



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Wednesday, 31st October 2012

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Law Officer

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People's Deputies

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R. Domaille, A. H. Langlois, R. A. Jones

St. Peter Port North

Deputies M. K. Le Clerc, J. A. B. Gollop, P. A. Sherbourne,
R. Conder, M. J. Storey, E. G. Bebb, L. C. Queripel

St. Sampson

Deputies G. A. St Pier, K. A. Stewart, P. L. Gillson,
P. R. Le Pelley, S. J. Ogier, L. S. Trott

The Vale

Deputies M. J. Fallaize, D. B. Jones, L. B. Queripel,
M. M. Lowe, A. R. Le Lièvre, A. Spruce, G. M. Collins

The Castel

Deputies D. J. Duquemin, C. J. Green, M. H. Dorey,
B. J. E. Paint, J. P. Le Tocq, S. A. James, M.B.E., A. H. Adam

The West

Deputies R. A. Perrot, A. H. Brouard, A. M. Wilkie,
D. de G. De Lisle, Y. Burford, D. A. Inglis

The South-East

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M. G. O'Hara, F. W. Quin, M. P. J. Hadley

Representatives of the Island of Alderney

Alderney Representative B. N. Kelly
Alderney Representative E. P. Arditti

The Clerk to the States of Deliberation

J. Torode, Esq. (H.M. Greffier)

Absent at the Evocation

Miss M. M. E. Pullum, Q.C. (H. M. Comptroller)

Business transacted

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The Assembly adjourned at 5.35 p.m.

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States of Deliberation

*The States met at 9.30 a.m. in the presence of
His Excellency Air Marshal Peter Walker, C.B., C.B.E.
Lieutenant-Governor and Commander-in-Chief of the Bailiwick of Guernsey*

[THE BAILIFF *in the Chair*]

PRAYERS

The Greffier

EVOCATION

CONVOCATION

The Greffier: To the Members of the States for the Island of Guernsey, I have the honour to inform you that a meeting of the States of Deliberation will be held at the Royal Court House on Wednesday, 31st October 2012 at 9.30 a.m. to consider the items contained in Billets d'État Numbers XXI and XXIV, which have been submitted for debate.

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Future of Cour du Parc Statement by the Minister of the Housing Department

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The Bailiff: Members of the States of Deliberation, good morning to you all.

We will start this meeting's proceedings with a statement from the Minister of the Housing Department under Rule 8.

Deputy Jones.

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Deputy David Jones: Thank you, Mr Bailiff, Members of the States.

I am grateful for the opportunity to address you, to address the States, on the future of Cour du Parc.

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As Guernsey's only high rise block of flats situated in a prominent town location, Cour du Parc has attracted a considerable amount of media and political attention since the Housing Department took the decision that it could no longer be used as social housing for our core clientele, which are families with children and those over sixty-five.

25

The building was emptied over a period of time, with all its tenants being found alternative accommodation. It is a matter of public record that the property has been empty longer than I or any member of the Housing Board, past or present, would have liked. It has been tedious, in the sense that the whole process of investigation discussion between ourselves, the Guernsey Housing Association, Treasury and Resources, have been extensive and somewhat detailed.

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However, the purpose of this Statement is to look forward rather than back and I am, therefore, pleased to confirm that, after an extensive and exhaustive options appraisal, Treasury and Resources has agreed with us that the property should be refurbished rather than sold off.

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In reaching this conclusion, the Housing Department has been acutely aware of the diminishing availability of sites for housing development and, quite simply, it would make no sense, either financially or operationally, to miss the opportunity to bring 40 plus flats back into use, especially when the likelihood of being able to replace those flats elsewhere in the short term is pretty remote. By our calculations, refurbishment is about £3 million cheaper than acquiring land and developing replacement housing elsewhere.

Those Deputies with longer memories may be surprised at this decision, given that we were so clear, when it was empty, that the building was unsuitable to continue to be used as social housing. However this, as I have already said, was because the Housing Department's policy is to house families and older people, neither of whom was suitable to occupy a building, where the single antiquated lift seemed to be out of action more often than it worked and where the balconies posed a real risk to young children.

Although these issues and many others will be addressed as part of the refurbishment, it remains our firm position that Cour du Parc is not ideally suited to house families or older people. Instead, it is intended that the redesigned flats will provide one- or two-bedroom accommodation either for single people or couples on the Guernsey Housing Association's waiting list, or for staff in the employ of the States, or a mixture of all three.

Taking each of these in turn, unlike the Housing Department, the GHA provides social rental housing for single people and couples. Its waiting list has been growing year on year and currently stands at about 130. Therefore, Cour du Parc presents an opportunity to make some inroads into that list. In respect of staff employed by the States, HSSD in particular, our staff are in private sector properties that are hugely expensive to lease. We are, therefore, in discussions with HSSD at senior staff level about the prospects of HSSD relinquishing some of those leases and housing some of their staff in Cour du Parc, with its relative proximity to the PH being an added attraction.

No firm decisions have been made about the final mix of tenants for this building but, in our view and that of T & R, it is not necessary to do this now before we take the first steps to bring the building back into commission.

It will be implicit in what I have said already that the property will be transferred to the Guernsey Housing Association. For the benefit of new Members of this Assembly, this is not an unusual event, as it is a means by which to offset the development cost. In this instance, although it will need to be confirmed in due course, the GHA is confident that, unless dealing with car parking proves more expensive than first envisaged, it will not require any capital grant from the States. I will repeat that – there will be no capital grant to finance the refurbishment of this building from the taxpayer.

With the transfer of the property, the refurbishment can be fully funded by GHA's private borrowing facilities and repaid from the subsequent rental income of those units. Clearly, this represents extremely good value for the States: not only will the building be given a facelift with new cladding, but two new lifts will be provided. The under-used space in the communal areas will be incorporated into modernising these flats and, just as it does with all its projects, the GHA will also be investigating how to improve energy efficiency and the use of sustainable technology wherever possible in this refit.

Finally, I am sure you will be interested to know when this refurbishment will start and when the flats will be ready to be occupied. Given the significant planning and design work required to bring this building up to modern standards and, of course, the difficulties of working on such a restricted site, and notwithstanding the construction work going on next door, the GHA currently estimates a start on the site late summer next year, with a twelve to eighteen month construction period thereafter.

All of us are committed to bringing this property back into use as soon as it is humanly possible and, with a fair wind from the Planning Department, it will be done in a reasonable timeframe but I know the Environment Minister – and he does not know I am going to say this, though everything is crossed here – is as keen as anybody to get things moving, being an ex-Treasury Board Member and someone who knows the history of the building's appraisal and the need to bring it back into use as soon as we possibly can.

Thank you, sir.

The Bailiff: Members, I remind you that, under Rule 8, as recently amended, I now allow a period not exceeding fifteen minutes for questions to be asked within the context of the Statement. I remind you it is for questions, not for debate.

Yes, Deputy Brehaut and then Deputy Gollop.

Deputy Brehaut: Thank you, sir. Is it usual with Guernsey Housing Association developments to have, I think, seventy-five percent States tenants and twenty-five percent of those people on the GHA waiting list? Are we saying that the property is exclusively for the GHA, along with public sector employees, but other tenants exclusively from the GHA?

The Bailiff: Deputy Jones.

Deputy David Jones: At the moment, sir, yes, because the GHA are... their clientele, of course, incorporates people who are couples without children and single people.

The Housing Department at the moment is discussing with the GHA whether to have, actually, a single waiting list and, of course, the Housing Department is also looking at what we can do, in the future, to house couples and single people, as well. We do not have those properties available at the moment.

This is a good start, we believe, and the GHA already have those people on their list.

The Bailiff: Deputy Gollop and then Deputy De Lisle.

Deputy Gollop: I have got questions coming up on housing but I would ask the Minister...

I attended, as an observer rather than as a participant, one of the town centre workshops that Environment and Policy Council have been doing. There is a new vision for St. Peter Port and one point that arose was the possibility of that site being used in a different way for a combination of much needed social housing for the single homeless and a car parking facility to serve the need – I do have an interest because I live close to Cour du Parc but I do not have a car. Would it not be a strategic opportunity to co-ordinate a philosophy on the site so that one could maximise the potential for urban regeneration throughout the old quarter and surrounding areas?

The Bailiff: Deputy Jones.

Deputy David Jones: Possibly, but, of course, the urban regeneration of that site, I would suggest, would probably involve knocking it down and you will be left with an extremely small footprint, to do what? Build another high rise block, presumably?

The car parking is going to be challenging and that is one of the details that the GHA and Environment will be working closely together on. We are not sure how that is going to be reconfigured and that, as I said in my Statement, will depend on whether there is any grant at all – but, at the moment, there will be no grant going in.

I hear what you are saying but the regeneration of the site is to either refurbish what is there, try and find the car parking to fit around it, or knock it down and do something else. Treasury and Resources agree with us that that would not be the best use of this building at this time.

The Bailiff: Deputy De Lisle.

Deputy De Lisle: Can the Minister give assurance to local people on the housing list that they will not be disadvantaged and that they will be given first priority with respect to the leasing of that facility? The Minister did mention staff in the employ of States and I would just like to have assurance that, in fact, local people will be given the first priority of the accommodation when it is ready?

The Bailiff: Deputy Jones.

Deputy David Jones: Well, of course that part of the Statement is about whether we use this for some key worker housing and that is to do with trying to free up, or to allow HSSD to free up, some of the private leases they have got. It makes perfect sense that, given that this building is fairly close to the Hospital, that that option is available, so I cannot give you the assurance that it will be exclusively used for States housing tenants, no.

As I said to you earlier, the States housing mandate is to house families and older people. We have to do something about the huge numbers of single people and couples who, at the moment, have only access to private rental. At some point, this Island has to address that problem.

We are starting with Cour du Parc because we believe that is a building suitable for that. We are looking at other developments in the future, perhaps, where we can do more of that but I cannot give the Deputy an assurance that will happen because the GHA has its clientele of single people and couples who they need to find accommodation for and, at the same time, HSSD, working with other Departments, is trying to solve the problem of its key worker housing.

So I am sorry, Deputy De Lisle, I cannot give you that assurance.

Deputy De Lisle: That response will be disappointing to many people, sir, on the local housing list.

The Bailiff: Any other questions?

160 Deputy Fallaize, did you have a question?

Deputy Fallaize: Yes, please, sir.

Is the Minister able to confirm that the refurbishment of Cour du Parc was subject to a tender process which was won by the Guernsey Housing Association and, if not, how did the Department arrive at the decision to provide the property to the GHA?

165 Thank you.

The Bailiff: Deputy Jones.

170 **Deputy David Jones:** Well, because the GHA is our partner in providing housing in Guernsey, new housing and refurbishment housing.

The tender process will come when the GHA goes out to contractors: there is not another housing association. The States, certainly, – and I am sure the Treasury Minister will confirm this – would not find the money easily to refurbish that building. As we have done with all our other old estates and tired estates, that is the preferred option in the Corporate Housing Plan. It has been
175 for several years and it continues to be so.

The Bailiff: Yes, Deputy Gillson.

Sorry, Deputy Fallaize, do you have a supplementary question.

180 **Deputy Fallaize:** I was just wondering, yes, please... I was wondering whether the Minister perhaps believes that there may be merit in the future in having a tender process for site-specific developments and that may encourage the formation of another housing association which, I understand, would not be contrary to the strategic aims of the Department?

185 **The Bailiff:** Deputy Jones.

Deputy David Jones: Well, of course we could have another housing association; we could have several of them.

190 The problem you have got, then, is you have only got a certain amount of sites. You have got a housing association that has got a second-to-none track record of delivering on time, on budget and providing the kind of housing that the Housing Need Survey throws up.

Yes, we can look at having several housing associations. I am not promising that there will be any in the future and I am not sure we have actually got the volume of properties to go through another framework agreement to set up another housing association, on the same deal as we have
195 got with this one.

The Bailiff: Deputy Gillson.

200 **Deputy Gillson:** Sir, the Minister has confirmed that the main reasons for not using Cour du Parc was the balconies and the unserviceable lifts, neither of which relate to the four ground floor flats, so could he perhaps explain why those four flats have been left empty for so long?

The Bailiff: Deputy Jones.

205 **Deputy David Jones:** I can.

Part of the problem was that the wiring in the building was the original wiring, the central heating system had failed to work for some considerable time – and we are not going to repair the whole system just for a few ground floor flats.

210 The other thing is, as well, that we had problems with vandalism and all kinds of problems, which is what used to put the lifts out of action regularly. We wanted to secure the building, in which case we turned off the water, the electricity and the heating systems in order to do that. That is the truthful answer and that is it.

The building itself... all the tenants who were in the building were eventually re-housed and we were waiting for the appraisals to come back before we decided which way to move forward.
215

The Bailiff: Deputy Brehaut.

Deputy Brehaut: Thank you, sir.

Those people in real housing needs do not have the income that enables them to live in a GHA

220 development. Can the Housing Minister tell us when we will see the Housing Department build houses for people who are in real housing need, please?

The Bailiff: Mr Jones.

225 **Deputy David Jones:** The Housing Department has worked in partnership with the Guernsey Housing Association to do all new developments. What would be the point in the States setting up another house building programme and where would we build these houses? There is one area of land that is given over to the GHA.

230 The benefits of the States not doing it, of course, is that we do not get any future maintenance costs. If we build them, we have ongoing maintenance costs, year in, year out, in order to keep those buildings up to scratch. The GHA maintain all of the new buildings themselves at no cost to the taxpayer at all. I do not know of a better deal around than that one.

235 **Deputy Brehaut:** Finally, sir, is the real issue here not the Housing Department's eligibility criteria. If they change that eligibility criteria and use the corporate housing programme, they could provide new homes for people in housing need?

The Bailiff: Deputy Jones.

240 **Deputy David Jones.** That is true and the eligibility criteria are being looked at at the moment, but how cruel would it be if we opened up the list and said 'Yes, we will have single people and couples. You can all come onto our list'. Where is the land, Deputy Brehaut, to build all these houses? Where are the sites? Where is the money going to come from?

245 We have to do this in a corporate programme, working with Environment on the land use issues and at a measured pace. That is what we are trying to do. It would be very easy to say 'Yes, you can all join a list and you can sit there for years and years and years on that list, in the forlorn hope that you will eventually get a house...' We cannot do that and it would be cruel, in my estimation, to ask people to do that.

250 We are working in a measured way. The corporate housing programme, I think, has been hugely successful. There are several Deputies in the room who believe that they could do, or we could do, it better. I disagree with them. I think the evidence is there for everybody to see that, actually, social housing in Guernsey has improved beyond all recognition in the last few years.

255 **Deputy Brehaut:** Just a point of information, sir. Deputy Jones posed a question.

The Bailiff: Is this is a question under the Rules. Under the Rules, only questions are permitted.

260 **Deputy Brehaut:** Well, can I raise a point of frustration, sir, under the... *(Laughter and interjections)*

The Bailiff: Mr Procureur?

265 **The Procureur:** The thing is, this is not a debate.

The Bailiff: It is not a debate, exactly.

The Procureur: A point of information can be raised in a debate and this is not a debate.

270 **The Bailiff:** Exactly. Thank you, Mr Procureur.
Are there any further questions?
No? Then, in that case, we will move on to Question Time proper.

275

Questions for Oral Answer

HOUSING DEPARTMENT

280

**Housing Needs Survey
Fulfilling the need for new housing units**

285 **The Bailiff:** The first question is from Deputy Gollop to the Housing Minister.
Deputy Gollop.

Deputy Gollop: Yes, sir.
I ask these Questions partly as it is a new States but the answers are very long, unfortunately.
290 How well is the current Housing Department Board – the new Board – able to fulfil the need for the quantity of housing units annually the Housing Needs Survey specified and what are the principle barriers to implementation of the plan, which may include inter-departmental issues?

The Bailiff: Deputy Jones to reply.

295 **Deputy David Jones:** Thank you, Mr Bailiff.

Members of the States, I understand, from conversations that took place after these Questions were submitted, that Deputy Gollop is essentially asking for a progress report on the Housing Department's efforts to modernise and expand the Island's stock of social and specialist housing. I am happy to oblige even if, given the nature of the Question, I cannot give a series of short snappy
300 answers – which is unusual for me.

At the outset, however, I would remind Deputy Gollop that, as previously announced, the Department plans to take three inter-related Reports to the States in the Spring. These Reports will focus on the result of the most recent Housing Needs Survey, the need to release one or more of the housing target areas and the housing development programme for the next five years.
305 Therefore, what I am about to say is, in some respects, an illustration of what is yet to come.

In his Question, Deputy Gollop mentions the Housing Needs Survey which the Housing Department carries out every five years. The Survey which identifies housing needs across all housing tenures is an important tool for us, as it informs all aspects of our policy work and is of huge importance in terms of helping to set the stage of strategic target for the creation of new homes. The Department expects to publish the results of the latest Survey shortly.
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In the meantime, our current five year social housing development programme, which is reaching the end of its run and which I am about to come to, is based on the result in the 2006 Survey. Back in 2006, the Survey identified the need to provide, on an annual basis, an extra 30 units of social housing and an extra 50 units of so-called 'intermediate housing'. Intermediate housing incidentally is intended for people who can afford to pay more than social housing tenants but would struggle with a full mortgage; in Guernsey terms, this is basically the partial ownership scheme.
315

The Housing Department reduced the social housing target from 30 units to 20 units to reflect the fact that tenants' reviews were leading to reallocation of pre-existing properties that would otherwise have been unavailable for letting. Even allowing for that adjustment, the Survey was suggesting that the Island needed an extra 100 units of social housing over the next five years, plus an extra 250 homes in the intermediate market.
320

I will talk about social housing first and then the partial ownership scheme.

In December 2007, the Housing Department presented to the States a five year social housing development plan which, among other things, would enable it to complete the rationalisation of its housing stock, address the replacement of the last of its estates, that were clearly uneconomic to retain and refurbish, increase the size of the social housing stock to meet the needs identified by the 2006 Survey and continue to provide a supply of partial ownership properties that provide alternative tenure choice for first time buyers. The Department made it perfectly clear that it would be working in partnership with the Guernsey Housing Association, who would develop the old housing estates and build new housing up to modern standards.
330

Back in 2007, the GHA had 168 social housing properties on its books and today, as we reach the end of the five year plan, that number has increased to 316. That is an extra 148 homes. Of course, I am not saying that of all the social housing across the Island has increased by precisely 148 properties. As I have said, it has always been the plan that some of the new GHA homes would replace the tired old States properties of the past and there have been some unforeseen reductions, of course, in the Housing Department's stock.
335

Back in 2007, for example, the then Housing Board could not have foreseen the need to close down the 42 flats at Cour du Parc but reconfiguring old estates by demolishing and replacing old stock has always been a fundamental plan for the Social Housing Development Programme and, of
340

course, is an integral part of the overall Corporate Housing Programme, as Deputy Gollop will know, as he sat on the Housing Board at the time when that strategy was discussed. In addition, building smaller units of accommodation has allowed the Department to move tenants from our under-occupied larger family homes, that are desperately needed by those on the waiting list, into more appropriately sized accommodation. Also the Department's policy of asking tenants who no longer qualified for States housing to vacate our properties – these are the high earners that we spoke of before – has, in recent years, freed up another 139 homes, so nearly 140 homes have been freed up just under that policy alone.

Even allowing for the loss of some social housing in the early stages of the development programme, I would not hesitate in the slightest to call the GHA's construction programme a real achievement. As a result of the development programme, the Island now has more modern energy efficient social housing than it has ever had before and, of course, the redevelopment programme is by no means over. In the next few weeks the 24 flats at the state-of-the art Le Clos de Barbier development will be allocated to older people, some of whom who would otherwise become reliant on more expensive residential care. Also, next year we will see the final completion of the development of the old Grand Bouet site, with a further eighteen homes being added to the Island's stock of new social housing, all of them built to lifetime standards, with the same energy values of the first phase.

By Christmas 2014, including the extra care flats and the partial ownership, the Guernsey Housing Association will be managing 746 units of housing, an extra 578 over eight years. But, of course, no future maintenance costs to these properties are to be borne by the Guernsey taxpayer and that is a really important point.

I will now talk briefly about the Partial Ownership Scheme. The Housing Department seeks to provide the Island with intermediate housing through the Guernsey Housing Association's Partial Ownership Scheme, where middle income households can purchase between 40 per cent and 80 per cent of a property, in exchange for paying a smaller mortgage or a reduced rent. Since the latest Housing Development Programme began in 2007, the GHA has provided 88 new partial ownership properties.

The Department has, in fact, fallen short of the 250 properties that the last Housing Needs Survey suggested was required. However, one of the reasons for the shortfall is that the Housing Department's decision, when agreeing the mix of properties on new developments to create more social housing was, of course, at the expense of partial ownership properties. This decision has been taken because of the pressing need for more social housing, particularly smaller units of housing above which was originally envisaged, which is really answering Deputy Brehaut's previous question, what are we doing?

That said, the GHA will produce a further 50 partial ownership properties as it continues with its current build programme and an average of 30 per cent of the new developments will be given over to the tenure of this housing. So I want to assure Deputy Gollop and the rest of the States that the Department remains committed to providing more of this extremely popular and essential form of housing.

Quickly, before moving on to the second Question, Deputy Gollop asked what are the principle barriers for the implementation of the Housing Development Plan? He then invites me to talk about any inter-departmental issues that have delayed progress. I am pleased to report that, while there are certain logistical challenges involving organising large scale housing developments, particularly when the land to be developed has been used in the past for other purposes, other Departments – in particular the Environment Department and Treasury and Resources – are wholly supportive of the Housing Department's efforts and I welcome the opportunity to put the Department's thanks to those two Departments on record today.

I can, however, flag up a more general area of concern – and it should come as no surprise to anybody who has heard me respond to variations of Deputy Gollop's questions put to me in the media – that the principle barrier to fulfilling the next five year development plan is the current limited availability of land. However, I will talk about this in more detail and about the need, potentially, to seek the release of one or more pre-designated housing target areas when the Reports come back early in the Spring. Suffice to say that we are working closely with Environment in preparing each of these Reports. We are also hopeful that the FTP property project will identify some States land holdings that can be redeveloped to meet the ongoing social needs.

Thank you, sir.

Deputy Brehaut: Sir.

Alderney Representative Arditti: Sir.

The Bailiff: Deputy Brehaut was on his feet first.
Deputy Brehaut, you have a supplementary, do you?

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Deputy Brehaut: Thank you, sir.

May I just say before I... I will write to SACC because this is a Q & A and we have had a six minute speech which you would find in a debate, sir – which you referred to earlier – but can I ask, the Housing Needs Survey demonstrates that we have missed the target fairly significantly: would the Minister explain why the Housing Needs Survey did not include people living in guest houses, people living in lodging houses, people living in hotels or people living in winter-let, which means that the Housing Needs Survey is out by a further approximately, conservatively, 250 people in real housing need? Why do they not appear on any Survey that the Housing Department have carried out?

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Deputy David Jones: Well, I would have to read the Survey again in detail to see whether that is actually true.

I think the Survey is one that we do every five years. It is set up in order to ascertain what the demand for housing will be across the Island in the coming five years and the answer to that question I will get for Deputy Brehaut from the staff and we will write to him with that detailed answer, if he wishes. But, I cannot stand up here, without having the Survey in front of me, to go through to answer that question.

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Deputy Brehaut: Thank you, sir.

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Could the Deputy not confirm that he was in the room when I asked the person who compiled the Survey, ‘Were lodging houses and hotels factored into the Survey?’ – the answer to which was ‘No, they were not’ – and the Minister was in the room at that time, sir?

Deputy David Jones: Yes, I do agree that was the question you asked and I do agree that was the answer you were given, (*Laughter*) but there is other information in the Survey that we believe will indicate the type and style of housing that we will need in the future and those numbers and that will include people who are living in the private rental sector who will, of course, come onto those lists eventually.

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The Bailiff: Alderney Representative Arditti.

Alderney Representative Arditti: Thank you, sir.

I would like to give the Minister, if I may, the opportunity to answer *this* question. Notwithstanding that Deputy Brehaut has indicated he will be writing to SACC, I would invite him to write to Scrutiny as well, and my question is this. In the light of the comments made by the Deputy Bailiff at last month’s meeting about succinct replies to questions, I wonder whether the Minister feels that his reply – which I am reliably informed, by my timekeeper on the right, exceeded ten minutes – was, in his view, a succinct answer to Deputy Gollop’s question.

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The Bailiff: Deputy Jones, can you answer that succinctly.

Deputy David Jones: Of course, it was not. I was asked to answer the question. If you want succinct replies, then I am afraid I do not do that! If you ask me a question – (*Laughter*) Well, I’m sorry, if you ask me a question, the sort of detailed question that Deputy Gollop asked, about housing, then you are going to get chapter and verse on where we are with it.

450

I did say earlier – and I think Deputy Gollop was aware of this when talking to my Chief Officer – that there are three Reports coming to the States. Deputy Gollop at that time had the opportunity to either submit the questions via Rule 6 or wait for those Reports, which contain much of the information I have given today. He chose not to do that. But it is no good beating up the Minister because you are getting answers that are taking slightly longer than are comfortable for all of you.

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The Bailiff: Deputy Gollop, do you have a supplementary question?

460

Deputy Gollop: Yes, the point I was homing in on was not the excellent work done on partial ownership or the GHA – which I accept has been high quality – it would be: how is the Department managing the increased number – as I come across as a disabled people’s champion –

465 of single people with social problems, addiction problems, possibly mental health and behavioural issues, who are finding it difficult to find affordable accommodation, given the apparent downturn in the number of lodging houses, guest houses, and hotels that cater in that sector? Are there constraints set there by the Environment Department in terms of planning, health and safety and other departmental considerations.

470 **The Bailiff:** Deputy Gollop, your next question sort of relates to people in vulnerable situations. Would you like to ask that question and then maybe Deputy Jones can cover both in his answer.

Deputy Fallaize: Sir, I have a supplementary, though, to the answer arising out of Question 1.
475 Can I just ask the Minister two questions. One is can I ask the Minister to bear in mind, despite the reply he gave to Alderney Representative Arditti, that there is a 30 minute limit on Question Time and that requires Ministers, as well as those asking Questions, to at least demonstrate a degree of brevity. Also, can the Minister please advise the States exactly how far short of the demand identified in the last Housing Needs Survey was the Housing Department, because he spoke about figures of 250, which I think is units per year? So could Deputy Jones please give us
480 the exact figures for how far short the Housing Department has been?

The Bailiff: Deputy Jones.

Deputy David Jones: I have got the answer here somewhere; it was in my original answers.
485 The Survey was suggesting that the Island needed an extra 100 units of social housing over the next five years plus an extra 250 homes in the intermediate market. That is what the survey in 2006 suggested and the answer on the numbers we fell short was – I will have to go through the speech again and find it, sir... It is very difficult to do it. You cannot expect me to remember all these figures, Deputy Fallaize, and if you had been paying attention when I gave you the original
490 answer, *(Laughter and applause)* you would not have had to ask me again.

The Bailiff: Through the Chair, please, through the Chair.

495 **Deputy Jones:** Through the Chair, sir, *(Laughter)* if Deputy Fallaize –

The Bailiff: You have made your point.
Deputy Queripel, you have a supplementary.

500 **Deputy Fallaize:** I am pleased the Minister is so well across his brief but can he just advise the States – it is clear that, whatever the exact figure is, there has been a significant shortfall – does the Minister believe that the present model, whereby new houses are built by the Guernsey Housing Association *only* in respect of social needs housing, will ever be able to meet the housing demands of the Island and, if so, when?

505 **The Bailiff:** Deputy Jones.

Deputy David Jones: We believe that the GHA model that we have got, and the framework agreement that we have got, is meeting the needs *as far as* the land is available for us to build more housing.

510 The housing need in this Island will be determined by us finding sites to address the problem and one of the ways of the GHA addressing the problem is through their own borrowing facilities, rather than the States trying to find the money to do it. That is where your real restriction will come, if we did not have the GHA. I would suggest to Deputy Fallaize that very little of what we have got before us today would be there if it had not been for the model that we have adopted
515 because the States would not have been able to find a huge amount that the GHA have already got on their facility. We would not have found a fraction of that money to do the job.

So the answer to your question is, is the land available to do it? And if there are more brownfield sites – which is why we want the Property Services Department to quickly identify sites that are in States ownership – that are no longer suitable for other purposes, as to whether
520 Housing can have those sites in order that we can build more and more housing for the needs of the people of this Island.

The Bailiff: Deputy Laurie Queripel.

525

Deputy Laurie Queripel: Thank you, sir.

I, like many other Members of the Assembly, applaud the excellent and ongoing work of the corporate housing programme, but does the Minister of Housing truly believe that the correct decision has been made in putting the social housing building programme on hold in order to progress the extra care facilities, bearing in mind that, although the residents of these facilities were not accommodated in the most ideal of conditions, they were, in fact, accommodated, whereas some of the people on the waiting list for social housing are in dire circumstances? Should it not have been the other way round, sir?

530

The Bailiff: Deputy Jones.

535

Deputy David Jones: The social housing programme has not been put on hold.

The social housing (*Interjection*) programme continues to go on and the extra care housing is another part of the corporate housing programme which is trying to cater for the demographic problems we have got and are facing in the future. So the social housing building programme is still going on. The Brock Road is the next phase, we are still working with Environment to find other sites so the social housing has not been affected, in my view, by the extra care housing.

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Deputy Laurie Queripel: Sorry, sir, I am just going by comments in the *Press* yesterday made by somebody, I think, to do with the Housing Association or the Housing Department.

545

Deputy David Jones: In terms of Civil Service time in finding and identifying other sites quicker, we had to use some of that Civil Service time to get the extra care housing under way. So you could argue that staff time has been split on those two tenures but the social housing building programme has not been affected by that. It is the investigation of future sites, if anything, that has.

550

The Bailiff: Deputy Gollop, do you wish to ask your next Question? (*Interjection*)

I think we are in danger of getting into a debate. This is Question Time.

Is this a genuine supplementary question arising out of the answer given to the first question by Deputy Fallaize?

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Deputy Fallaize: Yes, but the answer, sir, was so long – and that is the danger with long answers.

560

The Bailiff: Yes.

The Procureur: That is the issue, sir.

I was thinking that but then practically anything could arise out of that answer. That is the trouble.

565

The Bailiff: Yes.

Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

570

Can I just ask Deputy Jones to explain his latest comment that the extra care building programme has not in any way affected the other forms of social house building because the States made a very large capital grant for the extra care facilities. Now, would he not agree with me that, had the States not made that money available for extra care facilities, it may have been available for other forms of social house building?

575

The Bailiff: Deputy Jones.

Deputy David Jones: Sir, the Fund is healthy enough to do both.

The fact of the matter is that there are, sort of... I cannot understand the reasoning behind some of Deputy Fallaize's questions because, on the one hand, he is saying that the States should be doing it for themselves, which would deplete that Fund in any time very soon and, on the other hand, he is saying that because the GHA, who borrowed the majority of money to do the social housing building programme and, incidentally, a huge chunk of the extra care housing, has somehow affected the social house building programme. The two are *not* related. There is money

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585 in the Corporate Housing Fund to do the social house building programme. The problem – and what we do not have in the Corporate Housing Fund – is the land.

So the Corporate Housing Fund currently stands, even after the extra care housing is going to be paid for will stand, around £50 million. So it is not the money to build the housing, it is the fact that we do not have the land at the moment, or the site, to do it. We have sites that are being built on and, as I say, Brock Road, the Old Grammar School, is the next phase of that. So it is going on now.

