about communication, it is about facts, it is how the present regime is perceived

to be treating the public at large within Jersey. Those matters are so fundamental and so serious to the Island, we need to put those personalities aside and deal with the facts, and now is not the right time for this, and that I why I am abstaining. I want to conclude as follows: the Corporate Scrutiny report has just been issued and is definitely a recommended read, particularly the advisers' sections. I think it was repeated earlier, but there is one quote I definitely want to repeat from C.I.P.F.A, it is not from the politicians: "It would be our considered view that the timing and the character of the remedial measures as now presented seriously undermines the confidence attached to the robustness of the States financial strategy." That is pretty strong stuff. It is probably the strongest comment I have ever seen in any adviser's report that has come out of Scrutiny. They are not words that inspire confidence in a prudent Minister for Treasury and Resources, I am afraid. To paraphrase the words of one adviser, which is in the report: "There is a fiscal storm coming. If that is the case, one needs a safe pair of hands on the tiller." From where I am sitting, I am afraid, they are not there at the moment. That is a matter for the electorate, it is nomination night tonight and it is not a matter for us at this time. Those comments can be tracked down to the advisers' reports at the back of the Corporate Scrutiny report, he talks about the calm before the storm.

1.1.4 Senator P.M. Bailhache:

I shall be brief, because I find this a disappointing proposition which is indeed a complete waste of the Assembly's time. **[Approbation]** I have heard nothing so far that could not have been said in a week's time. The whole of the Deputy's case is based on his dissatisfaction with the Budget. This is a Budget debate in anticipation. Almost everything we have heard and are going to hear will be repeated in a week's time. It is not an edifying prospect. The short question for the Assembly is whether the Minister for Treasury and Resources has been shown to have done something which is completely out of order which justifies a withdrawal of the confidence that the Assembly expressed in him when he was elected 3 years ago. Deputy Southern draws attention to the fact that the figures recently published have shown that the forecasts made some time ago were not as accurate as one might have wished, but Deputy Southern says that he has no criticism of those making those forecasts. That is very convenient.

[11:15]

He says his criticism is of the way in which those forecasts were treated by the Minister for Treasury and Resources, but what does that mean? Does he expect the Minister for Treasury and Resources to toss away the advice of the experts that he has received and to pluck some new figures out of the sky? Now, if there were evidence that the Minister for Treasury and Resources had done that, there would indeed be something to underpin a motion of no confidence. But there is no such evidence at all. I hope that Members will not treat this as a Budget debate and that we will not spend the whole day, or even the whole morning, trawling over areas which we are going to debate in a week's time. Certainly, there are challenges that lie ahead. Maybe we are developing a structural deficit; that is not certain, that is clear from the advice of the Fiscal Policy Panel, but if it does happen then we will have to address it. Deputy Southern declared this to be a political Budget. I think that this proposition is a piece of grubby political opportunism. It is nomination day this evening for Senators and the Deputy would like to discomfort the Minister for Treasury and Resources to the advantage of others. The Assembly should not be used in this way. Whatever the criticisms there may be of the Budget, and there will be time next week to go over all the many issues that need to be addressed at that time, nothing has been made out, in my view, to justify the vote of no confidence in the Minister for Treasury and Resources and I invite Members to reject it.

1.1.5 Senator L.J. Farnham

Senator Ozouf, I think, gave a very good account of his actions with his opening speech and what other Members have said what I am going to say. I concur with Senator Bailhache. I am sorry that

many of us may be excused for appearing cynical, but this is nothing more than a piece of electioneering. I understand that votes of no confidence are very important if they are brought for the right reasons, but of course, Deputy Southern has some previous ... as my good friend, Senator Le Gresley reminded me recently in 2010 during or slightly before the bi-election for Senator in which Deputy Southern was a candidate, we had a vote of no confidence then brought against the Chief Minister. Another piece of electioneering. It is a shame that Deputy Southern's Reform Party are using this sort of tactical strategy so close to an election. I do not think they do take this seriously. I happened to be browsing at Deputy Mézec's Facebook page last night, and he said his goal in life was to wake up to something he looked forward to doing and that he was coming in today and was delighted to be voting to sack the Minister for Treasury and Resources. Not only do I think that is rather flippant and not sensible, but it also demonstrates the fact that Deputy Mézec was coming in here with a completely closed mind and not prepared to participate or listen to anything said, and I think that is rather disappointing. **[Approbation]** Senator Ozouf's integrity, his honesty and his worth ethic are beyond reproach, in my opinion; I think the Assembly will agree with that. We do not always agree with him and we find him challenging at times, and of course, that is his job. But if we look at financial performance during the Senator's tenure of office... and none of us is an economist, we all know how difficult it is to forecast. Anybody who has been in business knows how difficult it is to produce accurate forecasts and it is an ever-changing picture, but from what I can make out, since 2008, income tax outturn, against the original budgets in 2008, have been about £120 million ahead of forecast. I have not seen votes of no confidence raining in at the appropriate time about that. This whole thing is electioneering, it is a waste of time and I urge the Assembly to move on quickly and I look forward to the Budget debate next week.

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

I said in this Chamber last week when the proposition was mooted for today that, in fact, Members should not be taking part in or be drawn into this debate. Yes, I have had my differences with the Minister on 101 occasions; he is quite a difficult ... I will not use the word I just spoke to the Assistant Minister, he is a difficult character at times to deal with and I have had great difficulties with him over the Social Security £6 million that was taken out of that fund, but he was not the Minister of that committee, Social Security, it was the Chief Minister who was there at the time when it was allowed to happen. He was involved on 2 of those occasions and on the second occasion, of course, I really tore into them, and I still feel aggrieved that that fund has been raided, for want of a better word. But that said, this debate should not be happening today because of nominations tonight; in a month's time is when we should be debating this. If the electorate is not happy, it should not be for this Chamber to be pre-empting what is going to happen at the election box because this here is what we are trying to do today, we are trying pre-empt something occurring in a month's time on 15th October. I do not want any truck whatsoever with trying to take power away from the electorate; as far as I am concerned, it is the electorate who will decide on 15th October who is elected and who is not. I am going to abstain from this, and I do not generally abstain, because I do not like witch hunts on the eve of an election. I will leave it to the public and the ballot box in a month's time to do that for this Island and to do what the people out there believe is right for Jersey. I will not be saying a great deal more but, as I have said, I will abstain when the time comes because I do not believe this is the right way to deal with it. I will have plenty to say in the Budget next week, but that is where any arguments should be made: in the Budget next week.

1.1.7 Deputy N.B. Le Cornu of St. Helier:

This may appear to be a vote of no confidence in the Minister for Treasury and Resources but, in fact, it is more than that because it is an indictment of the Council of Ministers and their policies as

a whole because they are collectively responsible for the policies pursued by the Minister for Treasury and Resources, therefore, this vote of no confidence is a vote of no confidence in the establishment party itself. There is lots of electioneering going on here, we know that. After this is over, Deputy Southern will retreat to inner St. Helier and to his working class supporters and say what good work he has done. Senator Ozouf, meanwhile, will retire gracefully to the northern territories with his traditional supporters and maintain a counter attack in due course. Deputy Southern has acted like the prosecutor general and he has brought charges and brought evidence against the Senator to confirm and strengthen the case for the vote of no confidence. I am amazed, with the admirable Scrutiny report, that Senator Ferguson is not supporting this vote of no confidence because the evidence seemed very strong. But for me the evidence is not entirely sufficient to convict on the basis of it being pleaded as present because I do not think Deputy Southern has gone far enough. He has made a lot of useful points, and we have heard also from Deputy Le Fondré about the forecasting, oh yes. But it goes further than that, and these are the real charges that were never put on the table: what is going to happen after this? What is going to happen in the future? There is going to be this huge deficit, so who is going to be filling that black hole? Well, I can tell you: it is going to be my constituents in District No. 1 and the working classes generally in this Island, because what Senator Ozouf will go down as is the author of austerity, Jersey style. We have seen it in Great Britain, it was there 3 years ago and now it is here, big style. What do I mean by “austerity”? What is this thing called “austerity”? We read a lot about it. It is an accelerated 30-year project to increase the power of capital or business at the expense of working people; “working people” I use in the broader sense, not just unionised workers but anyone that works for a wage or a salary, or would like to work for a wage or a salary, or cannot find a job; who is in a school and who will be looking for a job very soon. We know, and the Senator has alluded to it already, that the way it will be sold, this deficit, is things like charges. That should ring alarm bells. Why is he not putting up taxes for the rich, for the wealthy? Why is he not taxing corporations? Because we know fundamentally that is the problem: the low tax, low spend model is broken. It is going to be: “Who is going to be paying this and who is really responsible?” Is the responsibility for this deficit lying with the Polish building worker in Don Road? Is it the Romanian barmaid in Ann Street? Is it the Portuguese shop worker on the commercial buildings? Is it the Jersey teenager lining up at the job centre in Colomberie looking for a job? No. I will tell you who is really responsible, those are the people who are going to pay, of course, through increased G.S.T. and reduced services and all these charges. The responsibility lies with the bankers and their friends in this House, the establishment party. Of course, Senator Ozouf will tell us: “Oh, we are all in this together”; well, I would say this to him: look at his figures, he has been faking it, like all good politicians in trouble do.

1.1.8 Deputy M. Tadier of St. Brelade:

It is difficult to follow that. This has not been a complete waste of time and I think Members should not be so pessimistic because, if nothing else, it has proven a prime opportunity for foot stamping from the far right benches that would rival Rumpelstiltskin, and we remember what happened to Rumpelstiltskin: when he stamped too hard, he ended up putting his foot through the floor. I want to take on first the issue of timing. There are some strange arguments being used here which I think need to be deconstructed because this is just an absolutely normal thing that happens in parliaments. Because you have parliaments which are composed of different factions, if not different parties, and there is always a healthy tension there, or there should be at least. In Jersey, of course, we like to maintain the illusion of consensus politics, but we know that is not the case, so to suggest that somehow the public is going to have their say on who the Minister for Treasury and Resources should be or whether they have confidence in the Minister for Treasury and Resources is, of course, not how things work in our parliamentary democracy because the public does not choose Ministers, it does not choose the Chief Minister, it does not choose the Minister for

Treasury and Resources and it does not choose any of the other positions in our Assembly, we do that. This is simply getting back to the point whether we have confidence in our Minister for Treasury and Resources or not. The public does not get to have a say in that because it does not choose the Minister for Treasury and Resources. It may well be that if and when Senator Ozouf stands for election again his election chances may not have altogether to do with his Treasury portfolio.

[11:30]

There may be people who do not vote for the Senator, for example, not because of his economic policies, because of his social policies. They may decide that they do not want to vote for him on the basis of his support for equal marriage and that may go for all of us, so nobody can say why somebody does or does not vote for a Minister and it may well be that he is returned, but not for his Treasury skills *per se*, but because people think that he is the right person to have in the Assembly. The public do not have any say and there is no way of recording why members of the public vote one way or the other. We cannot abdicate our responsibility simply by saying: "This is a difficult decision, we do not like the timing of it, therefore we will let the public vote for it." This brings me on to my next point. There is a lot of hypocrisy going on in this Assembly and let us out a few people, possibly even by name, because we know in the last 6 months to a year there have been people running around behind the scenes in the corridors saying: "We must get Senator Ozouf out, he is terrible, he is divisive, he is the one that is making the States dysfunctional. We do not have confidence in his Budget." We know who these individuals are. They are the ones primarily who are going to be abstaining they have told us. They are the likes of the Deputy Le Fondré. They are the likes of Deputy Young. They are the likes of Deputy Power. They are the likes of Deputy Higgins, who has obviously been more vocal. We know who these individuals are. They are running around plotting behind the scenes but they do not have the political transparency ... I am not referring to Deputy Higgins there, incidentally, but this is what goes on in politics all behind the scenes, and okay, we are saying that you basically do not have confidence in the Minister for Treasury and Resources yet when a vote of no confidence is put these Members decide that they do not have the courage of their convictions to stand up in this Assembly and say: "Actually we do not have confidence" because this is what it is. You cannot abstain in a vote like this. As Billy Bragg said, although I am not sure it is his song originally, which side are you on? You have to choose sides. I have no problem in this. I do not disrespect the Minister for his hard work because I know he is one of the individuals in this Assembly who does work very hard, I just do not agree with his politics therefore I can never have confidence in him as the Minister for Treasury and Resources. But similarly I think there are other grounds for supporting this vote of no confidence over and above the Budget. We have to remember that the proposal before us is do we have confidence in the Minister for Treasury and Resources, not necessarily the report that is attached to it. We look at the wording of the proposition. I know that many Members in this Assembly have told me personally that they do not have confidence so why will they not be using this opportunity to express that to the public because they should be doing that. Indeed under the Code of Conduct we have a duty to be open and transparent. I think insofar as that, even opponents of Deputy Southern should not be criticising him on spurious grounds of timing. In fact this is the perfect chance for timing, just before an election, because it puts one's cards on the table saying: "Which camp are you in? Do you support the Council of Ministers? Do you support the Minister for Treasury and Resources and what he and they have been trying to do or do you think that it is a lot of good work but it is flawed and it is going in the wrong direction?" because that is the camp I am in. I will be interested to hear from colleagues on my left who will be standing for Senator of course, 2 of them, in St. Brelade and it is a shame because we may lose some very good St. Brelade representatives but they may go on to bigger and better things. One of the things that rang alarm bells for me is when the Senator said: "I stood in politics to raise the standard of living for people" and I think we

can all agree with that. I certainly would add to that, that I want to make life as simple for people and also act on the no harm principle. All of those 3 things I think are valid. But what is the political reality during the tenure of this particular Minister for Treasury and Resources is that far from seeing a rise in the standard of living for ordinary people in Jersey, we have seen exactly the opposite. We have seen housing conditions which have not improved. We have seen housing prices and rentals which have gone up in price, even though the quality has not gone up. That is despite a reformation of the Housing Department, which we will yet to see if that bears any fruit. We know that there are still 21 per cent of people living in substandard accommodation that does not meet the decent homes standard in the U.K. yet those people have had their rents go up now. There is no question in this economic plan of waiting until we do the improvements first. We have seen people falling into poverty. Have we seen an increase or a decrease in the use of food banks? The charitable and the Christian organisations tell us that the demand for food banks is at an all-time high. This is not an indication that the Senator or any of us in this Assembly have succeeded in raising the standard of living for the public. We have failed and he has failed by his own admission in doing what he sought to do in politics. It could be said: "Oh, but we have got plans. This is all going to be in the future. It is jam for tomorrow" as Deputy Martin says. But that remains to be seen and I think the biggest issue that I have had, and that we have seen, is that we have to rely on 2 outgoing Ministers and Senators who, as their departing shot says: "Oh by the way, you can expect a pay freeze." We have the Minister for Social Security, again I believe acting honestly and transparently, saying: "Our taxes and social security contributions, *et cetera*, will go up." There is no question about that. Yet of course when a Back-Bencher asks the question in this Assembly and says: "What is that thing about pay freeze?" "Oh that is just scaremongering and that is what gets reported in the media. It is scaremongering." Yet we know that we have 2, I think, honest Ministers who are retiring, who have been an asset in terms of their ability to this Assembly who are going and telling us: "By the way, there is a little note for you. You are heading for difficult waters." It is exactly at this time that, okay, provide a balanced budget in theory, which passes for this time, but the big questions, as Senator Ferguson has already said in her earlier speech, the high level debate has yet to be happened and I think there is an element of responsibility for this Assembly and also for the Minister for Treasury and Resources and the Council of Ministers that that debate should already have happened. It is not fair to abdicate that responsibility to a new Assembly especially when in this election period we have not been fully upfront. I do not believe the Minister has been fully upfront with the public about what they can expect. We will either see severe cuts in public services because we know the departments are already running leanly. I do not think there is any Minister out there who says their department is inefficient and there is lots of fat to cut. We know certainly in the Education Department that the budget, if they are going to be reduced, can only be reduced realistically through cutting salaries. Again, does that raise the standard of living for our public servants who give up much of their time, who work beyond the call of duty? No, it only risks decreasing the standard of living imposing austerity on them, and therefore this is not a Minister for Treasury and Resources and a policy base which he follows that inspires me with confidence. I am quite happy to nail my colours to the mast. Again, nothing personal. The Minister understands that. It is policy difference and I think it is perfect timing for this to happen, just before an election, and I will be very interested to hear from those other Members of this Assembly who have spoken in the corridors of power secretly about whether they are going to vote for or against this. I simply do not believe that abstaining in such a vote is a viable option and indeed it is an insult to the Minister for Treasury and Resources himself if any Member seeks to do that.

