



**Present:**

**Richard J. Collas, Esq., Bailiff and Presiding Officer**

**Law Officers**

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

**People's Deputies**

**St. Peter Port South**

Deputies P. A. Harwood, J. Kuttelwascher, B. L. Brehaut,  
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, 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

**The Vale**

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

Deputies H. J. R. Soulsby, R. W. Sillars, P. A. Luxon,  
M. G. O'Hara, F. W. Quin, M. P. J. Hadley

**Representatives of the Island of Alderney**

Alderney Representatives L. E. Jean, E. P. Arditti

**The Clerk to the States of Deliberation**

S. M. D. Ross, Esq. (H.M. Senior Deputy Greffier)

**Absent at the Evocation**

H.E. Roberts Esq., Q.C. (H.M. Procureur)

Deputies M. J. Storey (*indisposé*), L. S. Trott (*relevé à 9h 33*), A. Spruce (*relevé à 14h 42*)

**Business transacted**

Evocation ..... 1775

Billet d'État XX

XI. Benefit and Contribution Rates for 2014 and Modernisation of the  
Supplementary Benefit Scheme – Debate continued ..... 1775

*The Assembly adjourned at 12.29 p.m.  
and resumed its sitting at 2.30 p.m.*

XI. Benefit and Contribution Rates for 2014 and Modernisation of the  
Supplementary Benefit Scheme – Debate continued ..... 1808

*The Assembly adjourned at 5.46 p.m.*

*PAGE LEFT DELIBERATELY BLANK*

## States of Deliberation

*The States met at 9.30 am 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**

## Billet d'État XX

### **SOCIAL SECURITY DEPARTMENT**

#### **Benefit and Contribution Rates for 2014 and Modernisation of the Supplementary Benefit Scheme Debate continued**

*Article XI.*

*The States are asked to decide:*

*Whether, after consideration of the Report dated 12th August, 2013, of the Social Security Department, they are of the opinion:*

- 1. That, from 1 January 2014, the percentage contribution rate for employers be increased by 0.5%, from 6.5% to 7%.*
- 2. That, subject to proposition 1, being approved, from 1 January 2014, the grant from General Revenue to the Guernsey Insurance Fund, be decreased from 15% to 14% of contribution income.*
- 3. That, for employed persons and employers, the upper weekly earnings limit, the upper monthly earnings limit and the annual upper earnings limit, from 1 January 2014, shall be £2,547, £11,037 and £132,444 respectively.*
- 4. That, for employed persons and employers, the lower weekly earnings limit and the lower monthly earnings limit, from 1 January 2014, shall be £128.00 and £554.67 respectively.*
- 5. That, for self-employed persons, the upper earnings limit and lower earnings limit, from 1 January 2014, shall be £132,444 and £6,656 per year respectively.*
- 6. That, for non-employed persons, the upper and lower annual income limits, from 1 January 2014, shall be £132,444 per year and £16,640 per year, respectively.*
- 7. That the allowance on income for non-employed people from 1 January 2014, shall be £7,059 per year.*
- 8. That the voluntary contribution from 1 January 2014, shall be £18.24 per week for non-employed people.*
- 9. That the overseas voluntary contribution from 1 January 2014, shall be £87.11 per week for non-employed people and £96.30 for self-employed people.*
- 10. That the Department be directed to report to the States of Deliberation after the conclusion of the Personal Tax, Pensions and Benefits Review with proposals to achieve long-term sustainability of the Guernsey Insurance Fund.*
- 11. That, from 6 January 2014, the standard rates of pension and contributory social insurance benefits shall be increased to the rates set out in table 10 in that Report.*

12. That, from 1 January 2014, the prescription charge per item of pharmaceutical benefit shall be £3.30.
13. That, from 6 January 2014, the contribution (co-payment) required to be made by the claimant of care benefit, under the long-term care insurance scheme, shall be £186.83 per week.
14. That, from 6 January 2014, nursing care benefit shall be a maximum of £772.87 per week for persons resident in a nursing home or the Guernsey Cheshire Home and residential care benefit shall be a maximum of £413.98 per week for persons resident in a residential home.
15. That, from 6 January 2014, elderly mentally infirm (EMI) care benefit shall be a maximum of £545.44 per week for qualifying persons resident in a residential home.
16. That, from 6 January 2014, respite care benefit shall be a maximum of £959.70 per week for persons receiving respite care in a nursing home or the Guernsey Cheshire Home, an elderly mental infirm rate of £732.27 for persons receiving respite care in a residential home and a maximum of £600.81 per week for persons receiving respite care in a residential home.
17. That, from 10 January 2014, the supplementary benefit requirement rates shall be as set out in tables 17 and 18 of that Report.
18. That, from 10 January 2014, the weekly benefit limitations for supplementary benefit shall be:
- (a) £500.00 for a person living in the community;
  - (b) £512.00 for a person who is residing in a residential home; and
  - (c) £735.00 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.
19. That, from 10 January 2014, 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 £29.30 per week.
20. That, from 10 January 2014, the amount of the personal allowance payable to persons in UK hospitals or care homes who are in receipt of supplementary benefit shall be £49.36 per week.
21. That a supplementary fuel allowance of £30.00 per week be paid to supplementary beneficiaries who are householders from 25 October 2013 to 24 April 2014.
22. That the Department be authorised to make the first payment of the supplementary fuel allowance at the proposed new rate in 2013 and in future years, on the last Friday in October, noting that this may be prior to approval of the new rate of the allowance by the States.
23. That, from 6 January 2014, the rates of attendance allowance and invalid care allowance and the annual income limits shall be as set out in table 25 of that Report.
24. That an Ordinance is made under the Health Service (Benefit) (Guernsey) Law, 1990 to amend the conditions under which entitlement to specialist medical benefit arises, in order to allow the Department to fund the costs associated with visiting medical specialists from the Guernsey Health Service Fund.
25. That the Supplementary Benefit (Implementation) Ordinance, 1971 be amended to allow compensation payments from the Skipton Fund and the back to work bonus to be wholly disregarded for the purposes of a claim to supplementary benefit.
26. That the Supplementary Benefit (Implementation) Ordinance, 1971 be amended so that a deprivation of resources that has the effect of securing a supplementary benefit or increasing the amount thereof may be taken into account when assessing a person's entitlement to supplementary benefit.
27. That the Supplementary Benefit (Implementation) Ordinance, 1971 be amended to make persons residing in a dwelling listed on Part A of the Open Market Housing Register ineligible for a rent allowance.
28. That, subject to funding being made available, and not prior to January 2015:
- (a) the rent rebate scheme be closed;
  - (b) maximum rent allowances for families be introduced within the supplementary benefit scheme;
  - (c) supplementary benefit requirement rates be increased as set out in table 28 of that Report (subject to a suitable indexation as will be proposed in the Department's Uprating Report for 2014);
  - (d) the weekly supplementary benefit limitation for a person living in the community be increased from £500 to £600.
29. That, subject to funding being made available and not prior to January 2016, the weekly supplementary benefit limitation for a person living in the community be increased from £600 to £650.

30. That the Social Security Department be directed, in consultation with the Housing Department and the Treasury and Resources Department, to establish the additional staffing resources that will be necessary, not exceeding the level set out in paragraph 548 of that Report.

31. That the Treasury and Resources Department and the Social Security Department be directed to examine the options for funding propositions (28) to (30) in that Report as part of the Personal Tax, Pensions and Benefits Review and report back to the States by no later than October 2014.

32. That the Housing Department and the Treasury and Resources Department be directed to determine a mechanism and the source of funding by which, over a maximum transitional period of five years, those social housing tenants whose financial circumstances are affected adversely by the discontinuation of the rent rebate scheme, may have those effects mitigated.

33. To note that the estimated cost of putting in place those transitional arrangements is £800,000.

34. That the Treasury and Resources Department takes account of propositions (28) to (33) in that Report in formulating proposals for inclusion in the 2015 and 2016 Budget Reports;

35. To direct the preparation of such legislation as may be necessary to give effect to the above decisions.

*Amendment by Deputies Queripel and Soulsby:*

*To delete Proposition 1 and substitute therefor:*

*'1. That from 1 January 2014, the percentage contribution rate for employees be increased by 0.5%, from 6% to 6.5%.'*

**The Greffier:** Billet d'État XX, Article XI. The continuation of the debate.

5 **The Bailiff:** Members of the States, I remind you that what we are debating is the amendment proposed by Deputy Laurie Queripel, seconded by Deputy Soulsby.

Before I call the next speaker, Deputy Green just wishes to correct something he said at the last meeting.

10 **Deputy Green:** Indeed, sir. Thank you very much for that. I have a point of correction.

Following the start of the debate on the amendment in question, there is one matter that has been brought to my attention by the Social Security Department, which requires me to correct a statement I made on 1st November.

15 The Department have now informed me that if the 0.5% increase is applied to employees' contributions, rather than on the employer, the Fund would receive £100,000 less in income and not £300,000 less, as I had said on 1st November.

Briefly, the Department estimates that, in 2014 terms, a half percent increase in employees' contributions would yield additional income of £5.2 million, as opposed to £5.3 million, in additional income, if applied to the employer.

20 The error was entirely unintentional and I hope that clarifies the true position: £100,000 less income, not £300,000, in the event of the amendment being approved.

Thank you, sir.

**The Bailiff:** Thank you, Deputy Green.

25 When we adjourned, I was about to call Deputy Duquemin and then Deputy Fallaize had also indicated he wished to speak. Do you wish to speak after Deputy Duquemin or do you wish to speak later, Deputy Fallaize?

**Deputy Fallaize:** I do not remember that, sir, but –

30 **The Bailiff:** Well, maybe you were –

**Deputy Fallaize:** I will speak, since you have invited me to, yes!

35 **The Bailiff:** Maybe you were wanting to speak about... *(Laughter)* You do not have to if you do not want to because Deputy Lester Queripel would like to speak.

Deputy Duquemin.

**Deputy Duquemin:** Thank you, sir.

40 Mr Bailiff, I read this section of the Billet whilst I was on a half-term family break with my wife and children; and I scrawled with my highlighter pen over Table 12, on page 1841, which revealed that the SSD were looking to increase the disparity between employer and employee contributions. The extra 0.5% required was going to come from employers and not employees.

45 It was perhaps apt that I was with my children whilst reading this policy letter because, for me, a parallel can be drawn between the bank of mum and dad and the bank of business. Sir, my children, like most, think that there is an infinite supply of money from the hole in the wall. (*Laughter*) Sadly, there is not and I think SSD, in this instance, can perhaps be accused of thinking the same thing: that there is an infinite supply of money from business.

50 I was pleased that, by the time I got to page 1950, I had learned that T&R were of the same mind-set and said that they would not support the recommendation of an increase of 0.5% in the contribution rate for employers.

55 I was also pleased to receive a copy of the Laurie Queripel and Soulsby amendment – let me tell the two Members of Commerce and Employment that great minds think alike – because, along with my highlighter across the table on page 1841, I had also altered the table, in pen, to read 6.5% in the employer column and the same 6.5% in the employee column, with the word ‘fair’ and a question mark alongside it.

Sir, this amendment *is fair*, because the employee will receive the benefit, not the employer. It *is fair*, because whilst some may argue it is only symbolic, the contribution will be split evenly 50/50 between the employer and the employee.

60 Mr Bailiff, now is not the time to increase the cost of doing business in Guernsey. To reiterate the mantra of Deputy Luxon, we must make it clear at all times that Guernsey is open for business (**A Member:** Hear, hear.) and we must not increase the cost of doing business in Guernsey when there is a valid alternative. I think we should think about the cost to the large companies in our finance industry just as much as the small and medium size businesses that Deputy Laurie Queripel consulted with and spoke about when he opened this debate. Zero-10 or not, we need to 65 keep the cost of operating in Guernsey as low as possible, as competitive as possible, for all businesses, whatever their size and whatever sector of the economy they operate in.

70 Also, now is not the time to increase the cost base of the States of Guernsey unnecessarily. Let’s not forget that the biggest employer in Guernsey is the States itself. Prior to this morning’s correction, Deputy Green – my Castel colleague and Member of SSD – told this Assembly, 10 days ago, and I quote from *Hansard*, SSD’s proposal to increase the employers’ contribution rate by 0.5% will generate an additional £300,000. He added:

‘...and that is not exactly insignificant.’

75 This morning’s correction has informed us that the figure is now only £100,000 per annum.

Well, sir, with pay expenditure of £200 million – and that does not include Guernsey Electricity, Guernsey Post or ‘Guernsey Air’ – this means (*Laughter and interjection*) that the States of Guernsey would, if this resolution is passed unamended, be increasing our own cost base as an employer, according to my calculations, by something in excess of £800,000.

80 This more than outweighs the extra £100,000 that Deputy Green has announced will be collected from employers, rather than employees. Leaving aside which ring-fenced fund this goes into, £800,000 less £100,000 is about an extra £700,000, at least, in the States’ coffers, if we accept this amendment; and, to borrow Deputy Green’s phrase, ‘that is not exactly insignificant’.

85 Sir, I will be supporting the Queripel amendment and I urge other Members to do the same if they (1) want to keep Guernsey open for business and (2) want to keep the expenditure of the States of Guernsey in check. Now, surely, is the time to do both of these things. I repeat: keep Guernsey open for business and keep States expenditure in check. Sir, this is a simple amendment and this one simply makes sense.

Thank you.

90 **The Bailiff:** Deputy Fallaize.

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

95 I did not read this amendment while I was on a half-term break. I cannot afford to go on a half-term break, not least because my Social Security contributions are too great; (*Laughter and interjections*) and I will not be supporting this amendment.

The argument that now is not the right time for business, I think, is a spurious argument. I cannot remember the parable – the parable of the wolf, I think it is – but certainly, in 2006, when contributions were increased as part of the Zero-10 package and economic growth in Guernsey

100 was roaring, it was not the right time for business then – that was the argument put at the time; and when Social Security proposed the same proposal as they are proposing now, in 2009, it was not the right time for business then.

I think what Deputy Duquemin says is right, that we have to remain competitive and we have to be mindful of cost to business but, actually, there will never be a time when business says to the States, ‘Do you know, now would probably be the appropriate time to raise the employers’ contribution rate?’ So, if we wait until then, we will never take this step, which, of course, is entirely necessary in order to sustain the funds.

The other issue about this competitiveness argument is, if we compare our employers’ rates with Jersey and the Isle of Man, actually, we will find that we are reasonably competitive already. The employers’ contribution rate in the Isle of Man is higher than it is in Guernsey now and it is higher than it would be under SSD’s proposals, and it is uncapped. I know that our cap has gone up considerably but theirs has been uncapped for some time.

I also think there is a slightly more serious problem with this amendment, which is I do not think it will actually achieve what it sets out to achieve. When Stuart Falla was a Member of the States, he used to labour the point that the division between employers’ contributions and employees’ contributions is an artificial division because, very often, when the employees’ rate is put up, the costs, in the long run, are simply passed to the employer in any event.

Therefore, I think the absolute distinction, which the proposer and seconder seek to make in this amendment, between what is paid by the employee and what is paid by the employer is entirely artificial; and I think that if Deputy Queripel’s amendment is successful, in the vast majority of cases, the additional costs, which he may imagine will be borne by the employee, will actually be borne by the employer anyway.

All we will have done is taken away the headroom there may be in the future to raise the employees’ rate in order to sustain the funds over the next 10, 20, 30 years; but if Deputy Queripel is right and I am wrong and there is the absolute division between the employers’ rates and the employees’ rates, then I do not accept his argument that employees, at the present time, are better placed than employers to bear additional contributions.

That is what the amendment is about. If Members do not like Social Security’s proposals to raise the employers’ rate, the correct course of action is to vote against that. I will not be doing that because I think that it is more important that we ensure that the funds are sustainable. I think it would have been irresponsible for Social Security not to have put this proposal to the States, because the funds are becoming less and less sustainable as the years go by. So I think that it is right that they take this action but, if this comes down to a judgement call about whether employers or employees are, at the present moment in the present financial climate, better able to bear the additional burden, in my judgement, I do not want to see the employees’ rate increase.

Thank you, sir.

**The Bailiff:** Deputy Lester Queripel, then Deputy Stewart and is it Deputy Gillson standing? Yes.

140 Deputy Lester Queripel, then Deputies Stewart and Gillson.

**Deputy Lester Queripel:** Thank you, sir.

This is a simple amendment, in my opinion, because we need to offer employers as much support as we possibly can and why do I say that? Well, I apologise for stating the obvious, sir, but employers employ employees; and if employers go out of business they will no longer need to employ employees. What could be simpler to understand than that?

If an employer goes out of business then the employees have to either find another job or sign on as unemployed and cost the system money. So, the more support we give our employers, the more likelihood there is of them staying in business and retaining their employees. I know I do not need to remind my colleagues, sir, that we are rapidly heading towards downtime regarding employment.

I have said in this Chamber on more than one occasion that I consider myself to be an optimistic realist. Yet, even in my most optimistic mode, I foresee next January, February, March, April, May and perhaps even June, as being extremely desperate months indeed, regarding business and employment, because if an employer is going to go out of business, then that is the time it will happen.

So, we really do need to give employers as much support as we possibly can; because if businesses are forced to close, the system loses out on the employers’ and the employees’ tax take, as well as the employers’ and employees’ Social Security contributions; and, on top of that, Social Security will have to pay out more in unemployment benefit and supplementary benefit. So, once

any business ceases to trade, it is a triple whammy effect: no more tax, no more Social Security and the system pays out. It is lose, lose, lose all the way down the line. That could all be avoided if we give employers as much support as we possibly can today.

165 From an employee's point of view, you either accept you pay a little more in Social Security and you keep your job or you risk your employer going out of business and you lose your job. Unfortunately, sir, that is the reality and, given the choice between paying a few more pence a week in Social Security contributions or losing my job, I know what I would choose.

170 I have been speaking to a number of my fellow islanders these past couple of weeks and they feel exactly the same way. They understand perfectly that once we get beyond Christmas we will be in the depths of winter and that is the time that they all live in fear of losing their jobs.

All the employees I speak to, sir, understand that it is time to support their employers. They also understand, only too well, that we have a demographic problem and we desperately need to address it. In fact, we are told on page 1827 that funds will run out in 2037 unless we do address and rectify the problem. Page 1827 also tells us we have three options: increase contributions; 175 transfer £90 million from the General Revenue or cut pension payments.

Well, dealing with the third one first, not one of the people I spoke to wants their mum and dad or gran and grandpa to shiver or go hungry, so that one is out. Dealing with number two, everyone understood perfectly we cannot afford to transfer £90 million from General Revenue. But they all accepted they may have to pay a little more in Social Security contributions every week. Plus – 180 and it is a big plus – they would rather pay more now than have to be forced to work until they are 70.

So it is all quite obvious, really, and perfectly acceptable to all the employees that I spoke to. They are only too aware of all the options: keep their employers in business, retain their jobs, ensure their mums, dads, grans and grandpas do not shiver or go hungry, and they can still retire at 185 67. Four major areas covered by asking *employees* to pay a little more each week.

Sir, we are not magicians, we are not politicians – Sorry, sir, (*Laughter*) we are not magicians... I was distracted by Deputy Kuttelwascher standing. I will not give way, sir. We are not magicians, we are politicians. We do not have magic wands and, unfortunately, somebody has to pay. In this case, it would be far more beneficial for our economy, as well as our community, if 190 it were the employees.

It is a simple amendment, sir, and I urge my colleagues to support it.

Thank you.

**The Bailiff:** Deputy Stewart.

195 **Deputy Stewart:** Thank you, Mr Bailiff and States Members. I should declare an interest, first of all, because I am a director of Guernsey companies that have employees.

I think Members have two choices here. I think you can either vote in favour of this amendment or you can vote against Proposition 1.

200 Firstly, this is not a half percentage increase; it is an increase of 7.7%, in real terms, for employers on their social insurance contributions – 7.7% – and, in fact, SSD estimates – on page 1829 of the Billet, paragraph 23 – that this increase will net £5.3 million per annum, which will be taken from industry at a time when local business is arguably in the most vulnerable position it has been in for a very, very long time.

205 The question you have to answer is: £5.3 million a year taken out of local business, is that wise at this time? Is it wise at this time and how does that affect Guernsey's competitive position? Jersey's rate is 6.5% for employers. Make no mistake, they, given the chance, would steal our lunch. In Jersey commercial rents are considerably lower, as are the business rates, and their government agencies have far more money to help them with promotion, but that is another debate.

210 Here we have the SSD Board, sitting in the economic signal box, pulling a bloody great lever that sends a prosperity train down the tracks to Jersey. Sir, do we really want to derail local business and discourage investment and, at this proposed rate – 7% – our economy will soon run out of steam. Or, maybe – here is another idea – we could have a big illuminated sign down at the harbour which says, 'Guernsey Closed for Business. We do not want you here. Go to Jersey. It is fairly cheap.' And I tell you what, for good measure, I will stand on top, do a little dance wearing a slightly undersized mankini. That will send them all down the road. (*Laughter*) I think Deputy Perrot quite liked that idea. (*Laughter*)

220 It is true that Guernsey has weathered the economic storm better than many, but it is my belief that many businesses are at present just ticking over, at best. The last thing they need is an extra

cost and – let us get this right – not half a percent but an increase of 7.7%, equating to £5.3 million a year straight out of their wallets.

225 We are having a full Tax and Benefits Review, so why don't we wait that year, until that full and balanced proposal can be brought before this Assembly, rather than piecemeal trying to look at some low hanging fruit to prop up a few holes here and there at the moment. It is a view shared by Treasury – Deputy St Pier and his Board – as evidenced in their letter on page 1950; and the Commerce and Employment Board was absolutely unanimous and firm on this, and that is evidenced in paragraph 25 on page 1829.

230 In paragraph 26, SSD say they considered our views and decided the operating deficit of the Guernsey Insurance Fund outweighs our concerns. Oh, really! (*Laughter*) How was that decision reached? Did they consider the opportunity cost of business choosing to move new business to Jersey over Guernsey? I tell you, that happens all the time.

235 At the moment, I am in discussion with a bank which is deciding, should they go to Jersey or should they go to Guernsey? I am having those conversations all the time, as Commerce and Employment Minister. People looking at a base in the Channel Islands... where should it be? Guernsey or Jersey? They send over their financial officer and they start to do the sums and they start to see where it stacks up best.

240 Have they considered the loss of revenue should pan-Channel Island companies choose to expand in Jersey or, as we have seen, move existing operations or parts of operations to Jersey as part of cost-cutting exercises? Everyone is doing it and, at this time, every single business is looking carefully at its cost base.

245 Did SSD undertake any consultation with industry to understand the impact of this rise? Have they spoken to GIBA, Chamber, GIFA or any other industry representative body? I would like the Minister to explain to the Assembly exactly how that decision of discounting Commerce and Employment's views, discounting the Treasury Board's views... what evidence did they consider and what criteria they took into account where their Board thinks they know more than Treasury and Commerce and Employment on this matter?

250 If there was no industry consultation on this £5.3 million – 7.37% – rise, how does this demonstrate that the Core Principle of Good Governance 6 has been taken into account? Let's just remind ourselves of the principle: good governance means 'engaging stakeholders and making accountability real'. If there was no consultation – on not a small item; £5.3 million; over 7% rise; no small thing – then Proposition 1 of this Report is fundamentally flawed.

255 There are a lot – and Deputy Fallaize mentioned it – of historical references to States decisions in the Report, regarding raising the employers' contribution; but they are what they are. They are historical decisions. In 2009, many thought the recession was a temporary blip, 'Oh, we'll all get back to normal,' but we now know that it is not a temporary blip. This is the way it is.

260 We have to make a decision today, based on what we know today. What we know today is the economy is fragile. What we know today is that many businesses are fragile. What we also know today is that Guernsey is fighting to remain competitive in a global market and what my Board know today is that we should not burden the industry with a 7.7% increase – the equivalent of £5.3 million per year – and what we need to vote today is for this amendment; and, if you cannot support the amendment, vote against Proposition 1. That is what we should do.

265 **The Bailiff:** Deputy Gillson, then Deputy Inglis.

**Deputy Gillson:** Sir, I shall be brief and not encourage people to envisage me at the airport in any form of clothing.

270 In 2009, we did reject this sort of proposal. I voted against the proposal, so I voted not to have the increase on the employers' rate. At that time, I was a Member of C&E and I look back on it now and I think that was a mistake we made. At the time, I was, as I said, on C&E, focusing very much from the business point of view, but I think that that vote that I made, not to increase the rate then, was a mistake; and this now gives us an opportunity to correct that mistake.

275 So, I will be voting against this amendment. I think Deputy Fallaize is right when he says that if you bring this...Commerce and Employment's point of view, I think, will always be – and Commerce's, in general, point of view will always be – this is not the right time. It will never be a perfect time. I think this is necessary. In some ways, what Deputy Stewart has said – about, in 2009, we thought it was a blip, now it is not a blip – actually justifies rejecting this amendment, because we are now in a new reality. We have got a new norm, as the States Economist says, and we have to work on the basis of that new norm.

280 So, I will be rejecting this amendment.

**The Bailiff:** Deputy Inglis.

285 **Deputy Inglis:** I was very disappointed this morning to hear what Deputy Fallaize says about business.

Before I go on, I would like to declare an interest; I am a director in a company that specialises in supporting the manufacturing over here. It has been here 30 years. It has been a real struggle in the last six years. That is how long business has been suffering with the downturn in the economy.

290 In 2009, yes, the States did want to increase the insurance rate, but it was rejected. Back in 2008, we were told that this blip, as has been mentioned, is going to be with us for 10 years. I envisage at least another two years of difficulty and, at the present moment, this is not the right time to saddle business with yet another cost.

295 Sir, I will be supporting Deputy Laurie Queripel's amendment. The main reason is that now is not the right time to put further pressure on business within the Island. Remember, we are putting additional pressure on through TRP and recently through the cost of fuel, which, inevitably, will be passed on to the consumer. The suggestion that we raise Social Security by half a percent is an unwelcome pressure on the employer. The advent of additional contributions will put a downward pressure on salaries, likewise an increase on the employer, where it might be disincentive to job creation.

300 I am afraid that I am constantly hearing remarks that business owners see this as an action, as an additional burden, to compensate for Government's inefficiencies. This is a constant reminder that we all get. I have a lot of sympathy with SSD. That fund does need replenishing in a manner for it to carry on, but there has to be other ways that we can carry out that task.

305 Adjusting the employees' contribution represents a 50/50 share, which is fair and balanced and is not widening the gap; and, as has been said, yes, probably the employer does bear part of that responsibility when negotiating salary increases with staff, but we certainly would not like to see the differential become greater and greater.

310 As we all know, the Guernsey business platform is built on relatively small companies employing less than 10 staff. If the onus is laid on the employer and allowed to happen like this, business will suffer and growth will be restricted at a time when we, the States, clearly need development of new business activity. It can be said, hitting the income generators before tackling cost is not the right message to business. It seems to be very clear that biting the hand that feeds you... If redundancies become a consequence of putting the burden on employers, the end result could be that the state will pick up the tab. As has been said already this morning, the overall revenue that could be raised will be in the region of £5.3 million and, of course, that needs to be factored against the £1 million contribution by the States, as an employer, without considering the trading entities.

315 As a final assessment, I contacted the Confederation of Guernsey Industry leaders to gauge the opinion of business proprietors in our economy. Having polled their membership, they received an unprecedented response of over 30% of the membership replying that... supporting fully the need to balance the parity of contributions and not further burden and restrict business growth, which is vitally required at this present moment.

I suggest, Members, that supporting this amendment is a vital requirement for the wellbeing of the Guernsey economy.

325 Thank you, sir.

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

**Deputy Gollop:** Thank you, sir.

330 I was actually a Member of the States Assembly when we debated this last, in 2009, and, like Deputy Gillson, I voted against it. Although actually I was in favour of it really, (*Laughter*) but the problem was Deputy Dorey's timing. Timing is very important in politics (**A Member:** Hear, hear.) and 2009 was the worst possible time to bring that to this House, because it was at the apex of the global financial crisis that really started to materialise in 2008 and there was a real sense of uncertainty across employers, particularly in the financial services industry. There was loose talk by professional economists – no doubt on telephone number salaries – that we were in for the worst recession since the 1920s, the 1930s; but, in reality, as far as Guernsey is concerned, that has not been the case. We have prospered, albeit growing at a slower rate than hitherto.

340 The signs of global recovery are, to some extent, there to see. There has been limited growth in the United Kingdom; a slight fall in unemployment; plateauing effect in the United States; Germany continuing to prosper and so on. Therefore, as we have reached a new equilibrium – of

economic times that are more straitened, perhaps more austere, but, nevertheless, rolling over – the time has come to look at this.

345 I am pleased Deputy Fallaize has supported the Social Security Board, because he was one of the principal drivers for the decision. His amendment, which the States passed, puts an obligation on the Social Security Department to address the pensions deficit; and this was the method we chose.

350 Did we consult with GIBA and GIFA and Chamber of Commerce, IoD and all these other bodies? No, we did not, because we were under orders. We were under orders from the States Resolution and it is not our mandate, particularly, to engage with the wider economy.