595 **Shortage of affordable housing
Impact on re-offending rates**

The Bailiff: Deputy Gollop.

600 **Deputy Gollop:** Yes. My question was phrased –

Recently BBC Guernsey carried a feature where a reporter – I think it was Helen Bowditch – interviewed a senior figure with the UK Prison Reform Trust. They suggested that re-offending rates *can* be affected by a shortage of affordable housing – at least in England. How can the Department ensure that unscrupulous private landlords do not take advantage of people in vulnerable situations?

605 My question was phrased in view of the timely action, I think, of the Director of Environmental Health and Pollution Regulation in cutting down on inappropriate lodging establishments in the longer term.

610 **The Bailiff:** Deputy Jones.

Deputy David Jones: Thank you, Mr Bailiff.

I presume that Deputy Gollop is talking about the unscrupulous landlords taking advantage of people in vulnerable situations by charging unaffordable rents or not keeping the property in a habitable condition, presumably in the expectation that the tenant will have no alternative housing option so will be forced to remain there.

615 Firstly, protecting vulnerable tenants – in other words, protecting the vulnerable people who happen to rent privately – is not the sole responsibility of the Housing Department. Other Departments, such as Health and Social Services and Social Security also have major roles to play in that. I know that officers from all three Departments regularly liaise with each other, in connection with, particularly, vulnerable individuals, to ensure that the States as whole does what it can to protect them.

Secondly, Deputy Gollop talks about ‘affordable housing’. Often this is used as another word for social housing, but the two are not always the same thing. In order to avoid having to build hundreds and hundreds of extra units of social housing – a very expensive option, particularly with suitable land becoming scarce – there has to be a way for people on low incomes to be able to afford to live in decent *private* rented accommodation. This is why the Housing Department supported fully and, indeed, was instrumental in helping to shape, elements of the welfare reform proposals put to the States by the Social Security Department in March this year. These proposals talked about the introduction of a maximum rent allowance. One of the benefits of such an allowance was that benefit claimants would be able to calculate how much they could afford to pay in rent – something that would make it easier for them, in theory, to look around for better quality accommodation. I will not dwell on that particular point, other than to say that adequate Income Support through the benefits system is, in our view, a prerequisite for a basic decent standard of living.

635 Thirdly – and, again, this is something of an insight into what is to come – the Department is reviewing its eligibility and allocations policy to make sure that single people who are currently ineligible to move into States’ housing have more opportunities to move into low-cost good quality housing. In this regard, we intend to bring a Report to the States next year.

640 In terms of the standard of some private rented accommodation, the Housing Department is working closely with the Office of Environmental Health and Pollution Regulation to review, update and introduce new local housing legislation in light of concerns about properties that fail to meet basic quality standards. Despite a lot of detailed research, this process is at an early stage, but a Report will be brought to the States in due course.

645 Finally, if Housing staff take in an application from someone living in private rental housing

and are concerned as to that person's welfare... If, for example, they think that the applicant is being taken advantage of by their landlord, they will advise the applicant of their rights and, in some cases, staff will seek the involvement of other agencies for further support.

650 As you can see from the time I have spent on my feet, Deputy Gollop's questions did not lend themselves to brief black and white answers.

In closing, I would reiterate that much of what I have spoken about today will be addressed in more detail in a number of States Reports that the Housing Department is planning to bring forward in 2013.

655 **The Bailiff:** Deputy Gollop.

660 **Deputy Gollop:** I appreciate, as a Member of the Social Security Board under our able Minister, the work that the two Boards are beginning to do together and the way Social Security has a significant role here. But what I am asking for is, is the new Housing Board working at expanding the eligibility criteria to include people who need rehabilitation and other people who would be regarded as socially excluded, in order to ease the opportunity to acquire accommodation that is both of reasonable quality and of reasonable cost?

665 **The Bailiff:** Deputy Jones.

Deputy David Jones: Yes, of course. Some of that has already been addressed.

If you take the old bus garage site, for instance, several of the ground floor units there were passed over to people with disabilities, and that is right and proper.

670 Also, I would add that all new GHA properties are all built to a disability compliance standard. In other words, the wider doorways and all that are all built-in as standard, simply because retrofitting properties at a later date is very expensive.

675 But if I can just say again to Deputy Gollop that, if the Department is aware of any people who are vulnerable because of a medical conditions or disabilities, we do what we can to liaise with other Departments to make sure that they are helped in every way that they can be.

The Bailiff: Deputy Brehaut.

Deputy Brehaut: Finally, very quickly, sir.

680 I placed an amendment, along with Deputy Langlois, in the last term that narrowly missed out and the Minister at the time said they would look at emergency housing.

Is the Minister in a position to assure the House that the Housing Department will revisit emergency housing, bearing in mind the real needs some people have at the moment?

685 **The Bailiff:** Deputy Jones.

Deputy David Jones: This current Housing Board has looked at emergency housing in one of its meetings and we cannot see any places that have not been dealt with by Housing when they have come along. If you want Housing to have a group of housing that is sitting there empty, waiting for people who are in emergency to come up, then we cannot do that.

690 We recently helped a family who found themselves in a very difficult position after a fire. We managed to house them very quickly. We have said all along that emergency housing in that regard is unnecessary as Housing does what it can when these issues arise, and that is the proper way to use housing, rather than have units of accommodation just sitting empty in the hope that, perhaps, you will have one available when one is needed.

695 Thank you.

700 **Continuation of Question Time**
Agreed by Members

The Bailiff: Members of the States, this brings us to the end. It is now just over 30 minutes since we started Question Time. It is an unusual situation, where just one set of Questions has occupied the whole of the half hour.

705 Under the Rules I have a discretion to postpone dealing with the Questions that have not yet been disposed of and there are number from Deputy Dorey to the Chief Minister, Deputy Fallaize

710 to the Chief Minister, Deputy Hadley to the Chairman of the States Assembly and Constitution
Committee and Deputy Bebb to the Minister of Treasury and Resources Department. The
indication I have had is that the answers to those Questions will all be somewhat more concise
than the answers to the Questions that we have already heard; but, nevertheless, I estimate it could
take another 20 to 30 minutes.

715 Rather than take the decision myself, I am going to put it to the Members of the States as to
whether you wish to continue with Question Time or whether we postpone it. It would be
postponed until later in this meeting – I suspect maybe some time tomorrow or perhaps even on
Friday.

So the proposition I am going to put to you is that we continue and that we complete all the
Questions that have been posed to Ministers.

Those in favour; those against.

720 *Members voted Pour.*

The Bailiff: In that case, we will continue.

Deputy Dorey, you have questions for the Chief Minister.

CHIEF MINISTER

Population Bulletin Possibility of quarterly publication

730 **Deputy Dorey:** Thank you, Mr Bailiff.

735 The question is about the publication of a Population Bulletin. The Retail Price Index for the
residential property prices, inflation outlook and labour market bulletin are all published quarterly,
but the Population Bulletin is published annually.

As the States has a population policy and the population level is part of one of the five States'
objectives in the States' Strategic Plan and the population data is available quarterly about nine
months after the end of the quarter, can the Population Bulletin be published quarterly in future so
that States Members have the most up-to-date information?

740 **The Bailiff:** Chief Minister, Deputy Harwood.

745 **The Chief Minister (Deputy Harwood):** Mr Bailiff, Members, the Policy Council shares
Deputy Dorey's view that statistical bulletins by the Policy Council's research station should,
where possible, be produced and published at intervals that reflect the variation of movement of
the information being published.

By way of example, inflation is measured quarterly, because that is seen as a minimum
pragmatic response that can be achieved in a jurisdiction of our size, compared to the monthly
reporting carried out by large countries.

750 In respect of the Population Bulletin, given the seasonality of population levels, annual
reporting is considered to be the most logical interval and is, indeed, a fairly common international
approach.

755 Deputy Dorey is quite correct in stating that information is only available with a nine-month
time delay, which does lead to some confusion at the time of reporting and it has to be explained
that the information is historic.

The Policy Council is always seeking to improve the quality and frequency of its reporting but,
in relation to population, it is also felt that quarterly reporting of this historic data, which is subject
to seasonable change, would potentially be open to high levels of public misunderstanding and
confusion.

760 In the short-term, therefore, I cannot, unfortunately, give Deputy Dorey any assurance that we
will be in a position to publish quarterly information.

The Bailiff: Deputy Dorey.

765 I should say, are there any supplementary questions arising?

Deputy Dorey: Yes, I have got three supplementaries.

The Bailiff: Yes. Right. (*Laughter*)

770 **Deputy Dorey:** As the fourth principle of good governance is taking informed transparent
decisions and managing risk, does the Chief Minister agree that, if the Policy Council has
information as important as population numbers, but refuses to release it to other States Members
and the people of Guernsey, that Government cannot make informed decisions with the latest
775 information and comply with the fourth principle?

The Bailiff: Deputy Harwood.

The Chief Minister: Sir, I am not aware that the Policy Council is privy to any additional
780 information on policy movements than that which is available to the public.

The Bailiff: Deputy Dorey.

Deputy Dorey: Sir, he just said that he agreed with me on the answer to the first question, that
785 the information is available quarterly.

My second supplementary is, does the Chief Minister share my concern that it is somewhat
disparaging to the public and States Members to claim that there will be 'high levels of
misunderstanding and confusion' because historic data would be subject to seasonal change? Does
he believe that most people would be perfectly capable of interpreting the data sensibly?

790 **The Bailiff:** Deputy Harwood.

The Chief Minister: As I explained in my initial response, the problem is that the information,
when it is made available, is nine months late and, therefore, it is in that context that I think it is,
795 arguably, confusing for members of the public.

The Bailiff: Deputy Dorey.

Deputy Dorey: As I said, the public would be perfectly capable of interpreting that sensibly.
800 Does the Chief Minister agree that the Policy Council's answers may give rise to concerns
about the *independence* of statistical information; and, if so, does he agree that the Policy Council
should send the case for statistical information to be issued by a body *independent* of the Policy
Council and States Departments?

805 **The Bailiff:** Deputy Harwood.

The Chief Minister: I can see some sense in Deputy Dorey's comment.
It is not a point on which I have previously given any consideration, but I am happy to take it
back to the Policy Council if he wishes me to do so.

810

Rolling electronic census Update on progress

815 **The Bailiff:** Deputy Harwood.

The Chief Minister: Bailiff, Members, I am happy to confirm that the rolling electronic
census project is due to progress through the final stages of the Capital Projects Gateway Review
Process before the end of this year.

820 We have also completed market testing of potential providers of a technological solution to
meet the needs of the project.

A formal tender process will commence early in the New Year and the Policy Council is on
track with the originally anticipated 2014 delivery date.

825 As the project objective is to electronically collate and analyse socio-demographic information
consistent with that historically produced by paper census, it is necessary to revise the existing
States Ordinance, effect a new approach and comply fully with data protection issues. With this in
mind, a Report is planned for submission to the States in the first quarter of 2013.

830 **The Bailiff:** Any supplementaries?
Yes, Deputy de Lisle.

Deputy De Lisle: Thank you, sir.
The results of the 2011 census are now available in the UK, Jersey, Isle of Man, Canada and a lot of other jurisdictions but my enquiries show that we do not have *basic* numbers on parish totals and will not have numbers on a host of areas that we are accustomed to, that appear in the past censuses. So I would like to ask the Chief Minister, would the Chief Minister, through the Policy Council, consider a census being taken in the year 2016, this term, to ensure that we have comparative numbers for planning here in Guernsey and for comparisons with other jurisdictions, such as Jersey and the Isle of Man and further afield?

840 **The Bailiff:** Deputy Harwood.

The Chief Minister: Sir, I will take a note of that question.
My only comment would be that the previous States did resolve to move to a rolling electronic census and I suspect, but I cannot confirm, that there would be considerable cost implications if we were to do a further paper census in 2016.

The Bailiff: Deputy Dorey, your third Question.
Sorry, Deputy De Lisle, do you have another supplementary arising?

850 **Deputy De Lisle:** I was just wanting to express the frustration of many –

The Bailiff: Is this a question or –

855 **Deputy De Lisle:** I am sorry, sir, the question being that I would hope that the Chief Minister would take that back to the –

The Bailiff: Is that a question? *(Laughter)*

860 **Deputy De Lisle:** – Policy Council. *(Laughter)*
Can I ask whether the Minister actually agrees with me *(Applause and laughter)* that we need a census desperately, sir? *(Laughter)*

865 **The Bailiff:** Deputy Harwood.

The Chief Minister: I can understand Deputy De Lisle's frustration.
The answer to the question that he was about to propose: I will, as a matter of course, take this back to the Policy Council.

870 **Deputy De Lisle:** Thank you for that, sir.

875 **Housing Register**
Population management regime update

The Bailiff: Deputy Dorey, your next question.

880 **Deputy Dorey:** The question is about Open Market Part A. The Proposal M of the Guiding Principles of the Population Management Regime debate in January included the following:

885 'A clear policy direction is set to limit the long term effects on the Island's population of the current arrangements enabling unlimited numbers of unrelated adults to be accommodated within private houses and flats inscribed in Part A of the Housing Register'

and

890 The Policy Council reports back to the States during the first half of 2013, or sooner if possible, with definitive proposals for how the current arrangements for unrelated adults to be accommodated within Part A properties should be changed or if they should be retained'.

Please can the Chief Minister explain progress to date and when the proposals are due to be debated by the States.

895 **The Chief Minister:** States Members, I would like to answer Deputy Dorey's question briefly but in the wider context of the review of population management before moving on to Proposal M in particular.

The Policy Council recognises that population management is a very high political priority, that there is public concern whilst any uncertainty continues about the replacement of the current
900 Housing Law. The Policy Council has established a new population steering group of Ministers to help keep progress on track. Ministers are also conscious, however, that States Members as a whole need to confirm *their* position in relation to the direction set by the previous Assembly before we can move ahead. For this reason, a consultation meeting has been arranged for all States
905 Members on 30th November and I am confident that, at this point, if there is strong majority support for the principles agreed in January, we shall be able to return to this Assembly with formal proposals for the new management system during next year.

In this connection, it is quite clear that the previous Assembly recognised the value of the Open Market and believed it should be retained as part of the new future regime. The Policy Council shares that view and, whilst this proposition is yet to be formally tested with *this* Assembly, it is
910 confident that *this* States will endorse that view. It is equally confident that the States will wish to review the question of multiple occupancy for some Part A dwellings in relation to Proposal M of the January Report.

Deputy Dorey only refers to two of the three provisions in that proposal. The full version also includes the further provision that:

915 *'The Policy Council embarks on an information gathering and public consultation exercise designed to fully explore the positive and negative consequences for the Island of various options related to 1 above, including retaining the status quo.'*

920 Since July, the Policy Council has been concentrating its limited resources on that element of the proposal and has been gathering information from a wide range of sources to supplement other data that is available about Open Market Part A houses and flats that are occupied by numbers of unrelated adults. This process of listing and information gathering is still continuing and I would like to record my thanks to those who have assisted so far.

925 Those consulted to date have included property owners, business people in sectors whose staff are housed in this type of accommodation and estate and letting agents. Contact is also being made with representatives of groups who live in this part of the Open Market. The intention is to get as rounded a view of the situation as possible. Once the Policy Council has received a report on the information available, it will be able to consider what further public consultation, if any, may be
930 necessary.

The previous States Report envisaged that the Open Market Part A would be retained with minimal change and only multiple occupation by groups of unrelated adults was identified as an area for further consideration. Assuming that this reflects the majority view of the present
935 Assembly, I am again confident that, at this point, the Policy Council will be able to report back to this Assembly next year in accordance with Proposal M. I would add the caveat that the timing will be influenced by any further work necessary to complete the consultation process and the availability of appropriate staff to do this work. This *may* mean the Policy Council may not be in a position to report until the second half of that year.

940 **The Bailiff:** Supplementary question, Deputy Dorey?

Deputy Dorey: Does the Chief Minister agree that for an item, in his words, which said it was 'a very high political priority', that it reflects badly on the States that this further delay to close this
945 loophole, which was originally meant to be closed in 1992 when Part D was set up, and the extent that the loophole was used was detailed in the Population Consultation document, which stated that '8% of Part A properties occupied by groups of unrelated adults who, together, make up more than half of the working adults living in Part A properties', some of them with over seven unrelated adults living in them...?

950 **The Bailiff:** Deputy Harwood.

The Chief Minister: I cannot answer for what may, or may not, have happened in 1992.

955 I will, however, remind Deputy Dorey that, when the States debated this matter in January, the Policy Council were asked to report back in 2013. The only further delay I have hinted at today is that it may be the second half of 2013, rather than the first half of 2013.

The Bailiff: Deputy Fallaize.

960 **Deputy Fallaize:** Thank you, sir.

May I respectfully request the Chief Minister to read out again the very short first sentence of the third paragraph of his reply please?

The Chief Minister: The very first... Sorry, the very first sentence of the third paragraph.

965 **Deputy Fallaize:** The first sentence of paragraph three, yes.

The Chief Minister: Of my reply.

970 Ministers are also conscious, however, that the States Members as a whole need to confirm their position in relation to the direction set by the previous Assembly before we can move ahead.

Deputy Fallaize: Thank you.

975 In view of that, sir, is the Chief Minister able to advise the States what it was specifically about population policy, as opposed to other strategic policies of the States, perhaps relating to the FTP or public expenditure targets, which persuaded the Policy Council that it could not make any meaningful progress in *this* area of policy until *this* States had confirmed that it was in agreement with decisions made by the last States?

The Bailiff: Deputy Harwood.

980 **The Chief Minister:** Deputy Fallaize will recall that the nature of the debate that took place in January and the nature of the papers that were put before the States at that time came up with a series of recommendations. The Policy Council believes that we need the endorsement of those recommendations by the present Assembly, in order to frame the legislation.

985 **The Bailiff:** Yes, Deputy Storey.

990 **Deputy Storey:** Sir, could I just ask the Chief Minister, since he said, in his answer, that consultation was still continuing, does that mean that the group that are conducting that consultation will be happy to receive comments and views from Members of this Assembly, even though they have not been specifically approached for their views?

The Bailiff: Deputy Harwood.

995 **The Chief Minister:** If I may assure Deputy Storey that, with any consultation process, any contributions will be gratefully received, including contributions from States Members, if they have particular comments to make on that particular section which is the Proposal, recommendation M.

1000 **The Bailiff:** Deputy Gillson.

Deputy Gillson: Sir, could I ask the Chief Minister to actually answer Deputy Fallaize's question, rather than sidestep it.

1005 **The Bailiff:** Deputy Harwood.

The Chief Minister: I considered that I *had* responded to Deputy Fallaize's question.

1010 **Deputy Gillson:** Deputy Fallaize actually asked what was different about population, compared to the others.

The Chief Minister: Deputy Gillson, if I may repeat what I said to Deputy Fallaize, which was the nature of the recommendations, or the nature of the policy, that was considered by the States in January was a series of recommendations. It is in relation to those recommendations that

1015 we seek endorsement, in order to frame the necessary legislation to carry the Population Management Project forward.

The Bailiff: Deputy Trott.

1020 **Deputy Trott:** Sir, does the Chief Minister understand the concern expressed by many – and particularly, I think, encompassed by the last three or four questions – of the concern expressed by many in this Assembly and outside, who hold the view that strategic corporate policy refinement is progressing at a pace that would not challenge an asthmatic tortoise with a limp! (*Laughter*)

1025 **The Bailiff:** Deputy Harwood.

The Chief Minister: Mr Bailiff, Deputy Trott will be fully aware of the volume of policy matters that were brought to the States – the previous States – in the last four to five months of its existence. I have to say that, without making any reference to tortoises, I think the current Ministers and Departments are still having to digest the sheer volume of policy matters that were left as work in progress by the previous States.

The Bailiff: That concludes that Question.

1035

**Financial Transformation Programme
Making public Policy Council letter**

1040 **The Bailiff:** We move on, then, to Deputy Fallaize, who has a Question for the Chief Minister, or two Questions, I think, for the Chief Minister.
Deputy Fallaize.

Deputy Fallaize: Yes, thank you, sir.
1045 The first Question is, on 18th October, 2012, Members of the States of Deliberation received from the Policy Council a letter entitled ‘Financial Transformation Programme’. Does the Policy Council agree that the Financial Transformation Programme is a matter of sufficient public interest to warrant the aforementioned letter being shared with the Assembly and, therefore, the public and recorded in *Hansard*? If so, may I respectfully request the Chief Minister to read that letter now on behalf of the Policy Council.

1050

The Bailiff: Deputy Harwood.

The Chief Minister: Mr Bailiff, the Policy Council does, indeed, agree that the Financial Transformation Programme is a matter of sufficient public interest to warrant the letter being shared with Members of the Assembly and the public.

1055 Indeed, this is precisely what the Policy Council has done through its letter of 18th October addressed to all Deputies, which was also sent on the same day to the media – which has covered this issue – and which is also posted on the States website. It is quite clear from that letter that the Policy Council is committed to placing a Report for debate before the Assembly in January 2013 –
1060 a Report which will be published on 21st December, in some seven weeks time.

Deputy Fallaize may rest assured that all of the information set out in the letter of 18th October will be included in that Report and, by this means, will form part of the public record. With this in mind, I do not believe that my reading of that letter represents good use of valuable States time.

1065 **The Bailiff:** Deputy Fallaize, you have a supplementary question –

Deputy Fallaize: Yes, sir.

1070 **The Bailiff:** – or will you move on to your next Question?

Deputy Fallaize: Thank you, sir.

In Deputy Harwood’s reply he drew the Assembly’s attention to a letter which the Policy Council sent to States Members dated 18th October 2012, entitled ‘Financial Transformation Programme’.

1075 Sir, the letter included the following:

1080 ‘Departments *may*, in order to achieve their savings objective, identify recurring and repeatable savings which may not have been identified in the original summary opportunity report at the outset of the programme and which may not have involved *significant* or indeed *any* work, on the part of the contractors but would nevertheless count towards the FTP. As such, the contractor would be entitled to 6.5% of the first year’s savings.’

Does the Policy Council believe that such an agreement provides the taxpayer with value for money?

1085 **The Bailiff:** Deputy Harwood.

The Chief Minister: Bailiff, in response to Deputy Fallaize, I would answer that I would not wish at this stage to pre-empt the outcome of the debate that will take place in January next year.

1090 **The Bailiff:** Deputy Ogier, do you have a supplementary question?

Deputy Ogier: Yes, I do, sir. Thank you.

1095 In his reply to Deputy Fallaize’s question, the Chief Minister referred to the 18th October FTP letter sent to all Deputies. In that letter, the Policy Council refers to:

‘current plans to meet or exceed the £31 million target by the end of 2014...’

and advises us that:

1100 ‘It is vital that the current momentum within the Programme should continue. The Departments are discouraged from seeking to defer key decisions until after this January debate.’

1105 With specifically that part of the letter in mind, would the Chief Minister please advise the Assembly whether all States Departments have now submitted their lists of potential savings for 2013 and 2014?

The Bailiff: Deputy Harwood, are you able to answer that question?

1110 **The Chief Minister:** I am aware that Departments have produced initial lists. Those are still subject to further discussion, I understand, through the Financial Transformation Programme process.

The Bailiff: Deputy Ogier.

1115 **Deputy Ogier:** Just two more quick ones, sir.

Further, would the Chief Minister please advise the Assembly what is the total sum of savings identified for 2013 and 2014?

1120 **The Chief Minister:** Mr Bailiff, unfortunately I do not have that information immediately to hand.

I will be happy to provide that information. Indeed, it will be provided in the Report which will go to States Members in December, which will be the basis for the debate in January.

1125 **The Bailiff:** Deputy Ogier.

Deputy Ogier: Lastly, sir, what percentage of the total savings now are new initiatives not forming part of the original FTP Report of October 2009?

1130 **The Bailiff:** Deputy Harwood.

The Chief Minister: Mr Bailiff, again I would respectfully defer that to the content of the Report, which will be made available to States Members in December. It will form the basis for the debate in January.

1135 **The Bailiff:** Deputy Ogier, you have –

Deputy Ogier: Sorry, just one point, sir. I said October 2009. It was July 2009.

1140 **The Bailiff:** Okay.
Deputy Soulsby.

Deputy Soulsby: Sir, in his letter of 18th October 2012, the Chief Minister stated that the report to be presented in January 2013 will, amongst others, chart the evolution of the Programme. Can he confirm that this will include mapping out the evolution of the 107 summary opportunities identified in the Phase 2 Report of July 2009 to the current position, in order that States Members can properly assess the progress that has been made to date?

The Bailiff: Deputy Harwood.

1150 **The Chief Minister:** Mr Bailiff, I will take note of Deputy Soulsby's comment and relay that to those who will be preparing the Report.

The Bailiff: Deputy Lester Queripel, you had a supplementary, did you?

1155 **Deputy Lester Queripel:** I think it might be in relation to the second Question.

The Bailiff: Right. In that case, we will wait for that second Question.
Deputy Fallaize, you have a –

1160 **Deputy Fallaize:** I have a supplementary on the first, sir, please.
In his reply, the Chief Minister advised that the Policy Council would submit a States Report to be debated in January. Is he able to advise whether that Report will be submitted in accordance with Rule 12.4 or whether there will be propositions attached to the Report which will be capable of amendment?

1165 **The Bailiff:** Deputy Harwood.

The Chief Minister: Sir, I can assure Deputy Fallaize that the intention is that it will not be reported in the context of Rule 12.4. There will be at least one proposition, I think, in relation to the debate.

Deputy Fallaize: Sir, one more supplementary.
In respect of those propositions, will they ask the States to determine, in respect of the FTP, the objectives, the timetable and the governance arrangements which *this* States wishes to establish for the remainder of the Programme; and if not, why not?

The Bailiff: Deputy Harwood.

1180 **The Chief Minister:** Sir, again I will take note of Deputy Fallaize's comments and relay that to Policy Council when we are considering the framing of the Report and the propositions.
Thank you.

The Bailiff: Deputy Lowe.

1185 **Deputy Lowe:** Thank you, sir.
Would the Chief Minister agree that in hindsight refusing to read out this letter is not only going to be confusing for those who read *Hansard* in years to come, but also we would still not have a public record of exactly what was in that letter, therefore causing confusion to many, either listening or wanting to find out what the States are doing?

1190 **The Bailiff:** Deputy Harwood.

The Chief Minister: Sir, Deputy Lowe, as I have already said, the content of that letter will be contained within the Report which will be presented to States Members in December for the debate in January.

Financial Transformation Programme
Opportunity to debate

1200

The Bailiff: Deputy Fallaize, have you got your next Question?
I do not think there are any more supplementaries.

1205

Deputy Fallaize: My second question, sir, is States Resolutions of October 2009 make the States of Deliberation responsible for providing:

‘Overall policy direction and commitment to the fundamental spending review...’

1210

– since retitled the Financial Transformation Programme.

Is the Policy Council confident that *this* States – more or less one half of the Members of which were not Members of the previous Government – can properly discharge their responsibility to provide overall policy direction and commitment to the review when, fully six months after coming into office, this Government has yet to be presented by the Policy Council with an opportunity to debate, and make their own resolutions upon, the spending review?

1215

The Bailiff: Deputy Harwood.

1220

The Chief Minister: Mr Bailiff, Deputy Fallaize’s Question seems to be based on the assumption that if a significant number of new Members enters the States, as was the case at the last Election, then he cannot expect them to discharge responsibility to follow the overall policy direction made, and commitment given, during the previous States term unless a fresh States debate takes place within six months of coming into office.

1225

However, although he singles out the policy direction and commitment in respect of the fundamental spending review, the same *could* be said of all aspects of Government policy.

As I have already made clear from my answer to Deputy Fallaize’s first Question, the States will have an opportunity to debate and make their own resolutions upon the Financial Transformation Programme when the matter is presented to the States in January.

1230

The Bailiff: Deputy Fallaize.

Deputy Fallaize: One supplementary.

1235

Members would have noted the contradiction in Deputy Harwood’s response to *that* Question and his response to Deputy Dorey’s question about getting on with population policies decided by the last States. But, in view of that, does the Chief Minister and the Policy Council not agree that it would have been *better* for the Policy Council, immediately upon its election, to adopt the same approach in respect of the FTP that it adopted in respect of population policy and recognise that the newly-elected States would need to debate, and make resolutions upon, the direction of policy before any substantial further progress could be made?

1240

The Bailiff: Deputy Harwood.

The Chief Minister: Mr Bailiff, with respect, I disagree with Deputy Fallaize on this point.

1245

We have, as a result of the FTP workshop that was given when States Members were invited in early October, exceeded the request of States Members to bring forward a debate on the FTP project, which will be the subject of the debate in January.

The Bailiff: Yes, Deputy Lester –

1250

Sorry, do you have a supplementary, Deputy Fallaize? No?
Deputy Lester Queripel, I think has.

Deputy Lester Queripel: Thank you, sir.

1255

The President of the Guernsey Civil Servants Association recently stated in the media that he had serious concerns about the levels of communication within Government regarding the FTP. The President also said that civil servants are not truly engaged in the Programme and often felt alienated.

Could the Chief Minister please relay to the Assembly his thoughts on the concerns expressed by the President of Guernsey Civil Servants?

1260 **The Bailiff:** Deputy Harwood.

1265 **The Chief Minister:** Sir, I am not sure it *is* a supplementary, but I am happy to assure Deputy Lester Queripel that the concerns expressed by Mr Freestone have been noted and the Communications Officer from the FTP Programme is actually addressing communication issues generally throughout Departments.

1270 **STATES ASSEMBLY AND CONSTITUTION COMMITTEE**

Ministers and Committee Chairmen
Procedure for answering Members' Rule 5 and 6 Questions

1275 **The Bailiff:** If there are no more supplementaries, we move on to Deputy Hadley's Question to the Chairman of the States Assembly and Constitution Committee.
Deputy Hadley.

1280 **Deputy Hadley:** Mr Bailiff, bearing in mind the rules of procedure and Guernsey's system of government, can the Chairman of the States Assembly and Constitution Committee advise the Assembly whether it is in order for Ministers of Departments and Chairmen of Committees to reply as individuals to Rule 5 and Rule 6 Questions submitted by Members of the States of Deliberation or should their replies first be approved by other Members of the Department or Committee to which the Questions are addressed?

1285 **The Bailiff:** Deputy Fallaize.

Deputy Fallaize: Thank you, sir.
I thank Deputy Hadley for his Question.

1290 For completeness, I should say that the Committee notes that it may be possible for a Member to submit a particular Question which could reasonably be answered only by the Chief Minister or a Minister or Chairman. An example might be, 'Will the Minister confirm that he is prepared to circulate my comments to other Members of his Department?'

1295 However, such Questions are extremely rare and, therefore, the Committee's reply to this Question will focus on the practical application of the Rules in question in the normal course of events.

1300 Questions submitted in accordance with Rule 5 or Rule 6 of the Rules of Procedure are addressed to the Chief Minister, or a Minister or Chairman, not in a private capacity, but rather because they relate to the business of the Policy Council Department or Committee concerned. It follows that replies to Rule 5 and Rule 6 Questions are provided *on behalf of* the Policy Council, Department or Committee collectively and not by the Chief Minister, Minister or Chairman as an individual.

Taking Departments as an example, Rule 4 of the Rules relating to the Constitution and Operation of States Departments and Committees states clearly:

1305 'All Departments shall consist of:
(a) a Minister [and]
(b) four sitting Members of the States...'

1310 As such, it is difficult to conceive of how a Department consisting of a Minister and four other Members is able properly to reply to a Rule 5 or Rule 6 Question without the involvement in that reply of the Minister *and* Members. The Minister or Chairman replying to a Rule 5 or Rule 6 Question as an individual is simply anathema to our system of government.