1.1.9 Deputy S.Y. Mézec of St. Helier:

I am very grateful to be able to follow my colleague, Deputy Tadier, on that. I endorse every single word he said. What I want to talk about in this is the accusations we have had from Senator

Bailhache and Senator Farnham that this is somehow political opportunism. I co-signed this motion of no confidence because I hold this old-fashioned and unconventional attitude in politics that you should do what you believe in. I signed it because I believe the Minister for Treasury and Resources' policies are bad for the Island of Jersey and in this occasion Deputy Southern referenced some parts of the Corporate Services Scrutiny Panel report. I have got more key extracts on here and we have heard concerns from other experienced States Members, some of whom are often on a completely different page to me politically, and there certainly is a case to answer. Every single thing I have heard said in his defence by Senator Ozouf to me has struck me as pure desperation. Half of what he said in his earlier remarks I thought was completely irrelevant. It is all well and good to say something to try and get a foot stomping for praising Digital Jersey. There is nobody in the States that is going to say anything against Digital Jersey. It is just cheap trying to get a foot stomping when he is clearly desperate. If we want examples of political opportunism I invite Members to inspect Senator Ozouf's tweets over the weekend, some of which I thought were absolutely disgraceful how he was trying to divert attention away from what he is doing here on to another States Member and so I will not call it what it actually is because I will be asked to retract it under Standing Orders. When Deputy Southern first lodged this proposition the *Jersey Evening Post* published what I thought was an absolutely excellent editorial comment which really made the point perfectly. It did not cast any verdict whatsoever on the merits of Deputy Southern's case. It also did not cast any verdict at all on Senator Ozouf's defence. The point it sought to make was that in Jersey politics there is a complete vacuum of accountability and the public of Jersey have a right to see where the political allegiances of sitting States Members lie because, as it stands, when we go into this election sitting candidates going for re-election will go canvassing on the door steps and when they run into one of the tens of thousands of Islanders out there who are dissatisfied with the performance of this Council of Ministers and, in particular, are dissatisfied with the broken promises of Senator Ozouf, those candidates, if they want to be, can simply choose to be dishonest and say that they completely agree with what this voter says. They are severely concerned about Senator Ozouf's policies too. Then they can get elected back into the States and go back to loyally voting in support of whatever the Jersey Conservative Party suggests. What we have here, some Members have said the choice really should be with the electorate because the elections are coming up. This proposition empowers the electorate to make a better choice because they will be able to see from the voting results of this exactly where the allegiances lie, which Members of this Assembly are supporters of the Council of Ministers, and Senator Ozouf in particular, and which Members are not. It will be in black and white. I hope that a few of my constituents were listening on the radio to this because I think for many of them living in squalid conditions on zero hours contracts where they are struggling to make ends meet, I think they will be dismayed at how loud some of the foot stomping in support of Senator Ozouf was before. They will be feeling even more disillusioned. I will point out, because you will not be able to hear this on the radio, that a significant amount of that foot stomping was coming from the Constables benches and I hope voters remember that on the referendum day. It is true, I am afraid. Senator Farnham: I am disappointed he is not in the room here because I think his comments before prove, as they often do, time and time again, that he just does not get it. I did wake up this morning feeling happy that I was going to get up. I knew my conscience was going to be clear because I was going to be voting in the interests of my constituents against a government that does not act in the interests of my constituents. Now I do not know about him but I think that is quite a happy thing to be getting up for in the morning every day. My conscience is clear. I know that the way I am voting is in the interests of the people that I was elected to represent and so I say to States Members, however they are considering voting, vote according to their conscience. If they do not have confidence in the Minister for Treasury and Resources lay it out, black and white, vote in the appropriate way and let the electorate know where the allegiances in this Assembly lie so that they can make a better, informed decision on 15th October.

1.1.10 Deputy J.H. Young of St. Helier:

I rise as I think what I regard as a truly independent Member, one that makes judgments on the issues, and casts my votes according to conscience. Obviously remarks have been made that calls those judgments into question and I will deal with them. But first of all I want to address the proposal before us. I voted for the Minister for Treasury and Resources to the position of Minister for Treasury and Resources 3 years ago. The grounds that I did that were on what I believed to be his track record of professional competence. I had to weigh-up my own views about the Minister for Treasury and Resources' own personal style, which is absolutely not to my way of thinking. I much prefer consensual style of working and having very much what I would call as a ... it is not an insulting phrase, but it is the only way of describing it, a sort of one-man band approach to policy is not really the way I do things. But nonetheless I thought he was the right person with the professional competence. Now, I have got really serious problems about the 2015 draft Budget. I do not think debate here today, nor next week's debate which I hope goes ahead, is about who takes the blame for the reduction in our tax take and the deficits.

[11:45]

It is not about who takes the blame. It is about the way our Government - and the Minister for Treasury and Resources is obviously in the forefront of that - has responded with public policy responses to that very serious situation that has occurred, whether that is prompt, whether it is sufficient, whether there has been a complete transparency in disclosure. My concern about today's debate and the proposition that we have got is that it is long on questions and short on answers. I am not prepared to stand here and convict somebody on the basis of questions. I want to see those questions answered in next week's Budget debate and I shall be ... the proposer is shaking his head. Well, they have to be answered. If I am in the Assembly, whatever happens, I think we have to research further, find out what went on, because after the event... and if I am not in the Assembly I shall be pushing for it through my elected Member to do so, because there are such major questions in this Scrutiny report that we have had for one day. Here we are having the debate. We have had just the one day. A marvellous report, one of the finest ... I think the most hardworking report that has got questions after questions after questions. When I read it it all came back to me. I remember one of the first jobs that I joined-in here was in the Scrutiny Panel we had ... I got carried away with a flush of enthusiasm, all us Scrutiny Panels we all joined forces: "Let us go into this Medium-Term Financial Plan" and we pulled it apart. We spent 3 months on it. It was a fabulous piece of work. We had the same advisers on the report we got today. Eminent number one public finance body C.I.P.F.A. and MJO Consulting, equally an expert in his field. What did we say? We said in 2012 that those income tax forecasts were completely optimistic, unsustainable and should not be relied upon for the Medium-Term Financial Plan and that we were approving a plan that was fiction. What happened? Ignored. Rubbished. I was shocked. I thought: "My word, what have I joined here?" Because I have learnt now, now I know. This goes to the heart of the way this Government works. So I recall saying that ... I was posed the question, for example, if it is right that 75 per cent of our taxpayers pay income tax for a year in arrears, and they do not disclose their income circumstances until the following May after they have earned it, how was it that we could have confidence in the tax forecast because you would not know, and people agreed with me. That is a good question. That is still clearly an issue. When I came to the Island, I came to the Island in 1979 and I worked for the States Treasury in those days, and fortunately these were the days when Jersey was on a real roll, tourism was on its heyday, the finance industry was expanding, the income tax was rolling in, so I spent an hour at the library looking through the States accounts and just turning them up, because it was nice and easy in those days. We published nice and easy States accounts. We just said: "There is the amount of money we got in, this is the amount of money we spent", and all the way it went through. I had some lovely comparative figures until we got very complicated in the mid-2000s when we had things like G.A.A.P. (Generally Accepted Accounting

Principles) accounting and sophisticated accounting, and so some of the figures became very difficult to follow. But there was no question, what we are now facing is probably, I think, a departure for 3 decades of really sound financial policy. We are not used to having to deal with how we deal with this turnaround, so it was vital that we dealt with it early, we started to have a debate about what are the responses. We cannot run deficits, in my view, and I understand all the arguments about economics and how the Fiscal Panel say: "Let us run the deficit, that is okay, we can stimulate the economy." Yes, I understand that economic argument. But what about financial prudence which has been the cornerstone of past Treasurers, past Ministers for Finance, past Finance Committees for decades. So all these big questions arise. If things have turned against us we have to start to work out our policy responses. How we can keep our public sector spend in balance and at the same time provide the essential services that this Island needs. That means an agenda of efficiency, squeezing out the waste, dealing with the overall administration and all the layers of overheads that we imposed on everything and so we should have been talking about that, and it is too late. We find out now. Now, the Minister for Treasury and Resources says: "Well, it was there. It was there in the papers." Of course I come along, I have a pile of papers here; that is half of them. As a Back-Bench Member one is asked to go through documents like this and identify things and I think we can be ... it has to be recognised there is a difference between tucking away important information in the back of papers, which are put in by email on the same day that they are lodged, that the debate takes place, and then giving you a nice polished glossy copy about a month later, tucked away at the back again and there is a difference between that and a difference between when we had that debate in 2014, on 3rd, 4th, 5th December, highlighting that issue and telling us. This is an issue that we have to address and so when one looks at the questions in the Scrutiny report by our experts why was it that we did not adjust those figures? Why was it that we continued to carry on budgeting without knowing those forecasts? Then we find of course all things kind of woke up in May 2014 ... well, the Council of Ministers did and of course we get a paper the other day. What does it say? It is confidential. You cannot give this to anybody. Two days before a debate. And I am supposed to read all this. What a way of doing ... I despair with it. So we got all these questions. Huge questions. Just go through that and of course, yes, we have a balanced budget being presented but it is being done by one-off adjustments, one-off transfers. You can do that once. But what do we do for 2016 and 2017? It is like a super-tanker the States spending machine. How do we turn it round? There needs to be time. We should have been discussing this 12 months ago of what the options are. I put a question on 9th September, question 25, I think it was. In it, it says ... it gives us a couple of figures. Again in this table, page 64 of the Budget, table 12(8), it gives us an indicative figure for 2016 and 2017 on income. This is what really matters going ahead. Guess what, those forecasts in here are showing increases from £685 million to £707 million and to £742 million. Is this still reliable? Is this still right? I put a question down and I want to see the answer to that. What is it based on? So I could go on but I can see Members probably despairing a bit on that. But there are these huge questions. Of course I have been, as it were, criticised here by my colleague and I get on ... my colleague and I get on extremely well but, boy oh boy, am I pleased I am not in a political party. What a relief. I am told... you - what does he say - not credible to make a decision to vote my conscience. I am definitely supporting what Senator Ferguson and Deputy Le Fondré said, and it is because we have to deal with those issues and not be making things personal. The Minister for Treasury and Resources and I are not the best of friends but am I going to make that a reason for voting for this vote of no confidence? No. It is about the professional confidence and if we descend this Assembly into personal attacks; personal attacks, that is not the thing. Now, plotting, yes, I have expressed my views and I will be frank. It would not be my choice, and I am sorry but I have to be blunt about this because I have been told I have not got the courage of my own convictions, I will say it. If I am elected I would not favour Senator Ozouf in the position of Minister for Treasury and Resources in the new Assembly. Absolutely not. Because I am really concerned about these

questions. It is not about integrity or dishonesty. It is about how the Minister works with the officers and the departments to bring information forward, identify the works with elected Members to bring the policy options forward earlier, and allow us to make those decisions. I do not believe that this has happened. If I were to abstain because I do not want to make a personal attack on the Minister for Treasury and Resources, I want to challenge the policy decisions here and the way this has gone. Unfortunately we do not have a Treasurer so we cannot ask questions. **[Aside]** Well, we do not have a Treasurer who is present at the time in order to be able to ask what has gone wrong with these processes here, effectively public financial administration. I would like to know that. Certainly I shall be strongly pushing, obviously we are going to have the debate next week, but I suspect we may not get to the answers and we may have to have a messy debate anyway. I certainly will be pressing for an independent review of where we finished up, what the options are, what the possible choices are, and what are the effects on public spending limits of the very major decisions that we have already made. If I am in the Assembly I shall ask for that. If I am not in the Assembly I shall ask my elected Member to look at that possibility. Now I did not want to say those things but I think I have been forced to by the attacks I have had here about making things personal, and plotting and so on. I think if there have been meetings, yes, I have had a couple, it is about co-ordinating questions because when we are faced with paperwork like this how on earth are we supposed to get to the bottom of it unless we try and at least work a little bit co-operatively in this place. That is what I want to say. I think it is the wrong proposition at the wrong time, the right thing to do is to have this discussion in the Budget debate and ultimately let the public decide in the election.

Deputy M. Tadier:

Can I ask a point of order because I think ... can you confirm, Sir, that voting either way in this and voting for the proposition does not constitute a personal attack on the Minister for Treasury and Resources? It is simply a political choice to be made because I think those comments are almost verging on ...

The Deputy Bailiff:

I cannot possibly confirm anything of the sort. It depends on the motives of the particular Member, does it not, Deputy?

1.1.11 Deputy A.E. Pryke of Trinity:

A lot has been said already in this debate and it seems to me at times that people are saying that the Minister for Treasury and Resources is to blame for everything from the downturn in the world economy, this time for this debate, and for everything. I know he has many talents but I do not think that is one of them. The time for the real debate is next week during the Budget. I will have a speech for that one. But the Minister has all the time given all the information that has been required. We know that. Over the last week especially information has come through. Whether all of us have had time to read it might be a difficult point but I hope everyone will by the time the Budget comes for debate next week. We talk about the lack of information and the public are crying out to know the answers. I thought I would go to attend the public meeting which the Minister had last week at St. Paul's Centre. I was amazed that only about 10 members of the public were there. Obviously there was the media there as well. I thought: "Well, if the public are really crying out for information where was everybody?" The questions that came out were very good questions and very thought provoking. But where was the public outcry? I hope people will still ... I think there is still one more public meeting to have so I hope the public will attend because it is an important debate next week. Deputy Mézec said bad policies for Jersey and nothing for his constituents. I have taken great umbrage at that.

[12:00]

Let me say what the Minister for Treasury and Resources has done for people of Jersey. He is caring. Some people prefer not to think about ... Deputy Vallois is grinning at that but let me tell you, when he came to Clinique Pinel to see how the investment was there for Clinique Pinel, he listened. He was there for 2 hours listening to the staff, listening to the families and at times listening to some patients. Actually understanding what it meant to have that investment in Clinique Pinel. Is that a caring man? Yes, it was a caring man. He listened. Is he compassionate? I think he was. The way he listened to those people, listened to those families and listened to the staff. He is open. He is honest. He is transparent. Again, bad policy. Is there bad policy in the extra funding that we have given to Oakwell? Let me tell you, those families who care for children with special needs, learning and physical disabilities, the building at Oakwell which was given by the Variety Club back in 1989/1990 especially for those children has had some investment of over £800,000. It did my heart good to go there. What Treasury and Property Holdings have achieved in there is second to none. We should be extremely proud. Does that affect people? Of course it affects people. It affects the most vulnerable people in Jersey. We have the opening of the Oncology Unit. That is another £3 million found by Treasury. Does that affect people? Does that affect your constituents in St. Helier No. 2, Deputy Mézec? Of course it does. Of course it does. That new Oncology Unit again is... when you go in there the change... and I am sure some of you heard some patients talking about the new environment and what it now can achieve for patients being able to stay here. Is that bad policies? No, it is not. It is good policies affecting real people today and into the future. I am getting quite passionate so I will calm down a little bit. The Minister for Treasury and Resources has understood the problems of housing. The investment in housing. That will make a real difference. That is not bad policy. He has understood the problems and the challenges that face the Island of what has been most difficult economic times in Europe, as well as around this world, and Jersey were not ... and here in Jersey we are not immune to it but the most important thing, if we did not do anything about it and did not face the challenges head on that is bad politics, but are we in that situation? No, we are facing it head on and that will be achieved next week in the Budget. I will not be supporting Deputy Southern's proposition. Ill-timed, ill-fated and I ask people to reject it. Thank you.

1.1.12 Deputy S. Power of St. Brelade:

The first thing I would like to say in this unnecessary debate is that I agree first of all with Senator Bailhache in that I think this is a waste of the Assembly's time this morning. But we are committed to seeing this debate to fruition. I think we must do that this morning - hopefully this morning. Deputy Tadier made what I regard as an unfair swipe at myself and Deputy Young and Deputy Le Fondré. He talked about a cabal of us sitting behind closed doors and designing policy that does not exist almost as if we were about to set out to form some sort of other political alliance, and that is not the case. Indeed, I would think that if Deputy Tadier were to look at my track record in asking questions in the last 2 years about Treasury I have been very open and transparent about asking those questions and, indeed, I have expressed my own doubts about some of the policies that Treasury have pursued. Indeed the whole basis of Deputy Southern's vote of no confidence is on my question of 11th September 2012. The result of the structure of that question was largely put down by people that I had discussed Treasury matters with who were outside the envelope of the States system but had had some experience of the States system prior to 2012. They did include some people who were retired who did work in Treasury and went through the Medium-Term Finance Plan, guided me through it because it was not an easy document to read, and as a result of that I started designing questions which I put down both in written and oral form. I doubt very much if I could be accused of plotting and scheming behind closed doors. In the list of people that I have seen in the last 2 years I have been to see the Chief Minister alone 3 times this year. I have been to see the Minister for Planning and Environment many, many times about obvious matters; the Constable of St. Brelade; the Minister for Health and Social Services; and Minister for

Economic Development, and every time I have met them it has been in a meeting room in an office with a specific agenda. So I do not see that my meeting Deputy Young or Deputy Le Fondré, sometimes singularly or sometimes together, can be construed as anything else. I have expressed concerns about the manner and the stewardship of Treasury openly, and I would draw Deputy Tadier's attention to Hansard over the last 2 years. Which brings me to the only point I want to really make of substance this afternoon and that is that the danger of what we see transpiring today in this vote of no confidence - and it is going to arise again next week in the Budget - what we are seeing today is the danger in this Assembly of raising expectations, of raising expectations of being able to produce a Budget, of being able to produce a Medium-Term Finance Plan that stacks-up, that has all the appearances of being acceptable, has all the appearances of being engineered and structured properly and then we see revision after revision after revision when in actual fact the picture that was painted in 2011 or 2012 is not the picture that exists. That is where we are today. Indeed, like a number of colleagues, I was buttonholed on Saturday night at the Construction Industry Federation dinner. I was not sitting at the table of a developer or a construction company. I was very pleased to say I was sitting at the table of a ferry company. During the night when one... it means I was not conflicted, Chief Minister. I am at pains to explain that I am not conflicted on any one of a number of things and, do you know, I still fail at that. **[Laughter]** Chief Minister, has just had a lateral swipe at me. A very unfair swipe. He was at the same dinner **[Laughter]** with the Minister for Economic Development, with the Minister for Housing and a number of other Ministers, I cannot remember who were there. **[Interruption]** They were at table number 1 and I was at table number 14. **[Laughter]**

Senator I.J. Gorst:

I was just going to say, sadly, at a different table.

