

# STATES OF JERSEY

## OFFICIAL REPORT

FRIDAY, 30th SEPTEMBER 2016

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[9:30]

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

**PUBLIC BUSINESS – resumption**

**1. Draft Medium Term Financial Plan Addition for 2017 - 2019 (P.68/2016) - fifth amendment (P.68/2016 Amd.(5)) - as amended**

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

So we come to the final amendment, the fifth amendment, to be moved by Deputy Le Fondré. Deputy, do you intend to move this as amended?

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

Yes, Sir.

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

I ask the Greffier to read the amendment, as amended.

**The Deputy Greffier:**

On page 2 after paragraph (c) insert new paragraph as follows: “(d) to withhold consent to the application of resources for work on the development of ‘user-pays’ charges in relation to domestic liquid waste and domestic solid waste, other than work necessarily connected to the development and implementation of commercial solid and liquid waste charges and any such consent requiring separate authorisation by the Assembly;” and re-designate paragraph (d) as paragraph (e). On page 2 after the final paragraph insert new paragraph as follows and number accordingly: “(x) to agree the principle that any new commercial liquid and any commercial solid waste charges shall include provision whereby a business operating in Jersey, or by election the beneficial owner of such business, shall be entitled to claim relief from effective double taxation in Jersey on the money expended on such charges. This relief being achieved either through direct credit or enhanced allowances against the tax payable on the profits from which the charge is paid.”

**1.1 Deputy J.A.N. Le Fondré:**

I do thank the Council of Ministers for accepting the first part of this amendment. I will not dwell too much on it, just to explain that particular section is to try and make it as difficult as possible to do any work on a domestic charge without coming back to the Assembly first to ask our permission. The Council of Ministers has accepted that. I assume there is no need to dwell on that much longer. I was wondering but I suspect I do know the answer if the Chief Minister might have even considered looking at the second part in a similar light, because it is in principle and it is consistent with a comment that he made at a hearing which is: “We have already had some suggestions along the lines that you have just outlined, which is basically the principles behind this proposition, and we would have to consider if there was a mechanism that would be able to deliver that.” I am guessing from the look on the Chief Minister’s face that he is probably not inclined to go along those lines, so it looks like we are going to have a debate this morning, but if he did want to indicate during the course of proceedings he might be willing to move we could shorten proceedings quite easily, for which we would all be very grateful. I will give way.

**Senator I.J. Gorst:**

While the Deputy will be making that point during his opening remarks I think there are other ways of considering what it is that he is doing. Is it really a principle or is it a detail, and therefore because of that I do not think we are in a position to accept that detail at this stage.

## **Deputy J.A.N. Le Fondré:**

Okay, I will start the speech. So, where I am particularly concerned on this waste charge scenario is partly in context the impact again on local businesses and particularly the tourism sector. That is in the back of my mind, but these comments are applicable across the board. What I wanted to just outline to people before I go into what this proposition does, is the comments in the M.T.F.P. (Medium Term Financial Plan) and there are 3 in particular: "We have agreed to introduce charges for the disposal of commercial waste as these services have, up to now, been paid for out of general tax revenue rather than by the companies themselves." Certainly, in another area charging for commercial solid waste transfers the direct cost from the taxpayer to business, many of whom do not pay income tax. So we have already moved from the companies do not pay tax to many businesses do not pay tax: "There is gross unfairness at the heart of the system as businesses and their customers do not pay and the services they use are subsidised by taxpaying residents." So I do not know if people follow that, but we have gone from: it is companies, where there might be some arguments, because there is the whole zero aspect around Zero/Ten, and now we have gone to businesses and their customers do not contribute. One aspect, and I talk about the tourism sector particularly, is obviously their customers, who are tourists, do pay the likes of G.S.T. (Goods and Services Tax) on Island and, therefore, they would argue they do contribute to the provision of services that according to the Council of Ministers they do not. Anyway, maybe that is a bit of an esoteric argument, but I do make that point from the very beginning. My difficulty with the waste charge generally is that, as far as I am concerned, if someone pays tax already then they are already paying for the service, but I completely agree that if someone is not paying towards the provision of such services then they should do, no question about it. This is what this amendment does. If you already have a Jersey tax liability, you can offset the waste charge against that liability. If one does not then you pay the charge in full. It is that simple. This starts to solve the issue around non-local non-finance companies not paying something towards running the Island. It does it in such a way that it does not prejudice local companies and owners, who will already be paying their contribution. So I would argue this is pro-local business and, therefore, good for the local economy, and this is as much in principle as the waste charge is in principle. It sets a principle and it is basically asking the Minister to go away and sort out the details. A lot of the comments against this from the Council of Ministers go down into detail. I am not trying to go there. I am trying to establish a principle. I have outlined a framework. Go in and see if it works. Guess what? Treasury do say it will work, because they say: "This will be complicated, but not impossible." Guess what? That means it works. Yes? This is taxation, okay? It is already complicated, basically, so it will just be an extra and relatively minor calculation that will need to be performed. It is not that complicated and I checked with some former colleagues, accountants and tax advisers, who are used to dealing with this type of thing, and this proposal is perfectly consistent and perfectly workable. I would like to touch on the money to be raised. If one takes the statement from the Council of Ministers that businesses do not pay tax, then it is very clear that this amendment will have no revenue impact whatsoever. It will not reduce the amount to be raised by the waste charge. It will be just about fairness, because if businesses do not pay tax, which is what the Council of Ministers has just said, then there is no tax liability to offset the waste charge against. Logical? Does that follow? If you do not have a tax liability it is zero. That is what the Council of Ministers is saying. They are saying businesses do not pay tax. All I am trying to say is that if there is a tax liability, it will offset the waste charge against it. If it is zero there is nothing to offset against. So, the whole argument of: "This is going to damage the revenue impact, what we are going to raise under this" must fall away, because the Council of Ministers has said that businesses do not pay tax. I have to say I disagree with that stance, but alternatively I think businesses do pay tax and, therefore, I do consider that the statements in the M.T.F.P. are unintentionally misleading, I would say is the expression, made worse perhaps by comments from the Chamber of Commerce letter that was circulated yesterday, which I will refer to shortly. So, I

would also argue on the subject of impact analysis: if one knows one wants to raise a certain amount of money then you just flex your charges accordingly to raise it. In fact, the sum, irrespective of where you go, should be neutral. So this amendment, therefore, should be perfectly acceptable as a precautionary measure that does not penalise local companies. As I said, this is in principle and I would like to quote from a letter from the Chief Minister to the Chairman of the Environment, Housing and Infrastructure Scrutiny Panel. This is about revenue impact: “The Medium Term Financial Plan is simply that; it is a plan. All the Council of Ministers is seeking is agreement of the principle of liquid and solid waste charges for commercial users. I stress it is the principle that is being proposed. I confirm that agreeing to the principle does not amount to applied approval of the detail of the scheme. It will be for the Council to prove the case of a detailed plan when it is brought forward.

[09:45]

If the States Assembly does not approve the proposed schemes and legislation, or if the Assembly agrees a scheme that results in a reduced yield it will be for the Council of Ministers to identify and present to the Assembly an alternative plan to raise the additional revenue or equivalent expenditure plan changes. The Department for Infrastructure will not be left with a shortfall in their budget.” So, any argument about changes in revenue as a result of this amendment must be erroneous for this debate on a principle, because the Chief Minister has said if we choose not to vote for the waste charge at some point in the future it does not matter. Do not forget, if an entity does not pay tax then, under my proposal, it will still contribute to the services it uses. If it already pays tax it is neutral. As I said, and I repeat, it starts to address the issue of non-local, non-finance companies contributing to the coffers of this Island, and how many years have we been waiting for this? This is without damaging locally-owned businesses and, for example, without damaging taxpaying sole traders. A sole trader is not a company. They are going to be paying tax, therefore they will be hit twice by this. When I did see the original figures produced by the Department for Infrastructure, if Members will recall, we were up at Hospice and we had that multi-coloured sheet with various charges, I was very concerned. I think it will cause damage to industry and I do not yet know the impact on agriculture, for example, or, as I understand it, even charities. I would like to quote from a couple of pieces of correspondence from the Jersey Hospitality Association, which Members will have seen. Unfortunately, for some reason it came out in very small print, so it is really straining my eyesight: “Basically we feel that insufficient research has been completed prior to bringing the proposals for these new charges. A key concern is that States Members are going to be asked to agree in principle a new charge a full 6 months before a business case has been completed. Our belief is that the business case should have been completed ahead of any proposal being presented to the States.” You will not get any argument from me on that. In reality, once the principle to charge has been agreed, Members would struggle to reject an implementation plan, given they had previously agreed the principle and more importantly the income funds that are forecast. Obviously, they had not seen the letter from the Chief Minister, or maybe they are still concerned about the outcome: “The impact of any new charge to a hospitality tourism business will have a negative impact on their ability to continue and certainly impact on being able to continue investing in their/our product at a time when Visit Jersey are working hard to increase visitor numbers and to position Jersey as an attractive destination to visit.” In detail, and that was their cover email: “The industry is slowly recovering. It is still fragile after the recession and previous years of managed decline. There is a new, positive focus with Visit Jersey now operating to put Jersey back as a destination on the global travel sector.” Great, I agree, it is brilliant: “This sector is in a very competitive market place ... further costs are likely to cause business owners to seriously consider if it is time to leave the industry on a permanent basis. We would suggest that more work and a greater understanding of the challenges that face the hospitality and tourism industry is required before the States are able to make any informed decision on this matter.” I do

have to say that ties in with anecdotal comments one receives from industry operators as well. So, I make the point: this is a detailed response to the comments from the Council of Ministers. This is about any new waste charges. It is not existing ones, but again that is a matter of detail for the Minister when he brings it back. I am trying not to get into the type of detail in the comments by the Council of Ministers. This is principle. If applied in a particular way it could also be used to incentivise the release of profits presently being retained in companies which are presently accumulating such profits on a non-tax basis. Again, that is a point of detail, that is technical, the Minister can deal with it at the time and during any consultation he would need to carry out. I think, based on the response we had on Monday, the Minister is also going to try and muddle things and start alleging that operators will start switching waste around between them in order to avoid a charge. Just think that through, and there is some reference to launderettes and how they are going to incur the charge. So we have a non-locally owned launderette, a U.K. (United Kingdom)-owned launderette next to its nice local Jersey one, and so they are going to pipe all their waste water into the Jersey one, just to avoid the waste charge. Anybody see that one happening? I think we are getting to the extremes of where we are going.

**Deputy M. Tadier of St. Brelade:**

I just asked if that was tax avoidance or money laundering.

**Deputy J.A.N. Le Fondré:**

Thank you. I think again it is for reasons for not doing something. Stick to the principle. Do you want to hit local businesses at a time when things, in theory in certain areas, are just trying to recover with a charge that does have quite significant consequences? What I would also like to say is we had a letter come in, or a response, from the Minister to Chamber of Commerce and Chamber's response is: "There is no distinction between those businesses that use water for a living: coffee shops, launderettes, car washes, and those that achieve a low consumption." This is about environmental benefits and things like that, and the response from the Minister: "In the case of launderettes and car wash facilities, unless treatment to reuse is taking place, then these businesses do inevitably place a load on the sewerage treatment works and it is only fair that they contribute to the cost of treating the waste by-products of their business." The response from the Chamber of Commerce: "It is clear that all the ramifications have not been fully, or correctly, calculated. Figures from the Department for Infrastructure show that the annual cost calculated for a small hotel is £4,068 for the liquid waste only. However, it is apparent from our own discussions that a small hotelier would be expected to pay almost £25,000." The response to that is agreed and, obviously, we are still looking to try to fully understand: "Feedback to Chamber strongly suggests that small hoteliers may decide to close outside peak periods." The response is: "When hotels open and close is a business decision. This applies all over the world and waste charging is present in most, if not all, alternative destinations." Bluntly, that is: "We do not care." The proposed charges are 451 per cent higher than Guernsey and more than 50 per cent higher than 2 jurisdictional examples offered by the Department for Infrastructure and, funnily enough, Department for Infrastructure disagree with us. "Assumptions that tourists and businesses do not pay tax are inaccurate." I tend to agree with that one: "Tourists, like Jersey residents, pay tax on retail and food. Many hospitality businesses are taxed through the distribution of their Jersey resident shareholders." What I find most telling is a comment, because when this letter was sent out the department forgot to take off tracked changes, so this has gone to the Chamber of Commerce and there is a reference that says: "RB4", who I presume is the author: "We think it is important that subsidies for business are direct, not indirect, and hidden in this fashion. Hotels typically will not be paying income tax, yet enjoying public services for free. Move the argument from their assertion of doom and gloom to paying their way like the competitors elsewhere, while being sympathetic and saying charges are not set in stone." So, I am afraid that I do not think that will go

down particularly well with the Chamber of Commerce and the Jersey Hospitality Association, because I think it demonstrates that: “We do not care about the tourism business. We do not care about small businesses and we want the money.” This is the final comment from the Minister: “The reason why only ‘in principle’ approval is requested at present is for precisely the reasons highlighted by Chamber. We need more time to fully investigate the charging mechanisms, the impact on businesses, concerns of specific sectors of the business community and consult on the proposals.” Just remember that last comment I read in the tracked changes. So what I find alarming is the attitude from this Minister, that these businesses make no contribution to the Island, they are a leech on our society and are of no benefit whatsoever. Well, let us just switch to all online trading and AirBNB. That is how it is going to be received and that is why, for example, the hoteliers that we do have left will again start to decline, as there is no sign of joined-up thinking and there is no encouragement to tourism owners, specifically, to want to carry on. I have referred to the transcript on the proposition. We raised this as part of the quarterly hearing at Corporate and I asked the question: “If you have a business, that is paying tax locally and effectively, this is a double charge. I believe you, Chief Minister, have made reference in the past that there may be a possibility to mitigate that because if that happens ...” and then we carry on and I say: “What happens there?” and the point was, in presentation the Chief Minister made reference to the ability to offset the charge for local businesses. He says: “We have already had some suggestions along the lines that you have just outlined and we would have to consider if there was a mechanism that would be able to deliver that”, but there are considerations around this, and I would hope that, even if this amendment was rejected today, people will properly consider this, because otherwise it is an increasing tax on local businesses and again what they are always after is this level playing field aspect. This would generate it. It would target those who do not contribute to the services that we all need to pay for. So, what I am proposing is in principle we agree to charge the waste charge on businesses that really do not pay tax. Just bear in mind what is commercial on the basis of what we are hearing. We have heard launderettes. That could mean the corner shop, the farm shop, the general agricultural industry. What is commercial? Everything from the school tuck shop upwards, because it is not companies. This is commercial. You do not have to be a company to be commercial and, as I have said, and I will remind people of that comment: “Businesses do not pay tax, but be sympathetic.” Now, I have explained that if this argument of businesses, typically, will not be paying tax then this amendment will not lose us revenue. Very clearly. There is no tax liability; we get the charge in full, period, but if local businesses do pay tax, which they must do because not all businesses are companies and many will be sole traders, they will pay tax and to use the words of the Council of Ministers: “This will resolve the unfairness inherent in the proposed present system as only businesses that do not pay tax will suffer the waste charge.” That is the principle that the Council of Ministers are establishing here. They state that it is those that do not pay that cause the burden to fall on taxpayers, and I am making sure no extra burden falls on to those taxpayers and is that not what we want to do? As opposed to the warning from the Jersey Hospitality Association: “Further costs are likely to cause business owners to seriously consider if it is time to leave the industry on a permanent basis.” I think it was 2 nights ago there were 2 hotels that were closing, I cannot remember. I have certainly been told that there is probably another hotel closing next year, principally because I think hoteliers’ margins are still tight and they are finding things difficult. Unfortunately, I rather suspect that the Minister does not care. All his department will care about is getting the money, but there has been an assurance from the Chief Minister that Infrastructure will not suffer. The Minister for Economic Development, Tourism, Sport and Culture has already stated he is not supportive of the waste charge and that he is concerned about the impact on the industry and I would hope that this amendment would resolve that for him. On that basis I think I will stop. I think I have made the case that I think we need to be supporting our local businesses, that this starts to sort the non-local, non-finance dilemma and we have been waiting for years for a solution. Treasury say it can work. Thank you, Sir, I make the amendment.

## **The Greffier of the States (in the Chair):**

Is the amendment as amended seconded? **[Seconded]**

### **1.1.1 Deputy E.J. Noel:**

I would like to start by thanking Deputy Le Fondré for accepting the Council of Ministers' amendment to his amendment and to clarify what we are debating this week. The Medium Term Financial Plan proposes the principle of introducing commercial waste charges, not domestic.

[10:00]

When we wrote that initially the States would be asked to approve commercial waste charges, that did not mean that we were seeking to introduce domestic charges later, or that the States would be asked to introduce both in 2017. Indeed, as I said in answer to questions when I stood for election as Minister for T.T.S. (Transport and Technical Services) back in 2014, I wanted to explore and thought that there was merit in bringing forward waste charges on commercial activities, but not on domestic. It is, in fact, almost impossible for my department to deliver the income needed in the manner that has been proposed by Deputy Le Fondré in the second part of his amendment. Part 2 proposes to reimburse commercial customers paying income tax in Jersey by crediting any charges against their income tax liabilities. On the face of it, Deputy Le Fondré puts forward a very reasoned, simplistic argument, but this is where it is crucially, in reality, thinking through the implications, because it just is not workable. It is important that we remember why we want to introduce commercial waste charges at this time. Extra funding is needed for growth in both health and education. That funding has been redirected from D.f.I.'s (Department for Infrastructure) budget, and new waste charges income will be introduced to make up that shortfall and will stay within my department's waste business. It is not all about the money. It has to be said that it is also very important for environmental reasons. At the moment, it is cheaper for businesses to throw away items rather than recycle them and ordinary taxpayers are picking up the business costs of doing just that. We have to change behaviour and waste charges have been proved elsewhere, time and time again, to successfully do that. Deputy Le Fondré has made it clear that it is not his intention and I quote: "... to reduce the yield of taxation raised by this charge." I assume this need for additional income is also acknowledged by other States Members, because there has been no amendment submitted to change this. Deputy Le Fondré says and again I quote: "The fundamental principles around our taxation system is not being charged twice." So, he believes that organisations that do pay tax, either directly, or via local shareholders, will be paying twice for the same thing. As I have said, although the income is coming to D.f.I., it is only replacing budgets that have been taken away to fund growth in health and education. We need more money to fund for more teachers, more classrooms, for better health treatments. It is, therefore, new money for new things. It is not about paying twice. Deputy Le Fondré is good with enticing sound bites, but in reality such sound bites are just a veneer. Moving on to where this new money should come from, we have been set an income target and, after much thought, discussion and consultation, we believe that commercial waste charges is the best way of achieving both those income targets, but just as importantly, and it is just as importantly, it is not in second place, to change behaviour by polluter-pays charges. I would like to take this opportunity to thank States Members for attending our workshops and helping to develop the policy in an open and collaborative fashion. I am more than happy to confirm that we will continue to work in this way with Members and with stakeholders. We have already had meetings with Chamber, with the Jersey Hospitality Association and with the Jersey attractions group and we will continue to do so and take on board their concerns and try and find workable solutions to their concerns. Deputy Le Fondré has challenged only one of these. He has not mentioned that positive environmental impact would be severely diminished by his amendment. It is undeniably true that these charges will not completely even up the disparity between those organisations who pay tax and those who do not. But what



does that mean? It is that organisations, who do not pay tax, will at least pay these charges, whereas currently they do not contribute directly. As I have already said, Deputy Le Fondré is not proposing to affect the amount of income by his proposals. He thinks that the charge should be increased and effectively shared among non-tax paying organisations. I do not know how many organisations do not pay tax and how many do, nor do I know the size of those companies, who do not pay tax, as opposed to those who do. I have tried to find out, but it is simply unknown. However, what I do know from the initial work that we have done, is that we can introduce a reasonable and realistic rate that we charge commercial organisations across the board. It then follows that if we cannot get income from those organisations, already paying tax for the charge, that the others will have to go up significantly. What sort of super charges will those businesses have to make? For an example, we gave an indicative charge of £150 per tonne for solid waste. That is likely to go up way over some £450 per tonne if this amendment is accepted. That, to me, is not reasonable or realistic. Deputy Le Fondré does not give any examples to Members for us to be able to judge. Even a rough guesstimate indicates it is likely it will be high enough to make affected businesses look for other alternatives. What would happen then? We certainly would not get their income, and I would remind Members that one of the 2 main objects of this exercise was to realise income. Now, some of you may be thinking it could be a good thing if companies find alternatives to sending their waste to the Energy from Waste plant. Hooray, if they reduce and reuse and recycle, however they cannot reuse, reduce and recycle all of their waste. So what would happen to that residual waste? They could ship it off Island. They could fly-tip it, or they might unwittingly employ an unscrupulous operator who might fly-tip it or put it into a private landfill, or that may be an enterprising idea, a potential tax loophole, if you will. They could pay an operator to dispose of it for them at a rate lower than D.f.I. would be charging and, if that operator pays tax, that operator could potentially get a tax credit for the disposal of that waste. I cannot see how it is possible to introduce solid and liquid commercial waste charges responsibly if the States agree to this proposition. It is also making much more of an administration burden for the States, but I am sure the Minister for Treasury and Resources will expand on that, because it will be his department that will have to deal with that administration burden. Thus far I have been speaking about the introduction of new commercial solid and liquid waste charges. However, if Members look carefully at the wording of part 2 of this amendment, it says any new commercial liquid and any commercial solid waste charges, so Deputy Le Fondré is, in fact, proposing to include any existing solid waste charges being eligible for tax relief. That is what your words say, Deputy.

**The Deputy Bailiff:**

Through the Chair, please.

**Deputy E.J. Noel:**

Yes, through the Chair, that is what the amendment says. We currently charge for such things as inert waste, abattoir services, the knackers' yard, green waste and asbestos. We currently get approximately just over £3 million income from these various charges. So, this will mean that in addition to the £11 million target that has been set for us for new charges there would also have to be an extra in excess of £3 million to cover that income as well. Such charges would be super, super charges and, again, these would neither be reasonable or realistic. In summary, Deputy Le Fondré has made proposals the effect of which cannot be calculated. The process of tax administration, for which we require more resources and for what? The potential yield, from Deputy Le Fondré's own admission, is not only not known and the need will not be known until after the tax considerations have been implemented, but the proposal is neither fair nor practical and, therefore, I ask Members to reject this veneer of an amendment. Finally, I would remind Members why we are proposing this charge. Jersey is extremely unusual for not charging for waste disposal. Such charges not only pay for their services, they also improve the environmental

outcomes and manage the demand for our commercial waste, which has, up to now, been paid out of our general taxation, rather than by the companies themselves. If we are serious about our environment, we need to start changing behaviours. These proposed charges are as much about changing behaviours as they are about raising £11 million. We will work with Members, we will work with stakeholders over the next 6 months to deliver detailed proposals in the spring of 2017, subject to this going through today and subject to the M.T.F.P. going through today. We will bring back proposals that are acceptable. By working collaboratively we can do that and I have confidence in States Members to make the right decision today.

### **1.1.2 Deputy M. Tadier:**

Let me start off by saying something which I think we all know is true in our heart of hearts. This is not about the environment. If it were about the environment, this would have been done 20 or 30 years ago, because we knew that the waste contributes to environmental damage. We knew that in the 1970s and 1980s and some people even knew it in the 1950s and 1960s. It is not about that, and if it is about that, it is only a very minor part, an ancillary part, of what the Council of Ministers is doing. This is about getting as much money into the pot, because basically the goose is cooked. They know that and they have got a projected deficit of £150 million-odd in the current financial term. That is what it is about; let us not be under any illusion. If it were about the environment, then it would not simply be just applied to commercial users; it would be applied to domestic charges as well. The Minister cannot have it both ways. He stood up and said: “Okay, we know that some companies in Jersey pay tax effectively; others do not pay tax effectively” and he said: “I do not know which companies pay tax and which do not and how much they pay.” It is really worrying to hear a former Minister for Treasury and Resources saying that, that basically the Council of Ministers has no idea which companies are paying tax and which are not. I think that is what the Minister said. I am happy to give way.

### **Deputy E.J. Noel:**

That is correct. Under the Income Tax (Jersey) Law we are not allowed to know.

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

I also noticed something else today, that apparently we have a knackers’ yard in Jersey. I did not realise that, but that is good news, because at some point in the future the Council of Ministers will need to go there, because clearly that is the state of their politics, which are moribund and they may be ending up in the political knackers’ yard. I presume it is parliamentary because the Minister said it.

### **The Deputy Bailiff:**

I do not think suggesting that the Council of Ministers needs to go to the knackers’ yard is a parliamentary comment, or is in parliamentary language, Deputy. Perhaps you would withdraw that.

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

Rather than try to rethink that one I will leave it like that and withdraw it. I knew we had an abattoir, but I did not know we had the aforementioned. That is the rub, is it not? We are being sold, I think, a pup here, or a pig in a poke, keeping on the theme of the abattoir, because the Minister on the one hand is saying: “No, this is not about raising new revenue” which, of course, it is, and he will say: “Well, that is also about raising new revenue, but of course the prime driver has to be our deep-seated concern for the environment”, which we know that every Council of Ministers’ Member deeply has in their heart. If that were the case, then he would be saying: “No, we must apply it to domestic users as well, even though they are taxpayers, because it is about the environment, not about fairness” but, presumably, the reason at the moment that they are saying

they are not applying it to domestic users, is because domestic users already pay for waste through the tax system and through their rates system, so they pay to get their waste collected through their rates and they pay to get the waste processed through their tax system. Therefore, we could not do that at the moment, because they already pay for it; therefore, it would be double taxation, plus the fact it would lead to more political dissent outside the Assembly. That is the real reason. Okay, the ostensible reason is the fact that it is double taxation, so why is it that when Deputy Le Fondré tries to bring a proposition that deals with the issue of double taxation for those companies which are genuinely paying tax in Jersey, probably through the distributed profits, if not through the 10 per cent and 20 per cent regime, that his amendment is just not simply accepted? I think the Council of Ministers have told us: "This is a real issue here. We want to look at it anyway", so why was this not accepted and say: "Look, we accept the fact that this is complex and we do not want to tax companies double. We do not want to impact negatively on small local businesses" or, in fact, many local businesses across the board.

[10:15]

It does not need to be small. It can be right from the top to the bottom. There are banks here that could be affected by this, and they are already paying their 10 per cent tax, *et cetera*. Might they leave? That is the answer that is usually given: "Oh, we could not possibly introduce a domestic waste charge, because all these companies might leave." One last question is how long can we keep up this charade of the mantra of simple, low, broad and fair? It completely smacks of the new speak that only the brainwashed party members of Oceania would entertain, because, in reality, it is the opposite of that, is it not? It is not simple, low, broad and fair; it is complex, variable, selective and unfair. If the truth were to be known, that would be the mantra of this Council of Ministers: "We want our tax system to be complex, variable, selective and unfair." It is complex, because we have got different rates; and variable, because we have got different rates for different people: some pay zero, some pay 10, some pay 20. Now, if you are a domestic user, you will not pay anything, if you are commercial, you will, even though you may be paying it already. It is selective. Of course we know that the whole underlying ethos going through this M.T.F.P. is one of unfairness. I think, with that in mind, we should be snapping up Deputy Le Fondré's proposition. There is, clearly, some work to be done here. I will be looking forward to hearing from the Chief Minister, and when he says it is all right for the rest of the members of Oceania to vote for this, then I am sure this amendment will go through.

### **1.1.3 Deputy R.J. Rondel of St. Helier:**

I am pleased to follow on from Deputy Tadier and somewhat disappointed in his comments about the environment and recycling. I do believe the second part of this amendment is about a genuine desire to achieve equity and fairness. However, the Minister for Infrastructure has clearly shown that this would not be the case. The charges levied would have to be unreasonably high to account for who would be eligible for tax credits. That is not fair. Although the income from commercial waste charging is required to fill the gap of the budget taken away from the D.f.I. and redirect it to Health and Education, in calculating the level of charging, D.f.I. is looking at what would be a reasonable user-pays charge, so they are looking at the full cost of relevant waste disposal and how these costs apportion out to household and commercial and that will then present a fair user-pays charge. It certainly cannot be seen as fair just to divide up the sum of money needed by the amount of organisations not paying tax. Although the introduction of charges is driven by the need to generate income, there are some equally important and desirable outcomes which are also achievable. It may surprise Members to know that not everyone is as diligent as they are in recycling. There are some people and organisations who pay no care, whatsoever, as to what they throw away: items that could easily still be used are just thrown away; items that could be recycled are just thrown away; items that clearly are not suitable for going into the Energy from Waste plant

are still just thrown into a bin or skip; items that are potentially harmful to the environment, when burnt, are still just thrown away. Why do they do this? If we cannot make them change through promotion and publicity and through the provision of free recycling facilities, what will make these businesses change? Disposal at the E.f.W. (Energy from Waste) is seen as being free, so people have no qualms in using it. To segregate waste for reuse and recycling would take time and effort. It is far easier just to throw everything into a bin or skip. I can remember, as a young boy, going down from the farm with my father on a weekly basis with a lorry to Bellozanne to dump stuff we had from that week and, in those days, we used to come back with more than we took down. Some would say that it is because we were tight Jerseymen, **[Laughter]** but I like to think that I was very forward-thinking in recycling. If organisations had to pay for their waste disposal, it would make them think about how they could reduce those costs by reducing their waste. Suddenly the time and effort to reuse and recycle would be worth it. Would someone put a whole engine block into the skip if they knew they were being charged for it? I do not think so, but they are doing it now. Engine blocks do not burn in the Energy from Waste plant, they just damage it. It cost us over £100,000 to repair. We need to keep them out of the waste disposal stream. u.P.V.C. (unplasticized polyvinyl chloride) window frames can be easily recycled, but instead they are just thrown away into the E.f.W. These should not be burnt either. They give off toxic gases, which have to be captured by the flue gas treatment system in the E.f.W. The Minister has already mentioned it costs around £500 a tonne in treatment and disposal of u.P.V.C. If these polluters had to pay for disposal, recycling would be a much more viable option for them. In the run-up to the introduction of commercial waste charging, we would engage with businesses and work with them and alongside them to reduce their waste. We have a lot of knowledge gained from experience in other jurisdictions. Waste charging may be new for us, but it has been happening for a long, long time elsewhere. In fact, it is really the norm in the U.K. and Europe. We are well behind the game, as Deputy Tadier alluded to. It has had a dramatic effect on improving reuse and recycling in other jurisdictions. It would do the same here. We are the custodians of the environment for our future generations. It is incumbent upon us to do our utmost to preserve and improve it. We must take this opportunity and I urge Members, please vote against this proposition. **[Approbation]**

#### **1.1.4 Deputy D. Johnson of St. Mary:**

It seems to me that, not for the first time during this period of 4 days sitting, we are in danger of discussing, in detail, something which is not before us in the proposition. **[Approbation]** We have not yet come to debate the principle of the commercial waste charge. I do agree with that and I thank the Minister for Infrastructure for having had the courage to invite Members to workshops, which I think was a very progressive move. This proposition made by Deputy Le Fondré is simply to say that in principle, if residents are to pay for their waste charges, then that should be allowed for tax. That seems very simple and basic to me. I do not see why, at this stage, we need to go into details of the advantages of collecting the waste charge, with which I basically agree, so I suggest we might move on rather quickly.

#### **1.1.5 Deputy A.D. Lewis of St. Helier:**

A bit of baggage in the way, sorry. I feel chained to the seat, we have been here all week, but nevertheless it has been a fascinating few days. One of the objections, of course, of any tax changes and taxes that we have currently and in the future has always been to keep it simple, fair, as well as affordable. I do not know about that, because one can have a subjective view on that, but certainly simple. This to me, although laudable, seems to complicate matters and I do not want to get too much into the detail of whether we should have the charge or not, but I am going to mention it anyway. The fact is that these types of charges across the world are designed, not just to raise revenue, but to incentivise changes of behaviour. Some hoteliers, for example, may suggest that this could be hugely detrimental to their business, it is an increase in cost, but let us face it, a hotel

uses quite a lot of water and we are going to be charging them on the basis of their water consumption, that is how it will be measured. On the other hand, across the world, hotels are one of the biggest polluters as well, which is why in most countries across Europe there is a tourist tax to mitigate that. I will just give you some examples: Slovakia it is 1.66 euros per night per person; Slovenia 1.25 euros; Spain and Catalonia, it is up to 2.50 euros. In Switzerland it varies hugely, depending on the canton you are in, but what they do there is they then invest all of that tax into tourism infrastructure and tourism initiatives and marketing, so the hoteliers get it back in the round, because their businesses benefit from that investment from that tax and charge. In this case, what they are getting back? I think they will be getting a lot back. We have heard over the last few days, through the media, a lot of noise about St. Aubin's Bay and the possibility that what we currently churn out from our sewage plant may be causing some of the problems with the sea lettuce. That is of particular interest to my residents in my district. Not only that, they are particularly interested in the smell that comes from Bellozanne in my district, which many of you will drive through from time to time and also notice, which is generally better than it was, I have to say, thanks to some investment from the former T.T.S. (Transport and Technical Services), but it is still not good. How is that going to be resolved? It is going to be resolved by further investment in that plant, but where is the money going to come from? Should it not come from those that use it the most, those who are putting the most liquid waste into it? Of course, in this case, it will be hoteliers and businesses in general. Businesses do create more pollutant than domestic users. Out of the sort of 17 countries that have some kind of tourism tax, 11 of them are currently investing that money into tourism infrastructure, the rest are using it as an incentive to change behaviour and it has changed behaviour. What you will see across Europe, partly because of other European directives that I am sure plenty of businesses have complained about, is that they have been made to reduce their water consumption through tax and through other regulations to change water cisterns, toilets and all sorts of things to reduce the amount of water that is often going into their sea. A lot of these tourist destinations are islands, like us. So this type of fiscal measure has a huge impact on behaviour in that sector and other industrial sectors. One of my slight concerns though with this tax - and I am sure we will get onto the substantive body of the M.T.F.P. when we agree this finally later on today, or do not agree it - is this the beginning of a waste charge for everybody? I suspect a lot of our electors believe that that may well be the case, because the Minister has said, on a number of occasions already, that other countries charge for this type of disposal of liquid waste. If you do the research, you will find that, yes, there are some that just charge businesses, but the majority charge everybody. I think we need to be alive to that. I am not suggesting that it should never be considered because, at the end of the day, people would like to not have that pong at Bellozanne, they would like not to have sea lettuce that may be caused by the nitrates coming from that plant. There is no free lunch here: if our residents want the best public services and the best sewage treatment, somebody has got to pay for it somewhere. But, unfortunately, when it comes to taxes and charges, everybody thinks that somebody else is going to pay, but, of course, everybody has got to pay somewhere. In the case of hotels, I would just like perhaps some clarification from the presenting Deputy on this, that when it comes to companies that own things like hotels, they will often have 2 companies. One will be a property holding company that owns the asset; the other one will be an operating company that runs the business. How exactly are they going to charge, which one are they going to charge? Because a clever accountant will simply switch the revenue by inter-company charge to the other company that, perhaps, is not suffering from charges, but we know property companies are one of the companies that is not exempt from corporation tax, they are taxed. So I would like the Deputy to perhaps clarify that. The fact is somebody has got to pay somewhere. The complexities that the Deputy is quite laudably wanting to try and introduce here, I think, just make it more complicated going forward. I do not think there is any huge net gain. In fact, I would imagine there will be a net loss for some people. I would also

be interested in his response to how does it work with the Radisson, clearly a U.K.-owned company, I assume.