1315 The Committee submits that the Rules of Procedure, when read in their entirety and in conjunction with the Rules relating to the Constitution and Operation of Departments and Committees, as is always necessary – and, indeed, the principles of good governance – require that the proper process for replying to Rule 5 and Rule 6 questions is for that reply to be approved by the political body concerned, e.g. in the case of a Department, the Minister *and* Members, or at least a majority thereof, and then sent to the Presiding Officer, Her Majesty's Procureur and the Member who asked the Question.

1320 In conclusion, sir, I can advise that this answer has been approved unanimously (*Laughter*) by the members of the Committee.

The Bailiff: Deputy Hadley.

1325 **Deputy Hadley:** For the avoidance of doubt, Mr Bailiff, can the Chairman confirm that the Department should agree to the Question [sic] before it is sent to the Presiding Officer?

The Bailiff: Deputy Fallaize.

1330 **Deputy Fallaize:** Yes, sir, that is the Committee's understanding.

The Bailiff: Thank you.
Deputy Trott.

1335 **Deputy Trott:** That you, sir.
Would the Chairman of SACC advise – or does he need to first consult with his Committee? (*Laughter*) – as to whether it is appropriate for Ministers and Chairman to answer *supplementary* questions on behalf of his or her Department or Committee on a matter which the respondent does not have clear guidance? (**A Member:** Hear, hear.)

1340 If this is the case, sir, does it not make a mockery of questions asked supplemental to those Questions asked initially in writing in advance of verbal answers?

The Bailiff: Deputy Fallaize.

1345 **Deputy Fallaize:** Thank you, sir.
I think the Rules of Procedure deal with this because supplementary questions are in order under the Rules of Procedure, under Rule 5,

1350 'provided that –
(a) such supplementary questions arise out of the reply to a Question of which notice has been given and are put before the next Question of which notice has been given is put'

And, (b), importantly, in relation to Deputy Trott's question,

1355 'the Chief Minister, Minister or Chairman to whom a supplementary question is addressed may decline to answer the question if, in his opinion any answer given by him might be inaccurate or misleading.'

Given that the Rules of Procedure include that important qualification, I think that it *is* in order to ask supplementary questions.

1360

The Bailiff: Deputy Gollop.

Deputy Gollop: If I could ask a brief supplementary there?
Would the Chairman of SACC, though, agree that, in many cases, Ministers have a superior and greater knowledge of departmental affairs than their Board Members? (*Interjections*)

1365

The Bailiff: Deputy Fallaize.

1370 **Deputy Fallaize:** Almost certainly not, sir! (*Laughter*)

TREASURY AND RESOURCES DEPARTMENT

1375 **Social Security Department**
Burial fee payments

1380 **The Bailiff:** If there are no more supplementary questions, we move to the final Question, which is from Deputy Bebb, to be asked to the Minister of the Treasury and Resources Department.
Deputy Bebb.

Deputy Bebb: Thank you, Mr Bailiff.

1385 As the Minister will be aware, a letter was circulated by the Social Security Department to all funeral directors in the Bailiwick advising them of the newly-introduced cap on death grants and supplementary benefits payable on the death of a relative. The letter clearly states that the cap of £2,750 has been introduced directly as a result of the fees for burial at the Foulon cemetery.

1390 As the Minister is aware, the current fees for burial at the Foulon stands at £2,158 for a new grave plot and a further £1,834 burial fee. These compare with the next most expensive cemetery on the Island, the Castel cemetery, where a new grave will cost £550, or that of St Saviour's at £150 for the plot, or Torteval being £200 for a plot, both of which charge a cost for burial between £160 and £250.

1395 Only the parishes of St Saviour's and Torteval currently afford burials in their cemetery for non-parishioners; but for twice and five times the fee for parishioners, respectively. Given the evident disadvantage for residents of St Peter Port, or those members of the Island community that prefer not to be buried in cemeteries consecrated by the Anglican church, where the Foulon cemetery is the only choice for burial on the Island, would the Minister agree to a complete revision of fees in Foulon to bring them in line with other cemeteries in the Island?

1400 Would the Minister also agree that the burial fee for Foulon now needs to be reduced immediately, ensuring that poorer members of the Island community can be buried in existing family plots, therefore removing the anxiety that these people are currently experiencing. The reduction in burial fee would also ensure full usage of the existing grave plots and, therefore, proper land management?

1405 **The Bailiff:** Deputy St Pier, the Minister, will reply.

Deputy St Pier: Mr Bailiff, succinctly and having consulted with my Board, I will give a response as follows. There is no facility in the Island like Le Foulon and so comparisons with other parish cemeteries are misleading.

1410 Since the *cessation* of substantial funding contribution towards the upkeep of the cemetery from the St Peter Port parish in 2005, income towards the operating costs associated with the cemetery comes *only* through fees charged. In 2011 Le Foulon received approximately £96,000 of income in respect of 40 burials, on average of £2,400 each, whilst the maintenance of the cemetery costs about £165,000 or £4,125 per burial. Islanders do have the choice of burial or cremation and in the case of burial, whether this takes place in their own parish or elsewhere. The fees for funerals have increased over the last few years, which helps to reduce the level of taxpayer subsidy. Whilst the fee income funds the maintenance of grounds and facilities, it does not fund the capital expenditure, which comes out of my Department's budgets.

1420 My Board, unanimously, has therefore concluded that a revision of fees for the Le Foulon would not be appropriate and the correct policy is to continue to seek to recover the full cost of burial.

1425 So, no sir, I do not agree that the burial fees for Le Foulon should be reduced immediately. Deputy Bebb's concerns about the effect on the poorer residents of St Peter Port of the newly introduced cap on death grants and supplementary benefits, payable on the death of their own relatives, should perhaps properly be directed to the Social Security Department.

The Bailiff: Deputy Bebb.

1430 **Deputy Bebb:** If I may, the response actually talks of burial at cost and to actually recover that cost. There is only one gravedigger on this Island and he charges between £150 and a maximum of £250. I fail to understand how that cost translates to £1,834 at Le Foulon, when other cemeteries manage to actually convey that at cost to those who need to pay it. Does this not smack a little of profiteering on people at the most vulnerable point in their lives?

1435 **The Bailiff:** Deputy St Pier.

1440 **Deputy St Pier:** Sir, when we referred to costs, it is not just the cost of the person who digs the hole – the gravedigger. It is the entire cost of the cemetery, that I was referring to, which needs to be recovered.

The Bailiff: Deputy Bebb.

Deputy Bebb: If I may, I do think that that is not an appropriate response.

1445 With regard to cemeteries, each one will reach a point, where they have become full and, at that point, there has to be funding through general revenue. Parish cemeteries are funded –

The Bailiff: Is there a question, or is this –

1450 **Deputy Bebb:** It is a question. Parish cemeteries are funded through taxation on the rates and that is how they maintain them. I fail to understand the response how the Foulon seems to be operating on a different basis and could I also ask does the Minister agree that this disadvantages not just those residents of St Peter Port, but also those that choose *not* to be buried within Anglican consecrated ground and is, therefore, not merely a matter for St Peter Port?

1455 **The Bailiff:** Deputy St Pier.

Deputy St Pier: Deputy Bebb has identified, perhaps, one of the reasons for the differences between Le Foulon and other cemeteries, in that there is no subsidy from the parish, like there is in other cases. This has a long history going back to 1957 in relation to parish funding and its withdrawal in 2005.

This may also be an issue which he wishes to take up with the parish, in relation to whether it wishes to contribute to the cemetery.

1465 **Deputy Bebb:** If I may, I did actually raise this issue with the parish and I understand that there was funding of £55,000 per annum contributed by St Peter Port. The figures do not tally with those that were presented here today, given that the loss that is actually accounted for appears in 2008 and that funding was withdrawn in 2003.

I think that the Minister needs to re-check his records, because I am advised by the parish of St Peter Port –

1470 **The Bailiff:** Is there a question, Deputy Bebb?

Deputy Bebb: The further question is that, given that we currently have this situation of one Department failing to meet the costs imposed by another Department, would the Minister agree that this is an example of no joined-up government, yet again, and that his fees are being punitive to the point of disadvantaging the poorer in society?

The Bailiff: Deputy St Pier.

1480 **Deputy St Pier:** No, I would not, sir. (*Interjections*)

Deputy Bebb: I have to point out that –

1485 **The Procureur:** There used to be a principle in court proceedings of the finality of answers in cross examination, which is what this appears to be.

You have a discretion to limit supplementary questions. You may think that the time has been reached when to exercise it. (**Several Members:** Hear, hear.)

1490 **The Bailiff:** Deputy Bebb, I will allow you one more supplementary question, if it is arising out of the answer given –

Deputy Bebb: I only have one more, to be honest. I have one more –

1495 **The Bailiff:** – and if it is a proper question, not a speech.

Deputy Bebb: – and that is the point, in relation to the last response given... There is a resident of St Peter Port, whose wife died five years ago, prior to the increase in costs at Foulon cemetery. He is now unable to afford to be buried with his wife and, therefore, I ask again, is it appropriate to revisit these fees, given the punitive level that they have reached and the fact that it disadvantages poor people, to the point of creating great anxiety in the community?

The Bailiff: Deputy St Pier.

1505 **Deputy St Pier:** Sir, I am not sure it is entirely appropriate to be commenting on individual cases.

As I have indicated in my responses, my Department does not feel it is appropriate to review the fees in relation to Le Foulon and in relation to the kind of situation which Deputy Bebb is referring to. As I said in my first response, I think it is a matter which should be taken up with the Social Security Department.

1510

The Bailiff: I think that brings us to the end of Question Time.

1515

Billet d'État XXI

The Road Traffic (Compulsory Third-Party Insurance) (Amendment) (Guernsey) Law, 2012, approved

1520

Article I.

The States are asked to decide:

Whether they are of the opinion to approve the draft Projet de Loi entitled 'The Road Traffic (Compulsory Third-Party Insurance) (Amendment) (Guernsey) Law, 2012' and to authorise the Bailiff to present a most humble petition to Her Majesty in Council praying for Her Royal Sanction thereto.

1525

The Bailiff: We move on, Greffier, please, with legislation.

1530

The Greffier: Billet d'État No. XXI, Article I, Projet de Loi entitled, The Road Traffic (Compulsory Third-Party Insurance) (Amendment) (Guernsey) Law, 2012.

The Bailiff: Members, the Projet is at pages 1-12 of the Brochure.

Are there any requests for clarification or debate?

1535

Yes, Deputy Storey.

Deputy Storey: Thank you, sir.

When this matter was brought before the States, I thought the object of the exercise was, where people are covered by insurance, that the costs of treatment for injury at the PH would be recovered for the States?

1540

I notice in here that what is actually being covered for recovery, as a result of this Projet, is in relation to a road accident actually taking place on a public highway – on a road – and I wondered why it was that injuries incurred in an off-road situation, maybe on an unadopted road or a track or a car park even, are not going to be recoverable. So I just wondered whether somebody could explain to me why we should be recovering costs, for the benefit of the taxpayer, in respect of accidents that occur on the highway and not elsewhere?

1545

The Bailiff: I see no-one else rising.

Mr Procureur, are you able to answer that question or do you wish to give it some due consideration?

1550

The Procureur: The thing is it is an amendment to the Road Traffic (Compulsory Third-Party Insurance) Law and that Law only requires third party insurance to be had by people who are using public highways.

1555

Whether there is another question about... No, I will not say any more. I have not been given any notice of this question and that, I think, is the concise answer.

The Bailiff: Thank you.

Any further questions or clarifications?

1560

No? In that case, we go to the vote on the Road Traffic (Compulsory Third-Party Insurance) (Amendment) Guernsey Law, 2012.

Those in favour; those against.

Members voted Pour.

1565 **The Bailiff:** I declare it carried.

1570 **The Income Tax (Guernsey) (Amendment)**
(No. 2) Ordinance, 2012, approved

Article II.

The States are asked to decide:

1575 *Whether they are of the opinion to approve the draft Ordinance entitled 'The Income Tax (Guernsey) (Amendment) (No. 2) Ordinance, 2012' and to direct that the same shall have effect as an Ordinance of the States.*

The Greffier: Article II, the Income Tax (Guernsey) (Amendment) (No. 2) Ordinance, 2012.

1580 **The Bailiff:** Pages 13-18 of the Brochure.
Any requests for clarification or debate?
Yes, Deputy St Pier.

1585 **Deputy St Pier:** Although the States Report recommending these changes was only approved in May, I am happy to very briefly, in about three minutes, walk Members through the legislation and also update them on the consultations which have taken place since May.

The Bailiff: If Members wish that.

1590 **Deputy St Pier:** This legislation contains a number of relatively minor amendments to the Income Tax Law.

Section 2 of the Ordinance, on page 13 of the booklet, simply updates the reference in section 68 to the Companies Law.

1595 Section 5 also enables online filing to become the default option for personal Income Tax returns and makes it compulsory for companies. Paper tax returns had previously been issued to all taxpayers but, following the amendment in section 3, a notice will instead be published in the *Gazette Officielle* in January each year, notifying taxpayers of the need to complete their tax return.

1600 As I acknowledged in May, it is recognised that not all taxpayers do have access to the internet, but an individual *will* still be able to file a paper return and communicate with the Income Tax Office by post. Individuals will still be able to obtain a paper return, either from the Tax Office or a number of proposed collection points around the Island and this will be promoted by a comprehensive media campaign. When I recommended these proposals to the Assembly, I noted that my Board which, you will recall, had inherited this States Report, had some reservations about the fact that no formal consultation had been held with groups representing vulnerable members of our society. I am pleased to say that the Income Tax Office has been working with the Association of Guernsey Charities and is now in the process of implementing their suggestions.

1605 At present, the Director of Income Tax has powers to enable him to require a third party to supply him with information without informing the taxpayer of such a request and particularly establishing a liability to tax, or complying with international obligations. The amendments to section 75B in the Law, which are contained by section 7 to 11 of the Ordinance simply puts beyond doubt that a third party may not, if required by the Director, inform the taxpayer that his information has been requested, after a reasonable opportunity to deliver this information voluntarily, prior to formal notice being issued. The necessity for the Director of Income Tax to give a third party the option to voluntarily deliver information is removed, where the recipient of the notice is a Guernsey Financial Services Commission regulated entity, and this, as I said in May, is simply, because the Department exercise... or, sorry, the Department's experience is that the regulation industry generally require the protection of complying under a formal notice, given their fiduciary obligations to their clients.

1610 Finally, sir, there is an amendment contained in section 12 of the Ordinance, which makes it clear that the late filing penalty for local trading companies with employees, may only be restricted to £50, provided the company has no income or profits in the period in respect of which the return had been required to be delivered. That is just to put the matter beyond doubt.

Thank you, sir.

1625

The Bailiff: Any further debate?

In that case we come to the vote on the Income Tax (Guernsey) (Amendment) (No. 2) Ordinance, 2012.

1630

Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

1635

**The Income Tax (Guernsey) (Approval of Agreement with Turkey)
Ordinance, 2012, approved**

1640

Article III.

The States are asked to decide:

Whether they are of the opinion to approve the draft Ordinance entitled 'The Income Tax (Guernsey) (Approval of Agreement with Turkey) Ordinance, 2012' and to direct that the same shall have effect as an Ordinance of the States.

1645

The Greffier: Article III, the Income Tax (Guernsey) (Approval of Agreement with Turkey) Ordinance, 2012.

1650

The Bailiff: Page 19 of the Brochure.

Any requests for debate or clarification?

No? We move to the vote then.

Those in favour; those against.

1655

Members voted Pour.

The Bailiff: I declare it carried.

1660

SOCIAL SECURITY DEPARTMENT

**Benefit Rates for 2013
Debate commenced**

1665

Article IV.

The States are asked to decide:-

Whether, after consideration of the Report dated 14th August, 2012, of the Social Security Department, they are of the opinion:-

1670

1. That, from 7 January 2013, the standard rates of pension and contributory social insurance benefits shall be increased to the rates set out in that Report.

2. That the requirement in the Social Insurance (Guernsey) Law, 1978 that the 'qualifying spouse' must be over 45 years of age at the time of their spouse's death in order to qualify for bereavement allowance be removed.

1675

3. That, from 1 January 2013, the prescription charge per item of pharmaceutical benefit shall be £3.20.

4. That, from 7 January 2013, the contribution (co-payment) required to be made by the claimant of care benefit, under the long-term care insurance scheme, shall be £182.98 per week.

1680

5. That, from 7 January 2013, nursing care benefit shall be a maximum of £756.98 per week for persons resident in a nursing home or the Guernsey Cheshire Home and residential care benefit shall be a maximum of £405.44 per week for persons resident in a residential home.

6. That, from 7 January 2013, elderly mentally infirm (EMI) care benefit shall be a maximum of £534.24 per week for qualifying persons resident in a residential home.

1685

7. That, from 7 January 2013, respite care benefit shall be a maximum of £939.96 per week for persons receiving respite care in a nursing home or the Guernsey Cheshire Home, an elderly

mental infirm rate of £717.22 for persons receiving respite care in a residential home and a maximum of £588.42 per week for persons receiving respite care in a residential home.

8. That, from 4 January 2013, the supplementary benefit requirement rates shall be as set out in paragraph 94 of that Report.

1690 *9. That, from 4 January 2013, the weekly benefit limitations for supplementary benefit shall be:*

(a) £500 for a person living in the community;

(b) £501 for a person who is residing in a residential home; and

(c) £720 for a person who is residing as a patient in a hospital, nursing home, the Guernsey Cheshire Home or as an elderly mental infirm resident of a residential home.

1695 *10. That, from 4 January 2013, the amount of the personal allowance payable to persons in Guernsey and Alderney residential or nursing homes who are in receipt of supplementary benefit shall be £28.70 per week.*

11. That, from 4 January 2013, the amount of the personal allowance payable to persons in UK hospitals or care homes who are in receipt of supplementary benefit shall be £48.34 per week.

12. That a supplementary fuel allowance of £27.93 per week be paid to supplementary beneficiaries who are householders from 26 October 2012 to 25 April 2013.

13. That, from 4 January 2013, maximum rent allowances be introduced for single people and couples without children living in rented accommodation and people living in shared accommodation.

14. That, from 7 January 2013, family allowance shall be £15.90 per week.

15. That, from 7 January 2013, the rates of attendance allowance and invalid care allowance and the annual income limits shall be as set out in paragraph 123 of that Report.

1710 *16. That the Treasury and Resources Department be directed to take account of the 2013 estimates for Social Security Department Formula Led expenditure when recommending, as part of the 2013 Budget Report, Cash Limits for Departments and Committees.*

17. To approve the draft Ordinance entitled 'The Social Insurance (Rates of Contributions and Benefits, etc) Ordinance, 2012', and to direct that the same shall have effect as an Ordinance of the States.

1715 *18. To approve the draft Ordinance entitled 'The Social Insurance (Guernsey) Law (Amendment) Ordinance, 2012', and to direct that the same shall have effect as an Ordinance.*

19. To approve the draft Ordinance entitled 'The Health Service (Benefit) (Amendment) Ordinance, 2012', and to direct that the same shall have effect as an Ordinance of the States.

1720 *20. To approve the draft Ordinance entitled 'The Long-term Care Insurance (Guernsey) (Rates) Ordinance, 2012', and to direct that the same shall have effect as an Ordinance of the States.*

21. To approve the draft Ordinance entitled 'The Supplementary Benefit (Implementation) (Amendment) (No. 2) Ordinance, 2012', and to direct that the same shall have effect as an Ordinance of the States.

1725 *22. To approve the draft Ordinance entitled 'The Family Allowances Ordinance, 2012', and to direct that the same shall have effect as an Ordinance of the States.*

23. To approve the draft Ordinance entitled 'The Attendance and Invalid Care Allowances Ordinance, 2012', and to direct that the same shall have effect as an Ordinance of the States.

1730 **The Greffier:** Article IV, Social Security Department, Benefit Rates for 2013.

The Bailiff: Minister for Social Security Department, Deputy Langlois, to open the debate.
Deputy Langlois.

1735 **Deputy Langlois:** Thank you very much, sir.

Following the States approval of the Social Security Department's recommendations for contribution rates in the September meeting, I am pleased to present my Board's recommendations for the rates of Social Security benefits which will apply from January of next year.

1740 You will recall that the September meeting also approved the upper and lower earnings limits for Social Security contributions. You will also be aware that the original intention was to present all of these proposals together in October, at the same time as the Budget. Unfortunately, that has not proved possible, but we would be expecting to follow that timetable next year.

1745 That plan is particularly important in relation to the Report we are currently considering, because it will enable the States, at a single meeting, to take an overall view of income and expenditure for a full year and, indeed, in the future, possibly for longer. Consequently, as was stated in September, what we have here is a holding Report.

There are no radical changes or proposals for changes to either the eligibility for benefit or to the rates of benefit. The main reason for this rests with the electoral cycle. My Board first met in the second week in May. It should be perhaps also remembered that all of us were new Members of that particular Board and all the key details for this Report had to be in place and ready for publication by the first week in August. We have, therefore, taken the view that it would be irresponsible to make major or dramatic changes in such a short time to consider the current situation. In addition, it is our intention, working through the Fiscal and Economic Policy Group, to ensure income levels, in particular through the contribution system, complement whatever plans the States may make for creating revenue through taxation and brings about a much more sustainable public finance system and model than we have at present.

In the short term, this involves moving somewhat more slowly than some people would wish. So, sir, let us turn to the key points of the Report. Given the start to the morning, Members will be relieved to know that I do not intend to repeat every single detail and go through every single figure in that Report because I believe they are clearly explained and are accessible. We are promising to raise – sorry, we are not promising yet: we may be promising by the end of the day! We are proposing to raise the benefits financed from general revenue by 3.1%, that figure being the RPIX for June 2012. This is in line with recent practice and would seem entirely reasonable, considering that these benefits are paid to those in most need and that the RPIX figure represents the *average* rise needed to retain the value of benefits in real terms. These benefits include Supplementary Benefit, Family Allowances and Attendance and Invalid Care Allowances. We see no reason to impose a real terms *reduction* in these benefits at this time.

However, we are proposing a slightly above inflation rate rise for the benefits financed mainly by contributions. These include Pensions, Invalidity, Sickness and Long Term Care and we are proposing an increase of RPIX plus 0.5% making 3.6%. This represents a small step back from the uprating policy in recent years, which has been a full 1% above RPIX and I believe, and my Board believes, that taking our foot off the pedal just a touch is fully justified in current circumstances. The full reasoning for this and the recent history of rises in contribution benefits is explained in paragraph 7 and 8 of the Report and I am sure will be debated in more detail in certain other areas of this morning's discussions.

We do understand that some would like to see a greater reduction in order to reduce deficits in the short term. This is clearly expressed in no uncertain terms by Treasury and Resources comments and they are not alone on that but, as a Board, we firmly believe that this is a question of balance and that the modest rise we are proposing will not do significant damage to Fund reserves. Our message to pensioners in particular – which we hope this Assembly will endorse – is that we will do everything to ensure that the cost of living increases in their pensions continue throughout this term and we will resist any attempt to reduce the real value of pensions.

Sir, the same cannot be said of the SSP position regarding benefits overall. We need to look at, and we are looking at, universal benefits, some of which are being paid to people who, basically, do not need them and especially those which are being paid from non-contributory revenue sources. The prime example of this is Family Allowance. This issue has been raised several times over the years but I believe that the fiscal realities that we now face compel us to show more determination to introduce a workable system of clawback of this benefit for high income families. I stress the term 'workable' because, as a certain Government across the water, with two parties involved, are finding at the moment, actually working out the rules of how that operates with minimum bureaucracy and with no hardship and unintended consequences is not proving so easy. Whilst we do not present specific proposals in this Report, the Assembly should be assured that mechanisms are being considered which would achieve such reductions, which will not harm those who would be put in greater need.

As I have already said, I will not go through every detail of the Report but I do believe that it is appropriate to highlight three of the proposals. The first is the proposed increase in the benefit limitation for Supplementary Benefit from £450.00 to £500.00 per week. Can we make sure that we have a sense of proportion about this proposal? There are currently 43 claims that are affected by the £450.00 limitation and our understanding is that, if we increase that limit to £500.00 per week, that number will reduce to 18 families. Of course, these are snapshot figures and the reality is that individual claims and aggregate claim numbers are changing all the time but we are talking about a small group of people and we are talking about people who are in particular need. Remember that these benefits truly target those families in greatest need and I do not think that the proposed uplift in the benefit limitation will bring in droves of new claims.

When the limit was increased from £405.00 to £450.00 per week at the beginning of this year, the increase in claims within this band was absolutely negligible. In fact, our records seemed to indicate, or indicate, that it produced just one additional claim. Even so, contrary to what is said in

1810 T & R's letter of comment, we did factor in a small margin of additional cost to our estimated cost for 2013 and here we go round the circle of some detailed accounting. The £95,000 referred to in paragraph 99 – I would not bother to turn it over and look at it, if I were you, because all I am leading to is that it is not much money... £95,000 referred to in paragraph 99 of the Report was made up of £79,000 for existing claims plus a 20% contingency of £16,000 for new claims. As stated in that paragraph, a normal uprating of the benefit limitation would have cost £29,000, so the additional £66,000 is made up of £50,000 on existing claims and £16,000 for *potential* new claims.

1815 The second point of note is that the proposal to introduce maximum rent allowance for single people and couples with no children and also for people living in shared accommodation: this is a measure that will assist the administration and transparency of Supplementary Benefit for customers and staff. There is a case for having maximum rent allowances for other family groupings but the higher rent allowances would not fit with the overall benefit limitation. Further reform, beyond what we are proposing today, will, I believe, have to await our return to the Assembly with a revised set of proposals on the overall reform of the Supplementary Benefit system next year.

1820 The third and final point of detail that I wish to cover is our proposal to remove the minimum age for receipt of Bereavement Allowance. At present, widows and widowers under the age of 45 are not eligible for the 52 weeks of Bereavement Allowance, although they would receive the alternative benefit of Widowed Parents Allowance if they have children. We propose that Bereavement Allowance should be available to widows and widowers under 45, as well as over. This removes an unhelpful and unnecessary provision that was not addressed during earlier changes and our statistics show that it will apply only in a very small number of tragic situations.

1830 In conclusion, sir, I am pleased to place this balanced and moderate set of proposals before the Assembly. This whole area of Benefits Payments is one in which it is *all too easy* to take up extreme positions on one side or another. It is affected fundamentally by the access which the States has to financial resources and we are all aware of the pressing need to rationalise the way revenue is collected through taxation and through Social Security Contributions. Strategic work is starting on that. In the meantime, the Social Security Department must ensure a balance of fairness to those in need by providing for those in need and those drawing on benefits for which they have made long term contributions, on the one hand, and serving all the taxpayers of Guernsey on the other hand. We believe that this Report strikes exactly that balance and I therefore ask all Members of the Assembly to give it their support.

The Bailiff: Before we move on, following a request, those who wish may remove their jackets.

1845 We move on now: we have had a number of amendments.

I propose that we take, first of all, the amendment proposed by Deputy Le Lièvre, seconded by Deputy Brehaut, that is marked, conveniently, Le Lièvre 'A' and, just so that people know which one it is, it is 'new Proposition 24', as follows:

1850 'To direct Social Security Department to present to the States of Deliberation by no later than October, 2013 any changes to legislation which are required –

just reading on, to deal with

1855 'parents whose youngest dependent child is aged seven or older should be classified as a jobseeker.'

Deputy Le Lièvre.

Deputy Le Lièvre: Thank you, sir.

1860 Mr Bailiff, Members of the Assembly, I would like to take the unusual step before I start my speech of thanking my wife for her patience and forbearance over the last three months. (*Laughter*) I have been locked in my office and/or in the Members Room collecting the information that I so desired, and I ask her forbearance because my bathroom project, which is four years behind schedule, is now four years and three months behind schedule!

1865 As you said, sir, the amendment 'A' seeks to direct the Social Security Department to present to the States no later than October 2013 any changes to Legislation required to bring into effect the States Resolution that would classify for the purposes of the Supplementary Benefit Guernsey Law 1971 those parents whose youngest child is seven or older as a job seeker.

Paragraph 90 of Social Security's Report in the Billet sets out those elements of the Department's March 2012 report that were approved by the States.

1870 Paragraph 91 of Social Security's current Report points out that:

'While all the work incentivisation proposals were approved, [the States] did not approve the additional staffing resources necessary for their delivery.'

1875 and the paragraph goes on to say that

'The Department... must... find a way forward in order to implement [the appropriate] States Resolutions.'

1880 It would be grossly unfair of me to criticise SSD for not progressing this matter with more urgency. As an ex-Head of the Supplementary Benefits Section, I am fully aware of the day to day pressures that prevent the introduction of new services even when they are adequately resourced. When there is *no* additional resource, introducing a new and work intensive initiative becomes nigh on impossible without cutting a corner in relation to some other activity unless, of course, you can do things smarter and, even then, in that particular section, there is still a tendency to have to run faster just to stand still. I suspect that, with the additional responsibility of the Job Centre and other areas, it is very much worse than when I was there in 1995.

1885 However, this particular resolution of the States represents a spend-to-save initiative, as well as offering some Members of our community an opportunity to experience a real improvement in their lives rather than the endless drudgery of existing on benefits with all the associated problems of loss of self esteem and confidence that such an existence promoted. For many it will not initially be seen as an opportunity and encouraging, supporting, chivvying and assisting men and women who might not have worked for years to move into regular employment will be a labour intensive uphill struggle. However, the sooner Social Security starts, the greater the saving and the greater the benefit to this community. Now I understand that Social Security is at the present time constructing a business case so as to demonstrate to Treasury and Resources that additional staff are required before proposition 1D can be put into effect. As I have already said, it is important that this change in classification takes place as soon as possible because there is ample evidence that the longer a person stays on benefit, no matter what sort of benefit, the greater the likelihood that they will never work again. In short, this Amendment seeks to keep any delay to an absolute minimum and may be regarded as a spur to both to both T & R and Social Security to expedite matters.

1900 I now move the amendment:

1905 *To add a new Proposition 24 as follows:*

'24. To direct the Social Security Department to present to the States of Deliberation by no later than October, 2013 any changes to legislation which are required in order to give effect to their Resolution 1(d) on Article 6 of Billet d'État V of 2012, which established that parents whose youngest dependent child is aged seven or older should be classified as a jobseeker (that is to say a person who is actively seeking employment).'

1910

Thank you, sir.

The Bailiff: Deputy Brehaut, do you formally second the amendment?

1915 **Deputy Brehaut:** Yes, sir, I rise to formally second and reserve my right to speak.
Thank you.

The Bailiff: Does anybody wish to debate the amendment.
No? Yes... we have Deputy James and then Deputy Storey.

1920

Deputy James: Thank you, Mr Bailiff.

I am sure that Deputy Le Lièvre will be pleased to know that the Board of the Social Security Department do, in fact, support this amendment.

1925 In terms of figures and numbers, currently there are slightly in excess of 400 single parents and should this recommendation be carried forward we are looking at approximately 130 claimants that would fit within this new category. It is quite likely Sir speaking to the staff that they estimate that around 50% of that 130 are likely to engage in some sort of employment. However, it would be folly indeed to *expect* everyone to gain full employment. There are not the job opportunities in Guernsey that would actually meet the needs of this particular group, in terms of school hours and term times.