Deputy S. Power:

The point is... I have lost the point now. I think I have made my point. The danger of raising expectations and trying to structure a picture of perhaps the structure of the States accounts which may not be quite as good as we thought is a very dangerous thing. I finish on this. Senator Ozouf spoke about ... and eloquently I have to admit. He is a tremendous speaker on his feet. He spoke about the contagion. He spoke about the huge economic recession which scorched across Europe 2008, 2009, 2010 and then we saw the meltdown in a number of economies after the meltdown in the Irish economy, after the meltdown of the banks and the rescue of the banks. But the point was this: that those economies were forced to deal in a draconian manner of what happened in those years. I finish on this. This raises the comparison that in Jersey we dealt with some of it in the comprehensive spending review but we are now in a position where we have to have another dose of Treasury medicine coming through in 2015, 2016, and it looks like 2017, which means that we have not dealt with it, and that is where I think we have a problem. Deputy Tadier said that there are a number of us who plot and scheme behind the scenes against the Minister for Treasury and Resources and ask all sorts of questions. We ask these questions openly. I have never made any attempt to hide my concerns about some of the issues that Treasury is facing. That is both written and oral questions, what I say on Twitter, how I react to what the Minister for Treasury and Resources says on social media and indeed on Facebook. I feel, and I will repeat this, if there was a Chief Financial Officer in charge of a large PLC or a large public company in the U.K. or in France or in Ireland or in the U.S. that had a turnover approaching £1 billion or £800 million or £900 million and suddenly after 3 years found that their figures were 15 per cent out there would be questions about that Chief Financial Officer, and I leave it at that. Like Deputy Young, like Deputy Le Fondré, I do not agree with this vote of no confidence today. I simply think it is unfair on the Minister for Treasury and Resources. This will all be rehearsed next week and I will listen to the

summing up and the final speech that will have to be made before I make my mind up. But at the moment I am very unusually sitting at the moment on the abstain bench.

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

There is not much more new I can add to this debate but I do want to say a few words. The Minister for Treasury and Resources does not sit over Treasury like a Greek mythical god or like the Roman Emperor Caesar. He does not make decisions in isolation. Politically in Treasury we have a 4-eyes practice backed up by the Council of Ministers so this proposition is also a vote of no confidence in myself and to the Council of Ministers as a whole. This proposition has no foundation, is built on moving sand. Its timing, while Members will make up their own minds with regards to its timing, where was it when our revenues exceeded forecast in 2011 by some £27 million? From my recollection it appears that just in advance of an election Deputy Southern and others talk about bringing an alternative budget forward but one never materialises. Why has Reform Jersey, who backed the move today, not published their alternative budget? Or at the very least why have they not amended the 2015 Budget? I am reminded of a saying a former colleague of mine used to use in such circumstances. Are the movers of this proposition all fur coat and no drawers. I hope that Senator Ferguson, Deputy Le Fondré, Deputy Young, Deputy Power, when he comes back, and the Constable of St. John, will reconsider their position and not simply abstain but to jump off their respective fences in this serious matter. In particular, with regard to the Constable of St. John, who has already announced his retirement from the political life, I urge him to make his mind up on this matter and not simply abstain in one of his last votes. I know first-hand that Senator Ozouf loves our Island. He works hard to make it a better place for everyone to live in. Works hard to leave the Treasury in a better position than when he took office. Works hard to grow our financial services industry. Works hard to help other Ministers meet their social policies. In all of my professional career I have not come across anyone who does not work harder and longer and with as much passion as Senator Ozouf. I have had the privilege of working with Senator Ozouf for 6 years now; and it has been a privilege. I ask Members to resoundly defeat this proposition.

1.1.14 Senator A. Breckon:

Since this proposition was lodged, and I should say that I did not have any problem whatsoever in being a countersignatory to it because it is not about personality, it is about politics and some Members have said: “Well, we have got the Budget next week, it is a bit of a nuisance this, let it go.”

[12:15]

But is it a minor matter. I mean not many months ago there was rumour after rumour and Members who are now keeping their heads down as they approach the Chief Minister about a vote of no confidence in another Minister, and I still do not know what that was about. But perhaps it melts into oblivion when compared with the financial quagmire that we appear to have. When Ministerial government was proposed it was said, and the Constable of St. John, who is not doing a very good impression of the Dean at the moment, will remember we said that a vote of no confidence is a tool that we will have, as an Assembly, to bring Ministers to account. It was like a throwaway: “Let us bring a vote of no confidence.” How many have we had? Not many, if any. We shuffle, we have had censures withdrawn and something else, something else, and it is something that Members have really shied away from because where is the distinction between the personality and the politics? If the politics, as such, my belief is that regardless of who it is and when it is, it should be done. It is inconvenient. It could not be more inconvenient but does that mean you do not do it? What if you were in the Emergency Services and said: “Well, I am just having my tea now, let it burn. I will come later.” It does not happen. You need to address things

as and when the information is available and that is where I am with that. I am fiercely independent. I am not a part of any political alliance. I am not here to push buttons for anybody. I will speak as I find and I will propose Members for posts and I will support them out of it if I do not believe they are up to it. That is where we should be if we are true to our beliefs and true to our conscience. There should not be: "I want to be something else next time" or whatever else. That should not be in it. Members should look at the facts and other Members have touched on some of that when did they know who the ... the thing is if we have some highly paid advisers who is questioning them? If the information was known and they are advising their Minister and he did not have time, he advised, then I would be questioning that because what has happened is there has been a bit of empire building here. Where we had one or 2 people we now have a department that is doing things so it is very convenient, we can kick the buck around here. "Well, nobody is to blame really. They had an idea." Well, we all had an idea. We have all got ideas for the future. Some Members appear to be saying: "We will do nothing." Well, is do nothing the answer. Something needs to happen. Deputy Young made some very good points, questions not just need to be asked, they need to be answered, but action needs to be taken. What a mess we have got. Not that many years ago somebody was standing round about here saying that we had money coming out of our ears. It was time when we gave £5 million to the Falklands, as some Members may remember or be aware of. We are not in that situation anymore and I remember there is something in the Clothier report and what it says is something about if an ill-wind blows it did not matter, and it is a kind way of saying we had that much money that it did not really matter because if people made mistakes - us, officers, whoever it may be - we just throw some more money at it. We are not in that situation anymore so we need to focus-in. If that comes from this debate and the Budget debate for the next House then that is where it needs to be. Senator Ferguson has mentioned the fact that there may need to be another budget early in the next life of this House. That is probably the case. What that will need to do, it will not need to fudge it. It will need to face up to the facts and the reality. That is where we are unfortunately. This is not all the fault of the existing Minister for Treasury and Resources. If people have let him down within the system we used to have in the good old bad old days, we used to have a Finance and Economics Committee so more than 2 or 3 people would have known. Other people could have shared the burden, gave an opinion, maybe 18 months ago or longer. But we cannot go back to that now. We need to move on. But Members, I would suggest, need to wake up and smell the coffee because doing nothing is not an option. This is not an ideal one but what do we do? Just a bit of hard luck really. We got things wrong. But it is more serious than that because what we have got out there, we have a public and because of Zero/Ten; the corporation tax, if you look at it, is flat; individuals are paying more tax; I.T.I.S. (Income Tax Instalment System) is taking their money on a regular basis; '20 means 20' has taken away allowances; G.S.T. (Goods and Services Tax) takes £80 million out of the economy and people are feeling the effects of this. So if we are bumbling and bungling about here and we are going to ask them to pay for it, I would think they will not be very happy, to say the least. So what do we do? We can say we can all shoulder this responsibility but we need to move on. There were some economic indicators, which were not positive, but then we had a bit of spin and we are doing this and we are doing that, economic growth. If I had £10 for every time I heard "economic growth" I would probably be as rich as Bill Gates. Where is it? What is it? It is talk but then it does not translate into the bottom line. If the Constables perhaps pay attention for a minute, if supposing tomorrow night you had a Parish Assembly and there was some bad financial news, you were really going to have to take a hit on the rates because that is a comparison with taxing middle Jersey and anybody else, and you were going to present some facts and figures, and among that you were saying: "Well, we did not have as much money coming in, whatever it was, we are going to have to put the rates up." "But remember we had a Property Reserve Fund." "Actually, I have spent that." "We had a reserve for vehicles, police cars." "But I have spent that as well." "We also have the Elderly Homes Fund." "I have taken a few bob out of that as well." That is really what I

am telling you at this Assembly. Now the Connétables know how well that would go down. That is a comparator with the Dwelling Houses Loans Fund, the Criminal Confiscation ... the other funds have been raided to prop this up. That is a fact. If Members look at the various clauses of what we have been asked to approve in a week's time, that is what it is. The biscuit tins, as they are being called, have not got the crumbs left. That is really where it is. So I hope that Members will get the idea that I feel very uncomfortable with this because we are in a difficult place and it is not one that we have been used to because of the prosperity we have had. But then people out there are hurting. We have talked about opening the shops on a Sunday. There is no point. People do not have the extra money to go and spend because of reasons I have said. Also the elephant in the room, which has not been mentioned, is G.S.T. When the Minister for Treasury and Resources was asked questions when it was 3 per cent he said it would not go to 5 per cent. Now as sure as night follows day every 1 per cent on G.S.T. is worth £16 million to £17 million. It does not take a genius to work out what will happen in the next 5 years. The stop will be: "We will take it off food." But that, believe you me, sure as night follows day, will happen. That is onwards and upwards. Senator Ozouf mentioned something on a personal level that this is not very comfortable for him but then we have had officers in post who are no longer there. We have had other people in positions who are no longer there. It was very uncomfortable for them. Okay, some of them got pay-offs but their professionalism and their integrity was challenged and insulted and they have left. So who is speaking for them? Well I have not heard anybody else say anything about them or their feelings or their families and how they felt about that. So feelings are not restricted to politicians. We have got other people in the system who may feel aggrieved, insulted or whatever it is, but that is not where I am coming from on this. It is about the policy, what we did know, what we did not know, what was at the back of an early meaty folder, and I believe that from where the Scrutiny Panel are coming from, it is exactly the right direction, because what there needs to be in retrospect, which does not solve our immediate problems but it will be a way forward. Somebody needs to look at this forensically to see exactly who knew what and when because I think there are possibly some issues there. The other thing with Ministerial government came a portfolio, and I agree with what others have said. The Minister for Treasury and Resources has a terrific appetite for work. He does indeed and he gets involved and he meets with people but is it too much? Do we need to unbundle some of this? I am thinking of perhaps Property. I know it is delegated in the main to the Assistant Minister but perhaps we brought too many things together and even with the Minister for Treasury and Resources' appetite perhaps sometimes that is just a little bit too much and it is too much of an expectation of us even to ask anybody to be accountable for such a huge and valuable... not just in money terms but to the public, somebody to be responsible for that. Maybe that is something again for the next House to look at because if there is something where it needs looking at in more detail then perhaps if it was delegated in such a way that could be done. Then we come to the question, as far as the public are concerned, we have this bit of a financial hiatus, if you like. Who is responsible and where do we go from here? A lot of information that has come into us in the last few hours was not known to me before. I must say I have not had a chance to read it all. Perhaps with some of this, in supporting this it is not, as I say, personal. It is political. I think there are lessons to be learned, things can be shared, and there is an old saying that a problem shared is a problem halved. I think we could do more and many Members are willing to do more. It is not a case of saying we are wielding the axe here. I do not think it is a case of that at all. I think it needs support of Members who are not inclined to support this. Perhaps you could think about abstaining because the message needs to go out that if there are problems a vote of no confidence is a tool that is available to this House to make Ministers accountable so that they cannot go away with a portfolio, not answer questions or dodge round them, and then when it gets the feet, get closer to the fire, then it becomes personal. It is not a case of that. I think that is ducking the issue. It is about policy, not personalities, and that for me would apply to any Member regardless of what it was, whether it was the Scrutiny chairman, P.A.C. (Public Accounts

Committee), it is about answering the questions, being accountable to this House and that is where perhaps we have failed. Some of these things should have been done before and it should have been seen as a challenge to policy as opposed to personality and for me that is where it is. Questions have been asked, they have not been answered. It may be in retrospective 2 years' time we might have done something a bit different or somebody did know. Yeah, yeah, whatever, but that does not heel the hurting that is out there with the public.

[12:30]

They feel upset by where we are and I think that for now I will be supporting this because there is nothing else that I feel is appropriate at this time. Yes, we will have the Budget, but the Budget, again, questions will go unanswered. Then how many Members are going to vote against the Budget? I have done it before, but I cannot see the Budget not being accepted. I know there is a caveat already from Scrutiny that by probably the middle of next year there would need to be another Budget to bail this one out, if you like.

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

Certainly, you will know and many of the other Members will know that over this past week and this weekend in particular I had the opportunity to talk to many, many people in the Parish of St. Peter and from other Parishes. They all speak with a common voice and their common voice on this proposition is it is no more than a cynical charade, a charade brought by the proposers to heighten their grandstanding opportunity and to posture in the public arena just before an election. It is denying them the right to have their voice heard by the normal process of the election in just over 4 weeks' time. Coming to the Minister for Treasury and Resources himself, I was very fortunate and I do feel very fortunate to have worked with him in Treasury in my first term of office. I can say that I learned so much more about how to do things properly through him than I have done with anyone ever since. He was up in the morning while many people were still in bed. He was working in the evening when they had already gone back to bed. This Minister for Treasury and Resources would do nothing knowingly to damage this Island in any way possible. **[Approbation]** He is totally and fundamentally committed to the benefit of Jersey and Jersey people. We may not appreciate and there are times when I do not appreciate some of the things he does or the way he does them, but at the end of the day he does them with the best of intentions in mind. I wish there was a way that we could allow other Members, Back-Benchers, the opportunity to work inside Ministries for a short period of time to understand the work and the commitment that people like this Minister for Treasury and Resources - Senator Ozouf - has working for the people of Jersey. I would really like to talk now to my fellow Members who want to ... I am not going to use "sit on the fence." They want to abstain. If they abstain, they are denying the right of their electors to their voice. It is up to them to speak and be accountable to their electors and vote either for or against this proposition and be accountable for that. I am now just going to quickly go slightly off the subject to the comments of Senator Breckon a moment ago. The Constables do move funds around but only with the permission of their parishioners, and it is unfortunate that people that do not work in the Parish Halls do not understand what Constables do and how accountable they are for every single thing they do. But I will say to Senator Breckon if I have put money aside for a police car and I am going to have to put the rate up, my parishioners would be saying to me at that Assembly: "You are not going to buy that police car. You are going to put that money against the rates." That is what they will say, exactly what Senator Ozouf is doing now. **[Approbation]** He is making sure he is using everything in his possible powers to avoid putting up the rates or G.S.T. or income tax. If that means raiding some of the pots that we have put aside for something, then so be it, as long as he does it in a proper and accountable way which can be tracked. That is what people expect. That is what he does. I have nothing more to say.

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

This debate should not be focusing on the Budget. The proposition is purely a vote of no confidence in the Minister for Treasury and Resources. It is too late in the day to bring such a proposition under the guise of Budget concerns. This has become no more than a thinly disguised character assassination, an attempt to discredit the integrity of one of our most hard working and conscientious and compassionate Members before an election. We need to support the Senator at this time in order to let the public make their decision in a few weeks' time in an unbiased way without being influenced by the newly formed Reform Party, which I believe and hope the public have already seen through, a destructive party with no answers, who have already had to resort to underhand tactics.

The Deputy Bailiff:

Does any other Member wish to speak? Very well, I call upon ... Deputy Higgins?