The decision that was made, I was initially put out by, because this process of delivering these two reports into one has been quite a political ordeal. We have gone faster than usual and we have had to work with several different committees; and, initially, I thought the decision would be postponed for a year, but the realisation was that, to responsibly look after our finances, to deliver 355 the equilibrium, we had to do it this year.

So, the alternative of doing nothing on this occasion was not supported – unlike in 2009 – and, curiously enough, the Deputy Laurie Queripel amendment is also wanting to address the issue. It is not kicking it into the long grass; it just chooses a different method.

360 So, we are now in a judgemental situation of deciding between which measure does the least damage to our economy. In 2009, I thought it was a relatively simple matter of putting the employers' interest above wider interests, because that was a particular time of crisis when, as we know, the then Prime Minister, Mr Gordon Brown, was really struggling to deliver the survival of some of our premier financial institutions. Now we are in a different state and we are approaching, of course, the Pensions, Tax and Benefits Review as a broader process; but this is a balancing 365 mechanism and can, of course, be looked at again.

The issue about whether to put it onto the employer or the employee was really two halves of the same coin, because supposing we had made the other decision to put it onto the employee? Well, we would have had a lot of negativity when the chickens come home to roost – on BBC 370 Guernsey, through the *Guernsey Press*, This Is Guernsey, social media. They would have felt a drop in their standard of living. The various millions that have been quoted, as a figure that the States is taking from the economy, would be exactly the same.

375 Actually, it could be worse because many of our employers are not fantastically poor. Some of these employers are international global corporations based outside of this Island; some of them do not necessarily pay much taxation for various reasons; but every employee based on the Island is a contributor to the economy.

We take an additional half percent, which is a kind of Income Tax rise – perhaps we should have had a debate last month... We take it out of their pay packets. What will they do, apart from complain and save less? They will consider shutting down their heating; they will, perhaps, buy 380 less food. We have seen that in Jersey, because of their taxation structure... a drop in retail revenues there. They certainly will go out and eat and spend less.

Deputy Stewart talked about how, perhaps, the Jerseyman might wish to steal our lunch. Well, I thought, I could do with his lunch anyway. (*Laughter*) But there will be certain people who will not be able to afford to go out to lunch, in a hospitality way, if they start to have to pay more through Social Security. It directly takes money out of the Guernsey economy. It is equivalent to 385 taking half a percent out of our GDP, going down the Deputy Laurie Queripel route. I know Deputy Queripel is one of the most sincere promoters of the ordinary person having a decent standard of living and improved prospects, but there is a real danger that this amendment would effectively undermine those middle Guernsey people more than the approach of increasing the employers' rate. As Deputy Fallaize has said, it is still at a lower point than in the Isle of Man or 390 other places.

This is a difficult judgement. It is not ideal. I would prefer to have a different debate about different kinds of taxation and different forms of spending, but in the circumstances we were in, the best judgement to make was what you see in the Social Security Report and I urge States 395 Members to go with the recommendations.

**The Bailiff:** Deputy St Pier.

**Deputy St Pier:** Thank you, sir.

400 Treasury and Resources strongly oppose this amendment. Sir, the objective in bringing the Budget and the Social Security Department uprating report in the same month was to allow the States to look at them both together, to consider them both together and to make judgements about them together.

405 So, what have we got? We have presented and approved a Budget two weeks ago which increased indirect taxes by £1.35 million in total and that included a £250,000 above-inflation increase in fuel duty, that we nearly had an amendment on to reject, which would have had a net effect of about £20 per year for the average user. We effectively cut direct taxes by £1.7 million by reflating personal tax allowances, by indexing tax allowances. So, overall, we had a sort of neutral budget of about £350,000 of net benefit, but, broadly speaking, net neutral. Treasury and Resources produced that because we felt that was a carefully judged, considered, balanced, 410 calibrated package which recognised the economic environment in which we currently live.

What does this amendment do? This amendment effectively, in 19 words, rides a coach and horses through that. It increases – as Deputy Gollop has said – taxes; effectively it is a tax increase of £5.2 million, which is taking, he said 0.5%, it is actually 0.25%, out of the economy; and that, for the average, or for somebody earning £40,000 a year, is a reduction of £200 a year in their net income. That is a significant tax change or effect in their net income; and I agree with Deputy Gollop that, actually, this amendment is worse than increasing employer contributions. It will have a greater detrimental effect on the economy because, in essence, the recipients of employee income are, of course, in the domestic economy whilst some of the employers are not. But, nonetheless, 0.25% in an economy which is weak... We are only forecasting, remember, 1.4% 420 increase in the economy next year; it has been flat this year, flat last year.

Deputy Fallaize is right. The opportunity to do this was 2006-07. In 2007, our economy grew by 6.5%. In 2009, the proposals were rejected and I would suggest they were rightly rejected at that time, because the economy contracted that year by 2%. This is a foolhardy move. This is the equivalent to raising petrol duty by 30%. It is the equivalent to raising TRP by 30%. 425

So, for the same reasons, Treasury and Resources will also be opposing Proposition 1: the increase in employer contributions. To be fair to Social Security, of course, they did not have sight of our Budget proposals; and I do think, actually, that one lesson learned perhaps, as we go into 2014, is that we need to look at the Budget secrecy rules and have a sensible discussion about how we can share some of our thoughts and information, so that we can actually produce a more 430 holistic approach between the two Departments, given that that is what we are seeking to do by presenting them in the same month.

So, I think Social Security – to be fair to them – are doing their job, in making this recommendation under Proposition 1 to the Assembly; but this is not necessary, not now. There is no urgency to do this. There is an operating deficit – we know that – on the fund, and it is not sustainable in the long term, but that is exactly the same discussion as in relation to the General Revenue deficit. That also is not sustainable but, actually, we have got considerably more reserves in the general insurance fund than we have in our Contingency Reserve. We are not going to run out of money on the general insurance fund. We do not need to do this at this time. 435

We do have a mechanism to consider this - it is called the Personal Tax, Benefits and Pension Review, which is looking at this issue and, if we change entitlements as a result of that Review – for example, by increasing retirement age or by accelerating the move to 67 or by changing relationship earnings – then our funding requirements will change. So why are we rushing to do this now? It is simply not necessary and once the States have made the decision next year, on their long-term funding requirements for the Guernsey Insurance Fund, having considered those issues 445 about entitlements, then we can make the short-term decisions that are required on rates at that time; but now is not the time to do it.

I strongly urge – and, unanimously, the Treasury and Resources Department strongly urge – you to reject this amendment *and* Proposition 1.

Thank you, sir. 450

**The Bailiff:** Deputy James, I said I would call next, then Deputy Soulsby and Deputy Bebb.

**Deputy James:** Thank you, sir.

I intend to commence my speech with a brief background into why our Board made a decision to propose to this £7 million increase in employers' contributions. 455

As we have heard from a number of Deputies this morning, this proposal was put to the then States Members in 2009. At that time it was well known that our pension pot was wholly unsustainable in the long term. There is no need for me to go into details for the reasons why. This Assembly knows only too well the issues surrounding our increased longevity assumption. 460

In July 2009, the then States were asked to vote on the proposal, as we have heard from a number of speakers thus far this morning; and that proposal was that, from 1st January 2010, the percentage contribution rate for employers be increased by 0.5%.

465 Sir, there are 22 Members in this current Assembly who participated in that vote. Interestingly,  
 11 of those 22 Members voted for and 11 voted against. Looking at the voting record, it is not  
 surprising that most of the 11 who voted against the proposal were employers themselves or who  
 had an interest in the outcome. That proposal, sir, was lost by two votes and, very interestingly,  
 what we have heard this morning from both Deputy Gillson and Deputy Gollop, who at that time  
 voted against the proposal... We hear this morning that, in hindsight, they wished they had voted  
 470 for it or they will vote against this proposal. So, the outcome could have, indeed, been quite  
 different.

I now turn to the Department's report that was presented to the Assembly in 2011, for  
 increases in 2012. This report *clearly* flagged up that the position was becoming increasingly  
 worse. I am going to quote from that report. It says, in the 2011 report,

475 'From further enquiries made of the actuaries following receipt of the actuarial review, it has been estimated that an  
 increase in the employer's contribution rate of 1.7% instead of 0.5% would be required for long-term sustainability.  
 This is a substantially worse position than previously indicated. The Department is informed that the difference is a  
 result of a substantially increased longevity assumption. The increased longevity has added significance within the  
 480 assumption of a constant level of population.'

And it goes on.

In addition, sir, we all know – this Assembly knows only too well – that we are currently  
 undergoing a Personal Tax and Benefit Review and, for one reason, I am asking the States to reject  
 this... is because I believe that, in accepting this proposal, we could potentially be pre-empting  
 485 any recommendations that emanate from that Review. More recently, we have seen irrefutable  
 evidence produced by our Policy Council for the Pension Review and it is clearly detailed in that.  
 It is unsustainable, our current pension pot.

I now turn to the 2012 recommendation, sir, and I will quote from that... page 24, bear with  
 me. Sorry, I have lost my place. I beg your pardon, sir, I thought I was terribly well-organised but  
 490 it was the prospect of envisaging Deputy Stewart in a mankini that has really thrown me.  
*(Laughter)* I apologise profusely for that.

We see from the later report which clearly states that, as reported in the Department's 2011  
 Benefit Uprating Report, the Government Actuary's Department now shows that an increase in  
 employers' contribution rates... again it states 1.7% would, in fact, be required to take the  
 495 Guernsey Insurance Fund out of annual deficit for the next few years and to slow the drawdown on  
 the fund in the longer term. The increase in the additional contribution rate required is as a result  
 of substantially increased life expectancy based on observed trends etc.

We have heard from a number of Deputies this morning and I am mindful of Deputy Inglis'  
 comment, in which he said, 'He feels sorry for Social Security, but they are going to have to find  
 500 the money elsewhere.' Well, I can guarantee this Assembly that every single Member of the  
 Board, not least the staff, have searched every nook and cranny in the Social Security building and  
 we cannot find that extra money. So, yes, Deputy Inglis, we appreciate that you feel sorry for us  
 but maybe you could come up with a suggestion of where, in fact, we can find that additional  
 monies.

505 I now come to today's proposals to increase the employers' contributions and refer you to page  
 1828 – *(Interjection)* Sorry. *(Laughter)*

**The Bailiff:** Deputy James is giving way to Deputy Inglis.

510 **Deputy Inglis:** Deputy James, I am more than happy to talk to you about some ideas I might  
 have that can help the situation.

**Deputy James:** *[Inaudible]* I now come to today's proposals... sorry.  
 ...and I quote,

515 'Further enquiries of the GAD, taking into account revised assumptions on life expectancy and population, have  
 estimated that an increase in the employers' contribution rate of –'

Once again, states,

520 '1.7% instead of 0.5% would be required to take the Guernsey Insurance Fund out of annual deficit for the next few  
 years and to slow the draw-down on the Fund in the longer term. This estimated increase in the contribution rate now  
 required to take the Guernsey Insurance Fund out of annual deficit highlights the importance of addressing the funding  
 525 issue without further delay.'

Sir, I ask this Assembly, how much more evidence do they need that Social Security have considered this proposal in their Report very seriously and we are left with no alternative but to bring this to the Assembly for the very clear reasons already outlined?

Thank you.

530

**The Bailiff:** Deputy Soulsby, to be followed by Deputies Bebb and De Lisle.

**Deputy Soulsby:** Sir, I declare an interest as part-owner of a business which is an employer.

Members will note, from the Social Security Department's Report and as Deputy Stewart mentioned just now, the Board of Commerce and Employment – of which Deputy Queripel and myself are Members – do not support Social Security Department's proposals to increase employers' contributions.

We are concerned that the burden of increased contributions should be borne by employers. The unreasonable burden on the costs of employing individuals could be detrimental to the economy and discourage new business moving the Island; and it would be the smaller local businesses, the majority of employers on this Island, who will be affected most. I have been told from a number of local employers that the continuing rise in this tax, which is exactly what it is, will force them to lay off staff. Deputy Green, in his speech a couple of weeks ago, stated it would be the lower paid who would suffer most from this amendment. However, I would say that they may suffer more by the very fact that the jobs will not be there.

Members must understand that this tax bears no relation to the profitability of a business; it is just another overhead that has to be paid for. Deputy Gillson states that businesses are always saying, 'Now is not a good time', but the objection to this increase is that it takes no account of the profitability of a business or its ability to pay. It does seem ludicrous to me that employers are being asked to fill a hole in a pension fund. Why are employers being asked to pay for someone's retirement? Nowhere in the Report does it explain why employers have been targeted, not employees.

To respond to Deputy Fallaize's statement that employees are not in a better place to absorb a 0.5% increase, I would say the benefits of increasing employee contributions are that the increased costs will be spread amongst a significantly greater number of people. By my calculations, the average employer would have an increased annual cost of just under £2,000 per year. This is at the same time as TRP rates on commercial premises have increased by 5%, which, in turn, are already much higher than domestic rates.

I would like to thank the Department for admitting their mistake regarding the difference between employer and employee contributions. When I heard the £300,000 difference, it did not make sense to me, which is why I enquired and I would like to thank them for getting back to me so promptly on that matter, but, in reality, this point is irrelevant. If we think about who the employers are, we are raising the contributions from. I would ask you who is the largest employer on this Island. Well, it is the States of Guernsey. I have worked out, from the States accounts that roughly 20% or £1 million will be paid by the States of Guernsey, as an employer. Since the last meeting I have now had it confirmed that the total pay for 2012 would, in effect, result in an increase of £930,000. In other words, just under £1 million will simply be a transfer between two reserves; credit one reserve and debit the other; take money from General Reserve and add it to the insurance fund. Hardly the most efficient means of raising additional funds, then; and that does not include contributions from the trading entities: Guernsey Electricity or Guernsey Post. I believe that if a half percentile contribution is needed to be raised – which Social Security Department claim it does – then it should be on the employees' contribution.

We hear from Treasury and Resources Minister that his Department does not believe there should be any increase of employer or employee contributions. In reality, none of us wants to see an increase. Clearly our system of social insurance creates entitlement and expectation that, on reaching retirement age, we can stop work and the state will look after us for as long as we live. But it no longer makes sense for individuals and employers to pay into a fund for 40 years and expect that fund to pay 100% of our living needs for the next 30 or more. Change is needed. While I hope that the Department... the reason why they do not want to see any contribution increase is in order to justify GST as the only alternative at a later date. GST will have a far greater impact on our economy than this half percent increase.

However, there is no alternative proposal at the moment and this amendment will, at least, create a level playing field before we consider proposals arising from the Personal Tax Pension and Benefits Review, when it is brought before us for debate. Yes, it is a difficult decision but it makes sense, financially, for the States of Guernsey and the economy as a whole. I, therefore, urge Members to support this amendment.

**The Bailiff:** Deputy Bebb.

**Deputy Bebb:** Thank you, *Monsieur le Bailli*.

590 It is interesting that I telephoned another Deputy a few weeks ago concerning this very matter and I was considering laying exactly the same amendment. I left an answerphone message. However, within an hour of having put down the phone, Deputy Laurie Queripel's amendment was circulated. So, what I would like to suggest is that I would actually speak on what I was going to say, in relation to the amendments that I was equally considering.

595 I am very disappointed at the Treasury and Resources' stance that they will not be voting *for* this amendment, because it goes to the heart of one of the issues I do not like about the way that we work. We have an idea that once we approve an amendment, we cannot then vote *against* the Proposition.

600 Of course you can vote for this amendment, because this amendment, in my view, is fairer than the Proposition, as originally drafted; but whether you then agree in any form of uprating, is a different question. It is perfectly plausible for us to say that, if we were faced with a decision of having to increase half a percent on employer or having to increase half a percent on employee, then which one do we want? That is what this debate, regarding this amendment, should be about. It should not be a question of whether you want half a percent increase; that is for general debate and I think that those questions are best answered there.

605 My view, with relation to employer and employee contributions, is I fully agree with what Deputy Fallaize said about the former Deputy Falla; it is a bizarre distinction. Very few employers look at how much they pay in employer Social Security contribution and then look at how much is paid in employee. Indeed, they do not, generally, look at exactly all the pay costs; they look at what is called a FLEC – a Fully Loaded Employee Costs – and that means that you include the cost of your Social Security contributions as employer; the pay that you pay them; any particular benefits that you give them; cost of holidays that you have.

615 When I worked within a department actually looking at all of this, you made the distinction across the different jurisdictions as to how much it costs. Therefore, the question as to what the employer versus the employee rate is a bit of red herring. It only affects the employee because, if you put the rates up on the employer side, the employer will pay half a percent less in the pay rise. If you put the rate onto the employee, at least the employee gets transparency and clarity as to what he is getting. He is paying an extra half a percent and, rather than trying to hide it in the accounts, he sees that half a percent clearly written in the pay cheque.

620 Therefore, I would suggest that this amendment brings transparency to the employees. By making that decision today, what we are being asked, in this amendment and not in general debate, is whether we want to be transparent with employees. Do we want them to see their increase or do we want to hide it into the general accounts of the employer? My view is, because I stand on the general principles of being transparent, I believe that this amendment is appropriate. Whether I will then vote for it as a Proposition is a different matter. I simply believe that this amendment is a better option than what is being proposed by Social Security.

630 Could I also suggest that it is wholly appropriate for Social Security to have this Proposition here? Social Security are mandated with the good funding and the good running of their funds. It is evident from what Deputy James has said that it is necessary to increase contributions, in order to keep the good running of that fund. The question, as to whether we actually believe the means of pensions that we have is appropriate, is a valid question; but strangulating the pension funds, by refusing to fund them, is an underhand means of trying to resolve the problem.

635 Therefore, I believe it is wholly appropriate for Social Security to make this suggestion, but it is wholly appropriate for it to be amended; and, in my view, I think that, of the two options before us, the employee being able to see the additional costs means that it is more transparent and it is a preferable option.

I would ask all Members, regardless of where you sit, to merely focus on that question. Whether you then vote for the Proposition is a different question and that is one that I will discuss further in general debate.

640 Thank you.

**The Bailiff:** Deputy De Lisle, then Deputy Dorey, then Deputy Kuttelwascher.

**Deputy De Lisle:** Thank you, sir.

645 This is not the right time to increase the rate of the employers' contribution or the contribution rate for employees.

I am particularly concerned for small business... most vulnerable; a fundamental force, actually, in economic development in this Island. The amendment hits at consumer spending by taking more out of the pockets of islanders. When Government is trying to get the economy and employment levels back on track, we have to be credible in front of the electorate – the people of the Island – as they struggle with the current downturn, and of the local economy and also rising living costs.

So I ask, respectively, the Assembly to reject this amendment and the rise in employers' contribution.

Thank you, sir.

**The Bailiff:** Deputy Dorey.

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

I will be speaking against this amendment.

I think you need to go back to the Zero-10 debate; it has been mentioned in a couple of others speeches. The whole basis of the Zero-10 debate was to reduce corporate taxation but also there was a balance to that; and the balance was to increase the upper earnings limit for employers and increase contributions for employers and they went up by 1%. This amendment, basically, seriously undermines the whole basis of what Zero-10 was... was that we were giving a reduction in corporate taxation rate but, as part of the balance of that, we were increasing employers' contribution rate. This undermines that fundamental decision that was made back in 2006.

Going on to 2009, that is when the report on the pension puzzle went to the States and came back with balanced proposals. That was on the basis of, I think, one of the most successful public consultations that the States has done. Deputy Stewart mentioned that public consultation... when, in fact, there were over 2,900 people who replied to the consultation. I think there have been very few other consultations that there has been such engagement in. On the particular question: employer contributions, increasing contribution rates by 0.5%, 50% came back and said they agreed with that; 34% said they disagreed and 15% gave no answer. They were also asked about increasing employers' contribution rate by 1% and the replies were against that.

Going back to this proposal, they were a set of balanced proposals: there is a reduction in benefits because of the increase in retirement age; there is employee contribution by increasing the upper earnings limit; and there was an employer contribution by increasing the employers' contribution rate. As part of that – and it is also in these proposals – was that if you increased the employers' contribution rate, as has been mentioned, it will affect the States because they are the biggest employer.

I ask Members, because I am really concerned about hearing some of the speeches where people have actually read the Report... and go back to page 1830 in the Billet. If you read paragraphs 27 to 31, it covers – just as the original report did – the situation for the States, where, because it would... as has been mentioned, one of the largest employers... it will increase the cost to the States. The proposal was to reduce the States grant to the insurance fund by 1% which we have said would save £0.8 million. So, there was a balance – and that was part of the balance – that it would not increase States' costs because, yes, if this goes through, they would pay more in the employers' contribution, but the reduction in the grant to the Guernsey Insurance Fund will be reduced by 1%. That is why, when you look at the Propositions on page 1951, Proposition 2 says that subject to Proposition 1 being approved, you reduce the contribution. It balances out. So, this will not have an effect on the States costs. That was the focus in 2009 and, very sensibly, the Social Security Department has taken those proposals forward into this Report.

In 2009, as well as being a public consultation, we also consulted with industry; and, yes, they did come back and say they did not want the increase in employers' contribution; but I remember it so clearly, even to this day, after that debate one of the heads of the major employer organisations in this Island, at that time, phoned me up on the Saturday morning – because we had the debate on Friday – and he did not know the outcome of the debate and I told him. He said, 'That was a very poor decision.' He said, 'Of course employers were opposed to it. Nobody wants to pay more but we fully accept that, as responsible employers, we have to pay the extra half percent. You have set out the case very clearly and you have set out balanced proposals.'

That was, as I have said, when we were actually in negative GDP growth, in 2009. You can always argue that it is not the right time to make the change and the situation is not right, but you just cannot run away from it. If you do, you will mean that you kick the can down the road – as has been said in other parts of the debate – because you need that money to go into the fund and it needs to be balanced in terms of employee contributions and employer contributions.

710 Some people have argued that we need to equal the 6.5% paid by employers and employees  
and that is why they are supporting this amendment; but it is important to look at those  
contributions, because there are three different funds. There is the Guernsey Health Service Fund,  
the Guernsey Insurance Fund and the Long-term Care Fund; and contributions are not equal to all  
those three funds. Employees are the only contributors to the Long-term Care Fund; employers do  
not contribute to that.

715 We know, from the actuarial reports and Deputy Fallaize's successful amendment a year ago,  
that the Long-term Care Fund has a problem; and when it was set up it was fully accepted that you  
have to review the rates at some point. If you have to review those rates and increase them – which  
is what the actuarial report said – you will, in fact, mean that social insurance contributions will be  
higher from the employee than the employer, because it is only the employee that contributes to  
the Long-term Care Fund.

720 Finally, it is never right to do an increase, but I believe it is wrong not to do that increase at this  
time. We were told in 2009 that there is a review of corporate taxation, part two, and it was wrong  
to do it then, we had to wait for then. That has happened. Now is the right time. In fact, this  
amendment is very wrong if you take... that we are in the middle of a review of personal benefits  
and surely you should not be increasing the taxation, in relation to personal taxation, when you are  
in the middle of a review; but this is not to do with personal taxation, this is to do with corporate  
725 taxation. We have had the Corporate Taxation Review, we should now increase employers'  
contributions to make sure that we, as a responsible Government, ensure that there are sufficient  
funds going into the Guernsey Insurance Fund to meet our pension responsibilities in the long  
term. So, please reject this amendment.

Thank you.

730 **The Bailiff:** Deputy Kuttelwascher.

**Deputy Fallaize:** May I ask Deputy Dorey to clarify something?

735 **The Bailiff:** Deputy Fallaize.

**Deputy Fallaize:** Am I right in thinking, he is clear in saying that the effect of this amendment  
will be to increase the revenue expenditure of the States?

740 **Deputy Dorey:** No, I do not believe it will. The whole thing is meant to be neutral, that is  
why... Sorry, I was talking about the proposals.

**Deputy Fallaize:** But, is the effect of the amendment, then, to increase the revenue  
745 expenditure of the States?

**Deputy Dorey:** It is all... I presume, on the Propositions, that Proposition 2 is subject to  
Proposition 1 being approved. If it is amended, I do not know how that would be seen. I would  
imagine that the responsible thing to do, if this amendment is passed, is that the contribution rate  
into the insurance fund remains the same, at 15%, and is not reduced to 14%.

750 That reduction from 15% to 14% should only happen if the employers' contribution rate  
increases; those two things would go together. If this amendment is passed, then the contribution  
into the insurance fund should remain the same. It would be, I think, wrong to reduce it. That is  
my view.

755 **The Bailiff:** Deputy Kuttelwascher.

**Deputy Kuttelwascher:** Thank you, sir.

I would first like to address a point that was made more than once by Deputy Lester Queripel,  
which I tried to do by means of unsuccessful intervention.

760 He, on at least two occasions, described this half percent increase in the employees'  
contributions as 'a little extra' and a half percent does not sound a lot does it? Not until you say it  
is half percent on 6%, which is an eighth and one-third percent increase. That is four times the  
June RPIX. I would describe that as a substantial increase (**Several Members:** Hear, hear.) for the  
employee; certainly not 'a little extra'.

765 Sir, this amendment is being presented as an either/or – we either accept one or the other – but  
we can, of course, and I agree with Deputy Bebb, accept neither.

One issue I have got with this amendment is its impact on the economy. Deputy St Pier has mentioned some figures; I did similar figures, but I used cash amounts and I threw in TRP. The Budget, which I described as realistic because it paid due regard to the state of our economy, was going to take out £2.35 million from the economy, albeit some of it shared by companies. This amendment wants to take out another £5.2 million; it almost triples the amount suggested by T&R. I think that will have an impact on the economy. It is an impact which will be difficult to measure in advance but it is certainly unwelcome.

So, sir, I will not support this amendment. Thank you.

**The Bailiff:** Deputy Perrot, I think, is about to rise.  
Deputy Perrot.

**Deputy Perrot:** Thank you, sir.

Could I start by declaring an interest? I have two employees.

I might also express a distinct lack of interest. The idea of Deputy Stewart in inappropriate swimwear (*Laughter*) distresses me massively, (*Laughter*) to the point of feeling slightly unwell and I may have to leave the Chamber and, if I do, (*Laughter*) you will know why.

I stand, really, to echo what the Minister of Treasury and Resources has said and what has been said by the Deputy Minister. I am not sure how to pronounce his name; I think it is Deputy Kuttelwascher. (*Laughter*)

Could I say, also, in respect of the notion of whether to have an employers' increase or an employees' increase, I do not think that any negativism, in relation to Radio Guernsey or the *Guernsey Press*, has any bearings to play on anything that we say, do or think. Indeed, having read a column in the *Guernsey Press* last week, I was so inflamed by it that whatever I can do to irritate one of their columnists would give me great pleasure (*Laughter*) and if that is negativity, then so be it.

Historically, small businesses in Guernsey were the backbone of Guernsey – farmers, growers, fishermen, traders; nowadays, other small businesses – hairdressers, newsagents. They used to be respected by the States and nurtured by the States, to some extent. Now it seems that, quite often, they are punished, simply by existing.

My question is: why should employers pay the same sort of level of contribution as employees, anyway? Why should employers pay, other than purely in respect of insurance-related matters relating to employment? They should be paying for nothing else, because employers are the ones who take the business risks. They have the ideas. They are the employers, as Deputy Queripel so helpfully said (*Laughter*); and they pay all the bills.

We often hear of a reference to there being small increases. Small increases, unfortunately, grow into large increases and the employers have, for far too long, been the target of these. There was a bit of a joke brought into the debate by Deputy Matt Fallaize, who said that there is never a good time to bring in an increase in the contribution. Well, let's be honest, let's call it a tax. There is never a good time to bring in a tax. Well, of course, there is never a good time to bring in a tax. You will never get anyone say, 'Whoopee chaps, this is now the time to bring in a tax,' but there are better times than others and, certainly at the moment, the economy... we hope it is turning round, but there is still fragility in it. I echo what my Minister has said: all of this is best left alone. It will be looked at last year.

As to whether there is attrition in the insurance fund... Attrition in the insurance fund is a programmed attrition; everyone knows that that is going to happen and if it is going to happen for a bit longer between now and next year, so be it.

**The Bailiff:** Does anyone else wish to speak on the amendment? I see no-one rising.  
Deputy Langlois, then, do you wish to make the penultimate speech?

**Deputy Langlois:** Yes, thank you, sir. Sorry.

Thank you for all those who have spoken and given some fairly complex and involved discussion of what I think is actually a separate debate on Proposition 1.

I know that a few people will still be able to mention it in general debate, but there has been an awful lot said about the three options we are being faced with. I agree with somebody who just spoke – sorry, I have not got a note of who it was, but they said – there are three options here and they are: half a percent on the employer contribution; half a percent on the employee contributions; or no change. Right? That will come out in the wash; and thank you to Deputy Bebb for explaining the logic of how that comes out in the wash. There should be no concerns about

people who appear to vote for one thing and then vote against the Proposition that falls into place afterwards. That is the way the rules work.