[10:30]

It might be a franchise locally owned, I do not know, but there are other companies that are setting up at the moment - Premier Inn - so are they going to be treated differently to a family-run hotel, owned and managed in Jersey? Is that fair? They are already paying other taxes and charges, they are paying G.S.T., they are paying Social Security on their staff wages, but yes, they are not paying corporation tax. You are introducing more and more complexity to an already complex situation, so I am not so sure that this amendment, as well-intended as it might be, is going to have the desired result. I think a much clearer, transparent, tax on some of those industries, particularly the most pollutant, which in most countries is the tourism sector, perhaps would be more desirable, which is why 14 of the 17 nations in Europe, that have active tourism industries, have a tourist tax and that money is spent on infrastructure improvements, marketing and environmental measures. That is perhaps the direction we should be considering, yet still maintaining our competitiveness, so I would be very interested in what the Minister for Economic Development, Tourism, Sport and Culture has got to say about that and one of his industries of which he has first-hand insight, how they view tourism taxes, some of which could be used to improve the environment and mitigate issues like waste and sewage in particular, which is a problem across the world in the tourism sector. I will leave it there, but I just wondered if Members could give that some further thought, because as well-intentioned as this amendment is, I do have concerns about its complexity and is it really going to do the job. Should we be looking more outside the box with this and looking at possibly other taxes that mitigate this that the tourism industry in particular will benefit, because that money could be hypothecated and spent on the things that tourism taxes are spent on across the rest of Europe?

#### **1.1.6 Connétable C.H. Taylor of St. John:**

I am pleased to follow the Deputy and to learn what all the other countries in the world do. I think the important lesson to learn is that everybody has their own way of raising taxes, controlling recycling, *et cetera*. It is useful to learn from those countries, but they are not necessarily applicable here in Jersey. We have got a very, very much bigger problem than, I think, the Minister and the Council of Ministers are prepared to accept. The incinerator, basically, does not work, because the material going into it is wrong; we have heard of engine blocks and other things going in there. Introducing a charge is not going to change that habit. What you need is the correct policing of the material before it goes in and we need a strategy of recycling. The previous speaker was the person responsible for driving recycling in St. John and St. John was the first parish to have recycling but, unfortunately, when you take a walk around various beauty spots in St. John, all too often there is a fridge, a deep-freeze, a vacuum cleaner and various other white goods chucked over the cliff. That is happening now, before we charge for it. When we introduce charges, my cliffs are going to become - and by "my" I mean the Parish of St. John's cliffs - a dumping ground. I want to know who is going to pay to clean all that up. While you may be receiving a charge on one hand, you will be spending more than that charge clearing up the cliffs and the other beauty spots around the Island. You could nod ... no, wag your head - which is it? - and disagree with me, but I know only too well, as a former farmer, just how much rubbish gets thrown over hedges and into fields and into the long grass. It is very bad and these problems need tackling. We need a proper waste strategy right across the board and not just pick little areas: "Oh, we could do this, oh, we could do that and we will introduce a charge on this little bit." Come back with a complete waste strategy that encompasses everything. It was only this week, despite having been engaged in talks, that I learnt from the Minister for Infrastructure that we get lorries coming in, full of waste, from a building site; it is all wood and offcuts and it goes into the incinerator. Of course that should be

charged for. That is commercial waste. I am fully in favour of that, but I only learnt that, despite having been engaged in talks, we have had 2 visits to the Comité des Connétables and it is the last minute that that has come out of - pardon the pun - the woodwork. I, too, have researched a little bit on the subject. The Minister talks of £150 a tonne being the cost. That is about 3 times the cost of many, many places and what we need to do is try and find a very much cheaper way. It is interesting that the previous speaker spoke of Switzerland. In Switzerland, everybody has a number which is printed on their black bin liners, so if something is found in a black bag that should not be in there - you put a plastic bottle in a glass bin or a glass bottle in a plastic bin - there is a hefty fine. Perhaps that is something we should be looking at, making sure that the various products, glass is in the glass bin and it does not go in the incinerator. If we were able to stop these items from going into the incinerator in the first place, it would be much cheaper to run. That, surely, is the way to tackle the problem. We need a lot, lot more recycling and I certainly do not want to see what is already happening, happening to a greater extent, as one joker in front of me ... sorry, Deputy in front of me said: the white cliffs of St. John. I would not want to see that. What the Deputy is proposing is a damage limitation exercise. We know these charges are coming in, we cannot stop them, because there are not sufficient people to outnumber the Council of Ministers and their followers, but what we are trying to do is at least put in a damage limitation. Those people, who are already paying for the waste disposal through their taxes, should not pay a second time. That is all.

#### **1.1.7 Senator P.M. Bailhache:**

I agree with the Deputy of St. Mary that this is a debate about tax. One of the glories of Jersey's tax system has been its simplicity. People have not been obliged to employ accountants to deal with their tax affairs: you declare your income, you claim any relevant allowances that there might be - not very many these days, I am afraid - and you wing off the tax return to the Comptroller. I have never employed an accountant in my life to deal with my tax affairs. I am not against accountants earning a good living, it is just that I do not think that we should deliberately complicate our tax system, in order to create a new industry for the benefit of the profession. This is not a dig either at Deputy Le Fondré or at the Chief Minister. **[Laughter]** Despite the remarks of Deputy Tadier, we do still have a remarkably simple tax system. We can see the effects of complicating tax systems in neighbouring countries like the United Kingdom and France and even more so further away in the United States of America, where there are so many allowances, credits, set-offs and reliefs that a completely tangled mess of a system results. You find that the reliefs, that you have given, affect people that you did not want to, so you close that loophole and then you find that some of those that you did want to help, in fact, have been excluded from the benefit and they have been penalised. Eventually, a tangled knot is created that generates unfairness and, where unfairness is created, then, of course, you have tax avoidance and a new industry to avoid taxes is created. We do not want that in Jersey.

#### **Male Speaker:**

Senator, I do not think your light is on.

#### **Senator P.M. Bailhache:**

Beg your pardon.

#### **Senator L.J. Farnham:**

Would he start again, please, Sir? **[Laughter]**

#### **Senator P.M. Bailhache:**

I am sure the Senator was well able to hear all that was said. A commercial waste charge seems to me to be entirely fair. Businesses that make profits from their enterprise have to pay the expenses

involved in that undertaking. They have to pay their electricity and they have to pay for the water and, if the business creates waste, why should the general body of taxpayers accept the expense of dealing with it? Helping businesses to avoid what is a perfectly reasonable charge seems to me to be in principle wrong, but it is even more wrong if you complicate your tax system in the process, as is so well explained in the report of the Council of Ministers, which I am sure that Members will have read. Creating a tax credit, which can be used by those who pay tax, does not help people who do not pay tax, so the small business, which benefits from exemption thresholds, will not benefit from the proposed tax credit, whereas a very large business, which pays tax will benefit. Is that fair? Is that what we intend to do? It seems to me that this amendment, well-intentioned as it may be, is simply going to complicate our tax system and is going to lead to the kind of situation eventually - because all these things happen in very small steps - which exists in other countries and which we do not want to replicate in Jersey.

#### **1.1.8 Senator L.J. Farnham:**

Unless I misinterpreted the Constable of St. John, I think he spoke in favour of a domestic waste charge when he made comparisons to what the Swiss do, but that is a debate for another time.

#### **The Connétable of St. John:**

On the contrary, no, very much against paying for a waste charge. Income tax was originally brought in to pay for waste.

#### **Senator L.J. Farnham:**

But the Constable did, clearly, say that households should be perhaps fined for not recycling. Anyway, that is a debate for another time, of course. I just want to touch on taxes and remind Members that I am a director of a company that does own a hotel, just for the record. I will discuss more on the principle when we come to the main debate later, but just relevant to taxes, Members will not be surprised to know that I have received an awful lot of correspondence - I say "I", the department, my Assistant Minister too - from businesses across this piece of the economy, most of whom are prepared to pay a fair charge, as long as it is fair, in relation to the tourism sector. They have got a very important point because, I think, they would prefer a tourism tax, they would prefer £1 a night per guest, or something like that, something that can be passed on, because that particular industry pretty much soaks up all of the G.S.T. payment when you look at room revenues and restaurant and bar and hospitality bills. The G.S.T. is never put on at the end, it is always included in the price, room rates, whether they are £89 or £99 or whatever; they are not going to be reduced by 5 per cent if we did not have G.S.T., or if G.S.T. increased.

[10:45]

The price is soaked up. The majority of that G.S.T. for the hospital is soaked up into their margins and the same will happen with the waste charge, it is something that cannot be directly passed on to the consumer, it is something they will have to soak up - excuse the pun - in the charges. I just wanted to make that point in relation to the tax side that Deputy Lewis mentioned in his very good speech. Again, I agree with Senator Bailhache behind me and I admire Deputy Le Fondré for the work he has done on these amendments, but I refer again to the report, our long-term tax policy, which is really very good. I will not support tinkering with taxes in the interim, so I cannot support it, I am afraid.

#### **The Deputy Bailiff:**

Does any other Member wish to speak on the amendment? Deputy Brée.

#### **1.1.9 Deputy S.M. Brée of St. Clement:**



I have listened, with interest, to quite a number of the speakers on this particular debate and feel it is important that we should remind Members: this is not a debate on the merits, or otherwise, of the commercial waste charge, nor is it a debate on our tax system, even though that has been attempted to be introduced. This is a debate on an amendment to the Medium Term Financial Plan. I would start, if I may, by referring to a comment by the Minister for Infrastructure, where he says: "This is new money for new things." I would question what the Minister thinks taxes and rates are for. I think there is a general assumption, held by the public of this Island, that if you pay taxes and if you pay rates, that covers certain essential services, which are provided by Government. It is essentially a contract. Then we get down to the whole issue of the words "in principle", something which not only confuses me, but fills me with grave concerns. There is no clear definition as to what is commercial, there is no clear definition as to what is waste and there is no real understanding as to what the charges will look like, how they will be levied and how they would be collected. Irrespective of your views on the introduction of commercial waste charges, which I am sure we will debate at length, probably later on, this amendment seeks to ensure in principle that an in principle charge will not increase the financial burden placed on taxpaying local commercial entities. On that basis, surely, we must support this amendment, because if the Council of Ministers is truly looking to increase economic growth and productivity, then why, oh why, are they looking to increase the cost of doing business in Jersey to local commercial entities, who are already paying their taxes, who are already paying their rates? Surely, to do that is charging the same entity twice for delivering the same service and that is all this amendment is seeking to do. This is not a debate about the commercial waste charge, this is working on the assumption that this Assembly will, in all likelihood, vote to introduce a commercial waste charge, then we have to limit the financial burden being placed on local entities, trying to do business, who are already paying taxes and rates. I think it needs to be said that that is it, very simply put, but very clearly put. I would urge all Members to support this amendment and then us to have a fuller debate on the introduction of such a waste charge later on.

**The Deputy Bailiff:**

Does any other Member wish to speak on the amendment? Deputy of St. Martin.

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

I will not keep Members long. We have had much discussion about whether this is an environmental debate, a tax debate, or a combination of the 2, but as Minister for the Environment, it is my view that exemptions from a waste charge will not change business behaviour in reducing the waste that those businesses generate and dispose of. Our Island needs to focus on the reduction of its waste levels, not just to help fulfil its carbon commitments in respect of our energy policy and the signing of Kyoto agreement, but to drive higher standards of sustainability and help preserve our waste infrastructure and prolong its use into the future. We are not just talking about companies, whose waste is disposed of at the Energy from Waste plant, here. Inert waste goes to landfill, as separately does asbestos, contaminated soils and, as everyone will know only too well, that landfill is not infinite. There is animal waste from the abattoir and we have had a discussion about the knackers' yard already this morning. There are other specialist disposals and there is clinical waste and green waste. In all cases, we need to work harder to keep our waste levels to a minimum. The reception and disposal facilities, for all those various waste-streams that I have just mentioned, need to be built, maintained, licensed and, from my point of view, regulated, all of which costs money and all of which is currently funded by Government and the taxpayer. By not implementing a fair system of user-pays charges, charging the burden on the taxpayer will only increase. I have to ask Members, those who questioned fairness, is that fair? But my main stance here is not really financial, it is environmental, and I would ask Members to think more on the environmental aspects of what is being proposed. I was confused by the Constable of St. John, who

made a big speech about recycling, and I support him in that, and then went on to say that he would support the amendment, which is not going to achieve what he asked for, but recycling must be encouraged. If there is not a level playing field of charging for disposal of commercial waste, there will be a variation in the incentive to do so. I do not want inequality in our waste-charging system. Creating an uneven playing field will mean that much waste will simply be disposed of and not recycled. By ensuring that all businesses are treated equally, schemes to assist and incentivise business can be cross-cutting, therefore reducing Government input in generating a number of varied schemes. Fair user-pays charges will drive behavioural change, and while I accept that the principal driver for implementing the charging is the generation of funds, from my perspective, the environmental benefits accrued through the process are numerous, and these benefits, in turn, reduce the cost to the taxpayer. As Minister for the Environment, Members will not be surprised to hear that I support the imposition of a user-pays charge for the disposal of commercial waste and, as you have heard, Jersey is unusual - indeed, almost unique - in not having a charge. The absence of a charging system means that, effectively, there is a subsidy being applied to the commercial sector, a sector who have no incentive to recycle. The imposition of a correctly-designed user-pays charge could rectify this situation. Such a charge must, ultimately, work in accordance with the key principles of any environmental taxation, whereby someone acting in an environmentally responsible way can reduce their exposure to the charge. It must be cheaper to recycle materials than it is to dispose of waste which, conversely, should be more costly. In order to drive a change in behaviour, there must be a financial incentive for businesses to undertake recycling and I welcome investment in commercial waste recycling facilities to assist businesses to adjust that behaviour. With this I mind, I can absolutely support the Minister for Infrastructure's proposal for a user-pays charge and I see no need to further protect businesses with differential taxes, especially when those proposed changes make things more complicated. We have constantly asked the States Members to reduce red tape, to make things more simple to understand and we know the public want us to think and do more for our environment. This amendment is not a good environmental choice. I will not be supporting it and I would ask other Members to do likewise.

#### **1.1.11 Senator P.F. Routier:**

A day in politics is a long time, 2 days in politics is a long time, a week is a long time in politics. On Monday, I was challenged, quite hard, on what the Council of Ministers was doing about the environment and there were questions which emanated from *The Environment in Figures*, a report which has just recently been published and we need to face up to the issues regarding the environment. There is a comment in that report, which says: "The economics of waste management and recycling are complex. Management of waste is a hidden cost to most householders and businesses. In order to increase recycling rates, a fundamental transformation of waste management will be required, including the introduction of fiscal levers, such as a commercial waste charge, to incentivise recycling as a more financially attractive option. This will increase recycling rates and ensure that Islanders are more aware of both the environment and financial costs of waste management." This was something which, I believe, many Members were getting fully behind this report and criticising the Council of Ministers for not facing up to environmental issues within our community. This proposal to introduce waste charges for businesses will help to change behaviour and is something we should, I believe, get fully behind.

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

Just very briefly, I think it has already been said, but it is probably worth just confirming again that under part 1, the principle is accepted. It has been perfectly clear in everything that the Minister for D.f.I. and the Council of Ministers have already stated, that there is no intention to levy these charges on the domestic sector, so that is not an issue and should not be a matter of concern for Members or members of the community, so part 1, I think, captures that quite clearly of the

Deputy's amendment. Part 2 is one which is a matter for some concern, I would suggest. Despite the fact the words "in principle" are used, it is very clear in what it seeks to do, and it is somewhat, I have to say, confusing, certainly from my point of view and that of the Treasury team. It does seem to me that although there is a very noble intent from the Deputy, it is not particularly easy or practical to see how it could work in real terms. What the amendment is suggesting is that big business - so I am characterising that as companies that are charged tax at 10 per cent or 20 per cent tend to be larger by nature - would have the ability to offset the charge. That appears to me to be what the amendment is seeking to do, so that would be lost revenue. Indeed ...

**Deputy J.A.N. Le Fondré:**

Can I pick up the Minister and take a ...

**The Deputy Bailiff:**

You would have to ask if the Minister is prepared to give way.

**Deputy J.A.N. Le Fondré:**

If the Minister would give way.

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

No, I think the Deputy is about to be able to sum up, Sir, so he can deal with my comments when he sums up. I am not sure there are many other speakers to go. Also, we have local shareholders and those are shareholders of businesses who are currently zero per cent rated, so the entity itself, the company itself, is not paying tax but, of course, the shareholder would pay tax on distributed profits from that company. I think what the Deputy is suggesting here is that those shareholders, as well, would be able to offset the waste charge in their personal tax liability. This, in many respects, is quite extraordinary, to be able to take that cost and take it off your bottom line liability of your personal tax but, nevertheless, that is what is being suggested. Again, that is, without doubt, a loss in terms of tax revenue.

[11:00]

I would then go on to say that by doing that, the Deputy is suggesting in his proposition, his amendment, that there would be no net effect. The only conclusion that one can draw from that is that the burden is, therefore, going to fall on all those individuals or entities that cannot offset it. Now, what sort of impact is that going to have on the S.M.E. (small and medium enterprises) sector, or those individuals running business that do not generate a tax liability that requires them, or gives them, the ability to offset this charge? It just does not seem to me to work in practical terms and I would suggest, even if one could find some sort of clever accountancy way of making it work, that it would be far from simple. That, of course, as Members will appreciate, is at the very heart of our tax system, simplicity, and we have got to try and maintain that. I understand the intent of where the Deputy is coming from, although, to be fair, he has made it very clear, both privately and publicly, that he does not believe - and I think his earlier comments made this abundantly clear to all - he does not fundamentally agree with the principle of a waste charge. We have had the discussions and arguments about the fact Jersey is about the only place that does not make any form of charge for liquid waste, solid waste, but that is not the point. The Deputy believes, and he is perfectly at liberty to have his beliefs, that general taxation should deal with this matter. But I would say to Members although, in some respects seductively, it says: "This is just in principle" it does not work. I cannot see how it could possibly work and I would, therefore, ask Members to reject this amendment.

**1.1.13 Deputy T.A. Vallois of St. John:**

I am going to be as brief as I can, but I have been listening closely to the arguments that have been made with regards to particularly part (b) of the paragraph of the amendment. I find it difficult to agree with the proposer when he talks about charging twice. For example, the charging twice in our taxation - I know we are not talking about taxes, but it has been raised in this many times - we charge for G.S.T. and duty on fuel, which is also a way to help with economic growth in the Island, logistically and also heating your homes, so that argument does not really play any relevance here, because we already have taxation that is charged twice. What we are talking about here is a charge and, as I understood it, a charge to enable and change behaviour and I understand charges to be the point in having user-pays charges. If businesses do not want to be paying the charge, then they find an alternative solution, so then they will not have to pay the charge. I am not, of course, saying that I agree with this 'apparent in principle', because I do not believe the way that this has been written into the M.T.F.P. is an in principle decision, because we are taking the money out of the budget straight away and saying we will agree the detail later. I am very open to seeing what that detail is, I am very open to understanding and debating and arguing those details with the Council of Ministers. However, the issue with this is that it is asking me to, basically, agree a detail of a potential charge without having any other information, or being able to have those discussions, or even as a member of Scrutiny be able to have those businesses in and ask them and to understand their model and how they would deal with these particular issues. I am struggling with this particular amendment. There are some things that the Ministers have said, as well, which just tend to go off on one and tend to really be a bit ... what was it called yesterday, that shroud-waving type of situation. I am trying to really take this down the middle here. I understand what the Deputy is trying to say about this charging twice, but we already have that in our system and if we are going to argue about charges within the States, this, with all intents and purposes, if the actual direction is for changing behaviour, this is a charge, just like we have duty on fuel and alcohol and tobacco. We have that there to try and change behaviour - sometimes it does not work, but we have it there - whereas tax, the basic services for me is when you have to use a service, you have no other opportunity but to use that service. For example, if you fall ill through no fault of your own and you need secondary care of some sort, you need the hospital, it is there for you. That is why I pay tax, because I know that if I pay tax, it supports a system whereby people can access it in a time of need, whereas when somebody is saying to you 75 per cent solid waste is brought in from a commercial business and I am paying for it, as a taxpayer it kind of bothers me, because I am thinking to myself that we have a lot of environmentalists out there - I am not going to claim to be any form of environmentalist, I am learning - but there is a big push at the moment worldwide about the carbon emissions and all those arguments around environmental factors. Like I said before, if the charge was to be brought in, and I am not going to start debating on the whole argument about the in principle now, that will come later in the main debate, but if we want to try and encourage and try to change that behaviour, then businesses, if they do not want to pay that charge, then they change their behaviour, they do something different, they do it a different way. That is what households have to do. If you are taxed extra money, you have to find a different way of spending that money. It is consumer behaviour. I know I am starting to sound like the Minister for Treasury and Resources and it is really scaring me, but that is just the very simple way of me trying to put it. So, at this moment in time, I find it very difficult to support part (b) of this amendment, because I am open to seeing what the detail may be, although I will not be agreeing the actual in principle on the main proposition, because it is not in principle, but if that work is going to be done, if the States are agreeing in principle, then I am open to see what happens. I wait to hear what the businesses have to say with regards to how it will be implemented.

#### **1.1.14 Deputy M.J. Norton of St. Brelade:**

It is a great pleasure to follow the Deputy of St. John, because I concur a great deal with what has just been said there. Indeed, I congratulate Deputy Rondel for speaking earlier on so eloquently

with regard to the environmental aspect of the charge and, indeed, the effect that this amendment would have on it. We are a wasteful, throwaway society. We have been for many decades. It has got worse as time has gone on: it is disposable, it is throwaway. As we have been here for 5 days and the States bingo card is almost to the full line, from shroud-waving right the way through to quacking like a duck, one should also shout: "Bingo" once we get to holding commercial enterprises' feet to the fire. We must. "Bingo." We must encourage all to act responsibly and, if acting responsibly means that commercial businesses need to examine and look at what their waste is or they are going to be charged for it, I am fairly certain that they are going to examine that waste. I had this discussion with some former colleagues from when I was in business and I have to say, while sitting here this morning and in that discussion last night, I was pretty ashamed, apart from possibly the last couple of years, where we made efforts to recycle various parts of our waste. For over 10 prior years to that, I look back at what went in those 6 eurobins per week of waste that was taken away free, no charge to me, so I did not care, and I feel quite ashamed about that, because I should have been more responsible. Were I being charged for it, I think it would have focused my mind to be an awful lot more responsible. There is an awful lot you can do, as a commercial company, to negate the amount of waste that you have and I am sure there is a large learning curve for a great deal of commercial companies in the future as to what they will do. Therefore, as the Deputy of St. John, I cannot support this proposition.

**1.1.15 Senator S.C. Ferguson:**

My understanding from reading this and, no doubt, the proposer will set me right if I have got it wrong, is that this would relieve small businesses, who are not incorporated and who already pay tax. They are 75 per cent of our businesses in the Island and it will relieve them from paying double taxation. I was surprised at the Minister for Treasury and Resources' comments on a simple system and I look forward to the tax review that I shall be participating in, I hope. Before we discuss any waste charges, I would suggest that the department needs to look at the costs of fly-tipping and bring those details to the debate, when we have the debate, and I would also like them to bring the details of the net value to the Island of recycling. My understanding is that it is negative. As a postscript, tax is not a mechanism to change behaviour. It is to raise money for the essential services that Government should supply, that is all. I can remember Deputy Huet standing up in the States and saying: "No, we are not going to make an extra charge for waste because of the clear-up cost of fly-tipping." So I will await to be corrected, or not, by the proposer of this and see what my reaction will be there.

**1.1.16 Deputy S.M. Wickenden:**

I think a lot has been said today about changing behaviour and I think we all here agree that something has to be done, we do need to do more to change the behaviour of how we do things like waste disposal to make it more environmentally friendly and better for our Island. My concern in part (b) on this is what it will do is create an industry. As soon as you start making rebates on tax, people find ways to exploit it, in many ways. What I fear we will end with is entrepreneurs going out and saying: "Do you know what I will do, I will go and dispose of that waste as a taxpayer in Jersey, take it down to the dump and then get my rebate from my tax" and they will charge. So, as it has been said before, I think that kind of industry, also the same with water, so if it is on consumption of water, we could find a whole load of vans with great big water tankers on the back of them, where they will fill it up and go and sell it to the non-taxed companies. It will create an industry, and what will happen is it will negate the charges that we are getting, because it will be rebated back. It is going to create an industry by doing this. I fear it will not give us the change of behaviour, it will create an entrepreneurial industry to get around. That is my fear about it, so I will not be supporting part (b).

**1.1.17 Deputy K.C. Lewis of St. Saviour:**

I will be brief. I do not think there is any argument that we need to increase our recycling rates, that is all said and done. When I was Minister a few years ago, we had a problem with fly-tipping and I was doing an interview with Channel Television up at Les Creux Bowls, who had a small section there for recycling plastic and glass bottles. While I was talking to the camera, I looked out the corner of my eye and saw a very large van coming in, a windowed van, loaded to the gunnels with stuff that was going to be dumped - mattresses, wardrobes, lampstands *et cetera* - saw me out of the corner of her eye and did a U-turn and the lady drove away again. But, this is going to be a major problem in the future and I fear for the Constable of St. John and his colleagues because they will need to install cameras in their car parks, because this will be an epidemic. So, if the person concerned in my story was not prepared to drive less than 2 miles down the road and dispose of it properly, free of charge, then, when a charge comes in eventually, it is going to be chaos.

[11:15]

I will be supporting part 1 and part 2 of this proposition and I urge Members to do likewise.

**The Deputy Bailiff:**

Does any other Member wish to speak on the amendment? I call on Deputy Le Fondré to respond.

**1.1.18 Deputy J.A.N. Le Fondré:**

Very simply, Senator Ferguson, yes. Deputy Wickenden: we are going to have super-tankers of water going around the Island because people are going to avoid their sewage charge. I do not think so, I am afraid. I am sure the industries will be delighted with the responses from the Economic Development Department, which will also imply that commercial businesses are not responsible, do not like recycling and do not have any conscience.

**Senator L.J. Farnham:**

Would the Deputy give way, Sir, on the grounds that ...

**Deputy J.A.N. Le Fondré:**

No, Sir. I am not going to sit down. The Senator has spoken and that is the response that there has been, okay, is that we need commercial businesses to act responsibly in the disposal of their waste. I think a conflate of that is they do not act responsibly at the moment. Now, the point I would make is, yes, we want to encourage people to recycle. Deputy Andrew Lewis - I was about to say the Deputy of St. John, but the former Deputy of St. John, Deputy Andrew Lewis - achieved that without charging people, but that is the point, one is trying to incentivise and encourage and what this seems to be about is coercion. I was disappointed with the Minister for Treasury and Resources, because he seems very confused. He conflated often commercial with companies and businesses. Businesses are not necessarily incorporated bodies; this is part of the point. He immediately went from commercial and businesses and started talking about big companies. This is meant to be irrespective of size, it is meant to be do you pay tax or not. Senator Bailhache talked about systems being complicated and we should not complicate the system any further *et cetera*. I think, at the time, I rather felt he was describing Zero/Ten. He said: "Helping businesses to avoid a charge is wrong." That has just killed the finance industry. Is that not what we do? He used the word "avoid" and, I am sorry, I am not trying to avoid, I am trying to make the people, who do not contribute, pay. I am slightly curious as to whether we can name companies. One company has been named, somebody who is doing a development on the ...

**The Deputy Bailiff:**

You should only really name anyone, who is not within the States Assembly and therefore has no right to respond, if it is essential in order to give the information that you need to.

**Deputy J.A.N. Le Fondré:**

Can I give a location, Sir? Deputy Andrew Lewis referred to a hotel chain that is going to be coming in by Charing Cross. They will not be paying local tax. I would be very surprised if they have local shareholders. They will not be making a contribution on that basis, whereas any locally-owned hotels will be already paying that contribution. That is exactly the point. If we look at the bright-coloured yellow building down on the Esplanade, or down at the harbour, the Commercial Buildings direction, none are locally owned now. Used to pay tax; do not. Let us talk about ... I am going to say a certain probably quite large value agricultural concern, or perhaps 2, which have changed hands and no longer pay tax. One of my predecessors has a store in town. There is another store in town with a Jersey name which is no longer locally owned. That has always been this issue about non-finance, non-local companies. One was paying tax, whether it was the store directly, or him, through the profits he received and alternatively the U.K. outfit will not be paying tax here. In fact, the situation has probably got worse due to changes in the U.K. and they probably will not be paying tax in the U.K. So, the whole point about this is not to hit the people who are already contributing to the services. We heard those arguments all the way down the line. It virtually is to make sure that the people, who do not pay, do. It is that simple. I was very disappointed from the Minister for Infrastructure: the Income Tax Department do not know who is paying tax was broadly what he was saying and I am sorry, although I do not always agree with things, but I do have a lot of respect for income tax and yes, I think they do have the data if one wants to go and do some digging, otherwise things like ...

**Deputy E.J. Noel:**

A point of clarification?

**Deputy J.A.N. Le Fondré:**

No, Sir, I am not giving way. The Zero/Ten and Oxera, the whole data that they put together, which was based on the underlying data for Zero/Ten and things like that when it was being implemented would just be completely flawed. I rather felt the Minister was being completely inconsistent, basically because he starts going on about: "It is all about the environment and nothing to do with the money" and then he turned around and said: "We need the cash." Basically, he said we have to raise £11 million and that is what we are going to be signing up to. I find that in complete contradiction to the Chief Minister's letter, which says that: "This is a principle that is being proposed. I confirm that agreeing to the principle does not amount to implied approval of the detail of the scheme. If the States Assembly does not approve the proposed scheme in legislation, or if the Assembly disagrees with the scheme that results in a reduced yield, it will be up to the Council of Ministers to identify and present to the Assembly an alternative plan to raise the additional revenue. The Infrastructure Department will not be left with a shortfall in their budget", yet the Minister has confirmed they need to raise these funds. I think any comments about principle, which we are going to get in the wider debate, are not worth the paper they have been written on. I go back to the point: this is about trying to assist - I did have tourism in mind particularly - local businesses on a new charge for which they consider they are already contributing to. I remind Members of the comment particularly from the J.H.A. (Jersey Hospitality Association), this is not just about tourism, it is the one that struck to mind. If we are trying to put all this effort into creating Jersey as a destination brand, to giving a lift, and tourism has just started to turn, but there is this risk that other hotels will close. I emphasise the J.H.A. letter: "Further costs are likely to cause business owners to seriously consider if it is time to leave the industry on a permanent basis. We would suggest that more work and a greater understanding of the challenges is required facing tourism." But the trouble is, saying we are going to consult and we are going to listen, which sounds great, let us put that into the context of this comment on the letter. I remind people: "Hotels, typically, will not be paying income tax, yet enjoying public services for free." Move the argument from their assertion of doom and gloom to paying their way, like their

competitors elsewhere. So, if we are going to consult with that kind of attitude, what is the benefit of the consultation? But it is not just about hoteliers, they are important, but it is also about local farmers, launderettes, corner shops and farm shops. If they do not pay tax, then they should rightly suffer this charge. Just bear in mind, this charge is coming. They are going to suffer it. If they do not contribute, they should do. What I am saying is, if they do pay tax, then they can also have the extra burden and it will not, therefore, damage the local economy, it will not crush the green shoots - there is another little bingo moment - that we are starting to see in the local revival of our fantastic tourism industry and which Economic Development do not seem to be saying very much about at the moment. Help them now, before they decide to give up and close. On that basis, I move the amendment and call for the appel.

**The Deputy Bailiff:**

I think you are asking for the 2 separate parts to be taken separately, are you?

**Deputy J.A.N. Le Fondré:**

Yes, Sir. I should have said one thing: in my view, it is about all new charges as well.

**The Deputy Bailiff:**

The appel is called for, and Members will be voting on paragraph 1. Deputy, are you content to take 1 on a standing vote?

**Deputy J.A.N. Le Fondré:**

I will call for the appel, Sir, I think.

**The Deputy Bailiff:**

The appel is called for. I invite Members to return to their seats. The vote is on paragraph 1, as amended by the amendment of the Council of Ministers. I ask the Greffier to open the voting.

<b>POUR: 40</b>		<b>CONTRE: 2</b>		<b>ABSTAIN: 2</b>
Senator P.F. Routier		Connétable of St. Lawrence		Senator S.C. Ferguson
Senator P.F.C. Ozouf		Connétable of St. Ouen		Connétable of Grouville
Senator A.J.H. Maclean				
Senator I.J. Gorst				
Senator L.J. Farnham				
Senator P.M. Bailhache				
Senator A.K.F. Green				
Connétable of St. Helier				
Connétable of St. Peter				
Connétable of St. Mary				
Connétable of St. Brelade				
Connétable of St. Saviour				
Connétable of St. John				
Deputy J.A. Martin (H)				
Deputy G.P. Southern (H)				
Deputy of Grouville				
Deputy J.A.N. Le Fondré (L)				
Deputy of Trinity				
Deputy K.C. Lewis (S)				
Deputy M. Tadier (B)				
Deputy E.J. Noel (L)				
Deputy of St. John				
Deputy M.R. Higgins (H)				



Deputy J.M. Maçon (S)				
Deputy S.J. Pinel (C)				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				
Deputy R.J. Rondel (H)				
Deputy S.Y. Mézec (H)				
Deputy of St. Ouen				
Deputy L.M.C. Doublet (S)				
Deputy R. Labey (H)				
Deputy S.M. Wickenden (H)				
Deputy S.M. Bree (C)				
Deputy M.J. Norton (B)				
Deputy T.A. McDonald (S)				
Deputy of St. Mary				
Deputy G.J. Truscott (B)				
Deputy P.D. McLinton (S)				

### The Deputy Bailiff:

I will ask the Greffier to reset the voting and Members are now voting on paragraph 2 of the amendment. I ask the Greffier to open the voting.

<b>POUR: 17</b>		<b>CONTRE: 27</b>		<b>ABSTAIN: 0</b>
Senator S.C. Ferguson		Senator P.F. Routier		
Connétable of St. Saviour		Senator P.F.C. Ozouf		
Connétable of Grouville		Senator A.J.H. Maclean		
Connétable of St. John		Senator I.J. Gorst		
Deputy J.A. Martin (H)		Senator L.J. Farnham		
Deputy G.P. Southern (H)		Senator P.M. Bailhache		
Deputy of Grouville		Senator A.K.F. Green		
Deputy J.A.N. Le Fondré (L)		Connétable of St. Helier		
Deputy K.C. Lewis (S)		Connétable of St. Peter		
Deputy M. Tadier (B)		Connétable of St. Lawrence		
Deputy M.R. Higgins (H)		Connétable of St. Mary		
Deputy J.M. Maçon (S)		Connétable of St. Brelade		
Deputy S.Y. Mézec (H)		Deputy of Trinity		
Deputy L.M.C. Doublet (S)		Deputy E.J. Noel (L)		
Deputy S.M. Bree (C)		Deputy of St. John		
Deputy T.A. McDonald (S)		Deputy S.J. Pinel (C)		
Deputy of St. Mary		Deputy of St. Martin		
		Deputy R.G. Bryans (H)		
		Deputy of St. Peter		
		Deputy R.J. Rondel (H)		
		Deputy A.D. Lewis (H)		
		Deputy of St. Ouen		
		Deputy R. Labey (H)		
		Deputy S.M. Wickenden (H)		
		Deputy M.J. Norton (B)		
		Deputy G.J. Truscott (B)		
		Deputy P.D. McLinton (S)		

**Deputy J.A.N. Le Fondré:**

Sorry, just before we move on to the next item, thank you for those who did support it. Can I just note that at some point later today I have a hospital appointment and so I may not be present at certain parts of the debate?

**1.2 Draft Medium Term Financial Plan Addition for 2017 - 2019 (P.68/2016) - as amended**

**The Deputy Bailiff:**

Thank you, Deputy. We now return to the debate on the Draft Medium Term Financial Plan Addition 2017-2019 as amended during the course of this sitting. Does any Member wish to speak on the proposition? It has been proposed and seconded. No one is asking to speak on the proposition. I must put it to the vote. Those Members in favour of ... the appel is called for. I am sorry, if no Member indicates a desire to speak on the proposition for the Medium Term Financial Plan, I close the debate and I must put it to the vote. **[Approbation]** I have no choice in the matter. Does any Member wish to speak? Connétable of St. John.

**1.2.1 The Connétable of St. John:**

I was not expecting to speak quite so quickly. **[Laughter]**

**The Deputy Bailiff:**

I just wondered if you had left, Constable.