1930

The Assembly is fully aware of the major amount of work particularly the work incentivisation

1935 initiatives that the Department are carrying out so, in essence, given that there are suitable job opportunities the staff will give its commitment to implementing this amendment. However, as already mentioned by Deputy Le Lièvre, there is a major issue in terms of resources and I understand, the Board understands, that there is currently discussions and negotiations with T & R on the issue of resources.

Thank you.

1940 **The Bailiff:** Thank you.
Deputy Storey.

Deputy Storey: Sir, would it be possible for me to speak on this amendment and the other amendments, and generally, at one time – because I think that might save a lot of time?

1945 **The Bailiff:** If you wish to do so, then you get just one speech, so yes.

Deputy Storey: Thank you, sir.

1950 **The Bailiff:** Actually, the other amendments have not been laid so perhaps it does make it difficult to speak on amendments that have not yet been laid – so I think... Yes, you can speak on this amendment and generally –

Deputy Storey: Right, sir.

1955 **The Bailiff:** – but you could not speak on the amendments that have not yet been laid. That must be right –

Deputy Storey: Thank you, sir.

1960 **The Bailiff:** – much as I am sure Members would encourage you to just make one speech if you could! (*Laughter*)

Deputy Storey: That was the reason I asked, sir, because I think one speech would be quite adequate for this meeting on these matters.

1965 I appreciate fully the Minister's comments that this Report is a holding operation only but, on the other hand, I have great sympathy for the proposals that have been made by Members who have placed these amendments and I would have had much *more* sympathy for them if they were presented in the context of an overall proposal and strategic plan for what is happening.

1970 It is quite clear that Social Services have got a *major* restructuring exercise on their hands to complete over the next year or so. The questions are, really, are we spending the money we have got in the right place and do we need to *increase* charges to fund more expenditure? I agree with T & R's comment that the long term viability of the Insurance Fund is most concerning.

1975 I think, sir, we have to be very careful about raising Insurance Fund charges further. They have been increased, not only in the percentage rate but also in terms of the limit upon which Social Insurance Contributions are made, several times over recent years and we are, in this Island, far from being a low cost jurisdiction. There are plenty of low cost jurisdictions out there who are snapping at our heels and vying for our business. We need to make sure that we do not increase employment costs too much to drive away the employers who are actually providing the employment that is paying for everybody on the Island.

1980 In addition, T & R are looking at the fiscal scene and they are developing what we might call 'the son of Zero-10'. There may, as a result of that, be some scope for increased business taxation, but we do not know how much yet and we do not know whether there will actually be any. Therefore, sir, I think it would be quite irresponsible to increase costs funded by general revenue until we know where we are.

1985 Coming back to the Insurance Fund, sir, nearly £87 million of the total expenditure, including the administration, of the total of £109 million is, in fact, the Old Age Pension or the Retirement Pension. That is, 80% of the total is Retirement Pension. Therefore, a small change in the expenditure in *that* area is going to make a big impact on the balance within the Social Insurance Fund. Large increases in other areas are going to make very little impact. But I am quite convinced that we must have a pension payable to elderly people which provides for a basic living income.

1990 What concerns me, going forward, is that the easy way out, if we have not got the money, is that we let the pension fall below a real maintenance level and I am... There are other ways of

1995 making this balance and I am surprised that, in the Social Security Report before us today, there was no mention of further increasing the age at which pension becomes payable. The States have already agreed to raise the age at which pension becomes payable to 67 but that is only going to be introduced during the period 2020 to 2031 and, from a personal point of view, I do not think that this is enough. I feel that we should look seriously at increasing this age of being in receipt of retirement pension to 70. The reasons for this are as follows. The original pension age was set at 65, I believe, when life expectancy, on average, was 68. The pension was being paid, on average, 2000 for about three years but it was also designed to provide income when people were incapable of working – and I think the quaint language is rather nice – ‘as a result of general decrepitude’ (*Laughter*). That was the wording when the retirement pension was first introduced.

2005 Now, sir, we live much longer lives. I understand, from the latest statistical bulletin, that men can expect, on average, to live to 88 and women until the age of 90 but, thankfully, we are also fitter longer and many people *fear* the prospect of having to retire. It is a loss of comradeship, it is a loss of self worth, it is a loss of who you are. When you meet somebody new, one of the first questions they ask is ‘What do you do?’ and to say ‘Well, I used to be...’ is not really a self satisfying reply.

2010 In addition to that, the Government policy is a stable population so, in order to increase the GDP that we need to provide the increases in the services that we require, we need an increase in the working population. We can do that either by increasing the number of people on the Island *or* we can do it by increasing the number of economically active people within the *existing* population. I think, on that basis, having a situation where people will work longer provides us with a win/win situation because a lot of people would value being able to work longer and it 2015 would mean that we would not need to increase the contributions to the Insurance Fund to the extent that otherwise we would have to.

Sir, I sincerely hope that SSD will give serious consideration to delaying pension age to 70 in their considerations for a long term social welfare strategy. I believe, further, that we need to leave Social Security Department to their deliberations. I think the amendments that are being proposed, although well meaning... If we had plenty of money to scatter around, I would most probably vote for them, in terms of priorities of how should we spend the money we have. I have a great deal of sympathy for the proposals and admiration for the people and the amount of work that has been put in to providing the background to these amendments *but* I do believe that, to varying extents, they force SSD’s hands to a certain extent when considering their long term strategy. If we pass 2020 these amendments today, I do not think we will be taking well informed and considered decisions in the round because we do not know what the amount of money that is going to be available for these expenditures might be in the future, once the fiscal and economic policy has been finalised. If we make decisions today, there may well be unintended consequences further down the line so I would urge all of us to leave SSD to consider the situation in the round and I urge you to reject 2030 these various amendments, not because they are not of value but because they are a distraction from the long term strategic objective. Let us wait for SSD’s strategic Report and then we can discuss what are the priorities within the resources that are available us.

I would urge you all to reject these Amendments and to leave SSD to make their report and then we can have a really good debate on an informed basis.

2035 Thank you, sir.

The Bailiff: Does anybody else wish to debate amendment ‘A’?

Yes, Deputy Brehaut.

2040 **Deputy Brehaut:** Thank you, sir.

I will be very brief, bearing in mind there is little debate seemingly and that the Social Security Department are in favour.

2045 Historically, I have been reluctant to support amendments of any sort that have sought to... what, at times, is called ‘incentivising work’, because it has been about people working for a benefit rather than the real benefit of work. I think what this amendment does is it ensures that people are back working – and I do not like the term ‘dependency culture’ either, but it is a more gentle way of incentivising people back into a working environment because, if you are at work, you have another dimension to your life, other than the family, and the family home that, at times, can be quite claustrophobic for people.

2050 I would just refer to T & R’s letter of comment on page 2056 – I will read it, there is no point... please do not look it up, I will read it out. It simply says

‘...Treasury and Resources Department is... recommending any additional measures to encourage non-working

2055 supplementary benefit claimants to work or, in certain circumstances, to remove the eligibility to benefit, for example, by lowering the age of the youngest child at which single parents are not required to job seek.’

I mean, the Amendment is dealing with that very aspect so I hope the Assembly can agree this amendment.

2060 **The Bailiff:** Yes, Deputy St Pier, then Deputy Gollop.

2065 **Deputy St Pier:** As Deputy Brehaut has pointed out, my Board had expressed disappointment in its letter of comment on Page 2056, that the Social Security Department had not taken steps such as this. The estimated cost of £65,000 my Board regards as being in the nature of spend to save and we unanimously support the amendment, sir.

The Bailiff: Deputy Gollop.

2070 **Deputy Gollop:** Sir, I will vote for the amendment but I will put one caveat. That is that it is very important, when the States want to drive this forward, that Social Security Department has the resources to implement it effectively and in a timely way and I put that message out so that States Members, Treasury and Resources and the Policy Council, and even St. James’ Chambers, are listening to that point.

2075 **The Bailiff:** Does anyone else wish to speak?
Deputy Dorey.

2080 **Deputy Dorey:** Thank you, Mr Bailiff.
I support this amendment as well and, like Deputy... the T & R Minister, I am disappointed that Social Security did not actually bring this forward themselves in the March debate on the modernisation of Social Security. The States supported this proposal so there was a clear direction from the States and, when you look at the figures which are on page 2043, the expenditure on Supplementary Benefit has been far greater than was estimated at the beginning of the year in the Budget. The estimate for Supplementary Benefit was £17.7 million and we see that the probable
2085 outturn for 2012 is £19.7 million, so I actually think that Social Security had a duty to look at the policies which were approved by the States in March, particularly the ones which could save expenditure, going forward, and to advance them to try and reduce expenditure in the future.

I think everybody accepts the fact that a single parent can claim because a child is 12, or is not acceptable and that, in today’s world, we should be encouraging single parents with children of that age to work. The previous Board reduced it from when their child was at school – a single parent could then, previously, claim Supplementary Benefit while they had a child at school – they had to reduce it to twelve. This change was needed to save further expenditure and I was very pleased to see the numbers which Deputy James said would be saved in terms of number of claimants.

2095 Obviously, you have to invest in these people in order to help them get back to work but we should be doing as much as we can to reduce benefit expenditure because, ultimately, within our States overall policy of not increasing overall expenditure it just means that other Departments have less money to spend.

2100 I support this Amendment but I am disappointed that it is not coming forward for 2013.

The Bailiff: Does anyone else wish to speak before I invite the Minister, if he wishes to do so, to speak on the amendment immediately before Deputy Le Lièvre replies to the debate?
No? Well, Deputy Langlois then.

2105 **Deputy Langlois:** Very briefly, sir, we are, of course, mindful of the resolution that was passed in March.

2110 I explained our approach to the taking a big picture view of everything earlier and that is what we are intending to do. It will be of interest, particularly to Deputy Storey, that, after this debate, we have already arranged, next week, a major planning workshop of Members and senior staff to formulate that overall plan and to prioritise sensibly to implement the previous resolutions and also to look at other options.

As has already been stated by my Deputy Minister, we will, I believe, all of us be supporting this amendment and I am very pleased to hear from the Treasury and Resources Minister that the sort of resources we are talking about, which are spend-to-save, should be made available if the

2115 business case is right. So I do not see any problem about this one but, like all the other amendments, I would just urge people to be mindful of the fact that it does have budgetary implications and it is not a coincidence that the term spend-to-save has 'spend' first and 'save' afterwards. That is the situation we are facing in a number of areas.

2120 I think I will resist the temptation to comment on 'general decrepitude' until possibly later today.

The Bailiff: Deputy Le Lièvre to reply to the debate.

2125 **Deputy Le Lièvre:** Thank you Sir.

I do not think there are any questions to answer.

I was pleased to hear from Deputy Sandra James. She is, of course, absolutely right. I think the experience of the previous Board was, when it dropped the age of the youngest child to twelve, 55 claims – or something like that figure – the staff entertained those faces and only 20 or so actually ended up in work because many of these people who have been out of the employment market for decades find it increasingly difficult to get back in. So this will be a good move. It will not be seen by some as beneficial initially but I feel sure that the staff of this section will deal extremely sympathetically with the people who will be re-classified as a result of this resolution.

2130 I cannot really at this stage answer any of Deputy Storey's comments, because I have not actually laid the amendment at this stage, but with regard to his comment about the pension age of 70, he got it slightly wrong. When the scheme was *first* set up, the Social Insurance – and Deputy Langlois can correct me if I go wrong – the age *was* 70 for pensioners. The unfortunate aspect of this was that the average age of a male was only 67, which explains why we had an awful lot of widows on non-contributory pensions.

2140 Thank you, sir.

The Bailiff: Members, then we come to the vote on amendment 'A', which is the amendment that proposes a new Proposition 24.

Nobody has requested an *appel nominal*, so we will go to the vote.

2145 Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

2150 We come, then, to the amendment that is marked Le Lièvre 'B'.

I was proposing this be taken separately. Were you going to request any of your amendments together, Deputy Le Lièvre, or do you agree they be taken separately?

Deputy Le Lièvre: I would like to take them all separately, sir.

2155 **The Bailiff:** Take them separately.

In that case we will deal with the amendment marked 'Le Lièvre B' which deals with the rates of Old Age Pension.

Deputy Le Lièvre.

2160 **Deputy Le Lièvre:** Mr Bailiff, Members of the Assembly, as we have heard and read, the Social Security Department is proposing that the current rates of Old Age Pension are increased by RPIX plus 0.5%, as opposed to the more usual formula applied in recent years, namely RPIX plus 1. The reason given for this significant change in policy is that, over the last six years or so, the aggregate value of the increases awarded by Social Security have exceeded, by some 4%, the movement in nominal median earnings over the same period.

2165 Amendment 'B' proposes that the increase should follow established practice and be applied at the rate of RPIX plus 1%. Whilst the Social Security Department knows exactly how many pensions it pays, where they reside and the level of pension it pays to them, it has absolutely no idea of the resources of an individual pensioner, other than those to whom it grants a supplementary or medical benefit – and that is about 700 or so out of 12,000 plus pensioners. None of us have any idea how many Islanders are largely reliant on the Old Age Pension as their primary form of income in old age and nobody knows how many Islanders are reliant on the continued strength of the local pension as the buffer against hardship.

2175 Of course, although vitally important for a huge proportion of the community, these matters are only one of a number of concerns that the Social Security Department has to address when it

advises the States on the rates of pension that should apply for the forthcoming year. To say that the aforementioned factors are of secondary importance to Social Security would be unfair. Social Security has the *huge* responsibility of balancing income and expenditure, as well as ensuring that the Insurance Fund itself provides the buffer needed to sustain those periods when the Fund faces unusual challenges, such as the demographic bulge that is already with us.

At the same time, when combined with all aspects of the Island's tax regime, the Social Insurance contribution represents an overall expense for both the individual and corporate entities alike. When contribution levels are set too low, the Fund runs into sustained deficit and when contribution rates are set too high, these represent a clear threat to encouraging business into the Island or, indeed, holding on to what business is already here. However, despite these huge tensions, the Department must recognise and I, for one, think it does, that it is also guardian of the welfare of the largest sector of the community. More than one in five Islanders is a pensioner. Of equal importance is, and will be, the growing number of older, and very old, pensioners who are even more reliant on the strength of their Old Age Pension to sustain their continued life in the community.

The Social Security Department has the unenviable task to balance fiscal policy considerations with its duty to provide for the needs of individuals and families, many of whom continue to require assistance and support, despite the Island's generally successful economy. The Department has, on many previous occasions, examined the relationship between its contributory and non-contributory arms and has *always*, always, concluded that the Old Age Pension must be maximised in line with the constraints already mentioned and that, in addition, the contributory scheme must be supported by a robust non-contributory scheme to provide cover for those persons whose income is insufficient to meet their needs.

The growing problem for the community over the last quarter of a century is that the support scheme, Supplementary Benefit, is becoming ever more inadequate, as the differential between the Old Age Pension and the Supplementary Benefit requirement rate for a householder grows ever larger. In the absence of a fit-for-purpose support scheme, the emphasis for pensioners has to be one of retaining and, where possible, improving, the real value and, therefore, the real purchasing power of their Old Age Pension. Any reduction in that purchasing power represents a very clear and serious threat to those pensioners whose pension and other income exceeds the supplementary benefit requirement rate but falls short of meeting their actual need – and the number of such pensioners can only be guessed at.

What we can say with total confidence is that the number of these individuals will have grown steadily, as the difference between the Old Age Pension and the Supplementary Benefit requirement has grown, I should add, over the last 24 years. I do not like the use of the rather hackneyed expression 'poverty trap' but, almost unwittingly, we have created one and it is both real and very, very effective. The effect of not increasing the basic pension by RPIX plus 1% and, at the same time, continuing to apply a less than sufficient increase to the non-contributory rates is not only likely to ultimately create poverty, it is a sure fire certainty.

Whilst Social Security call this current Policy Letter a holding exercise, it is anything but. The term 'holding exercise' means to maintain the *status quo* pending some new policy or strategy. This Policy Letter reduces the value of the Old Age Pension and similarly continues to reduce the value of the appropriate Supplementary Benefit requirement rate. It is almost inconceivable that the Board's officers would have failed to appraise the current Board Members of the wholly inadequate level of the Supplementary Benefit requirement rates, which are actually shrinking in terms of a pensioner's purchasing power, and I find it similarly unthinkable that the Board's Officers would not have warned Board Members of the dangers of failing to increase pensions by RPIX plus 1% as a minimum and that anything less than this would have a deleterious effect on the value of the pound in a pensioner's pocket, so to speak.

The Old Age Pension is a long-term benefit, but that term is really a misnomer; it is a *life-long* benefit. As such, the Old Age Pension must be looked at in a special way and when changes are made, these changes, no matter how small, must be given the most careful and thorough attention. Judging the performance of a life-long benefit against short-term statistics is wholly inappropriate. Social Security's knee-jerk reaction to the chart produced by the Policy Council's policy and research unit does not reflect the careful and thorough attention required of this particular benefit.

Social Security's reaction to knock back the annual increase by 0.5% on the basis of six years' statistics and a potential 4% excess is in stark contrast to the view expressed in the Advisory and Finance Committee's 1979 Economic Report, when it stated that pensions increases had exceeded the index of retail prices by some, not 4, not 40, but 466% every 14-year period. They said this:

'It is worthwhile noting that, in this period 1965-1979, pensions have increased by 800%, whilst the RPI has risen

334%. Even during the periods of double-figure inflation in the 1970s pensions increased at a higher rate than the Index, reflecting the importance that the States attached to the improvements of living standards for old age pensioners.⁷

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I think the most recent Government Actuary reports indicate that, having achieved the age of 65, males are likely to live for a further 20 years and females a further 25 years. Judging the performance of the pension must, therefore, be compared with a similar period, because only then can one ascertain with any degree of certainty how a person who became a pensioner in year 1 has fared by some 20, 25, or even 30 years later.

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Those of you who have read my paper will note that, in order to compare the pension with an income of similar purchasing power, I used data relating to the lowest increment of the lowest pay grade in the States, that of the clerical assistant. As I said in my paper, comparing the income of a pensioner couple with a clerical grade in the Civil Service is an inexact science. However, it nevertheless provides a comparison which is instructive and useful, given that Social Security and the Policy Council have used median income to make a case that the Old Age Pension has performed too well and must therefore be restricted.

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The key findings of the comparison was that *over 30 years*, when the rate of an old age pension couple was compared with the lowest increment of a clerical assistant grade, over 30 years the fluctuation was 0.42%, less than half a per cent in 30 years. Variations in performance obviously vary over five years; you can see fluctuations in the region from 95% to 88% ratio – or 89% ratio, rather – and very significant variations can occur over a couple of years. For example, between 1986 and 1987 the pension dropped by 11% in relation to the lowest increment. But, of course, that is bound to be because the timing of increases applied to pensions and the timings of increases applied to Civil Service are slightly different. Nevertheless, you can see, quite clearly, the shorter the period reviewed, the greater the variation is, but when you look at it over the *whole life* of a pension, then you can see that the performance of the Guernsey Old Age Pension has not been startling. Certainly it has held its own, but not startlingly so.

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I concluded it was very obvious that two sets of data would fluctuate violently over short periods of time and it is *that* which makes it so unsafe and unsatisfactory for Social Security to use a short-term comparison between pensions and median earnings to propose a lower increase in the Old Age Pension of 2013.

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What is more, my research indicated that, in the period 1979 to 2012 – in other words, bringing it right up to date – the Old Age Pension increased by 676% when the index of retail prices had increased in the period March 1979 to March 2012 by just a smidgen under 400%. This is an excess of some 276% and yet the Old Age Pension for a couple had failed to outperform the lowest rate of pay to the lowest grade of a civil servant who, invariably, would be a school leaver, living at home with his mum and dad.

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In the light of such a comparison, it is difficult not to conclude that Social Security's enthusiasm to reduce the rate of the Old Age Pension is anything other than a premature over-reaction to a series of data that is simply not up to the job. Even if the data is both relevant and accurate, there is just too little there to provide a meaningful comparison.

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My further research concluded that, if one assumed a linear rate of RPI in the period, the pension would have needed to be increased by RPIX or RPI + 1.5% for each of the 32 years between 1979 and 2012. An increase of RPI would have produced a level of pensions *similar* to the current level of Supplementary Benefit, which we now know is wholly inadequate and an increase of RPI + 0.5% would have fallen well short of what is required to meet even the most basic of needs and would have taken us back in the direction of the 1960s, when wholly inadequate rates of pension resulted in one third of the pension population needing to claim a non-contributory pension. It is abundantly clear that, to maintain its real purchasing power, the Old Age Pension must be increased by something like RPIX plus 1.5% and RPIX plus 1 would probably lead, in the long term, to a reduction of that purchasing power. In contrast, RPIX plus 0.5% guarantees the long-term failure of the Old Age Pension, with all the very serious consequences such a failure could bring.

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I appreciate that this is one year and it *is* a holding exercise, but the easier it is to pass policies through this Assembly of this nature, the easier it will be to drive down the value of the Old Age Pension. When it becomes a hardship to live in your own home, be it rented or owner occupied, there is an obvious and understandable desire to live in a place where life is easier, where your meals are provided and where there is little to no requirement to worry about the 1,001 things that looking after yourself entails. Living in reduced circumstances is one of the biggest causes of residential care and yet that is where the application of a sustained policy such as that – we are not seeing that, but it would take us – is contrary to HSSDs 20/20 vision and is contrary to common sense.

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2300 Members of this Assembly, this must be one of the most extensive and time-consuming arguments to move an increase of just 0.5%. However, the consequences of applying increases – or, more accurately, applying reduced increases – that are not evidence-based, promotes the further use of poor evidence in future operating reports and this must represent a significant risk to all pensioners.

2305 This Assembly is the ultimate hurdle between good and bad policy-making practices and it has a *right* to be presented with cases that are both complete and well balanced. This Social Security Report is certainly light on evidence and it certainly is not well balanced and, as such, it must be amended to safeguard the welfare of one in five members of our community.

I would ask this Assembly to vote in favour of this amendment:

2310 *1. To delete the full stop and add the following words to the end of Proposition 1: 'except that, with reference to the weekly paid benefits set out at page 2035, the figures in respect of the old age pension of £192.85, £96.60 and £289.45 in the column relating to 2013, shall be deleted and replaced with £193.80, £97.10 and £290.90 respectively.'*

2315 *2. To delete Proposition 17 and substitute therefor: '17. To agree that in part one of the first schedule of the draft Ordinance entitled "The Social Insurance (Rates of Contributions and Benefits, etc.) Ordinance, 2012" the figures in respect of the old age pension of £96.60 and £192.85 shall be deleted and replaced with £97.10 and £193.80 respectively; and to approve the draft Ordinance entitled "The Social Insurance (Rates of Contributions and Benefits, etc.) Ordinance, 2012"; and to direct that the same shall have effect as an Ordinance of the States.'*

2320

Thank you, sir.

2325 **The Bailiff:** Deputy Brehaut, do you want to second?

Deputy Brehaut: I rise to second, thank you, sir, yes.

The Bailiff: Deputy David Jones, then Deputy Lester Queripel.
Sorry, Deputy Soulsby caught my eye as well, so after Deputy Jones, yes.

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Deputy David Jones: I have a great deal of sympathy for this particular amendment and I will tell you why.

2335 In March this year, Social Security brought a Policy Report to the States, talking about people living in private rental, unable to afford all kinds of things for their families, because of mostly rent-induced poverty. Unfortunately, the States did not sign up to that and the Report has gone back for re-working. There is an irony here that we say, on the one hand, that we promote the health of people and we want people to live longer and we are glad that people do live longer. The Health Minister spends every waking hour trying to find ways to keep people alive for longer periods of time, but we allow them to live on a pension that does not allow them, in my view, to have a full, decent participation in life.

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2345 This is the hardest thing for me. I have just recently come across two elderly people, one who did not go to the doctor, when she clearly should have gone, because she did not have the money to go. I understand the Minister's view is that they can always come to the Department, which is very sympathetic to helping people, but the truth of the matter is, *she will not*. She will not and has never been down to the Social Security Department in her life to ask for help from anybody. This is a woman who used to make carrots out of nothing during the Occupation and live as best they could. They are not a generation that will go looking for help if they think they do not have to. She would rather not go and visit the doctor than do that.

2350 The other thing, as well, is that Deputy Le Lièvre made a point in the Report that he sent to us – and I think one of the basic, fundamental points is that pensioners have no chance of *increasing* their earnings. Every other sector does have a chance of bettering itself in one way or another and increasing its potential income. The pensioners do not. That is it. Your working life has come to an end. This is the pension that you will be obliged to live on and unless... I suppose you could argue, if they are ex-stockbrokers or people who have worked in the City and in commerce and industry, but then they will, I suspect, during their working life have put quite a lot of money in private pensions to take care of them.

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I am talking about the Guernsey families that worked in greenhouses, and manual workers and many other industries in Guernsey, that did not have that opportunity and, once they have reached pension age and they draw their pension, have *no potential whatsoever* of increasing that income.

2360 They rely solely on the state to make sure that they keep pace a bit. It is not their fault that they are being kept alive for 10 or 20 years longer than they originally were when the pension was first introduced. It is a good thing. They say now that 60 is the new 40 – I do not feel like 40! – but that is what they tell us. (*Laughter*) You were a little slow there, this morning!

2365 But the Treasury Minister will know my views about people on low and fixed incomes and the unfairness of our tax system. I made it clear last year and was told off by the then Chief Minister as being irresponsible and all the other things that went with not supporting the Budget, but the fact of the matter is, we have a group of people in our community who are struggling and they are having to make decisions – who was it? Deputy Laurie Queripel said on the radio – ‘between eating and heating’. They should not have to do that.

2370 The argument always comes down, should the pensions be a living wage? I do not think that is true, either. I think the pension should be a sufficiency for them to lead a decent life in their old age and be able to pay their bills without struggling in the way that they are at the moment. So I have a... I will listen and I have spoken to Deputy Le Lièvre before this debate, on Saturday morning. His powerful arguments that a Report – for any of you who have not waded through, we are still awaiting appendix 4, which I do not think is going to materialise, otherwise the bathroom will *never* get finished!

I think any of you who have read that Report cannot fail to recognise that there is a problem here and I understand Deputy Storey, who does forensic analysis of these things, about the money. I understand all of that, but the point is that, if these people do not have enough to live in their own homes, the point Deputy Le Lièvre has just made about them moving in to extra care and to nursing care, is a real probability. At the end of the day, by failing to make sure they have adequate funds to go to the doctor when they need to go, you are compounding that situation and, at the end, it will cost the Island more and the States more, so I want everybody to carefully consider this amendment.

2385 I am interested to hear clearly what the Minister of Social Security has got to say because he also has a fund that he has to work with, but this is about people’s lives. It is not about accountants and the bottom lines on a balance sheet, however important that is to T & R and everybody else. This is about people’s lives and you have to remember that pensions are being *hammered* by utility bills, by indirect taxation and, not based on anybody’s ability to pay, it is just a general slap across the community. It does not matter whether you are a pensioner or unemployed, or whoever, indirect taxation hits you just the same.

2390 So I would ask you to consider carefully this particular amendment.
Thank you.

2395 **The Bailiff:** Deputy Soulsby and then Deputy Lester Queripel.

Deputy Soulsby: Sir, I would like to start by applauding the work that Deputy Le Lièvre has put in on this subject. I have seen him over the past few months with his head buried in old Billets and carrying mountains of paper around with him, like a man on a mission – which he certainly is. 2400 I commend his desire to ensure older people are not left in abject poverty and agree that the States has a moral obligation to ensure this is not the case. However, despite the detail of this Report, I do believe it misses fundamental issues, which could make matters worse not better.

The first – which is also a failure of SSD’s proposal – is a proposal to give a blanket percentage rise. The cost is huge, with just an additional half per cent rise likely to be upwards of £470,000. The cost may be huge but it amounts to just 95 pence a week for an individual! This reflects a fundamental weakness of this recommendation, and the system in general, which Deputy Storey has alluded to. It is not targeted at those who need it – those that Deputy Jones really cares about – and, at the same time, saddles the States with a growing pension bill that will only be compounded over time.

2410 From reading Deputy Le Lièvre’s paper you would think that SSD were proposing to *cut* the Old Age Pension, rather than increase it over and above inflation.

Secondly, comparing a pension with a Civil Servant’s pay probably says more about Civil Service pay over the years than it does about the value of the pension. (*Laughter*) A comparison with median earnings, whilst not perfect, is more scientifically sound and reflects more of what has been happening in the real world.

2415 Thirdly, whilst Deputy Le Lièvre makes a point of life getting harder for retired people as they get older, this rise is aimed at all those over 65. The 65 year old in 1960 is very different from the 65 year old today and I am sure that is a view shared by our Chief Minister, who has reached, or I believe reaches, that milestone this year. (**The Chief Minister:** That’s right.) People are living well beyond their retirement. If Deputy Le Lièvre’s idea is to help those who are older, surely it

would make more sense economically to aim *his* increase at those over 75, rather than 65.

2425 Finally, whilst the rise is costed, nowhere in this Report does it mention that there is a deficit in the Guernsey Insurance Fund. I *fully* understand that there are pensioners on very low incomes. However, this is also true of working people and families who are not seeing any such rises in income and who cannot afford to rent, let alone buy a home, and employers who are struggling with rising costs. Yet, if the current system continues as it is, they are the ones who are having to pay for this increase, who will not be able to retire at 65 and will suffer more with time, as the effects will be compounded as life expectancy increases. How can we vote for such increases without considering the consequences?

2430 The Minister for Social Security stated at the last meeting that his Department, Treasury and Resources and Policy Council were determined to move towards a more holistic approach to planning the revenue and expenditure of the States overall. A look at this Report shows just how essential this is. The Chief Minister stated, at our last meeting, the debate on this issue would form part of the workshop being held on 10th November as part of the States Strategic Plan.

2435 I welcome this debate, as we need to sort out the current situation as soon as possible, if we are not to end up with a nightmare scenario where our children's generation will be paying for *this* generation's retirement and not being provided for themselves.

It is for this reason that I cannot support Deputy Le Lièvre's amendment.

2440 **The Bailiff:** Deputy Lester Queripel.

Deputy Lester Queripel: Thank you Sir.

I have actually got two speeches! (*Laughter*) I have got the one that I would *like* to make, sir, and I have got the one I am going to make.

2445 The one I would like to make is 25 minutes long, the one I am going to make is a little bit shorter than that (*Laughter*).

The Bailiff: How much shorter? (*Laughter*)

2450 **Deputy Lester Queripel:** Twenty-four minutes long, sir.

I had at one time considered bringing my own amendment to increase pensions by 6%, on the basis that if pensions are increased by 3% and the cost of living increases by 3% then, in real terms, pensioners who are struggling do not benefit at all. I had a long conversation on the telephone with Deputy Le Lièvre about my idea and we eventually met up to discuss it. When I saw the amount of research and work that Deputy Le Lièvre was having to put into *his* amendment, I realised my amendment was a non starter.

2455 But what I *can* do is support Deputy Le Lièvre in his quest to gain pensioners a little bit more than what they truly deserve, sir. They have been responsible citizens all their lives, they have paid their contributions, they have paid their dues and all they ask, in their twilight years, is for the support that they have earned *and* paid for.

I know that, if Deputy Langlois had a magic wand, he would use it but the Social Security Department, like every other Department, has only got a certain amount of money to deal with. But it does seem rather unfair sometimes, the way that that money is actually distributed. We seem to have adopted a 'benefit first, work never' approach.

2465 I am not blaming SSD at all. In fact, I have had several conversations with Deputy Langlois' *excellent* staff, who always answer my questions, never fail to impress me with their commitment, their dedication and their knowledge. But they, of course, work within strict guidelines and regulations and I cannot help but wonder sometimes how different our lives would be if we claimed a little bit of independence and did not always allow ourselves to be dictated to by Human Rights, which seem to have been distorted out of all proportion.