830 Deputy Duquemin. To some extent Deputy Dorey has covered one of the points that he made relating to the States and the costs and I think, when we do get to the voting, there will be some question over the status – if the amendment is successful – of Proposition 2, which Proposition 1 refers to. I will be asking questions of one of the Crown Officers at that point to just make clear where that goes. But, he used a rather strange phrase; he used the phrase, I think, ‘infinite supply of money,’ and I can assure him that if he came and sat on the Social Security Department Board, I have never seen a States Committee that is more acutely aware that the supply of money is not infinite and we are not going there. This is all about the longer-term management of the baby boom bulge in demographics. Let’s just remind you of that as we go past and I will return to that under one of the other comments.

840 A little worrying trend in the debate followed that, because I had to agree with Deputy Fallaize. It will soon come to an end, Deputy Fallaize.

**Deputy Fallaize:** I can assure you, at the very next debate, it will. (*Laughter*)

**Deputy Langlois:** It occurred to me that might be it, yes.

845 A very good point about passing on the increase to employers, because what he is saying here is: it has got to be done; it is a short-term adjustment of the funds and we cannot just keep on putting it off.

850 Deputy Queripel. He must talk to some different employees and employee representatives from the ones that I meet from time to time. A group of employees and their representatives sitting there saying, ‘Half a percent extra? Not a problem.’ Fine, perhaps he can tell me who the contacts are, because they could be useful in another context.

855 Can I just, yet again – and I seem to have to do this on a regular basis... I do understand what is being said about the economy; about downturns and about projections; about expectations and so on. We have recently had Professor Wood’s report. We have recently had more input from the States Economist, and so on, about where the economy currently sits and where it is going; but can we please be really careful about comments that can be turned into scaremongering, especially to do with unemployment? ‘The winter is coming,’ and, ‘We won’t get through it with a vast increase in unemployment,’ and words to that effect.

860 There will be a rise in unemployment during the winter months. If there is not, that would be the most amazing pattern of employment ever, but the long-term trend of unemployment is still plateauing. It is still absolutely flat. It has absorbed a number of the new people who have been put into Job Seekers as a result of the single parent decision, and we are still enjoying – if that is the correct phrase – over-employment in the economy. In fact, in my experience, one of the main questions that comes when people talk about start-ups is: where on earth are we going to find people to work for us? So, can we just keep in proportion the comments about unemployment?

870 How to handle Deputy Stewart’s restrained and moderate rhetoric, which we are so accustomed to? (*Laughter*) ‘We seem to need economic signal boxes.’ ‘We seem to be committed, as a Board, to sending all the business to Jersey.’ I understand the arithmetic of the 7.7%. Nice trick; nice percentage trick. It is the oldest in the book and, yes, it is true. A very strong link made with the PTR. That is about personal tax and benefits; it is not about employer contributions and employer costs.

875 I think a bit more research will be needed on the pension fund management, because where Deputy Stewart took us – and we returned to it with a later speaker – was very much into the area... that his speech was very much about the debate as a whole and not the amendment – and that is understandable. It laid out the three options, but it went into the area of this difficult aspect of coming up... You provide Social Security with a lever that says, from time to time, you have got to manage the Guernsey Insurance Fund and you do that by adjusting contributions. That can be done, each year in the up-rating report. Then when you try and use the lever, they say, ‘No, no, no. Have you done a complete new set of research? Surely the Government Actuary Department’s projections for the next 35 years are a load of rubbish; because they were chiselled from what they were just three or four years ago’. I am sorry you cannot have it both ways. That is the problem here; that from time to time, we have to suggest and propose somewhat unpalatable changes in order to keep a longer-term balance on things.

885 I would not be as ready as Deputy Stewart to discount historical decisions and the reason for them. I was very confused about why he felt that a vote for the amendment would be preferable; but that is some sort of manoeuvre which is fine for Commerce and Employment.

Thank you, Deputy Gillson for admitting your past mistakes. If only we were all so good at that, then we might get through things better here.

890 Deputy Gollop. We then turned to the great economic debate and he very skilfully brought in the aspect of time-lags – the aspect of the fact that the bigger trends, these bigger events, actually have a time-lag in them; and what we chose not to do two years ago, and a few years ago and last year, eventually comes home to roost; and that is why we are making the Proposition we are and we are definitely saying, ‘Please, reject this amendment,’ because the time – quite the opposite of what is being said elsewhere – is right.

895 He also pointed out, quite correctly, that simply moving it to the employees is not quite such a black and white choice as people think, regarding the effect on the economy. If you take half a percent extra out of everybody’s top pocket, there has got to be a multiplier effect; and before anybody looks at their feet and asks us what extensive modelling and research we have done on that, I will admit, ‘No, we have not,’ because you cannot do that every year when you are using 900 one of the levers to gently fine tune. But the multiplier effect of that much less money going into people’s pockets, disposable income, has got to be there in the economy. So, it is not quite as simple as: one actually hits the economy; one does not.

In the sense of the support, relating to saying, ‘Are we not doing the right thing by coming up with the Proposition and asking the question?’ I thank Deputy St Pier, because he is basically 905 saying, ‘We have got a job to do. We are using these mechanisms for doing that job.’ I do understand his reservations about the Proposition and when the main debate comes, we will see what we are debating and where the answer goes.

Deputy James’ very clear reminder for everybody. I hope everybody took account of the long-term Government Actuary Department projections which have provoked the need for these 910 additional contributions.

We moved too, with Deputy Soulsby, into a little bit of fairly forceful, and maybe exaggerated, rhetoric, in terms of talking about forcing people to lay off staff and things like that. I think we have got to be extremely careful with that. I do understand that, from Commerce and Employment’s point of view, that will be a concern. When did business ever welcome managing 915 changes in their cost base? From my years in business, you were constantly managing changes in your cost base and that is part of the game.

She did ask a question which I found somewhat surprising: why are employers asked to pay for people’s retirement? Well, we could change the whole pattern of pensions in Guernsey and be the only capitalist economy in the world – to my knowledge – that had a model where employers and the link between employment and making what are forced savings for your retirement decoupled 920 and putting everything on the individual.

I am, personally, not in favour of that, because I believe that would simply lead to even greater Social Security commitments and obligations and problems further down the line. Employer contributions, combined with employee contributions, combined with a level of pay, all come 925 together to say there has got to be a balance that provides for retirement. Apart from that, on that front, to me there is a social responsibility relating to employers’ responsibilities which, certainly, we take very seriously in the States.

Deputy Soulsby also said that Social Security ‘claims’ there is a need for change. Well, I am sorry, I go back, again, to the Government Actuary Department figures that have been there for a 930 long time and nothing has changed, except not having £5 million to £6 million a year coming in for the situation to get worse.

I thank Deputy Bebb for his logic... pointing out there.

Deputy Dorey. I also thank him for his unfailing detailed analysis. Of course, what you down there cannot see (*Interjections*) is the 10 Billets which he has brought with him, to access the detail 935 to put together a speech like that in 20 minutes. I believe the greenhouse is slightly emptier today than usual. (*Laughter*) He achieved it with very few references to all of that background; but, what he was saying was right.

Deputy Dorey has been familiar with that area for a very long time and the points he was making about the longer-term trends, set alongside the shorter-term cash management of the fund, 940 was absolutely right; but he illustrated perfectly the difficulties. I go back to this business of trying to manage things by pulling levers on an annual basis when, in fact, we are talking about a very long-term issue.

I do not think, as an Assembly, we can totally ignore States finances and pension obligations. Sir, having listened to this debate, it seems to me that the key issues at stake with this amendment 945 are this need to share the burden; the impact on low earners; and the effect on the Personal Tax and Benefits Review.

950 Firstly, the package of measures proposed in 2009 to ensure the long-term financial sustainability of the fund were designed to share the burden and balancing the books; and that is exactly what it is designed to do. Employed, self-employed and non-employed all took a share of that burden. It effectively translated into an increase in personal tax; but, at that time, the only proposal the States did not vote for was the 0.5% increase in the employers' contribution rate. This hardly seems a fair share of the burden to me and look where it has got us. We have missed out on about £5 million to £6 million income every year; and, therefore, the reason for sharing that burden, the reason for topping up the fund, has only become more urgent. We are simply seeking to redress the balance.

955 Secondly, do we really want to be responsible for making it even harder for some of the Island's low-paid workers to make ends meet, because if we vote in favour of this amendment today, then that is what will happen, because it means that the take home pay of all employees will be reduced?

960 Finally, Members of the States, it seems to me that it would be extremely unwise to vote for an increase in the employees' contribution rate today ahead of the outcome of the Personal Tax, Pensions and Benefits Review. The key word here is 'personal' and there is no doubt in my mind that it would be preferable to take a holistic approach and explore this option, along with other options, to increase revenue or decrease expenditure as part of that Review.

965 So, Members of the States, I urge you not to support this amendment.

**The Bailiff:** Deputy Laurie Queripel will now reply to the debate.

**Deputy Laurie Queripel:** Thank you, sir.

970 Before I begin my responses and my reply I would like to thank Deputy Soulsby for being willing to second this amendment. There is, or there was, a risk that we would be painted as the bad guys, so I appreciate her support; and I thank all Members who have spoken during the debate, particularly those who have grasped, or understood, the multiple reasoning behind this amendment.

975 Deputy Green, sir. When he spoke two weeks ago, he spoke about an imbalance and a lot has been said about imbalances during this debate; but I still think this amendment actually seeks to achieve a balance. If it is successful, it will result in the rate being exactly the same for the employer, as the employee – 6.5%. That is equitable on the face of this.

980 Deputy Green also said that we need to be balanced – so did Deputy Langlois – we need to be mindful of people with low incomes; and, of course, I am mindful of that, sir. I can assure Deputy Green that is acutely the case. I come from a background of just that type. My father was a greenhouse hand for most of his working life, sir. He had – I was going to say three growing lads to support, but that might not be the case in my case, but (*Laughter*) he certainly had two and a half growing lads to support, sir.

985 So, I am acutely aware of how difficult it is for people on low incomes, particularly people having to pay their way and support their families and all the things that go with living everyday life, sir. But, I was thinking, if I could go back in time and I could speak to my father and I could say to him, 'Look, that pension you are so looking forward to, in order to secure it or to get it, you might have to pay a little bit more in order to make that the case.' I think he would readily agree to do so. He would understand the logic behind that; I am quite sure that he would.

990 So, that is the message I am giving out to everybody, sir, especially to the lower paid and the moderately paid. This is a way – yes, it is a little more pain, but it is for a long-term gain – to secure the pension that you are looking forward to. It is a bit more shoring up, sir, of the pension pot that they will directly benefit from.

995 This is not an easy thing; it is difficult. We have had to make difficult decisions recently in regard to the schools issue, sir, because the majority of this Assembly felt that the long-term benefits were worth the shorter-term pain.

1000 Social Security themselves, via this Report, are prepared to see and admit to the fact that some people will be £10 per week worse off as a result of some of the proposals contained within this Report; but the Department feels that, on balance, it is the right way to go. That is particularly tough coming from a Department who are in the business of providing Social Security.

1005 Deputy Green also mentioned the higher earners. I do not think that is a problem. As I have said, they just will now be subject to the same rate as everybody else. Plus, in addition, for those at the top end of the bracket, they do benefit from a tax break – from a tax cap. So, even with a slight increase, I think Guernsey still offers something very attractive to high net worth individuals.

Sir, this is a bit of a tough love message, but it reflects reality and it has to be emphasised. This is a further investment in the long-term wellbeing of employees; those who will most need the cushion and the comfort that that pension will bring.

1010 Deputy Green alluded to my political persuasion. I do not think it is any secret that I want to see social policy progressed; but I have learned, from my short time in politics, that one cannot afford to be in a position of rigid idealism. It is about finding workable solutions – solutions that fit the particular time that we live – and the answers neither reside totally on the left or totally on the right, sir.

1015 My concern is if we do not agree to this amendment and the half percent increase does not go on employees' rates – I said this when I opened the debate – I can see, in the future, employees – and this will be particularly difficult for low earners, sir – will be hit by an increase of say 1% or 1.5%. That really will be difficult for them to bear.

1020 So, I think it is far fairer to apply the increase to employees in instalments. Their increase is 0.5% this time; after the Tax and Benefits Review it might be another 0.5%; but it is far more manageable if there are incremental increases rather than one big increase. Sir, the intention of this amendment is multipurpose. It is about trying to strike a balance.

1025 I agree with Deputy Duquemin. He spoke about, if we add to the employers' contributions rather than the employees, the increasing disparity... I agree with him. I am not so sure that I could be described as a great mind, sir – I think he alluded to that – but I would say I have a workman-like mind. I agree with him; we have to show that Guernsey is open for business.

I think this is a valuable alternative. We need to facilitate business and I take on board his points and I know that there has been some discussion since then that sort of negates those points but about the States being the biggest employer and the increasing cost to Government.

1030 Deputy Fallaize, sir, said that employers and businesses will always say, 'This really isn't the time to add increases to costs for businesses.' But it really is not the time. When I went out and did my small consultation – my survey – that came across very strongly to me, because this increase might only be a small cost in isolation but if you look at the accumulative effect – the increases in TRP for businesses; the increases in fuel – it is one cost on top of another. I am getting the clear message that it is the little increase that is the straw that just might break the camel's back, in regard to some businesses.

1035 I thank Deputy Lester Queripel and Deputy Stewart for their contributions – all supporting the amendment. Deputy Gillson, I respect his judgement and his opinion. He alluded to 'the new norm', but I am also, in my own way, sir, alluding to 'the new norm'.

1040 Deputy Inglis has first-hand experience with the struggle for businesses – particularly small businesses – and he spoke about how difficult the last six years had been and he can quite possibly see the next two or three years being very difficult. Once again, this is an increase on top of all the other increases, particularly that small businesses are facing, sir.

1045 Deputy Gollop said that we have had a fairly good recession: I would say because it has been managed quite well. I think the States have always been cautious and taken a moderate approach towards things, sir. I think that we got through this recession quite well, because it has been managed quite well and we have not taken any extreme measures and we really do not want to trample on the green shoots that are just starting to emerge. They are fragile and I think they need to be encouraged, not to be trampled on.

1050 Sir, yes, we are talking about a pension deficit and that is the clue: there is a future deficit in the pension that employees will benefit from, will draw from, in the future. I agree that employers' and employees' interests are intrinsically linked and I am thinking, particularly, about the grass roots businesses – the smaller, lower value businesses. If we can encourage those businesses, they can make a real difference to our economy and I think we need to be encouraging them, not placing extra burdens and costs on them.

1055 Deputy St Pier – I take on board his points. There is no perfect solution. Governments always give with one hand and take with the other; that is the way that governments work, sir. He highlighted this balancing act and I can assure T&R that they think they have taken the balanced approach towards the Budget, but if you go out there and speak to people, particularly small businesses, they will feel quite differently.

1060 We do have to take action now, sir. Social Security have told us that every day that we do not take action, the problem worsens, so we do need to take action and I think that the sooner we take it, the better; and on this occasion I think it should be in regard to the employees' contributions.

1065 Deputy James spoke about if the outcome was different in 2009. I appreciate that but, even if the outcome was different, I think we would still be addressing a problem. There would still be a deficit to face and we would still need to find some way to deal with it. I am under no illusion, sir,

that eventually contributions will need to be increased from *all* sources, whether it is employees, employers or self-employed. I can see that needing to be the case if we want to sustain this pot.

1070 Deputy James also alluded to the fact that life expectancy, longevity, has greatly increased. It might be reasonably expected now that you might draw your pension for 20 years or so after retirement age; and, once again, sir, it is employees who will directly benefit from that pension.

1075 Deputy Dorey. Very knowledgeable; something that I cannot match in any way, shape or form. He spoke about the Zero-10 debate in 2006, but I would just say, that was then. Governments review and rethink things all the time, depending on the circumstances they face at the time and I think this is one of those times. We need to review things. We cannot be rigidly held to a path that we think we should follow. There is always a need to deviate from certain paths and to look again at things.

I must admit, sir, I still was not quite clear about Deputy Dorey's explanation. It was not that clear to me in regard to the effect on General Revenue, but I still stand by the amendment that I am putting forward and the thrust of that amendment.

1080 Deputy 'Kuttelwascher', sir, he spoke about... (*Laughter*) Thank you, I got it right first time, I think! He is not standing, so... (*Laughter*) Deputy Kuttelwascher... (*Laughter*) Oh, here he comes... right.

1085 **Deputy Kuttelwascher:** Sorry, are you talking to me? (*Laughter*)

**Deputy Laurie Queripel:** No, I was talking *at* you, Deputy Kuttelwascher, actually! (*Laughter*)

1090 He spoke about a substantial increase, in real terms, for employees; but we all know there are no perfect solutions. It will be a substantial increase for employers if it goes on their contributions and the impact on the economy will be great also. If employers are taxed further, they will be looking at rationalisation of staff; they will think twice about investing more in their businesses or offering new positions.

There is no perfect solution. We are trying to square a circle and we will probably end up with a rectangle. I think you will get back whatever solution you look for. (*Laughter*)

1095 St Pier, I am not going...

Once again Deputy Langlois made a number of different points and... I am not going to – sorry.

1100 **The Bailiff:** Deputy Dorey has asked you to give way.

**Deputy Laurie Queripel:** Yes, I give way, sir.

**Deputy Dorey:** Thank you.

1105 He said I was not clear and I apologise if I was not clear. It is absolutely clear. The proposals in the Billet have a neutral effect on General Revenue, because there is increase in the States contribution, as an employer, into the insurance fund but there is a reduction in the grant into the fund; one balances out the other. So, the proposals have a neutral effect on General Revenue.

1110 **Deputy Laurie Queripel:** I will just say, in answer to that, sir, I was informed, when I consulted the Department on this amendment, that there would be no effect on Proposition 2, so I can only base my arguments and the amendment on the information that I was given. Thank you.

1115 Sir, Social Security are absolutely right in one respect: every day we delay, the situation gets a little bit worse. We do need to make a start in addressing this shortfall problem and more measures will need to follow; but we will be starting here today, sir, if we agree to this amendment, in a sense with a user pays principle, which I think is the right place to start.

1120 The message needs to go out that we, the Assembly, are taking this matter seriously. We want to help to secure the pension pot. We realise how important it is. We realise what a big part it will play in the retirement plans of the lower paid in our society. But, sir, also the message needs to go out that it needs to be funded and employees have a part to play in that; but in return the long-term benefits for employees will be very real and very tangible.

I am not going to say any more. I think everything has been said. I ask the Assembly to support this amendment.

Thank you, sir.

1125 **The Bailiff:** Members, we come to the vote then on the amendment proposed by Deputy Laurie Queripel, seconded by Deputy Soulsby, and we will have a recorded vote.

*There was a recorded vote*

**The Bailiff:** Well, Members, I think the result of that is fairly clear. Shall we move on to the next amendment while the votes are counted?

1130 The next amendment is the one that is to be laid by Deputy Le Lièvre and seconded by Deputy Sillars, which has, I believe, been circulated over the last few days.

Deputy Le Lièvre.

*Amendment:*

*To re-number Proposition 35 as Proposition 37; to delete Propositions 28 to 34; and to insert the following new Propositions 28 to 36.*

*'28. That during the 2012-16 States Term there shall be developed a single, comprehensive social welfare benefits model to replace the Supplementary Benefit (Guernsey) Law, 1971, as amended, and relevant aspects of the States Housing (Tenancies, Rent and Rebate Scheme) (Guernsey) Law, 2004, which single, comprehensive model shall be capable of fulfilling and balancing the social and fiscal objectives of the States.*

*29. That in advance of the States establishing a single, comprehensive social welfare benefits model to replace the Supplementary Benefit (Guernsey) Law, 1971, as amended, and relevant aspects of the States Housing (Tenancies, Rent and Rebate Scheme) (Guernsey) Law, 2004:*

*a) the rent rebate scheme shall not be closed;*  
*b) supplementary benefit requirement rates shall be determined by the States upon recommendations laid before them by the Social Security Department as part of the annual uprating report;*

*c) the weekly supplementary benefit limitation for a person living in the community be increased to £515 with effect from 1st January, 2014, in accordance with the policy of the Social Security Department which has been in place since at least 1978 to increase the benefit limitation on each and every occasion that it has applied an annual or bi-annual increase to the requirement rates;*

*d) the weekly supplementary benefit limitation for a person living in the community be increased to £600 with effect from 1st January, 2015, unless it can be demonstrated that it would be impossible to introduce such an increase without contravening the States policy of a real terms freeze in aggregate revenue expenditure, in which case the limitation shall be increased to as close to £600 as is possible without contravening that policy;*

*30. That at their January, 2014 meeting and in accordance with Rule 18 of the Rules relating to the Constitution and Operation of States Departments and Committees the States shall form the Social Welfare Benefits Investigation Committee as a Special States Committee.*

*31. That the membership of the Social Welfare Benefits Investigation Committee shall comprise seven members of the States as follows:*

*a) A Chairman elected by the States who shall not be a member of the Housing, Social Security or Treasury and Resources Departments;*

*b) 2 members of the Social Security Department determined by that Department;*

*c) 2 members of the Housing Department determined by that Department;*

*d) 1 member of the Treasury and Resources Department determined by that Department;*

*e) 1 other member elected by the States who shall not be a member of the Housing, Social Security or Treasury and Resources Departments.*

*32. That the mandate of the Social Welfare Benefits Investigation Committee shall be:*

*a) To examine all aspects of the Supplementary Benefit (Guernsey) Law, 1971, as amended, and relevant aspects of the States Housing (Tenancies, Rent and Rebate Scheme) (Guernsey) Law, 2004 in order to assess the appropriateness or otherwise of the legislation and associated policies in view of the economic and social changes since their inception;*

*b) To develop a single, comprehensive social welfare benefits model to replace the Supplementary Benefit (Guernsey) Law, 1971, as amended, and relevant aspects of the States Housing (Tenancies, Rent and Rebate Scheme) (Guernsey) Law, 2004, which single, comprehensive model shall be capable of fulfilling and balancing the social and fiscal objectives of the States;*

c) To ensure that during the formulation of a single, comprehensive social welfare benefits model, and in order to develop an objective rationale for the determination of assistance that is both socially just and financially sustainable, detailed consideration is afforded to the circumstances of, inter alia, the aged, the sick, the disabled, families on low incomes, families with three or more dependent children and persons with no further reasonable expectation of employment due to age or ill health;

d) To ensure that during the formulation of a single, comprehensive social welfare benefits model consideration is afforded to the policy letters of the Social Security Department laid before the States in Billet d'État V of 2012 and Billet d'État XX of 2013 and the letters of comment attached to those policy letters by other committees of the States.

33. That during the course of its deliberations the Social Welfare Benefits Investigation Committee shall consult with the full membership of the Housing Department, Social Security Department and Treasury and Resources Department.

34. That the Social Welfare Benefits Investigation Committee shall have regard to the findings and emerging recommendations of the Personal Tax, Pension and Benefit Review.

35. That by March, 2015 the Social Welfare Benefits Investigation Committee shall lay before the States a policy letter proposing the introduction as expeditiously as possible of a single, comprehensive social welfare benefits model to replace the Supplementary Benefit (Guernsey) Law, 1971, as amended, and relevant aspects of the States Housing (Tenancies, Rent and Rebate Scheme) (Guernsey) Law, 2004 together with, after full consultation with the Treasury and Resources Department, recommendations which identify possible sources of funding for any additional expenditure likely to be incurred by the new single, comprehensive social welfare benefits model.

36. That the entitlement to remuneration which would normally attach to the chairmanship and membership of a Special States Committee shall not apply in the case of the Social Welfare Benefits Investigation Committee.'

1135 **Deputy Le Lièvre:** Thank you, sir.

Members of the Assembly, I will be honest, after the tied vote at our last debate I was more than willing to throw my hand in and leave the States to go ahead and make, potentially, the worst decision it has made in a long time. I took the view, if States Members wish to ignore what I believe was sound advice, based on my years of experience, then they could take responsibility for whatever the outcome. I was not exactly throwing my toys out of the pram but I suppose it was pretty close to it. *(Laughter)*

1140

Deep disappointment and rejection are powerful factors that can result in very unsettled feelings, even if those are of a temporary nature. I was, therefore, heartened to receive messages that indicated, although an individual had voted against the amendment, they regretted that they had done so. I appreciate those things are very easy to say, but when they use the words, 'frankly ashamed' that they had done so, it conveys a certain sincerity which is hard to ignore.

1145

It also became clear within just days that some of the membership of Housing would not be supportive of Social Security's proposals when it came to the final vote; a position that was not made entirely clear during the original debate. Furthermore, it was obvious that an alternative amendment that sought to reduce the impact of closing the door on those private sector tenants who are currently precluded from seeking help with their rental costs due to the application of the supplementary benefit limitation would be likely to find more favour than a complete shutdown of SSD's proposals.

1150

The amendment you have before you today is clearly a compromise – possibly the compromise that should have been reached between Social Security and Housing before the matter was brought before this Assembly. With the benefit of hindsight, I can see that this new amendment is better than that which I submitted earlier; but, of course, I would say that.

1155

Before I explain why it is better than its predecessor, perhaps I could remind Members why I believe both the original amendment was needed and why this new amendment is still needed. We can explore the benefits of this new amendment slightly later in my speech.

1160

So, why do I believe this Assembly needs to appoint a special investigation committee? I will recap just briefly. Probably above and beyond all else is the fact that the structure of the supplementary benefit scheme clearly no longer reflects the needs of an Island that has moved on beyond all measure, when compared with Guernsey in the 1950s.

1165 The world of 1954 is almost as remote to us as the world of 1904, or 1854 for that matter, yet we persist in the use of the scheme that was designed around an Island economy and infrastructure based on horticulture, agriculture, fishing and tourism; an Island where most women did not work; where single parenthood was relatively uncommon, unless you were a widow with dependent children; and where the long-term sick could be virtually numbered on the fingers of one hand. If you were truly outside of work or incapable of work, then that was one thing, but if you were adjudged as being capable of work, that was something completely different. You went to the Parish. As unacceptable as that might have been, that is what happened.

1170 Today, we have lost that differentiation. Today, you fall into the 'one size fits all' qualification of supplementary benefit and we are now being asked to extend that scheme to include people in full-time employment who are not – and I would repeat *not* – necessarily on low wages.

1175 We will be asking the Income Support Scheme to deal with: pensioners, some of whom will be very old; those living in care; those living in extra care, for which a system has not yet been designed; single-parents, including widows with dependent children; pregnant women with no partner; the sick; the chronically ill; the terminally ill; those persons adjudged as being incapable of self-support; the disabled; the unemployed; the employed on low wages and the employed on not so low wages. To sum it up: the vulnerable and the not so vulnerable, all under the same scheme. The only form of differentiation proposed is, in the current system, being long and short-term rates of benefit. It is simply too big an ask. It cannot work for the benefit of all and it will not work for the benefit of all. The reason is simple: because the current model is out-dated and no longer capable of doing what it says on tin.

1185 Taking the model concept a little further, we start to get into the details associated with how such a scheme would function; matters such as the benefit limitation, work incentivisation, the level of benefits to be applied, etc. Taking these factors further leads into the area where the impact of such a scheme would have on localised communities... and that has to be taken into account. It is an area that I note ex-Deputy Roffey somewhat played down in his press article, but which I believe is fundamental to the structure of communities, whether they are small, medium-sized or, indeed, large.

1190 Let us take work incentivisation first. Well, SSD talks the talk, but it certainly does not walk the walk. There is not one proposal to introduce work incentivisation, even though in paragraph 321 of the policy letter, it explains, very accurately, the phenomenon I refer to as flatlining. Flatlining is when you cannot improve your disposable income through employment, because your earning capacity is unlikely ever to exceed a combination of the requirement rate for yourself and/or your family, i.e. the basic requirement rate, plus £30, plus your winter allowance, minus family allowance. It is not until a person's earnings exceed that sum, that they start to retain an element of the fruits of their labours.

1200 Given that the gap between actual earnings and enhanced level of earnings is sufficient to lift the tenant out of benefit – it can represent hundreds of pounds – it is not hard to envisage that the effort required to earn just a few residual pounds is simply not enough to encourage the extra effort in the first instance. Social mobility – so vital to a community, *any* community – would be stultified.

1205 It is impossible to conclude anything other than the current SPB system acts as a disincentive to improving one's circumstances, rather than the reverse. The only incentives referred to in the Report are punitive in form, where it is made clear that, if a claimant refuses to act according to instructions, then his or her benefit will be reduced or withheld. That is the stick, rather than the carrot.

1210 There is a knock-on to this very real issue and that is the creation of single income type estates. The social ramifications of such an outcome are, in my opinion, so blindingly obvious and so negative – especially so, given the proposed levels of benefit – that it should be unnecessary to have to explain them to this Assembly. If you want me to, I will, but I would prefer not to have to, given the unacceptable concerns it would raise in small communities that already consider themselves socially excluded.