**The Connétable of St. John:**

No, Sir, I have not left. It is really a matter of where to begin on such an enormous subject as the Medium Term Financial Plan. I am putting one set of papers away and digging out another, which I have misplaced. I do apologise. As I said earlier this week, we had been inundated with papers and it is very difficult in such a short period of time to go through so much. If one refers to the late John Rothwell, he used to talk about Jersey p.l.c. (private limited company). If that is the case, then every taxpayer on this Island is a customer and should be treated accordingly. With that in mind, I read through the M.T.F.P. addendum, or addition, should I say, and I saw all sorts of phrases like savings, efficiencies, user-pays, growth fund and I thought: "This all seems excellent. This is very good news" but then I asked the Minister for Treasury and Resources what exactly is a saving, could he define it, and his answer was: "It is a service you pay for and receive now, but in the future, you will not receive that service."

[11:30]

But you are still paying for it, because the saving is made by the Government, not by the consumer, in other words, the taxpayer. What is an efficiency? An efficiency is providing something similar, but much cheaper. Are these good things? I do not think so, not necessarily. What is a growth fund? A growth fund is fantastic, that grows the economy, you get more tax, brilliant. No, it is not. A growth fund is a fund of money for a department to spend, in other words, it is a fund for more taxpayers' money to be spent and it is a matter of prioritising whether it is important enough or not, but the money is there, so we might as well spend it. I have been trying to think how best to put it in simple terms that we can all understand. One thing we all know about is the famous big British breakfast: 3 rashers of British outdoor bacon, 2 homemade Cumberland sausages, 2 free-range eggs, baked beans and a tomato. I found a wonderful café that served this and I started patronising it. I went in and I sat down - no, I do not like hash browns, Chief Minister, I do like fried bread though - and I got this big breakfast, 3 rashers of bacon, 2 homemade Cumberland sausages, 2 free-range eggs, fried bread, baked beans and a tomato with a cup of coffee, £7.50, excellent value. I one day then went in and it had above the door: "Under new management, Council of Ministers" and I said: "Could I please have a big breakfast?" and I got my £7.50 out and the Minister behind

the counter said: "Yes. Would you like tea or coffee?" "Oh, coffee, please, I always have coffee." "That will be £9." "What? On the sign outside the café it says: 'Big British breakfast, £7.50.'" "Yes, Sir, it is £7.50." "Well, why is it £9?" "Well, you want coffee. That is user-pays. It is now £9, £1.50 for the coffee." I go: "Hold on, I used to get the big breakfast with a cup of coffee." "Oh, no, Sir, you got a free cup of coffee with your breakfast. Now we are charging for that coffee." So, that is the definition of user-pays, something you used to get for free, but now you have to pay. So, I go and sit down with a bit of a taste in my mouth, not too pleased, and along comes the Chief Minister and he puts the plate in front of me and he says: "There we are, *bon appétit*, enjoy your meal" and I look at it and I go: "Hold on, there is only 2 pieces of bacon, there is only one sausage, there is only one egg. There should be 3 pieces of bacon, there should be 2 sausages and 2 eggs." "Ah" says the Chief Minister: "I have made a saving." Yes, he has. He has ripped me off. **[Approbation]** So I pick up my knife and fork, I take a slice of the bacon, I put it in my mouth and chew, hoping for that sweet, succulent flavour of outdoor-reared British bacon and it tastes of kipper because it is Danish bacon, reared on fishmeal, and it is disgusting. So I call the Chief Minister back and I say: "Oi, what is this?" "Ah, we have made an economy, Sir. We have bought it cheaper." The free-range eggs, instead of having that rich yellow yolk, have got a barely yellow yolk, because they are battery hens. That is the definition of an efficiency. So the meal is so disgusting, I decide not to eat it and I push it to one side and say: "I am going." "Oh, just a minute, Sir, you have not finished. We need another 50 pence." "What do you mean, 50 pence? I have not finished it." "Well, if you eat it all, you will not have to pay, but if you leave it, you have to pay 50 pence. It is called a waste charge." **[Laughter]** I then make for the door and just as I am about to get out through the door, another Minister stands in front of me: "You cannot go." "Why? I have paid £9.50 for an absolute load of rubbish. I want to get out." "But you have got to pay the health charge first. That is another £2." Apparently bacon and eggs is unhealthy nowadays. It has not done me any harm. **[Laughter]** Who needs friends with colleagues like this? I have tried to bash common sense into the Council of Ministers, and in particular to the Minister for Treasury and Resources, but one thing I have learnt is that you need something very much larger than a wooden spoon. That was my speech, but having listened to what happened this week, I, quite frankly, have been flabbergasted. We heard the Minister for Infrastructure say that he cannot possibly give up his vacancy budget, because he needs that money to pay for the outsourcing. This is a fundamental accountancy error. You do not do that. You have a budget - and forgive me, I am going to talk in simple agricultural terms, because that is what I understand - when you have got a cattle farm, you have your concentrate feed, you have your hay, your straw, your diesel costs, your machinery maintenance costs, your milking machine costs and you have your different headings. When you do your accounts at the end of each year, you can see how you have done compared with the previous year, but the important thing is you have those headings. If outsourcing is going to be put into the same heading as manpower through vacancies, how on earth are we to know what the outsourcing costs are? How we will compare one year with the next as to whether outsourcing is getting more and more expensive and how are we to know what the savings in manpower is, compared with the additional cost of outsourcing? That is a basic fundamental accounting error. It makes these accounts, quite simply, not fit for purpose. Forgive me, Sir, I need to just look something up. In the back of the Scrutiny Panel's report, we have a quote, if I can find it - and I do apologise - which is from C.I.P.F.A. (Chartered Institute of Public Finance and Accountancy) itself. I do apologise, Sir, I cannot lay my hands on it immediately. Perhaps my learned colleague will point me to the page. But, we have also heard, far more alarmingly, from the Minister for Health and Social Services. He said that his vacancy budget is used for paying locum doctors, agency supplies, bank nurses and so on. Again, this follows the same theme. Those should be in separate, identifiable columns, because if you are using bank nurses one year and the next year you are using permanent staff, you should be able to show a saving, because bank nurses are more expensive, because you are paying the agency fees involved, or they could be cheaper, in

which case what is the saving? It is not identifiable and unless you have a proper set of accounts that you can look at and know what are the savings, what are the extra costs. It has, quite frankly, shaken me. The waste charge: I was tempted at one stage to refer this entire M.T.F.P. back for a reference back, because we are being asked, today, to vote in principle for the waste charge, but then a sum of money has been put in for it, with no explanation as to how it might be raised, who the invoices will go to, so who is paying for it? Commercial users. What commercial users? In true democratic fashion, that should have been referred back to the Minister for detail but, more alarmingly, is, last year the Corporate Scrutiny Panel agreed, because of a new Minister for Treasury and Resources and a new Treasurer, to allow the Council of Ministers an extra year to come back with an M.T.F.P. addition, providing they did the impact studies and gave us full details. Every single Scrutiny Panel in their reports have said: "Insufficient detail." You have had the time and you have not produced the goods, you have not produced the detail. What is the impact on the proposed new taxes, on the proposed new charges? Where are they, because among all these papers I cannot find it? You have had 12 months at least to do it and they are not here. The quote I was looking for from C.I.P.F.A., who are the Corporate Services Scrutiny Panel's advisers, was along the lines: "Is there sufficient information in this M.T.F.P. to make a well-advised decision, a sound decision, as to whether this should be adopted?" and the answer was very clear: "No, there is not enough information." It is my job, I have been elected by this Assembly onto the Scrutiny Panel to scrutinise what this Council of Ministers, what this Government is doing. I am sorry to say that they have not provided sufficient evidence for me to stand in front of this Assembly, or indeed, more importantly, the public of this Island, and say what is in this document is good, it is progressive, it is the right way to go for this Island. We are being asked to vote for more taxes, for a higher cost of living through various charges, but at the same time to agree to cuts in services. That very simply means we are being asked to agree a significant reduction in value for money from taxes. I urge Members, for the sake of the Islanders that we represent, to reject this M.T.F.P. in its entirety.

[11:45]

### **1.2.2 Deputy K.L. Moore of St. Peter:**

I would just like to make a few general comments and observations on behalf of the agencies within Community and Constitutional Affairs for which I have responsibility for those sitting under the Home Affairs part. Since its formation last year, Community and Constitutional Affairs has worked to a core principle of enhancing innovation and collaboration within Government and external partner organisations and that, in its very essence, because it does not serve just one, it serves 4 Ministers, as you are all now aware. I am very grateful to the Scrutiny Panel, who took the time to understand and follow all of the decisions that we have made to bring us to this point. To continue with the Constable of St. John's breakfast analogy, my view of our M.T.F.P. is slightly different. Okay, the sausages may be slightly smaller in future, but they will be made of the fine quality pork that they always have been and the eggs will still be organic with a nice yellow yolk. I hope that helps, because it is essential that our frontline services, that are provided by the department and in partnership with external agencies, are delivered to the highest possible standards, that the people of Jersey have always come to expect, and they also maximise the efficiency for Islanders because it has not been an easy time to find savings in this M.T.F.P. We have had F.S.R. (Fundamental Spending Review), C.S.R. (Comprehensive Spending Review) and savings programmes in the past that have closely inspected every penny that we spend and it is for that reason that I find myself delivering a 10 per cent saving, rather than the 20 per cent saving that was expected of me. So, I have to also say that I am very grateful to my colleagues in the Council of Ministers who have understood that. So, let us flesh out some more examples. Essential to our thinking has been the awareness that we also have statutory requirements for many of the services within Home Affairs and we have to maintain a certain level of service and that should rightly be

protected, as ensuring the safety of Islanders is of critical importance and that is also borne out in the Jersey Annual Social Survey of 2014 when the most highly prized item in Islanders' minds was the feeling of safety that they and we all enjoy in our Island life. If I can just give a little example: in the police service, in early 2017, the police will move into a brand new, purpose-built headquarters that will bring together various sections of the police into one building. It does not sound like a major event but it is for our police service. This is the first time they will ever have a purpose-built building and it shows the significant investment that the States of Jersey has put into this police force. It is an extremely worthwhile and important one. But not only will they be warm and enjoy air conditioning and modern standards, but being in this new building will also enhance the efficiency and effectiveness of their operation. The police have taken the time to find the potential that they can drive savings through by moving the functions into one building and also developing a new model of operating. This is known as T.H.R.I.V.E. (Threat, Harm, Risk, Investigation, Vulnerability and Opportunities for Engagement) which Members, who have attended the briefings, will also be aware of. Through this new operating model, the police will be adopting a fresh approach to managing the demand for their services and ensuring that demand is always met by the best placed officer, depending on the nature of the enquiry. While the police will be improving the management and use of their resources, this will not have an impact on their response to emergency situations. If a member of the public requires the presence of a police officer, an officer will attend. Members will also be aware that the police will be introducing mobile technology, so that officers can spend more time on the beat, in public and less time based in the office. Through that use of mobile technology, police officers will be able to log their reports without having to return to the office, removing duplication and increasing the amount of data that is captured for each incident they attend. The adoption of new and innovative working practices is not limited to the States of Jersey Police. Similar examples can be found in the Fire and Rescue Service, who are also using modern technology to manage shifts and develop projects including online fire certification. Similarly, Customs have been listening to their customers and are now providing a premium service for the legalisation of documents, which is not only delivering the desired outcomes for the customer but also a new stream of revenue. My Assistant Minister will give some more information in those areas for which she has delegated responsibility. Complementing the innovative approach being adopted by our services is an enhanced level of collaboration and joint working between both services within Community and Constitutional Affairs and external partner agencies. Members will know that Police and Customs have been working together for many years in order to maintain the strength of the Island's borders. The services will soon be developing this collaboration further through the establishment of a joint intelligence bureau which will deliver an efficiency while ensuring that our borders are further protected from all forms of criminal activity. In addition, the Fire and Rescue Service are also developing their collaborative work with the Ambulance Service so that fire fighters can assist members of the community, who have suffered non-life threatening injuries and require assistance. This will reduce the amount of time that members of the public will have to wait to receive assistance in such circumstances. It is already the case that fully-trained fire fighters can attend life threatening scenarios, if they are in the best position to respond, or if an ambulance is not immediately available. Members may also be aware that the British Red Cross now share offices and emergency support vehicles with the Fire and Rescue Service, helping to ensure that the Island is better prepared to support the community in emergency situations. We have also signed an M.o.U. (Memorandum of Understanding) with Guernsey to provide inter-island emergency planning support and our collaboration with the R.N.L.I. (Royal National Lifeboat Institution) has never been stronger. Members will note that the Prison Service does not feature prominently in this M.T.F.P. Well, that does not mean that the prison is not making important changes to its work and delivering an effective and efficient service. The prison have made significant savings in recent years and are effectively operating on the same budget that they were allocated in 2010.

Nevertheless, significant improvements have been made to the prison estate in recent years. Members will recall that Her Majesty's Chief Inspectorate of Prisons submitted a very positive report in 2013, describing the prison as having been transformed in the 8-year period since the 2005 inspection. The role of the prison officer has been revised and a new shift pattern has improved efficiencies and delivered savings. It is a great credit to the staff at the prison for achieving such results within a tight budget, yet more evidence of how an innovative approach can deliver improved services on restricted budgets. Further improvements are needed to the prison estate which, we hope, will be funded in the coming years through the Proceeds of Crime Fund. I hope this demonstrates the innovative and collaborative approach which has been adopted by Community and Constitutional Affairs and also by other areas of the States which, I am sure, Members will hear and learn about in forthcoming speeches. Through adopting these new approaches and working in partnership we have been able to deliver savings through the reform of our services while maintaining, in many areas, improving our delivery to the public.

### **The Deputy Bailiff:**

Does any other Member wish to speak on the ...?

### **1.2.3 Connétable J. Gallichan of St. Mary:**

Sorry, I thought you had seen me previously. Not much to say, but I did say yesterday that I would say something. A lot of play has been made, so far, on what we have heard in speeches, particularly from the Ministers, I think, during the week, of the dangers of instability and uncertainty. I, too, spoke about the uncertainty aspect but I think I had a different angle on it. It was a different angle to that which preoccupied the Council of Ministers which, quite rightly, is dealing with uncertainty of inward investors, of businesses setting up in the Island *et cetera*, but I am also concerned on the uncertainty of the workers here and the uncertainty of what people have been calling middle Jersey. The people, as I have said before, who are in the engine room of our economy and without whom we cannot do anything, really. I am concerned about the cumulative effect of proposed charges and taxes on these people, because they are uncertain about what that cumulative effect will be. I can remember that in my first term in the Assembly, I think, I did not hear the words "committee of inquiry", I do not think I heard them at all, and that was despite the fact that our Standing Orders have always contained provisions for setting them up and for how they would work, *et cetera*, and then, later, a committee of inquiry was proposed for a specific purpose and all of a sudden it seemed I was hearing the words "committee of inquiry" everywhere; for this, for that, for the other. Now, I feel like that about the charges, the health charge. We did not hear about specific charges and then recently we had the care charge and that was set up, because there was a distinct inequality of the people who had a prime asset, who would have to sell that asset and lose the money, whereas somebody, who had not built that saving into the house or whatever, their life had taken a different path, obviously did not have to lose that and we supported them straightaway. That is why we looked at that charge and that, for all sorts of reasons, was an important step, but all of a sudden now people are thinking: "Well, what other charges are there going to be?" and, of course, we are looking at the health charge. I am just concerned that we are setting ourselves down a path that really we do not know the end of and the public are not certain about what they will be paying and how they will be paying it. The Chief Minister, in his speech on Deputy Mézec's amendment yesterday, said that he thought Members wanted the Council to do more work in respect of the mechanics of the health charge. Then, in respect of a direct question from the Connétable of St. Lawrence, he gave a confirmatory nod that that would be done. Well, nods do not go down in Hansard, so at this point I would like to receive from the Chief Minister more of a direct confirmation from him, so that it can be recorded and I would like a bit more detail of what I can reasonably expect that bit more extra work to give me. Especially, bearing in mind the invitation that I have had this morning to attend a briefing about the 2017 Budget, because the

2017 Budget is where we will be looking at the detail of this mechanism and it is going to be unveiled in 2½ weeks. So what is going to happen in that 2½ weeks that is going to give me any kind of comfort that introducing this health charge, even in principle, is the right thing to do because I am incredibly worried about things. Strangely enough, although I know there are going to be parishioners of mine who will feel a huge concern about the Solid Waste Strategy, well, there is a logic to that, because we are changing behaviour, but we are not changing behaviour with a health tax, sorry the charge, which is a tax, I completely agree. We are not changing behaviour with that, we are making a provision for funding an essential service. Now, that is very different to me. I have grave concerns and at this moment in time my situation is I am going to vote against paragraph (c) but, at the end of the day, this Medium Term Financial Plan is something the Council have put in place to deal with their strategic objectives and aims and what we have already discussed as an Assembly. So really, and part of me says, they have got to be allowed to run with it but that latitude that I always think we have elected people to be in a position to make decisions and we need to empower them to do it. My latitude, my elasticity on this, has reached the end of its point. I really am very concerned and the Constable of St. Helier yesterday, or the day before, said that he did not get the feeling of these people who were complaining about the uncertainty and the qualms they had. He said people always said that. Well, of course he is right but ... and this is no slight on the people of St. Helier, there is a huge part of our population in there, but, traditionally, they do not turn out in the numbers to vote that they do in other parishes so, I think, it is quite likely that us representatives in the more rural and more traditional parishes, where there is less density of population, where this is perhaps people, who are still traditionally more engaged, are getting this feedback more than perhaps the Constable is. As I said, that is not a slight in any way on the population of St. Helier. It is just stating a fact: the population across the Island does look at things in different ways and respond to its members in different ways and I am getting this uncertainty.

[12:00]

I think, and I will say it again, uncertainty in our Government is the greatest instability that this Island will suffer from. It is the greatest threat to stability. I think we need to really pay attention to what the population is saying here.

#### **1.2.4 Deputy J.A.N. Le Fondré:**

As I say, I will just remind Members, I may not be here if we carry on too late this afternoon, because I have another appointment. I am very pleased to follow the previous speaker, the Connétable of St. Mary because, it will come as no surprise that I agree with her. My fundamental principles, although I am going you give a bit more detail shortly, is, what is the position on middle Jersey and are we being as efficient as we can be, not even should be, to justify the charges, I will just use the word “taxes”, are going to be introduced as a result of this plan? I am going to refer a few quotes on the comments from C.I.P.F.A. and our report. “The panel asked its adviser, the Chartered Institute of Public Finance and Accountancy whether there is sufficient information available in the M.T.F.P. edition for States Members to vote with complete understanding of what it is they are voting for?” C.I.P.F.A. said they did not think there was sufficient information within the document. Now, obviously what might that mean? Well, you have got an in principle waste charge, you have got a health charge, we have got some opaqueness around the efficiency savings and what is coming out. I am going to touch on that in a second. I will probably upset a few people at that point. So what is the impact on middle Jersey? What is the impact in the context of the hospital funding charges coming down the line and all the rest of it? We do not know and we are being asked to vote on something which does, effectively, commit us down that line and we are asking, I use the waste charge as the example, that is £11 million in the budget. I will touch, briefly, on things like detail and this is just a small example. Now, I do not know if Members have the same thing that, I will say, metaphorically, appeared in my pigeonhole not that long ago. This

is some form of schedule that purports to be the detailed analysis of what the Council of Ministers is talking about. You can kind of see bits of it through there. There is a reduction of 2 posts in the Stats Department: "Reduction of 2 posts equivalent to nearly one-third of the section, less surveys undertaken, including the Social Survey and retail sales as a barometer of the High Street." Sorry, very small print. We do know that the Stats Department was hit by certain things. Interesting enough, on here there is a non-staff reduction of 2 States Members included in the plan somewhere. I was not aware we had voted for that one. There is a reduction in the grant for Visit Jersey, which does tie through to maintenance and support for the Jersey Destination Plan, agreed efficiency savings in events and that is £145,000, £255,000, rising to £375,000. Does that mean events like Battle of Flowers grant going, Air Display I would guess? What is the impact that we are signing up to? In certain areas there is some detail. We have got the reduction in grant to the Jersey Childcare Trust. Now, somewhere in here there is a reduction in Brook, I believe. What did particularly strike me ... because this is not an official document, Corporate never received this in terms as anything we have received from Treasury but we did ask Treasury: "Could you give us an idea of what measures you have rejected?" Now, interestingly enough, what was not on the list, and bearing in mind on page 153 of the M.T.F.P. "Closer working in the secondary sector", yes, what does that mean? How about: "Secondary education, fundamental restructure of secondary education in the Island, e.g. removal of the 14 plus transferred to Hautlieu and introduction of a sixth form college." Sorry? That is in the print here and this, as I understand it, the document, is certainly not something I have made up. If somebody is trying to con me, they have done an awful lot of work. So what are we signing up to? Because equally, and there is the expression about shroud-waving, if those are the type of things that are in these plans, I am sorry, and I speak as valedictorian, the removal of Hautlieu has been tried and tried at various times. I seem to remember the last time, about 20 years ago, the uproar it caused was ridiculous. It is probably unachievable and, therefore, you are into putting up savings that are just never going to happen. That is why I am worried about how far we are going down this line, having been through this, I am going to say, 3 times. When I was elected, when Senator Maclean was elected, when Deputy Kevin Lewis was elected and the Connétable of St. Lawrence and the Connétable of St. Mary and the Deputy of Trinity and I think that is what is left of us. Oh, sorry, and the Chief Minister, yes, thank you. We came in at a time when Zero/Ten was coming in and G.S.T. was coming in and we were going to have economic ... so what it was is we are going to have to put your taxes up. This was the message to the public. But, we are going to grow the economy and we are going to make the savings and we have heard that so many times. From recollection, the economy basically flat-lined, which, obviously, was not our fault but it just did not happen. The savings, I will always remember, the previous Comptroller and Auditor General doing a review and the biggest saving that Housing had was £1 million putting rents up; that was their definition of a saving. So how many times has one gone down the line of: "We are going to do these savings. We are going to grow the economy and, by the way, we are going to have to tax you." Here we are doing all these efficiency savings; well, they have gone down from £90 million to £77 million already. Not too sure about how certain some of these things seem and that is what our advisers have said about how robust those savings are. "But, by the way, do not worry, but we are going to have to tax you as well." What I really get worried about, is the taxes come through all the time and we never, necessarily, see the proper savings. Please, do not get me wrong, I think there has been an improvement here because you can see the growth slowing. But, depending if Members went to the presentation we did on Monday, which seems ages ago now, if Members recall, and there is a page in the M.T.F.P., which I am not going to try and find now, which shows how the expenditure has changed. 2016 is a massive spike in expenditure, compared to the previous year and then what happens is everything is reduced relative to 2016. 2019 is still the highest figure on that sheet in terms of expenditure, other than 2016. So, we kind of said we are going to spend the money then we have clawed it back from other places. Really simplistically, and there is going to be all sorts of



technical reasons why I am wrong on this point and wrong on that point, but stand right back and go through our experiences, we have always had these promises. In fact, I think Senator Ferguson rightly reminded us of the 3 very naive and keen Assistant Ministers, who got completely stitched up like a turkey, I think, for Christmas in terms of going in and looking at efficiencies. At the time there was no money to be found. “We have done everything.” This Council of Ministers have managed to find £70 million. Corporate found, what was it, another £100 million? “No, the world is going to end” but funnily enough, I will say, I think that debate, although it was not won, has made a point and, hopefully, they will be focusing on that. We know Treasury and we believe, as a result of their initial findings and discussions with our adviser, they have started a review on vacancies within the whole system, which kind of, and the Minister for Treasury and Resources just nodded there, indicates our concerns, because it does not give me great confidence that they were on top of it before then. So, perhaps scrutiny does make a contribution from time to time. I am afraid, and you can blame the Connétable of St. John for this by the way, because he has directed me, perhaps, to dig out a couple of quotes from C.I.P.F.A., because let us be blunt, most people will never read the report, okay? “In relation to the M.T.F.P. its overall utility, as a platform for optimal decision making, tax and spend decisions, is significantly impaired, but what we see is imprudent assumptions around income tax and a lack of rigor in the detail behind a significant number of efficiency saving proposals. Our evidence on performance management reporting and existence of volatility on key parameters between the M.T.F.P.2 submission and the original 2015 edition suggests that more precision on forecasting is required. Consistent underspending to profile on capital expenditure suggests there might be potential suboptimal budget behaviours in play, which negatively impact [you can tell this written by an accountant, can you not?] accurate forecasting [even I am struggling]. Given the extent of the sustained level of vacancies and the extent of carry forwards, this may be an issue of course for revenue activities, inasmuch as real service resourcing needs may be obscured by a combination of over-provision of budgets and behaviours designed to ensure that such resources are maintained over time, regardless of immediate and direct service needs.” I am afraid I am going to put that into very layman terms as “padding in the system”. “Within high M.F. (Mundell-Fleming) model scoring organisations, real classical recurring efficiencies typically arise through the re-engineering of services and not as a result of the availability of unrequired, or unused, budget. The States have a carry forward mechanism to responsibly carry forward genuinely unused resources between financial years. We have no reason to believe that Treasury and Resources do not provide a proper challenge to this process; well, however, this does not extend to resources which departments know will not be spent within the forthcoming financial year or in-year, for example the level of outstanding vacancies. This distorts and obscures a transparent determination of resourcing service need.” Then I think this is the last page from the report I am going to use. “It is difficult not to conclude that, if further efficiencies were generated throughout the States through the reform agenda, the requirement to plug the health budget with a tax, which may be disproportionately problematic, but potentially avoidable if appropriate levels of efficiencies, including stripping out unrequired vacancies, are delivered.” We obviously had the vacancy debate and obviously we are not there, but I reiterate the comment: “There is sufficient padding in the system, we believe.” If vacancies are clearly a problem and Treasury are going to be looking at that, does that give me sufficient justification, at this stage, to vote to put taxes up on middle Jersey? The short answer is no. That will not come as a surprise to the Council of Ministers. It is not being irresponsible, because it is my duty to my electorate and to the wider Island, I have to sign up to a plan that I think is fit for purpose and on the basis of the advice we have had it does not meet that criteria at this stage. Two or 3 years ago, I did take some advice, because I was asked: “Well, what do we do on things like the budget and the M.T.F.P. because, obviously, the Council of Ministers will say: ‘The world will end if this goes down. The world will end if we take away the health charge’”, or whatever it is. If that is the case, then this Assembly is a rubber stamping chamber and we cannot be that, that is not what our electorate

expect us to be. We have to be satisfied that this plan works. If we are not satisfied, one has to have the option of saying no. Now, as I am under no illusion, by the way, this will go through. Almost guaranteed. But if Members do not think that parts of this, or the plan, are not fit for purpose, then it is their duty not to vote for it. I am very clear where I am. I hope I am here for the vote. For the record, if I am not, unfortunately, it has been a longstanding appointment which I, like Deputy Hilton, thought if we over ran we would go to Tuesday. This has been a longstanding thing for about 6 months, so I am going to it. So, I make it very clear: I will not be voting for the M.T.F.P. I hope I am here to press the button. From my point of view, it would be very inconvenient, do not get it wrong, one votes away the M.T.F.P., it causes problems, but those problems, if one works together, can be overcome. The reality is that is not going to happen. But this Assembly cannot have something presented to it that if it does not like it cannot vote against it and, as I said, from my point of view and on the advice we have had, and on the basis we are being asked to vote on things for waste charges for £11 million where we do not know the details, the health charge where we think ... do I genuinely think there are further efficiencies in the system, they can negate some of those, yes, and those are sufficiently material to me to vote against the M.T.F.P.

[12:15]

### **1.2.5 Deputy J.A. Martin of St. Helier:**

I have listened, like the Constable of St. John, over the last 4 or 5 days and I have supported most of the amendments, but what was I trying to do, was I trying to make a bad plan even a little bit better in my eyes for people? What did I do? Did I make an unfair system, education, in the nursery, better or worse? I never agreed with the policy of charging for the nursery, but now I have voted to make it fairer. I voted that we now charge people over £85,000 in all nurseries. Now, does that mean I want to support the plan at the end of the day? Probably not. On reading the proposition in the front of the M.T.F.P., on the health charge part, we are now agreeing this charge, because we passed P.82/2012 which did ask, and it was a scrutiny recommendation, that a sustainable funding for healthcare be introduced by 2014, detailed work to be carried out because that plan said when we passed P.82 said we will need an extra £11 million a year starting in 2015 and detailed plans will be put into future Medium Term Financial Plans of how this will be done. Further business cases, including the detailed plans and costings, will be developed as part of the future States Medium Term Financial Plans. Now, this Council of Ministers have had, since 2012, to give the detail that the Constable of St. Mary wants, what it is going to have, the effect on the hard working people. I am glad my Constable has come back into the office, because he is obviously not listening to the same people myself and other Deputies in St. Helier are. If they are concerned ... the Constable of St. Mary said that, because she lives in a smaller parish and people are probably feeling more engaged, she hears what they are saying. Well, I hear what my constituents are saying. There are not convinced that this is just another way of getting more money out of them, but without the detailed plans and costings and how it will affect them. It says "in principle" again in the front of the proposition, but when you look they are putting money in, because they want to collect the money. So I say to people here, I really think we have had a long debate and I have to think at this point all the Back-Benchers, I did not do it this time because it takes a lot of research, work, all their own work to put into these amendments and to be shot down by accounting officers that they have got something wrong. They put in hours and hours of work and they do try to bring these amendments to this House to put a different point of view. I absolutely am one of them. I am normally one of those people and I looked at the plan and thought: "How do you make this better?" It needs some stretching and, as the Constable of St. Mary said: "I could not find any knicker elastic left, Sir. Not that would stretch that far."

### **The Deputy Bailiff:**

Deputy, perhaps you should ...

**Deputy J.A. Martin:**

Sorry, that was not parliamentary.

**The Deputy Bailiff:**

Not really, no.

**Deputy J.A. Martin:**

I withdraw that. But you do, you look sometimes ... and newly from the last election, I have had my eyes opened up on the Public Accounts Committee. Something I was sort of dragged on saying: "I am not sure if I know enough about this subject", but I always like a challenge and I absolutely enjoy the work, but for the last 2 years, and we gave the Ministers, the Council, an extra year to give us the detail, anything we have wanted and that probably goes for Corporate and Economic Scrutiny Panels: "Oh, we cannot give you that information now. We are working on the M.T.F.P." Stop, everything has halted. "We are working on the M.T.F.P. We have got to do this. We have got to do that." Does it mean the world really should be stopping to work on the M.T.F.P. every 3 years? It is a plan and things should be added and things should be ... but detailed things, like a new charge on health, should have much more information when you have had 4 years to work on it, 4 years, and you should have brought it, or an outline skeleton of it, by September 2014. That was the amendment accepted by this House. So where we are, 4 years later and no meat on the bones. We do not know who this is going to really affect. Is it somebody, who is going to now pay for their nursery, somebody who is already paying in the thousands for 2 children under-5 so they can go and work in our much needed finance sector but they do work 35, 40 hours a week? Nobody is telling me this and I absolutely feel what the Constable of St. Mary is saying. She is talking to the people and I am talking to the people that will be hit again, 1 per cent this year, but you are introducing it without ... and what will it be next year when they have not made the savings, they have not done the efficiencies, but they need more money, so what do you do? You up the charge. We saw it with G.S.T., it went from 3 to 5. We have kept it down at the moment, but there is a tap there and it will be turned on again. I do not want to get into G.S.T. I want to concentrate on what ... if we say yes to this plan today, what we are opening up and the work, again, has not been done. I think I will have to leave it there, but I really would emphasise, why would you, when the Chief Minister is going to stand up and say "trust me", why would you, when you have given this Council since the last 2 years and prior to this, this being passed in 2012, at least on the health charge. I agree with the Constable of St. Mary. I agree it is being done wrong. The waste charge is trying, is trying, to ... well, this is how it is disguised, trying to make people think how many times they flush this or put stuff into Bellozanne, or into the incinerator, and it should be recycled, but there are loads of things that people have to do and they are going to be charged for. Is it going to be fair? Not even know that. We know water meters and that is about all we know. We do not know much more. As I say, for something that has taken the majority of all the accounting officers over the last 2 years to produce and remember, given an extra year to fill us in on this detail, I only disagree with the Constable of St. John, is I have got no bacon or egg or sausage on my plate. A bit of black pudding and that is all and I do not even like black pudding. **[Laughter]** So it really is one of those today. For many years Deputy Le Fondré has said he has no doubt that this will go through. We have done this many times before. We have had lots of amendments and then, at the end, only 2 or 3 people, because they may have lost their amendments, have then: "Well, I will vote with it." Really think about this one. Think about what you have been promised. Think about what the public have been promised. Think about the detail you have not got. Think about the detail that should be there and when you have to explain to your parishioners, your constituents, why you voted for it, can you stand, hand on heart, and say: "Yes, it is not a great choice but I fully

understood what impact it would have on you and your family. I fully understood that when I was voting for it.” Because I do not and I think the majority of us do not either. So, unless the Chief Minister is now going to produce the last 4 years of research, of where it will hit the hard working people in Jersey, along with all the other things he is bringing in in this plan, I cannot support it. I certainly cannot support the health charge, but at the moment I cannot support the rest. It is too wishy-washy and, given the extra time, as I say, that this Council has been given to produce the detail it is not good enough and it is not good enough for the people who live in this Island, who we represent, who we have been put here to represent, who ask us to make the decisions on their behalf. We have not got the information so I cannot support this at the moment and that is the way I feel. I will leave it there and thank you very much.

#### **1.2.6 Deputy S.M. Brée:**

Firstly, I think we all need to praise the Treasurer, and his team, for putting together this document. It does work as an accounting document and it works very well as an accounting document. The problem is, as a Medium Term Financial Plan, it does not. The M.T.F.P.’s aims are investment in health, investment in education, investment in our infrastructure and investment in St. Helier. I sincerely believe that we all share those aims and ambitions. It is how we achieve those aims that means that I cannot support the M.T.F.P. addition. But how to deliver these laudable aims that all of us aspire to? Well, it is not by introducing new taxes disguised as charges. It is not by increasing the financial burden on middle and lower income Jersey, who are already suffering financially at the moment. It is not by refusing to really tackle public sector reform and the huge costs that come with our current structure of machinery of government. Allowing a vacancy rate of 12.9 per cent to continue is a road to disaster. It is not by protecting the very rich by putting in place caps on any new charges. We need to make taxes broad, simple and fair. It most certainly is not by asking Members of this Assembly to vote in favour of new charges, without providing any real, meaningful detail. How can we vote for something that we do not know anything about? How can we vote for something that we are being prevented from fully understanding, because there is no detail? Now, the M.T.F.P. is essentially a plan which, very clearly, lays out the vision of this Council of Ministers and this Chief Minister. The simple decision that Members have to make when voting on this proposition is, do I share this vision? For the record I, for one, do not. I urge Members to reject the M.T.F.P. in full. How can Members support this proposition without fully understanding what they are voting for? The lack of real detail in this document, despite being given by this Assembly an extra year to provide it, which is unforgivable in my mind, means that we are being asked to vote on a document that, to all intents and purposes, is fictional, or, perhaps I should say, aspirational, as opposed to providing us with any kind of structure that we can look at, we can understand and we can judge the impact on the public of Jersey. I would remind each Member of this Assembly that we all, and I stress the “all”, are ultimately answerable to the electorate and to the public of this Island.

[12:30]

I do not believe that this Medium Term Financial Plan is in the best long-term interests of Jersey. I believe that we need a new direction. We need new policies that take into account the wellbeing of the public of this Island and to do that we shall need new leadership. This M.T.F.P. delivers nothing new, other than new taxes wrapped up as charges and, most fundamentally, this plan does not address the long term structural issues that Jersey’s economy is facing. All it does is take us up to 2019. After that there is nothing planned and that, I would suggest, is possibly highly irresponsible. There should be a long term structure we can see. There should be long term plans. There are not. There is no detail. There are no plans other than: “Let us tax the public even more to pay for things rather than addressing the real problems” and that is why I would urge all Members to reject this document in its entirety.