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

In fact, I am surprised. I was planning on writing a speech over lunchtime but I will not have the opportunity. Earlier, it was alluded to that I might not say what I think on this. I have never been afraid to say what I think and, whether I am in this Assembly after the next election or not, I will go out because I have said what I believe is the truth and I have stood by my principles. I will say that I can acknowledge on the one hand Senator Ozouf's work ethic. I know he works exceptionally hard, but on the other hand I have to balance that with the knowledge that he is a Machiavellian character who has been manipulating government for the last 6 years that I have been in this Assembly and most... in fact, I would not say most but certainly many of the things that he has done or many of the problems we have had stem from his interference. So, is this a personal attack? No, I am talking about an observation. If you look at Lime Grove House, look at the removal of the former Comptroller and Auditor General, look at ... I even wonder about the ex-Treasurer of the States who left very quietly and now we know of no reason why. There were rumours at the time that the Budget figures were part of the reason for her going. Now, Senator Ozouf to my mind has a lot to answer in the Budget and I will be making most of my comments there. I at the present time will not be able to support that Budget and I make no bones about that. I will not support it. He is raiding every last single pot there is to try and balance this Budget, and even then I am not convinced he will do it. For example, we have the Plémont debate. Do you remember the Plémont debate: £3.5 million coming forward which he said he would find? He had to raid the Criminal Offences Confiscation Fund. I will never forgive him that because that fund and the way it was done was totally wrong. It was a device to bring about the purchase of that property. Where was the money coming from otherwise? Now in the Budget, when you get into the details, you will find, for example - and we are going to talk about this in a week's time - essentially he is raiding that pot again. No precedent, he said, but I think it is another £6 million, if I remember correctly, he wants from that, and other funds, and other funds, and so on. Now, if this House had been kept informed of these things I wonder whether States Members would have reacted differently to some of the votes that they have taken. Sometimes I wonder if they would because there is a tendency on the part of many Members just to press the button in support of the Council of Ministers. Although I am going to vote certainly for the proposition, to be perfectly honest I feel like voting against the entire Council of Ministers because they are all culpable. For example, these Ministers, what did they know and when did they know it? The information I have is they did not know early on or they did not ask the questions or they were not involved in the discussions. I thought the *Jersey Evening Post* cartoon on Saturday was ideal. We had a runaway bus, 3 people grabbing at the wheel and trying to manipulate it, and all the rest were I think described as nodding donkeys. **[Interruption]** Dogs, was it? Thank you. The point, though, is this is exactly how this Government has been run for the last 3 years. We have had ...

The Deputy Bailiff:

Deputy Higgins, you are coming very close to crossing the margins of what you can properly say.

Deputy M.R. Higgins:

Okay, I will try and rein back a bit, Sir, then.

The Deputy Bailiff:

You are not the *Jersey Evening Post* cartoonist. [Laughter]

Deputy M.R. Higgins:

Thank you, Sir, but I will commend him for the cartoon, though. The point I am trying to make is although, yes, I will be supporting this proposition, I do believe the Council of Ministers have a lot to answer for. You have Ministers who, when I have questioned them in the past about: "Why did you vote for that?" or: "Were you involved in the discussions?" they said: "There was no discussion. We did not even discuss it." I said: "Well, why are you voting for the proposition?" The answer? "Oh, because I am going to need their help for something else." The decisions have been made by a small group of people, Senator Ozouf being one of them, and I feel they have led this Island into a very dire situation. If you think that is bad at the moment with this, the O.E.C.D. (Organisation for Economic Co-operation and Development) are publishing today a report on tax and it is being presented at this very time. They are going to be looking, among other things, at harmful tax practices and also, for example, where tax is booked. A lot of tax is booked through this Island and they are going to stamp that out. Now, what is going to happen here is if we think our economic plight is difficult at the moment on these budgetary figures, it is going to be even worse going forward. Now, the policies that we pursued in this Island are coming up to catch up with us, and I am afraid it will be the Jersey ordinary working man who is going to suffer the consequences of this. Now, if we are talking - and I will be mentioning this next week anyway - about deficits of £75 million or £95 million, what is the easiest way of dealing with it? After the election it will happen. They said it would not happen last time but it will be G.S.T. Every 1 per cent rise in G.S.T. is £15 million. I can remember the Ministers on those benches over there during the Senatorial elections of 2008: "We will not increase G.S.T. from 3 to 5 per cent" and they knew when they said it that they were going to. It was going to happen. I can forecast now ...

The Deputy Bailiff:

You cannot say that.

Deputy M.R. Higgins:

Okay, I will say in my opinion I believe that they believed ... well, they were saying anything to be elected. That is my view.

The Deputy Bailiff:

No, you cannot say that either. [Laughter]

Deputy M.R. Higgins:

Okay. Well, certainly I can withdraw it but ...

The Deputy Bailiff:

You can say properly as a fact they went back on what they said. That is as far as you can go.

Deputy M.R. Higgins:

Thank you, Sir. I will take that as a way so we can move forward. I really do believe that there are some people in this world who will say anything to be elected. I think that is going to happen again this time. [Laughter] I have been absolutely consistent in what I have stood for and I stand by it.

Like everybody else, we will face judgment day on the 15th. I hope that many of the existing Members of the Council of Ministers are not here. **[Members: Oh!]**

LUNCHEON ADJOURNMENT PROPOSED

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

It might be a good time, in order to calm down and have a break now. Could I move the adjournment rather than speak at this point?

Senator L.J. Farnham:

I was just wondering if the mood of the Assembly could be tested. It strikes me that there is not many more people to speak and I wonder if the Assembly would consider maybe working through for another half hour or so to get to the end.

The Deputy Bailiff:

Shall we first of all establish, without committing anyone, how many more Members may wish to speak? At the moment, I only have Deputy Le Hérissier. Is anyone else likely to wish to speak? Chief Minister and you, Deputy Green, so 3. **[Interruption]** Yes, of course, and then the 2 final ones. Very well, do you wish to push the point, Senator, or not? It is entirely up to you.

Senator L.J. Farnham:

No, Sir.

The Deputy Bailiff:

Very well. The adjournment is proposed then and we will hear from Deputy Le Hérissier after the adjournment.

[12:42]

LUNCHEON ADJOURNMENT

[14:15]

The Deputy Bailiff:

Before we reconvene, perhaps I can just inform Members of 2 documents presented or laid. First of all, Projet 149 - Freedom of Information: extension to companies owned or controlled by the State - lodged by the Deputy of Grouville, and R.135/2014, Land Transactions under Standing Order 168(3), in relation to 5 different properties.

The Connétable of St. John:

Did I hear right that you just said that the Deputy had withdrawn his proposition?

The Deputy Bailiff:

No, the Deputy of Grouville has lodged a proposition. Deputy Le Hérissier.

1.1.18 Deputy R.G. Le Hérissier:

It is very disappointing that this proposition has come at this time. We have to think of the implications. Presumably, if the proposition were to be successful, under the long-established convention Deputy Southern would then put himself forward as Minister for Treasury and Resources. Despite the advice given last time that the Chief Minister would carry the Budget, it strikes me it would be very odd if the Chief Minister were proposing a Budget which was at variance with a vote that had been taken on the policies of the Minister. I presume that, just to follow this through, Deputy Southern would then be the new Minister for Treasury and Resources

and within 2 weeks he would have to prepare and present a Budget based on his view of the situation. I cannot think that is good government. I think we will make total fools of ourselves if we have not done so already. I just cannot think that is good government. What worries me when I heard the tour de force from, for example, Senator Breckon, it has been known for some time what Senator Ozouf's policy positions are in many respects. He has been called various things, but some of the polite things: he has been called a Thatcherite and so forth. One of the strange things and the great paradoxes at the heart of this debate is that if, for example, the States had approved all the many propositions that Deputy Southern has brought up during his term of office, we would have to be taxing people to the hilt. I am afraid I have to disillusion people, and I may sound an arch-Conservative here. The notion that you can soak the rich and keep getting the taxes that would pay for all the social programmes to which, to be fair, Deputy Southern is totally committed, is ridiculous. The system would at some point break down and you would see the kind of stagnation you are seeing in France at the moment where the Government totally cannot punch its way out of the bag. It is utterly committed to a certain kind of state. It is utterly committed to providing a whole range of services of the kind that Deputy Southern is saying time after time that we lack on the Island, but it has plucked too many feathers off the goose and it does not know where to go. I suspect that is where we would end because when people quoted that phrase: "There is no more money" that was, in fact, the note left by the last Labour Chief Secretary to the Treasury. It was not Maudling, it was left by I think a guy called Liam Byrne and it was picked up by a LibDem when he went into the office. What it said, of course, was that you just cannot tax and spend. You hit the buffers. That is the logic and that is why I find it very difficult to understand fully the narrowness of this, even though it was argued very broadly by Senator Breckon. That is the logic of the kind of spending which Deputy Southern has been ... and good luck to him, but I think he has to realise the implications of what he has been recommending time after time after time in the 3 years. Indeed, one of the paradoxes also is that Senator Ozouf has departed at times from his Thatcherite stance, as described by others, and has tried to give money to worthy causes. I have found that. I know it sounds very strange and I think that is one of the paradoxical reasons why we have ended up in this rather unfortunate situation. There have been a lot of supplicants going to his door and saying: "We need money for this, we need money for that." He has heard them out probably too sympathetically because basically we do not have the courage to ultimately deal with the questions. One of the questions that will come up at the hustings and prospective candidates will be asked, which I am always asked and I sadly have to sometimes waffle away when I give an answer, will be: "What have you done about the public service? You have allowed it to grow and grow and grow." But yet - and I do acknowledge this; I have had several chats with Senator Maclean - we do not give the Ministers the power to deal with the situation. The situation is unfortunately facing up to some quite painful questions about the way in certain parts, not necessarily at the operational level - they get too much of the blame and often have to take too many of the cuts - we have allowed it to grow out of control. But try and reform it, try and deal with the vested interests, be they the trade unions, be they the incumbents of the positions, and be they us, because we are seen in terms of our inability to reform the States as probably the worst example of an unproductive organisation. So let us be clear. It is not quite as black and white as it has been portrayed. You cannot argue on the one hand you have a Minister for Treasury and Resources who has not come clean about the gap between spending and revenue and on the other hand your policy position is that there needs to be a massive expansion of services. Because at the end of the day the train is going to hit the buffers and if Deputy Southern does, indeed, become Minister for Treasury and Resources he is going to have to square that circle. He is going to have to tell us where these taxes are coming from. Okay, we can say efficiencies, efficiencies, but even I know, despite what I have just said, there is a limit to efficiencies. There is a limit where they start becoming negative, where staff morale starts to plunge, and so forth. Basically, if Deputy Southern does become Minister for Treasury and Resources for the last 2 weeks of the Assembly, he is going to have to square the

circle and come up with concrete proposals as to how he is going to reform the Island's tax system because we cannot keep saying - and I have a lot of sympathy with the way Deputy Tadier outlined it and I think Deputy Southern did mention this - that we have to get away, we can no longer sustain a low tax and, apparently, a low-spend society. I do not think we are low spend. We are mixed spend. If you look at some of the budgets like Social Security, there has been an exponential increase there, for example. If you look at health, some parts we spend to a very high level; other parts like G.P.s (general practitioners) sadly we do not. Well, it is not that we do not spend enough, but we have not been able so far to bring in the reforms. I see the puzzled look on the Minister's face, but that is going to be a challenge for the new House as to how to square that circle because it is getting out of control. As somebody said, questions, questions, questions. I would like to hear from Deputy Southern because he is, in a sense, the Minister-for-Treasury-and-Resources-in-waiting in this debate. I would like to hear from him what his proposals are for the taxation and spending policies of the Island. Now, he has given it a lot of thought, so I think in 2 weeks he will be able to rustle-up policies. He is part of a party, so they do work on these issues, which is good. I have no problem with that, it is good. I would like to hear that. I just think it is bad government to bring this so late in the day when the person in question, Senator Ozouf, is going to be subject to the electorate. I think Senator Ozouf is going to suffer from that well-known political phenomenon. Not that all political careers end in failure - I never believed that entirely, which Enoch Powell said - but there is a time to come and a time to go. I think we all face that, as we know, [Laughter] and I am looking in the mirror and I am looking at the Constable of Trinity at the same time, and I will not tell you which is the worst view. [Laughter] But there is a time to come and a time to go and I think, quite bluntly, my personal view on policy - not on good government where I think Deputy Southern has it badly wrong - is that this Council of Ministers has run its course and that people do want new policies in terms of population, in terms of economic growth, in terms of the balance between tax and spending, and so forth. Whether they will buy the Reform Party's view of the world and Deputy Southern's is another question, another big, big question, but let us have the debate. I think the current policies have run their course and if there is a new, as there will be, Council of Ministers, I hope it is composed - unless we can change the structure, which we cannot - of a broader consensus of Members. I think the present Chief Minister has tried but, sadly, it has not operated as a consensus body. It has left a lot of Members of this Assembly alienated and on the margins. A lot of energy has been unused or it has been used in essentially a negative way and I hope they realise there have to be fresh policies. I would like to think an awful lot of people are going to pop out of the woodwork tonight and Wednesday with these fresh policies, with this new energy ...

The Deputy Bailiff:

Deputy, you are coming back to the proposition?

Deputy R.G. Le Hérisier:

Indeed, and I would say I hope Deputy Southern aligns himself with these people and as a possible Minister for Treasury and Resources he steams forth with consensually acceptable policies.

1.1.19 Senator I.J. Gorst:

One thing that this Budget and now the vote of confidence seems to have shown is that the human condition can easily split between those who see their glass as half full and those who see it as half empty; those who are pessimistic about everything and those who want to find a solution and move forward in a consensual and positive way. I have said before and I think it bears repeating that despite what the last speaker has just said, this Assembly has made many decisions of which it can be justifiably proud. This Assembly has largely worked in a consensual way to deliver on the priorities of the Strategic Plan. Now, that does not mean to say that I am complacent. It does not

mean to say that I do not think there is a lot more to do. I do think there is and all Members who are standing again will make their case to the electorate about what it is that they would like to do. The electorate will decide whether they agree. Therefore, it is to me a disappointment that as we come to the end of this term of office it seems that rather than wanting to look at what we have achieved and talk about the issues which face us going forward ... which, with respect, the last speaker did and I congratulate him for that. I am not sure from his speech which way he is going but this evening or tomorrow evening we will know the answer to that. Rather than talk about what has been achieved and the issues that we need to address, I think we have become perhaps in danger of becoming a little personal and divisive and I do not think it does any of us any favours. It certainly does not help the way in which the electorate view this Assembly and the Members of this Assembly. We are a coalition. We have to be a broad coalition and I think that the last speaker was right about Senator Ozouf. He has endeavoured in his role at Treasury to meet those individuals with whom he may not be perfectly politically aligned, but has recognised that they wanted to address issues in our community and has found creative - and I use that in a positive way - ways of trying to deliver that change and fund those strategies and policies and developments that this Assembly has wanted. I do not think we can now criticise him for doing that. The mover of the proposition made great play of saying that the M.T.F.P. was broken and planning for 3 years did not work. The Chairman of the Scrutiny Panel then tried to suggest shortly thereafter that the M.T.F.P. was too short a period and we should not just be dealing with the M.T.F.P. in this Budget, we should be dealing with the next M.T.F.P. at this point in time.

[14:30]

We cannot have it both ways. Are we saying that 3 years is too long or are we saying that 6 years is too short? This Assembly agreed only a few years ago to move from one-year planning to 3-year planning. That was a positive step forward and it has brought many benefits. The issue that we have had with forecasting shows that there were, with longer term planning, areas that may not in practice produce the forecasted outcome, and that is what we have seen. I believe that when it comes to planning 3 years is about right and I think that we will see over the period of these 3 years that that will have been the case. We have had outperformance of income projections and we have had underperformance of income projections. Ministers quite rightly when they have been faced with those 2 situations, whether we liked it or not, have brought forward ways (a) of putting money into the economy, which is what the economists advised us to do; and (b) when forecasts have underperformed we have then come forward with measures to balance the Budget. I have not heard any other Members suggesting, apart from 3 Members now, any other solution, and I will come on to those in a moment. Deputy Young reminded us that economic advice and financial prudence were 2 different things, and they rightly are, but we must first of all listen to the economic advice. When we have listened to the economic advice and we have decided that we are going to take it and act upon it, then we set our financial spending and income levels and capital spending and look at the timing of when we are going to make those spends in light of that economic advice. I appreciate that sometimes perhaps it is a fair criticism to say that we have not always managed to deliver the extremely detailed information to Members well in advance. I accept that, but during the course of the last 3 years Members have had far more information; the Treasury Department has been far more open in the information that it reviews and that it provides to Members than it has ever been. For one moment I thought that Deputy Young was going to tell us that he did not want to be with G.A.A.P. accounting and international accounting standards but just wanted a simple P. and L. (profit and loss) account. I think that the accounts that we have now, yes, there is an argument for having a briefer version of the accounts, that I accept, but the information and disclosure that we have in the accounts is something that we can be proud of. It is something that virtually nowhere else in the world produces. Consolidated accounts compliant with international standards, and yet here we are this afternoon criticising the Minister for Treasury and Resources for