2470 The pensioners I speak to simply cannot believe how easy it is to plead diminished responsibility on Human Rights grounds and be paid as much money for not going to work as somebody actually gets paid for actually *going* to work. And pensioners cannot believe the 'benefit first, work never' approach we seem to have adopted because, in their younger days, they *had* to go to work or they did not get any money. The responsibility for one's life was the responsibility of the individual. So, after having worked hard all their lives and paid their contributions, they now find themselves in a world where the system is totally upside down and *they* are the ones who are always expected to live on *slightly less* than they actually need.

2480 Of course, I realise that not every pensioner is struggling. SSD pay pensions to approximately 16,000 of our pensioners, some of whom will have been able to provide for their old age – but not *every* pensioner has been able to provide for their old age.

2485 I think, sir, we should bear in mind that some of our pensioners lived through the last War. Some of them actually served in the last War and they were prepared to give their lives. Not one of us here today can possibly know what it must have been like trying to get back to normal after the horrors and ravages of the War. People lost their belongings, they lost their homes, they lost their livelihoods and some even lost members of their family.

2490 Getting back to normal after a war must be almost impossible because life can never be the same. And then people had the struggle of trying to find work and trying to rebuild their lives, basically doing whatever they could in order to survive. Some of them would have set up home and had families of their own and a lot of them would have had to borrow money to do so. They simply would not have had enough money to provide for their old age because every penny they earned needed to be spent simply surviving. Anyway, they were led to believe they were already contributing to a system that *would* provide enough for them when they reached their pension age. So I think it is very unfair, and even rather unrealistic, to say to our pensioners *you* should have provided for your old age because a lot of them truly thought they were.

2495 I think, sir, that we should treat our pensioners with a little more dignity and a little more respect and, naturally, I will be supporting this amendment.

Thank you, sir.

2500 **The Bailiff:** Does anybody have a short speech they would like to make before we rise for lunch?

Deputy Hadley, is it a short speech?

2505 **Deputy Hadley:** A very short speech, Mr Bailiff.

I never thought I would accuse Deputy Le Lièvre of meanness but I really do think he is a little mean in this proposition because he is actually proposing an extra increase in the pension of 92 pence a week – and one has to consider that will only buy you *one leek*. Now, the cost of food is going up enormously... (*Laughter and interjections*) A leek: I mean the little, green things! (*Laughter*)

2510 On a serious note... In the Co-op last week, a packet of two tiny little leeks were costing £1.90!

2515 No, on a serious note, the trouble with judging RPIX as the basis for increasing the pension misses the fact that, for somebody on a low income, like a pensioner, their real rate of inflation is very much greater because a high proportion of their income is spent on food and heating. We know food is going up in price *enormously* and it will continue to go up because this has been a very bad year for food producers. The cost of our food *will* rise enormously. We know the cost of electricity is going to go up considerably because we have got problems importing electricity from France and so...

2520 I will, of course, support this amendment but it does surprise me that people do not take into account the cost of a leek!

Thank you, Mr Bailiff. (*Laughter*)

2525 **The Bailiff:** Deputy Fallaize, do you wish to speak before 12.30, or are you going to be longer than that.

Deputy Fallaize: Perhaps not, sir. After lunch, please.

The Bailiff: You will wait until this afternoon.

Does anybody else...?

2530 No? In that case, I propose that we rise now and return at 2.30 p.m.

2535 **Wheelchair access Welcome to first observers**

The Bailiff: At the start of this afternoon's sitting, for the record, may I just observe that, for the very first time, we have two members of the public observing the States Debate from their wheelchairs.

2540 A very warm welcome to you both, I appreciate the arrangements are not ideal but I am pleased that we are able to allow some wheelchair access (*Applause*).

Thank you very much.

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SOCIAL SECURITY DEPARTMENT**Benefit Rates for 2013****Debate continued**

2550

The Bailiff: Deputy Fallaize.

Deputy Fallaize: Thank you, sir. I am speaking only on this amendment, not generally.

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Deputy Le Lièvre's Report, which contains a great deal of historical and contemporary evidence, has obviously been researched very painstakingly and, in my view, sits in stark contrast to the evidence produced in the Social Security Department's Report which, even by their own admission, is restricted to a couple of paragraphs. In my view, it contains data which is, certainly, of questionable relevance but, in any event, appears to have been collected over a very short period of time.

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Sir, it is my view that, if evidence-based policy means anything other than a comfortable cliché, the decision on this amendment should be one of the easiest decisions this States will ever have to make. I will be surprised if, by the end of this debate, the Assembly has heard a single credible counter-argument to any of the underlying principles and objectives contained in Deputy Le Lièvre's paper.

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Concerns have already been raised about affordability and process and that is no surprise. They are familiar flags of convenience in any debate on social policy. They are waved precisely because those bearing them know that these debates are settled not by those of us who are most often representative of one side of the argument or the other but by what might, broadly, be termed the middle ground of opinion in the States: Members who want to do the right thing in terms of principle and policy but also want to act cautiously, who do not want to be guided by head or heart alone, but want to try to reconcile the two.

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Today, in what is, obviously, the first significant policy test for this new States, I want to appeal to undecided colleagues in particular, simply to go where the evidence takes them. The question has been asked, who will pay for the proposals in this amendment? The simple answer, obviously – the factual answer – is the Guernsey Insurance Fund. The balance on the Insurance Fund at the end of last year was just over £600 million and, of course, we all accept that, without corrective action, that balance will be eroded in future years as the demographic profile of the Island changes. Indeed, only last month, I proposed a successful amendment which will require the Social Security Department to report back to the States next year with proposals to ensure the long term sustainability of the Fund and even *my* politics are not sufficiently schizophrenic to want to stand here, four weeks later, and support any proposal which would plunge the Insurance Fund into financial crisis.

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The reality, of course, is that Deputy Le Lièvre's amendment does nothing of the sort. The Department forecast that its own proposals, which have nothing to do with Deputy Le Lièvre's amendment, will cause an operating deficit on the Insurance Fund next year of £11.8 million although, as the Report notes, that deficit will be covered by investment income. Deputy Le Lièvre's amendment adds less than 5% to the operating deficit caused by the Department's own proposals. Are Members *really* going to vote, on the grounds of finance and affordability, against an amendment which adds less than half a million pounds to the deficit on the Fund and *then* go on to vote in favour SSD's own proposals, which *cause* an operating deficit of £11.8 million?

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If the operating deficit on the Fund is the most important factor, if that is the key determinant of this debate, then I have to ask why Members who are expressing that view are not laying their *own* amendments, which try to reduce the increased proposed by the Social Security Department and constrain the operating deficit on the Fund next year. In the context of the sustainability of the Fund, there is a *marginal* difference at best between Deputy Le Lièvre's amendment and the proposals of the Social Security Department. I acknowledge that any increases in 2013 will, in effect, be carried forward in future years but, if we take *that* view, are we seriously saying, as an Assembly, that we are going to try and balance the Guernsey Insurance Fund by cutting the increases which have previously been applied to the States Pension? If we are, that is going to require a very significant change of policy and, in my view, voting *against* this amendment sets the scene for that very significant change of policy.

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In 2009 the States debated the future of the Guernsey Insurance Fund. It has already been said that they agreed to raise the pension age gradually to 67, to raise the upper earnings limit

2605 considerably over five years and to raise the contribution rate for non-employed people over 65. All of those decisions were made, and are being implemented, in order to help sustain the Insurance Fund, on the *clear* understanding of maintaining the recent uprating policy of inflation plus 1%. Deputy Le Lièvre's amendment is inflation plus 1%.

2610 Turning to process and policy making, objectors to the amendment suggest that amending these proposals risks making them unbalanced, that the new Department needs to be afforded more time to put in place its policy objectives and that former members of the Department *in particular* should reflect upon the wisdom of trying to shape their successor's policies. It seems to me that all of those arguments are based on one central assumption, which is that the proposals contained in the Social Security Department's report are a holding exercise. Indeed, that is the very phrase that 2615 the Minister used when he opened the debate – something put in place to keep things ticking over while the new Social Security Department reflects on all of its options. But when the Department asks the States not to interfere in their holding exercise, I am afraid, rather like Claudius in Hamlet, they risk being 'hoist with their own petard'.

The reality is that it is Deputy Le Lièvre's amendment which represents a holding exercise. It is Deputy Le Lièvre who is proposing a continuation of the *status quo* of uprating pensions by 2620 RPIX plus 1%, it is the Social Security Department which is proposing a change from recent policy, a change to RPIX plus 0.5%. I am happy to give the Social Security Department – indeed, all Departments – reasonable space and time to get their feet under the table, assess their policy options and come forward with their objectives but, as Deputy Gollop is fond of reminding the States, you cannot have the penny and the bun. The Department cannot claim that this is a holding 2625 exercise, implying, not unreasonably, that it has not yet had a chance to think through its policy vision and, at the same time, propose a shift in pension policy which carries with it the *potential* risks identified in Deputy Le Lièvre's paper. In fact, I would question, particularly given what Deputy Langlois said in his opening speech, on what basis is the Department proposing this change in policy? If they had to get this Report in so soon after they were elected – and they 2630 clearly did not have time to, as I say, think through their policy vision – what on earth were they doing proposing a not insubstantial shift in pension uprating policy?

I said earlier that I hoped Members would follow the evidence; I am afraid, sir, that the proposals from the Social Security Department bear the hallmarks of having settled on the outcome first and then gone searching for the evidence. Deputy Le Lièvre's paper demonstrates 2635 *very clearly* that, at best, over the long term the real value of the pension has remained steady but, with respect to Deputy Le Lièvre, none of us, not even the Social Security Department, needed his paper to tell us that. Indeed, the Social Security Department knows this only too well because it told the States exactly the same thing just three years ago and I will quote from the Department's own Report

2640 'While instinctively pension increases of RPI may sound perfectly adequate, and increases of RPI plus 1% generous, if pensions are not increased in line with the increase in earnings –'

2645 i.e. RPI plus 2% annually –

'then pensioners do not share the generally increasing prosperity of the community. The buying power of the pension may well keep pace with the items against which RPI is measured but the lifestyles and social inclusion of pensioners will *fall* relative to that of the population of working age.'

2650 This is still quoting from the Department's own Report:

2655 'Although Guernsey can take some satisfaction from the extent to which its basic State Pension has exceeded the increase in RPI over time, this should be balanced by the acknowledgement that the uprating policy is one that knowingly falls short of the increase in earnings. The halfway house uprating policy for the Guernsey pension –'

i.e. RPI plus 1% –

'*will* be proven inadequate.'

2660 That was the verdict of the Social Security Department in 2009 – 'the halfway house of RPI plus 1% *will* be proven inadequate' – and now the Social Security Department is proposing RPI plus 0.5% and telling us that that is more than adequate.

2665 As Deputy Le Lièvre's paper reminds us, the uprating policy we are debating today has an impact upon roughly 12,000 pensioners living locally. He is right when he says that changes in that area of policy have to be undertaken with the greatest care. Where Deputy Le Lièvre's paper is especially useful, and where the Department's report is notably silent, is in its comparison, over

thirty years or longer, of pension rates and inflation. Between 1979 and 2012, assuming a linear rate of inflation, the pension would have needed to be increased by inflation plus 1.5% *every single year* in order to reach its present rate. As Deputy Le Lièvre has said, an increase of RPIX plus 1% which, as Deputy Hadley rightly identified, was not terribly generous, would have left the pension at the same rate as Supplementary Benefit today – unsatisfactory – and RPI plus 0.5%, which is what the Social Security Department is proposing, would have been, frankly, pathetic.

We know that if we want the value of the States pension to reflect the fortunes of others in the economy, ideally we should aim to increase the pension annually at RPIX plus 2% in line with earnings, not over a period of six years, which is the data in their Report, but over the long term. Deputy Le Lièvre's proposal of plus 1% and the Department's proposal of plus 0.5% are *both* cautious, conservative options but the Social Security Department's is unreasonably so and, in any event, it is clearly based on very flimsy evidence.

There is no evidence other than the two paragraphs in their report and that should not be enough for us to, in effect, change this very important area of policy. I am open minded about the case for constraining the assistance of the State to those not in the greatest financial need but not if doing so, as is the case in this proposal from the Department, also means cutting assistance for those who are most definitely in very real need of our support. If the Social Security Department's proposal is left un-amended, those at the bottom of the financial ladder will, undoubtedly, pay the heaviest price. I hope the States can see that we are not in receipt of even basic, let alone compelling, evidence to start adjusting the States uprating pension policy. The amendment does nothing other than maintain the recent policy of uprating pensions by inflation plus 1%. In a sense, Deputy Le Lièvre had no obligation on him to provide any evidence whatsoever because he is merely proposing maintaining the *status quo* – and yet he has produced far more evidence, in far more detail, than the Department which is proposing a *change* in policy.

On that basis, sir, I ask the States to support the amendment.

The Bailiff: Does anyone else wish to speak in this debate?

Yes, Deputy Green and then Deputy Domaille.

Deputy Green: Thank you, sir.

Sir and Members of the States, as a member of the Social Security Board, I would like to oppose amendment 'B' and I would like to add my support to the Department's Benefit Rates Report. It is, in fact, with real regret and with a heavy heart that I must oppose amendment 'B' that has been brought by Deputy Le Lièvre, together with the other amendments that he will lay later, and I will expand on my reasons in due course.

Sir, the Report that we have put before the States today on the one hand is criticised by Treasury and Resources and Policy Council for, in effect, being too *generous* in advocating a rise in contributory benefits of 0.5% above RPIX and in extending the benefit limitation. On the other hand, Deputy Le Lièvre is saying, in terms that we are not being generous enough! Those two positions cannot both be right but what that suggests, in my view, is that *this* Social Security Board is attempting to steer a reasonable middle course, pending the outcome of some big fundamental collective decisions on fiscal and economic policy that we will be making in due course.

As Members will be aware, it is a middle course that means that pensioners *will* receive an above inflation increase to their pensions, despite the fact that the Social Insurance Fund has an existing deficit and I should say that when we met with representatives from pensioners groups, as a Board, on what level of benefit increase they wanted themselves, they pitched very clearly that they would be satisfied with RPIX and nothing more. It is a middle course that we are adopting, which will see that non-contributory benefits will be set to rise in line with RPIX when many workers in the private sector in Guernsey will not see such an increase in *their* incomes this year or next and it is a minimal course that will see an increased benefit limitation that will provide extra much needed support to a number of families currently struggling below the poverty line because, at present, they are paid less benefit each week than the States has determined is the subsistence level requirement. So it is a middle course, a reasonable course.

I cannot support amendment 'B', even though I do have significant sympathy for it but I do sincerely hope that, in due course, *this* Social Security Board will be coming forward with its own radical package of measures to this Assembly to further the goals of social justice, greater equality and the alleviation of poverty because those are the principles that I came into politics to represent. I would hope that, whatever propositions we put before the States in due course, they will perhaps be not too different from those advocated by Deputy Le Lièvre today.

However, the Social Security Board have said, in terms... that we must carefully balance what we pay out in benefits with the long term funding of that level of benefits. That is the case,

whether the source of the benefits is from the Social Insurance Fund or from general revenue. I would dearly like to stand here today and support more generous pensions but before we can facilitate a more socially just scheme we need to ensure the long term sustainability of that scheme. That, in my submission, needs to be at the very heart of our thinking.

We will only be in a position to ensure that long term sustainability when we have sorted out the viability of the Social Insurance Fund by either raising contributions or increasing the grant from general revenue. Therefore, for me, Deputy Le Lièvre's amendment 'B' falls down to the question of timing. I do have much sympathy and, indeed, respect for Deputy Le Lièvre's aims, I just believe that to vote for amendment 'B' and the other amendments today would be, Mr Bailiff, to run the risk of unsustainability and lack of balance. Let us put the Social Insurance Fund on a sustainable long term basis and let us have a grown-up debate about Social Security contribution levels, taxes and public spending *before* we consider putting up pensions in the way demanded by this amendment.

Ultimately, Mr Bailiff, social justice for pensioners has to go hand in hand with sustainable and stable finances so I would oppose this amendment on that basis.

The Bailiff: Deputy Duquemin and then Deputy Ogier.

Deputy Duquemin: Sir, I would like to speak on just the amendment.

Mr Bailiff, I applaud Deputy Le Lièvre for highlighting the problem that exists. The documents that he gave to me on Saturday morning were certainly excellent bedtime reading over several evenings. I also applaud Deputy Soulsby for, I think, an excellent speech this morning. I even – I did not think I would say this during this session – applaud Deputy Hadley for mentioning the two leeks for £1.90 in *his* speech (*Laughter*). I just hope that, for the rest of my speech, that Deputy Hadley's calculator is working better than Deputy Lester Queripel's.

Sir, a 92 pence increase is *not* the solution to the problem that was most admirably highlighted by Deputy Le Lièvre. There are some pensioners whose only form of income is their State Pension whilst there are others whose State Pension is just a fraction of their income, a drop in the ocean because, in the main, it is from private or even public sector pension schemes. Giving a 92 pence increase across the board is not the solution. A 92 pence increase across the board is not the solution, it is not good use of taxpayers' money, a point that was even alluded to in Deputy Fallaize's speech just now. There are 15,916 people receiving a pension: there are 717 pensions that have a top-up of Supplementary Benefit. Of course, there are others that need more help but, as I think Deputy Jones said, maybe are too proud to ask. I know some of those people.

So how many people need extra help? We do not know. Maybe three times as many, maybe more, maybe less, but we do not know the answer. I think the truth is that we know somebody that does.

During the election the T & R Minister wrote, in his Manifesto, about the economic benefits of merging the administration of Income Tax and Social Security but there would be a social benefit, too. On that point, I lament the day when the States Transformation Programme changed its name and focus to the Financial Transformation Programme. We need fresh thinking, not thoughtless costs. On this front, let us merge Income Tax and Social Security and then we *will* know who needs our help.

Sir, my simple solution is, if we cross reference the data from Income Tax with Social Security then we can easily identify the pensioners that need the most extra help and we could tell them that they are entitled to, let us call it 'pension plus'. Old habits from my marketing days die hard and I am always giving things a brand name. Let us give it a brand name, 'pension plus', and there would be no embarrassment in claiming it. You are entitled to 'pension plus'.

If we say there were three times as many as the 717, that would be 2,151 that would be entitled to 'pension plus'. My basic maths is this: instead of giving the 92 pence to every pensioner, if we gave the same amount to just the 2,151 then that would be an extra £20.42 per week or £81.68 per month. Now, that can buy a lot of leeks. I want this States to give pensioners in need more than £20 a week not less than £1.

Sir, I will not be supporting the amendment but want fresh thinking. I hope that Social Security take on some of my thoughts when they come back next year – maybe the radical package that my fellow Castel Deputy, Chris Green, just previewed.

Thank you.

Mr Bailiff: Deputy Ogier.

Deputy Ogier: Thank you, sir.

2790 I was going to give this speech as part of general debate on the subject of the pension provision but I will give it in response to this amendment instead.

2795 What I would like to concentrate on here today is the topic of the rise in pensions over the past six years, a subject this amendment addresses. I will give a little background for those who are unfamiliar with the topic. It will be a brief background. Social Security Department's policy – which is not set in legislation – with regard to pension uprating is to increase the pension annually by the midpoint between RPIX and earnings. The reason for this is to keep pensioners from falling too far behind the remainder of the population. The falling behind happens if the pension is uprated in line with RPIX but earnings increase by RPIX plus 2%, as is the actuarial projection. If this happens, you can see that pensioners will become relatively worse off when compared to the working population, over the long run to the tune of 2% per annum.

2800 As soon as one retires, therefore, one can expect that one state pension will no longer keep pace with the earnings of the community at large, as it will be pegged below what people are earning. So the Social Security Department policy, therefore, has been to uprate the pension in line with RPIX plus 1%. That does not keep pace with earnings, that is true, but it helps. Keeping pace with earnings would result in the Pension Fund being exhausted much quicker than is expected, or at least it will when earnings run at 2% above RPIX.

2805 On the other hand, it should be recognised that were the state pension to be uprated in line with RPIX alone, there would not be a deficit in the Fund and it would last through the demographic bulge quite easily and beyond. So uprating by RPIX only would mean that some pensioners may find their pension not enough to live on and have to draw Supplementary Benefit. However, the state pension was never meant to be lived on: it is a supplementary income – platform – for when you retire. It was never meant to be lived on and those for whom it is their only retirement income, they would probably have to draw Supplementary Benefit, anyway.

2810 Some would argue that it is better to target assistance to pensioners requiring extra help through Supplementary Benefit, and uprate pensions only by RPIX, than it is to uprate pensions by RPIX plus 1% for 12,000 pensioners, when only 700, say, or 1000, or 2,000 people, need extra help. You do not target limited resources where they are most needed by doing that.

2815 When contemplating the Supplementary Benefit route, however, the Social Security Department often came up against what seems to be the perennial, not excuse, but the perennial description of coming up against Supplementary Benefit, as we are told that Guernsey people, in the main, are too proud to claim. However, taking that into consideration means having to uprate pensions by above RPIX for 12,000 people to help a few, pushing our Fund into further deficit when it does not have to be this way. A better way would *undoubtedly* be more targeted assistance where it is needed. The speakers today make it sound like every pensioner is in dire need when, in reality, the majority are not...

2820 Anyway, that is an explanation of policy and why it is the way that it is. The problem for me is that our societies face an uncertain future and we are in a world where people are living longer. Guernsey has a buffer Fund for pensions, which is due to run out in the next few decades. We can ill afford – in fact, we cannot afford – to give above earnings rises on pensions from a Fund in deficit, as we have done for the last six years, and Deputy Langlois refers to Paragraph 7 on Page 2025 – which is a key paragraph. It says

2825 'In 2005 the single person's old age pension was £139 per week and in 2011 it was £179.69. The six year increase was therefore approximately 29%. The Policy Council's Policy and Research unit has confirmed that, over the same period, the movement in nominal median earnings was approximately 24%. The old age pension uprating over the last six years has, therefore, exceeded the mid-point of prices and earnings and has exceeded the movement in earnings... [themselves].'

2830 Now that has *not* been the policy of the Social Security Department but, nevertheless, that is what has occurred. The last few years, earnings, for reasons obvious to all, have not followed the previous pattern of being, on average, 2% above RPIX and, according to most observers, earnings are unlikely to do so in the medium term or longer. This change in operating parameters means we need to look at the policies we have and the assumptions we have made and, accordingly, Social Security Department does need to revisit their policy, bearing in mind at least 5% to 7% of the pensions has been paid out from the Pension Fund, which should not have been.

2840 And they *have* revisited their assumptions; they have reduced the uprating to 0.5% above RPIX, instead of 1% above. On Social Security, we did have, at one stage, an indication that earnings were, at the time, running at around 1.5% above RPIX and not 2%. I argued we should, in line with our policy, explore dropping to RPIX plus .75% for pensions, which did not find favour. So there is an argument, looking at the figures, that pensions should be uprated by RPIX plus .75% and not 1%, which means that the current .5% above RPIX the Social Security Department are

recommending, it would take decades to restore the Fund back into balance, where it should be before we have taken the past six years at above earnings.

2855 So this light touch from Social Security of RPIX plus .5% would take about 40 years to balance out the Fund, given we have paid out 5% above earnings when we should have paid out between earnings and RPIX. Moreover, currently, earnings are running so low even RPIX plus 0.5% may continue to pay pensions beyond earnings.

2860 Now I do not know what the current earnings figure is, we could still be quite close. I would have thought that in this report itself it would show the figures for earnings. If you are proposing RPIX plus 0.5% I want to see what earnings are, I want to see how much of the fund has been paid out that it need not have and I want to see the details, details that are not in the Report.

2865 Deputy Jones tells us of Islanders in financial need who rely on their pensions and will not claim Supplementary Benefit to supplement their pensions but you *cannot* use people not claiming what they are entitled to spend millions uprating the pensions of 12,000 people in order to reach the few. This Assembly needs to focus its financial assistance, not spray it around in the hope that it sticks somewhere and that it reaches those in need. Universal benefit is a bankrupt approach and I *am* sorry that I cannot support this amendment for my friend, Deputy Le Lièvre. In fact, I find that I have no evidence to support the Department's approach, either.

2870 **Deputy Gollop:** Amendments can be a dangerous thing. Perhaps I know more about that subject than most because they sometimes actually end up as an 'own goal, in that they bring out arguments – structural arguments – and opposition that go further than perhaps the proponent intended.

2875 I was interested in the thought-provoking speech we heard earlier from Deputy Fallaize but, of course, you have to consider that he was making – very well – the case that the conservative approach of this Assembly and the new Social Security Board would be to go on with the plus 1% of RPI. But you have got to consider the context we are in. Earlier today we heard that some of the Members, maybe all of us, are looking at a more focused direction generally on policy – and it will happen, I am sure, in the next few months – but, as part of that, we need to be clearer on at least two things. Firstly, our social policy and, secondly, our fiscal and economic policy and the imponderables as to the Budget and, at a later point, the areas of business that can be taxed and those that cannot.

2885 Consequently, caution is the point of the day and austerity and, in that context, I know last month's rogue vote on the States Member's pay was an oddity, but we are having to talk about, not necessarily cuts, but containment.

2890 Earlier this year in the media, especially the *Guernsey Press*, there were a variety of political opinions and stories that hinted that some Members were considering *no* increase in pensions. That was a bad news story that many of the public came to believe and spoke about openly to States Members and in the media. I think they thought they would be frozen. Nothing was further from the truth. We have *every* intention of matching inflation, *every* intention of going above RPI. The only arguments, as we have heard from other Members, was did we go for 0.25%; 0.5%; 0.75% or 1%.

2895 The context we inherited was the 1% but I would like to know from Members of the former Board whether they would have continued with that policy in today's climate. We have heard from two with slightly different perspectives. However, there may be some others to go and, also, within that context, we are aware, as Deputy Green put very well to the Assembly, that we are looking at a whole range of policies holistically, not just reforming Social Security and maybe Taxation, but working together with Housing, Treasury and Resources and Health and Social Services Department on *real* answers to the problems that we have seen over the past few years. But we cannot make those strides overnight and the 0.5% is a workable compromise.

2900 I think we may hear, either in this debate or future ones, that *some* parts of the private sector are not seeing significant wage increases, there has been a reduction in employment in some areas, there has certainly been a reduction in bonuses... Therefore, the arguments that Deputy Le Lièvre has very capably brought out about the lag are not particularly relevant in this particular year, but I see their long term drift.

2905 Where I think this amendment has proved a very useful debate – I will certainly take back to Social Security – is the argument, really, how far do we go over RPI for the pensions? It seems to me, listening around to many different diverse Members in the last few hours that there is a considerable amount of support for, if you like, call it the brand 'pensions plus, whereby we target pension rises in the future and we move away entirely from a conventional approach of increasing by 0.25% or 0.5% or 0.75 or 1%. In other words, the old policy appears *not* to be supported by this new Assembly. Obviously, I hope the package goes through today and I will be voting against this

amendment and for the Social Security Department but I think we have got a little bit of the beginnings of a steer of rethinking some of the givens.

2915 I would also close with this little point: we have heard a lot – and very laudable it is, too – about the old age pensioners who are struggling and some who might not be because they are fairly affluent. I would like to hear a little bit more on this in subsequent debates, on disabled people who, through no fault of their own in many cases, are also financially struggling and are not necessarily the beneficiaries of full States of Guernsey old age pensions.

2920 **The Bailiff:** Does anyone else wish to speak on the amendment?
Yes, Deputy St Pier and then Deputy Spruce.

Deputy St Pier: Sir, I would just like to express, first of all, my own comments on the amendment and also my Department's collective view.

2925 There have been some excellent speeches on this amendment today. I think probably Deputies Gollop, Green, Duquemin, Soulsby and Ogier probably most closely reflect my personal thoughts.

2930 Deputy Le Lièvre should be congratulated, as he has by many already, for the considerable amount of work which has gone into preparing his paper and informing this debate in the way that it has. Interestingly, though, one of the comments that I have picked up in his paper is that he says 'it is too easy to consider pensioners as falling into the single category of over 65s. It is far more realistic to consider them in separate categories, perhaps over 65, over 75s and over 85s because the needs and circumstances of each category are quite different'. And yet that is precisely what this amendment does not do. It treats them as a homogenous group and I think that point, as I say, has been amply made by others before me.

2935 In relation to Deputy Ogier's comment about information on earnings, the 2011 median earnings were published in October which I think was after this Report was itself published so, no doubt, that may have been one of the reasons why it was not included but, again, I think the observation has been well made that earnings have not been running at RPI plus 2% for a number of years and, certainly for 2011 – the most recent statistics available – nominal earnings were 2940 3.3% or at a real rate of .1%.

In relation to my Department's position, that is reflected in our Note of Comment in the Billet, that we noted that the Social Insurance Fund does have an operating deficit and that *does* require to be addressed as soon as possible. Again, that is well known and it is repeating a previously known position. The amendments will clearly further increase that deficit by £470,000 and, therefore, it is unsustainable. Therefore, the majority of my Board are unable to support this amendment.

2945 Thank you, sir.

Deputy Spruce: Thank you, sir.
2950 I will speak on this amendment only.

2955 Members, one cannot criticise Deputy Le Lièvre's commitment and enthusiasm for all social matters but, unfortunately, this set of amendments takes absolutely no account of their affordability or where the money will come from to pay for these proposals. They take no account of the Guernsey Insurance Fund's significant deficit position or the fact that contribution rates are currently inadequate to finance the benefits already being paid. He speaks well and he uses very emotive words to justify his aim, even though he knows that the Island's finances are in deficit and that it is the average working man who will have to finance these proposals through increases in Social Security contributions at some point.

2960 By placing this wide ranging set of amendments, Deputy Le Lièvre dismisses the Social Security Department and T & R's plan to work together during the next twelve months to review the entire tax and benefits system. What Deputy Le Lièvre proposes with this amendment is to give slightly less than an extra £1 per week to each and every one of the 16,000 pensioners on the Island, irrespective of need – this has been alluded to already – at a cost of approximately half a million pounds. This he does whilst, at the same time, confirming that there are only 700 pensioners on Supplementary Benefit.

2965 Members, look around this Chamber and think whether those of you over 65 really would need that extra £1 and think of all the pensioners you know. Do you really believe they are desperate for £1 extra? If you really want to improve benefits for pensioners, pensioners in need, target it through the Supplementary Benefit system, not by dishing out an extra £1 to every single pensioner just because they are over 65. Deputy Le Lièvre was a Board Member when Social Security Department brought forward proposals for the modernisation of the Supplementary Benefits system in March of this year. Those proposals were defeated at the time because they did 2970

not produce any accurate data about the potential true cost of the proposals that were being presented and here we are now with a set of amendments to SSB's proposals which will cost, literally, a small fortune.

Deputy Le Lièvre is, admittedly, the most knowledgeable Member of this Assembly on this subject, but this is one individual's view of the way the Supplementary Benefit system should work. What we need is a fully detailed set of proposals from SSB on the modernisation of the entire Supplementary Benefits system.

Members, accepting these Amendments will be – in addition to an already expensive set of Social Security Department proposals – a really costly exercise. I do not really believe this is any way to run a Government. What we need is a detailed and fully thought through set of proposals from the Department that is mandated to do the job.

I urge you to reject all the amendments by Deputy Le Lièvre placed before you today.

Thank you.

The Bailiff: Deputy Adam and then Deputy Dorey.