### **1.2.7 The Deputy of St. Martin:**

Every Member in this Assembly is elected to represent those people, who voted to put them here, regardless of whether, as I was, when I was first elected a Back-Bencher, chairman of a scrutiny panel, member of the Chairmen's Committee, or regardless of whether, as now, I find myself a Minister sitting in the Government of the Island. I am sure that people out there do not talk to us any differently because we are Back-Benchers, or we are Ministers, when they say: "We would like to pay less tax". Things like: "We do not want you to reduce the services you provide to us. We want you to cut the cost of Government in the headcount. We want you to balance the books. We want you to keep the economy buoyant and we want you to provide jobs for everyone who needs one. We want you to take note of the population" and yes, that is fine, but doing all those things at the same time is not as easy, or straightforward, as some of us would have you believe. I get angry, I think, when the Reform Party continually claim that the Council of Ministers knew, before the last election, what they intended to do to the economy of the Island. I did not even know if I was going to be a member of the Council of Ministers before the last election. I did not have a manifesto to put before my electorate that assumed that I was going to be the Minister for Planning but what I did say to my electorate was that I was in favour of finding reductions in government expenditure before putting up taxes. What I would like to just very quickly share with Members today is what my contribution, as the Minister for the Environment, has been to the Medium Term Financial Plan, because finding savings and efficiencies quite often can be finding reductions in expenditure or, in my case, reductions in grants given to people you have under your portfolio. But, what I have done is, I have looked at savings in headcount because I am criticised, we are criticised, continually for having too many people in public service. I found efficiencies in headcounts in the following departments. I found some efficiencies in planning policy, environmental policy, in the rural team. I have got members coming out of development control, building control, legal search. I am reducing the numbers of people at the Met Office and in the agricultural inspection. I have done that through looking at the way we work, through working practices, through using technology, through vacancy management, through cutting red tape, which is something else that I committed to doing before I was re-elected and to using online services. I have managed to do that by having a fantastic staff and I pay tribute to them for seeing the way that they share my vision for moving forward. They are the most hard-working people and they are completely committed to providing the best service they can for those that use the Department of the Environment. There seems to be a misapprehension that the Council of Ministers have come up with this Medium Term Financial Plan in the last 5 minutes. They have scribbled a few notes down on a couple of sides of A4 and deliberately held it back for the last minute before presenting it to people. I can say to everybody in this Assembly that we have, since the turn of the year, been in continual meetings almost, it seems to me, discussing how we move forward with providing those things that the public asked of us. How do we move forward with trying to reduce the amount of services, to cut the cost of Government, to balance the books, but at the same time keeping the economy buoyant? How do we fulfil those essentials that we have prioritised? We know the population is ageing. We know the health service needs more money. We know we will have to spend more on it. We want our children to have the best education they can. We are prioritising that as well. How do we do all these things? We have not come up with this M.T.F.P. proposal in 3 minutes over a cup of coffee first thing one Monday. It has been a difficult journey. We have spent hour after hour, day after day and, if I said we were discussing it around the table that would be wrong. We have fought tooth and nail, Ministers among each other, to how we deliver these efficiencies and these savings and where those difficult corners, where we have had to accept that some costs of things are going to have to go up. We live in a wonderful Island and we have been used, unfortunately, to having lots of things paid for in the days when the economy really was buoyant. As difficult as it is, we have to face up to the fact that if we want to prioritise health and education and find proper housing in St. Helier and house the population that we know is around the corner properly, that there are

some difficult choices to be made. Deputy Brée said he could not support this plan, but this plan is a good plan. It is a plan for the long term. It does take us out for more than one year. It does look forward and Members must not be afraid of supporting it just because it does not go further than 2019. Ministers have been elected by this Assembly to do a job and I can assure them they do the job as diligently as they possibly can. In my mind, this is the best long-term plan we have and I ask Members to support it. **[Approbation]**

### **1.2.8 Deputy S.M. Wickenden:**

I thought I would talk a little bit about some of the efficiencies that need to be made within this financial plan. I am in a unique position where I work across all departments to look at how we are delivering efficiencies, how we are looking at our processes, how they can be rationalised and digitised to make these services, that will give the people of Jersey cheaper, more efficient and better - I think it is fair to say that we can say that our Government is data rich and information poor in most instances, but we are doing a lot more now to make sure that we are using the information that we receive to make things better for the people of Jersey. In the eGov Team, already, we have got things like the bus tracker, just using the information to try and make things simpler and easier and faster and better for people. The online gazette, we do rostering so we can make sure that we have got the right staff available at the right time for the right services. There is the online planning that is going to be coming forward, the mobile police. All of these things are the departments looking at how they deliver their services, what information they have, how they can do it better and they are doing a very good job of it. So, when we look at some of the efficiencies and the savings that are within this Medium Term Financial Plan they are aspirational, I agree, absolutely, but a forward plan can only be aspirational when you are talking about such a diverse and large organisation. I think it would be unfair to say that we could see the successes right now. They are going to come in the future but I hope everyone here can believe me when I say that the work is being done and people are taking it seriously and we will see some of the efficiencies and the savings and the better services being given out off the back of it. I applaud the departments for doing that. Then, unfortunately, we come to another point, which is the health charge and I have to be with the Constable of St. Mary here and say: "I do not think there is enough information. I do not know if it is the right thing. I have not seen it." So, in all, I would say: I believe in a lot of what has been in the Medium Term Financial Plan, but I will not be supporting the health charge, because I do not think that we have got enough information to be able to make that decision.

### **LUNCHEON ADJOURNMENT PROPOSED**

#### **Senator P.F. Routier:**

I propose the adjournment.

#### **The Deputy Bailiff:**

The adjournment is proposed. Very well, the States is adjourned until 2.15 p.m.

[12:42]

### **LUNCHEON ADJOURNMENT**

[14:16]

#### **The Greffier of the States (in the Chair):**

Before we start, I have literally just been informed that former Deputy Jacqui Huet, who was a St. Helier Deputy in the past, has sadly passed away. There will be a full tribute in the next sitting of the States. We can move on to the resumption of the M.T.F.P. debate.

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

I have been going through the town at lunchtime and a number of, I suppose you would call them my constituents, the more mature people in society, have stopped me to complain about the cuts that are being made to Family Nursing, care in the home, so we are going to cut Family Nursing. Sorry, but then what could you expect when, as I have possibly said before, the savings under Lean cannot be described. They can give you what they say are the savings, but they cannot tell you where the improvement in throughput is, or where the improvement in the outcomes are. The whole point about doing things like Lean is that you know where your efficiencies have come, how much you have improved the throughput and how much it has improved the outcome, either for the process, or for the people that you are dealing with; and not to be able to tell you this, is absolutely stupid. So this is the sort of logic that is underpinning this whole M.T.F.P. We have not got the supporting information to allow us to make a considered decision on it. I would urge Members to vote against this M.T.F.P.

### **1.2.10 Senator A.K.F. Green:**

I am absolutely delighted to follow Senator Ferguson and I will cover the point that Senator Ferguson made, or some of the points Senator Ferguson made, and others, as I work my way through. This Medium Term Financial Plan is a courageous plan. It faces up to both the challenges of today and tomorrow. It does not leave the challenges for future generations to sort out and although we might find this very hard now, if we do not tackle it our children and our grandchildren will have even bigger challenges in the future. What I can see of the future, they will have enough challenges as it is. Deputy Le Fondré asked would the world end if we do not accept this plan. No, it will not end for us, but it will put future generations in a very difficult place because we did not have the courage to tackle the issues today. This is a plan that recognises the growing needs and costs of health care going forward. This is a plan that fits with the strategic vision to prioritise health care; £30 million extra every year from 2019, new money to invest. This includes investments in community care and here I would just like to pick up and make a very short comment about Family Nursing and Home Care. They are a much loved organisation on this Island and we work well with them. Contrary to the media reports, my department has not withdrawn all funding. It still continues to provide in excess of £7 million a year, H.R. (human resource) services and the pension fund payroll as well. By Family Nursing and Home Care's own admission, they are carrying out 30 per cent less home care, so I ask the question: why would you continue to fund it at the original level? One final point on this, before I get back to the M.T.F.P., this is not something that has been done overnight. It has been 2 years in the negotiation. I regret that it has been handled this way, but I intend to sit down with the Family Nursing board to discuss the matter, as soon as I can. Back to the M.T.F.P., this new funding in care means investments in community care, investments in mental health services, investments in primary care, investments in our children's service and investments in secondary care to fund the ever increasing costs of drugs and treatment. This is all in line with P.82/2012. This investment will also encourage greater efficiencies and, again, I would like to challenge Senator Ferguson. Such efficiencies are achieved best, to use a bit of jargon, from the bottom up, so the system should be bottom fed and top led. I invite the Senator - and anybody else in this Assembly who wants - to come and see our work in safely reducing costs, where we can clearly show the outcomes, in our Obeya room. If Members would like to come and have a look at that, make contact with me and I would be delighted to show them the work that is going on there. I would like to pick up on some comments from the Constable of St. John. I am very sorry to hear about his predicted very poor quality breakfast, as described by him, but the work I recognise is more in line with what the Minister for Home Affairs said, that his sausages may be slighter smaller, but they are made from prime pork and they are not wasted; they are good. I would like to pick up on comments from Deputy Le Fondré in the debate, yesterday, about vacancies. I believe that Deputy Le Fondré has some merit, there was some merit

in what we debated yesterday. It does show that we need to do better in information that we collect and, to this end, a new H.R. system is under development, an H.R. system which will not show a vacancy if there is a temporary worker in that post, an H.R. system that will have appropriate information on bank nurses. Incidentally, again for the Constable of St. John, I say bank nurses are paid at the same rate as our regular nurses. The Constable implied that bank nurses are more expensive. They are not, but they are a very efficient way of covering for annual leave and planning for sickness. I do not think Members will want me to go on for too long, but, in conclusion, this is a courageous plan; it is an honest plan; it is a necessary plan. It faces up to the challenges both of today and of the future and I urge Members, for the sake of our children and our grandchildren, please support it. **[Approbation]**

#### **1.2.11 Deputy A.D. Lewis:**

I am delighted to follow the Minister for Health and Social Services there, because one of the commitments that has been made within this M.T.F.P., of course, is to seriously fund health care, but that comes at a cost to middle Jersey to a certain extent, which is the controversial Health Charge which I will come on to later. Let us look at the good things, shall we? The Minister for Health and Social Services might love me for this; I will have a go. Since 2011 £85 million has been taken out of departmental budgets, but only £38 million was taken out permanently - bear that in mind - and 165 F.T.E.s (full-time equivalents) have been extinguished, or were they transferred? I am not sure. So, there has been some big changes in the public sector, but is it enough? The public keep saying to us that before any changes occur to our taxes and charges we reduce the cost of our public sector but, of course, as we reduce the cost of the public sector, we get closer and closer to frontline services and then the public really notice it. That is what cuts really mean when the frontline gets affected and I do not think the public generally want that. So I think there is an acceptance of increases in taxes and charges, to a certain degree, provided we can demonstrate fully that we have made our public sector, the management of it and everything else that goes with it, as efficient and effective as possible. That does not happen overnight, so I fully accept that we still have a journey to go, but particularly during P.A.C. (Public Accounts Committee) and the reviews that we have done into that in recent time, I am still somewhat frustrated, as indeed I am sure the Chief Minister is too, that this progress has been far slower than we would have liked with the public saying: "Cut your public sector, cut the fat before you charge us more." I do not think the Council of Ministers have done enough there. If they have, I do not think they have demonstrated it, or communicated it, effectively to the public. One of the things that worries me in this plan is that there does not seem to be enough in the plan about economic growth, or commitment to it in terms of investing in it. Perhaps it is a fear that the public will not understand investing in that type of area, I do not know, but if we want to increase economic growth, we have to take more risk and that means things like the Innovation Fund being better managed and being more successful at what they do. Again, it is a review that P.A.C. are looking into. Without that economic growth, creating wealth, creating jobs ... and some of it will be taxed corporately, not all of it, as we know. There will be taxes on things like mining companies; we know we can corporately tax those. We know we can tax property companies and we can tax utilities. So, growth in those areas is essential, but I do not see enough investment in that to satisfy me and, of course, the mix of things in the future. But, back to the good things: health, £40 million extra spend; £1 million extra spend recurring in education; £168 million of capital spend; £55 million on schools; £43 million on the sewage plant; £20 million on I.T. (information technology). That is all designed to future-proof our public services, which is great, but the bit that concerns me is that we are using our revenue and, to a certain extent now, our reserves, to do that. We have a public finance law that is in some ways out of date. We cannot take advantage of low bond rates and low borrowing rates to the extent that, I think, we should. Not to the extent that the U.K. and the U.S. (United States) have, where we have got massive central debt; I am not suggesting that at all. At the moment we are very, very lowly



geared as a government, as an economy, and I think that has its own set of risks. It may have helped us enormously during the crash, but now it is time to change that and I firmly believe we should be looking at bonds in particular. We will have to do it probably for the hospital anyway, and if we do it we will have to change the finance law, because we will not be able to borrow enough money. It will be beyond our revenue that we bring in each year of the £700 million-plus. With that comes opportunity. The other bit that I am very disappointed in, but I understand why it is where it is, is higher education funding. £2 million extra has been put in, but all that does is redress the fact that we have not put anything extra into it for a number of years. I, as other Ministers ... well, I am not a Minister, but the Ministers were there too, the Chief Minister spoke very eloquently at it, the I.O.D. (Institute of Directors) panel 2 weeks ago. The thing that kept coming back from panellists on the I.O.D. panel was education, education, education; music to the ears, I am sure, of the Minister for Education. What they were saying was that if you want to grow your economy, which is what I was saying earlier, you have to have the right attainments in education and there we are talking about level 3 degrees and above, masters, doctorates and, currently, we do not have a funding mechanism to provide that for everybody. It is unequal, it is not fair, it does not work, and we are now seeing a decline in take up of level 3. That is a time bomb for our economy and our future taxpayers, who would be earning higher salaries and paying more in tax without having to change the tax structure at all, but they are not going to come back, because they have not gone in the first place. That, to me, is a huge disappointment. We have an in-committee debate about this next month and I do hope that Members will come armed with their thoughts on that.

[14:30]

I know the Minister for Education will be. The public gallery is somewhat empty today, even though everybody is complaining about some of what we are doing here today and I hope they are listening out there and they are watching, perhaps, on live streaming. But for the in-committee debate for higher education, I do hope we see lots of students in our public gallery and parents too. You have got enough warning of it. Come and show your support for something to be done in higher education funding. The other thing that is concerning me with this process, is the length it has taken and the amount of officer time it has taken up across all departments. Last night we sat a little bit later, despite thinking we might finish at 5.30 p.m. We finished that piece of work; that is great. I was outside waiting to come in and vote and a lot of officers were sitting out there still at 5.50 p.m. with their children with them because they were running late. That is the sort of commitment we have had from these officers and they have worked tirelessly on this plan, but we have a structure that I do not think is fit for purpose, so they have spent a huge amount of time to get to where we need to be, with systems that clearly are not fit for purpose. I hope the £21 million in I.T. expenditure, for example, will help redress that. Yes, they have done a good job, steered, of course, by our eminent Council of Ministers, but there have been a few own goals along the way. One, in particular that I would like to draw Members' attention to, which has been vigorously debated both here and in the press, is nursery education funding, a huge own goal for the Council of Ministers, and I hope that they take that away, that strong message we all had and the lobbying that we had from outside this Assembly, and have a look at it again. Despite the means testing element being debated and the pros and cons of it, the fact is that if you want to grow your economy - coming back to that again - we need a labour force. We have the highest proportion of working mothers, for example, or dual parent working in the whole of the country, if not probably the whole of Europe. We have a restricted labour force for population reasons - and other reasons too - and cost of living, and both parents have to work. If they cannot access affordable childcare, they will not be working and the tax take will fall and the G.S.T. take will fall and the Social Security Fund will fall, because you will take out possibly several hundred people from the working population. Own goal, costs you far more than £250,000. I do hope the Council of Ministers take that message

away from this last few days and revisit that element of the budget cut that the Minister for Education did not want to do, but was forced to do, because of the way we budget. That is wrong, because he did not want to do that and there are other ways of looking at it. It is a small amount of money, but a big own goal, which comes back to communications. The Council of Ministers have worked tirelessly on this with their officers, but I think elements of it, that are controversial, have been poorly communicated to the public and I think that needs to change. Consultation should be what it says it is: consultation, and sometimes it is done as a tick in the box, rather than proper consultation, so I would like to see some improvements there. We have had to read through huge amounts of paper so that the public do not have to. We are their representatives and we should do that, and I know all Members have spent a lot of time on this. But today we need to decide: are we going to agree with what is in there, or not, or agree with some of it. Fortunately, we can take this proposition in 4 parts, I believe, maybe even 6 sub-parts, so I will look for guidance from the Chair as to how we do that. There will be Members who feel very strongly about particular parts and they will say that during that part of the process. We have that opportunity here to send that signal that we do not think that bit had enough information, we do not think that bit is fair, and Members will have that opportunity and I hope that they exercise that. But I would leave a bit of a health warning, though. If we do not pass this today - people have spoken about Armageddon, it will be the end of the world - some countries have done this and not passed their budget. I believe one of the most notable that brought it on, in recent years, was California. It was a terrible mess. I think Arnold Schwarzenegger was the governor at the time. Perhaps he thought it was a film, but it was a mess. I would think very carefully about doing that, because it would strangle the Council of Ministers' attempt to move our economy forward, it would rock confidence in our economy and the investment, that is now reoccurring, in our economy. So I would counsel strongly against voting against it, because of that threat. That is not to say after this debate we still cannot bring amendments forward and change things. It is not the end; it is a 4-year plan and you can change legislation through our legislature. But, today, if you want the officers to get on and do their jobs and run the Island, as they do, with the legislature, they get on and do the hard work, then they need to do it and have the cash provided to do it. I think one has to be very careful about kicking the whole thing out, as some Members have suggested should happen, but that is not to say we should not look at elements of it and think: "No, I am really struggling with that bit" and perhaps vote against it.

#### **1.2.12 Deputy A.E. Pryke of Trinity:**

I will be brief, because a lot has been said. We all want an efficient public service, one that can find efficiencies, but also extend the services that we all give to the public, be it smaller classes, increased benefits or extra services in health. As you know, the Council of Ministers have put health as one of the strategic aims, more investment in health, which is essential. We have faced the issue of the ageing population straight on. Sometimes, in the middle of the night, I find I cannot sleep, so I switch on the radio and I would recommend Radio 5 at 5.00 a.m. for an hour, the *Wake up to Money* programme. There they give you bits of very useful information and one of them, the other day, was one of the commentators from the World Health Organisation commenting on how the eastern countries, Russia, Japan, Tokyo, Bulgaria especially, are not facing up to the issue of the ageing population and the younger population is in decline. As I was listening to it, I thought that is good, not for them, but good for us that we are not in that situation. We have faced up to that issue of an ageing population and a workforce that we need to encourage and to grow to make sure there are funds for all of us, because all of us will need it when we get old. We are planning for that. The numbers of over-55s will double by 2030. If we had not, this Assembly, quite rightly, would be telling the Council of Ministers: "Get on with it." This is what we have been doing, but it is not easy when you have to look for efficiencies when we have already had the F.S.R. and C.S.R. All the low-hanging fruit efficiencies have been removed, the easy bits have been removed, and it

has taken a long time for the Council of Ministers to reach this point. Rest assured, as the Minister for Environment said, we have had some good, robust decisions. It is a long-term plan, looking to the future, and I can understand it is a struggle for some Members, but I urge them, please, this is a long-term plan. It is about setting the bricks in place for our futures, our grandchildren's futures and even our great-grandchildren's futures. Going back to P.82/2012, I am very pleased to say it is working. I said, back in that time, probably none of you can remember, and I can remember very clearly that that proposal, *Caring for each other, Caring for ourselves*, will take at least 10 years to begin to see some effects. That is how long it takes. Last night was the Health and Social Services award ceremony and I think we should congratulate all the staff at Health and Social Services, **[Approbation]** especially those who were awarded certificates in degrees of diploma in nursing, bachelor of arts ... I cannot remember them all, because there was such a collection. They are still doing a job of work, day in, day out, have families, and I admire them, because they still can find time to study and work and achieve a 3-year degree. I think that is something we should all be proud of, but there was one thing that I was more than proud of and I think it is good to feed back to this Assembly. In 2014 this Assembly, quite rightly, passed, what seemed at the time, a very minor proposition about allowing nurses to be prescribers. There was not much discussion at the time because it was all, yes, quite a good thing to do, and it was all passed, and it was. Those nurse prescribers have to go through, I think it is, a 2-year course, all about medications, maths, *et cetera*, to enable them to prescribe. The Chief Nurse said last night that is one of the major things in P.82 that is making a difference today and will make a great difference in the future, a better service for our patients and also their carers, so well done to them. **[Approbation]** I think the Chief Executive thanked States Members for passing it, because it is really working and other services from P.82 are beginning to show and work and really make a difference. All this comes at a price and that is why the budget is in place, the budget investment for health and for education. This plan is essential for long-term planning. It is for our future. It is not for today, it is not for tomorrow, it is for our future. More money is going to be put into education too, probably in higher education, as the Chief Minister has put £2 million, but also today's students who need that extra support with Jersey Premium. That is investing in today for tomorrow, because we will expect them to take their place in society, pay their way, pay their income tax for all of us. But this is important. We need to put those bricks in today for tomorrow.

### **1.2.13 Deputy R.J. Renouf of St. Ouen:**

Like the Deputy of Trinity, I find that I have had difficulty sleeping and I put it down to a sense of uneasiness, for this reason. I do not really count myself as a radical, I do not rigidly take a negative view of anything the Council of Ministers may wish to bring forward, and I fully recognise that Government needs a plan to proceed and it is very necessary to take tough decisions. In fact, we all recognise that, because we gave the Council of Ministers the additional year it recognised it needed to produce a detailed plan. When it arrived, I wondered if I was missing something, because I did not see the detail, once I had examined it. I thought there must be more. I did not really see the detail I thought was coming in such a plan. I can see it works very well, as an accounting exercise, all the sums look good and they add up and it all balances, at the end of the day, and that it is a comprehensive, large, good piece of work, but as a plan for the delivery of public services I feel it is all rather underwhelming. To me, it lacks the details that would give me confidence that services are not at risk, because I cannot adequately see what we might be losing in terms of public services, what might be changing and, therefore, can I have confidence that this is a safe plan? Has safeguarding those services that we need and assessing which services we do need been properly weighted against the financial pressures: needing to cut our cloth and achieve efficiencies? Of course, I have particularly looked in the Scrutiny Panel at the Health Department and the Social Security Department and we have used the panel adviser that all of the panels have used, C.I.P.F.A.

[14:45]

Credit to the Health Department, because C.I.P.F.A. has recognised that, across the western world, health is usually regarded as being the most complex of services to manage. There is praise for the Health Department. In our report, we repeat our adviser's view and our adviser says: "While we have been generally impressed with the way Health and Social Services application of a rigorous approach to in-year resource management, it certainly appears that the service is more focused on managing in-year pressures and looking 'one year ahead in detail'. This is attributed to significant cost/demand pressures." So, yes, they are very good at planning a year ahead. It is when we get beyond that that it causes some concern. Therefore, the savings beyond that period in the various areas of the Health Department's work are all rounded to the nearest £100,000 and then we look through all the tables and then at the bottom, yes, we get to the nice round figure, being the savings required of the department. But, when we look and try and investigate exactly what those figures rounded to £100,000 might be, there is very little detail, unfortunately, and one is left to wonder whether this is just an aspiration on the part of the department. But one saving refers to the deferral of part of the P.82 spending, so the actual line of the budget is: "To review, develop and redesign adult social care and long-term care provision." It is meant to achieve £1.1 million in savings over the period of the plan. A review, a development, a redesign, so we know that it is a work in progress all the time, but there was no detail of how this £1.1 million is to be reached. We tried to question and, of course, the answer is that the Long-Term Care Fund is now in place to meet people's long-term care needs, of course it is. But then, not all are immediately eligible for the Long-Term Care Fund and we have concerns about how those vulnerable people are going to be cared for. Up to now that has been funded through the Health Department, but that is all up to review, redevelopment, redesign, without any detail that we can properly feel satisfied upon adequately delivers the services we need. Within the Social Security Department a large part of their efficiency savings is within ...

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

Deputy Lewis, you need to make a contribution to our financial plan. See me later.

**The Deputy of St. Ouen:**

That is good, that is part of the savings achieved. **[Laughter]** A large part of Social Security's efficiency savings are going to come from within the Back to Work scheme; £0.5 million is going to come from the budget of that area of work and there is a plan that 10 full-time posts will be moved from that section. The reasoning for this is that the economy is going to pick up and we are going to have fewer people looking for work and, therefore, that is achievable. Then I think of the F.P.P. (Fiscal Policy Panel) forecasts that we have had recently and the panel has not found that efficiency a credible plan, because we do not see that it is backed up by the evidence. Can we really make that amount of an efficiency saving in the Back to Work scheme without reducing what we are trying to deliver at the moment? As to the remaining savings within the department, it was very difficult, almost impossible really, to pin that down. We were asking the Chief Officer of the department, who spoke to us about the need to save £3.5 million within his department over 5 years and he told us we can achieve this best by utilising continuous improvement to make those changes, while delivering an improved service, a better service, which is also more effective for our customers. That is our strategy, to make those changes broadly across the department. That is great words, but we are trying to pin down exactly what continuous improvement that the Chief Officer means, but we were not able to get much further than those words, continuous improvement. He told us: "Systems were in place and structures were in place to generate improvements." But, quite what improvements were expected, apart from the delivery of services online, is what we got, but nothing more than that. Let us hope the delivery of services online might produce all those savings, but very little detail, most regrettably. We came to consider the health charge, also, within our panel and we concurred with our adviser's view that, given there is

no discernible linkage between usage and liability, the term charge is inaccurate, as it is, in effect, a tax. Essentially, it appears to be a hypothecated tax, says our adviser, yet the Health Department does not directly benefit from the resultant income. A charge, well, I think it was the Constable of St. Mary who referred to suddenly we have all sorts of charges. We began with the long-term care charge and this health charge is not a very different animal to the long-term care charge. The long-term care charge is linked to a benefit that all can receive, clearly, and it is a separate fund, that is accounted for within the States accounts and there is separate legislation surrounding it. It clearly funded a cost that the taxpayer had not funded previously. Previously, if people of this Island needed to go into care, they would need to sell their capital assets. All the vulnerable people, who had no such assets were, of course, funded. But now we have the long-term health charge and that is excellent, because it has allowed people to have some security as they get older and to know they do not have to sell their properties. Next comes the health charge. What additional safeguards does that give to people of this Island? It is not even hypothecated to the Health Department. The money is not going there as an automatic matter. Instead, it is suggested, for the period of this M.T.F.P., the health charge monies will be applied to meet the growth bids of the Health Department. This is not a charge, clearly it is a tax. What does worry me, apart from the fact that it is not being honest, but it also diminishes the Long-Term Care Fund and the value that has to the people of this Island. I do not mean in monetary value, but the people of this Island have, I believe, been pleased that the States took the step to set that up and make that provision. There is an acceptance that we need to provide for those times when we cannot look after ourselves. It provides an important benefit. But now, if we start calling everything a charge, it is going to diminish the value and prestige of that long-term care charge. Indeed, might future Assemblies think it is accessible, for all other purposes, if we call normal tax-raising provisions charges? There is no need to call tax-raising provisions charges and I wish that we could be more honest about saying that we need this income, it needs to be raised in the same way as any other needs through the taxation system. My unease is, how can I be satisfied that this plan works when currently it is so clearly aspirational? I see large, rounded, sums of money being applied to titles such as review, development and redesign of adult social care, I think, without all those details that we would have loved to see in it. Should I hope that we will achieve all those figures that are written down there? Yes, I hope that we can make the savings without affecting, fundamentally, good public service. But is it safe to rely on it? Should I have expected more from such a plan or should I say to myself, this is the only plan we have? Should I, therefore, give it my support and hope that we get there? I am in a bit of that dilemma because I am not entirely happy, as you will have gathered, and I wish we would have had so much more. How can I give support also to a health charge, when I believe it is a tax and should not be capped? It seems to me it is completely the wrong structure and I wish we could be more honest and I wish we could talk about what this Island needs to raise in tax and how we do it. Yet, of course, I would want the health service to have that money, which is planned to come through this so-called health charge. I am uneasy. I am looking forward to what may be said following me and I hope something might be said to resolve my unease. But I have explained what I am feeling at the moment and I do not think I can add any more. I am grateful to Members.

#### **1.2.14 Deputy G.P. Southern of St. Helier:**

I am reluctant to speak, because I am on the Health and Social Services Scrutiny Panel and my Chair has just spoken and has taken half my speech, which is good, because the points I had to make have been well-made already, but not all of them. He describes himself as not a radical. His Vice-Chair is a radical and I want to just take a look at the reasons why I find it absolutely impossible to support this plan. It is impossible, because it has been shoved through on, basically, collective responsibility. If you want to demonstrate how to work collective responsibility, look at this debate; whatever it was, 10, 11, 12 amendments; 2 very small ones have got through, one on Jérriais, providing an extra £30,000 and one post, or maybe 2 posts, saved in the Stats Department,

again, £40,000, perhaps £80,000 in the long term, we will see, out of a budget of, I do not know how many millions there are in there. But, very effectively run and managed, yes, because only 2 very small amendments got through. That is one reason not to support it, because it is not amended. But I described this Medium Term Financial Plan as a Billy Boddgit plan yesterday and I just remind people what is in there and the little chunks of bits of money. It is back to my analogy last time, they have been down the back of their settee and found every little bit they can. It is the same process this time. What do we have? We have raided the Health Insurance Fund again; £5 million, £5 million, £5 million, £15 million in 3 years, pinched from over there to prop up spending here.

[15:00]

Yet, the Health Insurance Fund, it is going downwards, is it not? But these Ministers can feel free to just raid it and make it worse. Ditto, exactly the same with the Social Security Fund: £20 million of borrowing from that fund, even though it is about to peak and about to start increasing in value and we have a major review of what we do about it on the way. But, in the meantime, Billy Boddgit, he can borrow £20 million, we will pay that back another day. Then, of course, the health tax, unamended, completely unfair, falls on the shoulders of those paying 20 per cent, the middle earners, again and protects those earning £200,000, £300,000, £400,000, £500,000 from the full effects of that 1 per cent. If your income goes up, the effective rate goes down, completely regressing. But not surprising from this particular set of Ministers; their mantra is protect the rich from tax at all cost, certainly at the cost of the middle earners working very hard to make ends meet in this society. As somebody pointed out yesterday, it is not just the really wealthy, who have worked very hard, everybody often has. Then other reasons why I would not want to support this mishmash, one of the reasons is, if you look at the fourth addendum to the Draft Medium Term Financial Plan and look at the income forecasts, what do we find? Let us have a look at those predictions: “Financial services profit growth: growth expected to be slower in 2016 and 2017. Non-finance profit growth: expected to be slower in 2017. Inflation: expectations for 2016-2017 are higher than previously. Average earnings: 2017 expected to be slightly higher, but in nominal terms, due to high inflation. Employment growth is now expected to be slower in 2017.” When we look at those figures, what do they mean slower? It means real G.V.A. (Gross Value Added) 2017: zero growth; 2018: zero growth; 2019: zero growth. Employment 2017: zero growth; 2018: zero growth; 2019: zero growth. Yet, as my Chairman mentioned, Social Security think they can make a saving, because of job growth or a reduction in unemployment when the forecast says no better employment prospects in the future. Yet we have £0.5 million worth of savings, 10 staff savings made from Back to Work schemes and is that going to deliver? Highly unlikely to do that at all, so that saving will not be there. Then we look at the M.T.F.P. addition that explains that: “Efficiencies, through pay restraint, will equate to approximately £25 million to be achieved by 2019.” Let us just think about that now. In this Medium Term Financial Plan, we have overridden the negotiating process, the open negotiations with teachers’ unions and imposed a condition that we are going to take £8,000, before we sit down with them, of the starting pay of newly qualified teachers. In the last few years, they have had a 1 per cent pay rise and a 0 per cent pay rise. How long do you think they can sit there on their hands saying: “Everything is all right.”? What is R.P.I. (Retail Price Index) going to be in the next coming years? R.P.I. expected 2017: 3.3 per cent; 2018: 3 per cent; 2019: 3.3 per cent. Average earnings across the board 3.8 per cent, 3 per cent and 3 per cent, while teachers, for example, are going to sit there on their bottoms and say: “Everything is hunky dory, everybody else is getting pay rises, R.P.I. keeps going up, but we will take a pay restraint.” How much pay restraint? Look at the figures, 2017 the efficiency, the pay restraint, is supposed to deliver £6 million worth of savings. That is approximately 1 per cent on the pay bill, is approximately £3.5 million, so that is just under 2 per cent. So, 2 per cent below R.P.I., for example, at 3.3 per cent, that leaves a pay rise of just over 1 per cent again. That is going to put a

lot of smiles on a lot of teachers' faces, I think not. The year after that in 2018 £4 million of pay restraints, so 1 per cent being delivered on an inflation rate of 3 per cent. Perhaps, lucky boys and girls, you might get 1.5 per cent to 2 per cent pay rise. Enough? I do not think so. But our attention was caught, in particular, not by the teachers, it has happened since, but by the health service workers. What have the health service workers had in the recent past? They have had a special dispensation, not 1 per cent but 1.4 per cent just to keep you reasonably happy in the interim. No long-term pay policy or pay rates established. No answers, as pay will inevitably be called to go up. Why is that important? Because, can we recruit sufficient nurses at the moment? No, we cannot. Is that going to get worse, or better, in the future with pay restraints? It is going to get worse, of course it is. Can we keep up with the U.K.? I doubt it. Scottish teachers, for example, have recently received a 21 per cent pay rise. Are they going to come here, the newly qualified teachers, when there is no advantage between here and Scotland? Where are they going to be? They are going to be in Scotland. Let us have a look, but on teachers, in particular, the Minister explains: "We believe that when we go to the marketplace that we do attract the right people and that is shown by the fact that we only have a 5 per cent nursing vacancy rate." The 2 areas that we have challenges in are nationally, where people have challenges around mental health and theatre nurses. We have an ongoing problem with mental health and theatre nurses, but we have only got a vacancy rate of 5 per cent. Our understanding is that when you hit 5 per cent, that is when the alarm bells ring. That is when nurses come along to your service and say: "Shall I apply for this job in this hospital? What is your vacancy rate? 5 per cent? No, thank you. I will go elsewhere." That is what happens, 5 per cent is already critical, there is a red light on it and yet our Minister is saying: "We have only got a 5 per cent vacancy rate." Oh dear, oh dear, oh dear. My Chairman, who has a troubled conscience, trouble sleeping but he hopes that this plan will work out, I say to my Chairman: "Do not cross your fingers and vote in hope that that is not what we are here for. If you are uncertain that this can be made to work, then vote against it and you will not be described as a radical at all. You may be described as sensible." A further care that I have, as somebody has already mentioned, is the possibility of another charge, another tax, let us face it they are taxes, coming through in the form of payment for the new hospital. The adviser says that: "In terms of the new hospital project, the cost, approximately £466 million, is such that it will undoubtedly require a mixed approach to funding sources." A mixed approach to funding sources. Is that an excuse for a hospital charge like we already have? I suspect it may well be, but this mixed approach, will it mean they are issuing a bond like we did for housing? Housing, a bond is, more or less, an acceptable way to raise money because you know you have a guaranteed income stream that can pay the dividend on the bond. It works. A bond for a hospital will stop me sleeping at night. Where are the charges? Where is the income? We are going to have to start charging to create an income to pay the dividend on the bond. That is an absolutely terrifying prospect for me, that we go the whole way and start charging for many, most, all hospital services. That will be a nightmare, despite the fact that we still have £700 million, more, perhaps some Minister can tell me later, in the Strategic Reserve, in the Rainy Day Fund. Please, this mixed bag, let it not contain a bond. Then, the further reason not to vote for this so-called plan is that I am convinced that the savings, that it promises, cannot be delivered without impacting on services. I believe services will be of a lower quality, there will be less of them. Before the end of this 3-year plan, we will see us withdrawing service after service after service. Why do I think so? Because, let us have a look at what the health bit of this has done. It has cut its grants to 2 other third-party providers that it employs, the J.A.C.S. (Jersey Advisory and Conciliatory Service) group and the J.E.T. (Jersey Employment Trust) group. The Jersey Employment Trust helps people into work, maintains them in work, when they have a serious handicap, a serious disability. It is a vital piece of infrastructure for our most vulnerable and yet we cut their funding from Social Security and they lost posts. The posts that have been lost in the following areas: employment services, transition service, Acorn Enterprises, S.T.E.P.S. (Supported Training Employment Preparation Scheme). Bodies being lost,

services being reduced, services being of a lower quality, inevitably. Then we come, if I may ... let us see if we can get hold of this, hooray, I can, right. As you can tell, I am one of those information dinosaurs, I can just about handle it, but not 2 things at the same time, I am only a man. Then we come to what has happened today in that we have seen major cuts to a third-party provider of services from the Health Department. My first question for the Minister for Health and Social Services and perhaps his Assistant Minister can answer it, because he has already spoken, is, the Health and Social Services Scrutiny Panel, why could we not find where this money was going to be cut?