providing all the information, providing more detailed information to Members. I think that is a completely unfair criticism and the truth of the matter is that this Minister for Treasury and Resources has been far more open and provided far more information than any of his predecessors. Despite being an accountant, in this job it has to be economic advice first and then spending our money in accordance with that economic advice. I say that anything else would be doing a disservice to our community. I said a moment ago that I did not think that many Members had produced solutions. Of course, there is an exception and Deputy Southern, the mover of this proposition, has spoken about some of his - and I can only assume, therefore, his party's - solutions. Last week, it seemed to be during question time that it was going to be tax rises. This week we hear that it is going to be spending our reserves. I suspect it is both, but we need to do the joining together. The signatory to the vote of no confidence, Senator Breckon, reiterated a theme that Deputy Southern used to great effect. He used it on the radio on Sunday morning. He referred to the typical St. Ouenais family - I am not a typical St. Ouennais family so I will not go into that - looking in the biscuit tin, looking down the side of the sofa, looking into reserves, finding the money that we could and spending it into the economy. He criticised that methodology as being inappropriate, despite what our eminent economist told us we should be doing, which was exactly that, trying to find as much money as you could and getting it into the economy. He criticised that, and yet his solution is to dip into the Strategic Reserve, a far more important reserve that has appropriate checks and balances on it. This Budget puts even more appropriate checks and balances on that reserve. He criticises the Minister for Treasury and Resources for spending money in the economy from reserves of various pots or bits out of the biscuit tin - use whichever analogy you like - and yet his solution, his answer to the problem, is to spend our reserves. I leave Members to make their own minds up about whether there appears to be a discrepancy in those 2 arguments. I think it was Deputy Young, and I know also that Senator Breckon spoke about this, and that was about savings. There was also a suggestion that the only 2 Ministers who have been honest about the difficulties facing us were those honourable Ministers Le Marquand and Le Gresley. They will be missed in this Assembly because **[Approbation]** they have worked hard. They have delivered for the benefit of this community and they have brought in change which had been long overdue. Have they been honest as they have done that? Yes, they have, but I believe that all Ministers have been as well. Only at the last States Assembly I spoke and the Minister for Treasury and Resources spoke about the difficulty of making savings. But is it the right thing to do to present a balanced budget to this Assembly for approval? Yes, it is. It is the right policy. Do we need to make savings? Yes, we do. We have just heard Deputy Le Hérissier talking about some other areas where he thinks we could make savings. We heard Deputy Young saying that he thinks that we should be making savings and controlling government expenditure and growth in government expenditure. We have been honest about that, but equally we have been honest with the public, and any Member that stands up today or over the course of the next month and says that savings are going to be easy and if only we just did this then we are going to save several million here and several million there, then they are not being, as I would say, appropriate in what is achievable and what is possible. Are we reforming the public sector? Yes, we are. Is it taking longer than we might have liked? Yes, it is, but if we read our paper yesterday we see why that is. Because even the simplest, in my opinion, changes to terms and conditions are being argued about and negotiated and consulted upon. Now, we can either do this thing correctly, we can either do it and try and take people with us, or we can do it in an incorrect way where people will object and they will not go with us. Yes, there are savings to be made and we have started a process that will deliver them. This Budget next year starts to deliver further savings while at the same time modernising terms and conditions and all that the reform and redesign process is about, which is about changing the culture. It is about putting service of our community at the heart of everything that we do in government. I believe that that is the right way. It is not a slash-and-burn way. It is not allowing expenditure to grow uncontrolled, but it is the right way and it is an appropriate way

for our community. I did not read his tweet - perhaps you will forgive me for that - but I understand that Deputy Mézec said he was pleased to be coming here today because he thought that voting to remove the Minister for Treasury and Resources was the right policy because this Council of Ministers' policies were all wrong. Well, I this lunchtime have been over to the hospital and I have seen a fantastic new facility at the hospital. We spent £3 million on a new Oncology Unit, but not only have we spent that money on that new unit, we have partnered with the voluntary and community sector and they have provided some equipment. They are connecting after-care support as well. Was that the wrong policy? Well, if it was, I stand by it until the end of my political life because I believe that that was absolutely the right policy. **[Approbation]** We have also renewed the Intensive Care Unit during the last 3 years and we have improved that. Was that the wrong policy? Have the Council of Ministers got it wrong? Absolutely not. The only thing we have got wrong is that we have not done more and we have not done it quicker. Deputy Mézec seemed to be a little bit disparaging about Digital Jersey in saying any Member can mention it and you will get a good foot stamping. That may be the case, but it is this Government that supported Digital Jersey and set it up and is starting to deliver innovation and trying to get us at the forefront of the technical and technological revolution, which is only going to increase. We saw at the hospital today how technology is changing and improving health care. That is only going to happen faster and faster and we need to be investing to make sure we are at the forefront of that. The Innovation Fund... I could go on and on and on. Housing, infrastructure investment, jobs, are they the wrong policies for this community? Absolutely not. In fact, I will let you into a secret. **[Laughter]** Despite the nomination meeting being this evening, I have been doing a little bit of campaigning. **[Members: Oh!]** As I have been speaking to the public, the only thing that they have been saying to me is: "You are right, you are right on jobs, you are right on health, you are right on improving housing, but you should be doing it more. You should be putting more money into it and you should be doing it quicker." I absolutely agree with them. **[Approbation]** Budgets: many people have said and I hope that Members now understand that forecasts change. The forecast has changed, but we have responded to that by presenting a balanced budget. Not an easy thing to do in the time that we had, and I have not heard any Member... perhaps with the exception of the mover of this proposition, who says that the way that we have balanced that Budget is the wrong way. I have discussed what the proposer thinks was the right way. Yet Senator Breckon wants us to vote for this vote of no confidence so that we can do a review and look at who knew what when and look forensically to see if there is anything there. Members have had all the information. We are going to no doubt debate at length the Budget next week. I do not see anything whereby a Member should vote for this vote of no confidence in the Minister for Treasury and Resources. Some Members have tried to criticise the Minister for Treasury and Resources because the economy has not performed as they might have wished. Well, if I can simply say on behalf of the Minister for Treasury and Resources - and he has supported me as Assistant Chief Minister in the work that we have done in the financial services sector and in the work that we have done together with the Minister for Economic Development promoting Jersey around the globe, Jersey's economy, Jersey's history, Jersey's culture - I do not think we could have worked any harder at that. We had the jurisdictional review. We did the benefit of the Jersey economy to the U.K. We set up the London office.

[14:45]

We have pulled out every stop to stimulate the economy and the sectors that we have been working in and we have made difficult decisions which now put certainly our financial services sector and the tourism sector and other sectors as well on the best possible footing to take advantage of the upturn in the world economy. We in 2014 are starting to see those signs of positivity. We cannot criticise the Minister for Treasury and Resources for that because he, along with other Ministers, has put his full efforts into trying to deliver and promote Jersey and its economy. I was a little

surprised by Deputy Higgins' speech. I thought this week he might have been in a slightly better mood having had such a successful air show, **[Approbation]** but perhaps he worked so hard in delivering that fantastic show that he is feeling a little tired and has now reverted back to course of being negative. **[Laughter]** He told us that the future was bleak, that things were in a mess. He is holding up a ... yes, we will come on to that. I know we do not see eye to eye and I know that Deputy Higgins is most certainly a glass half empty. Well, even when it is half empty, I think he probably thinks it is virtually completely empty. He said exactly the same thing 6 years ago when he was first elected to this Assembly, that we are in a mess and the end of the world is nigh. We are still here. We are still working in the best interests of Jersey and I believe that we have the right policies in place to deal with the continued difficulties that lie ahead. He just waved a piece of paper of a report that has come out of the O.E.C.D. today about base erosion and profit sharing - I assume that is the report to which he is referring - something that is not a surprise to Ministers. These are the areas that we have been engaging with the O.E.C.D. on for many months, with the E.U. (European Union) on for many months. We already have the common reporting standard. We are engaging to see quite what the base erosion and profit sharing proposals will be and how they will be enacted and what sort of international standard they will morph into. Deputy Higgins knows, despite what he said, that Jersey is not largely used for those sorts of practices anyway. They are other small financial centres or even larger financial centres which are used for that purpose. Yes, it will be a challenge, but if I am re-elected and in whatever this Assembly wishes me to do, we will rise to those challenges exactly as we have done throughout the course of the last 3 years. I believe we have done that successfully and I have no doubt to question why we should not continue to do it successfully. I do ask Members to decide one way or the other. Do they have confidence in Senator Ozouf? I believe that on the evidence before them and the evidence of what has been achieved throughout his term in that seat throughout the last 3 years they should have no hesitation in saying that they have confidence in him and voting against this proposition. Then they can let the electorate decide and each one of us who is standing again will rightly put our record before the electorate and they will decide whether they want us to carry on or not. Not today, not in this place. I think Senator Ozouf is to be congratulated. I reiterate here a comment that Deputy Tadier said. I did not agree with everything that he said, as you would expect, but I think he was right in that regard, and that was that people should vote for or against. I recommend that people vote against this vote of no confidence.

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

I will not keep Members very long. In fact, I am going to use those dreaded words: at one time I was not going to speak. Sometimes I wonder if I am in a parallel world because it was not all that long ago that Deputy Southern was saying that we need to spend more to provide jobs and that we need to tax less to leave people with more money. I think that is what he meant, leave people with more money in their pocket so they could spend and boost the economy. But what I really wanted to talk about today was the comment that Deputy Tadier made about the state of housing. He implied, I think, that we had done nothing. We have done a considerable amount and a lot of that has been done by the department, obviously, but by the fact that funding was made available. I will come back to that in a minute. I know you will not want me to, but I could spend the next 15 minutes reading out short emails that residents have sent me from the Cedars, from La Collette high rise, from Pomme d'Or Farm, from Jardin des Carreaux, Le Squez, Clos Gosset, Osborne Court nearly finished, people that are lined up and moving into the joint scheme with St. Saviour at Langtry Gardens, Ernest Briard Close, De Quetteville under review, low rise at La Collette, plans being drawn up, Hampshire Gardens, Hugh Court. These are just ones that I have jotted down while I have been sat there. Nobody could say we have done nothing, but more important than that, far more important than that, we have a plan going forward into the future. We have not just solved a few short-term problems. We have a robust plan. We have a plan going forward into the future

and there are funds with that plan. It is the funds that I would like to come back to. I had the privilege, and it was a privilege and it was probably a once in a lifetime opportunity, to go to Edinburgh and to go to London to raise those funds through the Bond. I have to say that the Bond was quite an innovative way of funding what needed to be done because, let us be honest, when we do not have money coming out of our ears, as was referred to at one time, you then have competing demands. You have competing demands for health. You have competing demands for infrastructure. You have competing demands for housing. Probably in the past the way to solve that was to give everybody a little bit of something rather than solving the problem as a whole. Going for that Bond was creative, was visionary, was right. Now, some of my friends think we were wrong to borrow £250 million when we had that money in the Strategic Reserve, but why would you not borrow that money at 3.75 per cent fixed over 40 years when currently your reserves are earning far more than that? Okay, I know it could change but the reserves I believe last year earned something like 15 per cent and we have 3.75 per cent fixed. The actual charge-out will be slightly higher because you have to pay for the administration, I accept that. Why would we not do that? That is a good way of doing it. That leaves Andium Homes, as we have now formed, to get on and do the work. So we have not been doing nothing. We have been working on the health service with the help of the Minister for Treasury and Resources. We have been working on infrastructure with the help of the Minister for Treasury and Resources. We have been working on housing with the help of the Minister for Treasury and Resources. But it is the Bond I want to go back to. When I went round to Edinburgh and to London with the Minister for Treasury and Resources, I think you have to see how he performs to believe what is going on. He sold Jersey. He had the funders eating out of his hands. He sold Jersey. People were envious, absolutely envious, of the position Jersey found itself in, impressed with the plan that we had to invest in housing but also the plan that Jersey had generally to work its way out of recession. Is that the sort of Minister for Treasury and Resources that we want to now censure or give a vote of no confidence? The Minister for Treasury and Resources who is so highly regarded not only in the Island but also everywhere that I went in London and in Edinburgh? No, it is not. What about the deposit scheme for first-time buyers? Done nothing for people, of course, but there are another 40 to 50 people that now are living in their own homes, who were on the borderline who perhaps would have been in social housing, just, now living in their own homes, fulfilling that dream that they had. Another creative scheme. Now, we were criticised, the Minister for Treasury and Resources and myself, when that came forward. Fortunately, the rest of the Assembly thought it was right. We were criticised, all doom and gloom: house prices are going to go up; you are going to have a bubble. You speak to the estate agents, apart from speaking to the young couples that it helped, they will tell you it was exactly the right intervention at the right time in the right level. House prices did not go up, they stabilised, and that has to be good for Jersey. Much criticism of the Minister for Treasury and Resources and the Council of Ministers; I think that we have worked hard and I think that we have delivered. It has not been easy. Sometimes we have had some very tough debates, but I cannot support this vote of no confidence. It is wrong. It is the wrong time. It is the wrong thing. I urge Members to vote one way or the other, but I urge Members to vote against this.

1.1.21 Senator A.J.H. Maclean:

Very briefly, if I may, I would like to return to the point. There have been some very good speeches today, some very good, if I may say so, electioneering speeches about many good things that have gone on over the last 3 years. There have, of course, been the contrary arguments of some areas that have not been so strong. What I would like to just briefly concentrate on is the proposition, the vote of no confidence against Senator Ozouf that has been brought today by Deputy Southern. In that proposition, it quite simply asks and poses a lot of questions. It tries to make a case ...

The Deputy Bailiff:

Senator, I am so sorry, the Greffier has reminded me, and I perhaps should have spotted it myself, I think you are still *en défaut*.

Senator P.F.C. Ozouf:

Can I request that the *défait* on Senator Maclean be raised? **[Laughter]**

The Deputy Bailiff:

Does the Assembly agree to raise the *défait* on Senator Maclean? Does the Assembly agree? Very well, but you do not need to start again, Senator. **[Laughter]**

Senator A.J.H. Maclean:

Are you sure, Sir? I have lost my flow. As Members have been so kind as to allow me to continue, I promise that I will do so in some length. **[Laughter]** Yes, I was making the point that this proposition does not, in my opinion, make a solid case at all. It poses, of course, a lot of questions. It talks about the timing: when did he know? It talks about the transparency. It uses the word there "if" shortfalls, why no alerts to Members; lots of questions, deliverability, is it possible? What it does not do, despite the fact it asks all these questions, it does not give a cast iron case to bring what one would expect to see in something as serious as a vote of no confidence. In fact, what it does is it raises an awful lot of questions that one would have expected to have been brought to this Assembly to put a Minister under pressure, quite rightly so, in oral questions and suchlike. Notwithstanding the fact that, of course, we have - a point that Senator Bailhache and many others have made - next week the Budget debate relevant to this particular point. There are questions before that. That would have been the appropriate time, not to raise a lot of opinions and dress them up, if I may say so, as fact, which is what we seem to be seeing here. There are important questions asked, very important questions, but the way in which this has been brought is, in my opinion, entirely inappropriate. It is inappropriate to bring it so close to an election, as other Members have said and I will not go on about that point, but I hope that P.P.C. (Privileges and Procedures Committee) will look at this in the future to ensure that we do not have votes of no confidence this close to an election unless the circumstances are absolutely irrefutable. One point that I do wish to make to Members, and I hope that this point will be taken up, is quite a number have suggested that they are going to abstain. I would really encourage Members to have the courage to vote one way or the other. You either support this proposition, you either support what Deputy Southern is saying in his vote of no confidence, you believe that it is a compelling enough argument to support Deputy Southern, or you do not. I would suggest to abstain is simply using that mechanism perhaps because there are other things that the Minister for Treasury and Resources might have done that have not perhaps met with your approval over a period of time. It is not the way, in my view, to deal with this matter. The Budget is coming up. There is an election coming up. There are many ways in which any concerns more broadly can be dealt with and more appropriately so, but to abstain is not the way in which that, in my view, should be done. Senator Ozouf, aside from anything else, does not deserve it. In my view, he is, as Members have said, dedicated and hardworking.

[15:00]

He is a politician who is, after all, passionate about the Island and he will have to stand before the electorate in the coming election and it is at that particular point that the electorate in this Island will make their decision as to whether they feel his work that he has put in over many years should continue or not. That is the appropriate democratic way that these matters should be dealt with. I do encourage Members to make a vote one way or another and I would encourage them to vote against this proposition.

The Deputy Bailiff:

Then I call upon the Minister to respond if he wishes.