Deputy Adam: Thank you, sir.

I feel I have to reply to Deputy Jones when he suggested that people over 65 are, more or less, past it, not fit for anything. We are all ageing and there are more people over 65... He said, about this 20/20 vision of HSSD... but, remember, the 20/20 vision is looking to see how it can ensure older people age well and they get the support. Everyone is talking about a 92 pence increase per week in the pension which – I am afraid, like Deputy Hadley, I agree with – is not going to help.

What we have to do is make sure they have got reasonable housing at reasonable standards, at reasonable cost: make sure they have got help and assistance within the community. You do not want someone who is 75 climbing up a ladder to change a light bulb, you want to be able to access help and support in the community. Therefore, it is not just about money, it is about a whole complex strategy that has to be brought forward, called 'supported living and ageing well. It might have been better if it had been brought before by Deputy Jones' Department, when they had someone working on the Old Age Strategy.

Therefore, I am not convinced this amendment is going to help all that much. I am more in mind of Deputy Spruce, Duquemin, Green, Soulsby, who believe there should be more targeting – in some format – of the money that we are going to spend. £470,000 to 12,000 people gives 92 pence more, whereas 700 people also need our support – and not just financial – emotional, mental health support, community support. Therefore, it is not just looking at one area, we must look across the board.

Thus, sir, I feel, unfortunately, because I did enjoy reading Deputy Le Lièvre's information, which I have to accept was a lot more information than in this Report by Social Security Department, and very constructive information... But, in view of the fact I feel it has to be an overall picture rather than just one area, I cannot support it.

Thank you, sir.

The Bailiff: Deputy Dorey.

Deputy Dorey: Thank you, Mr Bailiff.

Firstly, people have mentioned about median earnings: well, actually, I congratulate Social Security because, on page 2025, paragraph 7, there is a table there for everybody to see of median earnings, so they have included the information in their Report.

The one thing I would say is that it is not entirely accurate because the information does come from Social Security – which the fiscal unit analyse and produce the figures from – but, as they say in the bulletin that they release, it is only based on a person's *primary* earnings so a number of people who have a number of part time jobs, it is only their first job – their second job or third job is not included in it, so it does not give a complete picture of people's earnings.

I do get slightly frustrated when I hear various speeches because I think people need to remember what the Social Insurance Fund is. It is a separate legal entity. It is effectively a compulsory savings scheme. It is different from a normal Pension Fund, as the contributions are means tested but the benefits are the same to everybody who has contributed. That is very valuable in our society and I think it is something that you should put a lot of value on and put a lot of thought on it before you change. It is a model which we have copied from many other countries and is normal throughout the world. There is good reason why so many countries use it and I think you should be very, very careful before you make any changes.

It is important that people be clear on what we have. It is effectively a pay-as-you-go scheme

3035 with a buffer fund, so today's working population is effectively paying for today's pensioners.
There is a buffer Fund and that would carry us over the demographic bubble that we will have in
years to come – we are running a deficit now – and it also carries over when we get economic
downturns. People have mentioned about a means tested benefit but, if you do that, it would mean
that those who have contributed most – because we have means tested contributions – would get
even less out of the Fund. It is easy for people to say that in this House. I think the whole basis of
3040 the Fund will be lost and it will be unacceptable to those who have contributed most in the Fund.
Because we have not increased the upper earnings limit so much, which is partly as a result of
Zero-10 and also the demographic problems, I believe it would be unacceptable to those people
who have contributed so much, that they get so little out if you means test it.

3045 When people retire, some people might think they have a lot of other income but, for most, that
is not the case. Some do have other income but it is normally modest and the actual States pension
is a very *important* part of their income and they plan for it. That is why, even to change the
retirement age, all the advice we took and what many other governments did as well, you had to
give a considerable period of notice because people have done financial planning. So, to change it
I think is not an easy thing to do and you cannot do it very quickly. Also, if you look at the data
3050 which Social Security has got because over sixty-five's contribute to the Long Term Care Fund
and also to the Health Fund so Social Security has got very clear details of people's income if they
are over sixty-five and if you look at that income, yes, there are some very wealthy people but the
majority have modest incomes and the pension is an important part.

3055 Mention has been made about combining tax and insurance. Well when Social Security with
the then T & R looked at the system in the UK, which is effectively tax credits, it is a disaster.
They have massive over payment. It is very easy to say we should means-test but there is not a
simple way, it becomes very, very expensive. Also there is another fundamental difference with
the Social Insurance Fund, which is that the Social Insurance Fund collects from companies if they
are employers while income tax does not, apart from the 10% and 20% areas, which are only a
3060 small number of companies so it is a very efficient way of collecting money from companies and it
is consistent with our international responsibilities.

3065 Finally, I would just like to read something from the Billet of July 2008, when Social Security
reported back on the pension puzzle. Because I think it illustrates what has happened in the past
and what happens if we do not increase pensions by above RPI. It says: 'In 1979 the full rate Old
Age Pension was £20.00 per week. Had the pension increased by Guernsey RPI, its rate in 2008
would have been £90.71 which surely must now be considered grossly inadequate. Had the
pension been increased by RPI plus 1%, as is the current Social Security Policy, it would have
been £129.93 in 2008.'

3070 Instead, the 2008 Guernsey Pension was £160.75 per week.

3075 So the history in Guernsey is that we *have* increased pensions above RPI plus 1%, so do not
think that the RPI plus 1% is a modest policy. It is not. We have moved back from what has been
the policy in this House in previous generations or for a long period because of the demographic
situation. But if you pull back even further what you will have is that you will have relative
poverty among those pensioners and the only way of then fixing that is more Social Security
payments from Supplementary Benefit and that would cost the tax payer more, so you will not
save. So I urge you, please, this is a modest policy of RPI plus 1%. It is less than has been the
policy for a long period of time prior to 2008 please continue with that policy and support this
amendment and do not alter from it.

3080 Thank you.

The Bailiff: Thank you.
Deputy Lowe.

3085 **Deputy Lowe:** Thank you, sir.

Clearly, I think this debate actually throws up two areas of work that are still outstanding and
we have not got. The Older People Strategy was supposed to be in the States, I think in 2009,
2010, 2011, and here we are at the end of 2012 and we still have not got it. We asked for that and
it should have come even before the Extra Care Housing: there were cries of it should be before
then to be able to see if that is the right route, and the whole thing... looking at it holistically. We
3090 still have not got it and this, to me, is part of what we should be looking at – The Older People
Strategy – rather than just a single Report here which I, too, sign up to not having enough
information within it.

The other downside for me is that it has been suggested, around this Assembly this afternoon,
that pensions they are alluding to should be means-tested – and that is a total no-no. Pensions are a

3095 platform, as was said by Deputy Ogier, to be able to live on as a basic and it is up to people to try and do what they can. If not, they then can apply for Supplementary Benefit.

But it has also come across this afternoon that a lot of the debate is about Supplementary Benefit. This amendment is not about Supplement Benefit: this amendment is about pensions and the two are getting very mixed up here. They are separate and the pension should be a reasonable platform.

3100 But we also see – and I did say before – about there are two things missing with this debate, and the very big mistake of last month, having the contribution Report separate to the benefit Report today. Why they succumbed to that, I do not know. I hope, next year, both the reports will be in September, as they should have been this year so that Members *can* actually produce amendments against the contribution side to balance everything up and it will be a well informed and a proper debate, rather than having benefits today, which is sort of the tail wagging the horse, because it is too late... I will support these amendments because I think it is right and proper. We have seen many times in the past about how – and it has been said, I am not going to repeat it all – pensions have been looked at with lots of research in the past. The work that Deputy Le Lièvre has done is so commendable, it is excellent. He has spent hours and hours and hours on it and those who have taken the time to read it will understand that.

3105 The other concern that I have got is where it has been suggested, well, just throw it all in the pot and merge it with Income Tax, so you have got Social Security and Income Tax together. That sends shudders down my spine, really, because the Social Security system was designed to be separate from Income Tax. The Funds were set up to be separate from Income Tax and, believe me, Members, in the last twelve to fifteen years, the States have tried to get their hands on those Funds to use for Zero-10 and there was a huge resistance for that. Having that in the pot with Income Tax, I believe, would be a huge mistake. Keep them separate: that is how they were designed to be and I hope Members will reject that. By all means, have contributions, sir gathered together through the same system but keep those Funds absolutely separate.

Deputy Trott: Sir, if I may, Deputy Lowe is misleading the States.
To my knowledge, no States that I have ever been part of has sought to ‘get their hands on’ the Insurance Fund, as Deputy Lowe insinuates. All previous States have done is seek to *reduce* the amount paid from general revenue *into* the Insurance Fund and the two things are very different.

The Bailiff: Deputy Lowe.

3130 **Deputy Lowe:** They are, from what you are talking about, Deputy Trott, but, as Minister at the time, I was fully aware of the approach that I had, that they wanted the Funds to be part of Income Tax and I stand by that statement.

I therefore have nothing more to say, other than I will be supporting this amendment.

3135 **The Bailiff:** Deputy Burford.

Deputy Burford: Mr Bailiff, Members of the Assembly.

I do not wish to disappoint Deputy Gollop but I will not be joining him in his vision of a means-tested future, where pensions are concerned, and I do not consider universal benefits to be the discredited model that Deputy Ogier claims it to be.

3140 Many Members are not prepared to risk giving more to those who really need it, however little, because it also means giving to those who do not. Universal benefits are easy to administer and the solution to recouping the money from those who do not need it is through progressive taxation.

I would like to commend Deputy Le Lièvre on the content and quality of the research he has supplied to Members in support of his amendment. Most of all, I would like to echo the phrase in his covering letter: ‘it is not always necessary to look at everything before you do something.’

3145 Whilst appreciating the benefits that can be delivered by a joined up holistic strategy, it can also be the case that to wait for the Holy Grail of such a strategy means that nothing is done in the meantime, even those things which can reasonably be achieved with little or no detriment to an overall master plan. In the meantime, whilst waiting for the master plan, a significant number of fellow Islanders are struggling to get by through no fault of their own.

I urge Members to vote for this amendment.

The Bailiff: Deputy Brehaut.

3155 **Deputy Brehaut:** Thank you very much, Mr Bailiff.

I feel that Deputy Le Lièvre, the longer more people have spoken, he seems to be damned with faint praise at every opportunity. This is an extremely well researched paper that he has presented us with. The Holy Grail has been, for years, the evidence base for policy making. The evidence base is clearly here. You have the evidence in front of you to support Deputy Le Lièvre's amendment.

It is there for you and I suggest Members go with that and recognise the integrity of the piece of work that Deputy Le Lièvre has put together. I view it as a sea of logic surrounding an island of common sense and I am surprised it is being met by a wall of platitudes, unfortunately.

This is about stopping incremental drift. If you are two degrees out on a hundred yards, you end up going into the wrong shop. If you are two degrees out over a hundred miles, you are on the wrong continent and that is the problem. This is what we are trying to cure, that, historically, things – as the next amendment seeks to do in a bit more detail – start with 92p, then it becomes £1.80, then it becomes £5. It is to stop that. It is to stop the erosion.

The Townsend Report, all those years ago now, said that 16% of Guernsey's population were living in real poverty. When I am talking about the 65-year old pensioner I do not see the pensioner on a bus donned in a Pringle jumper, telling me about his recent trip to Crete, which I think some people have in their mind when they talk 'pensioners', and I realise, for some people, that is the essence of the problem because they want to throw a blanket over all pensioners.

What Deputy Le Lièvre is trying to do is be as democratic as he can be with this payment. Listening to Deputy Duquemin and listening to Deputy Ogier on this, I am surprised they did not bring amendments. They could have placed amendments that gave the Assembly what they say the Assembly should have. I would not like to see a 'pension plus', personally. I am not entirely sure what 'pension plus' means. It sounds like a cure for something! (*Laughter and applause*) Well, a cure for old age perhaps might be...

If I could read my manifesto, which is still available in most landfill sites, (*Laughter*) it says: 'Decisions will not get easier. There are pressures to resist any real increase in public expenditure but there are also the must-do demands, the need-led services that seek to protect those with the least and the vulnerable.' It is that dynamic that will preoccupy this States.

I wrote that but how many of you and just pose, ask yourself, ask this question to yourselves, how many of you have said in your own manifestos that very same thing, that no real increase in expenditure... but we must look after the most vulnerable within our community. This is your opportunity, this afternoon, with the evidence that Deputy Le Lièvre has given you.

Deputy Heidi Soulsby spoke of, think about the consequences of supporting the amendment, and it is another reference to the private sector and how the private sector behaves. The States of Guernsey does not make toasters, microwaves or vacuum cleaners. We are better than that because we have to look after people, we have to look after the community and to do that sometimes, you have to go the extra mile. If we were having this debate in the UK, for example – and it happens, it will happen all the time – people would look to the Chancellor to say 'What are you going to do about the structural deficit? What are you going to do about borrowing?' We do not do that within the Guernsey culture. We believe that we can deliver everything, on the face of it, by simply being more efficient. We are getting to the point that, in absence of a *real* fiscal strategy – I am talking about the other deficit now, not the pension deficit – if we are not careful, we are deluding ourselves there is a cure here. To extend the metaphor, for some it may be too bitter a pill to face.

Sir, there are those on the margins of society and the principle, actually, is bigger than the sum involved... There are those on the margins of society who need very, very real help and I did find the statement from Deputy Tony Spruce a little ironic, saying that if your contribution pension is insufficient, you can go to Supplementary Benefit and then take it from general revenue. I mean, who is paying; it is the same people paying. I would urge you to support this amendment and I just underscore the fact that there is a principle here which is as significant, if not more so than the actual sum involved.

Thank you.

The Bailiff: Does anyone else wish –
Yes, Deputy Le Tocq.

Deputy Le Tocq: Sir, I was not going to speak on this amendment but some of the things Deputy Brehaut said brought me to my feet.

I think it is a good debate to have and certainly the majority of what I have heard has been informative and helped us, I think, as an Assembly, to understand where each of us is coming from. My difficulty is, I believe, as some have said, that this is not the correct place or time to be dealing with these issues at the moment.

3220 This new Assembly, sir, has to look at things in a different way. We have to think differently than in the past and that is why I am happy to accept that this States Report is a holding mechanism, because, in terms of social policy, if I can put my Social Policy Group hat on now, we do need to stop looking piecemeal, which is what, unfortunately, because of our system of government, this Assembly tends to do. We look piecemeal at one particular problem and we do not see the way in that impinges upon others and which we can helpfully use to solve a broader problem.

3225 I think, when it comes to pensions, I know, from having looked after my parents in their old age and my father being on Supplementary Benefit, the difficulties that some must have, who struggle seriously and do not have family and others to help them through those sorts of times. I am not reducing that in any way. But if I can use as an example, sir, the Mental Health and Wellbeing Strategy, a Strategy which some may think – in fact, I have heard it said – that that sits within the Health and Social Services Department. The Members of the Assembly, sir, will have an opportunity, in December, to have a presentation of that Strategy and it has been a long time coming.

3230 I am happy to be fronting that presentation because that particular problem is *not* a problem that *just* sits within the Health and Social Services Department. It is something that we all need to own together and we do need to work on our social policy *together* and see where things like pensions, Supplementary Benefit and all the other issues fit into the broader picture – because we need to think differently.

3235 That is why this is an informed debate, yes, and I thank Deputy Le Lièvre for the information that he has provided. It has filled in a lot of gaps in our understanding but to make a decision today of this nature, when Social Security themselves are saying this is a holding Report while we look at a number of issues broadly that need to be dealt with, I think it would be wrong to make it even on the basis of all the information that Deputy Le Lièvre has given us. We need to recognise this is something that is not going to go away and needs to be put in the context of a broader social policy.

3240 There are many other issues that impinge upon our social policy, problems that we face in this Island, and I believe we can have new creative thinking to deal with that. So that is why I am against this particular amendment today. I am not against the merits of it, if you like, not against the feeling behind it. I understand where that is coming from but it is wrong of us, as an Assembly, to simply look at this in isolation. We cannot afford to do that any longer, we need to *own* all of these problems *together* and for that a bigger debate is about to take place. We need to work together, as an Assembly, with all the stakeholders in this Island, to that end.

3245 I accept, sir, that in some ways old age pensioners could be looked at as easy gain because they are quiet and they are not going to complain when you propose things like this. That might have been said at one time about the disabled in our community. I think, since the Guernsey Disability Alliance, that is no longer the case: they have an advocate very strong there and I believe that we can see things happen with our senior citizens, too. But we do need to recognise, as an Assembly, that we have a responsibility to engage with the whole of the population and this particular issue cannot, therefore, just be taken alone today so I would urge people not to vote for this amendment, sir.

3260 **The Bailiff:** Yes, Alderney Representative Kelly.

Alderney Representative Kelly: Thank you, sir, I shall be brief.

3265 Throughout this debate I have heard the term ‘this Island views’. I would like to just remind Members that there are two Islands in the Bailiwick and the one that myself and Alderney Representative Arditti represent is also included in Pensions and Social Security.

I would like to thank Deputy Le Lièvre for his hard work and his paper. I wish he had given it to me two or three days ago, rather than two or three hours ago, because I might have given it the reading that it deserved. I would also like to thank Deputy Ogier for his contribution because I have to say that, once again, he has made my mind up for me by the strength of his argument.

3270 I would ask, sir, finally that, when the Social Security Minister and the Deputy Chief Minister come together, they actually do remember Alderney. It was forgotten by Deputy Langlois’ predecessor, or rather the Department under Deputy Langlois predecessor’s mandate, when they did the Cost of Living Survey. Alderney was forgotten. Whether that was a deliberate omission or whether that was an accidental one, sir, I don’t know, (*Interjections*) but it was forgotten and I would ask that the lessons learned from history, not be repeated.

3275 Thank you, sir.

The Bailiff: Deputy Dorey, you wish to?

3280 **Deputy Trott:** Sir on a point of correction...

The Bailiff: Well, I think Deputy Dorey is just raising a point of correction, as well.

3285 **Deputy Trott:** Oh, is he? Right.

Deputy Dorey: Sir, on a point of correction, sir, the previous Social Security Department did not forget Alderney.

3290 It looked at doing the Minimum Income Study for Alderney but, due to the cost, it was just not economically justifiable so we just did it for Guernsey and that is the simple reason. We kept the cost down considerably because a lot of the work was done by civil servants who did a lot of extra time to produce the Minimum Income Study but we just could not do it for Alderney. It was not possible.

3295 **The Bailiff:** Alderney Representative Kelly.

Alderney Representative Kelly: I apologise, sir, for that correction.

Clearly, I think I prefer to be forgotten about, rather than remembered and disregarded!
(*Laughter*)

3300 **The Bailiff:** Deputy Trott, do you still wish to speak.

Deputy Trott: Sir, Alderney Representative Boyd Kelly advises us that there are two Islands in the Bailiwick.

3305 I am sure he will not mind me jumping to my feet and reminding him that there is also the Island of Herm and those who live and work in Herm also contribute, of course, into the Fund and, therefore, I rise to protect the interest of the smaller islands, sir (*Laughter*).

Alderney Representative Kelly: Appreciated, sir, thank you.

3310 **The Bailiff:** Does anyone else wish to speak before I invite the Minister to speak on the amendment immediately before Deputy Le Lièvre replies to the debate.

No, nobody else wishes to speak. Deputy Langlois do you wish to speak on the amendment?

3315 **Deputy Langlois:** Thank you, sir.

As always, Deputy Le Lièvre's detailed research has been praised. It was extremely thorough and it is there for everybody to see.

3320 I think the problem is that, on the occasion of this particular debate, as Deputy Le Tocq said, it misses, it obscures the fundamental question we have to resolve today. Given the financial situation of the States, which some of us, perhaps, are far too fond of banging on about and others are far too fond of sticking their head in the sand and ignoring, the real sliding scale question today is starting exactly where my Board started, given the timescale and given the bigger issues which we knew had to be considered, and that was whether we – and we started with the limits as RPIX through to RPIX plus 1% and, as I said as soon as we started, we were criticised by people, who said: 'Why are you not starting at zero and then running that through to RPIX plus 1%?' I do not think anybody came to us and suggested more than that, but I could be wrong...

3325 We ended up at RPIX plus .5%, as we have heard all day today and, as we have heard, the policy of trying to maintain pension rises somewhere near the midpoint rises of price and rises in average earnings has led to a position where that midpoint has been exceeded over a six year period. Let me remind you again that, in that section of the Report, over six years, prices have gone up by 20%, average earnings by 24% and pensions by 29% and I think we just need to return to this base because a number of people have implied a very different situation. My Board has resisted *strong* pressure to recommend a flat rate RPIX rise, or less, by moving to where we are suggesting, RPIX plus .5%.

3330 Despite the apparently persuasive arguments put forward by the proposers of the amendment, therefore, I urge *all* Members to reject it for the reasons outlined in my earlier speech and in our carefully balanced, considered and carefully balanced uprating Report.

I feel, sir, that because the direction of this amendment and this vote may have some influence on others this afternoon that I do need to pick up on some of the comments that have been made

3340 around the Assembly, with apologies, because I really think it addresses a number of the issues that will come up again under other amendments.

Deputy Le Lièvre – and it has been pointed out – made reference to the 12,000 pensioners, 11,300 of whom would receive rises and yet the real, real concern is on the 700 plus, some more just above that limit, for whom the need is greatest. We have, by the way, forgotten to include today the statistics of 4,000 pensioners outside of the Island who receive pensions, an interesting group because, whilst I am sure some of them are in need for different personal reasons, there is an implication that a proportion of those certainly will not be in need and that is why they have gone and lived somewhere else. Less than RPIX plus 1% does *not* result in real terms reduction. It is not a knee jerk reaction, as Deputy Le Lièvre suggested.

3350 Then we home in on this debate, this statistical debate of whether we are going to regard evidence in the short term as the most relevant because it is the here and now – on occasions, I was beginning to worry which year I was in, we had so many years bandied about, going back to 1979 and much earlier – and if we regard the most relevant information as being the most recent, then that is the last six years. On the other hand, if we take the excellent detailed evidence from the last thirty years from Deputy Le Lièvre then you can say well, that is a longer term trend and, therefore, that has got to be more relevant. It is funny, it reminds me there is a debate that goes round something to do with climate change... Isn't it funny how everybody who comes up on the climate change debate seems to use a different timescale for their statistics, because that is the way statistics work. If you look long enough, you find a graph that suits your argument and I am not suggesting that is exactly why we have done this here today, but I am suggesting that there is an element of that in the disagreement, that is all. We have to be very careful to *totally dismiss* 'a complete absence of evidence', a term which I found somewhat pejorative in some of the speeches, as being, no, it is not an absence of evidence: you have got plenty of evidence, but *I do not like* the evidence, so I want to discount it. So I think we have got to be very careful about that.

3360 Then we went on to phrases like 'enthusiasm to reduce the rate of the old age pension'. We have *no enthusiasm to reduce the rate of the old age pension*. How many times have you got to say it? I have declared the position of our Board, I have declared, in the opening speech, the intention that, over this term, we will stoutly defend, firmly defend, the idea that, certainly, RPIX must be protected and we intend to carry on doing that. So a few rather exaggerated phrases we have got to be careful to avoid.

3370 I would say to Deputy Jones, in response to his excellent and heartfelt speech about the people he is most concerned about, then let us ignore the Budget at our peril. We can just simply turn our back on the financial realities and say 'Well, you know, there is a big fund there and it will not diminish very quickly, and so on...' I believe that people's livelihood and people's lives, in the long run, depend on economic wellbeing and, if we do not protect that, then we have got a problem.

3380 Just because Deputy Soulsby was the first to speak in favour, I thank her but then I am going to thank everybody else who spoke in favour of rejecting the amendment because I thank them all for their support and I think there were a few key points they were making and so on. There was just one other point in Deputy Soulsby's speech. I thank her, on the Chief Minister's behalf, for declaring his interest in this topic. I must also own up to an omission from my speech, because I should have declared an interest – I am six months older than him and I have got there already so, sorry, I probably should not even be speaking about pensions here today.

3385 You are right, Deputy Lester Queripel, I do not have the magic wand. I said that very early on in another debate and I do not think that we can assume these proposals would simply solve a whole range of problems. My worry about some of the amendments is that they appear to have the sort of magic wand ring about them. That is a mixed metaphor, isn't it, of rings and magic wands but, anyway, they seem to have some sort of hint that if we do that, then things will be alright and we will not have to worry for a while. It is, after all, Halloween so we could find a bit of magic today... That may come in a later debate.

3390 Can I thank Deputy Lester Queripel for *his* thanks to my staff team because, you are absolutely right, they work terribly hard at this. They answer a lot of very, very detailed questions because that is what they do. That is what this is all about, a whole load of very complicated stuff.

3395 Deputy Hadley raised an extremely interesting point because I think the reason I want to go through these one by one is to make sure that we have on record what other major research which we are about to undertake is going to have to cover and Deputy Hadley raised something which has been considered already, and we are currently asking some questions about because, with his leeks – sorry, with his two leeks for £1.90 – with his leek analogy he raises a whole question of indexation. It is a fraught question, it is a hefty statistical topic: should we have an index of pensioners RPI? There is one in the UK. It has run into all sorts of problems because like other

3400 groups in society, it is very, very hard to make something that is representative of the whole group. Possibly, the answer is that, amongst pensioners, the *range* of disposable income is potentially larger than in the rest of society and, for that reason, we need an Index because the number of people with limited disposable income may be tending to rise. I am not saying it *is* because, in that sense, we do not know but I think it is very pertinent, Deputy Hadley, that we will be following up the aspects of the *possibility* of producing a pensioners RPI measure. But, of course, actually doing that costs money so we are back into the same story.

3405 Thank you, Deputy Storey, for your comments and for the higher retirement age debate. It will come up in aspects of all pensions, including the occupational pension work that we are involved with at the moment. There is no doubt about it that the retirement age decision may be, in the long run, seen to be too little, too late and it will have to be debated. Please, though, do not underestimate the potential resistance and concern that any mention of it causes. I am not drifting here totally across to the occupational pension debate but it may be, through experience of that, I have been surprised at some of the extreme reactions as soon as you mention extending that and ongoing concerns about the 67. So we probably do have to decide the age at which general decrepitude sets in – and it ain't the same for everybody. This is one of the problems about this extended period of life beyond 65, which is now out to a quite significant number of years and possibly the biggest difficulty about that is that people progress at different rates through those years, but that is a good one to flag.

3410 Deputy Fallaize majored on the evidence question and I think I have covered that. I was a little bit concerned when he started saying affordability is 'a flag of convenience', that you have got to choose between your head and your heart and you have got to reconcile those two, and so on and so forth. Well, funnily enough, I do not know about the rest of you but, to me, that is political judgement. That is what we are here to do. That is what we have been elected to do. We can have all the evidence in the world, we can have vast amounts of very extensive research, it does not give us the answer. The bottom line on this one is a political judgement.

3425 Then I get very concerned when people launch off into somewhat extreme language with 'plunge the Fund into disaster' and so on and so forth. It is a marginal difference we are talking about and, of course, it always will be.

3430 Deputy Duquemin came up with a rather simple and extreme phrase of saying 'Well, we just merge Income Tax and Social Security'. Other people commented on that later. I would like to assure certain people that I think that is a far too extreme and radical solution that we should *not* be considering. I think the business of actually readjusting how the States collects its money should still have the separate teapots that we use at the moment. There will still be those separate ring-fenced accounts because they are collected for different reasons but that we have to, in my view, move to a point where these are all being considered in a joined-up manner – and that has been the problem in the past: they have not. Okay, this year has been worse than ever because we have brought contributions in one month and benefits in another, and the Budget in another, and so on. But those separate decisions have certainly been separate decisions ever since I have been in the States. They have been for four years.

3440 I hope that Deputy Duquemin's old marketing habits, with 'pension plus' have *not* stretched to taking out the intellectual property rights on that phrase because, if he is happy to talk with SSD, I am sure we can come to a deal about it. The reason I am... I do not want to make too big a joke of this, it is a very interesting thought for the simple reason that, sometimes, these terms which become just tablets of stone and stick around forever and a day... We have got the problem with Supplementary Benefit, we know that, because Income Support has been endorsed as a concept and I, for one, am unsure where we should be using it and not using it and how it fits with everything else. Sometimes, a re-branding of a phrase is absolutely vital and it would certainly begin to answer, potentially, some of Deputy Jones' concerns about people 'too proud to claim'.

3445 Deputy Ogier has reminded you that he was on Social Security for four years just now and thank you very much for *his* input. The only slight flaw in what he was saying relates to the timing of the statistics which you have available to you at any given time because, when you look at the table which we have in our Report, you will see that the timing of when we are proposing a rise cannot be aligned with the timing of the median wage because that comes a lot later. and so on. There, again, is an indexation problem which we are stuck with and so on, but I do not want that to detract from the very sound logic that Deputy Ogier used.

3450 I have noted, again, for our ongoing debates, Deputy St Pier's reference to the possibility of the sliding rate for different age groups. I have heard it talked about, I have not read a vast amount of research on it and, at the moment, I do not know if there *is* research on it, I think – I have a *slight fear* of that because I suspect that, whichever age group we chose... I wonder, for example, whether you have to, when you get to 65 you do not just go and get your pension, like happens at

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the moment, perhaps you have to become an apprentice pensioner – and apprentices are traditionally paid less – therefore, when you have really learned how to be a pensioner, you will get a rise and so on and so forth... It may be that... Hang on a minute, I am sure if we propose that, the second person to speak would be Deputy Jones to say ‘No, it is all the wrong way round. You should have the maximum amount at 65 so you can enjoy it and then you take it away from people as you get older, (*Laughter*) or something like that.

The point I am trying to make, it is worth exploring but I think it has a lot more angles than the simplicity of what *appears* to be the answer.

I thought Deputy Adam, for a moment – he went on to the 92 pence per week – that he was going to point out that could buy you approximately four cigarettes, but, sorry, it is a different debate, I realise (*Laughter and interjections*) Sorry, or 23 grammes of pipe tobacco, yes! (*Laughter*)

I thank Deputy Dorey for his input on median earnings and the link with the dangers of changing universal benefits. I realise that he is recommending you to support this amendment – which is where we differ – but, nevertheless, what he says about the whole business of changing universal benefits, where people have – people who are going to be claiming, later this year for example, and people who are going to receive that later this year – been contributing all of their life, so how that change is made will have to be extremely carefully handled. Thank you for covering the fairness aspects of contributions leading to pension receipts.

Deputy Dorey’s speech was a precursor to a much bigger debate and the other point on which I would *fully* support him on – and I am hoping that when we get into this bigger debate we can not waste a lot of time on it – the tax credits idea is a *disaster area*. I am prepared to stand up straightaway and say that, unless I can find, or we can find, another country which has solved that and got the data collection and the declarations and so on right to make it an easy process, then let us not waste too much on that. I speak as somebody who was an employer in the UK at the time it was introduced and the amount of administration it pushes on to employers makes VAT look fairly easy. It is just bad news, in the way the UK runs it so, if we are going to look at it, can we please look for different areas.

Can I repeat, Deputy Lowe, we are not proposing the merging of SSD Funds and Income Tax. That is not the gist of the joint look at the sources of money. Rather, we need to make decisions about Income Tax and contributions in a joined-up way.

Deputy Burford, I have a lot of sympathy with your comment about ‘the world will not be perfect in strategy before you have to do certain things’. I lost track a little bit of what you thought we should be doing in the short term which we are not doing and so on and I honestly think that, in the context of a four year term, to make some major changes of the sort that we are coming back to propose, then I do think that one year of the sort of balanced holding operation that we are proposing is justified.