[15:15]

Why was that not presented to us in an open and honest way? By the way, we are going to cut the service to family nurses. Why, this week even, has there not been mention of it? Where is it in the Medium Term Financial Plan? Where is it hidden, that that sort of cut was going to take place? Is it in review, redesign and retendered services provided by third parties? No, it cannot be, there is only £300,000 on that and so on. Is it a re-engineering of something, a reform of something? What is it? Yet, what we are talking about here and I quote from the press release from Family Nursing and Home Care's Chief Executive who says: "H.S.S.D. (Health and Social Services Department) has traditionally provided funding to F.N.H.C. (Family Nursing and Home Care) to cover part of the running costs of the services it commissions the organisation to provide." Today, we have been told that there is to be a withdrawal of all funding for the Charities Homecare Service, which costs £1.9 million per year to run. All funding cut, as of January. Where is that in the Medium Term Financial Plan? If anybody has spotted it ... the Minister for Health and Social Services knows where it is hidden, I hope the Assistant Minister does and I hope he can tell us, but why has it been hidden from us in this debate, from the Scrutiny Panel, in previous endless meetings. She goes on to say: "District nursing and child and family services are likely to be continued to be funded by H.S.S.D." but the funding has already been reduced for family care services by £430,000 in 2016 and will be removed completely with effect from 1st January 2017. Okay, where in the name of - and it is my Chairman's word - honesty has that been shared with us? It has not. Why not? Why is this Chamber not fully aware if that sort of cost is going to affect services being delivered by a charitable organisation, which has existed for 100 years, and exists to do exactly that sort of work? What will that mean? That will mean instead of charging £11 an hour they will be charging £19 an hour. Instead of employing their home care assistants on equivalent rates to States of Jersey, they will be negotiating a pay cut and a cut to their pension rights and a cut to their holiday pay and length of holiday. That is the sort of thing that is happening. This is the race to the bottom. Why is that happening? Because this Minister for Health and Social Services has encouraged new companies to come to the Island providing home care at all sorts of rates on zero-hours contracts, working a 15-hour day, working for below the minimum wage, in some cases. Poor terms and conditions in order to get a better price and reduce the cost to the States. Wrong, wrong, wrong. But not telling us about it, dishonest, dishonest, dishonest.

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

Deputy, I do not think you can accuse Ministers of dishonesty, not deliberately.

**Deputy G.P. Southern:**

In which case, Sir, I will withdraw the word "dishonest", all 3 times, and say accidentally dishonest. Accidentally dishonest, insufficiently honest to tell us about that during one of the endless meetings for this endless debate that we have had today. Where was that information? It has been refused to be shared with either the Scrutiny Panel or this Assembly. It has not been shared and it should have been. I leave it to Members to decide whether they think that was an honest approach. I rest my case.



### **1.2.15 Deputy C.F. Labey of Grouville:**

Just briefly and coming from a slightly different tack, I would just like to flag up the corner of Jersey Overseas Aid Commission. In our Council of Ministers, who I thought were going to be the really inclusive Council of Ministers, I find that their workings are like a cosy little clique. As Chair of Jersey Overseas Aid and not an insubstantial budget, Members will appreciate that, as Commissioners, we want to do the very, very best for the Island. We have international obligations to meet. Our giving is based on our international obligations. They are currently 0.7 per cent and we currently give 0.25 per cent. I must say I am very grateful for that. I am not saying anything about that because, in today's climate, I think it is a good giving, it is necessary, for all kinds of reasons, not only our international obligations, but the good it does, the humanity need there is beyond our shores. We have to consider our own, but that is not all we have to consider and I think the *Jersey Evening Post* have put on quite a good spread this evening, highlighting some of the work that we do. I think that can only be a good thing. It is a good thing that we make contributions to the dreadful things happening in Syria right now and we offer Islanders, as well, the opportunity to broaden their horizons by going on our community work projects. So, that is good, but our budget is staying the same; we are way, way below what we are obliged to give under Agenda 21, but when we are talking about imposing health charges on people at home, in the round we are probably okay with the budget that we have. I say just okay. It is nothing to shout about on the international stage, but for a small community we are okay. I would like to just flag up, however, we are looking to give long-term. We feel the projects that we can offer on a long-term basis, 3 years and beyond, do far more sustainable good than just dipping in and out. For my fellow Commissioners and I, it is quite difficult when we are not privy to anything that takes place around the Council of Ministers' table. Nothing. We just learn about our budget, like everybody else, when we receive the Medium Term Financial Plan from the budgeting. We are given snippets of the conversation if we speak to the right Ministers of what the budget may, or may not, be doing. For Commissioners, who are committing monies from the Commission, that is not a good place to be. So, I am going to flag this up now because I do not know where else to flag this up or when, so I would like to make that point and sit down again. Thank you.

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

First, I commend the Deputy of St. Ouen for his earlier speech and can relate very much to the unease which he there expressed. On the credit side, in my capacity as a member of the Environment, Housing and Infrastructure, I accept that the 2 departments have to take steps in relation to employees. In fact, I think our concern in relation to Environment, in particular, was that they may well have too few employees in future to carry out the services to which they are committed. We have, however, received assurances on that front. On Infrastructure, again, we commend, in our report, the action they have taken in reducing some of the employees and we appreciate that it is an ongoing programme. Again, on Infrastructure, the main difficulty I have relates to the user charges. I think we would have expected the proposition for approval in principle to be separate from one which links an actual sum to the principle. With the assistance of the Vice-Chairman we tried to have it so separated and we were informed that could not be done and so the in principle proposition stays where it is. In that connection, I am grateful to the Chief Minister for having clarified that should there be a shortfall in the income anticipated, as set out in the plan, you will be sure that we got funds from other purposes. But, I do raise the basic question as to whether, if you are introducing a new charge, is it right, in the same breath almost, to tie an amount of money to it without having undergone any sort of impact assessment. In this connection, our report does say: "The details as to the practicalities of the charges, how they will be applied and the impact on local business and the public, are not yet available." They are not yet available, because no assessments have been carried out and I think we have received comments from the Jersey Chamber of Commerce and the Hospitality Association bearing that out. I am in difficulty

in agreeing the financial plan when such an obvious thing seems to me to ought to have been done prior to the matter being in the plan. On a simpler matter, the Deputy of St. Ouen and others have related to the health charge, the health tax, whatever you would like to call it, that is a tax. It is regarded by the public as being such a tax and I see no ground for approving it and if it comes to it then, yes, the rate of tax to match it, but I would hope that, in view of the commitment by the Council of Ministers to look into the staff situation at the moment, maybe savings will be made over the next year to avoid that.

**1.2.17 Deputy L.M.C. Doublet of St. Saviour:**

Would you permit me to remain seated for my speech again today?

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

Yes.

**Deputy L.M.C. Doublet:**

Thank you. I want to briefly aid Members in their decision on how to vote on the overall plan by just detailing some of the main findings of the Education and Home Affairs Scrutiny Panel. But, before I go into those findings, there are just a couple of general points I would like to make. I am pleased the Chief Minister has just entered the Chamber. First of all, a point about the process. I think this has been made by other Members today. I do aim to do my job chairing this panel as diligently as possible and we set about to really thoroughly scrutinise these plans. We have had 10 weeks to look at them, it has just not been long enough. To give you an example, the review we carried out on the N.E.F. (Nursery Education Fund) proposals took us a similar amount of time. To give credit to the Minister, that is a proposal with the M.T.F.P. that he did announce before he had to. But we have had the same amount of time just for that one proposal. The way our system is set up at the moment, I think, is not really working in a more general sense. We are supposed to be working on a consensus-based system and what we are ending up with is something which is becoming quite oppositional and I do not think it is a constructive way of working. It is quite easy to get disheartened as a Bank-Bencher and it feels sometimes like a bit of an uphill struggle to make any kind of positive impact. So, I would like to hear a commitment from the Chief Minister in his summing up, whichever way this M.T.F.P. goes, on how we can actually improve things for the future, so that our system for financial planning and setting policy works a bit better in the interests of the people that we represent. Secondly, the Minister for the Environment touched on this, he talked about how hard Ministers and the officers has worked on this plan and I do not doubt that at all.

[15:30]

To be fair to them I do not envy the job that they have had because there are some issues that we are facing that are very difficult and it cannot be easy to form a plan to tackle all of those issues. When we voted through the Strategic Plan I was with the Chief Minister on it, I thought overall it was a really good plan. Some compromises in there and difficult decisions, but some really great things in there like investing in the 1,001 days' initiative, the pupil premium and other good things. But the M.T.F.P. that we are looking at today contains so many things that, as an Assembly, we did not sign up to in that Strategic Plan, which was supposed to be feeding into the financial plans. So I am a bit confused there. When I am making decisions I try to apply a common sense test. Again, I think the Constable of St. Mary touched on this. I think about how I would explain this to my parishioners. How I could look them in the eye and say: "I voted like this, representing you, because of X, Y, Z." When I look at this plan, overall, I do not think, hand on heart, I could vote for it and then go to my parishioners and say: "This is why I voted for it, this is how it is going to impact you. These are some more details on it." We just do not know the details and I do not know how it is going to affect the families in the parish that I represent. So those are my general

points. Just to move on, more specifically, to the findings of my panel. Do Members want the good news, or the bad news, first? I will start with the good news, I think. We have heard from the Minister for Home Affairs, in brief, that the department has seemed to work really well in the way that it engages with its workforce. That is something that we have seen on scrutiny, when we have had many briefings and updates from them. It seems to be that the Minister, and the officers, really listen to the men and women, who are on the ground doing the work. There is also an evidence-based approach being taken, which, of course, we applaud in scrutiny. There is some real innovation going on there and I want to thank the Minister. We have been kept very well informed ahead of the M.T.F.P. being released on many of the plans that were contained within it. So we had a head start and we know it was coming, so we could scrutinise it more effectively. There are one or two areas, if you are looking at the comments from the panel, that we will be keeping a watching brief on, as always. But, overall, I think this is a Minister we have some confidence in, particularly just to point out - and the Minister referenced this herself - the way she was asked to make cuts, I think she said 20 per cent, she felt those were unacceptable in terms of how they would affect the services to the public and she renegotiated that. I really do applaud the Minister for doing that. I will move on to Education. I did have high hopes for this Minister and his Chief Officer - I still do - I think they could deliver a vision and a vision that we have all been expecting and that we have signed up for in the Strategic Plan. But the main finding of the panel is that the Minister has not been given enough money. I, regretfully, have to speculate whether the Minister has fought hard enough for the children of this Island and for what they need. When we have looked at the evidence, as a panel, we found that the investment that the Assembly has committed to in the Strategic Plan is not being delivered. To elaborate on this briefly, the same calculation that we did on the last year's M.T.F.P. we have done again. So, we have discounted demographics, which cannot be counted as investment and, just to make this clear to Members, we checked this position, because, I think there were some arguments that that was semantics and it was just one way of looking at things. We did check this position with our adviser - we have used the same adviser as the other scrutiny panels - from C.I.P.F.A., so he knows what he is talking about. Before we even asked him about it he pointed it out and said: "That is an anomaly, in other jurisdictions any kind of increase of pupil numbers, or demographic considerations, that would be included in your base budgeting. That would not ever be considered as investment." So the adviser has endorsed that principle. I think Members just need to be clear that it states, in this plan, there is £10.2 million of investment going into Education. When you look at that, just over half of that sum is needed, because of increased pupil numbers, just to maintain services at the current level. So, when you take out those demographics, there is £4.9 million of actual investment going into Education. There are some great things in there and the pupil premium stands out as being something we can really get behind as a panel. It is based upon evidence that it has worked in the U.K. There are other good things in there. But then, when you balance that £4.9 million of investment with £7.7 million of cuts and savings, that leaves us with minus £2.8 coming out of Education. That is not what I signed up for in the Strategic Plan. When you look further afield and compare the amount of money we are spending on education here in Jersey, we spend 2.5 per cent of our G.D.P. (gross domestic product) on education and there is a table, within our comments, illustrating this. When you look at that table, we are right at the lower end of that table, lower than Russia, Indonesia, the Slovak Republic and the Czech Republic. So, the message that I am giving loud and clear here from all the evidence we have looked at, there is not enough money going into Education to provide best practice standards of education for our children. Just to go into some detail on some of the £7.7 million cuts and how they impact on children: with the N.E.F. cuts I will not go into all the arguments again - we have talked about that for hours in this Assembly - but I just want to restate that the panel does stand by our recommendation that the Minister should withdraw these plans until proper impact assessments have been carried out. I will call upon the Minister, once we are going to do that, and I would encourage him to seriously consider it. I think that the public would

respect him if he did do that and would see that he is listening to the public and he is taking note of scrutiny reports and looking at the evidence. I really hope that he will go away and consider doing that. The reduction in N.Q.T. (newly qualified teachers) starting salaries ... these 2 things, it breaks my heart that we have not been able to persuade the Minister and the Assembly against these cuts, but with the N.Q.T. starting salaries - I will not go over the argument - the panel has found convincing evidence that this will negatively impact on education standards and, ultimately, on children. Okay, so the other 2 kind of main areas of concern, when we looked at something called headroom, which is the money that schools have after staffing costs and after things like running the building, it is the money that schools have to spend on resources for the children, that is being salami-sliced in the school's budget as part of the M.T.F.P. and the evidence that we found, when we looked at this, was that our schools have hundreds of thousands less than U.K. schools to spend in this area. So, just to give a real-life example of this, we found that in one school that would give about £10 per pupil to spend on science every year and that is not enough for a textbook, let alone all the things like chemicals and resources that are needed to educate that child in science. So, cutting that budget even more is going to have a negative impact on children. There is also, in there, a relatively small cut to the private school subsidies. Now, I am definitely not going to start getting into that debate today. A member of the panel, the Deputy of St. John, with her research hat on, a very valued member of the panel, recalled a States' decision, I cannot remember which year it was from, about 2011. The States' decision that was made then was not to make any cuts to private school subsidies until a White Paper had been published on the future of education in Jersey. So, I will not say anything more about that, I will just leave it there. But, also, panel discussions have pointed quite strongly towards the need for an independent review in this area. We realised, just among the 4 of us on the panel, that it is such a circular argument, I do not think it is ever one that we could ever really solve ourselves here in Jersey, because everybody has either been to a state school, or a private school, or sent their child to a state school, or private school. So, the discussions we have had do point strongly towards an independent review there from outside the Island. I am going to stop there. Those are the main areas of concern within Education. My Vice-Chair, Deputy Maçon might give some further details on other areas, but I will stop there. Just to sum up, I was with the Ministers on their Strategic Plan, I really was, and I really wanted all of this to work. But when I am considering how to vote now, I just feel there are too many items, particularly within the education section of this plan, that will have an adverse impact on children especially. As for the rest of it, the extra taxes and charges, I have no idea what impact the rest of it will have on Islanders and on the people I represent. I will listen to the rest of the debate, but I am going to find it very difficult to support this plan today, unless, perhaps, I am waiting for the Minister for Education to speak and I am hoping that he will be considering – reconsidering, perhaps - the N.E.F. cuts. I do ask that Members weigh up very, very carefully the reality of what is happening in education versus what we agreed to in the Strategic Plan, and whether you think some of the difficult decisions within the plan are worth making when we are not getting the investment in education that we were promised. So, please consider that when you decide whether to support this plan today or not. Thank you.

#### **1.2.18 Connétable D.W. Mezbourian of St. Lawrence:**

It is good to follow the Chairman of the Scrutiny Panel that has scrutinised the work which I, and the Deputy of St. Peter, as Minister, have taken towards our contribution to this M.T.F.P. 2 plan. This is the plan, we all have it, we have all looked at it. It has given some of us sleepless nights, it may have given others indigestion but, certainly, it has impacted upon us all since it was first presented to us. As Assistant Minister at Home Affairs, my intention is to speak to the areas of delegated responsibility which I have. But, first, I want to thank those Members who attended the presentation on 14th September when, as a department we took the opportunity to explain to all Members, other than to just the Home Affairs scrutineers, how we had approached the extremely

challenging M.T.F.P. 2 process. I also need to thank the Education and Home Affairs Scrutiny Panel, and we have just heard from their Chairman, who, as a panel, paid very close heed to our consideration, as evidenced in their report to the Assembly. Of course, the Chairman has just mentioned that, what she did not say was that we undertook detailed risk assessments, we held consultation exercises and we carried out impact assessments on how the proposed savings would impact upon the delivery of the essential frontline services, for which we have responsibility. So, not an easy process and, as we have heard, although there was no shouting behind closed doors, there was certainly a tension with the Minister and myself and the Chief Officers of the services for which we have responsibility when we told them how much they had to find by way of savings and efficiency deliveries. We have heard and we managed to reduce, through negotiation, but also through the evidence of risk assessment consultation exercises and impact assessments we needed to reduce the amount down. So, from about 20 per cent of the budget we managed to find a saving, corporately, of £4.8 million and that will be reduced from the budget of the department after 2019. So, not easy. Not easy for us, or for other departments. In fact, the Chief Minister, in his opening words, told us that the aim had been to balance the books while maintaining the services the Island needs.

[15:45]

Based upon that premise, our core principle was to ensure that essential frontline services continued to be delivered to the highest standards with maximum efficiency, without risking public safety, while also ensuring that we maintained associated statutory responsibilities. We also gave consideration to, and agreed with, the principle of user-pays where appropriate. I draw Members' attention to page 148 of the addition document, for reference. Again, I refer to the words of the Chief Minister when he told us on Tuesday that all areas were required to contribute to the long-term plan for Jersey, the Strategic Plan, the overarching plan, approved by this Assembly in April 2015 and we were all required to deliver world class services. The way forward, he said, was to concentrate on efficiencies, so that Islanders do not see a service reduction. This has been a very difficult journey, not only for my department, but for others, as we have heard from Ministers when they have spoken. Delivering efficiencies is not a new concept for the Jersey Customs and Immigration Service, nor to the States of Jersey Fire and Rescue Service. Indeed, 11 years ago in 2005, the then Immigration and Nationality Department and the Customs Department merged, which resulted in significant resource savings and, in particular, at managerial level. Those savings were driven by a wish to increase efficiency, as opposed to any specific States-wide public sector savings plan. In fact, those were to come later. When they did, the efficiency delivery that had already been undertaken at what we now know as the Jersey Customs and Immigration Service, otherwise known as J.C.I.S., made further savings through subsequent States-wide plans such as the Comprehensive and Fundamental Spending Reviews harder to achieve, as any fat had already been trimmed. However, although difficult to identify, further savings were still achieved for the service to meet its commitment under those specific plans. In 2008, the then Education and Home Affairs Scrutiny Panel, which I chaired, noted that a reduction in staff numbers, as a result of the F.S.R., was a significant contributing factor on funding pressure within J.C.I.S. My panel agreed then with the Comptroller and Auditor General when he said that the service, and I must quote from him: "Is, if anything, underfunded, and there is little likelihood that significant expenditure reductions could be achieved without major and contentious revisions of the service." That was in 2008. Scrutiny was again involved in 2012, when the then Education and Home Affairs Scrutiny Panel and a different chairman reviewed J.C.I.S. processes and resources with regard to its remit in tackling the importation of illegal drugs. Although that panel did not go so far as to state that staff shortages had resulted in increased availability of drugs in Jersey, it did highlight its disappointment that the Comprehensive Spending Review had resulted in the loss of a post within the service. Turning to this Medium Term Financial Plan, the savings identified have resulted, again, in reductions at a

managerial and administrative level, but, notwithstanding those reductions, our Customs and Immigration Service continues to protect our borders and to collect significant revenue on behalf of the Treasury. They do this by maximising the flexible use of existing resources and working in collaboration with other organisations, for example States of Jersey Police and, as I have mentioned, the Treasury Department. However, following the end of this Medium Term Financial Plan period, we will be at a point where any further reduction in the J.C.I.S. budget will, undoubtedly, have serious consequences. Potentially, it could result in an inability to guarantee 100 per cent immigration controls. That could bring into question our position in the Common Travel Area. We could see an increased risk associated with border security and illegal migration. Further budget reductions could lead to a significant decrease in Customs border controls and intelligence-led target operations. If that happens, it would lead inevitably to increased risk regarding the smuggling of drugs, dutiable goods and other prohibited items, including the movement of tainted cash. As Members are aware, we had a success story on Saturday, 24th September, when a U.K. registered vehicle, having been stopped by our Customs officers, was found to be holding a commercial quantity of controlled drugs. Although they await official analysis, it is estimated that the haul included approximately 40 kilograms of cannabis, 5,000 Ecstasy tablets, and 2 kilograms of Ecstasy powder. Already, in 2016, our Jersey Customs and Immigration Service have seized drugs with a street value of £3 million. **[Approbation]** There are a number of developing issues, though, which indicate that the demands placed upon the service are likely to increase in the coming years. Brexit: J.C.I.S. is central to the change process for Jersey that has begun as a result of the U.K. leaving the E.U. (European Union). Policy development and, eventually, new procedures will result in 2 key areas, namely immigration and the Customs Union. These issues are fundamental to the service. We may see illegal migration, a global problem that, as we know, manifests itself close to Jersey, with migrant camps in northern France. We are already seeing demands on our border security. The continued threat of global terrorism and the necessity for heightened awareness and security measures at the Island's borders are a result of tragic incidents, such as those we have witnessed in France; again, so close to our Island home. I should mention, also, that the policy of looking to increase the availability of passenger flights into Jersey and, in particular from outside the Common Travel Area, would clearly impact upon resources, with the need for increased border controls and checks. Other potential changes to existing tax and duty regimes - for example, any lowering of duty-free allowance or change in the G.S.T. *de minimis* - would seriously challenge the ability of J.C.I.S. to fulfil its core responsibilities regarding customs fraud and the prevention of smuggling. I was thinking, earlier, of the dynamics of the Council of Ministers and Deputy Le Fondré referred to those Members, who were still within the Assembly, who were elected in the same year as him, in 2005, and we heard that the Chief Minister, the Minister for Treasury and Resources, the Minister for Housing, the Connétable of St. Mary, Deputy Kevin Lewis and myself, I think, were the only ones who were elected in 2005. What it means is that we have had the opportunity to look, some of us, at the way the Council of Ministers works and being involved with them and also, as I have mentioned, some of us have been involved in scrutiny. Clearly, it is interesting to see how departments work from both sides of the process as a scrutineer and as, in my case, an Assistant Minister. Having undertaken scrutiny of our Customs and Immigration Service and with my very close involvement as Assistant Minister, I am convinced that, for our dedicated officers to continue to deliver an efficient and cost-effective service provision to us all, particularly in border control, it is vital that the service remains properly resourced, with appropriate funding after the end of this Medium Term Financial Plan period. Turning to our Fire and Rescue Service, they too have been undertaking efficiency delivery as a matter of course. Members will know that the service is unique, because it provides a wider range of emergency response capabilities and fire safety services than any other fire service in the United Kingdom. It responds 24 hours a day to fires, road traffic collisions, sea and cliff rescues, floods, chemical spillages and all manner of other emergencies. We should be proud of its professional

and effective track record of dealing with fires, emergencies and major incidents. In fact, over the last 10 years, our firefighters have rescued over 1,000 people and prevented millions of pounds' worth of damage to property. **[Approbation]** The service has expanded its role, beyond the traditional role of firefighting, to provide a wider range of other emergency and humanitarian services, and this includes co-responding to medical emergencies - for example, when an ambulance is not immediately available - assisting the police to search for vulnerable persons and supporting the Department for Infrastructure when they deal with severe weather-related incidents. Last year, the service responded to over 500 of these types of emergencies, a 50 per cent increase over the last decade. Of course, regrettably, in these changing and uncertain times, they are now prepared to respond to terrorist attacks. The service is also now responsible, through the Chief Fire Officer, for Island-wide emergency planning, and it has led on the introduction of the Joint Emergency Service Interoperability Programme, otherwise known to those in the know as J.E.S.I.P. They not only respond to emergencies; the mantra of "Prevention is better than cure" is at the heart of everything it does. It has significantly increased its fire safety and fire regulation functions over the last 10 years. It has partnerships now with Prison! Me! No Way!, with the Prince's Trust, the Child Accident Prevention Jersey Group, and the Royal National Lifeboat Institution, to name a few. It regulates over 1,000 high-risk premises and carries out hundreds of fire safety inspections a year, statutory responsibilities. Through these initiatives and partnerships, the number of fires has dropped by 25 per cent to a 50-year low in 2015.

[16:00]

Fire deaths have dropped to 2 in the last 10 years, compared to 9 in the previous decade. The service's prevention role has expanded away from just preventing fires, to other safety issues, such as sea safety and carbon monoxide poisoning. It is also a key partner on the Safeguarding Partnership Board, and is regularly asked to provide support to vulnerable persons, such as hoarders. All of this has been achieved while the Island population and the number of properties has increased, but the number of firefighters and the service's budget has decreased. The message is: reform is not new to our Fire and Rescue Service. It has been delivering year-on-year continuous improvements to make our Island safer for over a decade. It has critically reviewed and prioritised spending. It has driven through efficiencies in processes and procedures, and it uses technology to be more effective. It has increased collaborative working, reformed the workforce and reduced its headcount. The continued, ongoing drive for savings and the need to maximise operational capacity has resulted in all but 5 of the service personnel being operational firefighters, all but 5. When discussing the Medium Term Financial Plan, no doubt Members will be pleased to learn that our splendid service provides excellent value for money, and I can prove it. The aforementioned services cost us only £51.88 a year per head of population, making it the cheapest Island Fire and Rescue Service when compared to other Crown dependencies and overseas territories. Our service has taken up the latest States Public Sector Reform Programme with enthusiasm, and has made significant progress with its latest change programme called Jersey Fire and Rescue 2020, but by 2019 there will be 9 fewer firefighters and 3 fewer senior managers compared to a decade ago. However, through its new operating model and changes in working practices, our service will continue to deliver and to maintain the current high standards of response and safety services, and they will do this with a reduced budget. The future funding of the service is a critical concern, not only to me as Assistant Minister, but, I know, to the service's Management Team. The service is constantly balancing the need to maintain adequate operational crewing levels. There are financial constraints with the requirements of everyday, non-staff running costs and the non-operational staffing roles, which are, of course, essential to the efficient management of a modern fire and rescue service. Inevitably, though, there is a limit to the amount of efficiencies and improvements that can be achieved by a small fire and rescue service. I am now going to quote again the Comptroller and Auditor General, who, in the 2008 Spending Review,

observed that: “Any significant reduction in costs must involve a reduction in manpower and, as most of the service’s manpower consists of firefighters, any significant reduction in costs must result in a reduction in the number of firefighters. This would involve reductions in either the extent of emergency cover provided, or the extent of the service’s provision of preventative advice and support.” I have heard - I am not sure if the public can hear - that some Members are sighing, and I imagine it is because I am speaking at such length and in such detail about the Customs Service and the Fire Service, but it needs to be said. Not everybody knows exactly what they do for this Island. Not everybody is aware of the complex responsibilities which they have, and it is absolutely correct that, with my position of delegated responsibility for them, I make not only Members, but the public, aware of the service provision, which is made on behalf of the Island by these services. The Chief Fire Officer has said that, and I quote again: “The public of Jersey expects an immediate and professional Fire and Rescue Service response, equipped with the necessary resources and staff to deal with the incident safely and effectively. There is a minimum staffing level and, therefore, a minimum fixed cost, below which public and firefighter safety is compromised. Incidents such as the gas holder fire in 2012 demonstrate the need to maintain an overall minimum number of firefighters, especially when considering the inability to quickly call upon reinforcements from neighbouring fire and rescue services.” The words of the Chief Fire Officer: “It is vital that the Fire and Rescue Service is given this support and adequately funded in the future if we are to provide the safety and security that the States and the public expect.” My message to Members and to the public today is that we have front-line services, which deliver high service standards, and I am proud of them and to be associated with them. Those services provide the safety and security that the States and the public expect and that safety and security can, and will, be provided within the timeframe of this Medium Term Financial Plan. As the Minister said earlier, she could not support a spending plan now, or in the future, that would place delivery of these core public services at risk, and neither could I, and I am sure all Members would support that view. I have a message for the next Council of Ministers, whoever they may be. Is it a message? Am I putting down a marker? Is it a line in the sand? I think it is all of those things and probably more. These are essential front-line services, provision of which are statutory and are the responsibility of Government. £4.8 million has been removed across the services from 2019. It is vital that they remain properly resourced with the appropriate level of funding to continue to keep us, and all Islanders, safe and secure. I want to touch on the health charge. I remember Deputy Le Fondré, when we were discussing G.S.T. on food, kept waving Jaffa Cakes around and I am sure other consumables and, of course, no members of the public could see him, but now that we have the benefit of the web-streaming, I show again to the public the very detailed document that we are debating this week and we will be voting on in a few moments. I think there are about 197 pages. Clearly, no Member can stand up and speak to every item that is addressed in this document, but I do need to speak about the proposed health charge. As I said yesterday, I am uncomfortable with it. At the risk of repetition, I want to concur with those Members who have said that they are uncomfortable that there is not enough information in the proposition. I need to go back to it, because if I look at item (c), to approve in principle and in accordance with P.82, as we have heard, the introduction of an income-based health charge to raise £7.5 million in 2018 and £15 million in 2019, with details of the charging mechanism and legislation to be proposed and debated as part of the Budget 2017. When I look in this vast document - and thank you to the Connétable of St. John for the sticker earlier - I think it is page 97 that addresses the health charge. Ninety-seven and 98. I am sure the Chief Minister will say if I have missed something more in this document, but that is all I could really see - 97 and 98, Chief Minister - on the proposed health charge. It is just not enough for me. I know that it was part of P.82. What gives me some comfort is the commitment made to the Assembly, yesterday, by the Chief Minister that he and his council will go away from here and come back with far more detail, so that we can make an informed decision on the charge. However, before I close, I want to ask the Chief Minister to explain to us, when he sums up, what



the effect would be of us voting down part (c) of this proposition, because I am assuming that it will be taken separately. What would the effect be? What would the Council then do? What would they need to do? Would there still be a health charge introduced? I am not clear on this at all, and I will decide which way to vote on section (c) when I have heard the summing up from the Chief Minister. As Chief Minister he bears a lot of responsibility, and he bears the responsibility in this debate as to the way I will vote on item (c). Thank you very much.

**Deputy L.M.C. Doublet:**

Can I just clarify for the record? When I spoke about the work of the Minister for Home Affairs, I did of course mean the Assistant Minister, as well. I did not mean to omit her from that.

**The Deputy Bailiff:**

Does any other Member wish to speak on the proposition? Very well. **[Laughter]** Senator Maclean. No, I had Senator Maclean's light first. I did not see that, but I did see Deputy Mézec.

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

It was almost a dead heat, but I am very happy to speak now. Earlier on today - it seems quite a long time ago - the Constable of St. John entertained the Assembly. He spoke in particular, in very amusing tones, about his dietary preferences. I noted nothing particularly healthy, or organic, in those preferences; in fact, he talked about, I think, cheap sausages, cheap bacon and baked beans. What I would say and what I have drawn from those comments, that he made, was that he is likely to become a burden on our health services. **[Laughter]** To summarise, perhaps, in a little bit more detail, I would have thought that he was also looking back into the past, or perhaps living to an extent in the past.

