

3.5 Deputy G.P. Southern of the Minister for Social Security regarding the delivery of insolvency benefit to support those made redundant as a result of insolvency proceedings:

Does the Minister accept that the delivery of insolvency benefit to support those made redundant as a result of insolvency proceedings should be prompt and does he consider that the administration of this benefit is capable of doing so in all cases?

Senator F. du H. Le Gresley (The Minister for Social Security):

I totally agree with the Deputy that the payment of insolvency benefit should be prompt. The purpose of the benefit is to deal with the immediate and unexpected loss of employment and to prevent hardship by providing payments much more quickly than would be the case if the former employees of insolvent employers have to make individual claims as creditors in an insolvency proceeding. I am satisfied that the benefit is achieving that aim. However, in administering the benefit, my officers must be sure that the employer has gone into administration, liquidation or receivership or has entered into an agreement or arrangement with creditors in Jersey or elsewhere. Also certain proofs have to be provided, usually by an insolvency practitioner, to ensure that the former employees are entitled to receive benefit. This can take longer in some cases than in others. The desire to provide prompt financial support does not mean that payments can be made to individuals before the necessary checks have been undertaken to satisfy the conditions set out in the law.

3.5.1 Deputy G.P. Southern:

I thank the Minister for that answer but ask him whether he finds it unsatisfactory that a company like Just Glass, which ceased trading some 7 weeks ago, making its employees redundant... those employees have yet to receive any redundancy payment at all.

Senator F. du H. Le Gresley:

I would direct the Deputy to my written answer to this particular question - question 18 - when I made it clear, of course, that statutory redundancy pay is the responsibility of the employer not the States. It is certainly disappointing that the directors of this company appear not to be taking their responsibilities seriously with regard to looking after the interests of their former employees but at the moment my understanding is that attempts are being made to contact the directors - albeit unsuccessful to date - and that the employees have lodged claims through the Employment Tribunal for money they say is owed to them.

Deputy G.P. Southern:

And does he find it satisfactory or unsatisfactory that this is the case?

Senator F. du H. Le Gresley:

The issue is really, is the company insolvent. It is not for the Minister or for the staff at Social Security to make that decision or conclusion. There are processes that have to be made and taken by a company in these circumstances and until those processes commence, the benefit is not payable.

3.5.2 Deputy G.P. Southern:

Accepting that this particular employer was obviously a scammer and a fraud, has ceased to trade and then skipped the Island, does the Minister intend to alter the law in any way so that those who have ceased trading fraudulently can be caught and redundancy payments can be made promptly for their employees?

[10:15]

Senator F. du H. Le Gresley:

I think it would be wrong for me to comment on the reasons why this company has ceased trading, even though the Deputy has come to his own conclusions obviously. Any suspicion of fraud is not a matter for a department or a Minister to be dealing with. It is a matter for the courts. It is unfortunate, as I said earlier, that the directors of this company are not taking their responsibilities seriously in relation not only to their staff and former employees but also to their creditors, and if anybody is listening to this debate today, perhaps they would search their conscience and contact their accountants or an insolvency practitioner in Jersey to get on with the insolvency proceedings.

Deputy G.P. Southern:

The question was ... Sir, if I may, the question has not been answered. The question was: is he prepared to do anything to change the law to get people like this who just cease trading and skip the Island?

Senator F. du H. Le Gresley:

The law, as the Deputy is well aware, is to provide insolvency benefit. To date we do not know if this company is insolvent. It is not impossible that the company directors could raise money to reopen the doors and commence trading. It is not, as I said before, for the Minister or the officers at Social Security to be making conclusions about whether a company is insolvent or not. We need to have proof provided through either an insolvency practitioner or an application to make the company *en désastre* through the Viscount's Department.