1215 Finally, I would ask you to consider carefully the rates of benefit themselves and the relationship these have with the supplementary benefit limitation. Social Security has kept benefit levels low, but has significantly increased the benefit limitation; but that is just one of a number of variations. None of them are perfect, but some are significantly less perfect than others. In relation to the low benefit rate/high benefit limitation, it will result in: lower rates of assistance; fewer claims hitting the benefit limitation; lower initial costs to the state; but the risk of rent arrears, debt, eviction, family breakdown through stress and, ultimately, increased numbers of claims and

1225 further multiagency involvement. The tenants do, however, receive what the law says they are entitled to, even if it is inadequate.

Alternatively, you might chose a low benefit rate, low benefit limitation; but that is ditto what I have just said, only much worse – no tenant ever receives what they need. Or, alternatively, a higher benefit rate and a low benefit limitation. That is the same as the one that I have just described but with many persons having their benefit curtailed, such that the higher rates prove ineffective. Social Security has been there before on several occasions – in particular, 2003 and 2008 – and it uplifted the benefit limitation to take into account that shortfall.

You might choose to have a higher benefit rate and a higher benefit limitation, but that is expensive; the tenant gets what they want or the claimant gets what they want, but the taxpayer cannot afford it; especially so, given family configurations.

1235 Finally, you have got two alternatives: high benefit rates with no benefit limitation and low benefit rates with no benefit limitation. Both are perceived by Social Security as being unpalatable, but the last one I mentioned is most unpalatable of all.

1240 As I have said, Social Security has chosen the first of these variations for its ‘one size fits all’ scheme. Strangely, for both long and short-term rates of benefit, as far as I can determine, the benefit limitation remains unchanged. If they had a more appropriate base model, it could select any one of these permutations for different classes of claimant. Pensioners could be slotted into any one of variations three, four and five. The short-term unemployed might be best fitted into variation two, whilst longer-term cases might well slot into Social Security’s chosen preference, 1245 one, or possibly six.

The point here is that SSD has not used its imagination to create a system that recognises that different sections of the community have different needs. It is a failing of the ‘one size fits all’ model. It is when all of these aspects are considered as a whole, that the scheme suggested looks particularly vulnerable to failure at a range of levels.

1250 It is for these reasons that I believe a special investigation committee is required to consider a number of options; not just one model, but several models possibly within one model.

However, if we ignore all of what I have just said – *all of it* – there is one all-pervading reason why every Member in this Assembly should support this amendment, other than perhaps the membership of the Social Security Department; and that is that the Housing Department – the key partner in this deal – is wholly opposed to such an amalgamation as presented.

1255 If we ask ourselves why this should be, no doubt we would all reach slightly different conclusions. It could be that there had been a complete breakdown in communications or constructive negotiations between these two major Committees; it could be that Housing was being overly protective of their tenants; it could be that Housing believed there were far better alternative ways of tackling the key issues; and it could be a combination of all those issues.

1260 The simple answer is that we do not know what these issues are, because we have not been told. All we see is a very one-sided view of a long-recognised issue. The other side – or sides, to put it more accurately – is a complete blank; and Social Security’s Report makes no attempt to shed any light on those issues I have mentioned, because it does not even raise them.

1265 I would suggest that this is the reason Housing have finally come forward and said, ‘We cannot, under any circumstances, support these proposals.’ I will mention something slightly later, with regard to why I know this is the case with Housing. They are simply too disturbed at the possible outcomes for their tenants and, worse still, have no accurate idea of what these outcomes might be. Housing is flying in an all-enveloping fog and the fog has been created by Social Security. Unfortunately, Housing could have chosen to land at a different airfield, but decided not to do so and at the moment it is still circling, waiting for the fog to clear. I leave it to you to decide how much fuel is left before gravity takes over.

1270 Social Security asks this Assembly to put our faith in the proposals, but I ask you “how can we?”, when the owner of the rent rebate scheme – the same owner for the last 42 years – is saying that it wants nothing to do with the proposals? I would suggest that only the very brave or the very reckless would do what Social Security want. I say reckless, because bravery in my world is a word that is only applicable when it is applied to one’s own personal circumstances. Supporting proposals with unforeseen circumstances that impact on the lives of some 6,000 islanders is not brave; it can only be reckless.

1280 The amendment before us today is the only sensible way forward. So, what does it do? In broad terms, it offers this Assembly a compromised solution. It retains both systems intact until such a time as the Assembly clearly understands the outcomes for both systems. It enhances the supplementary benefit limitation so as to allow private rented sector tenants into the supplementary benefit system from 1st January 2015; and that is more or less what SSD proposed. 1285 It improves the constitution of the special investigation committee from being a monster – I forget

who called it that – to exactly the same size as Social Security is today, possibly just a wee scary beast, rather than a monster. *(Laughter)* It will deliver the said model by March 2015 – a full 12 months before an election. Housing finds the amendment attractive and, frankly, I am not surprised. It is a much better amendment as a result of the failure, just, of the first amendment.

1290 I implore you to vote in favour of this amendment. It offers a fair and practical solution to a difficult, but not insurmountable problem. It provides a level of assurance for social rented tenants and private rented sector tenants, alike; and it offers the creation of a new model of Income Support that recognises the different needs of different sectors of our community. I believe that today it is the only realistic option on the table and I would ask you to support it. Please vote for this amendment.

1295 Before I sit down, I would like to say that I was invited by the Minister of Housing to attend a meeting of Housing to discuss this amendment; and I think it is broadly fair to say that the Board supported it, with reservations. The reservation was expressed by one Member who wanted the Minister of Housing, myself and Deputy Matt Fallaize to attend or at least speak to Social Security and see if a last minute amendment could be agreed. That was considered by Social Security and turned down, because they were standing by the proposal which, of course, is their perfect right.

1300 I have made every effort, I think, to bring sides together to create an amendment which is no more expensive – in fact, is less expensive, substantially less expensive – than the proposals put forward by Social Security; that offers those, not necessarily poor, but those people in our society who find it difficult to pay their rent, because it is such a large proportion of their income; and that is both in social rented housing and in the private rental sector.

1305 I can see nothing in this amendment that would cause this Assembly to vote it out and, therefore, as I said, I would implore you to vote for it.

Thank you, sir.

1310

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

**Deputy Sillars:** I do, sir, and I reserve my right to speak.

1315

*Amendment by Deputies Queripel and Soulsby*

*Not carried – Pour 10, Contre 35, Abstained 0, Not Present 2*

<b>POUR</b>	<b>CONTRE</b>	<b>ABSTAINED</b>	<b>NOT PRESENT</b>
Deputy Bebb	Deputy Le Clerc	None	Deputy Storey
Deputy Lester Queripel	Deputy Gollop		Deputy Spruce
Deputy Stewart	Deputy Sherbourne		
Deputy Laurie Queripel	Deputy Conder		
Deputy Duquemin	Deputy St Pier		
Deputy Brouard	Deputy Gillson		
Deputy Inglis	Deputy Le Pelley		
Deputy Soulsby	Deputy Ogier		
Deputy O'Hara	Deputy Trott		
Alderney Rep. Jean	Deputy Fallaize		
	Deputy David Jones		
	Deputy Lowe		
	Deputy Le Lièvre		
	Deputy Collins		
	Deputy Green		
	Deputy Dorey		
	Deputy Paint		
	Deputy Le Tocq		
	Deputy James		
	Deputy Adam		
	Deputy Perrot		
	Deputy Wilkie		
	Deputy De Lisle		
	Deputy Burford		
	Deputy Sillars		
	Deputy Luxon		
	Deputy Quin		
	Deputy Hadley		
	Alderney Rep. Arditti		
	Deputy Harwood		
	Deputy Kuttelwascher		
	Deputy Brehaut		
	Deputy Domaille		
	Deputy Langlois		
	Deputy Robert Jones		

**The Bailiff:** Before I call the first speaker, I can just declare the result of the vote on the last amendment – the one proposed by Deputy Laurie Queripel and seconded by Deputy Soulsby. There were 10 votes in favour and 35 against. I declare that amendment lost.

1320 Who wishes to speak on this amendment?  
Deputy Lester Queripel.

**Deputy Lester Queripel:** Thank you, sir.  
I believe I am right in saying I have made 46 speeches in this Chamber –

1325 **Deputy Trott:** That is 46 too many. (*Laughter*)

**Deputy Lester Queripel:** – but I think the speech I am about to make will be one of the most meaningful speeches I have ever made, because it is a plea for support for the most vulnerable and the most needy of our fellow islanders.

1330 Speaking in favour of this amendment, it is tempting to repeat the speech I made in support of the previous amendment, presented by Deputy Le Lièvre, because everything I said in that speech is relevant to this amendment. But I am not going to repeat that speech – (**A Member:** Thank goodness.) (*Laughter*) because I have some additional points I want to make, although I would like to remind my colleagues of some of the points I made in my previous speech because, in that  
1335 speech, I informed the Assembly that my campaign slogan in the 2008 election was, ‘Give the People What They Need’. (*Laughter*) I focused on the fact that there is a major difference between a need and a want: a want being something you would like to have, but you do not need in order to survive; and a need being that which you do need in order to survive, in other words, a basic requirement.

1340 The fact of the matter is that some of our fellow islanders do not even have enough money to pay for basic requirements. Every single day to them is a struggle and even though they are responsible citizens and they pay all their bills and their taxes... because I am currently working with seven of my parishioners who are in that very position. One of them has been forced to live in a tent in the garden of one of his relatives, but, in this day and age, surely that should not be  
1345 happening.

In anticipation of Deputy David Jones jumping to his feet – (*Laughter*) he has just rushed into the Chamber – I want to emphasise that this is not a criticism of the Housing Department, because I think Housing are doing an excellent job with limited resources.

1350 The truth is, even though we are all signed up to a number one Statement of Aims, to improve the quality of life of islanders, there is no safety net for some of our fellow islanders when they start to slide down a slippery slope. The reason there is no safety net is because the current social welfare model is not fit for purpose. Proposition 28 of Deputy Le Lièvre’s amendment proposes a new comprehensive model which shall be capable of fulfilling and balancing the social and fiscal objectives of the States.

1355 Surely, that is the safety net and surely that is exactly what the whole community needs. The whole community will benefit from that model being in place, because the current model simply is not working; and if it was working we would not have situations where some of our fellow islanders were forced to live in tents, excluded from society, which, of course, flies in the face of the number one objective of our Social Policy Group: social inclusion for all, especially our most  
1360 vulnerable. So, even though we have all sincerely signed up to that aspiration, the truth is that some of our fellow islanders are really struggling and, under the current system, will always be struggling.

Proposition 29 (c) of Deputy Le Lièvre’s amendment, however, will alleviate some of that struggle, because the Proposition seeks to increase supplementary benefit limitation to £515, whilst SSD are proposing a limit of £500. This is due to be introduced on 10th January 2014 –  
1365 right in the middle of the coldest part of the year, when our vulnerable and needy fellow islanders will need every penny they can get. A £15 increase in benefit limitation would certainly go a long way towards alleviating that struggle.

1370 Paragraph 266, on page 1880, tells us that the supplementary benefit is the sole income for some islanders; for others it provides a necessary income top-up in a period of acute need. The graph on page 1855 tells us that 2,410 people receive supplementary benefit. What the graph does not tell us is that almost 1,600 dependents need to be factored in, so we are really talking about approximately 4,000 of our fellow islanders. Of those 4,000, 208 have severe disabilities, 714 are pensioners and 1,250 are children. That concerns me greatly, sir, as I am sure it does the majority  
1375 of my colleagues in the Chamber.

The good news is that we have the opportunity to rectify that today, because all we need is a majority to vote in favour of this amendment and the lives of approximately 4,000 of our fellow islanders will be given a financial boost. They will also be given a boost to their morale as well; a sign that their Government is doing its utmost to address the problems that they have to deal with.  
 1380 A financial boost as well as a moral boost will be a double whammy. It will be a win/win. There will be no loser. So who would vote against it?

The fact that 4,000 of our fellow islanders are dependent on supplementary benefit – to state the obvious once again, sir, and I apologise for doing so – is because they *are* in need and the more money we can give them, the more we comply with the number one objective of our own  
 1385 Social Policy Group.

I want to emphasise that I do not see supporting this amendment as a criticism of SSD in any way. I have a lot of respect for the Minister, his Board and the staff. I have worked with the staff on several occasions, trying to resolve problems for islanders, so I know how hard they work and how committed they are. But SSD's proposals do not provide long-term solutions, whereas Deputy  
 1390 Le Lièvre's proposals do.

If I remember rightly, Deputy Langlois also used the word 'balance' in his opening speech and how important it is for us to attain it; but, oddly enough, if we support SSD proposals, the system itself will still be incredibly unbalanced, because islanders who are struggling to survive now will still be struggling; and struggle breeds demoralisation and where is balance once demoralisation  
 1395 sets in?

To speak in general debate for a moment, sir –

**The Bailiff:** Does that mean you are not going to speak in general debate later? (*Laughter*)

**Deputy Lester Queripel:** Only if I am asked to, sir. I will speak in general debate now, as well as on the amendment.

Bearing in mind that I am Chairman of Age Concern, some of my colleagues and also some members of the public may be wondering why I did not submit an amendment to increase pension benefits by more than the meagre and scrooge-like SSD proposals. Well, I looked at the incredible  
 1405 amount of work that has gone into trying to amend pension proposals in the past and, sadly, in general, those amendments have not been given the support they needed in this Chamber. I also remember only too well the amount of work I put into amendments that did not receive the support they needed in this Chamber. So, I did not submit an amendment to increase pension benefits, on the grounds that I would be wasting my time, the time of the Law Officers, the time of this  
 1410 Assembly and, ultimately, that would be a waste of taxpayers' money.

I am still very concerned that some of our pensioners will have to decide whether they eat or heat this winter and, just in case any of my colleagues think I am being dramatic, sir, I have a recent press cutting which states,

1415 'The vulnerable elderly face choice between eating and heating.'

There is proof that I am not being dramatic.

It is going to be a real problem for some of our pensioners this winter. Yes, I could have laid an amendment to increase pensions and, if I had worked on it for weeks and lobbied my colleagues, I  
 1420 may – I stress, I *may* – have got 16,378 pensioners an increase of a pound a week. Well, that is more of an insult to pensioners than a welcome addition to their pockets, in my opinion.

I thought it would be far better to focus on supporting Deputy Le Lièvre's amendment because, if this amendment is successful, 714 of our most needy pensioners will benefit; and they are the pensioners with the greatest need. Plus, if this amendment is successful, it will also benefit another  
 1425 3,286 of our fellow islanders, also in need – 1,250 of which are children.

Sir, Deputy Le Lièvre's amendment and proposals make perfect sense and I have said in this Chamber, on several occasions, I want to be part of a Government that makes sense. It makes perfect sense to me to support this amendment, because it offers long-term solutions to the problems. It makes perfect sense to me to sign up to a number one Statement of Aims to improve  
 1430 the quality of life of islanders.

That, of course, is a recent aspiration for this Assembly. Yet, Deputy Le Lièvre has spent most of his working life trying to do just that: improve the quality of life of islanders. If there is one person in this Assembly who knows what needs to be done, then that person is Deputy Le Lièvre; and here, before us today, is his solution. To repeat the phrase I used in my previous speech: the bridge between Departments, the golden thread, an opportunity to attain real joined up  
 1435 government. So, can we afford not to support this amendment?

1440 Sir, I will conclude by saying, I am well aware I have used the word ‘need’ several times in this speech and I have used it intentionally, but I am going to use it once more because, if we are to provide the people of Guernsey with a long-term solution to a major problem, then we *need* to support this amendment.

Thank you, sir.

**The Bailiff:** Deputy Fallaize.

1445 **Deputy Fallaize:** Thank you, sir.

I suppose that I might not be alone today in holding the view that, in an ideal world, we would not have started from here. I think, probably, that is Housing’s position. It is certainly Deputy Le Lièvre’s position. It is my position and I got the sense, when we debated Deputy Le Lièvre’s original amendment, that several Members were essentially of that view and trying to work their way through choices between various imperfect options; and I think that we are there again today.

1450 So, I think we have to give some consideration to where we are, in the event that this amendment loses; because, if the amendment loses, it will come down to a case of either voting against the amendment and in favour of Social Security’s proposals or against the amendment and against Social Security’s proposals, and rejecting everything. In my view, that is basically a choice between the disastrous and the unpalatable. I really do mean that. I think Social Security’s proposals are disastrous and I think that rejecting everything would be unpalatable.

1455 I suspect that there is a fairly major possibility that if Deputy Le Lièvre’s amendment loses, Social Security’s proposals will lose and the States will emerge here with nothing. Deputy Gollop says “no” but there were 21 Members who supported Deputy Le Lièvre’s amendment last time and who are, therefore, clearly not entirely comfortable with Social Security’s proposals. The Housing Department did not support Deputy Le Lièvre’s amendment last time but is this time and is not supportive of Social Security’s proposals; and T&R, who did not support Deputy Le Lièvre’s amendment last time, have a letter of comment attached to Social Security’s proposals, recommending the States should chuck everything out or that this matter should not have been brought forward in advance of the Personal Tax and Benefits Review.

1465 So, I do think there is a very real possibility that, if this amendment loses, Social Security’s proposals will still lose. I think that, after several hours of debate on a fairly major policy letter, that would be unsatisfactory; but that is the way that I will have to vote if Deputy Le Lièvre’s amendment loses.

1470 The defeat of this amendment, of course, does not in any way remove the imperative for reform of the Social Security system. The successive States have accepted that there is a need to merge supplementary benefit and rent rebate and that the present arrangements are unsatisfactory and out-dated. But, if this amendment loses and Social Security’s proposals lose, the position we will find ourselves in is that we will be provoking a third attempt at trying to deal with this challenge, in exactly the same way that the previous two attempts have failed. Between 2009 and 1475 2012, SSD and Housing tried to come up with proposals. Now, SSD and Housing have tried to come up with proposals and, if this amendment loses and SSD’s proposals lose, the imperative for reform does not go away.

1480 We will be sending away those two Committees to go through exactly the same exercise that has failed on the two previous occasions; and this time, quite frankly, has led to a mess. At least last time the two Committees were in unison, but could not find sufficient support in the States, but this time these proposals are a mess. I think it would be a colossal waste of time to reject the amendment, reject Social Security’s proposals and not substitute anything in their place. I think it would just perpetuate failure in this area of policy; but that is the way I will have to vote, if this amendment loses. I cannot vote for Social Security’s proposals.

1485 In a way, I admire the Social Security Department and, in particular, the Minister for their perseverance and his perseverance, because clearly they were unable to reach agreement with the Housing Department. Housing implored Social Security not to come to the States prematurely and the Social Security Department swatted them away as if Housing’s advice, in respect of the rent rebate scheme, did not amount to much – they only administered the scheme for the last three or four decades. So, they came to the States in spite of Housing’s advice.

1490 Then there was a letter of comment from Treasury and Resources Department saying, ‘Please do not go to the States in advance of the Personal Tax and Benefits Review’ and the Social Security Department said, ‘No, no, we’re not going to take any notice of that. We are going to go the States.’ Then, two weeks ago, the States considered an amendment from Deputy Le Lièvre, which would have struck out all of Social Security’s proposals; and Social Security survived only just – by their fingertips, whatever the phrase is... skin of their – (*Interjection*) but they only

just... at 21 votes to 21. I did not think that was exactly a ringing endorsement of Social Security's proposals.

1500 Of course, the Policy Council's letter of comment – although it says, 'The Policy Council is supportive of a debate on this area of policy' – is not exactly a ringing endorsement of their proposals either; but, nonetheless, Social Security have persevered.

After the vote on Deputy Le Lièvre's amendment they could have sought compromise with Housing, but they have not. They could have sought compromise with T&R, but they have not.  
1505 They could have sought compromise with Deputy Le Lièvre, who wrote to Social Security and asked for a meeting, but they have not.

Their position is, 'No, whatever anyone else thinks; whatever any other Committee of the States thinks, we are turning up in the States with our proposals and we will see what the States make of it.' In a way, that is Social Security Department's right and I admire their perseverance.  
1510 Their position seems to be that, you turn if you want to; but the lady is not for turning or, in this case, three men and two ladies are not for turning. I do admire their perseverance but I do think that they are profoundly wrong. I think that it is not really a case of bravery or courage. I just think that they are wrong in their judgement, to have pursued their proposals this far. They are flawed proposals.

Remember that these are proposals to merge the two major social welfare benefit schemes of the Island: one administered in law by the Social Security Department; and one administered in law by the Housing Department. Let's just remind ourselves of what Housing and their Minister have said of these merging of the proposals of supplementary benefit and rent rebate – these are all direct quotes. They have said that these proposals are 'rushed' and 'incomplete'; 'no work has  
1515 been carried out to review the adequacy of benefit rates'; 'no transitional arrangements have been put in place,'; 'the lack of ambition is shocking'; and 'when put under close scrutiny, Social Security's arguments fall apart.' Housing has to be Social Security's partner in this process, but that is Housing's commentary on Social Security's proposals.

Deputy Le Lièvre, who, let's face it – and he reminds us of it often enough – has more experience and expertise in this area of policy than all the rest of us put together. I think that is a fact. I think we just have to accept that... He says that Social Security's proposals are 'doomed to failure, both at an individual and community level. They will not work.'

One of the papers which Deputy Le Lièvre circulated and – no great hardship to the Amazon – probably re-circulated over the weekend, told us that 980 people will be adversely affected by these proposals. I know I used some of these figures when we debated Deputy Le Lièvre's original amendment, but we have all slept since – including 250 pensioners and 370 children. Approximately 125 pensioners will see their incomes drop by between £20 and £50 a week or up to £2,600 per year; and, as Deputy Le Lièvre has repeated today, the supplementary benefit  
1530 assessment process severely impacts the ability of families to improve their circumstances. Social Security are proposing taking families, households, in work – probably in the main low income households, but in work – in the rent rebate scheme and forcing them into a scheme which plainly militates *against* encouraging people to improve their own financial circumstances.

That cannot be consistent with encouraging the policy of this Assembly for people, through their own independence and through their own hard work, to improve their circumstances. I am  
1540 amazed, actually... I referred to an example, which was in Deputy Le Lièvre's letter, two weeks ago in the debate, and I was expecting, when I did, that Deputy Le Lièvre or somebody from Social Security would jump to their feet and say, 'No, you have got that so completely wrong,' because it sounds ridiculous; but we had nothing in that debate from Social Security to suggest that Deputy Le Lièvre's figures were wrong in his paper and nothing in the two weeks since.

In his paper, Deputy Le Lièvre reminded us that there will be no financial advantage in a couple with two dependent children, living in social housing, increasing their income above £400 unless they can increase it to £660. With earnings of £680, they will have improved their circumstances by £2.97 per week. It would have taken an extra £280 of earnings for that family to have improved their circumstances by £2.97 per week.

That is because, clearly, the scheme into which Social Security are trying to force working families was never designed for that purpose. As Deputy Le Lièvre has said, it was designed in the 1950s for a very different category of people. This is not a merger. Social Security are taking two completely separate schemes and just trying to ram them together. There is no attempt properly to merge these schemes at all.

Reducing the wage of a full-time employee to subsistence levels is contradictory and opposed to the existing policy that promotes responsibility, independence and self-reliance. It would be bad enough if Social Security were putting all of these proposals as a sort of cost saving measure. Actually, their proposals cost nearly £4 million a year. I am not going to spend £4 million on tat.

1560 This scheme that Social Security proposed is hopeless. It does not get us anywhere. It achieves absolutely nothing, at a cost of nearly £4 million a year.

1565 Despite what Deputy Lester Queripel has said, Deputy Le Lièvre's amendment actually is not perfect and Deputy Le Lièvre's amendment, of itself, does not put right all of the weaknesses in Social Security's proposals. It is not without its blemishes but it must, surely, be infinitely preferable to the other two options that are before the States, either rejecting the amendment and rejecting SSD's proposals and leaving us with nothing and just perpetuating the cycle of policy failure we have had for the last several years, or rejecting Deputy Le Lièvre's amendment and voting for Social Security's proposals, which are completely and utterly flawed. I find it incomprehensible that the States would vote for these proposals, given the evidence that has been put before us by Housing and given the evidence that has been put before us by Deputy Le Lièvre.

1570 I think this amendment is better than the original amendment, because it does take into account two or three of the criticisms that were levelled at the initial amendment. By raising the benefit limitation in 29 (c) and (d), Deputy Le Lièvre is dealing with this accusation that was levelled at him in the last meeting of kicking the can down the road; because it does seek to target some assistance in the short term – short to medium term at least – to low income households, working households in the private rental sector; which is, I presume, why the Housing Department feels able to support this amendment.

1575 There is a caveat, because this is not a reckless amendment which seeks to do things in an unfunded way. There is a caveat to the increase of the benefit limitation to £600, that it will have effect unless it can be demonstrated that it would be impossible to introduce such an increase without contravening the States policy of a real terms freeze in aggregate revenue expenditure; in which case, the limitation shall be increased to as close to £600 as is possible without contravening that policy.

1580 There is a caveat, because this is not a reckless amendment which seeks to do things in an unfunded way. There is a caveat to the increase of the benefit limitation to £600, that it will have effect unless it can be demonstrated that it would be impossible to introduce such an increase without contravening the States policy of a real terms freeze in aggregate revenue expenditure; in which case, the limitation shall be increased to as close to £600 as is possible without contravening that policy.

1585 Second, after discussion with Housing, Deputy Le Lièvre has brought forward the date when the investigation committee would have to report to the States. The Housing Department – primarily, actually, through its officers – made representations that this investigation committee did not need this length of time to work and, actually, that if it was given too much time it would be tantamount to kicking the can down the road. So Deputy Le Lièvre has brought forward the date when the investigation committee will have to report.

1590 Social Security cannot get – according to their Propositions – their scheme up and running in full until 1st January 2016, at the proper rates that they believe are necessary. Deputy Le Lièvre's committee, if this amendment is successful, has to come back to the States nine months before that. So, I really do not think... I always thought it was a bit patronising to suggest that Deputy Le Lièvre, having spent all his working life, more or less, in this area of policy, was trying to kick the can down the road; but clearly that cannot be levelled at this amendment.

1595 Third, there was some concern raised about the constitution of the investigation committee – I think the Chief Minister, certainly, raised those concerns; but the constitution of the committee has now changed and, if this amendment is successful, a majority of the Members who form this investigation committee will come from the two Committees most closely associated with this area of policy: Housing and Social Security. But they will be supplemented, and the committee will be strengthened, in my view, by a Member from T&R – which clearly has an interest in this area of policy – and two members independent of those three Departments.

1600 What is proposed by Social Security is not modernisation of the supplementary benefit scheme at all. Their proposals do little to contribute to social justice. They cannot, in any way, foster personal responsibility. They cannot contribute to the social policy objectives of the States and none of their proposals are properly funded.

1605 The proposals in the amendment represent, I admit, not the certainty of reform, but I think it is clear that they do represent easily the best prospect now available to the States of developing and implementing, before the end of this term, a modernised sustainable single social welfare benefits model which does fulfil the social policy objectives of the States and which is properly funded and financially sustainable.

1610 I am quite clear that, if the States reject this amendment, they will be rejecting the opportunity, during this term of the States – and, quite probably, for years after that, as well – to design a single comprehensive, sustainable social welfare benefits model; because if Social Security's proposals go through, successive States will have a heck of a job trying to unravel the mess that would have been created by ramming together these two schemes in a way which is completely incoherent.

1615 So, I would urge the Members, who voted for Deputy Le Lièvre's amendment last time, to vote in favour of this improved amendment; and I would urge other Members, who had reservations about the earlier amendment, also to support this revised and improved version.

1620 Thank you, sir.

**The Bailiff:** Deputy Le Clerc.

**Deputy Le Clerc:** Thank you, sir.

1625 I, perhaps, should have stood when Deputy Fallaize was talking about the invitation to Social Security Board members to a meeting to discuss the amendment, because I was not aware of any invitation, as a Board member, to discuss this latest amendment with Housing or with Deputy Le Lièvre.

1630 **Deputy Fallaize:** Sir, may I clarify that point. I have seen an e-mail from Deputy Le Lièvre to the Minister requesting a meeting. If the Minister does not advise the members, then that is not my fault.

**Deputy Le Clerc:** Thank you, sir. I just wanted to clarify that.

1635 We all know where Deputy Le Lièvre stands regarding social policy and welfare and, in the main, I am in agreement with him. I want to help families. I would not be on the Social Security Board if I did not want to help people. I spend a lot of time in Amherst School and I see some of those families who are hard hit; those who live in social housing as well as those on low level earnings in the private rented sector. As I have previously stated, it is those in the private rented sector, who I am currently unable to help, who I want to see helped sooner rather than later.

1640 Where Deputy Le Lièvre and I will disagree is to the level of financial support that is given. Like all families, we, the States of Guernsey, need to live within our means and I fear these revised proposals will eventually result in costing more money. There is the cost for setting up the proposed committee, and by that I mean the staff side and resource costs that it will take up, as well as the overall costs of providing a system that means everyone is a winner.