[16:15]

He was remembering, as we all like to from time to time, long, hot summers. I also recall, I think, a predecessor of mine, in this particular role, who allegedly made the comment some years ago, or decades ago, that we have got money coming out of our ears. I would say to the Constable, which was the general thrust of his comments, that today we do not have money coming out of our ears. We are in a position where we have to be far more realistic about the way in which we manage our public finances. We do not have spare money at all. Our income is still rising. We are not in a bad position, but it is not rising as fast as it was in the past. We also are faced now, to a greater extent, with challenges such as an ageing population and those costs - not unique, of course, to just Jersey - are costs that we have to deal with and have to manage, as best we possibly can. I see the Assistant Chief Minister is choking; hopefully it was not on what I was saying. It is important that we consider that everyone in our community makes a contribution to the funding of public services and makes that contribution, according to their means, and that is exactly what we seek to achieve with this plan, while at the same time everybody within our community and everybody within this Assembly is clearly focused on the fact that we need to protect the vulnerable in our society. That is why, I believe, that this is the right plan, at the right time, to set the right foundations to secure Jersey's future in the short, the medium and the longer term. This Assembly's independent expert economist - that is the Fiscal Policy Panel - in their recently published annual report, have assured us that this plan will set us up for the long term by bringing our public finances towards a balanced position. However, the Fiscal Policy Panel also warn us not to withdraw support for the economy too soon, and we have, I can tell you, heeded the advice, which includes their recommendations that we should use reserves, if necessary, to support our economy and by default, of course, jobs in the short term, until our economy returns to capacity. Perhaps it is appropriate to remind ourselves of the position that we are in today. Few jurisdictions are in such a strong fiscal position as Jersey. We were indeed in a strong position at the onset of the financial crisis, and we are still in a strong position today. We want to stay that way, which is why it is important that we plan, and we plan in

the way that is set out in this Medium Term Financial Plan. Few places have no net debt, investments in cash of around £3 billion, several further billion pounds' worth of assets and, of course, our strategic investments. That, certainly to me, is not a picture of doom and gloom as some like to portray. When this Council of Ministers took up office in late 2014, we took the difficult decision to plan for the future, rather than taking the much easier, and perhaps more populist, route of short-termism. We were not prepared to leave difficult decisions that needed to be addressed for future generations. We are following a sound financial strategy, guided by independent advice. We are ensuring that future spending, on key public services, is sustainable. Our modernisation programme for the public sector is gathering pace, but needs to go further and faster; we accept that. Yes, that does include dealing with issues, such as vacancy management, with the introduction, as I have mentioned yesterday, next year of a new combined H.R. and payroll system. We have already done a lot to improve the areas around vacancy management and to reduce the size and cost of the public sector. In the last year, 156 posts have been removed, delivering an annual and recurring saving of £6 million. We are continuing to invest to support Jersey's economy. We have set up a fund, the economic growth productivity pot, with £20 million. We are embedding an ongoing programme of improvement in our financial planning, to continue identifying and delivering efficiencies. The public want and have every right to expect the most efficient and effective public sector possible, and that is what we are working to deliver. This Medium Term Financial Plan is the start of an ongoing programme of investment and improvement. Improvement to services, to service delivery, and to ensure better value for money, driven by a modern public sector embracing innovation and new technology. We are working towards balanced books and maintaining spending on infrastructure. We are reprioritising our spending to target areas of most need and to benefit and to ensure that we benefit our community. Yes, there are some user-pays charges, largely to cover the costs of services, and we will draw on reserves to avoid the risk to our economy, as I have mentioned. The post-Brexit reality is an uncertain one, but our economy is in a very strong place to capture the opportunities and, importantly, to deal with the changes that will undoubtedly emerge. Only this week, we have had the most recent figures for our economic growth. These will have been, I suspect, somewhat of a surprise to some, including the Corporate Services Scrutiny Panel and their advisers, who still insist that our forecasts are over-optimistic. In fact, our economy grew by 2 per cent in 2015, and that has followed 5 per cent growth in 2014. Two consecutive years of positive growth are another indication that the economy is recovering, although we accept it faces challenges as we move forward. The most important message that I would like to get across to Members is that this plan is not about cuts. It is about investment: investment that benefits all in our community and, especially, those on the lowest incomes and those who are the most vulnerable. This is a positive and future-focused plan, a plan that invests £168 million in capital projects. Significant investment to improve our infrastructure, particularly roads and transport. £160 million of investment in new social and affordable housing through Andium Homes. All of this investment is going to help further growth in the economy. It is going to further help to sustain and create jobs and to improve the living standards for all Islanders. This Assembly's economic experts, the Fiscal Policy Panel, have supported our broad approach to this financial plan. They were asked to reconsider the plan's priorities, after the U.K. referendum, and they recommended no change to the plan at this time, but to maintain the package of measures as it currently is. We do not want to add to post-Brexit uncertainty by change at this stage. Maintaining stability and certainty is key to our economic success and the services that we provide across the globe. The panel recommends that we use reserves, rather than proposing any more savings or charges, save those that are already contained within this plan. They say it is important that we deliver our capital projects on time and that we take a whole-of-government approach for planning for the ageing population. They say our Economic Growth Fund should focus on improving productivity and economic growth, that we should build additional flexibility into the plan, and we should address any structural impacts of

Brexit during the period of the next Medium Term Financial Plan. The Council of Ministers has welcomed and accepts all the recommendations of the Fiscal Policy Panel. While the global economy is in such an uncertain state, it is prudent to maintain flexibility - it is something I refer to on numerous occasions - with enough contingencies to deal with any unforeseen changes that may occur. The measures in this plan will enable the investment we need, while also remaining within our agreed spending limits and working towards balancing our books at the appropriate time. Let me be absolutely clear: we need all elements of this plan for it to work, not in piecemeal. If significant parts are withdrawn, without alternative proposals, it will not be a balanced package of measures. If we just cross our fingers and hope that everything will be okay, if we just cross our fingers and hope that we will raise additional income, if we just cross our fingers and hope that we are going to deliver more savings, when we have already been told by our Corporate Services Scrutiny Panel that the expectations we had originally of saving £90 million was too great, what do we do? We went through an extensive programme of distributional analysis. That was a document that was produced, and it was not just a document short on information. It was a document with 157 pages analysing what impacts were likely to be in various areas. As a result of that, the savings target of £90 million savings and efficiencies was reduced down to £77 million. We took on board the distributional analysis that came from the report that was prepared, and we took the decision to spread the savings and the majority of efficiencies over a longer period, to ensure that the impact on our community was appropriate and was manageable. We do need, as part of this plan, the revenue-raising measures that are contained within it. They are not easy options; we accept that. We hope that we will not need to raise all the money that is identified as being needed through charges, and I can give an example. Over a year ago, when developing the initial stages of the M.T.F.P., it was identified with the forecasts of that time that the health charge was likely to be at a level by 2019 of £35 million. Of course, our forecasts have improved. They are stronger than they were. We have had better returns. As a consequence, the health charge target now has been reduced by 2019 down to £15 million. That demonstrates how the plan is a living plan, it is a flexible plan, and it needs to retain that flexibility over the coming 3 years. It will change, as circumstances change; that is exactly as it should be. It is utterly impossible to have a plan that is going to be fixed from the day that it is approved to the day that it concludes some years hence. We are going to, of course, do everything we can to boost the economy, to boost the income line, and the excellent work that the Assistant Chief Minister, Senator Ozouf and his team are doing in terms of ensuring that that objective is delivered on. The excellent work of the Economic Development, Tourism, Sport and Culture Minister and his team, Locate Jersey, with inward investment, all of that we are continuing to invest in, and that is exactly as it should be, but we cannot count our chickens until they come home, and we have to make certain that we are prudent in all the assessments in terms of forecasting. That is exactly what we have been doing. I would just make one point, as it springs to my mind, about a comment made by the Scrutiny Chair of the Education Panel, and it was in relation to the savings that Education have identified. £7.6 million was mentioned as the savings that are being delivered by that department. I think it is important, just to be clear to Members, that of that £7.6 million, £1.6 million is indeed savings. That is effectively stopping doing something. But the majority, £6 million are efficiencies. That is doing things in a different way. It is making sure that costs are reduced, but the service delivery is improved, and that is exactly what the public sector should be seeking to do more broadly, and I welcome the work that the Education Department has done in that regard.

[16:30]

They have been doing an excellent job. **[Approbation]** This is a 3-year plan and, as I have alluded to a moment ago, there is obviously going to be more detail in the first year than you are going to get in latter years. That is the nature of what a longer-term plan is all about. It will evolve as time progresses. Departments are still reviewing services and departments are still reorganising, and that

is exactly what we would expect them to do. The Waste Charge is yet to be developed, or finally developed, and come back to this Assembly. The consultation will continue, as Members would expect, with the business community because, of course, that is where it is targeted. We are maintaining flexibility, as I have said, to allow us to respond, as necessary, over the years ahead. Our economic assumptions are not too optimistic. In fact, I would point out that our economic assumptions are more prudent than those that are produced in the U.K. and some other places I could mention. Our economy has grown twice as fast as forecast in 2015. We took a much more conservative and prudent forecast. It has outperformed that, and that is exactly the right way around, and that is why we have generated more money and been in a position to reduce the health charge below what we had initially estimated. Our new income forecasting group is largely responsible for the forecasting performance that we are now seeing. Forecasts will always change. They are not fixed. They will change, and we would expect them to be updated, and they are updated on a regular basis, but the new income forecasting group, with its 2 excellent external advisers, is producing sensible, conservative - or prudent, if you like - forecasts, which are essential for planning. Touching on the health charge - I know this concerns quite a number of Members and I understand exactly why - it is based, as Members will appreciate, on income. People on low income, as was pointed out the other day, will not be paying anything towards the health charge. That is the 30 per cent of the population, our lowest earners, who do not pay tax, will not be paying the health charge. Details of the charge are due to be presented in the budget this year, but I can tell you - and the Chief Minister will confirm this, I am sure, when he stands to speak and sum up - that we have listened to Members' concerns with regard to the health charge, we have listened to the concerns raised in the debate that Senator Ferguson brought a proposition about additional data requirements, and I have already announced that there is a ministerial oversight group and we will be looking at our personal tax system. We were doing it anyway, but we are bringing it forward. We are doing it because of the need to have that review for the move towards independent taxation by 2020. In order to be able to consider delivering on that, we need to look at the personal income tax system, and we are bringing that forward. As part of that process, we will be looking at more detail with regard to the health charge and will be bringing additional detail for Members, in or by the end of March of next year, as opposed to bringing that in the budget, which is very soon to be upon us. I think that is a sensible approach. I think it is an approach that gives a little bit of additional time and allows Members to have more information, that they feel they need, about the mechanics of that charge and the impacts of that charge and so on. The Chief Minister will go into more details about that, in due course, when he seeks to sum up. I have also said that we have had a distributional impact analysis, the 157 pages of document, and that information has also led to the final conclusions of the plan, the details that are in this plan. I have also mentioned, earlier this week, about where we believe the impacts fall and how we have sought to deliver as balanced a programme and as balanced a plan as we can, taking into consideration the needs of the whole community. It is critical that we aim for certainty, for stability, which engenders confidence, attracts and maintains inward investment, jobs, and the strength of our economy, that we aim towards balanced budgets, and that we ensure that, as in the past, we maintain, for the future, strong public finances, to make decisions and not put them off until they become harder. This is a bold plan. It is a flexible plan. It does not have all the answers in it. There will never be all the answers, particularly over a plan that covers this period of time, but it will evolve over time and it is a good, strong framework. It is a plan for the future. It is a plan for our children. It is a plan for our grandchildren. It is important that we pass this plan in its entirety. We have taken on board Members' concerns. We will act upon Members' concerns, but we need to give the certainty and the confidence and the stability of having a plan. If we vote this plan out, or parts of this plan out, it creates great uncertainty and it is, without doubt, damaging to the reputation of this Island. I would, therefore, strongly urge Members to support this plan in its entirety. Thank you.

**1.2.20 Deputy S.Y. Mézec of St. Helier:**

I am grateful to follow the Minister for Treasury and Resources, who paints a rosy picture and, as he spoke, I could not help but regret that we did not install the cameras in this chamber much earlier, because I think it would have been great to have done some sort of edited composite of the footage that would have otherwise existed from November 2014, when he stood in this Assembly and said to vote for him, as Minister for Treasury and Resources, and raising taxes would be a last resort, and then put it against the footage of his speech, just now, where he talked about how absolutely essential it is for us to raise taxes and how it will be some sort of doomsday if we oppose the Government's plan for that. Is it any wonder why the public out there have so little faith in politicians, when they can stand up one day, before a vote, tell you one thing and then, when the vote is over, say and do something completely differently? Now, it obviously will not surprise Members to hear that there is not the slightest chance that I will be voting for this M.T.F.P., any part of it. I consider it to be a squalid document, a squalid plan, and I think it will do real damage to the living standards of ordinary Islanders, people whom we are meant to be representing and meant to be representing the interests of in this Parliament and for those in the government, as well. I want to remind Members why exactly it is we are here debating this M.T.F.P. at all. This M.T.F.P. is meant to be part of a plan to eliminate a deficit, created by irresponsible governments which have run this Island, governments which have not got to grips with our tax problem, governments which have not made investment in our public services when it would have been cheapest to do so, but where politically it may have looked imprudent to have done that, and we are debating a plan which contains many proposals, none of which this Council of Ministers included in their election manifestoes in the election in October 2014. We are debating a plan, essentially part 2, where the first part included £10 million of cuts to support that is given to the poorest and most vulnerable people in the Island. Some Members said that they have had sleepless nights over these issues. Well, I tell you, I feel sick to my stomach that we, Jersey, have a Parliament which is prepared to push forward cuts of £10 million to those people. We have a Government which are prepared to withdraw funding from the Family Nursing and Home Care organisation and, at the same time, will reject an amendment to ask the wealthiest people in Jersey to pay proportionately the same as everybody else. The fact that this Council of Ministers has, so clearly, gone out of its way to protect the interests of a small minority in the Island, who are more than capable of looking after themselves and have done so to the detriment of some of the poorest and most vulnerable people in this Island, is something that makes me feel absolutely sick, and I am ashamed that this Parliament has, from time to time, endorsed them. That is why I hope today - admittedly I am being optimistic here - that this Parliament will, instead, decide to do what a good parliament should do, and that is to give a government a bloody nose when it does the wrong thing and tell it to go back to the drawing board and then come back with something that is fit for purpose, that this Parliament can then endorse. As another Member said earlier in this debate, we are not a rubber-stamping Chamber. We are a parliament of people, elected individually, most Members here, some of us individually and collectively on a joint manifesto as well, but none of us in this Parliament stood on manifestoes which said: "Vote for me and I will slavishly follow whatever the Chief Minister tells me to do." None of the Members of this Assembly did that at the last election, so I implore them, when deciding whether to vote on any part or the whole of this proposition, to consider, very carefully, what it is they are here for, why they got into politics and what they genuinely believe will be in the interests of those in our society, not just the squeezed middle, but those people who rely on Government services to get by, whether it is those in the income support system, so they can pay their bills, or whether it is those who want to go out and work hard, but need support from Government to look after their kids while they go out and do that. I am on the Education and Home Affairs Scrutiny Panel, and the Assistant Minister for Home Affairs spoke about many of the things that fall under her responsibility. In what she said on those matters there was very, very little that can be disagreed with. The Scrutiny Panel, that I am on, looked in depth at what the Home Affairs Department has done and is doing and, if you look in the comments we

have issued, we have been very positive about that. We have said that there are elements to the vision that that department is pursuing, which are admirable, and we do not particularly have any great concerns about the pressures that these efficiencies will have on the department. We think they look manageable and we are impressed at much of what has been done to make sure that those services continue to be able to fulfil their important function for society, but that was not initially the case when the Scrutiny Panel, that I am a member of, looked at this in the very early days. In fact, we looked at the situation and we were incredibly worried that if further cuts would be made, some of the services would not be able to fulfil their statutory duties, that the Customs and Immigration Service stood the risk of becoming a reactive service, rather than a proactive service, which it absolutely must be to secure the interests of the Island. I do not know what happens in Council of Ministers' meetings, but it appears that the Minister obviously made a very, very persuasive case to her colleagues and was able to then get the allowances she needed to be able to come up with a plan, which is one that is incredibly difficult to criticise and one which I am very relaxed about and glad that it looks like we do not have much to worry about there. I think that is a thoroughly good thing. However, we then contrast it ... **[Approbation]** Absolutely, I think that does deserve a foot-stamping, and well done to the Home Affairs Department for all of their work. It does have to be said. Credit where credit is due. But I think that there is something that is symbolic here, that that point can be made about other departments' attitudes to it. Where the Home Affairs Department and their elected representatives have been able to serve that department well, we look at how other departments have reacted to the Government's desire to slash spending, find efficiencies and cut services and, in particular, I am talking about the Education Department, the other one that my Scrutiny Panel has had the opportunity to go through the fine detail and look at what is being proposed. In stark contrast to what the Council of Ministers said their aim was in the Strategic Plan, where they said they wanted to deliver investment in education, when we look at what they have done, it looks like things are not anywhere near as good as they are boasting things will be. We find that when they talk about investment, often they are not talking about real investment; they are talking about continuing to provide the same level of service, just for more people. That is not investment. To provide the same level of service but for more people is not investment; it is doing what is necessary to do, because the Government, time after time, have failed to get to grips with Jersey's population policy. You cannot boast: "Oh, look, we are investing in education, isn't that brilliant?" when the money is going to fund the mistake this Government have made with their population policy. That is simply not something worth boasting about.

[16:45]

When we hear one particular point, that I think has been raised in this debate already, something I completely support, which is the Pupil Premium, where schools are given extra money to take into account the proportion of students they have, who come from backgrounds which might have financial difficulties, or otherwise, you think: "Okay, that is great. I like the principle of that. That is something that was adopted in the U.K. and was transformative for many people's lives who come from deprived backgrounds, so I support that, of course, being implemented in Jersey." The Scrutiny Panel, in particular, thought that this would be a great idea and something we would want to scrutinise optimistically, hoping that it would be a success, and then we find out that the viability of that Pupil Premium scheme is based on cuts to other services that the Education Department provides, which we consider to be essential for the Island. We were never told upfront: "Oh, we are going to invest in this Pupil Premium, but, of course, it cannot go ahead to the extent we want it to unless we cut free nursery places for all of our particularly young children in this Island." We were never told that. I do not like this idea that we are going to say we will support these children, but we are going to take away the support that we provide to these other children, as well. I think that is the wrong way of going about it, and I am also particularly sickened at the way that the

Education Department has sought to degrade the profession, by slashing the salaries for newly qualified teachers. I think that was an absolutely outrageous thing to try to do, and the reaction I have seen from many members of the public, who have heard that teachers, people who virtually everybody in our society respect and admire because of the service they provide to our society, is outraged at the idea that a government can say we are going to slash the new teacher salaries by £8,000 and then, later on, they are going to vote to keep a tax exemption for the very wealthiest people in society. To punish people and then, at the same time, seek to exempt those, who could be much more capable of contributing more, I think is both short-sighted and it is morally wrong as well. Other Members have spoken about the problems that they see in the other departments and the one that frustrates me, as well, is the Health Department where this idea of this health tax - and I am glad that it seems like a majority of Members, whether they are in support or against the principle, are now recognising that it is a tax, it is not a charge - this health tax is apparently absolutely vital to make sure we have a sustainable funding mechanism for healthcare into the future; of course, bearing in mind that that is a healthcare system that will be having to provide service for an even greater number of people, not just because of the ageing population but because of the fact we have virtually no population controls at all, thanks to this government, which for years and years has failed to get to grips with it as well. If you want an easier way to find a sustainable mechanism to fund health, how about we get a sustainable population policy that might do something to go part of the way to helping that. But this 1 per cent tax on income, unless you are very, very wealthy, is not a sustainable way to fund our healthcare system because when it is only going to be raising £15 million when the rest of the budget for the Health Department comes from income tax instead, there is no reason why in the future we cannot say that the allocation that goes to the health budget from that income tax pot can be reduced and the allocation that comes from the health tax might be increased, or they will just rely on no increase at all. So that is not a sustainable, or foolproof, way of funding that particular service in the future, I think, to be asking the public to pay a new tax, when we have already asked them to pay the long-term care charge and where we are, possibly, going to ask them to pay a hospital tax, when the majority of Members, who stood for election last time said - and it is still on Vote.je and many of these people may have kept the literature that was put through letterboxes as well - a very large proportion of candidates at that election stood up and said: "I do not want to see more tax rises" and now we are being asked to vote on tax. I ask Members, consider what it was you said to the public when you stood for election. If you said that you would slavishly follow the policies of the Chief Minister, then, by all means, vote for it, because you will be fulfilling your democratic mandate if that is what you do. I know there were some candidates, who stood for Senator and were successful, who I remember when asked the question in the hustings said they were 100 per cent loyal to Senator Ian Gorst and wanted him to continue as Chief Minister. So, they have a mandate to continue following Senator Gorst as their leader, that is fine. But the majority of Members stood and said: "We would not support tax rises, instead we want to see real efficiency in the public sector, rather than asking ordinary Islanders to pay more." So far we have not seen that efficiency. We continue to get scandal after scandal, whether it is business class flights to South Africa, whether it is a States adviser resigning because he said that the culture in the States was too conservative and resistant to change. Clearly, progress is not properly being made there and I think it is morally unconscionable to ask taxpayers to pay more when you said you would not do that and when there has been no evidence provided that real efficiencies have yet to be made and where we are cutting support for the poorest and most vulnerable people in Jersey. Some of the Ministers have said about how important stability is. Well, I say it does not matter how steady your hand is on the tiller if you are heading towards an iceberg. You must have the ability to change direction and the way we can change direction is by casting our vote on this M.T.F.P. I will be voting against all of it. I hope other Members will do so as well and, most importantly, I hope Members will vote against part (c), because this Council of Ministers has no democratic mandate, they have not provided us with the

information and when we are making an in principle decision today, it is not good enough to base it on there being no information. I know the Assistant Minister for Home Affairs asked the Chief Minister that question directly to provide her with the confidence on that particular question, so I would warn her, the Chief Minister will stand up, in his summing up, and say that it will be doomsday for the Island, you know, what will happen if we do not pass the health tax today. Well, they are obviously going to say it will be doomsday. It is not going to be doomsday, there are other alternatives, we have a budget debate coming up in future, there are other ways of doing this. Do not believe them when they say it will be doomsday. We are much better than that and as a democratically elected Parliament we should be doing our duty and standing up to an Executive which has got things wrong. So, I hope Members will do the same as me and vote against all parts of this proposition, but particularly part (c), because there is no mandate, no economic case and no detail for it. Thank you.

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

This is the second M.T.F.P. debate and it is effectively the part 2 of the second one. So, the whole of this debate and the run-up to it ... and it is perhaps appropriate and I will not try and speak, I am going to put a timer on me just to see how long I try and limit my speech for, because there are going to be clocks in this Assembly shortly, to remind us how long we do. I am going to ask my colleague if he can just put his timer on, so I can see, because I just want to limit my time, because I know that people want to come to a conclusion in this debate and I am going to try and keep my remarks as short as I can. But somebody has to stand up and effectively argue and counter speeches like the one that we have just heard. This debate has been dominated by 2 words: black hole. It has started about 18 months ago and it has been repeated and repeated and it has almost become true. Ministers have been accused, just as we have been hearing just now, of being economical with the truth and not having set out effectively what was required. A black hole is not a financial, or economic, term. It is an astrological term. Astrology is the study of the position of stars and the movements of planets and how they could influence people. I have really struggled with how an astrological term can be linked in with a proper debate about our public finances. I will make one confession, I am an Aries, they have apparently traits; they are fiery, they are hard to tame, some might think that is me. A black hole is a region of space with a gravitational force so strong, so intense, that no light, or matter, can escape. We seem to have been pulled into a black hole. We seem to have been pulled into a black hole where there is no light, there is no optimism, there is simply a series of criticisms that do not bear analysis in proper historical analysis. The informal definition of a black hole is that it is a place that money disappears without trace. There have been suggestions that it has been created, indeed that I have created it. Well, I just want to say, very quickly, that I remind all those Members, who seek to cast this Council of Ministers and its predecessor in not having set out a series of figures, I ask them to remind themselves of a headline in the *J.E.P. (Jersey Evening Post)* which happened on 17th January 2014, which screamed: "Ozouf wields the axe again." It said, and I quote: "All departments are going to be asked to identify where they can make efficiencies between 2015 and 2020." The figure of £75 million was revealed exclusively. There would be necessity for some spending cuts. Why? Because, as the paper reported, of increases in spending in health and education. I ask Members and all those Members, who have sought to cast the whole of the run-up to this M.T.F.P. as being something of a creation of a black hole, or some facts that were not known, I ask them to look back at the facts, to the reports that were issued right the way through 2014 and the media reports and the election that was fought on the back of it. I ask Members to recall the budget debate in 2015 when there was a marginal tax rate cut, which benefited thousands of working families and individuals, that put money back into the economy and got our economy going again. That was on the back of a number of series of decisions, through the recession, which basically took money from our savings and invested and put hundreds of people into back to work initiatives, did things like a £16,000 tax



credit, which still exists today for working families, which was of value to, I think, £1,200 per family, and it was after a series of debates, which had put money, as a fiscal stimulus, into capital expenditure. We find ourselves, today, with, effectively, reserves that are stronger than ever and we now are able to take some of those reserves, which have grown because of a number of wise investment decisions taken by advisers, effectively all the money that is being proposed to be taken out of this plan has already been made by the investment returns from the strategic reserve let alone the increase in the reserves in the social security funds, *et cetera*. Somebody has to say it and bring Members back to some reality. We receive a lot of visitors to Jersey. In the last 2 weeks, 2 ambassadors: the South African High Commissioner and the Swiss Ambassador. These people are wise people, they have a global outlook. They are amazed when Ministers and other officials and bodies like Jersey Finance and Jersey Financial Services Commission speak of this Island, an Island with 100 per cent of G.D.P. in assets, no net debt. They speak of our finance industry and how it is resurgent and got more people in work today than it did at the start of the crisis in 2007. When we speak of the reforms that have been put in the health service, the long-standing measures, such as those provisions for pensions in social security made by former Ministers for Treasury and Resources and Social Security, Ministers like former Senator Le Sueur, and others who put money aside for our States pension. All of these facts seem to be completely ignored in debates that we have in the M.T.F.P. All the past is forgotten, the current situation is denied and the future projections are cast to be wrong. Those are the accusations that are said. Well, we told the Swiss Ambassador, this week, another fact and that is our G.D.P. numbers that came out this week. Not a G.D.P. but the F.P.P. ... our highly respected economists, that know more about economics than most Members, if I may say, because we have got people that have served on the M.P.C. (Monetary Policy Committee) and other people, some of the world's most leading and highly respected economists, that cast their own slide rule over our plans and wag their fingers and give us recommendations. Well, I am afraid to say that even the F.P.P. got it wrong, because our growth rate was twice that in 2015. Now, why does this all matter? This matters because it is evidence of a plan that has been warned about, that has been discussed, and a plan for economic growth and investment in public services that has been part of a long-term plan to keep Jersey in the good and positive place that it is. It has not been easy to get to this place and many decisions, that this Assembly has taken, have been courageous ones; they have courageously made decisions about rebalancing our taxes, that was required, the money that went into the report for the finance industry, £1 million for McKinsey.

[17:00]

I wish to, publicly today, make a comment about a Chief Officer, who is leaving, and that is the Director of Financial Services, who will leave our employment formally in Jersey today and, after a trip to Washington next week, he will depart, but he has been effectively, as a result of that investment that this Assembly made, ensuring that, together with many other people and many hundreds of people in business and professional services, of putting our finance industry back on the map so that we have, unlike all our competitors, more people in work and paying more taxes and that is the reason why the income levels [**Approbation**] have gone up. I pay tribute to all the work that that individual, the Director of Financial Services, has done. I am sorry that he is going, but we wish him well. He had some very interesting words to say after his reflections of being in the public sector for 4 years. Dedicated civil servants, Ministers and Scrutiny Panels that work hard, that care for Jersey. He was in the private sector, he came to the public sector and he was surprised. He has enjoyed his time, he has performed well and he has built a great team. So much negativity is spoken about. There have been sceptical comments, there is nobody of Reform here to hear this, but they need to hear it. I am afraid that I do respect their economic views, but I think that they are wrong. At least they come forward with alternatives, at least they come with alternative proposals and they should be properly debated, but I respectfully disagree with their

economic approach. I do not believe that economic approach would work in Jersey, I believe that we would see decline and falling tax revenues, people out of work and an inability to invest in our public services. That is a view, in democracies, that you can hold, but it is a view that I hold very strongly. I think our reality is that our economic performance has continued to defy the views of Reform Jersey and those people that criticise ... and an awful lot of good work is now going on and I am more optimistic that we will not only meet, but we will exceed, the income forecasts that are in this plan in the next few years, because, effectively there will be a continued move and flight to quality. There will be an opportunity of presenting Jersey, as always, as stable, as proper and, in fact, there are opportunities in Brexit, which we probably did not think that we needed. I wish to commend and thank the work of the Economic Affairs Scrutiny Panel for the report that they produced and for the very generous and kind remarks that they made about my section within the 7th floor. They said that we did not have enough resources in order to go and get the income and I will not be shy, but the good news is that I can say to the Chairman that we will be making bids to the E.P.G.D.P. (Economic and Productivity Growth Drawdown Provision) fund, in order to deliver exactly what it was supposed to do, which is economic growth. I am sure that more money can be spent in targeted areas and I will be pleased to continue to keep working with the panel and building a constructive good relationship with him, and his colleagues, in order that we can maximise the income potential that we can. If we vote for this plan, then I know that we can achieve that. There have been doubting Thomases as to whether, or not, we can deliver; whether, or not, the best is yet to come, or the best was in the past. There are some difficult decisions in this plan, but they have been known about and they are a repeat of many discussions and debates in this Assembly in the past that is effectively trying to almost take money that, perhaps, was plentiful in the past that needed to be made in a more economic way in the future. Cutting expenditure is difficult and it does require robust debate, but it is possible to do and that figure, that was mentioned in 2014, of £75 million on top of the £65 million that was already taken out, can be achieved. I think it is the right amount pretty well, I believe we can achieve it and we can do more, providing we listen to the experts on eGovernment and we embrace an even more digital approach to the way that we can do it. We can make more savings and we will make more savings, and we can make more income and we can get more economic growth and the evidence is that that is going to happen. Everybody knows the reality of the G.D.P. number last year, but nobody would have believed it if it would have been said 2 weeks ago. Nobody would have said, of all the critics, that the G.D.P. number for Jersey would be effectively double that of the F.P.P.'s calculations and I cast no aspersions on the F.P.P., they have done exactly the right thing. I think that Members do not want me to say much more, but I do want to correct - and to make it very clear - that those people who say that there are any surprises, or that there is anything unknown in this plan, are wrong and I ask them to withdraw their past suggestions, their past accusations and I ask them, respectfully, to refrain from saying them again in future. This Assembly is an Assembly of thoughtful, proper, good people who stand for election and who want to do the right thing. They are generally centrists, who want to make the right decisions to improve the lives of their families, of their loved ones, of their parents and of their children and everybody else, and this plan does that. It has got some challenging numbers in it, in terms of efficiencies, but they must be done. There is some challenging work to be done by departments, such as Social Security in encouraging people into work and not on benefits and they are doing that, and that is a hard and difficult job, but I commend the work of the Back to Work team and everybody else. The final thing I will say is about the health charge. There is nothing new in the fact that a discussion is needed in every country in the world about how to pay for the increased cost of health. There is no surprise. Dame Kate Barker wrote a review for the King's Fund about healthcare in the U.K.; that review has been ignored and the U.K. Government, like most governments in the world, do not and have not got a plan for the future. We have in Jersey and that is what we have always done. We criticise and we accuse each other of, sometimes, the most horrible things but the fact is that this Island is successful, because

we plan for the longer term. This plan, basically, fixes a problem that the rest of the world knows about, but they are not doing it mainly, but we are, and that is investing in health, because of the ageing society, which is not a bad thing: it is a great thing that people are going to live longer. We are going to keep people in their homes, with better care and better support, and it needs to be paid for. I urge Members to support part (c) of the proposition for the health charge. Work is needed on many aspects of improving our social security and the H.I.F. (Health Insurance Fund) and all the other aspects of it, and I know that the work is going to continue to go on to reform the tax system and, effectively, do all the work that needs to be done. Those proposals will come to this Assembly, they will need final approval and detail, they will need to be fair, they will need to be proportionate, they will need to protect those people that cannot pay and they will need to ask those that should pay, and they should include issues such as unknown income and there should be appropriate balance for the competitive position of Jersey. We will get the plan right, there will be debate and there should be debate, but part (c) of this proposition is fundamental to the plan and it requires a courageous decision, for States Members doing the right thing, just as many States Assemblies have done in the last few years. Members in this Assembly - and I have been here longer than many Members - have made courageous decisions. They have appeared to be unpopular at the time, but they have been proven to be right in the longer term. I urge Members, despite their misgivings on some aspects, not everybody is going to agree with everything, there is going to be something that all of us do not agree with, but it is a matter of a consensus that has seen scrutiny; it is the most detailed plan that has ever been produced of our public spending and it has been properly evaluated by external advisers and opinions have been formed, and Members have had an opportunity of presenting amendments and we have had debates on them. I urge Members to approve this plan and I urge Members to get out of this black hole, to start seeing the light and to start concentrating on the things that we can agree on to continue to keep Jersey special and to look after those that need it, to invest in our public services and keep our taxes low. Thank you.

#### **1.2.22 The Deputy of St. John:**

I always enjoy listening to the Assistant Chief Minister. We have heard some interesting talks today and, you know, the Council of Ministers really do get a kicking and sometimes they deserve it and I think, sometimes, we all do deserve a kicking because guess what, we cannot always be right. I know how difficult it is to try and put a plan together when no matter what you do you are not right. No matter what you do, somebody else has got a different answer or a different solution or a different view or a different opinion, whether that is based on facts or whether it is just based on sensationalisation. The issue I have with this particular M.T.F.P. addition is the 2 areas in particular, one being the waste charge. If I was being asked to vote for an in principle decision on the waste charge I would probably be supporting it but I will explain to you the reason why I do not believe we are being asked for an in principle decision, because an in principle decision to me is, as such, what is being asked of us with regards to the health charge in this M.T.F.P. addition. It is a separate paragraph and it is asking us, in principle and in accordance with a previous strategy, to agree to the introduction of a health charge. That is an in principle, so what we are saying is, if you believe that there is merit, there is an idea in order to go forward with this charge, agree it. We will go away and do the work and we will come back with some detailed information. That is not what we are being asked of in the waste charge and I have had these discussions with Treasury and I know it is the norm to do user-pays like this in the M.T.F.P. but I am always reminded of what the now Senator Green when he was the Minister for Housing used to say when it came to housing, the housing transformation programme. If we keep doing things the same way you will keep getting the same results. So, I am being asked by the Council of Ministers to take £11 million out of the Infrastructure Department's budget for waste services, they are pretty vital services, and trust the Council of Ministers to come forward with details to bring in an £11 million charge. The issue I have got with that is the taking the £11 million out, having the agreement now to do that, and then

being told: “Well, do not worry, we will bring back the detail next year.” But there has always been an issue in the States with doing things like that because when you are told: “Do not worry, trust us we will bring back the detail and if that does not happen then we will bring something else back.” No, no, no, it does not happen like that, you see. What happens is you get told: “It is in principle. Do not worry we will bring back the detail.” Then somebody turns around and says: “Hang on, this is going to impact this area or there is going to be a problem with this particular issue here and you have not quite tackled that issue.” Now, I have got a lot of respect for the Minister for Infrastructure because he was tasked with an extremely difficult job to do and his team have been working extremely hard and got a lot of nasty remarks. His job is not an easy job but that is why he has my respect. I may not agree with everything that he has done but the waste charge to me, if I am being asked now to take that £11 million out, next year what I will be told is: “You agreed the M.T.F.P. addition you have to agree these details” and that is how it has worked previously because the promises we are given now will change next year when that detail comes forward. The Minister may say no but we will hear it from other people, we will hear it from other areas: “You have to agree it.” The thing is, is that we will end up having to agree it no matter what comes forward because we have taken that money out of the budget.

[17:15]

So what should have happened was there should have been a separate paragraph that said: “I agree in principle waste charges.” Then next year when the details come forward, and if the States Assembly agrees that that is the right way to go, then the Medium Term Financial Plan gets changed. That is what happened last term with the housing: M.T.F.P., they did not take out the housing until this States Assembly agreed that it was the right thing to move housing into a company. So, I am unable to support the Council of Ministers on that particular area. They are fully aware of my views on this, I have been into Treasury, I have explained the issues, I have asked to try and make an amendment and to no avail and that is the position I am left in. So, on to the other charge: health charge. It may be in principle but it is not a charge. A charge, if I am asked to pay for something it is for something that I am using, it is a user-pays. I fundamentally believe if we sign up as a States Assembly, as a Parliament, for health services to be paid through the public purse it is paid through taxes. I am absolutely 100 per cent aware of P.82 I was here in the States Assembly when it was supported, I know it was mentioned in that P.82 and it has been mentioned in various different documents since. That was 4 years ago and the detail still is not here about this charge. We are being asked in principle now after we have spent the last 2 terms taking £35 million out of the tax base. So we have taken £35 million out of the tax base and are now being asked to introduce a separate charge for a service that the public need. People do not go in there and go: “Oh, by the way, can I have a knee operation today because I need one, I think I need one” or go in and say: “Well, I would like you to bandage up my arm because I just think it looks good.” As though it is part of a fashion. No, people do not do that. People go in there because if they have an accident we are there as a community to support them. That is why I pay my taxes. I pay my taxes for health, education. So I cannot support part (c), so I would ask respectfully if that would be taken as a separate vote. On the M.T.F.P. as a whole when you get on to the actual spending plans. I serve on 2 Scrutiny Panels, I serve on the Education and Home Affairs Scrutiny Panel and the Environment, Housing and Infrastructure Panel, and I want to echo the words of the Chairman of Education with regards to Home Affairs. In actual fact I will go that little step further. When Home Affairs came to us and they explained to us what they were doing, how they had done the work, they presented us with data rich information that evidenced what you are constantly asking for; prove it, show it, and at the end of it you have that sense of this is quite exciting. They are doing things differently but they are thinking forward. This looks really positive. So I commend Home Affairs for the work that they have done, I really do. **[Approbation]** It was not an easy task for them, it has not been an easy task for anybody but I really do commend them

because the type of information they brought forward was, I have to say - I am surprised I have not had repetitive strain injury over the years from repeating myself on P.A.C. and Corporate Services where we are saying: “Zero-based budgeting - why are you not doing this in this way? Where is the data, where is the proof, where is the evidence?” It is that old saying we say about banging your head against a brick wall. So, on that basis I completely commend Home Affairs with regards to that particular area. Infrastructure, on the other panel, they have been through the mill. I cannot put it any other way, we have to give them credit. It is this States Assembly that supported the M.T.F.P. last year. We did not have to support that M.T.F.P. I know I was Assistant Minister for Treasury at the time, I admit that wholeheartedly but there is this argument about balancing budgets that I now feel uncomfortable with, and the reason why I say that is because we have yet another uncertainty that has been brought upon us with regards to the Brexit and I know that there has been certain measures put in. So do not believe or do not ... I do not think we should asking the Council of Ministers to balance the budgets by 2019 because I do not think it is going to happen, to be honest, because we do not know what is going to come out of whatever the Brexit deal may be in the U.K. We may get huge amounts of opportunities from it but it is such an unknown, there are so many uncertainties with it, I think it is very dangerous for us to say: “The budgets will be balanced in 2019.” The area that does worry me, significantly worry me, is education. It is ... how can I describe it? The panel did some work on the education numbers and what education are aiming to do within the Strategic Plan and we commend them for trying to achieve and strive for improving the outcomes for children in education. However - that is my fancy but - I do not mean it like that.