1.1.22 Senator P.F.C. Ozouf:

I have, I think, drawn 3 piles and I am not going to respond to everybody and every Member's contributions but I broadly think there are probably 3 general schools of thought about confidence in myself. If I may say, I do want to, first of all, thank those Members who have taken the courage and have taken the time to stand up and say nice things, particularly to my Assistant Minister. He is perhaps I think being a little over harsh on himself to say that this is a vote of no confidence in him. I do not think it is but it has been a privilege to work with Deputy Noel for the last 6 years. I have truly enjoyed all the time that we have spent together and we spent many, many hours together. I think together, when you have a relationship with an Assistant Minister, it is really important. Deputy Noel is not afraid of challenge. He is not afraid of taking our officers, me or anybody to task and I thank him warmly for his overgenerous comments. I thank him warmly for the work that he has done on my behalf and what I did last week. A Treasury promise. This is about politics. I am facing a vote of no confidence because I have not delivered on what I said. I have been lacking in transparency. Well, yes, we are in it together - and I congratulate the other people who have been involved in it - but I congratulate the Assistant Minister and what he did for Treasury on Fort Regent. Absolutely spectacular plans, exciting plans, solving problems and all the other work that he has done; chairing the Investment Sub-Committee, overseeing the Common Investment Fund and the work on Property Holdings. I am truly grateful. This is not going to be a backslapping exercise but I do want to thank the Deputy of Trinity. Both the Assistant Minister for Health and Social Services Deputy Martin and the Constable of St. Peter and I were at the opening of the new Oncology Unit. Now this is a Budget and this is a vote of no confidence at the heart of this - and I will come to Deputy Le Hérisier - which is effectively about this whole issue of tax and spend and we have been spending more than we have been taxing and we saw the evidence of that in the Oncology Unit that we saw this afternoon. £3 million spent. I think it was last year's Budget. £3 million and the Chief Minister said: "We need to do more faster." Deputy Hilton, she is not here ... her Scrutiny Panel report and there will be a full response on that. Helpful, constructive criticism saying that we should be doing more and we should be doing more faster. Absolutely right. It is curious that I stand here having to defend a reputation and a set of principles and decisions which is, I thought, exactly what Deputy Southern wanted. I have got the previous propositions of Deputy Southern over the course of this term of office. In recent years, I have got 3 votes of no confidence, one on housing, one on the Chief Minister and one in the States Employment Board. I have also got the list of propositions that he has brought forward - and this is at the heart of Deputy Le Hérisier's point of view - of asking specifically for more money. In 2010, we were wrong. We should not be doing public sector cuts, we should be doing alternative tax measures, we should not be tacking the deficit. I am criticised today for apparently having a deficit. Well, if I had listened to Deputy Southern, we would certainly have had £100 million more than this fictitious deficit that people are talking about which of course it is fictitious. Let us be honest with Members. There is a deficit this year which is being funded by capital receipts and other sensible incomes. That means we are balancing our books and it will be up to the next States to decide. I apologise if Members have had a lot to read overnight. I do not expect them to have read it for today but for the first time, we have set out the spending plans for the next, we think, challenges for the next Council of Ministers whether or not it is me or somebody else but we have set it out. Never before has a departing Minister for Treasury and Resources, Council of Ministers set out a plan, an honest transparent full plan of departmental spending requests. That has never been done and I am proud of what we have achieved. I am being criticised for effectively doing the things that Deputy Southern has wanted us to do. Green Initiative Fund: use of £30 million from the Strategic Reserve in 2013. In 2011, amendment, £20 million from the Strategic Reserve for

fiscal stimulus. I am delivering fiscal stimulus by using the funds that we have available now and I am being criticised. There is double-speak, there are double-standards and that there are 2 separate completely irreconcilable positions that Deputy Southern is making. The Minister for Health and Social Services and I have joked over the last few years she has been the biggest pain of the Treasury. In fact, sometimes pain is good for you because it makes you respond and the reason why we are having this debate at the end of the day is because this Assembly has decided to spend more money on health care. Yes, there are other issues and I do not underplay them. Big issues in education, big issues in infrastructure, big issues elsewhere but the big debate now past, current and future is how we deliver the healthcare reform that we need to have. So I thank the Deputy of Trinity because I am cast somehow as this uncaring, almost knows the value ... I have heard it before. I did not hear it in this debate but I hear the dark corridors comments: "He knows the price of everything and the value for nothing." Well, I know the value of mental health care facilities, I know what I saw with the Deputy of Trinity when she took me up to see Clinique Pinel and we saw the disgraceful facilities that had been left for our elderly community in the place that my own grandmother spent the twilight of her life and I was shocked. The Minister for Health and Social Services and I said: "We are going to do something about this" and so we did. It took a little longer than we thought but it was the right thing to do. I find it extraordinary, I find it painful, I find it incomprehensible that I am being faced with a vote of no confidence on spending decisions that have been improving people's lives. Maybe the mistake that has been made is there has not been a consequence to the improvements that we have been putting in. The consequences would have been raising taxes but because of the prudent decisions fought at every time at every point by Deputy Southern and other Members who were supporting this vote of no confidence, we have been able to do them. I stand by them and if Members do not agree with the policy, I ask them to vote against it. No dillydallying. No sitting of the fence. Have a debate. Send a clear message: "Have you agreed with the policies of the Treasury that have been put forward to this Assembly?" "Yes" or "No." If Members do not have confidence in me, if they think that I have been lacking in transparency, please vote against. Let us know. What I would not want to be is in a position where I do not know. I have heard ... and I will just deal with the nice people, the Deputy of Trinity. I am sorry my good departing friend the Constable of St. John is not here. This Assembly and my job as Minister for Treasury and Resources, at the heart again of this criticism is I have been spending too much money and I have been spending money and I have been finding money creatively and properly and prudently. I have been spending money for infrastructure for the very issue that the Constable of St. John and I have sparred over, have laughed over, have discussed on so many years and this Assembly has improved the infrastructure with the Minister for Transport and Technical Services to a greater extent than, I think, at any point in the last 30 or 40 years. The scale of investment in our infrastructure is something that I genuinely hope the Constable of St. John ... which we have of course sparred over, we have joked at him, we have sometimes laughed at him, we have sometimes got a little exasperated but we have delivered and we have delivered better infrastructure. Sea walls that are not taken away when there has been a bad winter, drainage systems which will not now flood St. Helier with Phillips Street shaft, a liquid waste system which has now been funded and approved and will now improve the lives of so many people and extensions. That is what has been delivered and I ask the Constable of St. John, for all our sparring, for all our playful, nice politics, I asked him does he think that that policy, the things that I have worked hard to deliver, is worthy of a vote of no confidence? I did agree with a number of the opponents of this debate. I thought that Deputy Tadier was right. I thought he was right to shine the light in the dark shadows. It has been a very difficult job to be a Minister for Treasury and Resources in a financial crisis to tell people news that they do not want to hear but it is always better when people come and talk to you directly. There has been a lot of indirect talk and the names of some of the indirect talkers have been perhaps spoken to today. I do not criticise them. Politics is about differences, is about debate, is about discussion, is about working not as a single

individual but working as a team and I have worked with all Members of this Assembly from whatever their political colour. I have inherited a position and I warmly thank the Chief Minister for his remarks. Members know the position that we both found ourselves in at the start of this term of office and he inherited a Council of Ministers which was I think, it is fair to say, regarded as being too focused on money and not having enough social conscience. He wanted a Minister for Treasury and Resources at the time who would be more socially conscientiously-minded. I share sadness for the loss of both the Minister for Home Affairs and the Minister for Social Security but I have worked with them on their agenda. There has been criticism recently and something that has dogged the last 3 years of my political life of the controversy about Lime Grove House and let us have that debate. That is one of the things that is underlying this, is my decision on Lime Grove House and I would ask Members respectfully to read the conclusions of the Comptroller and Auditor General, the new Comptroller and Auditor General, the diligent, hardworking, insightful, proper Comptroller and Auditor General who has in a report never published, never seen the light of day in any newspaper but has said that all of the things that were addressed in the Lime Grove House problem were the right ones for the Minister for Treasury and Resources to ask for. There was no business case, there was no planning on the revenue plan, there was no proper communication but of course the Minister for Treasury and Resources got the stick and he got a big stick by saying the fact that there was not a plan for Lime Grove H. I stand by the value for money issues. We all make mistakes in politics. Perhaps the price that I paid for opposing and blocking Lime Grove House took a too heavy toll on me but I have to say that I am not always right. Nobody is always right but I have to say that I took great comfort from the report by the Comptroller and Auditor General on those very issues that I was, frankly, dogged with for such a long period of time and that is just the way it goes. Deputy Tadier is critical. Fair enough. Cards on the table. He says all these things and I am not going to respond to them. He says this Council of Ministers has not done anything about the rising standard of living. He says we have done nothing to improve the lot of Islanders. I do not sit in this northern conclave of St. Saviour and simply forget my St. Helier No. 3 roots.

[15:15]

I do not forget the people that elected me in 2002. I see people from across the standards of different levels of society, old and young. I was the youngest Member of this Assembly for 12 years before the young Deputy Maçon came along. I have to say in my privileged work - as I do have the privilege of opportunity of going to other places - it is easy for us to forget just how lucky and fortunate we are in Jersey. Yes, there has been a crisis. Countries have been at their knees before the I.M.F. Ireland has seen swingeing tax rises, an economy that has collapsed, an economy which has seen house prices plunge. Where has Deputy Tadier been looking at the evidence of the value for money for house purchase? Where has he been? Where has he been on the estates, the numerous estates which have been improved, invested in by a tenacious Minister for Housing which was started, to his credit, by Deputy Power and indeed the former Deputy Le Main before him? They won the arguments and I am sorry to Deputy Power about that one capital programme that he lost at that Council of Ministers time but we repaid it with £27 million worth of surplus over income and then the results and the fruits of the labour, and I thank Deputy Green. It is a privilege and an honour to be able to work with constructive Members of this Assembly like Deputy Green. We had a great time in Edinburgh and London and I am not talking about in a social sense. We were proud to represent Jersey and get the best possible deal for residents improving the standard of accommodation. Where has Deputy Tadier been? Does he really think that the people of Jersey ... **[Interruption]** I am not giving way. This is my chance now. Where has he been in terms of food banks? We must not, I am afraid, always simply believe the front page headlines that scream and tell the society of Jersey of the problems. We must be alert. I want to know about food banks and the people who are in difficulty. The reality about the charitable sector is they do a great job. The

Christian charities do a fantastic job [**Approbation**] and they are there to help those people who do not want to go to the States or Social Security for help and they do have a role in helping society but the truth is that many of the people that are getting the food banks and the food parcels are those people with less than 5 years' qualifications and that is a difficult issue. This Assembly does not want to have high immigration. With high immigration or avoiding it, you have to deal with difficult issues and it is many of our migrant community members that have found difficulties but I know one thing. I know one thing is that the unemployment level which is now falling - and, again, the numbers I think are out yesterday or today - would have been far worse. This is the other thing I would like Deputy Southern to say. If I have been so imprudent, so bad, so lacking in transparency, so completely hopeless as a Minister for Treasury and Resources deserving to be thrown out of office in the last gasps of this Assembly life, does he say what would have happened had we not done what we did... the Back to Work, social security apprenticeship schemes, Skills Jersey, all of these things ... millions invested in jobs and in saving young people who are the innocent victims of a recession. Those young people who could not get a job after university and came back to Jersey and who, if we had not put Job Start and all the other fantastic schemes that we did and paid for them ... a 2-year gap in employment after somebody leaves school. If they do not get a job, it is almost a life ruined. It was a privilege to go up last Friday to see Fort Regent given new life by people that have been given a job because they have been long-term unemployed people. I spoke to 5 individuals that had been thrown on the slagheap of ageism that could not get a job in construction. I encourage every Member to go and walk around the ramparts of Fort Regent and go and see how Fort Regent has been restored to its former lovely green glory. Gutters painted, pavements replaced, gardens looking as they used to do and that is because of long-term unemployed people getting the benefit that Senator Le Gresley put in, pushed by the Chief Minister, and organised by multi-agencies. Does Deputy Tadier really think that this is an Island and at the end of this term of office, we are saying: "We have had cuts in public services, there is a bad standard of living and there is a cost of living crisis"? These are labels that do not associate with the policies of this Assembly and the policies of this Council of Ministers. They are lifted from the Labour Party. They are lifted from the Labour Party in their ya boo politics and I am not saying that this is a Labour or Conservative issue but please, I say to Deputy Tadier, let us raise the level of the debate, let us look at the standard of living, let us look at the cost of living, let us improve the competition issues to drive down costs and we will have a debate about next week because I agree with him on energy costs but we differ in the way to do it. I do not think I am ever going to convince Deputy Le Cornu but that is enough of that. I do not think that some of the other Members have had ... I do not understand where their opposition comes from. To Deputy Mézec, the Chairman of Reform Jersey, this is a Reform Jersey plus Senator Breckon proposal to oust the Minister for Treasury and Resources. Let us be clear about that. They have said it and it is brought by one of their Members and it is brought by Reform Jersey. Foot stamping against Digital Jersey. He criticised me for that. As I said in a tweet - I hope he reads it at lunchtime - I think politics is about doing positive things and if what I saw in London last night about Digital Jersey and arguing and getting a place at the table of investors and job creators at Level 39 in Canary Wharf where all our competitors are, if we can get a bit of the magic of Shoreditch roundabout developing a diversified economy and getting I.T. (information technology) entrepreneurs. As I said to them: "I am giving you a speech to Jersey in London at 5 o'clock, if you live in Jersey, you could have been working until 4.30 and 10 minutes later, you would be on a golden beach having a surf." If that is bad, then vote against. I am proud of Digital Jersey and I am proud of saying "yes" to everything my good friend the Minister for Economic Development has said. He says about broken promises. I am about delivering on promises whether it is the long-term revenue plan, the long-term capital plan, a fiscal framework, all the things that we have delivered and I am going to tackle this issue head-on about broken promises on tax. Here is my manifesto from 2008. There it is. I will publish it. There is a section on G.S.T. and it says I have supported measures to give back G.S.T. on food

and energy - a Le Fondré proposition that I supported and I will come to him in a second - and I will robustly oppose increases in G.S.T. Now I am not going to spend long on this but it is relevant to forecasts. When I stood for Senator 6 years ago and when I stood before this Assembly and had to argue my place against Deputy Southern and I think against Deputy Le Fondré last time around for my position as Minister for Treasury and Resources, when I first came into office, I was given forecasts right after my term of office right after I got elected. Day one, found out the incinerator had not been hedged. Day 2, I was given revised forecasts. As I have said many times before, when the facts change, you have to change your mind and I have learnt that what this Assembly must never be in a position of is knowing and having a surprise after an election. I do not criticise my predecessor. It was nothing to do with him but for some unknown reason, the forecasts that were based in the Budget before this last election were based on forecasts and estimates which they knew were wrong. They can have a Committee of Inquiry on that if they like but it is true and I would have been an irresponsible, not prudent, not Jersey-focused, not thrifty Minister for Treasury and Resources had I not tackled head-on that promise. I say again I am sorry about the 3 to 5 per cent interest in G.S.T. but what would you have done, I say to Deputy Southern? Maybe I have got support from the Constables, I do not know, but certainly the Constables **[Laughter]** ... I hope so. I hope so. I do thank Deputy Farnham for his very kind comments as well.

Senator L.J. Farnham:

I am still a Senator. **[Laughter]**

Senator P.F.C. Ozouf:

Sorry, I apologise. I do apologise. I am not going to go on but there are a few things that have got to be said. Deputy Mézec criticised the Constables; these difficult people, these Constables. Now I am proud of one of the things that is in the Budget and that I have done. I am proud of the St. Brelade urban renewal project. I am proud of the other urban renewal projects that have been done. I am proud of what we saw at St. Peter which Sir George Carter had done. T.T.S. (Transport and Technical Services) delivering a footprint at the plinth in relation to that grand statue which you did so well unveiling, Sir. I am sorry the Constable of St. Helier is not here. We have got a lot to do with St. Helier but we have got a lot to do with the Parishes as well and working with Parishes. I think it is pound-for-pound investment and I do not think the Treasury has been too loose with its money. I think the Parishes are putting some money into their own improvements and we have lent money to Trinity; householders that would never have imagined getting the households that they have done. Shared equity schemes delivered by 2 Procureurs that just popped into the Treasury and perhaps we have been a bit too loose, but when the Constable of Trinity popped in and said: "But we have got a scheme, we are ready to go, the bank wanted to lend us this money but they wanted the 3 per cent setup fee. Can you lend us the money?" I said: "What are you going to do? Shared equity?" He said: "No, we have got legal counsel from London." There is the shared equity scheme, a scheme delivered and now people living in it. If I deserve a vote of no confidence for being flexible for lending money to the Constable of Trinity - he has paid it back, by the way, as he is known for his good credit - and if I deserve a vote of no confidence for being creative, for helping Parishes, for supporting what they are doing and if this is a unashamed vote for a request for the Constables to vote against this vote of no confidence, then it is absolutely right because I have shown partnership with some Constables who I have had different opinions with. I look forward, if I can, to delivering a Budget which is going to deliver more of what they are trying to do and fairness in relation to some of the issues. I am getting stick from some Constables about property taxes but I want to cut retail rates and I want to work with the Constables to find solutions. All of what I do is not easy sometimes. I am going to make one final controversial comment because I have heard a lot from Reform Jersey about all of their criticism and one of the things that I am most proud of and one of the things that I think that I do not deserve, if I may respectfully say,

a vote of no confidence on is the work that the Chief Minister spoke about with Senator Maclean on financial services. If you are facing a downturn, if you are facing a contraction in your income, you have to, as the Economic Development Chief Officer says: "When the tough gets going, the tough get working." We have worked and we have secured our position back in terms of financial services. I delivered the capital economics idea and that was a game-changer in terms of the debate with the U.K. and I am proud of it and if it is criticism about £200,000 spent on capital economics, I stand by that. If Members want to vote against that one, if Deputy Southern does not think that is a good idea, fair enough. We will agree to differ. A good policy decision. Financial services is important and the Minister for Treasury and Resources should worry about income, should worry about maximising income, should worry about how sustainable that income is and that is the work that we have been doing week in, week out and I make no apology. I say to Senator Ferguson ... she spoke of the fact that there is no plan. Well, this is the odd thing in my relationship with Senator Ferguson is that she does not believe in putting things off, she thinks that we should have a plan, she thinks we should be dealing with the problems now, she thinks that there should be improvements on the M.T.F.P. and she thinks that we should be getting to grips with any deficits. I agree. I agree with everything.