1645 This amendment has hallmarks of the March 2012 proposals and, although there will be some differences, I would remind everyone that the costs then were between £8.3 million and £19.8 million. I expect that any new proposals that come as a result of this amendment will be much higher than our own proposals.

1650 So, where is the source of funding coming from and how will this new committee be able to do any better in agreeing a model that is capable of fulfilling and balancing the social and fiscal objectives of the States?

1655 Well, sir, I will, actually, answer my own question as I believe I know the answer and that is increased tax, tax and spend, or, perhaps in this case, spend then tax. We have already seen some hints in the Annual Independent Fiscal Policy Review from Professor Wood and I will quote:

1660 ‘In common with much of the western world, economic growth in Guernsey remains weak and it is prudent to assume that it will continue below its pre-crisis average for the foreseeable future. This is likely to limit Guernsey’s natural revenue growth in the medium term given Guernsey’s lack of consumption taxes and unusually high reliance on direct personal tax.’

And it goes on and on, so I will not repeat it all.

1665 Sir, I believe that the majority of those who responded to the Personal Tax Review consultation were against tax and spend. To me this amendment is a route to Goods and Services Tax (GST). How else are we going to fund potential proposals, other than raise taxes? And how can we raise sufficient to meet the potential cost of these amendments? The three little letters are GST. If you vote for this amendment, the inevitable consequences will be, in my view, GST.

**Deputy Fallaize:** Sir, Deputy Le Clerc is clearly misleading the House.

1670 Deputy Le Lièvre is proposing an amendment to set up an investigation committee which will then have to report to the States with its findings and the States will remain sovereign in determining any scheme. To link this amendment to GST is more than nonsense. It is misleading the States, sir, and the Deputy should not mislead the States.

1675 **Deputy Le Clerc:** Sir, I am not misleading the States. I have said it is my belief and I believe the *potential* for increased taxes. That is the only way that we are going to be able to fund any future proposals that come out of these amendments.

Sir, let us now look at rent rebate. Why do we need to abolish the rent rebate system? Well, let us start with the basics. If we had sufficient social housing, we might not need to abolish rent rebate, as everyone on low income who needed an affordable house, would have one.

1680 Unfortunately, this is not a perfect world. Not enough social housing has been built over the years and we therefore have people on low incomes in the private rented sector paying out a much

higher proportion of their income in rent than those in social housing. The system we have is inequitable.

1685 I would like to remind everyone that in the March 2012 Social Security Department proposals on the modernisation of supplementary benefit, their proposals to abolish rent rebate acknowledged that some households in the social housing sector would also have been disadvantaged. I quote:

1690 ‘To be clear, some tenants will still be worse off. Not everyone will be eligible to claim supplementary benefit to the value of their old rent rebate.’

1695 The report at that time indicated that their lack of benefit entitlement meant they probably already had income in excess of the requirement rates. So, the original March 2012 report, and our own Report, acknowledges that there are some tenants on higher incomes in social housing who will not benefit.

1700 In addition to those larger families who might suffer, we are also proposing transitional arrangements. We will work with Housing to smooth the transition period to reduce hardship. Our proposals also open the door for new beneficiaries and some of those who are currently ineligible for assistance may benefit for access to assistance such as help with doctors’ bills and eligibility for the £30 winter fuel allowance.

1705 Sir, to summarise, we brought our proposals to the States because we believe they were right: right for the Island, as in times of financial restraint... as we believe they can be delivered with reasonable expenditure of £3.75 million; right for low income groups, because it removes an anomaly where those fortunate to be in social housing are currently disproportionately advantaged over those who are in private rented accommodation; right for the recipients of supplementary benefit, the vast majority of which will be financially better off.

1710 A small number will, unfortunately, find that their disposable income will reduce marginally, but we will work with Housing on the transition arrangements to make this as few as possible; and it has been pointed out, there is discretion built into the system to allow the Department, on a case by case basis, to help alleviate this.

Sir, Social Security’s proposals *are* sensible. They do not need to be delayed and I urge the Assembly to vote against these amendments.

1715 **The Bailiff:** Does anyone have a shortish speech that they would like to deliver between now and 12.30 p.m. or shall we rise?

Yes, Deputy Stewart.

1720 **Deputy Stewart:** I really rise – very quickly, so we can have our lunch – just to say: as a matter of principle, I cannot agree with this amendment, because we have a committee. We have a committee that is mandated to do this work.

1725 Let’s set up a few more committees. Why don’t we have a ‘Sunday Trading Investigation Committee’? And, then, let us have a – (*Interjections and laughter*) Sir, I am just going to draw up an amendment. What about a ‘Farm Works Investigation Committee’? (*Interjections and laughter*) ‘Doggy Doos on Cliff Path Investigation’ – (*Interjections and laughter*). We could go on forever. Every time someone has got something that they feel... I know the passion that Deputy Le Lièvre feels in regard to social policy, but here is the thing: we have got a committee, let’s let them get on with the job that they are elected and mandated to do, and let’s not start building up a great big empire of special committees.

1730 Thank you, sir.

**The Bailiff:** Deputy Domaille.

**Deputy Domaille:** Thank you, sir.

Actually, Deputy Stewart has stolen my thunder really, there.

1735 I would just add that, actually, we already have a Social Security Department, let’s just let it get on with the job.

1740 I regard this amendment – and whilst I applaud Deputy Le Lièvre’s honestly-held views; he is so genuine on this, it is amazing – as, in reality, a vote of no confidence in Social Security Department. (*Interjections*) I am sorry, but I do, (*Interjections*) because, actually, I think the Social Security Department is mandated to do it. It is already starting the work. This committee just muddies the waters. Let’s just let Social Security Department get on with this work.

Thank you, sir.

**The Bailiff:** I think we will rise now and resume at 2.30 p.m.

1745

*The Assembly adjourned at 12.29 p.m.  
and resumed its sitting at 2.30 p.m.*

**Benefit and Contribution Rates for 2014 and  
Modernisation of the Supplementary Benefit Scheme  
Debate continued**

**The Bailiff:** We continue with the debate on the amendment proposed by Deputy Le Lièvre, seconded by Deputy Sillars. I will call Deputy Dave Jones to speak next.

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

1750 Two weeks ago, I tried to persuade you to support Housing's amendments to the Social Security Report, which we thought was inadequate – we still do, but without much success. While I am on my feet, I must also apologise to the Bailiff, the public and the States for using a very unparliamentary term to describe the unamended proposals from SSD at that time. Every now and again I forget I am no longer driving diggers for a living, where descriptive language was the norm and having just lost all the amendments, I can tell you, frustration set in and I allowed the standards, sir, that we observe in this place to slip below their normal. So I apologise for that.

1755

Sir, but moving on, Housing wanted low income households to get a better deal than was going to be available under the SSD proposals. Our amendments in essence would have meant a set of improved benefit rates that were linked to the minimum income standard, rather than the reverse engineering of SSD to get the policy to fit the sum. And you heard that this morning from a Member: 'It is £3½ million. We are not really interested whether it actually helps the people it is supposed to help. That is the sum of money that is going to be available and that is what is on offer.' That is simply not the way to run any benefits system or to help some of the poorest people in this community.

1760

1765 Both Housing and Social Security were taken to task in that last debate for failing to reach common agreement, although it was clear to me that Housing, which I thought unfairly bore the brunt of that... We had tried desperately to get the Report withdrawn in order that further work could be done which would bring both Departments closer together and get T&R firmly on board, but we were clearly unsuccessful.

1770

I just want to clear up a couple of points. I say that we tried desperately to get that Report withdrawn. We did. The Deputy Minister attended the Policy Council meeting when I was away on holiday, with our Chief Officer, Dr Langford. He tried to get Policy Council to stop this Report going, by pointing out to the Minister of SSD that it simply was not fit and ready to go. They failed. They tried again at Treasury. The Policy Council, when I was there, said, 'Well we want to have this debate on benefits', and that would have been fine if two weeks ago we had actually had a debate. But very few people got up and spoke at that time. The upshot was there was surprisingly very little debate on the issue, considering that we were discussing benefit rates for working families, pensioners and those in the private rental sector.

1775

1780 Anyway, with Housing amendments being completely defeated, nine votes in favour and 35 votes against, we received that message from the Assembly loud and clear.

1780

A little later, Deputy Le Lièvre asked Members to sign up to a new plan, reject everything on the table and start from scratch and report back to the States in 2015 and, in the meantime, as far as Housing was concerned, nothing would change, no help for those in private rental and their misery would continue.

1785

So, Housing could not support Deputy Le Lièvre's amendment at that time, principally on the grounds that it would have left low income houses in limbo for another two or perhaps even three years, something which we thought was totally unacceptable. The amendment was lost, although the vote was close. In fact, it could not have been any closer.

1790

It was at that point, really, that the loss of that amendment started to cause me real concerns about how all this was going to end and Deputy Fallaize has ably described to you this morning that we would end up either with a disastrous policy or, even worse, that nothing would happen at all and the whole thing would be thrown out.

1795

So, Housing looked at what was left on the table, which was not very much – just SSD's original's proposals – and there was little doubt that some Members who remained deeply unhappy with that position and who supported Deputy Le Lièvre's amendment would revert, we

believe, to the fall-back position and throw the whole Report out. With T&R already signalling their lack of support, given the Treasury Minister's clear and unambiguous comments on that day, we there saw that support for SSD's proposal was clearly, at that point, circling the drain.

1800 Put all that together and our thoughts at Housing were that there is a very real risk that SSD's proposals will get rejected and, therefore, nothing will happen at all. We would, in fact, be back to square one – or worse, we would not even know where to start after that. We would have no plan, no States' strategy – in fact, nothing. There will be no mechanism by which to improve the way the welfare system operates in this Island, other than SSD's entrenched position of saying, 'This is all there is. Now just get on with it.' And, if there is one thing that unites us and Deputy Le Lièvre, 1805 it is the fear of nothing happening at all.

That is why Housing welcomed his decision to place a new amendment before the States – an amendment which in many respects is very similar to the first one, but with one or more noticeable differences. It will help people sooner, rather than later, which is what we wanted all the way along and, under the new amendment, the people who are hardest hit by the existing arrangements 1810 – families with children – are offered relief in the near future by putting the benefit limitation up to £600 in January 2015, and that will make a real difference to them. It is not perfect. As we know, Housing was arguing for the benefit limitation to increase to £650 from 2015, but it is far better than the alternative, which, as I say, takes us right back to doing absolutely nothing – no extra help, no extra support.

1815 We are also very pleased to see that Deputy Le Lièvre has amended the constitution of the Social Welfare Benefits Investigation Committee – it is a mouthful – so that it now comprises two members from Housing and two from SSD. It is now no longer possible for the core Departments, SSD, Housing and T&R to be outvoted by the members on that Committee from other Departments.

1820 Deputy Stewart got up this morning and said, 'Just let's get on with them, we have got a committee.' We have tried that route. We have just tried that. Housing wanted to work with SSD twice, and SSD picked up its ball and took it off the pitch and left Housing to say, 'We are taking this to the States, regardless of your concerns, regardless about what you think about it. We are going to railroad this through and your opinions, as far as we are concerned, no longer count.' And 1825 that is where we found ourselves – in the ridiculous position of Housing having to bring its own amendments to try and help support its own people. That is how ridiculous the position was in which we found ourselves at the time.

Deputy Le Lièvre... Deputy Barry Paint who is on my board, when we met on Thursday last, insisted that if he was going to have any truck with this whatsoever, we must at least try and get 1830 some agreement between the two parties again before it came back to the States. So Deputy Le Lièvre would send a message to Deputy Langlois, when perhaps we could have got round the table and thrashed something out. And what do we hear this morning? Not even one of Deputy Langlois' own board members knew about that offer. It is a disgraceful way to run a Department, in my view.

1835 So, this amendment is not perfect and, as I say, we were arguing for £650 from 2015, but it is far better, again, than the alternative, which is likely to be doing nothing. We are also very pleased to see the amended constitution, as I said, and that the Departments: SSD and Housing and T&R, would have enough members round the table to have their views listened to.

1840 Finally, I note that the committee will report to the States by March 2015 – this is Deputy Le Lièvre's proposed committee – which is several months early than originally envisaged and that has also found favour with Housing Board members, because, if you remember, one of our main complaints the last time is that we do not want this kicked into the long grass, the can down the road, any euphemism you want to use. We want it to happen sooner rather than later.

1845 So, I say, if you are confused by Housing's new position, then you need not be. Housing's concern from the very beginning has been to help those who need help now and are not getting it, resulting in them slipping deeper and deeper into debt and we will support any measure that will prevent that happening – any measure that helps people now. Also, in order to ensure that some of the less well off, as I say, in our community are not made significantly worse off as a result of SSD's unamended proposals.

1850 Now, this morning I was shocked to hear on the radio, Deputy Langlois admitted that some people would be significantly worse off. He then went on to say something very odd and that is that SSD's proposals are a pragmatic compromise. Well, pragmatic to who? They are certainly not pragmatic to the low paid and the poorer people in this community who are going to lose perhaps up to £50 a week from their income. How pragmatic is that for them? So, I thought that was a very 1855 odd thing to say.

1860 And it has not been a compromise. A compromise envisages two people getting round the table and coming to an agreement. We had some of that. In fact, one of the joint meetings that Deputy Langlois mentioned this morning on the radio involved him himself and one Board member. This was supposed to be a joint meeting of two full Boards! We ended up with two people turning up to a Housing Board meeting from Social Security and that was considered to be enough. It is barking to say that we were working together on this.

Right, we have covered... I have gone over a bit of the history of the last debate. We will move on.

1865 So, we are backing Deputy Le Lièvre's, to make it perfectly clear where Housing is, because my Board is convinced it represents the best possible chance of improving the lives of low income households and I hope that you back this amendment. I hope you agree that that is what the whole point of this SSD proposal is supposed to be and you will support it, as the best outcome for everybody, because if you do not – Deputy Fallaize was quite right this morning – we are going to be back here in several months' time, going all over this again.

1870 And I might also remind you that many of the people who are going to be affected by these proposals and are going to have to watch their incomes significantly drop are going to be people who live in your electoral districts and when this happens, I will be sending them to talk to you. I will certainly be sending them to talk to Deputy Langlois, because he will be able to explain to them how this has come about when it could have been so easily avoided by a little bit more thought and by, I believe, a compromise position of the Deputy Le Lièvre amendment that will help these people.

1875 And as for transition, I laugh when I hear Deputy Langlois talk about transition, because what the transition will mean is that, 'We are going to reduce your income by between £20 and £50 a week, but we will agree with you how long you want us to do that over.' It is not fair to these people. So, I hope you support this amendment.

1880 Thank you, sir.

**The Bailiff:** Just before I call Deputy Sillars, Deputy Spruce, do you wish to be *relevé*?

And I did indicate, those who wish may remove their jackets.

1885 Deputy Sillars – and then Deputy Adam.

**Deputy Sillars:** Sir, it is a shame that this amendment ever needed to be drafted and brought to this Assembly. By agreeing the SSD proposals before us today, we are agreeing to one solution that fits all. I question, is the money proposed the correct amount? Will it be paid to the right people? And, how is it to be paid for? These need answering.

1890 On their own admission, we hear from SSD that there will be winners and losers but cannot say at this time who they will be. What is also very wrong is that each group have very different needs. I cannot support a policy of winners and losers that affects often the most vulnerable members of our community – a policy that some pensioners will be worse off financially, but who and how many and why, we do not know. A policy that some couples with one, two, three, four and more dependent children will be worse off financially – again, we do not know. A policy that some widows and single-parent families with dependent children will be worse off financially but who, we do not know. This cannot be right. It must be wrong.

1900 As I said in a previous speech, I do not begin to understand the technical details, but I do not and most of us in the Assembly do not need to understand them. I remained at high level, as Deputy Le Lièvre and others have already gone into great detail previously and, yes, he certainly knows what he is talking about. Trust him – I do.

1905 What I want from this amendment and why I am very pleased to second it is to find out the best way forward for all the groups involved and for a recommendation to come before this Assembly prior to March 2015. This is very possible and, yes, for this Assembly to agree and then to act upon it in this States' term, for the benefit of all those involved who need and deserve help. This amendment cannot be accused of kicking the can down the road. If it was trying to do that, I know Deputy Le Lièvre and I would not have brought it. This subject is far too important to get wrong and must, once worked out, be delivered in a very timely manner – this States' term.

1910 It has been suggested to me that, by doing this, it could become very expensive. What I want is for a policy to be worked out that is fair to all, how best to deliver to those who need, to encourage those who can and do work and to allow them to earn more, when available; for the needy pensioners who are really suffering and for those who have no realistic chance of working. Then we, as an Assembly, can then see what it will really cost and how affordable that would be. Let us get to the real cost and fully understand them.

1915

I voted against the SSD proposals in March 2012, because of the costs. We were quoted £8 million to £20 million. We are now being told that actually we would spend just under £4 million and not everyone... in fact, quite a few of our community will be worse off. What I expect to find out is exactly how much it will cost. I do not want to hear about, at this stage, threats of taxes going up, GST. This only confirms to me that no-one knows the real cost.

Let us review, confirm, understand what the costs are and what benefits that our community needs. Then we can make evidence-based decisions. It may well be that, when the figures come back to the Assembly before March 2015, because of the size and the cost, I will not support them, but let us find out what it is.

Equally, as we do not know these figures, I firmly believe that no-one knows the figures and, so maybe I can support it when we know what the real figures are. If it is too expensive for our Island to bear, then we need to prioritise. Let us get the facts first.

Here we have a report that tries to treat all very different groups the same. This cannot be right. The current SPB scheme, as we have heard, was designed to assist Islanders for whom work is never likely to be an option – the very old, the disabled and chronically ill, to name some. The SSD's proposals leaves the largely unaltered scheme for those I have just mentioned as a tool to also include those who are likely to be in work earning not a lot and others possibly in reasonably well paid employment. They are all very distinct and different groups and need addressing very differently.

I have met some families who are in permanent work, but cannot do the occasional overtime to benefit themselves and to help their company out, which in a small way may well contribute to Guernsey's economy, because they would be disadvantaged and would end up worse off financially. They have also turned down a pay rise, as they would lose more than they would gain. How can this be right? Surely, we should incentivise those who want to and have the opportunity to work and earn more.

So, in summary, I do not want to encourage a benefit claiming culture. We must strongly encourage those who can work to earn what they can and to stay in work. For those who cannot work for sound and good reasons, then society must support them and we must support the old who may not be able to support themselves. So, please support this improved amendment.

Thank you.

**The Bailiff:** Deputy Adam, then Deputy Luxon.

**Deputy Adam:** Thank you, sir.

Deputy Jones said that the Housing Department states that SSD was railroading this Report through. But Deputy Jones should know all about these things, because the year before, he railroaded a report, a joint report from HSSD and Housing. Now, a member of HSSD actually did not bring amendments, he brought a *sursis*, which was rejected. And, sir, I think it is fairly relevant to remember what has happened in the past, because by doing that, we might avoid making another mistake. (**A Member:** Hear, hear.)

Now, let me quote from a letter I have from 26th October 2012. The author of the letter says:

'It is my unshakable belief that until one understands the journey that has brought us to where we are today, we can never rid ourselves of the prejudices and misconceptions that plagued the development of social welfare policy. Our current Supplementary Benefit Scheme is riddled with such failings and it is within the gift of this States to put some of these matter right immediately.'

Sir, for you, I can advise Deputy Le Lièvre, it was his letter. And, sir, it still applies today and that is why this amendment must be accepted, so we get the correct road forward.

Sir, I have to accept, and the Minister of T&R knows full well, I am supporting this amendment because I believe so strongly. At that time, concerning Housing, HSSD and extra care housing facilities and a business case was made and went to T&R Board to show it was cost effective. From there, after all that work had been done – and the civil servants of SSD had worked *extremely* hard to get that business case – there was meant to be a follow-up committee to look at all aspects of supplementary benefit, to make it more transparent, to make it more realistic, to make sure it was as fair as possible within our economic climate at the time. Has that happened? No. (*Interjection*) It has not happened.

Sir, through you, I reply to Deputy Gollop, saying that it has not happened and that is why this time it *must* happen. It *must* progress properly in a sensible manner. Not just for the issues that Deputy Sillars has just mentioned, which I fully agree with, but for the overall supplementary benefit system – and, yes, Deputy Langlois, it will not take two months, it might take six months. I accept that. But, there has to be a dedicated group to look at it, who know the background and

know the past history and can come forward with reasonable, realistic and transparent help and support.

1980 Deputy Le Clerc did, as Deputy Sillars says, start scaremongering about GST, etc. But, one has to accept, at the same time that any report (a) has to find funding and (b) the result must be funded as well. Whether that is a case of redistributing the cash amounts to Departments or, as Deputy Le Clerc suggested, GST or some other form of increased taxation, that can be decided at the time. But please, initially, let us go forward with a proper concept. If you reject this amendment, we

1985 have already heard several people say, ‘You can reject Propositions 28 to 34 of SSD and be left with nothing, up in the air completely.’ What a waste of time – a *waste* of time!

This is your best option and I advise you to take it and go forward with it. As long as at the end of the day we get a realistic and, as Deputy Le Lièvre’s amendment says, cost effective or within our financial scope to provide proper, not biased, but realistic measures of support for those who

1990 are less fortunate than the majority of us in this Assembly.

Thank you, sir.

**The Bailiff:** Deputy Luxon, then Deputy Paint.

1995 **Deputy Luxon:** Thank you, Mr Bailiff.

Sir, I have received some lobbying on this amendment and I have seen some lobbying and so, clearly, it is quite an emotive one. At the last sitting, I was surprised when Deputy Langlois almost seemed, to me, to try and snatch defeat from the jaws of victory when he said, ‘I can see the way this is going and I may well not be successful.’ But, then, again, I also caught Deputy Fallaize’s

2000 eye towards the end, when Deputy Le Lièvre was summing up and again, we both reflected that perhaps Deputy Le Lièvre was almost going back into the detail and losing some of us, so again perhaps he almost snatched defeat from the jaws of victory. So, I am not surprised it was a draw, sir, last time.

I am not inclined to want to support this amendment, but I am still listening and I will make my mind up once the speeches are finished. I should not probably say, ‘I am probably in a minority’, but I think I probably will be.

2005

Sir, I want to resist the urge of supporting this amendment. The first one fell. If this one falls, will there be a third one and a fourth one and a fifth one, until eventually the Assembly does support one? This may be, and Members have mentioned that they think this is, a better or a good

2010 amendment. I think it is possibly a different one, but I do not think it is a *right* amendment. This amendment gives me a lot of concerns and it is mainly about the process, sir.

I am supportive of the intent and many Members have clarified why this is such an important issue and a very complex issue. So, I am completely supportive of the intent behind Deputy Le Lièvre’s amendment, but not the content or not the approach. I am very, very uncomfortable with what has been proposed.

2015

For me, sir, the facts are that we have the Social Security Department that has a mandate and the Housing Department that has a mandate and Treasury and Resources which has a mandate. We also have a Personal Tax, Benefit and Pensions Review mandate. All of these have jobs to do and this Assembly has put people onto those Boards to do that job. I had not heard – until today, when

2020 the Housing Minister has indicated that perhaps he is uncomfortable – the SSD Minister, Housing Minister or T&R Minister indicating that they do not believe that they or their Boards are capable of doing the job as per their mandate in this particular policy formation area.

And, sir, on that basis, I do not see, if we respect the system of government and the process and those decisions we made when we appointed the Boards, 18 months ago, how this amendment and the setting up of this new committee is appropriate. For me, sir, it feels a little bit like State Review Committee work on the hoof. Why do not we actually appoint 47 people to this

2025 investigative review? Oh, no, that is us, isn’t it? That is the Assembly.

Sir, seriously, we have five Deputies that this Assembly appointed onto SSD and five onto Housing and five onto T&R. I am assuming that we all did that wilfully, because we felt that their

2030 balance of skills and competencies would allow them to deliver against the mandates of those Departments. That is at least what I believed that we did. And yet, here we are with this amendment, asking a very detailed and complex piece of policy development to be conducted not by those three boards, with those 15 Deputies, who for the last 18 months have been getting to grips with the detail of their mandates and these particular important matters. We are talking about

2035 selecting an independent chairman from the Assembly, who does not sit on one of the three Boards. Yes, we have two SSD members, two Housing members and one T&R member and one other independent Deputy, but, sir, are we not, by very nature, compromising on the decision we made 18 months ago, to put the right people onto the right Boards to do the right job?

**Deputy Fallaize:** I thank Deputy Luxon for giving way.

2040 I am just wondering, does he believe that the formation two or three months ago of the Constitutional Investigation Committee, to carry out a review which could have fallen squarely in the mandate of the Policy Council, has undermined the Policy Council in the same way that he is suggesting that Housing and SSD would be undermined by the passage of this amendment?

2045 **Deputy Luxon:** No. (*Laughter*)

I think he wants a longer answer. (*Laughter and interjection*) Well, we will still get to know, once I have finished saying these next few words. I do not remember there being any opposition to that proposal. I do not remember hearing any concern about the logic and the need for it, but what I am saying here is that we have... or we had three Departments, until this morning, when one of the Departments, the Housing Department, has changed its mind from a fortnight ago. We did not have three Boards that believed this was necessary, so no, I do not agree with Deputy Fallaize's assertion at all.

2050 'How on earth can it be right?' is my principal point. How will the chairman, whoever that person is – as we look around the Assembly, we know it cannot be 15 people in this Assembly – how can we be certain that that chairman would have the right skills, the right competency set? How is he going to manage what clearly is going to be a bit of an A-personality board, if there are going to be component members from existing Boards? But how on earth are we going to give that body the mandate, if you like, the real mandate to be able to get on with this task, when we already have that mandate very well placed in the appropriate Departments and asking those Departments to work together and come back with some agreement?

2060 And, sir, I totally accept, as Deputy Sillars said, it is a great pity that we find ourselves where we are right now. It is a great pity and, clearly, Social Security Department and Housing Department and/or T&R by *de facto*... because it would appear there is not agreement between the three and clearly there has not been an ability to get to an agreement. That does not mean to say that we should throw the cards up in the air and let them see how they tumble. We have asked these Boards to get on with the mandates and I believe that is what we should do.

2070 Sir, on paragraph three of Deputy Le Lièvre's helpful letter with the amended amendment, paragraph three was very clear that he felt that this was not remotely a no-confidence vote. I accept that and I do not think it is – but actually, it *is*. What it is saying is that the current structure of our departmental mandates and, indeed, the current Board activities are not delivering well enough, if we support this amendment. So, sir, it is not about the intent and it is not about the important nature of these issues. It is simply about this Assembly deciding, because we do not like what a Department or Departments are coming back with, that we should actually decide that we will take the mandate away from them and gift it somewhere else. If we are going to do that, we should actually let the States Review Committee get to grips with that earlier and get on with it.

2075 So, sir, I may well be in a minority, it would not surprise me, but I simply cannot support it, as I see it at the moment, unless some compelling speeches show me why we should ignore... and I cannot believe I am saying this, with Deputy Fallaize in my eye-sight – unless we decide we do not want to follow good process, which is what this amendment does not do.

2080 Thank you, sir.

**The Bailiff:** Deputy Perrot.

2085 **Deputy Perrot:** May I raise a point of order, sir? Actually, I am not sure if it is a point of order, really. Could I ask, if I ask a question about the Rules of Procedure, is that a point of order?

**The Bailiff:** Not strictly, I do not think, no. But, ask your question and then we will find out if it is a point of order.

2090 **Deputy Perrot:** Shall I try it anyway? I wonder if I can ask you or perhaps, through you, Madam Comptroller, whether this amendment falls within the provisions of Rule 15(2). Rule 15(2) says that:

2095 'Any decision to approve a proposition which may have the effect of increasing revenue expenditure but which does not incorporate –  
(i) an estimate of that increase in expenditure;  
(ii) an indication of how such increase could be funded; and  
(iii) an explanation of any effect on the States Fiscal and Economic Policy Plan  
2100 shall take effect only if and when a subsequent proposition which complies with (i), (ii) and (iii) above has been carried.'

So, my question is whether, if the amendment is successful, Proposition 29 would fall within that Rule?

2105 **The Bailiff:** Madam Comptroller.

**The Comptroller:** Thank you, sir.

I have considered this and, as Deputy Perrot has read out, the wording of Rule 15(2) is very much whether a proposition 'may' and that is the extent of the wording.

2110 It is possible, sir, that parts of Proposition 29 may fall within Rule 15(2). It should be noted that that Rule does apply to particular Propositions itself, so this is a Rule that, to be perfectly honest, is more often observed in the breach, it might be fair to say, than in the observance of it arising. There are several occasions where Members have indicated that Rule 15(2) may arise and it may well be that the Department, that Treasury and Resources itself or even SSD may want to comment in particular in relation to the implications of that Proposition raising expenditure.

2115 It may also be that the proposer of this amendment may also wish to comment separately. But, yes, potentially, I would agree that Rule 15(2) could be raised under Proposition 29.

