

## **2.10 Deputy G.P. Southern of the Minister for Social Security regarding payments under his temporary scheme for the ex-employees of Collas and Le Sueur:**

Would the Minister explain to Members why no payments under his temporary scheme for redundancy payments have been made to ex-employees of Collas & Le Sueur since they were made redundant 5 weeks ago and advise what steps, if any, he has taken to alleviate any hardship caused to these redundant workers, and to facilitate payments in the shortest possible timescale?

### **Deputy I.J. Gorst (The Minister for Social Security):**

Insolvency has not been declared in the case of Collas & Le Sueur and until it is I cannot consider claims from the former employees of that company under the Temporary Insolvency Scheme. The rules that I set out for the scheme were in accordance with Deputy Southern's proposition. Making compensatory payments to employees where a business is not insolvent would be contrary also to the States decision and would be open to public criticism. Other jurisdictions, including the U.K. and the Isle of Man, as well as the European Directive, require formal or legal insolvency proceedings to be instituted before an insolvency fund is evoked for the protection of employees. My officers have maintained contact with the former employees of Collas & Le Sueur since the date of redundancy. We have obtained copies of documents that will be required to support their claims for compensation, so that payments can be processed rapidly if the company does become insolvent.

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

Is the Minister satisfied that the scheme he has devised has failed in its first aim, which is to get redundancy payments in short order when the need is there to those made redundant in these sorts of cases, and does he accept further that in many cases it will take some weeks to establish insolvency procedures and that his system will fail to meet the prime aim of supporting redundant workers in the short term, as requested by this House?

### **Deputy I.J. Gorst:**

I am surprised at the terminology that the Deputy is using. He uses the term "redundancy payment". The scheme is not about redundancy payment, as he well knows. I am also surprised that he feels that this scheme has failed. He appears now to want to change the scheme when I have carried out the wishes of this House and carried out the request from his very own proposition. He now wants to change the terms of that proposition. I do not really feel that it is appropriate for me to start quoting back to the Deputy his own proposition. It most certainly has not failed. I have taken instruction from this House. I believe that the scheme that I have proposed is fair and reasonable. I have given a 4-week disregard. It is unfortunate that the Deputy feels that payment should be made somewhat instantly. That is never the case with situations of insolvency. They always take time because, dare I say to yourself, lawyers are involved; perhaps one for myself, accountants are involved. These things take time and that is right and proper, so the owners of businesses are given an opportunity to carry on trading because going insolvent or going en désastre is the last possible course of action that they should consider.

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

Will the Minister consider giving such assistance as is needed to these redundant employees to accelerate the process and ensure that the company is brought before the courts in insolvency proceedings, if necessary, assisting them with legal advice in order to do so, in order to accelerate this process?

**Deputy I.J. Gorst:**

I do not believe that it is for a government department to precipitate a company going into liquidation or going en désastre. I am quite surprised at the Deputy's suggestion that I should be helping with legal fees. It does not seem very many days ago that I stood in this Assembly proposing that very course of action with regard to the Woolworths employees and I was shot down in flames as being scurrilous, scandalous and many other such terms. In other words, I will not be.