[15:30]

But why is she criticising? I just do not understand it. I just simply do not understand how a fellow, if I may say, right of centre ... she may say that she is a little more right of centre than I am but a fellow, not Thatcherite ... I am not a Thatcherite. In some ways I am but not completely. **[Laughter]** The sensible thing in politics is of the middle ground, not the extreme, but I agree with Senator Ferguson and everything that she said ... and we have a plan. We have published the long-term revenue plan. We have published the long term tax policy. We have published the fiscal framework, and we have published the long-term capital plan. We are making improvements in terms of the Public Finances Law. The Medium-Term Financial Plan was always going to be something that needed to be adapted and changed. Deputy Vallois agrees. She has not spoken in this debate. I am sorry. I wanted to hear what she had to say. But she is right, we do need to improve upon the next M.T.F.P.; strengthen the Public Finances Law further until it better measures inflation; learn from our mistakes. Why is she criticising? I simply do not understand. I think the only difference of opinion may be that, frankly, we may take advice from different economists. I take my advice from the Fiscal Policy Panel, and I am immensely proud of the fact that we have put the F.P.P. on a statutory basis, and we have managed to achieve the appointment of 2 of Britain's, and internationally, most respected economists. I encourage all Members, when they think about that healthcare challenge, to read the Barker Commission. Dame Kate Barker, who is on our F.P.P., one of the most highly respectable, independent think-tanks on health care. Not only is she a member of our F.P.P., she has written the most seminal and important contribution to the funding and challenges of health care in the future, just as she did with the Barker review on housing, and had the U.K. Government done that, they would not be in the mess they are in now. Deputy Le Fondré. Well, I think it is time to either say should he stay or should he go? I am talking about me. I think Deputy Le Fondré needs to say, once and for all, whether or not he has confidence in the Minister for Treasury and Resources or not. No hiding, no behind door speaking, just a decision. I would like to know. I really would like to know, because he has been a critic. I know he has not agreed with the decisions of the past. He criticises everything. I have had complaints against me constantly, and he says that, going forward, they need a safe hands at the tiller. A safe hands at the tiller means doing planning. It means being responsible. It means doing a blend of making savings and increasing, where necessary, taxes. He said no to the increase in G.S.T. and he also said that we should do more savings. I ask Deputy Le Fondré, please tell me in detail what he would have done differently. Not only in the past 3 years, what he would do differently now. I congratulate Deputy Young and Deputy Tadier for bringing forward

amendments to the Budget. We will have a good discussion about them. Politics is rich. Budget debates matter when there are real choices and real discussions, and I hopefully will come forward with some compromises on some of the things that Deputy Young has put forward. But there have been no amendments from Deputy Le Fondré. All we have had is criticism. Now, it is time, I really think, to come clean in public. I would like him, if I may respectfully say, to vote for or against. If he does not have confidence in me, tell the people. Tell the people that will vote for him, and the people that will either not vote for me. I want to know. I want to know whether or not people think that, all is said and done, when the record is made, I do not like this vote of no confidence. I think it is unfair. It is frustrating. It is time consuming, but I would like to know. Because if this Assembly does not believe that I have done a decent job, that I deserve to be having a vote of no confidence, I think the people in the electorate and at the ballot box have a right to know, at the end of the day, whether or not the Minister for Treasury and Resources of Jersey can still command, despite everything, despite not having got it all right, despite being difficult sometimes, despite saying yes sometimes, despite not answering some phone calls. I think I would like to know whether or not, at the end of the day, I deserve to be kicked out before the Budget. There is one other thing I want to say. Actually, 2 more things. In terms of Reform Jersey, much is said about what solutions are, and I know that I am going to incur the wrath of Reform Jersey and the movers of this proposition. But one of the things you do as a Minister for Treasury and Resources - and I stand by this - is that you defend Jersey, and that you work to increase the income line. **[Approbation]** It is uncomfortable again to read over the weekend, and to see a picture of Deputy Tadier with Attack Jersey. Now, they are entitled to their views, but what I do not think anybody is entitled to do, or should do as a selected representative, because I have never done it, is criticise Jersey from outside. If we have problems, we must change them, and we must change and adapt. I know the toll that it has taken on my time, on public finances, and of the strength of our finance industry, of the implications and the risks of what happened in the French blacklisting. There may not have been a link between the article that was read, probably by 20, 30 million people in France, by Deputy Tadier earlier on. I am worried to see, again, an article in the French press today about Jersey, and seeing Jersey representatives, Reform Jersey, I understand, all 3 of Members of this proposition, of this vote of no confidence, again criticising Jersey. If they have criticisms, please let us know about them. Please let us know about them, because we can respond. If there is illegal activity in Jersey ...

Deputy M. Tadier:

Sir, I do have a point of order. I do not see ... the Minister is making an allegation about somehow we were critical. By all means, we attended a meeting. It was very informative. I do not remember any criticism being made of Jersey, and not even necessarily of an industry which resides in Jersey. But there was good debate, and if the Minister has evidence ...

Deputy G.P. Southern:

Were you there? Were you there?

The Deputy Bailiff:

One moment. One moment. Deputy Southern ... Deputy Mézec ...

Deputy S.Y. Mézec:

This is absolutely outrageous the allegations that are being made. He was never at this meeting. He should not be allowed to ...

The Deputy Bailiff:

Deputy Mézec, you, please, do not speak when I am speaking. Now, Deputy Tadier was speaking before he was interrupted by Deputy Southern and Deputy Mézec. Now, Deputy Tadier, had you finished what you wished to say?

Deputy M. Tadier:

Thank you, Sir. Passions clearly do run high, but the point is that the Senator is alleging criticism when he was not even there. There was no criticism at that meeting. There was well-informed, open debate about where we are as an off-shore district. That is completely unfounded and I do not think it has any relevance to this debate, and it is simply not true.

Senator S.C. Ferguson:

Could Deputy Tadier just ... ask which meeting it was? Who was the ...

The Deputy Bailiff:

One moment. I am sorry. The Chair cannot rule on this. This is some matter about which one Member says one thing, another Member says another thing. That is politics. So I do not see anything that is out of order.

Senator P.F.C. Ozouf:

Thank you, Sir, and I will be ... because the relevance to this is that, as Deputy Le Hérissier said, you cannot speak with forked tongues. You cannot have spending plans that cannot be afforded, and by representation in raising this issue, is that loose tongues cost money. Loose tongues and, effectively, criticisms of policies of Jersey, costs jobs and costs income. We lost about £3 billion in the blacklisting. That is the fact. Our costs of our financial services industry, I understand, are between £5 million, if not more, was spent, up to the point in which we nearly were blacklisted, because of course those ...

Deputy M. Tadier:

Sir, may I have another point of order?

The Deputy Bailiff:

No. I am sorry, Deputy ...

Deputy M. Tadier:

I think this is valid. The Senator is casting aspersions. We know, and we were told by the financial adviser, Colin Powell, that the reason for the blacklisting was to do with the appeals mechanism, which will know more than anyone else, and it was nothing to do with any comments that were made in a newspaper. I believe the Minister here is misleading the Assembly, misleading the public, and also casting aspersions which are not factual.

The Deputy Bailiff:

I cannot assess where the truth lies, but I think you are getting rather off the point, Senator, because you are defending your reputation, as opposed to attacking others. **[Laughter]**

Senator P.F.C. Ozouf:

Absolutely. But I am being brought to my political knees, and having to explain why I do the things I do. I have been attacked. I have been attacked vehemently about my policies. I am uncaring. I do not care about people. I pursue the wrong policies. I do not deliver on my promises. So I have to say, I have to defend myself, to say what I do do in terms of using taxpayers' funds to rebuild confidence in France, working with the Minister for External Affairs, putting £1 million in McKinsey. I stand by that. The deficit is worse. This year, income and

expenditure, we have put more money into McKinsey to save our financial services industry. Understand the challenges. When I read in newspapers, it pains me, it would pain any Member, to read again comments, and I do speak French, I am entitled to speak French in this Assembly, but I will not bore Members, to read the comments of a newspaper article that had been sent this morning in something called *Midi Médias* and I am saddened by it.

Deputy N.B. Le Cornu:

Is all dissent unacceptable?

Senator P.F.C. Ozouf:

Not at all. Debate is about what parliaments are about. But I think that we understand, and we should understand, and I will turn now to Deputy ... debate is good, but when you effectively try and kill off the goose that is laying the golden eggs of our prosperity, that means that we can have 5 per cent G.S.T. instead of France's 20 per cent V.A.T. (value added tax); that means that we can have 20 per cent income tax, instead of higher rates; that means that we can afford to have our marginal rate of tax cut, which I am criticised to do in this Budget. At the heart of this is the fact that this is a tax-cutting budget. The fact is, I do believe that it is right to defend Jersey for a reputable financial services industry, which we have. I commend the Chief Minister of the work that he did in Downing Street, that I was privileged to see, to defend Jersey and rebuild the trust and say the facts about our financial services industry. I know Reform Jersey does not like it, but it is about also balancing the books, presenting a budget, doing forecasts based upon how you think the economy is going. I can say to Deputy Southern, where would those forecasts be, from our independent forecasts, if our financial services industry, as represented in that *Le Parisien* article, would have been gone? I would ask Deputy Southern, forecasts are based on what is likely to happen, and if we would not have done what we did in financial services, I dread to think what the forecasts on income would have said. Deputy Young, well, I am really sorry that he thinks so badly of me. I have known him for quite some time. There have been various different roles, which have been enjoyable. He says, in supporting this proposition, I think, or abstaining, I am not sure, he says where this Budget and I have departed from 3 decades of financial prudence. Really? Really? A balance sheet that is worth more at the start ... at the end of the term of office than when we started; an infrastructure which has been reinvested, after years of decline; a reestablishment of a proper tax and fair taxation system that meant '20 means 20', and higher earners of tax pay tax; a world in which people do contribute when they visit Jersey, by way of tax. I was a Member, with Deputy Le Hérisier, since 1999. I came into an Assembly that was, in recent past, spending money as if it was going out of fashion. I remember former Deputy Voisin writing on the Finance and Economics Committee wall: "Spend, spend, until the money runs out." That was where we inherited. We can look back in rose-tinted spectacles, but let us look at the record of the 1980s and 1990s. Money was coming out of our ears. We took hundreds of people out of tax. Was that sensible? Did we invest in infrastructure? No, we did not. The former editor of the *J.E.P.* was right. We left the incinerator running 5 years longer than it was legal in Europe. We did not invest. I came into an Environment and Public Services, and put money into sea walls. Deputy Young will know that, because he was a part of a lot of those ... awareness of those problems. Have we really... am I really to face a vote of no confidence for departing from 3 decades of financial prudence? I respectfully suggest that it is the opposite of the case. We have basically inherited some unfinished business, some unattended to matters, and we have attended these issues with vigour, with speed, and with the appropriate action that was necessary. We have not simply slept. One of the worst things in politics is when you put things off. I agree with Senator Ferguson, putting a decision off is the worst thing. I am in trouble regularly. I am that challenging person, because I am impatient, because I want to get things done. I am not afraid of making difficult decisions.

[15:45]

I am not afraid of getting things wrong, because I prefer to make 100 decisions with my dedicated Treasury team, with 4 pairs of eyes, with 6 pairs of eyes, based upon good, independent advice, based upon the excellent advice that I get in the Treasury. But I prefer to take the can for 100 decisions made every month, getting 10 of them wrong and 90 right, than doing 10 decisions and getting everything right. As my good friend, the Minister for Home Affairs, told a few of us at a meeting the other day, the best enemy - and he can remind me if I cannot find the quote - the best enemy of a good plan is a perfect plan, and that is it. We have acted. We have not dithered, we have not wasted. We have not been asleep on the job, we have been working. The Chief Minister and I like something called the 7 habits of highly effective people. I hope he does not mind me saying that. I have a little poster in my office, and I will send it around to Members. They are probably not interested **[Laughter]** but there are a few principles ... there are a few principles that I take in doing what I do, and I think that he does the same: be proactive; begin with the end in mind; put first things first; think win-win; seek first to understand, then be understood; synergise; sharpen the sword. Those are my principles, and those are the principles that I have tried to put in place in my work as Minister for Treasury and Resources. Listening to people; understanding their concerns; responding. Yes, perhaps I have been too generous in some aspects, but I have been right. In a downturn, it is the right thing to do. When you have asked people to make sacrifices of the increases in G.S.T. and the cuts in government spending, yes, we have had to be slightly soft on some areas, and we have been doing the right thing, and we have made the difficult decisions. Think win-win. Think where both parties can get something out of it. Ministers working together. Seek first to understand. I am grateful for the Minister for Health to say sometimes I do listen. I do listen. I try to. Sometimes, we work too hard and perhaps we do not listen, but I have sought to understand. I have sought to understand the real economic crisis that we could have had, and sought to really understand what the economic indicators were telling us. The economic indicators are telling us, do not stop from your course. You have course, stick to it. Invest, improve, get the best possible situation for the next Council of Ministers and the next Assembly to have economic growth returning. Jobs coming to Jersey, digital jobs coming to Jersey, healthcare jobs coming to Jersey. A restored confidence in tourism. Agriculture that is now investing. And I am pleased ... and converted on the issue of high level projects. Events: Jersey Live, as Deputy Farnham, as he then was, supported Jersey Live at the start. Branchage, marathons, event-led tourism, easyJet. All of these things that we are delivering. Where would we be had we not had easyJet bringing passengers to Jersey? Tourism has had a good summer. I have been talking to people too. That is fantastic. Those are my principles, and that is what I care about. If I am wrong, then please vote against me. I am going to summarise, just with a response. I think Deputy Le Hérissier has said that he is retiring, and he said in his remarks ... I am not sure, and I am singling him out because I do not think that, in 15 years of being in this place together, I do not think that I have ever found myself in agreement with so much of what he said. I have to say that, as a voter in St. Saviour No. 3, I am really quite heartened by that, because at last he seems to be ... **[Laughter]** I thought he said that there was a time to come and a time to go **[Laughter]** and it is clearly coming very rapidly to my time to go, and to finish my conclusions. But I was looking at his remarks, and he said, absolutely right, there is somehow a - I will not use the word "dishonesty" - there is a disconnect, there is an unreconciled position that Deputy Southern is putting in this debate. He is a spender. We know that. I do not mind having a debate with left wing politicians. I have quoted Tony Benn. I have lots of friends who are members of the Labour Party. I had a partner who was an absolute, vigorous member of a Labour Party in another country, and we had lots of lovely, vigorous discussions about politics. I love talking about politics, the left and the right, and what is right and wrong. But Deputy Le Hérissier is right, there is no Mary Poppins carpet bag. You have to be honest. The world is in chaos because politicians have spent more than has come in. They have borrowed too much. They have been imprudent. At election time, we promise things. We all want to be nice to people. We all want to do a better thing, and we do not want to have any

consequences of that, and Deputy Le Hérissier was absolutely right. This debate is curious. Am I wrong for spending? Am I right for spending? Apparently, I have spent too much. We will not agree on how the income line works, because I think that the argument on that is clear. Without financial services and Zero/Ten, we would not be where we are. A time to come and a time to go. Tax and spending. It has got to be balanced, and the one thing that I have done as Minister for Treasury and Resources, with Deputy Noel, is concentrate not only on the tax and spending, on the income and the expenditure, the shoe box accounting that we used to do, we have worked on the balance sheet. The balance sheet, my goodness me, that is in a lot better position. We said we need to do more on savings. I agree. I got pilloried by saying, in January, that we should be doing £50 million to £70 million in the next M.T.F.P. I am saying clearly, and have been very clear from the start, that savings were going to be required. A year's holiday of savings has happened in 2014. There has been excellent work by our public sector who get cast in these debates, pointed at, told that they are no good. We have people now trained across the organisation in Lean, doing things like the hospital canteen and hundreds of other projects across the States organisation, getting better value for States spending. We have saved £60 million, and we need to save some more, and we are going to save some more, and the Budget is about that, and Deputy Southern is opposing that. Well, Deputy Le Hérissier says I am a Thatcherite. Well, apparently, I am not a Thatcherite according to this. I am some sort of Footite, I am some sort Bennite. Deputy Southern is ... it should not be Deputy Southern taking this vote of no confidence. It should be a signed-up supporter of a Tea Party, if one existed in this Assembly, in terms of being imprudent. Where is this debate? Is this debate just an alliance of the people on the extreme, that are cosyng around the back somehow, and just wanting to have a go for popularity reasons? I do not know, but it is completely curious to me. There has been transparency. There has been disclosure. There has been full analysis. There has been independent advice. Apparently, all that is wrong. In conclusion, I am grateful for Members who have supported me. I really do ask Members to make a decision, should he go or should he stay? No middle ground. The debate is here. None of us wanted it. We should be out doing other things. I probably should have spoken for less time [**Approbation**] but my reputation is on the line and so I have had to defend myself, and I have had to explain what I believe passionately are the things that I stand for in politics, and the things that have driven me to do the things that I have done as Minister for Treasury and Resources. Not by myself, not by myself, but with a team of other people. Deputy Higgins said that this was a vote against the Council of Ministers. Well, if Deputy Higgins wanted to have a vote of no confidence in the Council of Ministers, he should have brought it, but this is a personal vote against me. I am proud of my record. Three years ago, a Government that was regarded as being more interested in money than in social policies, only focused on population growth and economic matters. Not enough social policy, an Island that had been through 2 shocks, one Zero/Ten, and then the further contagion of the financial crisis. We were facing further turmoil. We were facing a huge problem. Well, it has been 3 years, and this Budget is the final chapter of reforming our public sector, delivering savings, putting a finance law in place, which is now regarded as a model for other small jurisdictions to follow. An F.P.P. now being rolled out and suggested for overseas territories as a way of better managing their public finances. Moving away from an annual focus of 3-year budgeting. Liberating departments from the stupid, wasted time of annual bun fight for cash. Instead, giving departments certainty and stability. Move away from short-termism. I can even be really controversial and say we have even managed to even make the Waterfront Enterprise Board a little more loved than it used to be. A little bit, and they are doing well, and I think I am very proud of the governance that we have put in place for that. All of these things are forgotten in Deputy Southern's remarks. Hospital reform: just the start. Better health care, and paid for. Liquid waste: delivered. Philip Street shaft: said that. Housing: said that. Jobs initiatives, skills. St. Martin's School. The Deputy of St. Martin is not here today for all the reasons that Members know. But I am so proud of what we have delivered. I think it was Senator Le Gresley who brought an