**[Laughter]**

**The Deputy Bailiff:**

I am not sure what way you could have meant it.

**The Deputy of St. John:**

Thank you, Sir. The Education Department I do not believe are investing in the way that I think many of us would expect education to be invested in. There is a good line in our comments if anyone has read them, is: “Education is for life not just the life of the M.T.F.P.” It is such a long-term, important ... it is such ... I just cannot explain how important education is for everything that the Council of Ministers stand up and talk about: productivity, economic growth, wellbeing, social inclusion, everything. It is so important but like my Chairman of that panel said, when you really delve down into the numbers, if you take demographics as the actual need, statutory requirement, we have pupils who are coming day in, day out, that need ... well, we say have to be educated by the Education Law. You take that out and then you take the savings out; we are not investing, we are taking £2.8 million out of education. I signed up to the Strategic Plan; I supported the Strategic Plan. This is not supporting the Strategic Plan. The contingency fund is another particular area that is of interest; it always interests me when we call contingency funds contingency funds because I have always understood contingency to be there for things that you do not expect so it is just in case. You do not know what is going to happen, you have that contingency fund there just in case. That is not the case for this contingency fund. I mean we have heard it with the vacancy management; we need to use the vacancy management areas to support the unforeseen or we need the extra money just in case of this or the extra posts. Yet our contingency fund, the money in there, the majority of it has been allocated already. But I do not see the detail of where it has been allocated to, the actual detail and so it is a case of saying: “Well, I have got to trust that the Ministers know and are going to do that work properly to ensure that that money is spent in a wise and efficient manner.” I find this really difficult because I know we need to have a plan, we need to have money there but we also have a Public Finances Law. We also have contingencies in the way that we deal with States policies or expenditure. If we were not to agree this, the Council of Ministers would have to come back with something else. If we were not to agree the health charge

then the Minister for Treasury and Resources would have to come in the budget with the money if it is needed because I have heard apparently we might not need it by 2019. So that begs the question of why need to be agreeing this now. I would ask Members if they are going to support this to really consider whether they want to be supporting, in particular that health charge. There are other ways to get that money in that is why we have a budget every year. If health need that money it should be done through the tax base not through a separate charge. The waste charge is the place where it makes it difficult because of where it has been put. It is in that paragraph (a)(i) but I will still be opposing it because I cannot agree now to take that money ... to say for that money to come out of D.f.I. without having this States Assembly approval to introduce a charge on details. So on that basis that is where I stand with the M.T.F.P. addition. I thank everyone for listening and I will take my seat.

**Proposition to continue or to adjourn**

**The Deputy Bailiff:**

Standing Orders require that I now ask the Assembly whether it wishes to continue or to adjourn to another continuation today. Chairman, do you have any observations?

**Connétable L. Norman of St. Clement:**

Members indicated yesterday that it would not be satisfactory to have a significant gap in this very important debate, which is why we agreed to sit today, and I think that Members when they made that decision had hoped that we might be able to complete today. My suggestion to the Assembly would be that we do work on this evening, that we attempt to complete the debate on the Medium Term Financial Plan and defer the social security items, if the Minister is content, to the sitting in a fortnight's time. So, clearly it is totally a matter for the States, we can do as I suggest, carry on this evening, we could probably come back tomorrow, and rare for us to meet on the weekend but there is the possibility we could do that, or we could come back some time next week, which I think would be the least satisfactory of all, in such an important debate it needs the continuity. So my proposal would be that we continue this evening to complete the Medium Term Financial Plan and defer the social security items for a fortnight's time.

**The Deputy Bailiff:**

Is that proposition seconded? [**Seconded**] Does any Member wish to make any observations about that?

**Senator S.C. Ferguson:**

How many people wish to speak, Sir?

**The Deputy Bailiff:**

Well that would be a helpful indication, I suppose, to assist Members in making their decision. Are the Members agreed to indicate, of those who have not spoken, if anyone still wishes to speak on the proposition? I have one, 2. The Chief Minister would have to do the summing up at the end in any event. Including the Chief Minister's summing up at the end I have 3 indications of people who would be speaking. Does any Member wish to speak on the proposal? Deputy Higgins.

**Deputy M.R. Higgins:**

We have been here before many, many times with other Medium Term Financial Plans and so on. What happens is we do not get through all the amendments, we do not get through all the debates and we come up against a stop of people watching the clock and thinking: "How quickly can we get over this? How quickly can we get out of this House?" Unfortunately, decision-making is governed by the clock rather than necessarily the argument, and I think we would be making a

terrible mistake in continuing tonight. I would rather come back tomorrow to be perfectly honest and let us continue with the debate and finish this thing with ample time for people to think, put their arguments down and really think about the issues and the implications of the decisions they are going to take, rather than clock watching thinking: “Oh, it is 7.00, I have got such and such a thing” or it is 7.30 or it is 8.00; I have seen it so many times and the number of bad decisions that have been made really astound me. So I would strongly urge Members, including those who are watching the clock and would like to get away, to put this off until tomorrow.

**Deputy G.P. Southern:**

May I support that sentiment? The fact that somebody is speaking late in the debate does not make their contribution any less valuable. I think if you put that time constraint on people then you do a disservice to Back-Benchers; this is the only input we will get into this 3-year plan and we should be valuing everybody’s contribution equally and not be putting that time pressure on people to finish up early so that we can get home. It always leads, I think, to bad logic and bad decisions.

[17:30]

**Deputy A.D. Lewis:**

Members have had plenty of time to give consideration to this. The continuity of the debate is far, far more important and continuing, as many parliaments around the world do, until very late in the evening, we are not suggesting that at all and I think we all have the mental capacity to continue for considerably longer if we have to. I do not think we do, we have got 3 more speeches to hear potentially and the Chief Minister’s summing up. I would highly recommend to Members that we finish this tonight as we are all on a bit of a buzz. Thank you. **[Approbation]**

**Deputy J.A. Martin:**

Deputy Andrew Lewis basically said what I was going to say. We are not ... I would just answer Deputy Southern, I do not think we are trying to curtail people. If we agree to sit we may be sitting here until 10.00, just bear that in mind, and I am quite prepared to do that.

**Deputy M. Tadier:**

My concern is that this is not simply about the debate or finishing tonight; of course we could finish tonight, we probably will finish tonight. It probably will not make any difference to the vote, the numbers are probably there. People have possibly made up their minds, some people are waiting for the Chief Minister to give certain assurances to decide which way they are going to vote. But I do not think it is just about the debate. We know that we already were not meant to be sitting today. We know that there are people here, representatives of their constituents, who could not be here today because it is not a scheduled sitting day. We know that Tuesday is a scheduled continuation day but at least insofar as we have done it, we all expect next week to be more likely to be free than we would today because we already have Members who cannot be here. So I think there is a concern; in future debates we will no doubt be decrying the fact that we could not possibly lose one elected Member and take him or her out of the voting pool because they will be doing their representatives out of representation. Yet we seem to be quite happy to work on into the night being fully aware that there are likely to be individuals who may have other engagements, long-standing engagements, and for whatever reason which cannot be cancelled, therefore with a possibility that they will not be able to take part in the debate even though they may have spoken on it. Those are all possibilities and I do not see why we should be doing a rush job when we could, I am sure, all come back on Tuesday when presumably ... but if Members cannot come back Tuesday perhaps they could indicate that but I suspect there are a lot of people who simply want to do a rush job on this to get it over and done with quickly. So those are just my thoughts on why I think it would be better to come back after tonight.

**Deputy J.A.N. Le Fondré:**

Just briefly. If it is literally 3 people I can cope with that. I trust that does not mean there is a horde of Ministers holding back. Otherwise, not Saturday, there are other commitments around, in fact there is a group in here who are having an informal meeting tomorrow morning anyway. So normally, in the past, we have gone to Tuesday, I would have said. Certainly when I think about the Island Plan debate we went to Tuesday and that would be my preference if this is going to go on a long time. If it is just 3 votes I will go with this.

**Deputy L.M.C. Doublet:**

I do think it is probably reasonable to continue this evening but I just want Members to guard against setting a precedent of sitting late into the evenings for those Members who do have family commitments at home and young children to go home to.

**The Deputy Bailiff:**

Very well. If no other Member wishes to speak, do you have any further observations, Chairman?

**The Connétable of St. Clement:**

No, thank you, Sir.

**The Deputy Bailiff:**

Very well, those Members in favour of ...

**Deputy J. A. Martin:**

Can we have the appel, please? I mean what are we voting on?

**The Deputy Bailiff:**

The appel is called for. Could all Members return to their seats? A vote pour will be a vote to continue this evening and also at the conclusion of the debate to defer the other matters on the Order Paper to the following meeting. It seems to me that that was the proposal put by the Chairman.

**Deputy S.J. Pinel of St. Clement:**

Could I just intervene at that point and say ... no?

**The Deputy Bailiff:**

No, I am sorry, Minister, that was the proposal that was seconded. I have closed the debate on it. It is now to be put to the vote.

**Senator L.J. Farnham:**

I understood that it was not every item it was certain items because I wondered if any of the Minister for Social Security's items were time critical.

**The Deputy Bailiff:**

Well, what was proposed by the Chairman was all of the social security items and I think there are only social security items that remain. I am afraid I have to ...

**Deputy S.J. Pinel:**

It is purely the Christmas bonus one that is time critical because we will not get the regulations through in time to produce the Christmas bonus if it is not debated now. The others could wait.

**The Connétable of St. Mary:**



If I may say, from my viewpoint where I can see, I could clearly see the Minister had her light on immediately after the Chairman spoke ...

**The Deputy Bailiff:**

In which case I simply did not have it on my screen.

**The Connétable of St. Mary:**

... and Senator Ferguson interjected and then I think we went into a tangent.

**Senator L.J. Farnham:**

Would it be in order to propose to amend the Constable of St. Clement's proposition to include the Christmas bonus debate?

**The Deputy Bailiff:**

I think, with the leave of the Chairman, it is suggested that your proposal might be ... that you might choose to accept the proposal. I am going a little off piste in terms of formal procedure but I think it is a legitimate point that the Minister probably was overlooked in her desire to speak for the Christmas bonus.

**The Connétable of St. Clement:**

I am totally in the hands of the Assembly. I do find it difficult to accept that regulations debated in a fortnight's time cannot be in time for Christmas but nevertheless if the Minister insists that that is the case then clearly we should also do that this evening. But I find that difficult to accept but I have got no problem with that.

**Deputy M. Tadier:**

Just a point - I know I have spoken - but it is for clarification from the Chair. It seems that had we known this, I mean that puts a completely different complexion on what is being asked. **[Members: Oh!]** I think it does because presumably the proposal of the Minister for Social Security will be debated, will it not? It is not to be rubber-stamped by this Assembly. I clearly will want to speak on that because I think the Christmas bonus is of vital importance. So if we are coming back anyway next week, why do we not just come back tomorrow?

**The Connétable of St. Clement:**

If it would help, I have just got out the regulations and the citation says that they shall come into force 7 days after they are made so if they are made on 11th October they will come into force on 18th October so I cannot really see what the problem is.

**The Deputy Bailiff:**

I think in order to keep good order in what has been proposed we must go with the original proposal put forward by the Chairman of P.P.C. The appel has been called for. A vote pour is a vote for a continuation this evening and deferral of all of the social security legislation until the next sitting. I invite the Greffier to open the voting.

<b>POUR: 35</b>		<b>CONTRE: 9</b>		<b>ABSTAIN: 1</b>
Senator P.F. Routier		Senator S.C. Ferguson		Deputy L.M.C. Doublet (S)
Senator P.F.C. Ozouf		Deputy G.P. Southern (H)		
Senator A.J.H. Maclean		Deputy J.A.N. Le Fondré (L)		
Senator I.J. Gorst		Deputy M. Tadier (B)		
Senator L.J. Farnham		Deputy of St. John		
Senator P.M. Bailhache		Deputy M.R. Higgins (H)		
Senator A.K.F. Green		Deputy J.M. Maçon (S)		

Connétable of St. Clement		Deputy R.J. Rondel (H)		
Connétable of St. Peter		Deputy S.Y. Mézec (H)		
Connétable of St. Lawrence				
Connétable of St. Mary				
Connétable of St. Ouen				
Connétable of St. Brelade				
Connétable of St. Saviour				
Connétable of Grouville				
Connétable of St. John				
Deputy J.A. Martin (H)				
Deputy of Grouville				
Deputy of Trinity				
Deputy K.C. Lewis (S)				
Deputy E.J. Noel (L)				
Deputy S.J. Pinel (C)				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				
Deputy A.D. Lewis (H)				
Deputy of St. Ouen				
Deputy R. Labey (H)				
Deputy S.M. Wickenden (H)				
Deputy S.M. Bree (C)				
Deputy M.J. Norton (B)				
Deputy T.A. McDonald (S)				
Deputy of St. Mary				
Deputy G.J. Truscott (B)				
Deputy P.D. McLinton (S)				

**Draft Medium Term Financial Plan Addition for 2017-2019 (P.68/2016) - as amended - resumption**

**1.2.23 Deputy M.R. Higgins:**

In fact I am surprised that other Members have not indicated they are going to speak and the reason is I believe that every Member on this Medium Term Financial Plan should state to the public where they stand. Now, the point is ... pardon? With the voting, oh, yes. **[Laughter]** It is nice, standing with the voting. Well, I think they should explain their position because there is going to be a lot of explaining to the electorate and to your constituents. Now, we have had a very long debate this afternoon and I must admit when Senator Ozouf was speaking I almost lost the will to live and the reason was that he was basically recounting about black holes, astronomy, astrology and all sorts, but in the main he was trying to justify his own position when he was Chancellor and the financial situation we found ourselves in, and he was trying to rewrite history to an extent. However, if we go back to the debate before we got into sort of the Ministers saying what they have been doing or the Assistant Ministers saying what they have been doing, we were talking about the amount of information that States Members had to make proper decisions and many Members said they were uncomfortable with the detail they had or the information that we had. There is absolutely no doubt in my mind that we have totally insufficient information regarding the health charge. We have totally insufficient information regarding waste charges and we are being asked in principle to agree to these things and I personally do not believe that we should be making any decisions until we have the information. I have said this before many times, this Assembly has decided things on a paucity of information or no information and in this case there is an awful lot of

information missing which we should have. I also do not believe that we should be talking about health charges and waste charges because what we are talking about are new taxes; no matter how you look at it. In fact, even Senator Bailhache, when he got up, started talking about taxes but he was talking about these in the way of a tax and I think even the Council of Ministers know it is a tax. So, therefore, I do not believe that we should be engaging in new taxation without knowing the full details. Now some Members very early on were talking about how dishonest it was of Ministers to come forward with these proposals and expect us to agree to what they were, and I can tell Members, and it has happened every other time we have had a budget or a Medium Term Financial Plan, if you indicate your support for it this plan is no longer the Council of Ministers' plan it is yours. It is not the Ministers who are to blame it is the States Members who voted for it who are to blame. Every time we have had the same thing happen and I must admit I was looking around earlier at some of the people who were arguing the case for these things and I kept on thinking of the expression that had been used previously in American elections and that was: "Would you buy a used car from this man?" If I look at the Ministers in that light, would I buy a used car from them or, in the case of some of them, would I buy a house from them? No, I would not. **[Laughter]** What we also have seen is the impact here in this Assembly of collective responsibility. We have Assistant Ministers who are religiously supporting their Ministers on everything. I know one or 2 are planning on rebelling on the health charge and I hope they do, but the point is when we have been through all the amendments, they have been following the party line, the collective responsibility line and that is not good enough, and in fact when they get up and speak I wish they would say: "I am an Assistant Minister" and then we would all know where they are coming from, they have come to support their Minister and the Council of Ministers generally. Before going on there are just a few points to go through. Senator Ozouf was saying how wonderful the economy is doing by saying how we were all wrong, those people who mentioned some of the things that have happened in the past, how even the F.P.P. got it wrong in terms of economic growth. Let me just quote you a few figures because I have been going through the F.P.P. report and some of the others. "The average economic standard of living of residents in Jersey, as measured by G.V.A. per head of population, has declined by more than a sixth, 18 per cent in real terms since 2007." So, the 3 Chief Ministers we have had to date essentially have made people poorer in this Island. Living standards have fallen by 18 per cent and they are telling us that things are going to improve in the future. Well, the F.P.P. have told us, for example, that ... well, in fact we know from economic statistics that in 2014 our G.V.A. growth was 5 per cent. In 2015, the latest figures, it was 2 per cent. At their forecasting it will be zero or flat-lining going forward in the years to come. So that is a really good growing economy and that is without the uncertainty of Brexit and the other things that are happening in the world at the present time and we do not know what impact it is going to have on the economy.

[17:45]

The F.P.P., raising a point that the Deputy from St. John mentioned, they also have issued a few cautious warnings going through in the report; contingencies. This is their quote: "The panel also feels that it would be beneficial in future to have clearer rules around the quantum of contingencies that are required and what they are to be used for. This would allow more transparent financial planning." They have already allocated the contingencies, there are not really contingencies. They also say another warning: "Experience in recent years suggests that the out-turn for capital expenditure has generally been well below the level now planned and below the past plans for capital spending. The Panel now believes that a key priority is to ensure the planned capital projects are delivered on time and particularly during the period when economic growth is now forecast to be weaker and economic slack greater. More attention and urgency should be given to those projects which are likely to have a largely positive impact on the local economy." So they have got concerns that we will not deliver some of the projects and therefore the contribution to

economic growth. I think it was also the Deputy from St. John who said that she is not sure now about balanced budgets and 2019. Basically, the Fiscal Policy Panel has also said, and this is in the figures, we are spending £107 million from our strategic reserve to try and keep the economy going. They talk about flexibility, and the flexibility is, if necessary, dip into it again to keep the economy going. So there is no question of necessarily having to balance the books in 2019: “If the economy goes further to pot then, basically, dip into the strategic reserve, keep the economy afloat and then adjust it later.” I think I would say that today we have seen another example of what happens for the Council of Ministers. We had no details about the health charge, no details about the wealth charge. Look at Health: what do we do when we get the paper at lunchtime today where the headline is: “Minister under pressure on nursery cuts”; that is one example: “Homecare bombshell as charity funding is slashed.” Did any of you know about this? I did not know about it. How many other little surprises are there going to be over the next while? In other words: “Trust us. We will come up with the information. Trust us; we are going to do this, we are going to do that”, and yet how many of these third-sector people who are doing provisions for the States are going to find their funding pulled? What else is going to happen? We do not know the facts. I have said it before and I am amazed at how many people automatically reach for the default button for the Council of Ministers, which is to vote pour. Do not do it. You have not got the information; do not go along with it until you have the information. All I can say is, if you do, then I hope the electorate take retribution when you have to answer to them, because you are failing in your job, because you are not basing your decisions on proper decision-making; you are doing it out of unbelievable loyalty to the Council of Ministers. How anybody can have loyalty to them, I do not know, or also because maybe you are concerned: “I am getting tired ...

**The Deputy Bailiff:**

Deputy, if you could address your remarks through the Chair; you are talking to Members directly and you are using “you” and you really have to say: “Members should think this” or: “Ministers should say that.”

**Deputy M.R. Higgins:**

Thank you, Sir, I stand corrected. I should say that Members should think very clearly before they vote for any of these propositions. My own view is I will not support the Medium Term Financial Plan, I will vote against all the provisions. What I would ask them to do is come back with some proper detailed ones and then I will certainly consider them at the time. But for the States, or anyone, to vote for this plan would be totally negligent, and I hope the electorate takes retribution at the next election.

**The Deputy Bailiff:**

Does any Member wish to speak upon the proposition? Deputy Tadier.

**1.2.24 Deputy M. Tadier:**

So where are we? The first thing to say, I guess, and we can take this in no particular order, Deputy Higgins talked about the analogy of would you buy a used car and then a used house, or presumably it could be a new house, from one of these Ministers. I like to think of the idea of perhaps buying clothes, not necessarily from one of the Ministers, but just more generally, or a pair of shoes. It goes back to the whole nub of the theme that has been running through this debate, perhaps unlike many debates in the past, where there has been a general acceptance of what the Council of Ministers, or the committee of the day, were proposing, which is generally: “Okay, yes, we can trust the direction they are going in”, with the usual 3 or 4 dissents from the hardliners. That is not what we have had in this debate, we have had a general theme running through it of discontent, of disquiet, of discomfort. That is right across the political spectrum: it is from people who one might consider traditionally to be on the economic right, the liberal right, if you like, those

who are perhaps more paternalistic with their politics, to the social democrats; right across the board. That feel of discomfort, I would suggest, is our consciences being pricked, and also our political compasses telling us that something is wrong, the direction of travel in which we are going is the wrong direction. I would say it is important to listen to your political conscience and your moral compass when it is telling you that something is wrong. The reason I refer to a pair of shoes is that a few speakers have said to me: "I feel uncomfortable about this" and I would suggest that feeling of being uncomfortable is just your conscience telling you there is something not right about this plan. If I feel uncomfortable buying a pair of shoes, I do not buy them. I do not think: "Well, they do not really fit, but I will buy them." Because I know what happens when you buy a pair of shoes that are not compatible for you: you walk half a mile down the road and you start to get blisters, and you think: "That is such a shame, I really like this pair of shoes" and I do genuinely like shoes, I am not going to spill my soul here on a Friday evening to everybody. I do quite like shoes, for someone who is a heterosexual male. I really love a nice bit of brown leather on my shoe. Simply going by the aesthetics of it, saying: "Well, it looks all right and the salesperson has told me that the shoe is really good, it is good quality and it has even been discounted", they have even managed to get some cost efficiencies into this shoe. I take them away, walk down the street, and I know that I should never have bought them in the first place because when I tried them around that shop and walked even just 20 paces, they were starting to pinch. Then I realised later: "What have I done?" Of course, this is much more important than buying a pair of shoes because we are not just here for ourselves, we are here for the future, we are here to act as representatives for our constituents. Our constituents rely on the fact that we do use our consciences, not simply follow slavishly our masters who have been put in place and elected by this Assembly, albeit on no particular mandate, because they did not have one when they stood at the last election, and no particular manifesto because they did not have one for the direction in which they are taking us. We hear this talk that: "Oh, no, we are all in this together, this is all about consensus" and that essentially all of us, each Member of this Assembly, is a centrist, apart from, of course, Reform Jersey, which Senator Ozouf has the utmost respect for in terms of our policies, but he does not agree with the word of them. Moreover, if any of these ideas about fairness and the living wage, all these kinds of things, and fair taxation and a sustainable wage to pay for a health service, *et cetera*, were ever to come to fruition, it would simply not work in the Jersey context and the economy would plummet rather than just flat-lining, as it has done under their leadership for the last few years. I think that kind of speak is insidious because it does not recognise the fact that we are all different, we come from different starting points in this Assembly and in this Island, and that we all have something to bring to it; saying we are all coming from a similar viewpoint is not true. There has been criticism of this Council of Ministers' plans, not just from one side or the other, it has come from individuals, it has come from Scrutiny Panels; right across the board it has to be said. Is there one Scrutiny Panel which has endorsed the Council of Ministers' spending plans? I do not think there is one Scrutiny Panel which has come out even mildly saying: "Yes, what they are doing is globally right." Every Scrutiny Panel, and I have been involved on one as a sub-panel in Health and Social Services, obviously looking back through a lot of it, looking at what we have currently had, and more of it to come saying: "No, this is the wrong direction for many different reasons, partly because it is not sustainable, partly because it is not going in the right direction, and we do not even know if it does what it says on the tin. Moreover, you have not given us the information so, even if you were to achieve what you think you might be trying to achieve, we are not even sure if you can do that." We get put in this uncomfortable position where certain Deputies who have already spoken talk about this kind of leap of faith, with this, no doubt, Kierkegaardian kind of angst that is attached to it. Do we take this leap of faith into the unknown simply trusting what the Council of Ministers have told us, even though in our heart of hearts we know that the information is not there? Let us look at the health tax. We know very little about the health tax, yet we are being asked to vote on it saying: "The meat will come later." What we do know about it is

that it definitely will not be fair, because the proposition has been made, the amendment has been made in this Assembly. Admittedly, people might have voted for or against that even though in the long term they may not be supporting the health tax, I fully appreciate that, but the bottom line is we have sent a message to this Council of Ministers saying that: "If you do go ahead with your 1 per cent increase for now for the health tax, it does not need to be across the board, you can insulate the most wealthy from that tax." That in itself should be sufficient for us to vote against not just part (c) but I think the whole of the plan, because it shows that they do not have the foresight or the credibility or the moral conscience to deliver this plan. Of course I am fully aware that the Chief Minister will be summing up and trying to say that: "This is not the case here, we are talking about difficult decisions that need to be made." Difficult decisions, of course, can be made, but it does not stop those difficult decisions being the wrong decisions, and I think in our heart of hearts we know that this Council of Ministers is taking us down the wrong road. They talk about making a better world for our children; that is what the Minister for Housing talked about, saying that, if we put off these decisions for another day, we will be storing up problems for our children. I think the Minister for Health and Social Services said that as well. Sorry to mix them up. But they are putting off these decisions because they have not told us what the long-term plan is. We know full well that the 1 per cent health charge taxed on the lower earners up to a capped ceiling is not going to meet the spending needs of the hospital, let alone meeting the needs of G.P. (general practitioner) visits for those vulnerable groups who cannot get access to a G.P. It is not going to meet the needs for the ageing population. It probably does not even pay for the people we have got here at the moment, let alone the people that they are bringing in under their plan. When, of course, the Council of Ministers in, their new speak, talk about controlled immigration, what they mean is uncontrolled, unbridled immigration over which we have absolutely no control and about which we do not care anyway because, ultimately, when it comes to immigration, we are completely free-market about it. Even though we have this idea of a licensing system which makes it difficult for small businesses, in reality, we are part of the common travel area and we will not do anything to stop it. In fact, we like that, because it puts more people into the pyramid scheme of our economy and the pyramid scheme of our fiscal approach that we have as a government to paying for our public services. The more people the better, that is fine, because we can pile them into St. Helier, because we have got a strategic priority to focus on St. Helier, which is to invest in St. Helier, to invest in people and high-rise buildings for St. Helier, to pile them in, stack them high and we do not care about providing the public services that go with the demands of that population. Because, in fact, we are going to cut public services, introduce user-pays to these people who are seeing a reduction in their living standards, in their purchasing power. This is what this current Council of Ministers is doing. They are doing it right across the board, so you have got your Minister for Infrastructure over here on the right, who is laying off people. He stood for election saying: "There will not be any job losses in my department, thank you very much" yet what he has told us in the last couple of days is that there are lots of job losses happening in his department but, guess what, there are not any savings that are going to be happening. After the Minister stood up and said: "Oh, we cannot possibly adopt the Corporate Services Scrutiny Panel amendment because the savings are not there so, even if we do take this money around, I will have to make more redundancies, and I have made loads of redundancies already.

[18:00]

In fact, the savings are not there because I have got to pay people to do the job privately and I have got to reduce their terms and conditions and we have got to make sure that our mates in the private sector get their profits." So nobody is better off, we get worse public services. That is the other element of new speak that we have all been sold, is it not, during this debate? We have been told that we can do more with less. We would not accept that in any other sphere of life, and that is why the Constable of St. John ... who I am reminded needs to speak to me afterwards, I hope I have not

been naughty. But I think he put his finger on it with this breakfast analogy, which I thought was spot on; the first speech after the buttons opened. He was saying that you would not accept that in any other field of life, would you? You would not go into your cafe and say: "We have cut this, cut that, but it is all right, we call it a saving, you can call it something else. We call it an efficiency." But the customer calls it a con. That is why I have had private conversations with Ministers or Assistant Ministers, who will remain unnamed, outside of this Assembly saying that: "You might be winning the battle in here, you might have won this vote, you might have got it stitched up, but you have lost the battle outside because the public no longer has confidence in you, in the spin that you try and come out with time after time." This idea of calling something a saving when it is being financially detrimental to these individuals who feel the real pain on the outside. Calling it an efficiency when it means that their access to public services and the good state of civil service that they have been treated to in the past, is no longer going to be there. In fact, we heard the Ministers themselves changing from the word "savings" to "cuts" again, during the Corporate Services debate when they said: "Let us take this money, put it back into contingencies" and Minister after Minister said: "We cannot possibly do that because this would represent a cut in our department, we would have to cut jobs." They have never been called cuts before. So we are not making a better world for our children. What we have seen here is an ideologically-driven assault on our public sector by the Council of Ministers, albeit one which will happen over a period of years. It is not happening because it needs to happen, because there are the reserves there. The Fiscal Policy Panel told us that: "You should look to spend some of your reserves during the next 3 years rather than making drastic changes." What does the Council of Ministers do? It is making drastic changes and, moreover, it is making permanent changes. These are not changes which can be simply made temporarily and then peeled back when the economy, if it does, stabilises, or when the Council of Ministers is feeling slightly more generous ... because when you cut these services, when you cut these jobs, I tell you, they are not coming back. I think we need to move past this idea of consensus; I think we live in a post-consensus States Assembly. If ever it did exist, it does not exist anymore. There is nothing wrong with dialectical politics, because the interest groups that are represented in Jersey society and in the Jersey Assembly are disparate often. We would like to think that they can be put together, we would like to think that perhaps the interests of international finance and people who do not live in the Island are not necessarily always incompatible with those who do live in the Island, but unfortunately, this Council of Ministers has made it increasingly difficult to believe that. They have pursued an agenda which constantly focuses on the negative impacts of any, not even progressive rate of taxation, but just a proportionate rate of taxation. Who would have thought that, just by increasing a tax rate by 1 per cent, which was their suggestion, and applying that equally, would have terrible consequences on Jersey's financial situation. They can say that without doing any research. Again, it is just blind faith on their part, but yet they can still introduce these types of policies for people who do live in the Island, who have got voting rights in the Island, who pay their rates, who pay their taxes in the Island, who bring up their children in the Island, who work and perhaps teach children, who work at the hospital and look after the population, to say: "It is okay for us to impose these things on you without any consultation because, essentially, we have contempt for you, politically speaking." That is what I believe, because that is the consequence of it, while they are having their strings pulled from the outside. That is how it seems to me: that this Council of Ministers is increasingly not acting in the best interests of those who live here, but trying to portray and pursue a policy that ultimately will benefit those who do not live within the Island. That is unfortunate because I do not think the 2 are necessarily incompatible. I think there are definitely tensions between the 2 but, when push comes to shove, when we elect Ministers and when we elect Senators, or anyone, to this Assembly, the public expect that they will be represented and they will prioritised, not what-ifs that do not even necessarily live in this Island. Sorry if that is difficult to hear, but that is the reality that we hear time and time again outside. What have we got from this Council of Ministers and this Medium

Term Financial Plan? We have had cuts in the level of income support, to the tune of £10 million, being rolled out for the worst off in our society. That is because they have not been asked to be immune from the savings but they do not have any tax money that they can pay, so we just cut the already meagre benefit that they have. I say: "Meagre benefit" with evidence because, on the one hand ... and I think the Chief Minister and the Minister for Social Security have also said it in the past, that we have an overly generous benefit system. The cheek to say that when the evidence is that our social security system, the benefit system, does not even keep up with the standard of living to the basic level of standard of living for the low earnings threshold. It has not done for the past 6 or 7 years. That has been eroded at the very bottom, again, making a better world for our children by attacking the worst off: pensioners, single parents, the disabled, all under the watch of this Council of Ministers and intrinsic, also, in this Medium Term Financial Plan. So, by all means, vote for this financial plan, even if you are feeling uncomfortable, but that is what you are signing yourself up to. We have removed, of course, the young parents' component, single parents. We have started changing services that we already pay for to user-pays. They have spoken about economic growth, saying: "It is okay, because the magic wand that is economic growth will get us out of this mess." There are 2 things there: the first thing is that economic growth has not happened. I suspect that the Council of Ministers, or any political government of any persuasion, have probably got a lot less control over growing the economy than they think they have. They like to pretend that they have got lots of levers to pull. The reality in the Jersey context is that there are many fewer levers to that and we are very subject to outside influences, which is no doubt why the Chief Minister will stand up and say: "That is why we spend so much time outside trying to drum up new business and having to keep the tax rate so low for the super wealthy." He may say that. Even if there was economic growth, we have ensured that those who benefit most from economic growth, i.e. the wealthy, are insulated from it anyway. So even if there was to be economic growth, it is of very little importance if the Council of Ministers is not going to tax that, and the investment that they have made saying: "Thank you very much, people at the top, you have done very well from this, but now it is some time for pay back." They will not even ask them. That is what we have heard during this debate. We have heard people standing up time after time saying: "Well, I know so and so, and he is a so and so millionaire and this family would be prepared to pay much more if they thought it would help people" which it would, but they are not even asked, yet the rest of the public has these taxes imposed on them. We have put rents up for those living in social housing. We have effectively seen the abolition of social housing in favour of a corporate entity, again saying: "This will enable us to invest in social housing" but in fact what it has done is it is just asking the poor who living social housing, and who have probably been there for decades in many cases, who have already paid for social housing many times over, to pay again and disproportionately. I do not apologise for taking my time, incidentally, like the Constable of St. Lawrence did when she was speaking, because Members did decide that they wanted to carry on sitting. We have pretended to invest in education while not really adding a penny. In fact, the head of the Education Scrutiny Panel told us that in real terms funding has been cut. So why does the Council of Ministers continue to say that we are investing in education when that is not the case, it is not true? I think I can say that: that the Education Scrutiny Panel has told us that money has been taken out of the budget in real terms. The Council of Ministers says it is investing in education, and that is not true. Why would they say something that is not true, according to the Scrutiny Panel? I am not sure about that. If they are saying things like that about education, which they are supposed to be investing in, what about other key areas which they have committed to cut? How much worse are those cuts going to be in those areas? I think that suggests that we cannot trust this Council of Ministers to deliver what it is saying. The other thing that has come out of this debate, inadvertently, is that now the Council of Ministers has put the principle of free education for all at threat. Because first of all they introduced a policy, and back in June we had the debate, and they said: "We want to introduce means testing, but only for the private sector" which, I could see at the



time, was a complete non-starter, completely unfair. Then somebody, quite rightly, during this debate says: “Look, this is not fair, how are we going to do that?” and Members voted to say: “Right, apply that principle right across the board.” The Minister now, in the proposal, has to come back with means testing right across the board, and I do not see how he can do that. I am not sure how we can vote on that and I am not sure if the Minister for Education has spoken on this part of the debate. That is strange, because I want to know how the Minister is going to marry that demand with the vote that has been taken today. I suspect that the Minister cannot deliver that saving. We shall call it a saving, shall we? It is a cost to the parent. I do not know where we are left on that part of the proposal. It comes under part (a)(i) when we ask him, in relation to the Education Department’s provision for user-pays in appendix 1 and appendix 2: “The introduction of Nursery Education Fund means testing shall apply in respect of all providers of such education.” Now, I do not know how we can vote on that at all. I do not even know how the Minister can be maintaining that proposition, because he clearly has no intention of doing that, as far as I can see. The Minister has to go away and withdraw that, because he has stood up with Minister after Minister saying that the principle of free education at nursery level is so important and we cannot start charging for public sector provision of primary schools, because that would completely undermine the tax and spend model, and the situation we had with providing statutory care, albeit that nursery funding is not statutory at this point. So he has either got to go away and say: “Well, we are not going to provide any nursery education across the board in the States schools, or we are going to just take this part, or just apply it across the board” which I cannot see him doing. I would hope that the Minister for Education would be able to speak, I am not sure why he cannot speak; maybe if we had come back on Tuesday he would be able to speak, but he should be standing up saying: “I cannot ask Members to vote for part (a), I have to ask them to vote against part (a) because I am not in a position to do this.” At best it is disingenuous and it has put us in a very strange ...

**The Deputy Bailiff:**

Deputy, we have already said on a number of occasions, we cannot use that term.