And Alderney Representative Kelly, I have no direct knowledge of the detail of that particular piece of research. I know I have seen quite a lot of paperwork on it; the reference to Alderney did not stand out. The only thing that occurs to me is that finding a representative focus group of eight people in Alderney, to be totally representative of the *Alderney* population in particular, could be quite difficult to get that balance.

Excuse me for having gone through so much detail. I do think that a number of those points fell over on to the other amendments.

In addition to all of these considerations, the cost of the amendment has been estimated at £470,500 for a full year. The proposers of the amendment have made no suggestions, as far as I know, as to where that could be funded, where other expenditure could be cut to compensate for it. These figures alone should persuade all Members that the amendment is a non-starter in the bigger picture of economic and fiscal factors. Pensions are a contributory benefit. They are paid to all those whose contributions give them an entitlement. They are *not* solely linked to poverty and, as such, the amendment does not attack some of the perceived inequities which it claims to.

Sir, as a result, I urge all Members to reject the amendment.

Mr Bailiff: Deputy Le Lièvre, sorry Deputy Lowe.

Deputy Lowe: Sir, before Deputy Le Lièvre, I would just like a point of correction or clarification for Deputy Langlois.

He said very clearly that Social Security and Treasury and Resources had never worked together before and that is totally untrue and unfair and I think that is only fair for those who are no longer in the States. Certainly for the last sixteen or seventeen years, Treasury and Resources were always invited to Social Security meetings and worked very closely with the staff and indeed

the Political Board and I think that is rather unfair to say that they never worked together because they worked regularly together.

3525 **Mr Bailiff:** Deputy Langlois.

Deputy Langlois: It is amazing the use of one word, 'never'.

3530 Sorry, that was a slip. I did not mean 'never'. What I am saying is I think we should be working more closely than in the recent past. That was all.

Mr Bailiff: Deputy Dorey.

Deputy Dorey: Just to give a view on the 'recent past', as well. He mentioned particularly the last four years in his speech.

3535 It started in 2007 but spanned over into 2008, to see whether Family Allowance and the way a universal benefit could be clawed back through the income Tax system. An extensive piece of work was done on that, with a public consultation, and the conclusion that came back was that it was not viable. You can read the September 2008 Billet to see all the arguments. No doubt we will touch upon that later.

3540 The other thing where they worked together was the modernisation of the benefits system. That is when we looked at Tax Credits and we worked jointly: we had joint presentations on it, both Social Security and T & R, and we both concluded, as Deputy Langlois has said, that they were a disaster and they were not worth going ahead with. That is why we came up with the modernisation of benefits. So the Departments *have* worked together where they need to and there is also a plan to have *one* IT system for the contributions and to investigate that, where they have both got two separate systems, to come up with one system. So the Departments do work together, as and when necessary.

3550 **Mr Bailiff:** Deputy Le Lièvre now to reply to the debate.

Deputy Le Lièvre: I still live in hope, despite the negativity of some of what has been said, because Deputy Trott has not jumped up and used the immortal words 'The amendment is clearly lost', but there is time yet... Maybe there isn't! (*Laughter*)

3555 I would like to thank everybody who has contributed, both in a positive and what *I* consider to be a negative mode, because this is an *important* debate. It will set the scene for some time ahead with regard to the attitudes towards the pensions and dare I mention it Non Contributory Pensions or Supplementary Benefit. Now there have been no questions, so I do not have to answer any but there have been a number of themes that have come out of today's debate.

3560 I think I will start with the holistic review. 'Let us look at everything before we do anything and then do nothing...' The reason I say that, the reason I say that, is because I do not honestly know if Members are *truly* appreciative of the complexity of the issues before them. Let us take *one* item to start with, the holistic review, which will be the long term care element of Social Security's Insurance Fund. When Maison Maritaine and Longue Rue, the extra care housing, came up, that led to a working party which was going to review the funding mechanism, to produce the business case to allow T & R to give Housing the green light to give the funds to the Housing Association. I never saw the business plan at the end of the day but some of the things that were said around that table – and Deputy Langlois was there, as well – would indicate that long term care, in itself, is going to be a debate that is going to hold this House enthralled – this Assembly, rather – for some considerable time. It is a real puzzle, for sure. Absolutely no doubt.

3570 But it is only one small element of some of the things that will have to be looked at in the holistic review and, of course, later on in this sitting – well, not today but certainly in this sitting – of the Assembly we will discuss an amendment from Deputy Bebb – sorry, Deputy Inglis – about the possibility of a transfer of funds to the... in respect of the lighthouse wards. That is also associated with long term care because the money will come out of long term care, so there is another aspect to it.

3575 These are the simple ones. When you get down to the relationship between Rent Rebate and Supplementary Benefit, Social Security worked on that for two and a half years and sank without a trace, virtually, apart from one or two items that are still to be enacted. Then, of course, you have got the long term contributory benefits like Invalidity Benefit, which is the other largest benefit payable by Social Security, and you have got Family Allowances and universal benefit, now that is going to be discussed etc. You have got old age pensions and you have got all of these things in the same bucket, if you like, and you cannot separate them. It is no use pretending that you can

somehow deal with one item at a time and say, yes, that fits in snugly with that, and that fits there because, at the end of the day, they do not fit with one another, although we might like to think we can get them all to fit together – unless you work for years, and that is what it is going to take, it is going to take years and years...

There is not going to be any Report that comes back into this Assembly in the next twelve months, let me assure you. The Older People Strategy should have been in front of this Assembly and considered by this Assembly in 2009, I think. Perhaps Deputy Hunter Adam can actually confirm that. We are now three years down the road from that and we have not seen it. It has changed names twice and *still* we have not seen it. That is another aspect associated, of course, with long term care. So this is... it is like trying to unpick a dropped stitch in a guernsey. It is not going to be easy to do. I could not do it and I suspect nobody in our Assembly could do it, either, but a holistic review is a dream. *It is a dream.*

We have heard some wonderful suggestions and I think part of the problem today is that there has been both a connection and a disconnect between Contributory Benefits and Supplementary Benefit. Although the amendment is about Contributory Benefits – and solely about Contributory Benefits – there has been much mention of Supplementary Benefit and, whilst I could actually leave this particular comment until the next debate, I am going to make it now because it is relevant. There have been several speakers who have said ‘Well, that’s alright, if your Contributory Benefit is too low or your pension is too low and you have a need, go to Supplementary Benefit.’ No. No, it is not that simple.

The reason it is not that simple is because there has been such incremental drift on the Supplementary Benefit it is no longer the backstop that the previous Social Security Authority was, in its format of States Insurance Authority, GSSA. It was, at one stage, a reliable backstop to the Contributory Benefit but it is not any more. The actual value of Supplementary Benefit has been taken away completely: £50 a week light, a pensionable couple. That is not out of my head, that is from Loughborough University and it comes to something when you say ‘Well, let’s see the evidence, there is no evidence etc.’ The evidence has been there. It was held by the last Department, by the last Board. It was presented to this Assembly, or the last Assembly, and was rejected, but do not, for one minute, walk out of this Assembly tonight and think that a pensioner can walk away, ‘Well, I haven’t got enough money, I will go and see Social Security. I will get a top up’ – because that is not necessarily the case.

The gap now is so wide that people are falling into it. It is not emotive to say ‘poverty trap’. Not emotive, because it *is* a real and positive poverty trap. The gap is too big for some people to claim benefits, so *please* do not walk away from this Assembly, thinking that is a solution to our problems because it is not. There is – I have rather lost my thread, can you hold on a moment – yes, people said it has never been, the Social Insurance pension, is not enough to live on. No, I absolutely, totally agree. The reason that is the case is because it *had* a proper backstop and the Social Security Authority, in all its forms, going right back to 1970, always held the view that the contributory pension was the primary benefit and that Supplementary Benefit or non-contributory pension in its previous format was the backstop to allow people who failed to earn enough – rather, derive enough – from the pension scheme to actually seek further assistance from the non-contributory side of the States Insurance Authority, the Social Security Department. It was never meant to live on but you did not have to.

Now, *now* the situation has changed. The pension has to be sufficient to live on for some pensioners because they cannot claim benefit because they fall into this enormous crevice that has appeared between the two schemes. That was never meant to happen and it has happened and I think people have deluded themselves, this afternoon, to some extent, thinking that people could be somehow picked up by the safety net. There is a hole in the safety net far larger than a human being and people drop through it.

Another thing is that people spoke about the *average* working man. I don’t know about you but I speak to quite a lot of average working men: you speak to a local petrol pump attendant, speak to the manager of your garage. I could speak to my son-in-law, I could speak to both sons-in-law. There are thousands of people in Guernsey with no occupational pension to fall back on. Their financial situation, with a mortgage and young children, is inadequate for them to make private provision and we all know how private pensions have performed, in any event. So, at the time that they *should* be making contributions to a private pension or, possibly, if they were lucky enough to have an occupational pension, they cannot afford to. So they reach pensionable age with no other pension provision. Again, ‘Well, that’s alright. They can claim benefit.’ No, they cannot!

This Assembly has to make its mind up. Does it want a contributory pension that is truly and sufficient to live on, within reason, or does it want the other thing, targeted assessments, targeted income? Let’s make sure that the 92 pence is targeted to those people who need it. Does it want to

3645 have a benefit system that is really fit for purpose? Because, if it goes down that road, you might as well *ditch* your contributory scheme, you might as well get rid of it and simply pay pensions to those people who have earned them and go over to a completely means-tested scheme. I would not recommend that. That is the last thing I would recommend but you cannot have it both ways.

3650 You cannot have a pension which does not provide and a Supplementary Benefit scheme which does not provide because that will take you back into the period of the sixties and the seventies. I know this – and it is not emotive – this is fact. This is where we have come from and everything that we do, and what we say in here now, is evolved from those periods. You will find that the pension will shrink if that is what you are going to do. That is all very well. I have got no problem with that, but you have to have a system which is sufficiently robust to pick up those people who do not have enough to get by.

3655 I know, and I agree, that there are people who probably do not need a pension from Social Security. There are probably a lot of people in this Assembly who do not need a pension from Social Security but please do not think that this Assembly is representative of the population in general because it quite clearly is not. I know lots and lots of people with no pension provision and I say to them, very carefully, ‘You *must* make provision for your future because do not rely on the state, otherwise you could find yourself in a very strange place’.

3660 So my plea to you today – and if the amendment loses, well, so be it – but this Assembly, and this Government and future Governments, must make its mind up whether we have a contributory pension that is truly fit for purpose or a Supplementary Benefit scheme, Income Support, call it what you will, which is equally fit for purpose. You cannot have both of them that are slightly less than functional because all you end up with is poverty – and it is not an emotive word. I do not want people saying he has gone all ‘emotive’, because that is not the truth.

3665 Poverty is making choices that you would rather not have to make and going without things that the rest of us all find... what we consider to be just day to day issues but, for some people, they are real choices, they are painful choices and it results in social exclusion. It sounds all very scientific but it is not. It just means that people do not enjoy the last years of their life.

3670 There is one final point before I sit down and that is pensioners – and I will say this in my next amendment, as well, once you reach 65, and I do not think I said that people were decrepit when they were 65 – when you reach 65 you are, in many instances, still capable of employment but there are very, very few people who work above 70 at the moment. Therefore, your life choices and your ability to supplement your income from employment is greatly reduced. If you have not been able to put aside for an occupational or a private pension, you are going to have to live on your old age pension and, if you find yourself to be an owner/occupier under the current scheme, and you then seek assistance from Supplementary Benefit, you are not going to get it. Forget it. The gap is too big.

3680 So my plea to this Assembly is, when you look at the holistic review – and I have got no faith in that *whatsoever* – but when we do look at the holistic review, could we *please* make/design a system where there are no holes. Let us, once we have designed it and it is operational, can we make sure that we do not actually insert holes into it because that is what we did in 1988. We have created this poverty trap and we cannot see a way of undoing it and to actually try and undo it is so expensive, we say that we cannot. We live in a world where we think, ‘Well, everybody is fairly wealthy, like me, so we have got no need to worry.’ That is not the case. Go round, speak to people you see walking on the Bridge and in town, ask *them* if they have got an occupational pension or a private pension and see what your answer is.

3690 Thank you very much, sir (*Applause*).

The Bailiff: We come to the vote, then, on the amendment ‘B’, proposed by Deputy Le Lièvre, seconded by Deputy Brehaut:

3695 1. To delete the full stop and add the following words to the end of Proposition 1:
‘, except that, with reference to the weekly paid benefits set out at page 2035, the figures in respect of the old age pension of £192.85, £96.60 and £289.45 in the column relating to 2013, shall be deleted and replaced with £193.80, £97.10 and £290.90 respectively.’

3700 2. To delete Proposition 17 and substitute therefor:
‘17. To agree that in part one of the first schedule of the draft Ordinance entitled “The Social Insurance (Rates of Contributions and Benefits, etc.) Ordinance, 2012” the figures in respect of the old age pension of £96.60 and £192.85 shall be deleted and replaced with £97.10 and £193.80 respectively; and to approve the draft Ordinance entitled “The Social Insurance (Rates of Contributions and Benefits, etc.) Ordinance, 2012”; and to direct that the same shall have effect as an Ordinance of the States.’

3705 Can we have a recorded vote, please, Greffier.

There was a recorded vote.

Carried – Pour 16, Contre 31, Abstained 0, Not Present 0

	POUR	CONTRE	ABSTAINED	NOT PRESENT
3710	Deputy Burford	Deputy Perrot		
	Deputy Hadley	Deputy Brouard		
	Alderney Rep. Arditti	Deputy Wilkie		
	Deputy Brehaut	Deputy De Lisle		
3715	Deputy Sherbourne	Deputy Inglis		
	Deputy Conder	Deputy Soulsby		
	Deputy Bebb	Deputy Sillars		
	Deputy Lester Queripel	Deputy Luxon		
	Deputy Gillson	Deputy O'Hara		
3720	Deputy Le Pelley	Deputy Quin		
	Deputy Fallaize	Alderney Rep. Kelly		
	Deputy David Jones	Deputy Harwood		
	Deputy Laurie Queripel	Deputy Kuttelwascher		
	Deputy Lowe	Deputy Domaille		
3725	Deputy Le Lièvre	Deputy Langlois		
	Deputy Dorey	Deputy Robert Jones		
		Deputy Le Clerc		
		Deputy Gollop		
		Deputy Storey		
3730		Deputy St Pier		
		Deputy Stewart		
		Deputy Ogier		
		Deputy Trott		
		Deputy Spruce		
3735		Deputy Collins		
		Deputy Duquemin		
		Deputy Green		
		Deputy Paint		
		Deputy Le Tocq		
3740		Deputy James		
		Deputy Adam		

The Bailiff: Is that everyone now, Greffier?

The Greffier: Yes.

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The Bailiff: While the votes are counted, can I suggest that we move on with the next amendment, the one that is marked 'Le Lièvre amendment C', dealing with short term Supplementary Benefit requirement rates.

Deputy Le Lièvre.

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Deputy Le Lièvre: Mr Bailiff, Members of the Assembly, I find it incredibly disappointing that I have to stand here today and make a case for increasing the requirement rates for Supplementary Benefit for a small and very specific group of persons that are amongst the poorest members of our community and, before I go on any further, let me make it *patently clear* that these proposals are specifically restricted to the elderly and disabled persons and, later on, I shall explain why I have chosen to so restrict the extent of my amendment:

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1. To delete proposition 8 and substitute therfor;

"8. That, from the 4 January 2013, the short-term supplementary benefit requirement rates shall be as set out in table (b) in paragraph 94 of that Report; and that, from, 4 January 2013, the long-term supplementary benefit requirement rates shall be as set out in the column headed '2013' in the table below:

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Long-term supplementary benefit		
(after payment of short-term	2013	2012
rates for 6 months)		
Married Couple both over 65	£245.00	N/A

Single Householder over 65	£170.00	N/A
Handicapped Couple	£245.00	N/A
Handicapped Single householder	£170.00	N/A
Married Couple	£236.04	£228.97
Single householder	£163.31	£158.41
Non-Householder		
18 or over	£126.77	£122.99
*16 - 17	£68.81	£66.71
Member of a household		
18 or over	£126.77	£122.99
16 to 17	£107.38	£104.16
12 to 15	£66.43	£64.40
5 to 11	£48.16	£46.69
under 5	£35.49	£34.44"

**Varied upwards in relation to single parents and significant disability*

3765

2. To delete Proposition 21 and substitute therefor:

"21. To agree that table 3 in the schedule of the draft Ordinance entitled "The Supplementary Benefit (Implementation) (Amendment) (No.2) Ordinance, 2012" shall be deleted and replaced with the table below; and to approve the draft Ordinance entitled "The Supplementary Benefit (Implementation) (Amendment) (No.2) Ordinance, 2012"; and to direct that the same shall have effect as an Ordinance of the States."

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Description	Amount
Husband and wife or other persons falling within paragraph 2(1) (" Couple ") where both partners have attained the age of 65	£245.00
Person not falling within paragraph 2(1) who is directly responsible for household necessities and rent (if any) who has attained the age of 65 (" Single householder ")	£170.00
Husband and wife or other persons falling within paragraph 2(1) (" Couple ") where one or both partners are handicapped persons	£245.00

Person not falling within paragraph 2(1) who is directly responsible for household necessities and rent (if any) (" Single householder ") and who is a handicapped person	£170.00
Husband and wife or other persons falling within paragraph 2(1) (" Couple ")	£236.04
Person not falling within paragraph 2(1) who is directly responsible for household necessities and rent (if any) (" Single householder ")	£163.31
Person who is not a householder (" Non-householder ") –	
Age 18 years or over;	£126.77
Age 16 years but less than 18;	£68.81
Member of a household -	
Age 18 years or over	£126.77
Age 16 years but less than 18;	£107.38
Aged 12 years but less than 16;	£66.43
Aged 5 years but less than 12;	£48.16
Aged less than 5 years	£35.49"

Note

Rule 15(2)

3775

In respect of Rule 15(2) the consequences of this amendment, if approved, can be addressed in exactly the same way as indicated at paragraph 100 of the Social Security Department's own Report.

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These elderly men and women will be those persons in our community most at risk of finding it very difficult or, indeed, impossible to manage their resources without making choices that the majority of us seated in this Assembly today would find unacceptable. Let me be blunt. The long term rate of Supplementary Benefit has gradually been eroded over the last 24 years, such that it has now reached a point that it is no longer fit for purpose, especially so in relation to the different long term needs of the elderly and the disabled.

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The current rates of benefit ensure that, instead of the elderly poor living a lifestyle that provides some assurance that they can get by with dignity... will, instead, as I have already said, force them to make choices that are unacceptable. Let me, just for a couple of minutes, backtrack slightly so that I can remind you how this state of affairs has arisen. Half a century ago, the rates of contributory pension – that is, the old age pension – were pitifully low. So low, in fact, that pensioners would have struggled to pay the rent of an average property. We know, for sure, that, in many instances after the payment of rent, there would have been nothing left over to purchase the most basic requirement of life, namely food, and that is why so many families in the fifties and sixties had living with them an elderly relative or relatives.

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However, for those who lived alone or as a couple and found that their pension was wholly inadequate, to get by there existed what was known as a non-contributory pension, what we know today as Supplementary Benefit or by its newest title, Income Support. The non-contributory

pension was payable to one in three of all pensioners in Guernsey, indicating the very significant need and the very low rates of the old age pension. If that same ratio was applied today there would be about 4,000 pensioners on Supplementary Benefit. Ironically, the feeble state of the old age pension at that time ensured that the level of the non-contributory pension had to be pinned at a rate that kept the wolf from the door. There is obviously nobody alive now that was alive then so we have no idea as to the efficacy of the non-contributory pensions. All we can do is assume that the level of the non-contributory pension was adequate, although I suspect it was very minimalistic.

In its annual report of 1960, the Administrator of the States Insurance Authority makes reference to some of the appalling housing conditions to be found in the Island and his report makes grim reading. Life was undoubtedly tough for the poor and the elderly poor in particular. We might like to reflect on that for a moment, of the recent stories of inadequate accommodation in this Island some fifty-two years later. Thankfully, happier times lay ahead and, by 1973 or so, the old age pension had gained parity with the new rates of what we now know as Supplementary Benefit – in simple terms, the old age pension and the SPB requirement for a couple and single person when they are the same. The obvious benefit of such an arrangement is that whatever social attitudes, or social conscience – call it what you will – which existed in relation to the old age pension, what I would call the primary benefit, were mirrored perfectly in relation to the long term need of a recipient of Supplementary Benefit.

That was the secondary benefit. The old age pension might not have been a living wage but everybody was in the same boat and if you needed help with your rent, if you needed help with your heating, or you needed help with your medical bills, you got it and you kept your pension for your day-to-day living expenses.

The social awareness of the States in relation to the needs of *all* the Island's elderly, not just the poor, was reflected *perfectly* by the rates of Supplementary Benefit. There was *no* differentiation between the basic needs of a wealthy pensioner or, indeed, a poor pensioner. Obviously, the wealthy pensioner would not have been eligible to receive any benefit but, at the end of the day, both groups of people would have had the base rate of their pension or Supplementary Benefit to cover their day-to-day living expenses.

Unfortunately, this state of financial equity was not to last. Not because of evidence-based policy making but because, by the 1980's, society had changed fundamentally, as had the structure of Guernsey's benefit system. 1980 had seen the worst levels of unemployment witnessed by this Island since before the First and Second World Wars, or since *between* the First and Second World Wars. The numbers of unemployed had reached over 1,300 and, when combined with the numbers of persons who had swelled the ranks of the sick, had put incredible pressure on the parochial system. This period of unemployment was to focus attention on the suitability of a parochial system in a more modern world, where expectations were far greater and, gradually, over a period of some fifteen or so years, responsibility for the payment of benefits to various groups of Islanders transferred to the Social Security Department.

Now what I am about to say I find somewhat distasteful but it is nevertheless a reflection of what I believe to be the truth. Under the non-contributory pension scheme, when it was first introduced and for the whole of its life, virtually, most beneficiaries had been the elderly, the widows, the disabled and the long-term sick – what would be described by some as 'the deserving poor'. Their circumstances were not of their own making, they were simply old, disabled or ill. All other groups were dealt with by the parish with the exception of groups like judicially separated women who were also covered but, generally speaking, there were very, very few of those people, the majority of people that were looked after were the old, the disabled and the ill, and widows in particular.

The Parish system dealt with the unemployed, the short term sick, pregnant young women, unmarried mums, women who had been deserted by their husbands – unless it was found to be constructive desertion – prisoner's wives etc., in fact anybody who fell outside of the more rigid restraints of the Supplementary Benefit Scheme. These were 'the undeserving poor' and never was this perception, as wrong as it was, truer than after the period of unprecedented unemployment.

This hardening of attitudes is best reflected in the rates of benefit paid by the Parish system, which had, in the sixties and seventies, reflected the rates of benefit paid by both the Insurance Benefit Rates, non-contributory pension and Supplementary Benefit. They were all the same, so that the Procureurs of the Poor paid out benefit rates at the same level as Social Security did. But after 1980 those rates of benefit fell like a stone. They fell like a stone and, in so doing, they were the undoing of the Public Assistance Authority because the rates payable were a nonsense.

It was when these new groups of claimant were introduced into the Supplementary Benefits System in the late eighties and early nineties that the focus for the States Insurance Authority

changed and it changed *fundamentally*. Whereas it had previously been the Department that dealt with predominantly long-term claims for the elderly, the sick, the disabled and the unjustly done by, it also included, by now, significant numbers of single parents. It was now, in addition, responsible for a *completely different* client group. The emphasis changed from being long-term need to the administration of a benefit system that sought to avoid the creation of a benefit culture and one sure-fire way of achieving this aim was to downrate the level of benefits to all.

The elderly poor had, if you like, become the unintended target of a policy that was not specifically aimed at them and I forget the exact number of years but, for five or six years, there were actually specific rates for old age pensioner couples and a single old age pensioner household within the requirement rates of Supplementary Benefit. That stopped in 1988 or 1st January 1989, something around that period. From now on, the wealthy pensioner would be treated in a manner clearly different to the poor pensioner.

This policy, which commenced in 1988, has continued unamended through to today. As benefit rates stand at the moment, the Supplementary Benefit rate for a couple is more than £53 a week short of the rate for a pensioner couple and the difference for a single pensioner is over £29 lower. Social Security are aware of the enormous shortfall in the household benefit routes and have been so for some years. On at least three occasions, the inadequacy of the benefit rates have been very clearly identified, most recently by Loughborough University. Research shows that the requirement for a couple should be more akin to the old age pension rate and, similarly, for the single person although, in that area, the difference is somewhat less pressing due to the increases supplied by Social Security post- the Townsend Report, which found significant levels of poverty amongst single pensioners.

At the outset of this Report, I said I would explain why I had chosen to increase only those rates of benefit for pensioner couples, single pensioners and for householders who are classified as being permanently and substantially disabled. The answer is very simple. Once you have achieved the age of 65, you are never going to get any younger and when you are classified as permanently and substantially disabled, the likelihood is that you will remain so. In other words, your financial position is unlikely to improve because the opportunities do not exist to allow for such an improvement.

Furthermore, as has been pointed out by the States Insurance Authority, the Guernsey Social Security Authority and, indeed, the Social Security Department, over the years, the resources of a pensioner usually *diminish* during their lifetime, as they draw down capital to supplement their pension. So pensioners, in essence, become poorer over time and not richer. Those are the words of the Social Security Authority, they are not mine. However, none of the foregoing is true for a short term claimant. A single parent can remarry, find a new partner; a sick person can recover their health; and an unemployed person can find work. There will be exceptions to this very simple split, but we should not allow these relatively small areas to get in the way of recognising that the needs of the elderly and the disabled are *clearly different* to the young single mum or sick person, even if that sick person has been incapacitated for some time. The amendment, in effect, will wind back the clock some 24 years to when the elderly were treated very differently to all other groups, and for good reason. We must accept that the policy change in 1988 was a mistake or, possibly more accurately, was a policy that should have been reviewed several times during the last 24 years but it never has been, up until March of this year.

In March of this year the Social Security Department produced a far reaching Report that, amongst other things, sought to increase the rates of benefit very substantially which would not only meet unfulfilled need but would also start to close the gap between the SBB system – Supplementary Benefit System – and Housing's Rent Rebate Scheme. Wow, we are going down the holistic route!

The Rent and Rebate Scheme, which is also means-tested, differs in several respects from Supplementary Benefit and might, broadly, be described as being somewhat more generous. Well, it would be, because I designed it! (*Laughter*). Certainly, amalgamation of the two schemes cannot go ahead until the rates of Supplementary Benefit are improved. The fact that the Department's proposals failed is well known. However, it would be a very sad day if this new Assembly adopted the view that that failure was as a result of ill-focused change and change for the wrong reasons. Mostly, it was down to the uncertainty of the cost and not that the detailed policy changes were wrong.

I have taken very careful note of the last debate and I framed this amendment so as to remove all uncertainty, both from the view of cost and from any unintended consequences. The group targeted is small and discrete and the amount of the increase proposed is just a fraction of what is actually required – £9. That is all I am seeking – £9 a week – when it should be... If I had the courage of my convictions, it should be £50 but I knew that £50 stood no chance and it sounds,

after the previous debate, that £9 is probably too hopeful, anyhow! Nevertheless, what is proposed is just a fraction of what is actually required. This *is* a holding exercise. This is a *real* holding exercise.

A small, well confined incremental amendment such as this could never cut across any future policy that might be adopted by Social Security because it will be obliged to raise the rates of benefit, if it is ever to achieve some form of tie-in with Housing's Rent and Rebate Scheme. The rates will need to be lifted if you believe that it is to act as a buffer for a slowly, not 'reducing', as Deputy Langlois pointed out, but as a pension which is not increasing at the right rate... If you think Supplementary Benefit is going to be the buffer, then this is the way to ensure that is the case: incremental increases to the Supplementary Benefit requirement rate, so that it actually acts as a secondary benefit, it actually acts as a *real* safety net, not one that you have in your mind but does not work on paper.

Without improved rates of assessment and amalgamation of the Supplementary Benefit rates, those schemes will never take place. Never. It cannot: the current imbalance between benefits available to tenants in the private and social rented sectors will never be closed. This is part of this holistic argument I have to listen to. It is what makes me so annoyed.

Far from being criticised as being as being unwarranted interference on my part, the amendment should be viewed as a small step forward, inspired by the unusual and very specific knowledge of a States Member, who is *wholly supportive* of the intentions of both Social Security and Housing. Nobody could support them more than I do, but we do need to make a start, otherwise the size of the problem before us will, in itself, stop us moving.

The amendment kills at least four birds with one stone. It enhances, in an incremental and immediate fashion, the benefit payable to a small discrete section of our community that is clearly different to *all other* classifications of Supplementary Benefit. It is a move towards achieving parity between the old age pension and Supplementary Benefit requirements rates, thereby achieving equity of treatment for the wealthy and the not-so-well-off pensioner, with all the fringe benefits such a move will bring. It represents a small step towards closing the gap between Housing's Rent Rebate Scheme and the Supplementary Benefit Scheme and it provides the States with a degree of assurance that steps are being taken to safeguard against unwarranted poverty amongst our elderly and very elderly who reside in the community and that is in line with HSSE's 20/20 vision.

I have not talked about the costs of my proposals but I am just going to touch upon them now. I have included a figure of £372,729 and the reason I have come to what I think is probably a higher figure than that actually used by Social Security is that I have not only taken the actual increase that will apply to those claims that exist at the moment but I have assumed that new claims would come in as a result of this, which would be a *major success*. It would be a major success because we would start to pick up those people who have fallen into the proverbial poverty trap. So I have allowed for those. I have allowed for the medical cost which is, for many people. – many, many old age pensioners – the real benefit that they receive as a result of being on Supplementary Benefit.

When I ran the – when I was in charge of, I should say – the Central Outdoor Assistance Board, which was the benefit payment arm of the Public Assistance Authority, I ran a medical scheme which was *ultra vires*, for sure. The Law Officer said it was because it was something that had been handed down from the 'parish doctor', who had long since ceased to exist, but we were covering 2,000 people in Guernsey on this medical scheme and it was costing, in 1980, over £1 million a year. We were such a big player that we featured in negotiations with the BMA! This was the parochial system and it highlights the value of the medical benefits, the medical cover, provided by Supplementary Benefit for people who have savings below a certain level. I have included a figure in here because it is worth about £18 a week to a pensioner – £900 a year – so I have included that in my total. I do not know if Social Security have done the same thing.

I also would like to comment, although it is... No. Maybe, I will leave that until later.

Sorry, I will leave that point for later, but I have been totally open and transparent. That figure is as high as I can make it, so I cannot say any more than that. The question is, where it is going to come from? Well, it will come from the same place as Social Security's £70,000 odd increase in relation to the benefit limitation. That is all I can say because that is what will happen. If people are not satisfied with that answer from me, then they should ask Social Security the same question before... If you throw this out on the grounds, 'Well, you have not found a source for your funding', then neither have Social Security. On that point, I shall sit down.

Thank you, sir.

The Bailiff: Deputy Brehaut, do you formally second and reserve your right to speak.

3980 **Deputy Brehaut:** Yes, I rise to formally second.
Thank you.

The Bailiff: Just before I call the first speaker, I will announce the result of the vote on amendment 'B'.
3985 There were 16 votes in favour, 31 against.
I declare the amendment lost.

The Bailiff: Yes, Deputy Laurie Queripel.