2120 **The Bailiff:** Right, fine. So, if Rule 15(2) is engaged – if it is – then, if the amendment is approved and then if the Propositions that result from that amendment are then eventually approved, they shall take effect only if and when a subsequent Proposition complying with paragraphs (i), (ii) and (iii) of that Rule has been carried. Is that...?

**The Comptroller:** Sir, that is absolutely correct.

2125

**The Bailiff:** So, it does not prevent debate continuing?

2130 **The Comptroller:** It does not prevent the debate taking place. In fact, it can be voted on and it can be approved and, therefore, the effect of this is that either the proposer of this Proposition may need to reflect on whether he still wishes the Proposition... whether Deputy Le Lièvre still wishes that Proposition to be retained within this amendment as a whole or whether he wishes to, perhaps, consider amending it accordingly. Once Rule 15(2) has been engaged, if it does apply – and I agree it may apply – that is exactly the position, sir.

2135 **The Bailiff:** Yes. It is a rather uncomfortably worded Rule, but that seems to be the effect of it. Deputy Le Lièvre.

**Deputy Le Lièvre:** Sir, if we consider the amendment as a global instrument –

2140 **The Bailiff:** Which it is at this stage. It is only once it is approved that it will become a series of Propositions.

2145 **Deputy Le Lièvre:** Then, my understanding of Rule 15(2) is that it would actually result in additional expenditure over that which is proposed by Social Security. That is my crude understanding of it.

But, this amendment does no such thing, because it keeps the Rent Rebate Scheme in one piece. It does not close it and therefore there will be no transference of people from the Rent Rebate Scheme into Supplementary Benefit.

2150 Now, I think somewhere in Social Security's Report, I have seen a chart which shows that if you actually put in place the £600 benefit limitation, then you would end up with 17 people affected by the benefit limitation and something like 725 new claims, something of that accord. Of course, that results in a huge amount of expenditure which would not be incurred in the event that this amendment was approved. Similarly, you would not need £800,000 worth of transitional arrangements or a large chunk of the extra staffing.

2155 So, by my calculations – I will not be over greedy, I will not knock off *all* of the extra staffing, because, obviously, there would be an increase in the number of staff employed, even subsequent to this amendment – but if we knock off £200,000, then there is savings of £1.67 million. Now, even by my book, that is not an extra cost over and above Social Security's approvals. (*Laughter*) So, I cannot see how Rule 15(2) can be engaged.

2160 Certainly it could be in relation to Proposition 29 c), which is the £515 lift.

**The Bailiff:** I think it is 29 c), 29 d) and, potentially the supporting costs for supporting the Investigation Committee.

2165 **Deputy Le Lièvre:** Well, if I might take those separately, sir, Proposition 29 c), I am quite happy to take that out, and we can consider it as a separate amendment, as was proposed originally. I just thought, from a neatness point of view, it would be sensible to have them in there.

2170 But that £515 is an *omission*. It was Social Security's omission. This is a point to actually correct that omission and put into effect a benefit limitation which has been increased for the last 37 years. It seems somewhat strange to me, I have to say, that you would want to knock out a correction when, in actual fact, the whole thrust of Social Security's policy letter is one based on improving the system.

2175 **The Bailiff:** I think we cannot have a sort of mini-debate.

**Deputy Le Lièvre:** I know, I am sorry, sir, but I thought it was important that we understood what some of these proposals are about. I cannot see that this amendment engages Rule 15(2), because it results in over £1½ million reduction in expenditure, as opposed to an increase.

2180 **The Bailiff:** I think we cannot have – Well, Madam Comptroller, what were you going to say?

**The Comptroller:** Sir, I have sympathy with what Deputy Le Lièvre says and I understand exactly where he is coming from.

2185 However, the wording of Rule 15(2) does use the word, 'proposition' and, sir, on reflection there is good reason for that, because even though the amendment taken as a whole might be said to reduce expenditure, and therefore it might be voted on at this moment as the amendment as a whole, of course once the amendment, if approved, forms part of the general Propositions at the end of general debate, at that stage any Member may request you to take the Propositions separately and therefore it is perfectly possible as a matter of practice that the amendment at that stage might not be approved in its entirety. The Propositions might be taken separately and therefore, if they are taken separately, the effect of the amendment as a whole will be reduced and therefore the actual reduction may not take place, even though, at the end of the day, if it were taken as a whole and there was no change, then there would be the reduction, I agree. But I think, in practice, that is why Rule 15(2) retains that particular element – it refers to the Proposition and that is what one must bear in mind.

2190

2195

**The Bailiff:** Deputy Fallaize.

**Deputy Fallaize:** May I seek clarification from you?

2200 I apologise, I had a hand in the drafting of this Rule. (*Laughter*) It was forced on the last States by the Policy Council, against the advice of the Committee and it is a dreadfully, dreadfully worded Rule and I apologise to you, sir. The sooner we can change this Rule, the better.

Can I just seek clarification from you that you mentioned Propositions 29 c) and d) and 31?

2205 **The Bailiff:** Well, those are ones, it seems to me, that potentially involve additional expenditure.

2210 **Deputy Fallaize:** Would it be right, sir, to say that, in respect of 29 d), there would have to be another Proposition before the purpose of that took effect, because it is not taking effect until 1st January 2015 and it will have to be dealt with in next year's operating report in any event, so that the second part of 15(2) to deal with?

2215 And Proposition 31 of the amendment does not, of itself, bring the committee into existence, does it? That would need a separate report to come back to the States to constitute the committee, so that would need a subsequent proposition as well. So, would I be right in saying that we are dealing with Proposition 29 c), Deputy Le Lièvre has already circulated that Proposition in a separate amendment that we were going to debate two weeks ago, so if Proposition 29 c) does fall foul of Rule 15(2), it could be taken out of this amendment, quite simply, and Deputy Le Lièvre could lay it as a discrete amendment as he intended to?

2220 **The Bailiff:** As you say, it is an uncomfortably worded Rule. It does not say that you cannot debate the amendment. All it says is that, if the Proposition is approved, it does not take effect until something further is done, so I think it means we can continue with the debate. Let us assume

2225 the amendment is passed. We will then have a new Proposition 29 c) that Members will vote upon. If they do decide that they would vote in favour of Proposition 29 c), it will not take effect – in other words, the £515 benefit limitation will not take effect – until there has been some further Proposition. That is my understanding. I am looking to Madam Comptroller, but that is my understanding of it.

2230 **The Comptroller:** I think that is exactly right and were there to be a separate report, for example, in relation to the Social Welfare Benefits Investigation Committee, then obviously the Propositions relate to that report. It would only be the case if the Proposition was standing alone and there was no report being brought back, then I think there would be a practical difficulty.

2235 **The Bailiff:** So, I think that is right. I think the effect would be simply Proposition 29 c) would not take effect until there has been some further Proposition. That is strange, but that is what the Rules say.

Deputy Le Tocq.

2240 **Deputy Le Tocq:** I would like to speak on the amendment.

**The Bailiff:** Oh, right. (*Laughter*) I was going to call Deputy Paint next. So, Deputy Paint and then Deputy Le Tocq.

2245 **Deputy Paint:** Sir, I am really saddened by the infighting that has gone on in this particular item on the Billet. I think things could have been done quite differently if the Departments and the proposer of the amendment had been prepared to sit down and talk this thorough.

2250 Sir, I am one of the first ones to assist people who are in need, whether here in Guernsey or overseas, if I can. I have no problem in understanding that there are some people in need in our Island and should be assisted in one way or another. This is a civilised thing for every government to try to do, if they can afford it.

2255 Also, I *do* have a problem with those whose only ambition is to live off the state and therefore the taxpayer. (**A Member:** Hear, hear.) We are all aware that there are some that do just that. I feel very sorry for those who are States' tenants who wish they could be able to better their lives, but are prevented from doing so because of the earnings cap they have on them, for understandable reasons. Unfortunately, they can see no light at the end of the tunnel of their lives and have no incentive to improve their position in life and will always continue to be poor, unless things change.

2260 I equally feel sorry for those in private rented accommodation who are having, in some cases, very much difficulty in making ends meet. I am, however, concerned that, if assistance is given to these people, it may encourage some of them to work less and the state will have to pay their rent.

I have tried to analyse the Propositions put before the Assembly for debate, so I will start with the amendment. At a meeting with Housing last week, I asked several questions. The main one was, how much would it, if this amendment succeeded, cost the Government, if the final proposals from the committee were accepted? I was given a very honest answer: they did not know.

2265 I therefore have to presume that the cost would exceed the last time this came before the Assembly, which was £8 million to £20 million. I did not ask then, but I will ask now: where will this money come from? Will it be taken away from the hospital that needs an extreme amount of money, or somewhere else? It has to come from somewhere.

2270 The calculation made by Housing was a little under £7 million, if their proposal had been accepted. Where will this money come from? SSD's proposals are a little under £4 million. Where this money would be coming from is explained in the Billet, but, in the end, is it enough, bearing in mind what I have said before? We are in a down-turning spiral in States income, so something has got to give. We will either have to charge more tax or increase Social Insurance levels to pay for these proposals, as far as I can see, which has been mentioned earlier. If the Social Insurance payments to the people in need are too high and there is a further downturn in the economy, that may mean that people working may have less money than people who are actually on benefit. Would that be right? This would be a sorry situation to be in, but it is possible.

2275 I therefore advocate extreme caution in what we do now. It may come back to bite us in this Assembly or in Assemblies in the future.

2280 Thank you, sir.

**The Bailiff:** Deputy Le Tocq and then Deputy Bebb.

**Deputy Le Tocq:** Thank you, Mr Bailiff.

2285 Sir, I will be brief, because I find myself roughly in the same position as Deputy Luxon and he has already illustrated very ably that particular case. I have every sympathy with the amendment or parts of the amendment, particularly, and realise and understand fully what it seeks to address or redress from the proposals before us from Social Security.

2290 My difficulty is this: I cannot see or have faith in the setting up of yet another special committee to focus on this issue, when it specifically falls within particularly two Departments, and three if you include T&R, to have responsibilities for this issue. I disagree with... I understand Deputy Fallaize's question to Deputy Luxon, but it is, to my mind, very different to the Constitutional Review Committee, which was suggested and initiated by the Policy Council – at least it came via that means, rather than this particular means, which illustrates to me... This  
2295 situation we find ourselves in illustrates perfectly the weaknesses we have in our current system of government, because setting up another committee, even given the improved – and it is a much improved amendment from the last one that Deputy Le Lièvre laid... Even with the improvements, I cannot see that we would find ourselves, necessarily, in a better position further down the line. Therefore, in my mind, at the moment while I am still listening, I am tempted to vote certainly  
2300 against the amendment and also against some of the Propositions from the Social Security Department.

I do feel there are, obviously, some ideological views that back up the various positions and that is perfectly right and proper that they should be addressed and they should be expressed and we should have a debate on those things. I think Rule 15(2) has been put in the Rule Book because  
2305 this Assembly should be very cautious before playing around with and messing around with financial Propositions without all the information being made available to this Assembly by the Departments mandated to do so. In my mind, sir, the sort of direction that we are being encouraged to go in is a decision that this Assembly should make really only after the Tax and Benefits Review debate has taken place. That means we are left in a position, currently, which is  
2310 not comfortable and I accept that, but because of the implications of this, I am not convinced so far on what I have heard that this amendment is the right way forward, whilst I sympathise with the direction that it seeks to go in.

And, one could argue, certainly, that Deputy Le Lièvre – and I do acknowledge and appreciate the amount of information that he has produced for us and has said to us, not just on this occasion,  
2315 but in the past, and his wealth of knowledge... The fact remains, this Assembly did not put him into a position on either of those Boards and we have to work with those that we have entrusted to do so and, in the end, it comes down to a vote in this Assembly and I feel we need to trust ourselves to make that particular vote and today, at the moment, I am still listening to the debate, but I feel we have got to be cautious before we end up making the sorts of signal changes which  
2320 would inevitably result, I think, in us having to make other decisions further down the line that we will probably regret, because we have not got all the information and the implications before us today.

**The Bailiff:** Deputy Bebb, then Deputy St Pier and then Deputy Hadley.

2325

**Deputy Bebb:** Thank you, *Monsieur le Bailli*.

I would like to speak specifically to some of the questions that Deputy Luxon and Deputy Le Tocq have eloquently put. When I came to this Assembly two weeks ago and the previous amendment was laid, I was intent, prior to debate, to vote it out – but I voted for it. Part of that was  
2330 because of the deep unease as to two of the largest Departments within the States, by expenditure, disagreeing on the best way forward.

Deputy Luxon, Deputy Le Tocq and a number of other people are quite right in saying that we should be very mindful of States' expenditure and I would suggest that, in that, we should not be  
2335 mindful of the cost of this new committee, because that is near insignificance in comparison to the costs that we are discussing in relation to these specific issues.

The benefits that would be derived from ensuring an appropriate measure, and the costs associated in relation to this committee as opposed to some of the work that would need to be undertaken anyway is minimal. Therefore, whilst I agree that Rule 15(2) may well be engaged, I  
2340 would suggest that one simple means of resolving that – and I am sure that everybody would agree – is that, should this amendment pass and then the subsequent Propositions pass, we could include within the Billet concerning the election of members to that committee an appropriate small report addressing those direct issues. We can debate those issues concerning the direct costs and, in the interim period, some work can be undertaken between the two Departments as to how to appropriately fund this committee. We can agree, at that point in time, whether that is the right

2345 means, but I would suggest that the amount of money we are looking at is nothing in comparison to what we are talking of in terms of real effects to people on an annual basis.

Deputy Luxon made reference to the fact of – I am paraphrasing, Deputy Luxon, I apologise – a dislike of additional bureaucracy. I loathe additional bureaucracy, but I would suggest that the setting up a new committee which incorporates these people... And I do not think it is a vote of no confidence. I have faced a possible vote of no confidence, I know what it feels like! I can tell him that it was a baptism of fire into the world of politics. I know what that is. This is *not* a vote of no confidence and any inference that it may be, I believe, is folly. We have two committees that do not agree and I said the last time, in the previous amendment, there is no shame in that, but let us think very carefully. If we do not approve this amendment, are we also rejecting Social Security's proposals, in which case we end up where?

2350 There is one other issue that I would like to address and, instead of harking back to past decisions, I am going to look forward to this month's debate in a few weeks' time. In that debate, we will be discussing the Disability Strategy. I would suggest that, of course, nobody would enter into a debate concerning the Supplementary Benefit and that is without having read the law, but just in case you have not had the time, I would like to read a little bit, a couple of sections. I would like to read section 39A and, specifically to start with, section 10. Section 10 of the Social Security Law states:

2365 'The Authority shall have power to make such arrangements as it may deem necessary or expedient for promoting the welfare of handicapped persons, and for that purpose it shall not be necessary that any such person shall be in receipt of a supplementary benefit.'

It then goes on to describe some of those benefits.

2370 Section 39A of the... Sorry, I forget, because the Laws are complicated and I am sure that everybody would attest to this. Section 39A of a slightly different Law actually talks about:

2375 'The Authority may, at the cost of the Guernsey Insurance Fund, make arrangements for securing that [insured persons] may take advantage of –  
(a) vocational training,  
(b) industrial rehabilitation courses,  
(c) facilities in connection with employment or work under special conditions...'

2380 Those issues concerning disabilities and appropriate means of spending money in order to assist those people, I have seen nothing in relation to that in the Social Security proposals. I see no means of looking into it. I am not saying that is the only area. I am not saying they would necessarily be this new committee's place to take that work, but it is surely right that if we are going to support a Disability Strategy in a couple of weeks' time – and I am not prejudging that debate, but I would sincerely hope that we would support such a strategy – it is only appropriate for us then to start now and ask those questions. Do we believe that we are seeing progress in relation to those questions or do we believe that those types of questions should be taken out, given due consideration by this new committee and actually placed within a priority as to how it will look like? Should they remain within one rule fits all on all means of Social Security payments? I do not think it should, but I would not want to pre-judge any points.

2390 There is an enormous amount of work to do in this area. I feel that this new committee addresses a lot of those questions and I would say that those concerns that Members have, if you vote for this amendment and then support the Propositions, no-one will object to a discrete report addressing those concerns being accompanied in the Billet with the Propositions relating to elections. Therefore, I cannot imagine anyone would want to simply take the risk in relation to the flat-lining – I hate that term, by the way Deputy Le Lièvre, but it is an appropriate term. Anybody could support proposals that actually put in place that flat-line.

2400 During the election, I remember, distinctly, two people on the doorstep, one of which said that they were offered additional work and they simply could not do it, because they were deeply concerned as to whether they would be evicted from their social housing. There are 13 social housing estates in St Peter Port North, probably more than any other area. Now, whether that is true or not is not the point. It is the perception that they have. Do we believe that it is right that someone tries to better their circumstances and then gets evicted? In equal terms, another person said that they simply could not undertake additional work, because they knew of how little they would receive in their pockets.

2405 This is a problem that is happening now and, yet, we see a Proposal that would see – and I am sure Deputy Le Lièvre would correct these figures – someone being able to earn an additional £280, but only being able to pocket £2.70 – (*Interjection*) £2.97 – I am sorry, I deprived someone of 27 pence! (*Interjections*) That cannot be right, so think carefully whether you will support

Social Security's proposals and if you do not support the setting up of this committee, what on earth are you doing?

2410 Thank you.

**The Bailiff:** Deputy St Pier and then Deputy Hadley and Deputy Gollop.

2415 **Deputy St Pier:** Sir, nothing I say will be a surprise to Deputy Le Lièvre, because he and I had a conversation last night, but for the benefit of other Members, I want to make a couple of points in relation to T&R's position on this amendment. The first one has already been raised by my colleague, Deputy Perrot, in relation to Rule 15(2) and I think that issue has been addressed. I do not regard it as a major impediment. It simply, in accordance with the Rules, will need to be addressed as and when the matter returns to the States, if this amendment is accepted.

2420 The second point, again, reflecting T&R's position is that T&R do not believe that they should be a member of this committee. I think that there is a perception of false endorsement of its work, deliberations and conclusions which could be reached by having a member on it. We believe that it would be dangerous until it has been considered by the full Board, and that indeed appears to be one of the problems which has been encountered in the Social Security Department's work with Housing, that there has not been that full engagement between the Boards and therefore they have not got as much buy-in as perhaps they thought they had. We would not wish that situation to befall this second piece of work, if this amendment is accepted. We believe that T&R's role should be impartial. It should be able to remain objective and look at their conclusions that Social Security and Housing reached when they have developed a common platform and then advise the States accordingly, in accordance with our role and mandate. So, that is T&R's position.

2430 Deputy Adam has already made his personal position clear in relation to this amendment. I shall make my personal position clear in relation to this amendment too. Deputy Fallaize referred to the letter of comment in relation to T&R's position, and I continue to subscribe to that, that our belief is that this work potentially pre-empts the work of the Personal Tax and Benefit Review and therefore, if this amendment falls, we would, in accordance with our letter of comment, continue to encourage Members to reject the Social Security's Propositions.

2435 For me personally, Deputy Soulsby two weeks ago made a comment which struck a chord with me, which was in essence that we have before us proposals which cost more, will leave some less well-off and are more expensive to administer, so that does not tick a lot of boxes for me. I do have considerable sympathy for Deputy Le Lièvre's... I think we do ignore his profound experience and commentary on these proposals at our peril. They must, clearly, be taken seriously, but – and there is a but – I do not believe, echoing Deputies Luxon and Le Tocq, that creating a new structure and a new committee will have any more reason to succeed than the previous attempts. I believe the correct approach is that the amendment is rejected, the main Propositions are rejected and then *the two full Boards* would then engage with each other and reach agreement in the context of the work of the Personal Benefit and Tax Review. We already have the structures in place. We do not need further structures, sir.

2440 **The Bailiff:** Deputy Hadley.

2450 **Deputy Hadley:** Mr Bailiff, I think, in fact, Deputy Le Tocq has given us an excellent reason for backing this amendment (*Laughter*) and that is because he said, 'If this amendment is rejected, it is also possible that the Department's recommendations will be rejected and then we are left with nothing.'

2455 And what he made it easier for me to support this amendment this time round is that the benefit limitation, modest though that rise is, would nevertheless do something positive for people who are less well off. And, here again, it is worth mentioning that just because the benefit limitation is raised to £515, this does not mean there are scores of people being paid £515 a week. In reality, the number of people actually receiving that figure is very small – minute. For most people, it means the amount they can have in support in addition to the income that they have.

2460 Now, two weeks ago, I seconded the amendments that the Housing Department wanted to make to SSD's proposals and in my speech, I acknowledged that, in some respects, SSD had got it right and so, for that reason, I would not want to join enthusiastically SSD bashing and, in particular, I would like to pour some cold water on the idea that their proposals, even if amended by the Housing Department, would have left people on benefit with more money than working families. That is just not true. Right from the start, this has been about replacing the Supplementary Benefit Scheme and Rent Rebate Scheme with an in-work benefit scheme that tops up earnings and protects all low income families from poverty.

2470 Now, while on this Island we have a minimum wage that is so low... and it is no good saying,  
‘Well, that is not meant to be a living wage’, because for a number of people it *has* to be a living  
wage. If you work full time in a shop in the Island, in St Peter Port, you are quite likely to be on a  
minimum wage or not much above and so therefore, if you have a situation like this, you have a  
choice. You have to say we must supplement the income of those people or we issue more housing  
licences for people from abroad to come and do the jobs, because they will work for a wage which  
2475 is not a minimum wage.

I would say also that it is ironic that people who acknowledge the complexity of the welfare  
system do often make sweeping and alarming statements.

2480 Finally, I want to deal with the issue of this disagreement between the Housing Department  
and the Social Security Department. I may well be repeating something my Minister said or  
putting it a different way, but I think it is worth seeing where we got to the position we were at.  
We were initially asked to send a member of our Department and a senior civil servant to the  
Social Security Board meetings, which considered the modernisation of the Supplementary  
Benefit Scheme and we were a bit reluctant to do that. We said, ‘We prefer just to send one of our  
senior civil servants’, and the reason is obviously why: we would be sending one person to do  
2485 battle with five people and then be told, at the end of the day, we had agreed to it – and that is  
exactly what has happened! We are being told that we were engaged with the Social Security  
Department right from the beginning, when in reality we were not engaged with the Social  
Security Department right from the beginning and there was only one joint meeting of the two  
Boards.

2490 So, in answer to those people who say, ‘Why do we want to set up this special committee when  
there are two Departments with a mandate to do the work?’, well, here you have it. You have got  
two Departments who cannot engage together to reach that, so it seems to me quite sensible to get  
the Assembly to set up a special investigation committee to do the work, because the two  
Departments cannot find common ground.

2495 I also think that we can... At first, I was a bit worried about this amendment, because of the  
resources of the States in terms of civil servants’ time and politicians’ time, so I went to see the  
Chief Officer of Housing this morning at eight o’clock, before coming here. One of the things that  
he did say to me, when I brought up this issue, was in actual fact what I was forgetting was all the  
work that the Housing Department have been doing at officer level since the beginning of this year  
2500 and the work that is being done within the Social Security Department and the work that has been  
done by Dr Sloan and his team. A lot of the groundwork has been done, which would be the work  
that would be needed by the new committee.

So, I would urge Members to support this amendment, so that the scheme can start as quickly  
as possible. Deputy Le Lièvre’s amendment probably does represent, at the moment, quite  
2505 possibly, our last chance to fix the system and we cannot let this chance slip away.

**The Bailiff:** Deputy Gollop.

2510 **Deputy Gollop:** I thank Deputy Hadley for his points. He, actually, as the Deputy Minister of  
Housing, was a regular attendee at the Social Security Board meetings, but I wished at the time, if  
I can be honest, that Deputy Hadley had spoken up more, because he is usually one of our most  
eloquent, articulate and passionate speakers, and perhaps we wanted to hear more from himself  
and Housing at the time we met, because the arguments that he has implied took place, to my  
recollection did not.

2515 What we have seen on all the Boards, there has been, I think, a difference of political  
viewpoint within Social Security from the States Members and the non-States members and across  
intra-departmentally. I would not characterise it as Deputy Jones has, that we in some sense  
wanted to railroad the debate and stifle Housing’s contribution and all the rest of it, because the  
reality was, as perhaps others will mention later, Housing’s position was constantly changing. We  
2520 were aware that Housing might have preferred two reports rather than one – a philosophical report  
and a particular report on the up-ratings for this year – and might have preferred more time, but the  
fundamental principles of transforming a rebate into an integrated unified system was always  
agreed and so, really, was the ‘winner and loser’ philosophy, inasmuch that I think even the Dorey  
committee, when the Social Security Department had a near miss in 2012, were aware that the  
2525 programme they had, albeit perhaps more expensive – significantly more expensive – was, in fact,  
going to produce lots of beneficiaries and some people who would lose out a bit.

As we have heard from Deputy Lester Queripel and others, Social Security is characterised as  
Scrooge, as kind of a Department that really is cutting down on the expenditure. In actual fact, we  
are putting forward a package that would increase revenue for the most vulnerable of nearly £4

2530 million and this is at a time of austerity. Really, having looked through it again earlier, it goes against the Fiscal and Economic Strategy of real expenditure restraint. So, we are actually going a bit left field here.

When I heard from Housing and others, they know they lost heavily last time, two weeks ago – they got nine or ten votes for the £7 million that Deputy Paint even had difficulty in endorsing just like that. We had no idea where that £7 million was coming from, whether it came from a GST or from increased Income Tax or taking away Family Allowances from some or all people or completely reorganising personal allowances. This is an interesting one, because I agree with Deputy Hadley when he mentioned the minimum wage being too low for the Guernsey economy. Because wages are low here in some sectors, welfare and the state pays the bill.

2540 Another interesting point, in the United Kingdom and many other countries, a national health system provides more or less free dentistry and free general practitioner appointments. We do not have that system. When it is paid, it comes out of Social Security, especially for the more needy. That in itself creates anomalies from those who benefit and those who do not. So, I cannot see how this committee is a worthwhile exercise, because it is actually not holistically looking at the real issues. It does not include anyone from Health and Social Services or Commerce and Employment. It is just looking, really, again at the rebates. We actually have to look at a whole picture of universal benefits, of taxation, of services we provide for free or at a cost, of our housing policy. One or two other Members may be afraid to say this; I am not. There has, to a degree – and I have been a Board member and I have always been pretty loyal to Deputy Jones and the team – but there has been a relative failing, either by Housing or by Environment, I am not quite sure which, in delivering enough sites for affordable public housing in sufficient volume to keep house prices and rents low. When these rents go up and the need for emergency in our housing grows, that in turn means Social Security starts paying more and more unrealistic amounts of public money to maintain people who are either out of work or even in work in lower paid occupations.

2555 Until we address land use and housing provision issues, as even the Chief Minister said a few months ago, we cannot just pick out of the air social policy. That is another point. We actually have a multi-disciplinary team looking at social policy – not the new Andy Le Lièvre committee or even Social Security or Housing or the joint meetings that we may or may not have had. These meetings are the Social Policy Group of the Policy Council. Their role is to bring together all of these issues and shape underlying philosophy for the Assembly to endorse or amend on these questions. We have not seen that. We are seeing, admittedly, much needed progress on the Disability Strategy, to a degree, the Children’s Strategy, but we have not seen enough resources, either politically or at senior officer level, put into that.

2560 So, we actually want to create a new shadow Policy Council, of Social Policy. That is what it comes down to, because we are not satisfied with the output so far. I know a lot of us think... I do not entirely agree with Deputy Luxon’s point that the States made a free and fair choice of who sat in which ministerial teams and Departments back in May, because half the Assembly was new, there were no competitions or contests at all, as I recall, for any of the Department Boards – well, there might have been for one. And the reality was it could be that we have got the wrong people on the Departments and Committees, and that the mix we have is not right. Well, that could be addressed a completely different way from creating a body that will take nearly 18 months to deliver an output. We have to think, if we endorse Deputy Le Lièvre’s amendment there, there is a feeling we might as well all pack up at Christmas and have a new general election and select new people for new roles, because effectively we are starting again on a new enterprise, because we will be signing a cheque or at least creating a group that will be coming out with suggestions where we have *absolutely* no clarity at all on what the level of financial resources will be or can be acceptable.

2570 I have sympathy with the view expressed by some Members that we actually have come a bit premature, in view of the need for further work in the fiscal Pensions, Tax and Benefits Review, because you cannot take these decisions in complete and utter isolation. Social Security were put into an impossible position. We were a Board anxious to speedily move along, perhaps at a quicker pace than previous Boards, and deliver a sustainable result at time of relative austerity. And we knew – and we have seen this today, we will see more of it yet, I am sure – that Members to the left of us, from Housing and other socially aware Members, were wanting a significant increase in expenditure to vulnerable people and perhaps increasing the pace of change. We also knew that we tried, especially the Minister, to keep the Treasury and Resources Department supportive and they still come out broadly against us in the end. We have given our allies across the States, so the simplest and best route was to bring a moderate, not ideal, package before you, that gives some of what the social left would like to see and is still broadly within the expenditure

guidelines and targets, before we have a more fundamental review. And, those, I think, are the goal of what we set.