**Deputy M. Tadier:**

Sorry, I take that back, Sir. At best it is not possible; it is not feasible for him to do that. We have heard a lot about uncertainty, have we not, so I would like to focus on what we do know. There is clearly a lot in this Medium Term Financial Plan that we do not know about: we do not know what the long-term aim is of raising new taxes for the hospital. We do not know whether, in fact, the new waste charges will be applied across the board. If we follow the Minister’s conclusion to its logical end then he should be starting to charge people for domestic waste; it makes entire sense if you are doing it purely for environmental reasons, if you want to encourage people to recycle. What I do not understand is that I brought a proposition back in 2014 asking the Minister to investigate kerbside recycling for the whole Island. He did that. The document was very poorly written, it has to be said. The consultation that was taken during that was also very poor. It basically said: “I have spoken to the Constables about it and it is a bit difficult because they would have to introduce it in each of their parishes, and of course they would have to have lots of parish meetings about it and it is not guaranteed that they would all want to do it.

[18:15]

But it would have to be run by the parishes, there is no way that we can have a centralised scheme, therefore it cannot be done.” So this Minister for Infrastructure, who is so keen on promoting environmentalism and recycling, cannot even organise an Island-wide kerbside scheme to pick up rubbish from domestic people, yet he is proposing to introduce commercial charges for recycling when in fact access to recycling for those businesses is currently free anyway, but they still throw white goods off the cliff, we are led to believe. As it has been said before, I am not sure how

charging is going to help that. Again, no joined-up thinking here: if we vote for commercial charges do we end up with domestic charges later on? That is not clear at all. The Scrutiny Panel Chairman for Education and Home Affairs, who said she had high hopes for what is being proposed here, if she were to take Ministers at their word, which I am sure we would do, as all good centrist, loyal Assembly Members that we are would do, saying that she has high apple-pie-in-the-sky hopes. So what I would say is that if you believe in a different vision for Jersey, if you believe that there is a different way to do business, that we have come to a point in the Island, that we all love, where we need to be taking these issues seriously, the issues to do with healthcare, long-term funding into the future, where it is time to replace this Council of Ministers with a joined-up approach, now is the time to do it. There is a reason that I asked the Chief Minister not so long ago whether he would be seeking re-election in 2018, and he dismissed it saying: "Well, I just want to focus on the short term. We have got lots to do at the moment. I am not thinking about 2018." The reason I asked that is because I wanted to know whether he would stand on his record. It is easy to stand on your record perhaps when you have not really done much of this nasty stuff in the last term, but when you have been in a position to push through the biggest assault that we have seen on working people, perhaps in the history of this Assembly, perhaps since 1769, then it is important that we do have a chance at the next election to change these individuals. What I would say in my final remarks, whether it be to Members of this Assembly or those listening outside the Assembly, and do not tempt fate with a premature foot-stamping, is to believe in a better Island, to believe in an Island where the movements that we have seen around the world: the global fights for a living wage, for better standards of living, for sensible population policies, a welcome and mature Island that is cosmopolitan, treats everybody equally. An Island which shares the profits of economic growth as far as possible with those who make economic growth. The growth providers, the wealth-providers, I would hasten to add, are not the ones who are already automatically rich and can control, in many cases, vast economies of big countries or small countries. It is the workers themselves, those who contribute and who make the profit themselves without whom the bosses would be nothing; those are the real people. Those are the ones who are currently having a class war waged against them. There is very much a class war going on; it is being done by the neo liberals against the rest of the population. It is the 1 per cent against the 99 per cent, and in Jersey is it by this Council of Ministers, who are just proponents of the real people, which controls the interests of this Island, whether they be locally-based or, in many cases, based in London and further afield. But if you want a party of people who will work for you in the real term, both in this Assembly and outside, and I do make an invitation to colleagues, because I think what makes us different is not as strong as what unites us. We have seen some very good amendments from right across the Assembly put together, we have seen some out-of-the-box thinking. What I would say is that we do not, for one moment, suggest that we have a monopoly on alternatives, but what we do have is a passion and a drive to see a better Island, to provide constructive alternatives to what the Council of Ministers is currently proposing, to their moribund policies to see increased taxation but lower standards of living for the majority. I would ask you to join us in working with us and, in your constituencies, consider at the next election how your representatives voted. Have a look at them; you can do it all online, you can flick back, see how they voted on certain propositions. It may well be a case that it is time to deselect your particular constituent, your Constable, your Deputy or your Senators.

### **The Deputy Bailiff:**

Deputy, the purpose of a speech, of course, is to persuade people within the Assembly, not to persuade people who may be listening outside of the Assembly.

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

Sir, I do not like the suggestion that I would be doing anything other than that. If Senator Farnham wants to make a fourth speech, I would be happy to give way.

**The Deputy Bailiff:**

I am sure the Senator does not.

**Senator L.J. Farnham:**

Definitely not, Sir. Thank you. Could he carry on, please? We are all enjoying it too much.

**Deputy M. Tadier:**

Thank you, Sir. I am hoping he enjoys it as much as I enjoy his speeches and that he is finding some erudite lessons there within. I say that, because I think it is germane, is it not: if we are not here to represent the views of the individuals that put us here, what are we doing here? Part of me thinks that the drive to get this finished so quickly tonight is because people do not want to have their ears bent over the weekend and they do not want to be going into ... I was going to say BHS, but of course they cannot be doing that. They do not want to be going into the market or the supermarket or Waitrose at the cheese counter, having people saying: "Well, what is happening to Family Nursing and Homecare?" You say: "Oh, well, I am not sure about that, that is just a mistake that the Minister for Health and Social Services has made, it is just the Council of Ministers ..." "I thought that this Council of Ministers was investing in healthcare?" "Oh, no, no, it must be a mistake, it is obviously not what it says; it is only a couple of million pounds that they are taking out of the pot for that." They say: "Well, that is a shame because my elderly mother uses Family Nursing and Homecare and I was a little bit worried about that. Has that come up in the debate? When are you going back into the States? You are back there on Tuesday, are you not, voting for the Medium Term Financial Plan? Could you raise this for me?" "I would rather not, really, because I think the Council of Ministers is doing quite a good job." Strange that that press release has come out today and it is strange that we are sitting today when we would not normally be sitting either. Because I think those kinds of uncomfortable conversations, I do not know about other Members, are the kinds of conversations I have when I meet people. When I go to St. Clement on Tuesday to see a lady who is dealing with a health tribunal, even though it is not my own constituency, you have got to bear with them because of course they do not have much other representation apart from the good 3 that they have got already, one of whom is perhaps quite busy in her constituency and obviously cannot get involved with those kinds of works because she is the Minister for Social Security. So sometimes it does fall to us, right across the Island, and I am sure I am not unique in doing that. I will be going to see this lady about social security in her house in St. Clement on Monday, with a doctor and an individual from Social Security. She will be saying that kind of stuff to me, saying: "Look, do these people not know the real world that we live in? Are these Senators completely detached?" Sorry, Senator; I know that you are not all detached, looking across: "but are all the male Senators completely detached from reality?" This is the kind of conversation you have and I, no doubt, will be having that over the weekend. I wonder how Members do sleep sometimes at night when they can back things which they know are not fully thought through, which are pernicious, which are regressive and will harm the very people that they are supposed to represent. That is why I know by talking about deselection and all things like that, that is an argument which will be germane to Members sitting in this Assembly and not simply to those listening to us on the new live web stream. I presume that we are debating all parts of this: (a), (b), (c), (d) and (e) at this point. Let us focus on the health charge. It says in part (c) ...

**The Deputy Bailiff:**

Deputy, you have already made mention of the health charge. Standing Orders do require that you do not unnecessarily repeat your arguments and that any speech should be relevant to the business

of the Assembly before it. I am not telling you that you cannot speak about the health charge; I am simply drawing that to your attention under Standing Orders.

**Deputy A. D. Lewis:**

Sir, is the Deputy filibustering?

**Deputy M. Tadier:**

I did not catch that, would the Deputy repeat that?

**The Deputy Bailiff:**

That is not necessary. If you would like to continue, Deputy.

**Deputy M. Tadier:**

Thank you, Sir. Sorry; the mouth gets quite dry, for some reason. I will move on to part (d), Sir, because I think you are right, maybe I had covered part (c) already and I would not want to repeat myself. Part (d) says: "Now that has been added to withhold consent to the application of resources for work on the development of user-pays charges in relation to domestic liquid waste and domestic solid waste, other than were necessarily connected to development and implementation of solid waste and liquid waste charges, any such consent requiring separate authorisation by the Assembly." I will not talk about that, because I think that has already, by and large, been covered in the amendment that was brought by Deputy Le Fondré, other than to say that I think he was quite right and the panel was quite right to suggest that. It is a good piece of work which I think needed to be done and I think it still needs to be done, but it does underlie the fact that there is tension here within the Zero/Ten tax policy. I think the Ministers have put their fingers on it: that there is a rub here, because as long as we base our economy relatively heavily on the zero per cent, there is limited scope for manoeuvre there within. I think the key thing to go back to, and this will be my final remark, so perhaps those listening in the coffee room can consider whether they want to come in to listen to the Chief Minister when he sums up, is that if it feels wrong it probably is wrong, so do not go there.

**1.2.25 Deputy J.M. Maçon:**

Just to raise some points from the Scrutiny Panel. I do recall the Constable of St. Lawrence, when she spoke, spoke about the hard work that had been put into the document of the M.T.F.P. As my Chairman alluded to earlier, it varies, depending on the department that you are looking at. I would just like to flesh out some of the concerns that I have with voting for or against this particular document, and that is how believable the figures are within this document. When we looked at the figures for the Education Department, one of their savings was to reduce the funding for the library by £100,000, the detail of which never came to the panel. What we did find when putting the Chief Minister through the scrutiny process, was that the table which should have been depicting the amount of posts being lost was inaccurate and, instead of being none, which was down in the document, they thought it was going to be 2. If we carry on through looking at the education savings, looking at the restructuring of the gardening contracts, again, what had been foreseen by the Education Department was in flux and was in lieu, and they did not know what the results of those figures were going to be. Certainly, what we found looking at the proposals from the Education Department, it felt and became clear that there were certain decisions taken on high and inflicted upon people. As we have seen with the N.E.F., there was no consultation done. I think this does reflect a lot of the M.T.F.P., not really taking the public with the Council of Ministers but very much just inflicting things upon them and not taking the community with them. We have heard different speeches as we have gone along. As always, I try to stand up for ordinary people within this Assembly, thinking about the middle earners. We have heard the figures about: "We have seen this many wage rises" and what-have-you. Well, I do not know where these wage rises

have been seen, because they are certainly not with the ordinary people that I am trying to represent. A lot of them are still having wage freezes, they have not had that increased, but the cost of living has, of course, increased.

[18:30]

So this particularly concerns me when it comes to the health charge which is being proposed, we are told, in principle. No Green Paper, no White Paper, again, no consultation with the public. So it is not particularly good public policy there at all with regards to these things. Again, with the waste charge, with the health charge, we are told it is all in principle, but of course it is not, because what is going to happen when it comes around, we will be like: "Well, we have built our plans, our proposals, based on these figures and if we do not get these funds, what is going to happen?" Well, States Members, because I have been in here when we have been through this situation before, as I see it, will effectively be blackmailed into supporting those changes, because that will be the charge held against Members if they do not support it. They will say: "Well, you supported our figures in principle." Therefore, to vote for charges when there has been no consultation, when we are now putting cart before the horse saying: "Well, vote for this in principle and then we will do the consultation with the public"; that is not good process, that is not reasonable. Again, the concern going back to the Education Department, the implication is, if the savings are not achieved, if the cuts which have been put are too severe as the figures shown in our comments demonstrate, what is the impact? The impact is it goes on the schools, it goes on the budgets, and, as my Chairman discussed previously, the headroom, the amount of leeway that our schools have, particularly the state schools, to be able to weather these types of storms really is not there anymore. Since I have been in the States, and that has been about 8 years, we have had year and year and year after cut after savings after efficiency savings. The Constable of St. Lawrence said in her area they have done so many savings there is practically nothing left if anything at all. Some departments have been better than others. It concerns me greatly about the future of this Island. It concerns me as well that not only are we looking at this package but the other measures that will have to come in. We know the Minister for Social Security will have to come back with increasing social security rates along the line. Again, looking at those ordinary people who at the moment are scratching a living together, who are just about staying in the black, although a lot of them are falling into the red at the end of every month, when Deputy Labey spoke earlier in the week, when you take out ... okay, it might only be half a per cent of their income, but that is enough to put a family over the edge. Because there has not been that consultation, because there has not been that ability to bring the public with the Council of Ministers, I do not find myself in a position to be able to support that. Therefore, I hope when Members are thinking about the vote for this particular plan they put, as I am sure they will say they always do, ordinary members of our Island community right at the forefront of their minds because that is how I will be voting.

### **The Deputy Bailiff:**

Does any other Member wish to speak upon the proposition? I call on the Chief Minister to respond.

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

It seems quite some little while since I first moved the Medium Term Financial Plan. I do not know about you, but when I was a child I was told ... and I think children are still told this; my children might have said it to me from time to time: "Daddy, is there a pot of gold at the end of the rainbow?" Well, Sir, I think you and I are both now long enough in the tooth to know. **[Laughter]** I hope I am not going to shatter an illusion for you that there is no pot of gold at the end of the rainbow. I say that because, frankly, some of the speeches that we have heard today have believed that there is, have tried to indicate that there are easy answers to the challenges that our community

faces, like other communities across Europe, that there are easy answers, that if only we did something else everything would be fine, that the Council of Ministers are such nasty people that they are going out of their way to make things difficult. The reverse is true. Perhaps unusually, I will pick up on the comments of one of my friends opposite, who like his colleagues spent quite a long time rubbishising the M.T.F.P., rubbishising the intentions of Ministers, and, in fact, I think he even went so far as to invite Members of this Assembly to join his party. Swathing cuts, austerity, no concern for the people who live in our community; I do not know which document he had been reading, but it cannot be the document that I will shortly be asking Members to vote for.

**[Interruption]**

**The Deputy Bailiff:**

Very well, thank you for your second contribution, Senator.

**Senator I.J. Gorst:**

Because this is a plan that continues to invest in jobs and it invests in health and no doubt we will have further comments about the money being spent in education. But the reason I found it so difficult to accept those comments was because that very same speaker accused Ministers of slashing budgets of departments, reducing services, and yet only yesterday that same speaker voted to reduce budgets by a further £20 million and he told this Assembly that it would have no consequence whatsoever. That is not correct. When we brought the Medium Term Financial Plan forward last year, we thought we might have been able to deliver extra savings, but we looked at what those potential savings were and we said there is no way that we are going to save to that level. Savings have to be about delivering efficiencies. Savings have to be about providing a similar or appropriate service for a reduced cost with a lower headcount. That is why, together with the improved income, we reduced the amount in this plan that was delivered by efficiencies. We will come on to the Corporate Services Scrutiny Panel, who take the opposite view and say we should be cutting more, we have not wrung the towel enough. I would remind Members of the Connétable of St. Lawrence's detailed and excellent speech about the work of reform that is happening in the areas that she is responsible for, careful work which is transforming the service, which will continue to keep our community safe in many ways, carefully providing those services that we require with a smaller budget, with a smaller headcount, but doing things differently and using technology, allowing for policies that then can invest in the social policy that I think every member of this community wants. The same speaker suggested that we were going in the wrong direction with Health and Social Services. Nothing could be further from the truth. I was fortunate last night to go to their quality improvement awards. There is a department that can be proud of the change that it is bringing. **[Approbation]** Training nurses locally, nurse prescribers, people being admitted to bodies in the United Kingdom because they are reaching appropriate standards and they are putting Jersey on the map for the right reasons. Looking at the service that they are providing and delivering it efficiently and in a new way, making savings and ensuring that they spend their money appropriately but they are spending their money to the benefit of people who live in our community. Those people who use their services are the most vulnerable members of our community. I am tired of people in this Assembly, our friends opposite, claiming that this Government does not care about the most vulnerable members of its community because it does and that is why this plan invests an extra £40 million by 2019 in healthcare services because it is the most vulnerable that need that service. I will come on then to talk about the health charge later, but they are connected. Be in no doubt they are absolutely connected. So, we are going in the right direction in that regard. I was going to have a little bit of fun about the Constable of St. John's breakfast, but I reminded myself that a year ago I think we had a little spar about his shopping habits in Marks and Spencer and the bill that he was not going to be happy with, so I will not do that again. But perhaps next time he is having his breakfast when he is in the beautiful Parish of St.

John he might just lift his head up a little and think to himself: “What a fantastic place this is to live, work, bring up a family, **[Laughter]** and to have the privilege of serving this community” as he does. I want to turn now to the Corporate Services Scrutiny Panel. There seemed to be 2 conclusions that the Scrutiny Panel have drawn from their adviser’s report: one, that there is not enough detail; and 2, that the income forecasts are overly optimistic. Let us deal with the detail issue first because Member after Member has said they do not have enough detail upon which to make a decision hopefully before 7.00 p.m. tonight. They have 190 pages in the annex. They have another 157 pages in a distributional analysis document.

[18:45]

The point of moving to the M.T.F.P. and a 3-year cycle was that there would be much more information and, as Senator Ozouf said, I do not think there has ever been as much information upon which Members have been asked to make a decision on a plan like this. So let us put that to rest. In fact, in the Corporate Services Scrutiny Panel it says this, 6.1: “The M.T.F.P. 2 Addition submission provides a significantly stronger framework for the formulation of an effective financial strategy than that submitted in 2015. The M.T.F.P. 2 Addition submission provides comprehensive coverage on financial strategy and effectively the financial planning architecture for the States.” I could go on about what it says about the M.T.F.P. The Chairman has spoken and I am trying to round up quickly. I am being told that I get too excited about these things, but they are important. They are important. There is detail there. Are the income tax forecasts optimistic? No, they are not. I asked the Corporate Services Scrutiny Panel which of the economic pieces of advice that the F.P.P. had provided did their expert disagree with in order to say that the income tax forecasts, which are based on those economic thoughts ... which did they disagree with, and they did not disagree with any. They did not disagree with any of the economic assumptions. They disagreed with the income tax forecasting which was based on the economic assumptions, and I raise that because this week we have seen what the economy grew by: 2.2 per cent. So I ask myself: that is quite a reasonable figure but I had better just double check because the Corporate Services Scrutiny Panel are telling me and telling the public that that is overly optimistic. But the forecast was 0.9 per cent. Is that forecast optimistic or was it perhaps, heaven forbid, a little bit pessimistic? The Minister for Treasury and Resources is always telling me to be prudent and he is saying it was prudent, but the economy performed better than the forecast. So that I hope deals largely with the second issue. A number of other Members have said it is an accounting document. That is right, it is an accounting document. It is a financial plan. I think if we had just written a few words and added a number here and there at the end, Members would be most disappointed with the Medium Term Financial Plan. It is the nitty-gritty allocation of resource which allows us to deliver on those strategic priorities. Of course it is an accounting document. Of course it has lots of numbers in it, but it is very detailed and rightly so because it shows Members and it shows the public where the money is being spent and how it is being allocated to deliver on those strategic priorities of health, education and investment in infrastructure. I think one Member said they did not think there was enough money in economic growth but there is an extra £18 million during the course of the Medium Term Financial Plan for economic growth, which is on top of all the existing money that we deliver into the economy and into those departments that are dealing with economic growth. Deputy Doublet asked the question about how we move from that Strategic Plan that she gave her support to into the detail of the numbers today. She mentioned 1,001 days. If I have an apology to make this evening, it is that I think there are probably too many - and it is hard for me to say this as an accountant - numbers in this plan. Because if we look on page 65, it may not be badged quite as 1,001 days as the Deputy might want, but there we see £1.6 million extra money going into initiatives that will support vulnerable children. So there in the detail it is giving effect to the strategic priorities that this Assembly wants to deliver on and I know that the Deputy rightly is passionate about. On those pages there, it goes on and on about all that investment, which is for the

benefit of ordinary people who live in our community because that is what this Council of Ministers wants to deliver on. This debate is focused mainly on the areas where Members have difficulty and that, of course, is their right to do that. But let us not forget that while there are some difficult decisions they must be made in order to face the challenges which other communities are not facing up to but we are in a position to face up to. There are millions and millions of pounds being invested in the community for the benefit of ordinary citizens of this Island and we do not apologise that that is why we are transforming public services. We do not apologise that that is why we are asking departments to work more efficiently, more effectively, with a reduced headcount in some areas. That is so that the Health Department can employ more people, helping and supporting and preventing conditions in our community. That is so that the Education Department - that the Scrutiny Panel have chastised for the way we have presented his figures - can employ more teachers and care and raise the standards of children right across our community. Much was made about the demographic change in education, but it is my understanding that while demographic change money might be put into the base budget elsewhere in the United Kingdom, they are expected to deliver that change through efficiency drives. That is not a dissimilar approach to what we are asking of the Minister for Education here. As I said, no department is being left unchallenged about how they deliver their service into the future in order to reduce costs. This plan is a plan. You may, if you cast your mind back, remember that the Corporate Services Scrutiny Panel amended the Strategic Plan to ensure that we delivered a balanced budget also as a priority during the course of this term of office. That is why this plan is a broadly balanced plan, while delivering on the needs and the priorities of our community. I say that because I want to return to the charges. We can have a banter about whether they are in principle or not, and I hear exactly what the Deputy of St. John was saying in that regard. I take a slightly differently view. Yes, the money has been taken out of the department's bottom line. The department I think needs to be congratulated for working with Members and a commitment that they will continue to work with Members and interested groups, together with the Minister for Economic Development, to get it right. If Members of this Assembly when it comes back do not like the proposals, then Ministers will take them away and come back with other proposals to fill that budget for that department. That is why we say it is in principle because Members will be involved in the detail and we take responsibility for bringing it back if Members do not like that detail in due course. The other issue that has been very controversial during this debate is the health charge. I understand why Members have found that difficult. It was Senator Ozouf that mentioned Dame Kate Barker's review of health funding in the United Kingdom. That was so difficult - hear this, it has never happened in Jersey before - the report was put on the shelf and probably it was moved quietly from the shelf to a bin because it was difficult to do. Facing up to the challenges that are appearing in healthcare and the ageing demographic is not easy while at the same time trying to balance our budget. I have said and I accept that the detail is going to take longer than we had initially envisaged and we will follow the same process that the Department for Infrastructure has followed or will be following in bringing forward the detail. That is looking at a cap. It is looking at who will be affected further, although in the distributional analysis, of course, there are several pages looking at all of that. But we understand that Members find that difficult and, therefore, we will do further work and that will take into later next year. There are issues, as some Members have said, about the health insurance fund and how that would work together. There are issues about the hospital and that is why I say again that is an in principle decision that we will do more work on with Members, but it is important that we have a broadly balanced package and that Members have agreed to a broadly balanced package. That includes paragraph (c) because if it does not, then we are going to have to look at how we would fill that gap. The Scrutiny Panel when I have appeared before them - and I know the Minister for Treasury and Resources as well - have challenged us to say: "If you do not make the savings, then the first port of call should be a reduction in growth." There are no easy answers to this, no easy answers at all, but we must keep the package balanced. We must do that



because people outside of our community and outside of this Assembly look to see if we can make sensible, reasonable decisions, if we can present a balanced budget. If we do not present that balanced budget, we will have some explaining to do. I am coming to the end of what I want to say. In my opening speech, I welcomed the conclusion of the Fiscal Policy Panel and I welcomed their clear advice. We have a plan and we should stick to it. Some Members have indicated that by voting this plan down today or elements of it there will be no consequence. There will be a consequence. There will be a consequence, and that will be, as the F.P.P. said, bringing the uncertainty that we are surrounded by, undermining our strong foundation and saying to the world that we cannot tackle the challenges that we face, saying that we cannot present a balanced budget. The F.P.P. said to us we must avoid kneejerk reactions and ill-advised decisions, which would only add to the uncertainty which surrounds us.

[19:00]

This is a plan that deals with the uncertainties ahead. It delivers certainty, sustainability and stability and they, as I have said, breed confidence both here in our community and beyond. We should not put off decisions today that will become even harder in the future. This is a plan for our future. This is a plan that delivers investment that the most vulnerable in our community will benefit from, targeted investment, built on reform, restructuring, saving and spending to deal with the challenges of the future. I do not take any Member's vote for granted and I ask that no Member takes the vote of a colleague for granted, thinking that their vote does not matter. Every Member's vote matters. Like other Members have said, I ask Members to consider carefully before they make a decision if they are going to try to try and vote this budget down. **[Approbation]**

**Deputy L.M.C. Doublet:**

A point of clarification. I am not sure if the Chief Minister misunderstood when I was talking about the 1,001 days. I did praise the investment that was going into 1,001 days. It was education. Secondly, I wonder if the Chief Minister could respond, I asked in my speech for a commitment to some kind of discussions around the process of the M.T.F.P. between Ministers, Scrutiny and Back-Benchers so we can all reflect on how to improve the processes.

**Senator I.J. Gorst:**

Yes, I thank the Deputy for just reminding me of that. She is right and I tried to indicate that when I talked about perhaps there were too many numbers in there. Finding a way of working with Scrutiny Panels in advance of the lodging is something that we certainly I think should work on with Scrutiny. I am sure that the President of the Chairmen's Committee and I during our meetings can raise that issue, but it has been a difficult process to get to where we are today. There has needed to be changes along the way, but if we can work in that coordinated, collaborative way, then I think, yes, it could be improved for the future.

**The Deputy Bailiff:**

Chief Minister, how do you wish to take the vote?

**Senator I.J. Gorst:**

I do think that Members have indicated that they would like the separate paragraphs, so I am proposing (a) separately, (b) separately, (c) separately, (d) separately and (e) separately.

**The Deputy Bailiff:**

Very well. Then the first vote for the Assembly is on (a). Chief Minister, do you ask for the appel on these or do you wish to take ...

**Senator I.J. Gorst:**

If I may, Sir.

**The Deputy Bailiff:**

Yes, in which case the first vote is on whether or not the Assembly adopts (a) and the appel is called for. Assuming Members have returned to their seats, I ask the Greffier to open the voting.

<b>POUR: 29</b>		<b>CONTRE: 17</b>		<b>ABSTAIN: 1</b>
Senator P.F. Routier		Connétable of St. Saviour		Senator S.C. Ferguson
Senator P.F.C. Ozouf		Connétable of St. John		
Senator A.J.H. Maclean		Deputy J.A. Martin (H)		
Senator I.J. Gorst		Deputy G.P. Southern (H)		
Senator L.J. Farnham		Deputy J.A.N. Le Fondré (L)		
Senator P.M. Bailhache		Deputy K.C. Lewis (S)		
Senator A.K.F. Green		Deputy M. Tadier (B)		
Connétable of St. Helier		Deputy of St. John		
Connétable of St. Clement		Deputy M.R. Higgins (H)		
Connétable of St. Peter		Deputy J.M. Maçon (S)		
Connétable of St. Lawrence		Deputy S.Y. Mézec (H)		
Connétable of St. Mary		Deputy of St. Ouen		
Connétable of St. Ouen		Deputy L.M.C. Doublet (S)		
Connétable of St. Brelade		Deputy R. Labey (H)		
Connétable of St. Martin		Deputy S.M. Bree (C)		
Connétable of Grouville		Deputy T.A. McDonald (S)		
Deputy of Grouville		Deputy of St. Mary		
Deputy of Trinity				
Deputy E.J. Noel (L)				
Deputy S.J. Pinel (C)				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				
Deputy R.J. Rondel (H)				
Deputy A.D. Lewis (H)				
Deputy S.M. Wickenden (H)				
Deputy M.J. Norton (B)				
Deputy G.J. Truscott (B)				
Deputy P.D. McLinton (S)				

**The Deputy Bailiff:**

The next vote then is to be taken on paragraph (b). I ask the Greffier to open the voting.

<b>POUR: 36</b>		<b>CONTRE: 11</b>		<b>ABSTAIN: 0</b>
Senator P.F. Routier		Senator S.C. Ferguson		
Senator P.F.C. Ozouf		Connétable of St. John		
Senator A.J.H. Maclean		Deputy J.A. Martin (H)		
Senator I.J. Gorst		Deputy G.P. Southern (H)		
Senator L.J. Farnham		Deputy K.C. Lewis (S)		
Senator P.M. Bailhache		Deputy M. Tadier (B)		
Senator A.K.F. Green		Deputy M.R. Higgins (H)		
Connétable of St. Helier		Deputy S.Y. Mézec (H)		
Connétable of St. Clement		Deputy R. Labey (H)		
Connétable of St. Peter		Deputy S.M. Bree (C)		
Connétable of St. Lawrence		Deputy T.A. McDonald (S)		
Connétable of St. Mary				

Connétable of St. Ouen				
Connétable of St. Brelade				
Connétable of St. Martin				
Connétable of St. Saviour				
Connétable of Grouville				
Deputy of Grouville				
Deputy J.A.N. Le Fondré (L)				
Deputy of Trinity				
Deputy E.J. Noel (L)				
Deputy of St. John				
Deputy J.M. Maçon (S)				
Deputy S.J. Pinel (C)				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				
Deputy R.J. Rondel (H)				
Deputy A.D. Lewis (H)				
Deputy of St. Ouen				
Deputy L.M.C. Doublet (S)				
Deputy S.M. Wickenden (H)				
Deputy M.J. Norton (B)				
Deputy of St. Mary				
Deputy G.J. Truscott (B)				
Deputy P.D. McLinton (S)				

### The Deputy Bailiff:

The next vote then is on paragraph (c) and I ask the Greffier to open the voting.

<b>POUR: 23</b>	<b>CONTRE: 23</b>	<b>ABSTAIN: 1</b>
Senator P.F. Routier	Senator S.C. Ferguson	Deputy A.D. Lewis (H)
Senator P.F.C. Ozouf	Connétable of St. Mary	
Senator A.J.H. Maclean	Connétable of St. Ouen	
Senator I.J. Gorst	Connétable of St. Saviour	
Senator L.J. Farnham	Connétable of St. John	
Senator P.M. Bailhache	Deputy J.A. Martin (H)	
Senator A.K.F. Green	Deputy G.P. Southern (H)	
Connétable of St. Helier	Deputy of Grouville	
Connétable of St. Clement	Deputy J.A.N. Le Fondré (L)	
Connétable of St. Peter	Deputy K.C. Lewis (S)	
Connétable of St. Lawrence	Deputy M. Tadier (B)	
Connétable of St. Brelade	Deputy of St. John	
Connétable of St. Martin	Deputy M.R. Higgins (H)	
Connétable of Grouville	Deputy J.M. Maçon (S)	
Deputy of Trinity	Deputy R.J. Rondel (H)	
Deputy E.J. Noel (L)	Deputy S.Y. Mézec (H)	
Deputy S.J. Pinel (C)	Deputy of St. Ouen	
Deputy of St. Martin	Deputy L.M.C. Doublet (S)	
Deputy R.G. Bryans (H)	Deputy R. Labey (H)	
Deputy of St. Peter	Deputy S.M. Wickenden (H)	
Deputy M.J. Norton (B)	Deputy S.M. Bree (C)	
Deputy G.J. Truscott (B)	Deputy T.A. McDonald (S)	

Deputy P.D. McLinton (S)		Deputy of St. Mary		
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**The Connétable of St. Clement:**

Point of order. It is becoming habitual for Members to address the Chair remaining seated. Standing Orders are quite clear that when addressing the Chair Members should be on their feet.  
**[Approbation]**

**The Deputy Bailiff:**

Yes, thank you very much. Thank you for that observation, Chairman.

**Deputy J.A.N. Le Fondré:**

May I just seek clarification? That means status quo and it falls?

**The Deputy Bailiff:**

Yes, the status quo remains; therefore, it is not passed.

**The Deputy Bailiff:**

We come now to paragraph (d). I ask the Greffier to open the voting.

<b>POUR: 35</b>		<b>CONTRE: 12</b>		<b>ABSTAIN: 0</b>
Senator P.F. Routier		Senator S.C. Ferguson		
Senator P.F.C. Ozouf		Connétable of St. Saviour		
Senator A.J.H. Maclean		Deputy J.A. Martin (H)		
Senator I.J. Gorst		Deputy G.P. Southern (H)		
Senator L.J. Farnham		Deputy K.C. Lewis (S)		
Senator P.M. Bailhache		Deputy M. Tadier (B)		
Senator A.K.F. Green		Deputy M.R. Higgins (H)		
Connétable of St. Helier		Deputy S.Y. Mézec (H)		
Connétable of St. Clement		Deputy L.M.C. Doublet (S)		
Connétable of St. Peter		Deputy R. Labey (H)		
Connétable of St. Lawrence		Deputy S.M. Bree (C)		
Connétable of St. Mary		Deputy T.A. McDonald (S)		
Connétable of St. Ouen				
Connétable of St. Brelade				
Connétable of St. Martin				
Connétable of Grouville				
Connétable of St. John				
Deputy of Grouville				
Deputy J.A.N. Le Fondré (L)				
Deputy of Trinity				
Deputy E.J. Noel (L)				
Deputy of St. John				
Deputy J.M. Maçon (S)				
Deputy S.J. Pinel (C)				
Deputy of St. Martin				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				
Deputy R.J. Rondel (H)				
Deputy A.D. Lewis (H)				
Deputy of St. Ouen				
Deputy S.M. Wickenden (H)				
Deputy M.J. Norton (B)				

Deputy of St. Mary			
Deputy G.J. Truscott (B)			
Deputy P.D. McLinton (S)			

**The Deputy Bailiff:**

The last, we come to paragraph (e). I ask the Greffier to open the voting.

<b>POUR: 33</b>	<b>CONTRE: 12</b>	<b>ABSTAIN: 2</b>
Senator P.F. Routier	Connétable of St. Saviour	Deputy J.A.N. Le Fondré (L)
Senator P.F.C. Ozouf	Connétable of St. John	Deputy L.M.C. Doublet (S)
Senator A.J.H. Maclean	Deputy J.A. Martin (H)	
Senator I.J. Gorst	Deputy G.P. Southern (H)	
Senator L.J. Farnham	Deputy K.C. Lewis (S)	
Senator P.M. Bailhache	Deputy M. Tadier (B)	
Senator A.K.F. Green	Deputy M.R. Higgins (H)	
Senator S.C. Ferguson	Deputy J.M. Maçon (S)	
Connétable of St. Helier	Deputy S.Y. Mézec (H)	
Connétable of St. Clement	Deputy R. Labey (H)	
Connétable of St. Peter	Deputy S.M. Bree (C)	
Connétable of St. Lawrence	Deputy T.A. McDonald (S)	
Connétable of St. Mary		
Connétable of St. Ouen		
Connétable of St. Brelade		
Connétable of St. Martin		
Connétable of Grouville		
Deputy of Grouville		
Deputy of Trinity		
Deputy E.J. Noel (L)		
Deputy of St. John		
Deputy S.J. Pinel (C)		
Deputy of St. Martin		
Deputy R.G. Bryans (H)		
Deputy of St. Peter		
Deputy R.J. Rondel (H)		
Deputy A.D. Lewis (H)		
Deputy of St. Ouen		
Deputy S.M. Wickenden (H)		
Deputy M.J. Norton (B)		
Deputy of St. Mary		
Deputy G.J. Truscott (B)		
Deputy P.D. McLinton (S)		

**ARRANGEMENT OF PUBLIC BUSINESS FOR FUTURE MEETINGS**

**The Deputy Bailiff:**

Very well. The Assembly has previously voted to move the next items on the Order Paper to the next sitting, so I ask the Chairman to address the question of future business.

**2. The Connétable of St. Clement:**

In doing so, can I firstly pay tribute to the work undertaken during the past week or more by some of the unsung heroes of the Greffe? **[Approbation]** I am thinking particularly of the publications

editor and the print section, who have been inundated **[Laughter]** with late amendments and comments and have reformatted and produced all of the papers on our desks whether we wanted them or not. **[Laughter]** They ensured that matters were published to meet lodging deadlines even when they received them late most of the time. Sir, I wonder if, through you, I could ask the Greffier to pass on our appreciation to all of his staff who supported us during this epic debate. **[Approbation]** The matters for future business are as per the Order Paper, with the addition of the items which have been deferred from today, on 11th October. I would suggest that for 11th October, which includes an in-committee debate, we should allow at least 2 days for that.

**The Deputy Bailiff:**

Very well. Do Members agree to take the future business in the manner proposed by the Chairman? Very well, that concludes the business of this sitting and the States stands adjourned until Tuesday, 11th October 2016.

**ADJOURNMENT**

[19:10]