accelerating proposition for St. Martin's School. That is positive politics. That is saying: "Do something earlier." Where are the amendments from these people who are voting in favour of this vote of no confidence, to say that capital project should be done? Senator Le Gresley did it, and he won it, and it is built, and it is almost ... the kids are going in there, I hope, at the end of the year. J.C.G. (Jersey College for Girls): a monument of everything that was wrong in States Property. Deputy Noel, S.o.J.D.C. (States of Jersey Development Company) delivering homes - I hope the Minister for Planning and Environment is going to pass it - but that is done. Financial framework. Fibre. I stand by the decisions on fibre, delivering digital infrastructure, just as the Chancellor of the Exchequer hoped for across the United Kingdom, but we will be having next year. Innovation Fund; Common Investment Fund; sorting out Jersey Post. Helping to the move in terms of other incorporated entities. Urban renewal: said that. Saving £60 million, and more to do, and putting digital at the heart of our eGovernment, and our economy and our future. We will have a debate next week. Hopefully, some of the remarks this afternoon will have cut short. I will make a very short Budget speech next week, I promise you, and I will respond only, because there are very few amendments. So I think we can have, I hope, a short Budget debate, and I hope there is not going to be points scoring and electioneering, and confetti type of personal politics put across this Assembly. I am proud of what this Assembly has done. I am proud that this Assembly has approved the majority, not everything, but the majority of the policies that have been put forward. Not only mine, but based upon consensus, working together. A coalition of independents led, in my view, by a very statesmanlike Chief Minister, who I think has managed to ... sometimes, it is a bit like herding cats, and he has certainly, in my view, done a good job. I think we should remember just exactly what we have done, and I am proud of it. If people think that I deserve to be thrown out, then please vote against it. Let the people know. I am proud of my record, and I thank Members for their support. **[Approbation]**

The Deputy Bailiff:

I call upon Deputy Southern to reply.

1.1.23 Deputy G.P. Southern:

I can assure Members that I will not keep you here for another hour. What a magnificent, bravura performance. Superb, one has to admit it. He deserves every bit of foot stamping he gets. It is just a pity that there is more than one person standing for Senator in the coming month, because we could get the 12 Parish Halls, because it was an electioneering speech. It was not an election speech. You know what was missing? What was missing was any attempt to answer any of the many questions that were asked about the timeliness of letting people know what is in the 2014 Budget on the day it is debated. The Minister said: "I cannot remember when it was, when I sent that around." It was the 3rd. He knows it. It is a matter of record. As for the level of detail, he says it is no good having that level of detail if it is not well timed. You have not got time to study it. Yet that is what has happened. We have had the information when it is too late. That is the fundamental charge, and therefore one has to consider that maybe that information is being hidden. I have been criticised for bringing this at this time, so close to the election, but I remind Members that the motion of no confidence is one of the mechanisms we have to hold Ministers to account, and that we should be doing that.

[16:00]

Now, we have this shortfall, a really large shortfall, in revenues compared to the Medium-Term Financial Plan. We have not addressed whether or not we are in a structural deficit, whether we have a structural deficit, and yet that is critical. But again, not mentioned in that very lengthy speech. I thought for a moment the Minister was going to walk on water, when he listed and listed and listed, as he does, his many talents, but the fact is he has got this aspect, I believe, wrong. Nor

did he seek to address any of the criticisms made by the advisers to the Corporate Services Panel, which are the hardest in some people's memory; the toughest, hardest hitting Scrutiny Panel reports that has ever been. And the question is why are we waiting until next year to address the question of structural deficit? Why is that? I believe it is undoubtedly because we have got an election this year and the Minister is desperate to keep any news of what is going to have to happen from the public until after 15th October; that is the reality. He claims that he listens to the F.P.P. and takes their advice and yet F.P.P. it was pointed said that this reduction in tax rates from 27 per cent to 26 per cent is a not very well directed and may well be ineffective as a fiscal stimulus; that is the reality. They were very lukewarm about it, not fully supporting at all, and this question of have we got a structural deficit; the F.P.P. has been warning against structural deficits since 2008 and this is from the report. In 2001 they reported that the Stabilisation Fund had been used to finance deficits arising for both cyclical and structural reasons and that if savings cannot ultimately be delivered then any shortfall may have to be made up through tax increases, if there remains a structural deficit over the medium term, and it is looking increasingly likely that is true. The F.P.P. recognises that the next Medium-Term Financial Plan will have to contain measures to address the structural shortfall between States income and expenditure and that the medium term outlook, while uncertain, suggests that there are significant challenges in even maintaining a balanced budget. The chairman of the F.P.P. remarked in July of this year that he was now far more certain a structural deficit existed; that is the reality. What does that mean? That means either we are going to have to cut taxes again, because modernisation will not produce all those savings, unless of course he gets rid of some staff or they start to pay them less or it has fewer services, or tax rises, and the Minister almost gave himself away when he said: "What are we going to do, what are we going to do? Maybe you should look at more charges." Ah, there is a thing, there is a thing. When? Some time next year, when people have just voted Members in for another 4 years; not now, because we want to avoid that at all cost. I will just mention briefly Deputy Le Fondré, who again impressed me with his understanding of detail when he pointed that it was within a week that the Medium-Term Financial Plan revised 2014 and 2015 surpluses from £4.6 million to £20.2 million and the week later the figures were minus £31 million and minus £36 million. That sort of thing is absolutely intolerable. So, Ministers are saying one thing one week and something completely opposite the next; that is the reality of the way in which we are being treated in this particular case. I would, like the Minister, encourage people not to abstain. Abstaining, as I also mentioned to the Deputy of St. Ouen, disenfranchises your voters. So please try and bite the bullet, whichever side you are on, and vote either for or against. I think it is a shame in his enthusiasm for extolling his own virtues the Minister should have gone on the attack because the fact is that was completely unnecessary. The fact is the blacklist from the French has been because of the delays in sorting out particulars in the courts in Jersey; it takes too long. That is what the French were objecting to, not the words of Deputy Tadier at all. Yet he loves to repeat that even though I suspect he himself suspects it is not true. Then we had this wonderful moment where he said: "We must not believe the front page of the *J.E.P.* when it says we have got food banks." Well, I know we have got food banks. I was offering a food parcel to somebody yesterday who is absolutely on his uppers and Social Security will not help him; luckily he has got a very concerned and caring landlord because many landlords would have had him on the street by now. So if you want to see poverty or you want to see where buildings are cracking, go into Clos des Sables, go into St. Helier in my district and you will see walls cracking, places not window watertight, that is the fact, and yet Senator Ozouf, the Minister, pretends not to know about that and does not believe it. Now, if we get on to the alternatives, what are we talking about? I am asked to produce some alternatives. If not funding by this empty, every little biscuit box and have a look down the back of the settee for any 50 pence, then what should we be doing? Now, I was suggesting that we use the Strategic Reserve for what it is designed for; that is the difference between that fund and any other fund, it is designed to do what it does. It was established by the States to provide the Island with some level of insulation from external shocks,

that is what we are suffering from, to be used in exceptional circumstances. What is £100 million shortfall in your revenue apart from an exceptional circumstance, to insulate the Island's economy from severe structural decline? It seems to me that is what we have got and yet I am criticised for saying that is where we should be taking this from and not from all these other funds, which were set aside for other purposes. We cannot just keep on pinching a bit here and a bit there whenever we feel like it. The Constable of St. John mentioned the notorious raid on the Health Insurance Fund as being the most remarkable example of that. But it is going on and it is going on and going on and going on; it is not good practice. Why is it not good practice? Because if C.I.P.F.A say so then it is not good practice. It would be our considered view that the timing and character of the remedial measures, this pinching a little bit here a little bit there as now presented, seriously undermines the confidence attached to the robustness of the States financial strategy; that is the question that needs answering. Again these are the experts, these are the people who know, these are the professionals. The need to fund core net spend from specific reserves or funds together with the apparent speed by which the remedial measures have been put together does not inspire confidence that the 2015 Budget has been founded on sound principles and good financial management practice. Here we are again; here we are again, refusing to accept the findings of the professionals because they differ with our own. Everything is right; the sense of optimism, nothing is going wrong, nothing is going wrong if I do not tell you that it is going wrong, that we have got a shortfall in our income, until it is too late to do anything about it, until I have got a Budget through, until measures are in place, so you cannot argue about it because you do not know about it. That is what has been happening, and that is unfair practice, that disenfranchises many of us in the House; we cannot act and form rational judgments on what we do not know, because we are not being informed. That is the reality, at which point I will rest; I do not think I need to say anything more, apart from the fact, of course, since accusations have been flying around, that the Reform Jersey has got every respect for the finance sector in Jersey provided it is ethical, well regulated and transparent. What we believe is we should be leading the way in transparency rather than being dragged to be transparent because we think that is the way forward. If we are transparent we can hold our heads up and say: "Look, put your investment here; let everybody know about it, let people know about it; this is a good place to put your money." That is what we should be doing. But the reality, I think, and since Deputy Le Hérissier took me on to the ground, the economic model we have been using for the past, whatever, 20 years, 30 years, is broken. There can be no doubt about that. The low tax/low spend approach cannot be made to work any longer. Why not? Because the low spend will become higher spend. Why? Because of the ageing of society; we are staying older longer and our medical needs are going up, up, up. That is the reality. So in fact we are going to have to abandon the low tax/low spend because we will need to raise some more taxation. How do we do that? Well we know what the Minister's favourite mechanism is and a report in 2011 looked at 4 options. One of those is a property tax, to raise more money, and that is being consulted on now. Another is raising G.S.T., a very simple method of doing it. The other way; higher rate of tax would raise an extra £30 million at 25 per cent on households earning over £100,000, for example; that is one way of raising £30 million. Then he also addressed the issue of social security contributions; another way to do it is either to raise the contribution level or raise the cap and we have started to do that; that has been a policy of mine for a long time and, while I am at it, I remind the Minister for Housing that I have been banging on about getting a Bond to deal with our housing crisis for about the last 8 years; I am very glad it has happened. It is a pity though that we did not break the link to the return to Treasury so we have had to go 90 per cent of market rents instead of a more normal 80 per cent or whatever. So whilst a Bond is in principle the right thing to do, what we are doing is getting our tenants to pay for that, through their teeth; 90 per cent. If you want to go around and talk to people about what issues this election are about, one of the things you will be saying is rising rents, rising cost of living on this Island and the low level of the minimum wage, which supports in-work poverty. Now those are the challenges that most people, day in and

day out are facing and as my wife often says: “You cannot eat the scenery.” It is a very nice place to be but not if you are poor. I would stop there and call for the appel.

The Deputy Bailiff:

The appel is called for then in relation to the proposition of Deputy Southern. I invite Members to return to their seats and the Greffier will open the voting.

POUR: 7	CONTRE: 37	ABSTAIN: 5
Senator A. Breckon	Senator P.F. Routier	Senator S.C. Ferguson
Deputy G.P. Southern (H)	Senator P.F.C. Ozouf	Connétable of St. John
Deputy M. Tadier (B)	Senator A.J.H. Maclean	Deputy R.C. Duhamel (S)
Deputy M.R. Higgins (H)	Senator B.I. Le Marquand	Deputy J.A.N. Le Fondré (L)
Deputy J.M. Maçon (S)	Senator F.du H. Le Gresley	Deputy J.H. Young (B)
Deputy N.B. Le Cornu (H)	Senator I.J. Gorst	
Deputy S.Y. Mézec (H)	Senator L.J. Farnham	
	Senator P.M. Bailhache	
	Connétable of St. Helier	
	Connétable of Trinity	
	Connétable of St. Clement	
	Connétable of St. Peter	
	Connétable of St. Lawrence	
	Connétable of St. Mary	
	Connétable of St. Ouen	
	Connétable of St. Brelade	
	Connétable of St. Martin	
	Connétable of St. Saviour	
	Connétable of Grouville	
	Deputy R.G. Le Hérissier (S)	
	Deputy J.A. Martin (H)	
	Deputy of St. Ouen	
	Deputy of Grouville	
	Deputy J.A. Hilton (H)	
	Deputy of Trinity	
	Deputy S.S.P.A. Power (B)	
	Deputy K.C. Lewis (S)	
	Deputy E.J. Noel (L)	
	Deputy T.A. Vallois (S)	
	Deputy A.K.F. Green (H)	
	Deputy G.C.L. Baudains (C)	
	Deputy of St. John	
	Deputy S.J. Pinel (C)	
	Deputy of St. Mary	
	Deputy R.G. Bryans (H)	
	Deputy of St. Peter	
	Deputy R.J. Rondel (H)	

The Deputy Bailiff:

Very well, so we come then to the arrangement of public business for the next meeting; Chairman of P.P.C. (Privileges and Procedures Committee), do you wish to speak to this?

Senator P.F.C. Ozouf:

Can I just thank Members for their compliments? **[Approbation]**

ARRANGEMENT OF PUBLIC BUSINESS FOR FUTURE MEETINGS

2. Deputy J.M. Maçon of St. Saviour (Chairman, Privileges and Procedures Committee):

The Order Paper is laid out as on the Consolidated Paper, except to remind Members that P.97 in the name of the Chief Minister has been deferred to 25th November, along with the propositions lodged by Deputy Tadier, P.126, P.127 and P.128, again to 25th November. We also have the addition of P.149 in the name of the Deputy of Grouville on 25th November, and therefore, apart from the amendments, which have all been lodged for the Budget debate, I would like to propose the Order Paper as is. I have a few comments afterwards as well, but just to close that please, Sir.

The Deputy Bailiff:

Does any Member wish to say anything about the proposed business? Yes, Deputy of St. John.

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

Could I just ask the Constable of St. Helier about P.125, whether he is still intending to bring that next time?

Connétable A.S. Crowcroft of St. Helier:

If I could just say I would like to withdraw the proposition. It is probably the first time in my experience that a Back-Bencher's proposition has been fulfilled in its entirety by the Minister without needing to be debated. I am very grateful to the Minister for doing that. I would like to withdraw...

The Deputy Bailiff:

So you are withdrawing P.125, thank you. Does any other Member wish to say anything? Do Members agree then to take the business as on the paper? Do you wish to say something else, Mr. Chairman?

Deputy J.M. Maçon:

Firstly, just to remind Members that the next sitting will be on Monday, 22nd September; just to remind them about that. Also that this sitting will not be able to go on after the Wednesday session, and also to remind them that on Tuesday, 23rd September at 9.00 a.m. we will have our States Assembly photograph for this current Assembly, so I am sure Members will make sure to be in their best for that morning. But other than that, that is all I want to say.

Senator P.F.C. Ozouf:

Sir, just concerning the sort of modalities of the Budget debate, I have already indicated that I will not be making a long speech and if there is any way I think that Members are going to want to spend as little time as possible and whether or not P.P.C. or anybody can do anything in order to constrain Budget I would be getting comments out on any Budget amendments. But if there is anything that we can do to make the Budget debate as efficient as possible ... I assume we are going to have a Budget debate and we are going to debate it now, but I am conscious that Members have had a whole day today where they are probably taken out of their diaries, that they thought that they were going to be able to be doing other things, and if there is any way that we can do to absolutely limit the time on discussing the important matters, but limiting it, and if there is any guidance perhaps the Chair could give and P.P.C. in length of speeches or otherwise in order that we can dispatch the business as soon as possible.

The Deputy Bailiff:

Well, as far as the Chair is concerned, speeches must be relevant and concise, I suppose, but I do not think we can introduce unilaterally a time limit.

Deputy J.M. Maçon:

Sir, just one other matter. The Monday start time; there is a bit of uncertainty.

The Deputy Bailiff:

9.30 a.m.

Deputy J.M. Maçon:

It is 9.30 a.m. on Monday morning?

The Deputy Bailiff:

9.30 a.m., yes. Does any Member wish to say anything else on this? Very well, just to say that some of the matters to which the Minister for Treasury and Resources referred and which he was going to email have apparently been produced in hard copy and are available there for Members. Very well, the sitting is closed.

ADJOURNMENT

[16:20]