2595 And when it comes down to... We provide a unified system and the timing of delay till March, there will probably be a slippage there. Deputy Adam made an interesting point about when a previous report got off the rails. In fact, work has continued, some of it is on Social Security, on benefits and contributions and work at Treasury and Resources and so on, and I know Scrutiny followed that up for a while. The really interesting aspect of that debate is we have seen the construction, albeit at an expensive price, of the new Longue Rue and Maison Maritaine complexes. If we had thrown in all that, we would not see anything – we would still have a building site in front of us, or I do not know what we would cope with, but homes that we would have to have managed that were rapidly past their sell-by date. You have to make some decision and then adapt it and reform it and improve it as it goes along.

2600 I am open-minded on all of this. Of course, I would like to see, next year, a more thorough review into disability benefits and, of course, I would like to see changes to the system so that some of the anomalies Deputy Le Lièvre and others have pointed out can be remedied. I think he does have a very valid argument when he submitted his paper about earnings exemptions because the £30 has not moved substantially for nine or ten years, and there has to be a rationale for that figure. And he has produced figures to suggest that, in different levels of earnings, people are incentivised or disincentivised.

2610 I remember when the UK Government used to tax people at certain levels of income at 98% in the pound. Now, that is certainly one way of perhaps not running an off-shore economy successfully, but you do get into complicated matters and, if we are having marginal rates of taxation that are not working, they have to be addressed within a measured way. What we effectively do by passing the Le Lièvre amendment is kicking this into the long grass, making a confusing set of decisions that actually could even lead to the Social Security Department being in the peculiar position of having to bring back an emergency policy letter before January, to have another set of Propositions, for example, on the £500 uprated to £515 benefits limitation, judging from the advice that the Comptroller has given us. Indeed, personally, I would have supported that particular amendment if it stands alone and I think Social Security generally would too, because we had to make a judgment call of what Propositions would work to bring about a relative harmony between all the different factions here and the different political and economic persuasions. To create a working party that would actually have quite a narrow remit that would not be looking at the broader picture of availability of land, of housing, of standards of accommodation, of taxation, of marginal taxation, of tax allowances, of overall revenue to the economy, of work incentivisation, of the minimum wage and education, and many other factors that all contribute to living standards, would be folly. We should go with what we have got and work to improve it next year as part of the Personal Tax and Benefits Strategy.

2630 **The Bailiff:** Deputy Perrot.

**Deputy Hadley:** Mr Bailiff, just to correct one or two things –

**The Bailiff:** Deputy Hadley. Yes, point of correction.

2635 **Deputy Hadley:** First of all, I think I did represent the views of the Department quite effectively, although I am obviously getting far too timid, especially in the light of Deputy Langlois' excellent chairmanship of his committees. I would remind Deputy Gollop that in fact it was not a question of deciding where the money would come from. The Policy Council, at the meeting I was at, made it quite clear that they wanted this report after the Tax and Benefits Review, so they knew what figure they had got to deal with. So, I mean that is the issue and there seems a lot of confusion about which comes first, whether we decide the figure first or decide where the money comes from.

2645 **The Bailiff:** Deputy Perrot, then Deputy Dorey and Deputy Laurie Queripel.

**Deputy Perrot:** Sir, in nearly 40 years or so of engaging in debate in this very Chamber, whether I am dealing with an advocate on the other side or a difficult Bailiff (*Laughter*) or other Members in States' debates, I have known the themes, the rationale of arguments, but this is one of those debates where I really do not now understand quite where we are going, certainly insofar as Treasury and Resources are concerned.

Deputy Le Lièvre is at pains to say that this amendment is not a vote of no confidence. Deputy Langlois was at pains, two weeks ago, to say that he did not regard it, the last amendment, as a vote of no confidence. I do.

2655 If it looks like a duck, if it walks like a duck, if it talks like a duck, it is odds on that it is a duck. If this amendment goes through, I see the Social Security Department as being a very wounded beast. How are we are going to deal – that is, how is Treasury going to continue to deal – with the Social Security Department in relation to the Tax and Benefits Review? That is under way already. There are going to be very considerable challenges, at a philosophical level, about the Tax and Benefits Review and any welfare organisation – and Social Security is a welfare  
2660 organisation; it is not an insurance organisation – its default position at cruise level is to give as much welfare as it possibly can, consonant with the money which it has available and any Treasury Department comes at it from a different angle.

Now, how is Treasury going to deal, at fundamental philosophical level, with Social Security on Tax and Benefits? This is one of the biggest reviews we have seen in the last couple of decades  
2665 in Guernsey, when, hovering in the background, is this other shadow body. The Tax and Benefits Review has gone out to consultation already. A lot of work has been done. There is more being done, actually, in this month of November and whatever we come up with, whether we have a joint report, whether we cannot agree and have several reports, there is then going to be a States' vote on whatever we do come up with. Now, how is that going to play in Philadelphia? What is  
2670 going to happen to those reports when this shadow body, this new body, then has to consider what the States have already debated?

I think that this is just a mess and it is purposeless to impose a further body to look at things. After all, Social Security is there to do a job and it ought to be doing it. You have already heard, as well, that – this is an aside – to the best of my knowledge, nobody on Treasury Board sees any  
2675 benefit from seeing one token member from the Treasury Board on this new Department.

So, for those reasons, I have to say, I will have to vote this amendment out. And let me say one more thing, in conclusion. I do not think that the welfare system should be dealt with on the basis that one person has a very full understanding of it. Deputy Le Lièvre, I am quite sure, has the greatest possible knowledge about the system, but that does not mean to say that other people do  
2680 not have knowledge or that they cannot actually obtain that knowledge. I really do not think that is a good way to drive this particular car.

**The Bailiff:** Deputy Dorey.

2685 **Deputy Dorey:** Thank you, Mr Bailiff.

I think we need to get back to what this debate is all about. It is about the poorest people in our community (**A Member:** Hear, hear.) and how we ensure that they have sufficient money.

It is often said, how you judge a community is how you treat your weakest, how you treat your poorest, and we are not doing that very well, currently. We have two systems. One is more  
2690 generous than the other. Yes, there is going to be pain to bring them together. You have either got the most generous and you spend the maximum amount of money or you try and reach some point in between, to bring them together. And that is what in 2008, 2012, SSD and Housing tried to do. But, by a small majority, the Assembly then rejected it and the key message was it was too expensive. It is unfortunate that, as time was, it was a big range and I appreciate the work that is  
2695 done by SSD in this Report, where they have worked through and come up with a far tighter number. Unfortunately, there was not the support available at that time, because of the timeframe.

Now, I am not criticising SSD, because I think they reacted to that debate which said it was too expensive. So, they have gone away, with Housing, and tried to find an alternative solution. But, they have gone too far the other way, in my view, and it is not acceptable. That is why SSD, in my  
2700 view, and Housing have not reached agreement.

Now, as a Government, we cannot just sit there and send them away again. I just do not think... We have tried twice now and I do not think we have reached acceptable proposals. Once, we had agreement between those two, but the Assembly rejected them and, as people have said now, I expect that, if this amendment fails, these proposals will be thrown out as well.

2705 So, where does that leave us? It leaves us in a mess, as has just been said. I think we have to try something different and this is what this amendment is trying to do. It is trying to do something different. It is trying to bring both Departments together, under an independent chairmanship and also bring T&R up. And, I can say, I am really, really disappointed with members of T&R who said that they are not interested in it, because if this Assembly says that a member of T&R needs to be on that committee, they will have to be on that committee. I do not think that they should be  
2710

saying that they do not want to be there. They have a responsibility for finance. This is going to involve finance.

2715 **Deputy Perrot:** Point of correction, sir.

**The Bailiff:** Yes, Deputy Perrot.

2720 **Deputy Perrot:** I do not think anybody is saying that, if this Assembly puts a member of T&R on the Board, that that person will have a hissy fit and will not go on the Board. What we have said is we see no purpose in it and do not wish to. That is different from not complying with the wishes of this House.

2725 **Deputy Dorey:** Thank you for the clarification, but I would hope that if this Department says that they participate in that with enthusiasm to find a solution... because that is what we have to do, as a Government, to try and find a solution.

2730 It is not just bringing those two systems together. The existing benefit levels have been set. There is no history on what level they have been based on. We did the MIS study, so that it would be a benefit level which is acceptable to our community and that is why the 2008 and 2012 proposal was... They have looked at that, they have said it is too expensive. I understand why they have done that.

But I think there are two bits in this Report which highlight why we have to do something. On page 1914, under 'Welfare of Children', it says, on paragraph 456:

2735 'The Department believes that the protection of children is paramount and that a priority of the States should always be to safeguard the welfare of children and avoid child poverty.'

2740 I would ask Members to turn to page 1891 and you will see that, on page 1891, there are two columns there. If you look at the weekly need, there is a couple with two children and a rent allowance and they are above the benefit limitation. You see on the right, it shows that there is a £45.29 shortfall and that is after their Family Allowance. But just think of that column on the left, if you had not two children, but three, four, five, six and you can have families with six children, because you have two families coming together and you have a system where we would be giving inadequate benefit at the current levels, which have shown to be not acceptable to our community, to those families, so the result has to be child poverty. It is either adult poverty or child poverty, because we do not have acceptable levels.

2750 Sir, I think that what we have to do is go away and find a solution to this problem. The best way, I think, is to have this sub-committee. We know that T&R have formed a sub-committee with SSD on the Personal Tax and Benefits, so T&R participate quite well in a cross-departmental sub-committee. This is another sub-committee and it will have... the Proposition 34 specifically says that this will have regard to the final –

**Deputy Perrot:** Sorry, sir. I will stop after this one, I hope. Another point of correction. There is not a sub-committee. The two Boards meet. It is not a sub-committee.

2755 **The Bailiff:** Deputy Dorey.

**Deputy Dorey:** When I was there, there was a committee formed which –

2760 **Deputy Perrot:** It is not a sub-committee. It is not a committee. The two Boards meet.

**Deputy Dorey:** When I was there, it was made up of members of both Departments. Anyway, I will move on.

Paragraph 34 specifically says:

2765 '...shall have regard to the findings and the emerging recommendations of the Personal Tax, Pension and Benefit Review.'

So, this new committee will have those emerging conclusions, recommendations in mind as it discusses it.

2770 I think this is the only way forward. If we do not, we are going to finish up with these proposals being thrown out and I think that would be... As an Assembly, I would be ashamed of that, because we have to find a solution and I think we have to try something different and I would urge you to support this amendment so that we can solve this problem. Thank you.

**The Bailiff:** Deputy Laurie Queripel, then Deputy Ogier, then Deputy James.

2775

**Deputy Laurie Queripel:** Thank you, sir.

I have tried to look at this amendment, sir, differently to the way I looked at Deputy Le Lièvre's last amendment and I have been trying to think of reasons not to support this amendment, sir, and I cannot think of any. Deputy Gollop, when he spoke, he gave me an extra reason to support it, because he said that the Department, via these Propositions, are going to spend an extra £4 million but, actually, the Report tells us that that is going to leave a significant number of people worse off.

2780

So, if that does not provoke the need to take a really long, hard, detailed look at this issue, I do not know what does. The fact that an extra £4 million would be spent and yet some people will be worse off than they are now, Sir, that is not either targeted or best use of a precious resource at all.

2785

So, what Deputy Le Lièvre is hoping to achieve by this amendment – that the result should be a model, a system, that is bespoke, that is fitting, that delivers services and support according to people's needs, so it wants to be an integrated and yet a modular system – sir, it is an ambitious aim, but it is one that I believe can be achieved, and it is most likely to be achieved by the make-up of a committee which involves all the interested or relevant parties.

2790

Sir, in artistic terms, it is an attempt to create a rather complex, but well-ordered masterpiece and it requires a communal effort. It cannot be achieved or created by one artist alone. Deputy Fallaize said this morning, sir, that Social Security have just rammed two systems together. I am sure they have done that with the best intentions. It is like Doctor Frankenstein trying to paint a Picasso, sir. It is abstract, it is ill-fitting and will not achieve its purpose. So we need a picture that makes sense, that is complementary, that is integrated and I believe that is most likely to be achieved by supporting Deputy Le Lièvre's amendment.

2795

Now, sir, like most abstract pieces, I think Social Security's effort is vastly over-priced, because I believe the price tag in regard to administration and staff costs is something like £½ million. That, sir, is a massive figure, compared to what it might cost for this committee to be set up and for the results that might be achieved via the setting up of this committee.

2800

Now, sir, Deputy Stewart spoke this morning about yet another committee, yet another sub-group, sir, but this States is awash with working parties, review groups... You have got the Social Policy Group. You have got the ERG, the ETG, et al – I think ET AL is another committee as well, (*Laughter*) but it is awash with these sub-groups, sir, and we have loads of these cross-departmental entities and are they all developing policy ideas that might not be adopted by the associated Departments, sir.

2805

All of these subgroups, all these committees, all these working groups, they do not constitute a vote of no confidence in their associated Departments, so I do not know why this committee would constitute such a threat.

2810

Now, sir, I know that Deputy Langlois is a great and sincere advocate of corporate working and joined-up government. Sir, I think, if this committee is formed, it embodies that ethos: cross-departmental, cross-States working.

2815

Sir, I think the forming of this committee with input from all the relevant Departments has the best chance of coming up with a coherent, informed, fitting model for the delivery of modern day Supplementary Benefit and I urge Members to support it, sir.

Thank you.

2820

**The Bailiff:** Thank you. Deputy Ogier.

**Deputy Ogier:** Thank you, sir. Nature abhors a vacuum and, on paper, we have two Departments which are bringing forward a joint proposal upon which they now do not both agree. The Policy Council is a body which should sort these sorts of things out, if two Departments cannot agree –

2825

**The Bailiff:** Deputy Hadley has asked Deputy Ogier... a point of correction.

**Deputy Hadley:** Point of correction.

It was not a joint report. In fact, the Housing Department think we *should* have had a joint report, because this was not the modernisation of the Supplementary Benefit Scheme. It was ramming two benefit schemes together, in which case, if it was just that, it should have been a joint report, but it was not.

2830

**The Bailiff:** Deputy Ogier.

2835 **Deputy Ogier:** I would be obliged if Members would listen. I said on paper we have two Departments which are bringing forward a joint proposal upon which they now do not both agree. I mentioned nothing of a report. I never said a joint report. It is a proposal to collapse the Rent Rebate Scheme.

2840 Policy Council are the body which should sort these sorts of things out, if two Departments cannot agree. Policy Council and the Chief Minister should use their influence to reach an agreed way forward. Failing that – *only* failing that – should this Assembly be the arbiter.

I am afraid I do not see any supporting evidence which shows Policy Council's Herculean efforts to avoid the embarrassment of the public disagreement here – none – and I ask, where is the leadership on this? Where is the guidance? Which hell and which high water did Policy Council move to get these two key Departments to agree? None. It did not even make the effort, as far as I can see.

2845 This is not the first time we have seen a lack of guidance from our august body. Deputy Le Tocq talks of weaknesses in our system of government, but that sounds like an opportunistic comment to me. Any system of government will fail, if those within it do not do their jobs. If Policy Council will not sort it out before it gets here, we will have to do it on the floor of this Assembly as the job needs to be done as nature abhors a vacuum.

2850 Today, we have to judge and we could side with Housing, we could side with Social Security or we could attempt to add value, in our rather inflexible way, and put the matter out of the hands of those who cannot agree and into the hands a new body. It is brutal, but that is the sort of wisdom you will get when you come to the Assembly with a supposedly joint initiative upon which the joint protagonists do not agree.

Sometimes this Assembly struggles to understand all the finer nuances involved in proposals and it can be a great temptation to put the matter back into the hands of a committee. The crux of the matter is this, in my view: Supplementary Benefit is a lower level of benefit than that received from Housing. If you are in social housing and in receipt of Supplementary Benefit, generally you will be better off than if you are in receipt of Supplementary Benefit, but renting. Renting is more expensive than social housing. If you are in social housing, you are likely to have more left over after all the essentials have been paid. In its letter of comment, Housing berate Social Security for using their lower levels of benefit instead of seeking a higher level of benefit more in keeping with the levels Housing feel appropriate. In Treasury and Resources' letter of comment, they berate Social Security for the rising cost of Supplementary Benefit and I feel sorry for Social Security. They have Housing telling them that Supplementary Benefit is not enough and they have T&R telling them that Supplementary Benefit is too much. This is the compromise Deputy Langlois talks of making between the levels of benefit which sank the review of Supplementary Benefit in March last year, because it was too expensive and a compromise between wanting to make many changes to help the most vulnerable on this Island and the amount of resources available.

2860 I do not like joint initiatives coming before the Assembly upon which the protagonists do not agree and I am currently minded to put the matter out of their hands and into the hands of a new body, as uncomfortable as that feels. But, if Housing, Social Security, Treasury and Resources, Fiscal and Economic Policy Steering Group cannot get it together, what hope does this new body have?

2875 I would have liked to have heard more from Social Security's friends today, but, ominously, there have not been many, if any. What I would like to know is what the Policy Council recommend. I would like to feel the benefit of their advice. They are, after all, the body this Assembly tasks with dealing with issues where Departments cannot reach agreement.

2880 **The Bailiff:** Deputy James and then the Chief Minister.

**Deputy James:** Thank you, sir.

2885 Yes, Deputy Ogier, I know what it feels like today to be Billy No Mates. (*Laughter*) (**Several Members:** Ah!)

Sir, the Social Security Department will, unsurprisingly, ask the States to reject this amendment. Many Members who have been lobbied regarding this repeated amendment, albeit with tweaks, have responded by saying, quite honestly – I hope honestly – that they will listen to the debate and then decide. I would just like to remind this Assembly that almost 10 years ago, the States voted to close the Rent Rebate Scheme. This current Board has had the courage to embark upon that journey.

2890 Mr Bailiff, a repeated amendment, so soon, will understandably attract repeated argument against. So, I make no apology for reiterating some of the points I made 13 days ago.

2895 The Board believe it will do little other than take a year or more to travel full circle, returning us to where we are today. If the States were to approve this amendment, we would have a Social Security Department with its current seven members elected or appointed by the Assembly and a further special committee made up of seven more members: in my honest view, a shadow SSD Board.

2900 We are assured by Deputy Le Lièvre that this is not a vote of no confidence in the current SSD Board. Well, Members, if you were standing where I am, it feels very much like it. I would say that no matter how it is dressed up, with all the cotton wool and the pink ribbon, I in fact believe I would have felt it more acceptable and comfortable if a vote of no confidence had been tabled in the SSD Board.

2905 The amendment suggests the new committee will be made up of representatives or delegates. What authority these members would have in relation to decision making, I do not know. Has the proposer consulted the relevant Departments as to whether they are prepared to put forward members to make up this committee? There are many people out there who believe that this States is far too big *now*, with too many committees. Just ignore, for a moment, the procedural constraints and current commitments. Are there enough Members prepared to take on additional commitments? Who would we choose, from amongst us, who wanted to give our best shot at reforming social welfare? Could we really come up with a truly independent Chair? Would we wish for someone from either the left or the right political persuasion? Only you, as individuals, can honestly answer that question.

2915 As I have previously mentioned, looking back at the minutes from June 2008, when Deputy Dorey's Social Security Department had their blue skies workshop at Les Côtis, what was on their agenda? Just to remind you, once again – measuring poverty, pensioner poverty, work incentivisation, youth unemployment, alternative welfare systems. I do not doubt for one minute they were very committed and worked hard on those items over their four-year term and their work culminated in the infamous March 2012 States' debate. Their proposals fell just by one vote. Their ideas may have been right, but it fell due to the uncertainty of costings and, as we have heard from many speakers today, those costings ranged between £8 million and £20 million.

2920 Listening to Deputy Lester Queripel's speech earlier, I almost felt that Lester wanted this new committee to take us by the hand down the Yellow Brick Road and lead us to a land of milk and honey. *(Laughter)*

2925 I know it has been raised by a number of Members today, sir, but I wish to address the issue of resourcing the review. There is no mention of the additional funding and human resources this committee would require and I pose the question, who would provide the administrative support? I doubt the hard-pressed staff at both SSD and Housing have sufficient slack to support it. If the amendment is successful, will an approach to T&R be required to come up with the additional funding?

2930 My point is that for the last five years a combination of politicians and staff members, very ably assisted by others, have been giving their full attention and commitment to welfare reform. Since May 2012, the current SSD has picked up that mantle. We have got a bit closer to the water's edge with our own blue sky workshop – sorry.

**Deputy Fallaize:** I thank Deputy James for giving way.

2940 Would she agree with me that in the event that Social Security's proposals are lost today, that the work to merge the Rent Rebate and Supplementary Benefit will have to take place anyway and will have to be carried out by staff or members will have to be advised by staff. So, the work would have to be done and, if that is the case, then surely there would be no additional resources required by Deputy Le Lièvre's amendment. Does Deputy James accept that point, sir?

2945 **Deputy James:** Deputy Fallaize, what the Board have considered is, depending on the outcome of this amendment, that it was always our intention to have a joint working party with Housing to progress this work. That was our intention all along. So, yes, I anticipate that will happen.

2950 So, since May 2012, the current SSD has picked up the mantle. We got a bit closer to the water's edge with our own blue sky workshop and what did we discuss? Similar items: measuring poverty, work incentivisation, alternative welfare systems. But we did build on the foundation of the knowledge and experience assembled from that previous Board. Like the previous membership, we have also worked very hard, not for another four years, but for more than a year. We have not reinvented all the good work undertaken by the previous Board, which included a thorough combing through all of the Supplementary Benefit legislation.

2955 By and large, we have come up with the same finding as our predecessors. The only real difference is that we have hugely reduced the range of uncertainty around the extra expenditure and we have substantially pulled back the proposals on increases to benefits.

2960 There has been some very interesting language used today, some very interesting expressions and one of the expressions I have heard a couple of people use is, 'Scrooges.' And I do ask this Assembly, do they really think that members of the Social Security Board are Scrooges? I know we are coming up to Christmas, but I can assure you that that was never, ever part of our consideration. In fact, I would go as far as to suggest that we are a Board –

2965 **Deputy Hadley:** Point of correction, please, sir.

**Deputy Lester Queripel:** I would like to raise a point of correction as well, sir.

**The Bailiff:** Deputy Hadley rose first.

2970 **Deputy Hadley:** The Deputy Minister has just said that, substantially, the proposals are those that were brought in 2012. Well, the reality is they are very much reduced rates of benefit to those proposed in 2012 and, in fact, even those proposed by the Housing Department are considerably less than the proposals which were nearly approved, as she says, by one vote in 2012.

2975 **The Bailiff:** Deputy Lester Queripel.

**Deputy Lester Queripel:** Sir, Deputy Fallaize and Deputy Gollop have both said that in the Chamber today. I have let that go, but I cannot let this one go, sir.

2980 I presume Deputy James is talking about the reference I made to the SSD pension payment proposals being meagre and Scrooge-like. I never once said that the Department themselves were Scrooges. I was referring to the pension benefit proposals.

Thank you, sir.

2985 **The Bailiff:** Deputy James, please continue.

**Deputy James:** I think, Deputy Queripel, the expression 'Scrooge' hits home particularly at this time of the year and I wanted to make it extremely clear that the current Board were made up of individuals who greatly care about the sick, the disabled, the elderly, families on low income, the homeless and those unable to work due to age or ill-health. Our objectives, along with the staff, at HSSD are committed to support those less able and disadvantaged members of our community.

2990 I would ask this Assembly to consider my professional background as a nurse who spent over 40 years caring for the disabled, the elderly and the vulnerable, who were in need of help, support and advice or assistance and I would like you to believe that my motivation is to help those vulnerable people in our community.

2995 I would ask you, what would you, or we, be expecting the special committee to be coming up with? It would be the third go at the same problem. I very much doubt that the findings in a year or so would be essentially much different. The committee will almost certainly bump up against the familiar conundrum of welfare aspiration versus fiscal reality. Can anyone in this Assembly today point me to a country world-wide which has a perfect welfare system? Aspiration is indeed the key word here.

3000 I am sorry to say that it would be an indulgence for the States to set up this special committee. It will be an indulgence, because it will commit the time of Members of this Assembly and staff and it will cost time and money, largely re-doing a job that has been done twice already in the last five years.

3005 As I said at the start, we are likely to just go round in a circle and, please, Members, let us be smarter than that. I ask you, for those who stated they would listen to the debate, then decide, I earnestly ask you to do just that and reject this amendment. Those members of our community in need need us to make a decision. Let us cease this prevarication and indecision and throw out this amendment.

3010 Deputy Fallaize this morning, used a famous expression used, I think, by Mrs Thatcher, and that was 'the lady is not for turning'. Well, what was quite interesting, in my view, was whilst I probably under other circumstances would never, ever equate the Housing Minister with Mrs Thatcher, at my peril, I would suggest that the Housing Minister has indeed done a 180° turn, considering his amendments of last week, all of which, as we know, were lost. Thank you, sir.

3015

**The Bailiff:** Deputy Harwood and then Deputy Lowe.  
Sorry, Deputy Le Lièvre.

3020 **Deputy Le Lièvre:** Just on a point of accuracy, because I think – (*Interjection*) No, it is a correction. I did not want to interrupt Deputy James in the middle of her speech, but she mentioned the fact that the States voted 10 years ago to close the States' Rent Rebate Scheme. That is not true. No, no, it is not true. You are completely wrong. (*Laughter*)

3025 In 2003, the States' Housing Authority took a Green Paper to the States with regard to the revamping of the level of rents and the Rebate Scheme. It was not to close it. It was to actually improve it and, actually, that new scheme was approved and it came into operation in 2005. It was nothing to do with closing it.

**Deputy James:** Could I ask Deputy Le Lièvre to accept my apology, sir.

3030 **Deputy Le Lièvre:** Willingly accepted.

**The Chief Minister (Deputy Harwood):** Thank you, sir.

3035 May I congratulate Deputy Le Lièvre on the excellence of his research, his analysis and generally on the background he has provided for us, as States Members, on the problems of the Social Security system. I have had the opportunity of reading the papers he produced and I do congratulate him.

3040 I also congratulate on at least this current amendment, I acknowledge, is an improvement on the previous amendment that was debated two weeks ago. I voiced concerns then and I still maintain the same concerns as regard to nub of this – the creation of this new committee. I do so, because, firstly – and here I endorse fully what Deputies Luxon and Le Tocq, Perrot, Deputy Sandra James and others have said – that, if we adopt this amendment and, in particular, paragraph 31, you will effectively freeze a mandate of the Social Services Department. There can be no alternative interpretation.

3045 It may not be a vote of no confidence, but you have, effectively, frozen that mandate. For the very reason that Deputy Perrot alluded to: where does that place the Department in relation to the ongoing work that is being conducted in connection with the Treasury Department for the Pensions and Benefits – ?

3050 **Deputy David Jones:** I am sorry to ask my Chief Minister to give way, but it will no more do than Deputy Perrot's Constitution Committee would undermine or freeze the work of the Policy Council or the ERG Group. It is utter rot! (*Laughter*)

**The Chief Minister:** With respect, sir, I disagree. (*Laughter*)

3055 I do not accept, because the point is here that this amendment goes to the fundamentals of the mandate of the Social Services Department. It was the Policy Council, if you recall, Deputy Jones, that actually did put forward a proposal that we should have a panel to review the constitutional relationship, so therefore that was endorsed by Policy Council.

3060 But here, clearly, the issues that are being proposed in the amendment are covered in the mandate of Social Services Department. Therefore, I would urge that the States vote against this particular amendment.

3065 I also urge, particularly to Deputy Lester Queripel, who views this amendment as being the panacea to get rid of all problems and would create some sort of wonderful future... In itself, it will not. It will come back. If we approve the amendment and go ahead with this committee, it will come back with a report. That report may well have a minority report, because the likelihood, through this particular committee, of being able to bring together the views of Social Security Department, Housing Department and Treasury and Resources Department into one point of agreement, I suggest is... It would be lovely if we could achieve it through this, but I doubt whether it will be achieved and, particularly, as Deputy St Pier has already said, one reason why the Treasury and Resources are not keen on having a member on this committee is thereby they are seen to endorse the outcome of that committee. I think that view will also be the view of the Social Security Department and the Housing Department.

3070 The Housing Department, particularly, do not want to see their tenants disadvantaged by merging the Rent Rebate Scheme into the Social Security Scheme and quite rightly so. Are they therefore going to accept that there should be any dilution of their tenants' rights? Social Security are not in a position, even if they wished to, to be able to afford to bring all the social

3075

Supplementary Benefit levels up to the level that actually matches the Housing Department's benefits.

Sir, I would urge States Members to vote against this amendment.

3080 Also, reference has been made by Deputy Ogier to leadership on Policy Council. Can I point out that Policy Council is made up of Ministers and clearly we have two Ministers on that Policy Council whose Departments have fundamental disagreements. Those Ministers themselves also represent committees and we are reminded, fairly constantly, that the Ministers on their own cannot commit their committees. I think one has to bear that mind.

3085 Policy Council, yes, we can try and arbitrate, but at the end of the day, if there are committees that are determined and have fundamentally different views, the only place where that can be arbitrated and determined – and properly, in my opinion, under the current system of government – is in this Assembly.