3990 **Deputy Laurie Queripel:** Thank you, sir.
I would like to speak in support of the amendment but also generally, in fact, if that's in order, if that is acceptable.

The Bailiff: Yes.

3995 **Deputy Laurie Queripel:** Sir, I am not going to condemn outright the letter of comment that Treasury and Resources have attached to Social Security's Report: I understand that T & R are attempting to demonstrate fiscal responsibility but it is not as simple as that. We are politicians *not* accountants. As politicians, we have other responsibilities, aside from the fiscal. We have social
4000 responsibilities and we have to take responsibility for States decisions and their outcomes. We have a duty of care towards the people in our community who are genuinely in need of our help, whether they be disabled, those suffering with serious medical conditions or our pensioners. Deficits and fiscal constraints are not their concern.

4005 If there is any pain to be felt, it should not be experienced by *these* people but, rather, it is the States of Guernsey as a whole that will have to bear the result of deficit reduction.

Deputy Le Lièvre has clearly demonstrated that this group of people have actually been short changed for many years, even when the States were running surpluses. That situation was a result of States decisions, so it is now our responsibility, as States Members, to put that right. Another
4010 thing that we have to take responsibility for, sir, is the States decided economic aims and intended direction of travel.

The path we are attempting to follow is one of economic growth generally and, in particular, looking towards the top end, the creation of yet more high value jobs – a perfectly conventional and accepted approach, one which I am sure most jurisdictions are pursuing. In the long term, I would suggest such an approach is not sustainable. You cannot extract the infinite from the finite
4015 and I believe future States, probably occupied by the then elderly and grey-haired Deputy Collins and Deputy Fallaize, will be debating the true nature of sustainability, resourcefulness and concepts such as steady State economies. But, sir, that is for another day and good luck to them with that one!

4020 There are benefits to the path we are pursuing but there is also a cost to it: the result is a somewhat heated economy, the cost of living is high and prices are inflated. In those circumstances, it is the most vulnerable within our community, those nowhere near the top end, the high value end, that normally pay the price and there is your relative poverty. If we are to have a genuine inclusive society, if our economic strategy is *truly* intended to benefit all, then we have a responsibility towards that group of people.

4025 Sir, certain military organisations have a saying in regard to those who are wounded in combat situations. They vow that they do not leave anybody behind. I believe the States has that same duty of care. If we are to take this economic journey, we have to accept that, morally, we cannot afford to leave anybody behind. I believe that if Social Security's recommendations are not amended, especially in line with this particular amendment from Deputy Le Lièvre, the potential to leave
4030 people behind will be greater.

Thank you, sir.

The Bailiff: Yes, Deputy Le Clerc.

4035 **Deputy Le Clerc:** I thank Deputy Le Lièvre for his well thought out... and considerable amount of time that he has researched his paper. Actually, on this amendment I do have an element of sympathy of the target that he has made and the proposals he has made.

He said that it is just a 'holding amendment' until a long lasting policy can be formulated but that is exactly what Social Security Board have proposed and said it is just a 'holding amendment'.

4040 Deputy Le Lièvre has also estimated the cost is going to be, likely, £373,000 and the additional expenditure is going to be covered from formula-led general revenue. That is a concern to me and the current Board debated long and hard over its proposal of RPIX, or RPIX plus 1%, and we have had that debate previously.

4045 I would just like to draw your attention to the paragraph that Deputy Le Lièvre had in his paper:

‘The application of the wrong policy in just one year not only influences that particular year but can be carried forward over *many* years and thus what was originally a small effect becomes very substantial.’

4050 I would ask that the Assembly vote *against* the amendment and, in doing so, you give your support to the *current* Board’s proposals and your confidence *in them* going forward to bring forward well thought out, viable, joined-up proposals.

4055 **The Bailiff:** Does anybody else wish to speak on the amendment?
Yes, Deputy St Pier.

4060 **Deputy St Pier:** Sir, simply to point out, on behalf of the Treasury and Resources Board, as Deputy Le Lièvre has said, he has estimated the cost of this amendment as £372,000/£373,000 and, as Deputy Le Clerc has pointed out, this being non-contributory benefit will come from general revenue, a general revenue formula of expenditure, and therefore, in order to stay within the fiscal and economic policy, it will effectively require equal and opposite reductions in spending elsewhere and, therefore, the majority of my Board is unable to support the amendment, sir.

4065 **The Bailiff:** Thank you.
Deputy Fallaize.

4070 **Deputy Fallaize:** Thank you, sir.
I was not expecting to have to speak quite so soon but it does not appear as if there will be many speeches in this debate and I do want to *try* to make the case for this amendment and particularly to compare it to the previous Amendment and some of the speeches which were made during that debate.

4075 The States has just rejected an amendment which argued that universal benefits, a particular universal benefit, the State Pension should be maintained at a rate as high as possible. There were *many* speeches in that debate about the costs and disadvantages of universal benefits. A number of speakers were clear that, rather than increasing universal benefits, or certainly rather than increasing them in a way that Deputy Le Lièvre suggested, the States would be better to target the money that is available at those who need it most. I have a long list of Members who said that – Deputy Soulsby, Deputy Green, Deputy Duquemin, Deputy St Pier, Deputy Ogier, Deputy Gollop, 4080 Deputy Spruce, Deputy Adam.

There were others but my pen ran out! (*Laughter*) They all said that they did not support assistance being spread widely in the community via universal benefits because some people who did not need those benefits would end up receiving them. Far better to target assistance. Well, here we are! By coincidence, Deputy Le Lièvre now has moved an amendment which does exactly what they were arguing and which attempts to *target* financial assistance at those pensioners who need it most, whose need has been established by a test of means, namely the Supplementary Benefit scheme. So I am more optimistic about this amendment and I look forward to all of those Members, who are so passionately in favour of *targeting* assistance, supporting this amendment and joining those fifteen of us who supported the last amendment – sixteen, sorry – and 4090 presumably, therefore, having it approved.

It is clear that there is not insignificant, and very real, unmet need in Guernsey, especially among the pensioner population. It has scarcely been helped... Indeed, Deputy Le Lièvre’s paper makes it very clear that that need has been increased by the decision, wittingly or otherwise, back in 1988 to decouple the Old Age Pension and Supplementary Benefit rates and it has got worse 4095 and worse in the 24 intervening years. There are four bullet points in Deputy Le Lièvre’s paper which are particularly relevant to this amendment and this debate; together, they basically represent the case for this amendment.

Deputy Le Lièvre tells us that, since 1988, the requirement rate for a couple in receipt of Supplementary Benefit has shrunk, in purchasing terms, when compared with a full rate pension, 4100 by about 20% and, in the case of a single householder, by about 15%. The number of pensioners in

receipt of Supplementary Benefit has fallen hugely in the last five decades and, in particular, in the last two decades, in part due to the increase in value of the Old Age Pension and the rise in general affluence but also because of the decoupling of Supplementary Benefit. The difference in the Old Age Pension and the Supplementary Benefit rate has created a poverty trap into which will fall those pensioners whose assets hover somewhere between outright and obvious need and no need whatsoever. The great risk is that such people do not heat their home; they do not go to the doctor when they need to. In other words, they are on the brink of relative poverty but they do not experience relative poverty until some apparently minor need or crisis occurs, by which time it can be too late. As has been said by Deputy Le Lièvre and others, pensioners clearly are in a different category because they have very limited, if indeed *any*, opportunity to increase their income. So that is, basically, the case for the amendment.

The evidence in section 1 of Deputy Le Lièvre's paper is, if anything, stronger than it is in section 2 of his paper. That is not surprising, I suppose, because this area of non-contributory social welfare benefit is his area of particular expertise. We know that, in 2002, ten years ago, 16% of Islanders were living in relative poverty and a further 5% were at real risk of relative poverty. A very significant proportion of that 21% of the population were over the age of 65.

Despite those 2002 findings and lots of debate at the time and since, and lots of hand wringing, little has been done to address the problem – the problem being the extent of relative poverty. Indeed, by the time of the *next* Report, three years later, still 16% were living in relative poverty, despite the Island's growing prosperity in the intervening years. In 2012, the States was advised that the actual number of those people living in relative poverty had not changed significantly since the 1970s. When we talk about people in 'relative poverty' – and I know that is a contentious term and, for some people, an emotive term – we are talking about pensioners being the single largest group which make up those who are in relative poverty.

The argument, again, will probably be, indeed already has been, that we should wait for a holistic review but it is a fact that a review of contributions and benefits has been the Social Security Department's 'highest priority' since 1999 – for the past thirteen years. Deputy Langlois told us that he was not a magician. I do not suppose that Deputy Langlois is that different from all the other Presidents of the Authority and Ministers of the Department and Members of the Authorities and Departments there have been before him. In my view – I agree with Deputy Le Lièvre – I think it is wholly unrealistic to believe that, in a year or even in the space of the next three and a half years, a holistic review of benefits and contributions is going to be developed which will answer the sorts of questions and challenges posed in Deputy Le Lièvre's paper.

There was a corporate anti-poverty programme in 2002 which had objectives to address these problems, there was a Government Business Plan in 2007, one objective of which was to redistribute wealth wisely in the community, there was the 2012 States Strategic Plan, which had similar objectives, but there *still has not been any action*. Deputy Le Lièvre is proposing something which is modest in the extreme. The *real* aim here should be to, if not re-align the requirement rate for pensioners with the rate of the Old Age Pension, at least to ensure that the former represents around 95% of the latter. That is the only way that we will address financial need amongst pensioners and particularly those pensioners who are just above the present requirement rates.

The only way in which Deputy Le Lièvre's amendment can possibly conflict with anything that the Social Security Department could do in the future is if the Social Security Department does not propose to meet the need of this group of people, which has been identified for a decade or longer. If the Social Security Department is serious about meeting the *needs* of these people, targeting the existence of this group of people, who we know need that assistance, surely the Social Security Department is going to have to raise the requirement rate. If Deputy Langlois can tell us, when he speaks on this amendment, of any other option that the Department has to meet this real area of need, then I am listening, but it is quite plain to me that increasing the requirement rate, if not re-aligning it with the rate of the old age pension, is the only way of addressing this problem.

I think, in this case, the arguments for a holistic review are even less strong than they were in respect of the previous amendment. There is real need, Deputy Le Lièvre's amendment is very modest, it is based on very sound evidence, he is trying to put right something which the States got wrong in 1988 and has done absolutely nothing about since and I ask Members to support the amendment.

The Bailiff: Yes, Deputy Hadley.

Deputy Hadley: Mr Bailiff, I was not expecting to speak on this particular item. Recently,

people have said how do you find the new Assembly and I said very refreshing. There are twenty-two new Members and I think it will be a much more caring Assembly than the last one. The paucity of people wanting to speak in support of this amendment shocks me.

4165 This is a very modest, considered, targeted amendment to help the poor disabled people of our society, which is what everybody, indeed as Deputy Fallaize has pointed out, have been urging us to do. Today we have disabled people coming into this Assembly to listen to us and over a thousand people have managed to sign a petition to stop us opening shops on a Sunday, *nobody* has signed a petition in support of the elderly and poor old people of the society. I think it reflects badly on our society in Guernsey that we care so little for the poor of our society and I shall certainly be supporting this amendment.

The Bailiff: Deputy Brehaut.

4175 **Deputy Brehaut:** Thank you, sir.

Sadly this amendment deserves a better speech than I am capable of giving, at least today, anyway.

4180 When I joined the Assembly, the theme at the time was the CAPP – the Corporate anti-Poverty Programme – and that was championed by Deputy Jean Pritchard. When I joined the Assembly eight years ago, people were optimistic that great strides would be made in making Guernsey a fairer, more just and more socially inclusive society and, actually, not a great deal has happened.

If I read from the Medical Officer's 113th Annual Report, just this one paragraph:

4185 'Over 60% of lone parents and over 40% of single pensioners were in poverty. Of States renters or States tenants, over 50% were in poverty, compared to 25% of private renters and 6% of owner occupiers. In summary, people living in poverty go without a whole range of items because of the shortage of money. Subjectively, 5% of the population considered they live in poverty all of the time and 16% some of the time.'

4190 Deputy Le Clerc, sir, said 'Have confidence in the Board'. This is not a question of having confidence in a political Board not to deliver something; it is not about sensitivities within this Assembly, this is *genuinely* trying to make good something that is fundamentally unjust and wrong. The table that Deputy Le Lièvre has given, on page 5 of his summary... why would you design a system... From 1988, the SPB rate was £85, the OAP rate at the time was £92 and, by 4195 2013, if this Report goes through, the differential is £236 to £289.45. You would not design a system and then add that flaw to make it unjust and unfair. You have an opportunity today to correct it.

4200 The problem I may have had is that some of you may feel that, over the course of this afternoon, I have cried wolf once too often, but this, I believe, is an amendment that Members can support and rally round, to have a *real* impact and a *positive* effect on the lives of many, many people in our community and our society. So, please, Members, today I urge you to support Deputy Le Lièvre's amendment.

Thank you.

The Bailiff: Deputy Sherbourne.

4205 **Deputy Sherbourne:** Sir and Members of the Assembly, I had no intention of speaking today, I had every intention of supporting the amendment but, like Deputy Brehaut, I feel moved to add some words, some thoughts, to this amendment and to the debate.

4210 As a newcomer yet someone who has lived in this wonderful Island for 44 years, reading the offering that Deputy Le Lièvre presented to us made me ashamed, quite frankly, that our States have allowed certain groups in this Island to be so disadvantaged.

4215 I have been very fortunate; Guernsey has been very kind to me. It has given me a good professional career, a great environment for my children to grow up, opportunities for them to move on with their lives, with the support of the extended family around them. Yet, during most of my career, I have been dealing with people who have not been so fortunate, or at least the children of those people.

4220 I shall be speaking later about another amendment which will be presented tomorrow sometime, I suspect, but I honestly feel ashamed that, as members of this community, we cannot find in our hearts to support the improvement for a small group of people in this Island. To me, it is a nonsense to suggest that this Island cannot find the money to do so.

The Bailiff: Deputy Conder.

4225 **Deputy Conder:** Sir, I will be brief.

I would speak. I think, I would probably regard myself normally as fiscally conservative and I do believe that we need to reduce the financial deficit but I entirely endorse what Deputy Sherwood has just said and other speakers.

4230 I will vote with passion and pleasure for this amendment. I cannot believe that we cannot find the means to support our less fortunate members and I will just say something, sir, about the holistic approach. I cannot see why, if the previous amendment had been approved or, indeed, if this one is, why it cannot be part of a later holistic review, anyway. Approving this amendment or, indeed, the last one, would not stop a holistic review, so I can say no more than that.

4235 You will probably hear it in my voice: I am passionate about this. Again, I say I speak as somebody who is usually fiscally conservative but I would urge colleagues to vote for this. We owe our fellow citizens this.

The Bailiff: Deputy Dorey.

4240 **Deputy Dorey:** Thank you, Mr Bailiff.

I support this amendment and I will make quite a short speech.

4245 We have a duty of care to the most vulnerable in our society. That is the job of a Government of Guernsey. That is what you have all been elected to do and that is the duty that you *must* carry out if you are going to fulfil your job as a Member of this parliament. The evidence is *absolutely clear*; the Minimum Income Study was done by a totally independent organisation, Loughborough University. It has heavily researched the subject; it resulted in a Minimum Income Study.

4250 Let me just explain what a Minimum Income Standard Study is. The Minimum Income Standard is a measure of income adequacy. It is the amount that people need in order to reach a minimum socially acceptable standard of living, based on what members of public think, and taking into account expert evidence on issues such as nutrition and home energy consumption. It is calculated by specifying bathroom goods and services required by different types of households, in order to meet their needs and to participate in society. I emphasise those words 'to participate in society' and, as was further enhanced by that wording in the March Billet, it is in order that people have the opportunity and choices necessary to participate in our society. These, as I have said, are the most vulnerable in our society.

4255 It is our duty to support this amendment, to make sure that those people *can* participate. It is a modest increase in the benefit rate but it will make a *big* difference to these people. Many of these people are not capable of increasing their income. We in Guernsey, in the league tables, are one of the tenth most affluent jurisdictions in this world. We cannot, I do not think, fulfil our job as Members of this parliament and have people living in our society who are not able to participate in it.

4260 So I urge you, as strongly as I can, you might have voted against the last amendment, but this is targeted. Please support it, please look after the most vulnerable in our society and support this amendment.

4265 Thank you.

The Bailiff: Yes, Alderney Representative Arditti.

Alderney Representative Arditti: Thank you, sir.

4270 As a fully paid up member of the fiscally conservative, if that is not a contradiction in terms, I would just like to echo very quickly the words of Deputy Conder. It seems to me that what the debate on the last amendment, and the debate on this amendment, is all about, is where do you have the holding position?

4275 I am sure that most Deputies favour the idea of the holistic review. Some may be more optimistic than others, as to when that holistic review will be available, but the issue is, surely, where do you have the holding position? I, like Deputy Le Lièvre, Deputy Conder and others, find holding the position as is, without the amendment, unacceptable.

The Bailiff: Deputy Gollop.

4280 **Deputy Gollop:** I have been interested at the passion and been moved and very tempted, in a way, to vote for the amendment but when I listened to Deputy Dorey, he actually has crystallised the issue most clearly. He has gone back to the minimum rent allowance, sorry, the minimum income scheme, that the States went 50/50 on in March and, therefore, rejected.

Now that is, rather shrewdly, where this debate has ended up because we are really re-debating

4285 many of the principles within that Report and the position that the new Board have come to is, rather than just go head first into that debate, to actually find out, not only where all the States Department's are coming from – Health, HSSD, Treasury and Resources – but work out what we *can* actually realistically afford, as a society and as an economy, and how the burden should be put across. Also, there is another dynamic within this situation and that is, we do hear noises off from, 4290 perhaps, the right, for want of a better phrase, along the lines of... Let's go to page 2057. This is actually – I say the right – this is actually the Policy Council, who have said here – sorry, I should take that back, (*Laughter*) because we do not have a left and right in this Chamber, but,

4295 'Similarly, it is noted that, whilst numerically small, changes to maximum benefit limitations do serve to increase the costs of the system and, as such, the future review of supplementary benefits must take incentives into account and not unintentionally act to institutionalise welfare dependency.'

I appreciate Deputy Le Lièvre is focusing on senior citizens here and on the disabled in certain categories, rather than *all* the categories, but the welfare dependency argument is out there in the media, it is out there amongst *some* members of the public. It may be, to some degree, a myth, but we need to explore that and work in dialogue with the Policy Council and Treasury and Resources and our advisers to see how we can raise the bar, to improve the living standards of people who we should be improving, without institutionalising welfare dependency. That is a key task.

4305 I would also draw Members' attention to one of the innovations in this year's Report, on pages 2049-2050, on maximum rent allowances. We are changing the rules relating to that. It perhaps is not that controversial, but we put:

4310 'The Department does not believe that the introduction of maximum rent allowances for tenancy groups 1 and 5 will increase benefit expenditure.'

It will be based on a new process.

4315 That is an example where a tactical incremental move of this Department *will* help some of the most vulnerable people in this society and, hopefully, not only improve administration, but improve choice and standards. That is a real benefit we are doing now and I think, if you have patience, you will see this Board taking on ideas and bringing forward a package that is right.

The problem of supporting this amendment today is you could actually be not only increasing the deficit, but increasing anomalies and problems and the balance between incentives and systems. That is why we should reject the amendment on this occasion.

4320 **The Bailiff:** Deputy Bebb.

Deputy Bebb: If I may, to hear the 'Disabilities Alliance Champion' speaking against supporting further those people who are on the most desperate need within the disability assumption is rather disturbing.

4325 I had no desire to speak on this amendment and I was very much looking forward to being persuaded by the arguments which way to vote. But I continue to hear this Holy Grail idea of having a holistic approach. *Please*, stop thinking that it will happen. When that Holy Grail seems to appear, as the former Social Security Board will know, there is *no* guarantee that that holistic approach will go through this Assembly. Therefore, what we are talking about is a holding approach, but the question is at what level are we willing to have that holding approach?

4330 I sincerely hope that people will have due regard for those people, of whom I made mention of one person this morning, who are on the absolute *minimum* wages within our society, that really are facing severe poverty and this targeted approach that this amendment brings. I ask you sincerely to consider whether you could possibly disagree with the sentiments of targeted approach to those most desperate and those disabled people, who are in the most dire need in our community.

Thank you. (*Applause*)

4340 **The Bailiff:** Deputy Duquemin.

Deputy Duquemin: Thank you, sir.

I think the point that I would like to make is that this, *if* and when, this amendment is carried, it is only part one of the story.

4345 Part two of the story are the people we spoke about, who are in need. I think, in many ways, to pick up on Deputy Gollop's point of it becoming a benefit culture, here we are talking about pensioners and the changes, mainly because it is about pensioners, who will not have any way of

increasing their earning ability over time, so I understand Deputy Le Lièvre's point on that.

4350 The question I will ask of Deputy Langlois, to answer in his summing up, is if we vote in favour of this amendment are there some assurances the Social Security Department will play their part, too, and actually encourage those that need the money to claim the money, because that is what will make the difference. We can change the rates, but people will need to claim the money.

Thank you, sir.

4355 **The Bailiff:** Deputy Lowe.

Deputy Lowe: Thank you, sir.

I will be supporting this amendment and I hope it will go through unanimously. I am *really* disappointed.

4360 I, too, was shocked that Deputy Gollop was not standing up and fighting the corner as 'disability champion' chairman. I just cannot believe that a member of Social Security has gone with Social Security and not those who he is out there representing in the community, that he says he will fight the corner for them. That is the idea of a representative being here in the States. I am disappointed and actually quite shocked. I do not want lip service. The people we are talking about here, they cannot afford to wait for a year, while we have got another review going on. They have not got that luxury. They are waiting for it now – as in 'now'.

4365 I hope we are not going to throw this amendment out and I hope everybody will sign up to the words they have spoken: talk the talk, walk the walk, let us see what actually will happen at the end of the day when the vote is taken on this one. Over the years, we have heard *so much* about social policy – oh, lovely words about what we are going to do – it is about time we produced something.

4370 You have got an amendment here that actually can produce an outcome that will assist the very vulnerable people that we are in here to help. That is our responsibility. It is not for the private sector to pick up the pieces. That is what we are in here for. We are the backstop to help these people in need and I *really hope* this will go through with flying colours, without any further debate.

Thank you, sir.

The Bailiff: Deputy Trott.

4380 **Deputy Trott:** Thank you, sir.

This debate, in many respects, brings into very sharp focus the problem we find ourselves in, having (a) not debated the States Strategic Plan and (b) not debated the FTP.

4385 The problem is that previous States Strategic Plans have repeatedly made the point that it is *vital* that social policy developments fit within the fiscal framework agreed by the States. This amendment is, as a former colleague of ours, Deputy Berry, would often describe as 'superficially attractive'. It is difficult to find arguments *not* to vote for it, but the problem is it takes a coach and horses through the policies that presently exist, because what it does is it takes money from general revenue in order to fund the Supplementary Benefit aspect of it. In doing so, it does not exercise fiscal constraint.

4390 If we are to maintain that fiscal constraint – and there are numerous conservatives, with a small 'c', with regards fiscal policy that have spoken in the States, saying they *support* those policies – then the counterbalance needs to come from somewhere else. In other words, something else needs to suffer. The problem with this debate is that we are considering this well-meaning objective in isolation. We are not seeing it alongside a list of other priorities, so that the States can decide what their priorities are. That is *one* of the problems.

4395 One of the other problems is that our independent fiscal policy scrutineer, a very eminent economic professor, has reminded us that, between 2007 and 2010, Social Security's expenditure grew by 23%, or 16% in real terms. So, in other words, our benefits culture has been growing at a *much, much* faster rate than any other aspect of our expenditure, so to describe the last States as not caring, based on that particular piece of data, would be unreasonable.

4400 So is this a 'Pandora's box' amendment? Well, yes it is and, of course, those who wish to see the FTP process derailed *and* want to fundamentally change one of the key principles of the States Strategic Plan – and that is fiscal constraint – will be rubbing their hands together with glee, if this is successful. It is a return, in many respects, to the 'bad old days' of – my good friend, Deputy Ogier, reminded me earlier – 'first come, first served'.

4405 *This debate* should not be taking place in isolation; it should be taking place as part of an overall debate of social priorities, so that the States can make very real choices, based on the

limited resources that it has. *Or* – and I direct this to my fiscally conservative friends and colleagues – we *change* the policy and, once we do that, God help us, sir.

4410

The Bailiff: Deputy Storey.

Deputy Storey: Thank you sir.

4415 Deputy Trott has said one or two of the things that I wanted to say, but I think the point is that the main reason why I am not supporting these amendments, although I feel they are very worthy amendments, is because the main plank in *my* election manifesto – and I think a lot of other people in this Assembly said exactly the same in their manifesto – is that the main priority is to balance the books.

4420 Balancing the books is what, I think, was one of the main things that I was elected to sit in this Assembly. Where this amendment falls down is it identifies how much we are going to need to spend, if we implement these proposals, but it does not say where the money is going to come from. The point is that we are trying to work with the FTP to balance the books. We have been sweating blood here to try and reduce the revenue expenditure in our own Departments. Here we have got an idea which is very worthy and it says ‘Let us spend £370, 000 or £400,000 extra’. *Who* is going to be able to give up that amount of money out of their budget, in order to pay for this extra expenditure?

4425 What I am hoping, and what I am *expecting*, Social Security to do in their paper that they are going to bring to this Assembly, is to actually show where their priorities are, where they want to spend the existing amount of money that they spend – in other words, there is a reallocation of their budget, according to where they see their priorities. That is what I am expecting and I hope that I am not going to be let down on that, but for us to just approve additional expenditure, when there is no more money and without saying where that money is going to be taken from in other Departments’ existing budgets, to me is just a no-brainer. It cannot be done, so I have every sympathy for the objective, but the means do not exist.

4430 Unless Deputy Le Lièvre, in his summing up, can explain to me how the means can be provided, I am sorry, I cannot support him.

The Bailiff: Deputy De Lisle.

4440 **Deputy De Lisle:** Sir, I would like to ask the Minister, perhaps, when he is summing up, to add some clarification here, because listening to the debate – certainly the last few speakers – one gets the impression that, in fact, Supplementary Benefit is not going to be increased and no further money is going into that particular area.

4445 When I read the Report, however, I see that the Department is recommending a general increase of 3.1% in terms of non-contributory services funding from general revenue. So, I would like him to make us very clear that, in fact, Supplementary Benefit *is* going to benefit from increase by 3% or 3.1% and that the amendment here is asking for *further* monies beyond that.

Thank you, sir.

4450

The Bailiff: Deputy Harwood.

Deputy Harwood: Thank you, sir.

I speak in my individual capacity, not on this occasion on behalf of Policy Council.

4455 I will be voting against this amendment. I do so with a heavy heart, but I am very grateful for Deputy Le Lièvre for drawing to our attention – to the attention of this Assembly – the particular categories of people who are in need. For the reasons that have already been enunciated by Deputy Storey, in particular, we do have to work within fiscal constraints. We cannot avoid that.

4460 In *my* manifesto, I said one of the main criteria was to balance the books. If we allow this particular amendment to go forward in the form it has been proposed, we are exacerbating that deficit. I suggest that this matter should be taken and, hopefully, it *will* be taken, by States Social Security Department to consider how they might address the issue that Deputy Le Lièvre has so eloquently drawn our attention to, in the approach that we are looking at, a reallocation of the overall budget that is available for Social Security.

4465 I therefore urge all Members of this Assembly to vote against this particular amendment, to allow that process to happen.

The Bailiff: Deputy Fallaize.

4470 **Deputy Fallaize:** Sir, may I ask for some clarification, perhaps from Her Majesty's Procureur in respect of the obligation to identify the source of funding for this amendment?

There is a note at the bottom of Deputy Le Lièvre's amendment which deals with this and draws Members' attention to paragraph 100 of the Department's States Report, which mentions there will be some additional expenditure on general revenue from some of their proposals. It goes on to say that the

4475 '...additional revenue expenditure could be funded in the same way that formula-led increases within the supplementary benefit system as a whole are funded. There would, therefore, be no effect on the Fiscal and Economic Policy Plan.'

4480 Sir, are the Members who have just spoken correct, that Deputy Le Lièvre should have identified his source of funding and, if they are, why does the mover of the amendment have to identify the source of funding, but not the Department putting forward the proposals?

4485 **The Procureur:** Whether anybody ought to identify a source of funding, as a matter of principle, good practice and good governance, is one question and that may be what those Members were addressing.

I have only considered this from the point of view of the Rules and I have come to the view, and told T & R staff, that what is sauce for the goose is sauce for the gander. Although it may be that the *amount* of additional funding under Deputy Le Lièvre's amendment would be substantially more than the amount of additional funding required under the T & R proposals, the principle is exactly the same and if T & R can claim to satisfy Rule 15.(2), whatever it is, by saying, 'We are about to change the formula and it is formula-led, therefore that is fine,' then so can any other Member – well, so can the States, in supporting the proposals of any other Member. That is purely from the point of view of Rule 15.(2).

4495 Whether it is a good idea, in terms of good governance and States financial planning, is far too hard a question for me! (*Laughter*)

4500 **Deputy Fallaize:** Sir, can I ask you, is it the case, then, that, under the Rules of Procedure of this Assembly, the mover of this amendment is not required to identify the source of funds for his proposals? Is that correct?

4505 **The Procureur:** If it is legitimate, under the Rules of Procedure, for Treasury and Resources not to identify the source, on the basis that it is a new formula that they are proposing, it is *equally* legitimate for a Member moving an amendment.

The Bailiff: Deputy St Pier.

4510 **Deputy St Pier:** Sir, could I ask the Procureur, is the problem, perhaps, because of Rule 15.(2), which actually does not necessarily envisage that this will be funded by way of effectively changing the formula?

That was the point that I was seeking to make in *my* comments on behalf of the Department, that because it is formula-led, and what we are doing is changing the formula here, it will need, in order to stay within the fiscal and economic policy – which is the point which Deputy Trott made very well – it will have to be met by equal and opposite cuts elsewhere, or by changing the cash limits of other Departments. That was the point.

4520 **The Procureur:** What I say is, if 15.(2) – as a new Rule 15.(2) – does not bite, my view is that it either bites on both or it does not bite on either, then we are back to what some people call 'the bad old days' – but I must not comment on that. We are back to the old system, where the States, in the course of a year, approve various things that are going to cost more money and then it becomes the responsibility of the Treasury and Resources Department, and their predecessors, to find the money from somewhere when they put the Budget up.

4525 **The Bailiff:** Deputy Trott.

Deputy Trott: I am grateful for the answers that I have heard to those questions, but may I offer another conundrum?

4530 That is that the fiscal policies of the States that propose fiscal restraint do *not* cover Social Security expenditure. The only part of Social Security expenditure that is *caught* by the fiscal constraint policy is the Supplementary Benefit element, which is why the comments of the

Treasury Minister are particularly salient. It is also why rule 15.(2) *is* applicable to the amendment, whereas it is *not necessarily* applicable to the proposition. So I think Members need to bear that strongly in mind, sir.

4535

The Bailiff: Thank you.

It has now just gone 5.30 p.m. I propose that we adjourn and resume tomorrow at 9.30 a.m.

Deputy Burford, you have caught my eye, so I will call you first tomorrow morning.

(*Interjection*) Sorry? Is it the wish of the Assembly that Deputy Burford speaks now?

Those in favour; those against.

4540

Members voted Contre.

The Bailiff: I think we will rise.

We will continue tomorrow morning.

4545

The Assembly adjourned at 5.35 p.m.