3090 Therefore, sir, I would urge States Members to vote against the amendments, for the reason, I believe, that the matters that should be covered under here are matters which are properly within the purview of the Social Services Department.

**The Bailiff:** Deputy Lowe, then Deputy Gillson.

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

3095 Deputy Stewart said this morning – this was on the earlier amendment, with Deputy Laurie Queripel – that it was important that, for good governance, there was party consultation and he is absolutely right. We should be consulting. And yet, earlier on this morning or this afternoon, we heard how the Minister of Housing had been directed by his Board to meet with SSD along with Deputy Le Lièvre to discuss this amendment, so we did not have the type of debate we are having today. And, sadly, the good governance, as Deputy Stewart rightly says, did not even happen, which is disappointing to say the least.

3100 We have heard today, as well, this afternoon, from the Minister of T&R that actually they do not want to be involved with this working party or this new committee, because they may be seen to be signing up and agreeing with it. Well, I thought we had got rid of silos. I thought we were actually all working together corporately. I thought that we would actually be working together and we would ensure that this matter would be on the agenda of all the Departments involved with this and that they would be fed back after each meeting to ensure that all the members on each of those Departments were kept informed of the how this was going forward. That is what I would expect. That is joined-up government. That is working together – not waiting until the 11th hour, whilst Housing and SSD have been working on this, to hear then from T&R, 'Oh, no, actually, we do not support that. You need to go back to the drawing board.' That is bad government. That is leaving it to the 11th hour. That is not what I expect of this States' Chamber and the Members here working in here to work together.

3105 Working together: the clue is in the word. Working together is certainly not waiting until the 11th hour to send it back and I hope T&R reflect on perhaps the approach that they are considering regarding this amendment.

3110 I do support this amendment. I think it is a good amendment. I think Members ought to also perhaps take note that two previous Social Security Ministers, myself and Deputy Dorey, are supporting this amendment. Would we be supporting such an amendment, with the vast amount of experience – I have got ten years, Deputy Dorey has got four years, Deputy Ogier has got eight years and Deputy... there is one other. Deputy Le Lièvre has got 16 years of staff experience. When you look at the experience, the four of us here are supporting that amendment. Would we be doing that, if we felt this was the wrong way to go?

3115 Now, it is not a criticism on the new members on the Department who have been there for 17 months, because they have a lot to learn and they have done their best, in all good faith, and they have brought forward this report and they believe that is right. But would you really expect us to be supporting an amendment when we have got the experience of not only Deputy Le Lièvre, Deputy Dorey, Deputy Ogier, myself, who have been involved with Social Security? I think not.

3120 Deputy Fallaize intervened when Deputy James was talking, because she was on about staff resources and how this is going to cost and he asked her to clarify, would the staff resources still be necessary because, if this amendment was not successful, or even if it is successful, SSD is still going to have to meet with Housing? The resources are going to have to be used, regardless of the amendment or not and we have heard from many members, and I really do believe, that if this amendment is not supported, the whole lot of that section of the SSD Report is going to be thrown out. Let us make sure that actually those in this group here can work together and make sure it is on the agenda of every Department. We are all responsible for that, but especially the members on

the Housing, Social Security and T&R. It should be the top of your agenda. There is nothing more important, in my opinion, than this massive amount of work that is going to take place, that will affect everybody across our Bailiwick, whether they will be claiming under Social Security or they will be paying for it in other means.

3140

It is vital that this amendment is actually supported and I hope that this compromise amendment will be supported and that we come back with a very good timescale. You have all seen the amount of work that Deputy Le Lièvre has put into this, and I accept what Deputy Perrot was saying, 'Oh, do we actually just go forward, because of one Member?' Well, actually, no, I would agree with him, you do not. But when you have got a Member who actually has that amount of experience and there are only nine Members in this Assembly who have got any experience on SSD and you have got somebody here with 16 years' experience and the rest of those who are actually supporting this, as well, have got experience, I think you need to take note of that and bear that in mind, that Social Security is a very complex Department. There are so many benefits. At one time, I think we had something like 36 benefits and, in fact, one Member said to me at lunchtime, 'Oh, well, you see, they have got too many benefits. They ought to be doing something about that.' Exactly – that is what this is all about, please.

3145

3150

Please, Members, support this amendment and let us move forward with getting on with it.

Thank you.

3155

**The Bailiff:** Deputy Gillson and then Deputy Conder.

**Deputy Gillson:** Sir, first comment, it is interesting about the references to the Review Committee and that the Chief Minister and Deputy Chief Minister seem to be suggesting it is a Policy Council initiative. I know the Policy Council has had such little success with their own policy statements from the summer, they take credit for someone else's, (*Laughter*) as I remember it came through from a Requête...

3160

I would just like to comment on something that the Treasury Minister mentioned. If I understood what he said right, he felt that T&R should not be part of this new committee, if it happens, and they should be impartial. I totally disagree with him. (**A Member:** Hear, hear.) T&R is a central part of Government. Finance is central within this Government. All financial roads lead to T&R. They should definitely be part of any proposals. PAC can be independent and scrutinise it, but T&R should be part of any working party. So I disagree. Those are two slight digressions.

3165

I am in two minds, still, after having heard the debate on this, because I have, for a long time, had concerns about Supplementary Benefit being a one size fits all. I do think that, as a Government, we owe differing levels of support to differing groups, so the papers which Deputy Le Lièvre has circulated, I have got sympathy with. I also find it quite interesting his table where he illustrates the flat-lining effect. So, I have got a bit of a leaning towards the amendment, so I am inclined towards it.

3170

But to help me clarify, I have got a couple of questions, because the relationship with this committee and the Tax and Benefit Review Committee, I would like some clarification from Deputy Langlois –

3175

**The Bailiff:** Deputy Bebb.

3180

**Deputy Bebb:** Thank you, Deputy Gillson for giving way.

Just to clarify, would Deputy Gillson agree with me that were all the amendments to fail, then realistically, the only option is to send both committees to do the work that we have asked of them before, prior to this debate and therefore would he also agree with Albert Einstein's definition of stupidity being to expect different results from undertaking exactly the same actions? (*Laughter*)

3185

**Deputy Gillson:** In politics, you never know. (*Laughter*)

I think that what I would like to know from Deputy Langlois is, as part of the Tax and Benefits Review Committee, is that review going to be fundamental in terms of looking at, not only the level of Supplementary Benefit, but the structure of Supplementary Benefit or not?

3190

Then I have a couple of questions for Deputy Le Lièvre who, as we all know, was on SSD. My recollection is that the March 2002 report did not suggest changing significantly away from a one size fits all. So the question is – and he now seems to be focusing and suggesting one size fits all, so I would now like to ask – did he, in the lead up to the 2012 report, suggest and make arguments within the departmental discussions for such an approach and, if not, why not, but, if he did, why then was the Department of which Deputy Dorey, Deputy Lowe, Deputy Ogier, I think, were part

3195

of it and are now supporting the amendment, why did they not bring forward this idea of moving away from the one size fits all approach?

3200 **The Bailiff:** Deputy Langlois.

**Deputy Langlois:** Sir, I think it might be helpful to – I was asking Deputy Gillson to give way, so I hope this counts as giving way. In terms of the relationship between (a) an imaginary new committee which we are talking about here, the PTR, and the separate responsibilities of my Board and Treasury and Resources, the PTR responsibilities are still evolving, because we have done the research, the consultation bit and we are meeting in the near future, as Deputy Perrot said earlier, about progressing that forward. So, it is an unanswerable question at this stage.

3210 **The Bailiff:** Deputy Conder.

**Deputy Conder:** Thank you, sir.

Like so many of our colleagues, I would like to say, again, that I do not see this amendment, if successful, to be a vote of no confidence in the Social Security Department and I would reject the criticism of the Department. I have felt uncomfortable today hearing the amount of tension and disagreement between the three key Departments and their players. Hearing that, it is not easy for, if you like, the lay member to make a well-informed decision.

I will vote for this amendment, as I voted for the previous amendment, but without any sense that I am a critic of the SSD or its Minister. Like Deputy James, I know what it feels like to be in a Department that feels itself to be under siege and I feel for her and her colleagues – and, indeed, her colleagues and her Minister.

However, sir, I have been and I am a member of a special committee of this Assembly and I have seen and witnessed how effective the deliberations of such a committee can be. I am a member of the States' Review Committee. That is a dynamic coming together of individuals where learning takes place, where its membership from disparate backgrounds come together, who have their own level of expertise and beliefs, that can look at issues and problems from a new perspective. I would dare to suggest, sir, that the issue of benefits, contribution rates and Supplementary Benefit Scheme has been a running sore for too long and the SSD's proposals are a grave attempt to address these issues, but it is apparent, for whatever reason, that they have not secured the support of many of their closest colleagues. I really do hope that they do not see this amendment, if successful, as a rejection of all they are trying to achieve or a direct criticism of their motives. The proposed special committee offers the opportunity for all of the interested parties to work together, to bring forward a fully costed and resourced proposal within the context of the fiscal realities.

I am very glad that the new amendment has a truncated timescale which will allow this Assembly to endorse the appropriate propositions, which can secure the support of all of the key parties and are branded in research and are financially viable.

Sir, I will vote for this amendment. It is the right thing to do at this time. This running sore needs to be healed and this Assembly needs to hear a set of Propositions that have the clear endorsement of the key parties and key stakeholders. I do encourage colleagues to vote for this amendment. I do so, as I said, without any criticism whatsoever of the Social Security Minister and his colleagues, notwithstanding what the Chief Minister said about the likely success of such a committee and I believe the process has the potential to be cathartic and potentially will help to resolve the obvious tensions and disagreements between the key players.

As I have said, I will vote for the amendment, and I hope my colleagues will do so.

3245 **The Bailiff:** Deputy Burford and then Deputy Brehaut.

**Deputy Burford:** Sir, I agree with Deputy Conder saying that I think a new committee formed like this has the potential to have a very positive outcome. The Chief Minister worries that the new committee will not be able to reach a consensus but will bring a majority report and a minority report. Well, so be it. That outcome stands every chance of offering this Assembly a much better option than we have before us today in SSD's proposals.

We might all prefer that SSD had today brought a report on the modernisation of Supplementary Benefit that we could all support, but it does not seem to appear that that option is on the table. For those Members of the Assembly who are reluctant to support this amendment, because it is not the way things should be done, they should perhaps note that the arch-supporter

of process in this Assembly, namely Deputy Fallaize, is also probably the staunchest supporter of this amendment.

3260 What matters to the people of Guernsey, the people who we are here to represent, who rely on this financial support, is not which committee modernises the Supplementary Benefit system and makes it fair, effective, equitable and affordable, but that it actually gets done.

**A Member:** Hear, hear.

3265 **The Bailiff:** Deputy Brehaut.

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

3270 We have a benefit system, really, that you could say is still going through the growing pains, the teething pains, and it is a benefit system that is still in its relative infancy in a number of regards. As you will all be aware by now, I was a Procureur in St Peter Port for some time, and the benefits that were paid out then were judgmental, random – I could keep you here for the rest of the afternoon. People were refused payment, because they could not give an account of how they had acquired the bicycle on which they had arrived at St Peter Port. One young woman who filled out an eight-page assessment form so competently and so well was refused benefit, because she  
3275 obviously had the office skills to be working somewhere. And for any man of a certain age, whether they could read or write or not, were generally referred to the army if one Procureur just happened to be in on that day – and that is not that long ago.

3280 Do you know, there are still people...? We talk about ‘Scrooge’. We talk about ‘Dickensian’ and politicians are feeling hurt at that, but we still have people who want to be and who stand for the office of Procureur of the Poor. They want to be a Procureur to the Poor because it is a tradition. It is something that they want to do. Our benefits system is still evolving and changing and there are still people out there that relish being a Procureur to the Poor – not that we should be doing something to deal with the issues behind poverty in itself.

3285 I do not blame the Social Security Department for wanting to do something and they are a genuine and sincere group of people. Doing something, of course, is not the same as doing the right thing.

3290 Deputy Lester Queripel, sir, referred to those who struggle to, quoting the *Press*, ‘heat or eat’ but actually they are victims, not in the sense perhaps that Deputy Lester Queripel portrays at the time, but they have been raised in a system, that generation, where they have had to go to the parish and the state to get assistance, rather than seeing a benefit as an entitlement and, if there are people out there who are too frightened to put on the heating and have that struggle between food and heat, then they have an entitlement to assistance and there should be no shame in them whatsoever asking for it.

3295 There have been some fascinating speeches today, sir. There have also been some, I think, best forgotten. I think Deputy Stewart comparing the review of benefits to forming committees that investigate fireworks or, I think he said, dog poo on pavements, is unfortunate. This would be a group, a committee that could resolve, as Deputy Conder has already said, a very, very long running sore that needs to be dealt with, to be treated. And, of course there could be something in  
3300 Commerce and Employment for this or in Employment and Commerce, because if we understand the relationship between benefits, the minimum wage and invalidity benefit, then you get people back to work and they start to pay taxes and they start to pay States’ insurance and taxes and not draw benefits. So that would be useful for the committee to explore that, sir.

3305 Now, sir, I have always been very fortunate. I have always got on with Deputy Jones (*Laughter*) and I cannot imagine, for one minute, why anyone found it difficult to work with him. In fact, he sent me a Christmas card this year, he may remember. Apparently, you cannot get a fatwa through Funky Pigeon, so that was the last thing he was able to... That was all he could do. (*Laughter*)

3310 But the ability to have a committee to review benefits... Sorry, Deputy Jonathan Le Tocq implied that it was a weakness within our system. Sir, it is not a weakness within our system. It is a strength within our system that if two Departments quite obviously cannot work very well together, then we have this remedy that we have used before, to focus minds and ensure that people are working for the best resolution which is to help families and vulnerable people.

3315 Now, there is obviously a prize to be had here. The prize is a more inclusive community. The prize, the goal, is a fairer society. Of course, if that is too emotive and wishy-washy for the more business-minded of you, you could then refer to the Government Business Plan which talks about ‘distributing wealth wisely within the community’.

Members, I urge you, please, to support the Le Lièvre amendment. Thank you.

**The Bailiff:** Deputy Sherbourne.

3320 **Deputy Sherbourne:** Thank you, sir.

I too would like to add my voice to those who have indicated they see this amendment not as a challenge to the competence of SSD. In fact, I would like to applaud them for bringing this motion to us, the proposals to us. I think that was a brave step, bearing in mind that March 2012, they received a bit of a mauling in terms of the vote, the outcome of what was a reasonable proposal.

3325 However, I feel that these proposals do not really go far enough. We have a situation which I would imagine most of us here identify with, whatever committee we actually sit upon. For years and years, this States has tended to muddle along. It has tinkered with policies established in a past time. That is not to be unkind to our previous States Members. That is the way it has been and I have observed that over almost a lifetime in Guernsey. There has been an inability to grasp the nettle, to actually look at the policies that we are playing around with. We have got that window of opportunity now.

3330 Deputy Gollop, in his eloquent speech, as usual, raised a large number of issues that need to be addressed and yet, at the end of that speech, he says that he could not support an amendment that actually wants to start that process. That is exactly what this is doing. It is actually challenging existing policy, existing practice and I, for one, want to see that changed. In the Committee that I am proud to be a member of, we are trying to do just that and, obviously, we are going to get ourselves into hot water as a result of it, but we will face those challenges.

3335 There should be no sacred cows in Guernsey. We should not say, 'That is the way it has been done for the last 50 years.' (**A Member:** Hear, hear.) We should be constantly challenging and that is why we have got so many working groups, because basically you recognise that fact. You have recognised it over the last 18 months and you have commissioned various working groups, because you know deep down there are fundamental flaws with the way that we have been governed, the way that our committees actually work and the restrictions that are placed upon our committees.

3345 I support SSD. The members I have a great regard for. I have no question about their commitment, their passion for their work, their care and their honesty – not at all. In fact, I would extend that to every Member of this Assembly, doing what we can in our Committees, but we do need to move on and Deputy Le Lièvre, in his speech this morning, indicated vividly exactly the points that I am trying to make now. We have a system that is outdated, that needs modification. Deputy Le Lièvre is offering us an opportunity in just one small aspect to do something about that. I applaud that. I support the amendment and I would ask you to seriously consider supporting it as well.

Thank you.

3355 **The Bailiff:** Does anyone else wish to speak on the amendment? No.  
Deputy Langlois then, do you wish to make the penultimate speech?

3360 **Deputy Langlois:** I have got a few brief notes here, sir, and everybody will be relieved that I will not go through all of them. I think it is totally inappropriate at the end of a long debate like this to try and pick off every single comment back and so on.

3365 It is rather odd. Earlier, I had a rather spooky sort of feeling up here, because at the last Assembly I used to sit down here somewhere and we made the reference to 'up here and down there'. But I think round about here, it was one of these two seats, there was a certain Deputy Flouquet, of considerable experience, who used to sit, and he had a few quite difficult jobs. He came with some fairly controversial things to the States and he, rather robustly, defended them. I got a little bit carried away in the middle of this debate, because it had been a long day, thinking, 'Gosh, what must it have been like for him?' Then all of a sudden, Deputy Jones got up and I knew exactly what it must have been like for Deputy Flouquet, because he and Deputy Jones were at it all the time. And then, I thought, 'Hang on, Deputy Rihoy is going to be standing up – oh, no he has gone. That is alright, fine.' A little bit spooky, because things, processes in this place tend to recycle themselves and I have been under the cosh today.

3370 I do sincerely thank a number of people who have, in that sense, expressed confidence – it is a difficult word, because it goes with 'a vote of no' – but confidence and support, on a personal level, to all the members of my Board. I thank you for that, because it really is appreciated.

3375 What we have got today, here, sir, is a battle between – I choose the word carefully – a tension between emotion and practicality and we had that last time and it has not come closer together, in my view. It will not come closer together during any work that any committee or group is going to do on this in the future. It is still going to be there, because that is the nature of the beast. That is

3380 what this sort of welfare system is about and that tension will always be there. I make, again, no apologies for the fact that I and my Board have come down firmly on the side of practicality, because we want to see something done.

I will, very briefly, and I do mean briefly, acknowledge that it would probably take longer than it will to construct a brilliant and radical social security system to come to an agreement between Deputy Jones and I, or Deputy Jones' Board and I, about our perceptions of the process in the last  
3385 nine months. Let us not bother with that – tracking over that. Enough has been said today, which I am afraid is extremely unfortunate in terms of the allegations made about how much co-operation was or was not present. I do not want to track over a list this long of meetings attended, opinions voiced and so on and so forth. We might not have been here, had we actually not received a letter of support, albeit reluctant, which was put into the policy letter, because that was the day on which  
3390 it had to go to print, and so on. Therefore, that process has had an unfortunate fall out, but on many points, we do disagree and I somewhat resent the implication that has made that the fault has been one sided.

Now, sir, the amendment clearly seeks, and its proponents clearly seek, to sell you the idea – dare I say it, the myth – that there is a perfect solution – a 'masterpiece', it was called – that there  
3395 is some amazing system lurking there, waiting to leap out at us, which nobody has ever thought of before. A lot of discussion, for example – and I use this as one technical example – has revolved around this business of flat-lining. It is sometimes called the benefits cliff, I think, in various other contexts, of saying that you reach a point where you are either in or you are out and when you have moved from in to out, or out to in, then suddenly the return to you is considerably different. I  
3400 am assured by those people who know – and by that I mean, amongst others, my excellent and expert team, which as a Minister I rely on 100% – I am assured that there is no system which particularly deals with flat-lining without significant additional resources and, interestingly, I am assured that the previous Board looked at this whole issue in considerable detail and, believe it or not – this is said to some of you who made a point about costs today – they rejected it on the  
3405 grounds of costs. Now, that is an interesting piece of background, because if it was too expensive even for them, then let us be very careful about putting too much time to it.

The question of cost is as the centre of this. It has been pointed out by a number of speakers from all areas of their support or otherwise for this amendment. The simple fact is that the financial compromise which we are proposing is partly driven by costs. It is partly driven by trying  
3410 to find the centre ground between those who say that overall expenditure of the States cannot rise and those who say, 'Overall expenditure of the States has got to rise for welfare purposes.' That is where we are.

Perhaps the most valuable aspect of these last two debates – and I call them two debates – 13 days ago, or whatever it was, and today, is that we have got more clues about the thoughts of the Assembly, because the Housing amendments were significantly defeated and I believe that was  
3415 largely because of the price label and, clearly, people are now concerned that they want something more perfect as a solution. I would just like to put the health warning on that of saying, if *any* committee is going to work towards finding that solution, I would prefer them to do it within a specific cost envelope.

3420 My other concern about the proposition of a new committee is all to do with time and the timing factor...

Excuse me, sir. I return to the point of costs for a moment, because some body language tells me that there is still the accusation around that we have not addressed the point of costs any more than anybody else. I would refer people to, in the original Proposition – Proposition 31 –  
3425 which links it with the PTR and also many, many statements that are being made that say that we believe, as a board, that the £3.75 million can be found from the redistribution of universal benefits. So, that is dealing with that one and it is different from what is being proposed by the higher costed bits.

3430 There is a problem of starting from scratch. We can play games about a month here and a month there and how long it takes. I even heard somebody say, 'Oh, well, we should get it all cracked in six months.' Well, hang on a minute, the last Board spent four years on it. We spent 18 months on it. Why would that be the case: six months will be enough to see it off?

3435 There is one other point and that is, as we approach this vote for the amendment, I would warn you against these threatening voices which have been used by a number of people, saying 'if the amendment fails, we have to throw out all the proposals'. Please do not listen to 'we have to'. We do not have to do anything. We are members of the Government of Guernsey and, if it makes logical sense to us to reject the amendment and then to accept the compromise solution which is in the policy letter, we have every right to do that, so please let us not have the threatening noises: 'if we do that, we have to do something else.' It does not work like that. They are separate votes.

3440 So, sir, in conclusion, and I hope briefly, I ask Members to reject this amendment, simply because it is the wrong debate at the wrong time. Holding on to an interim position of two separate welfare systems for longer than is necessary is simply not doing right for those in need or for the taxpayers. Let us remind ourselves, yet again, of the present situation. We have got two very unequal welfare systems – or it is much nicer to use the word ‘rebate’, it sounds sort of more gentle, but it is a benefits system, as is the Supplementary Benefit system. If they are combined by bringing everybody up to the highest levels of being paid by the Rent Rebate Scheme at present, the cost would be prohibitive. It would be close to or higher than the amendments which you so firmly rejected a couple of weeks ago.

3450 We are operating under a fiscal policy of real terms freeze in aggregate revenue expenditure and I think that is likely to continue. You have only got to read Professor Wood’s comments. You have only got to listen to economic updates and look at the state of the world economy, in particular, to know that it ain’t going to get that better that quickly.

3455 So, those are all facts, and you put those three facts together and it is clear that we can only get somewhere by compromise. Compromise is a word that has been a little bit hijacked today, because it has been turned to the advantage of saying it is a compromise amendment, which I will not take issue with now. Life is too short.

3460 Now, we turn to the proposed mandate of the committee and it says – What is it supposed to be doing? Well, it says, ‘(a)’ – I am not going to read all of these out, do not worry. It says, ‘(a) look at what the current situation is.’ It says, ‘(b) develop a single comprehensive system.’ It says, ‘(c) ensure you take account of different needs’ – yes, fine. And ‘(d) make it affordable but fair.’ ‘Firm, but fair’ – it is the usual impossible resolution of a contrast there.

3465 What on earth do the proposers think that SSD, in full consultation with Housing and others, have been doing, other than trying to fulfil those four objectives? I take particular exception to (c) because, despite what has been said by a number of people today, the listing in (c) directs the possible new committee to take account of the circumstances *inter alia* of ‘the aged, the sick, the disabled, the families on low incomes, families of three or more dependent children and persons with no further reasonable expectation of employment due to age or ill health.’ Yes, of course, the list is there and don’t we know it? I have a full team who deal with all of those groups on a daily basis and we have a system in place that is nowhere near as decrepit and broken as has been portrayed today.

3470 Do people honestly believe that there is a magic solution waiting to spring up from the behind the hedge and surprise us and say, ‘Oh, we have never thought of that before and nobody else in the world has’? Of course there is not!

3475 Now, sir, one possibility, before you vote, that you should consider here and that is just the possibility, just the teeny possibility, that yet again a new committee will come back and they will decide that a true or real modernisation just cannot be achieved without a whole load of money being thrown at it. A member of the former Board at the time of March 2012 said to me in the Members’ Room, ‘Do not worry about the Social Security contract. We are going to throw a shedload of money at it and it will be sorted out.’ And that is the reality and it is called ‘tax and spend’ – or maybe it should be called ‘spend first and then decide which taxes to put up’.

3480 All of this ground has been covered before. SSD’s proposals will do three things. They will increase benefit levels at an affordable speed for the Island for most existing beneficiaries. They will open the door to upward of 1,000 claimants, people in need who need Income Support, whilst further developing work incentivisation patterns and placing more focus on individual groups as workstreams go along. And, thirdly, approval of the original Propositions will authorise work to source funding, mainly from universal benefits and provide a soft landing to those who will be affected adversely.

3490 I have never had any doubt that achieving, particularly the third of these will involve detailed work, both on transition arrangements and on funding – detail that a special purpose new committee is unlikely to achieve, starting from scratch now and delivering in time for debate and delivery before the election. The States should not commit to that work to without having agreed, in principle, the general affordability of what is being proposed.

3495 Sir, this is not about some complex process and States’ committees, this is about real people who need Income Support sooner rather than later. It is about building on an immense bank of experience in operating firm, but fair benefit systems, which we have in our Department. It is about ending the lottery of the level of benefits that you receive according to which type of house you live in. Please reject this amendment and allow some steady, sensible progress to continue.

3500 **The Bailiff:** Deputy Le Lièvre will reply to the debate.

**Deputy Le Lièvre:** Thank you, sir.

Deputy Langlois said that he would not deal with most of the things that had been said by people, but I think I am going to have to, because there are so many issues that have been raised that are of significance that I must indeed tackle them, because I fear that, if I do not, then  
 3505 Members will go away believing what they have just heard, which is not accurate.

I thank Deputy Lester Queripel for his support and I certainly thank Deputy Fallaize for his support, both in his speech and in the preparation of this amendment. I make no secret, he helped me with it. It is not one of my strengths. My strength is in the knowledge I have in regard to benefit systems, not in amendment creation.

3510 Now, Deputy Le Clerc – I think I will start, because there are some themes. There are, actually, some themes. One of the themes that I have noticed is that not one member of Social Security has questioned any of the papers I put out. They have not commented on any of the figure work, apart from saying that there is not system in the world that can produce a system which gets rid of flat-lining. Well, Housing managed it eight years ago. So you do not have to look too far, Deputy  
 3515 Langlois, to see where it actually works. I thought I had demonstrated that absolutely in the papers I produced but, nevertheless, it has worked.

But, there has been a common theme that not one Social Security member has challenged anything I said. All they have done is raised doubts about the ability of a committee, an investigation committee, to produce a new system; doubts that it can be done in time; doubts about  
 3520 the cost, but not *one shred* of evidence that anything I have said in all the papers I have prepared which I have issued to every States Member is wrong. Their policy letter does not touch on flat-lining – I know Deputy Bebb does not like that title, but it is absolutely accurate. It does not touch on flat-lining, other than to say, in paragraph 321:

3525 ‘Some households ... may improve their financial situation by entering work and consequently benefiting from the £30 earnings disregard, however, this only offers a limited recompense.’

It goes on to say:

3530 ‘In practice, after the earnings disregard has been applied, households affected by the benefit limitation are unable to improve their financial circumstances through work...’

‘Unable to improve their financial circumstances through work’ – and yet, 30 or 40 pages of this document is about work incentivisation and in paragraph 321, it says, ‘Can’t do it.’ And it said  
 3535 it in 2009 and I agree with Deputy Langlois that we did actually shelve it, but what Deputy Langlois failed to tell the Assembly was that the Social Security Report in March 2012 had no benefit limitation and it had some rates of benefit that were substantially higher than those which are going to be applied now.

So, what is being proposed here, are subsistence rates – subsistence rates of benefit – with a benefit limitation, *no ability* for a tenant to actually improve their circumstances, because they will be locked into this system, where their work capacity does not allow them to lift themselves out of benefit. That is what will happen and it is touched on... it is not touched on; it is mentioned in detail – but nowhere in this Report is there any solution. They have not looked at it. They have not  
 3540 looked at Social Security’s rates which they apply, tariff rates which rise from 14% to 25%, depending on your income. They have not looked at that. They have not said how could that be fitted into this new scheme, with lower rates of benefit – not a thing. Not a thing, and we are asked to trust them to come back, by Deputy Gollop, in the next review, they will put it right. Well, I am sorry, for me, given that it has not been dealt with at all, not even remotely, not even with a suggestion of how it might be dealt with, I have no confidence. It is not a vote of no confidence. I  
 3550 have no confidence that in a year’s time, we will see something that will correct that. So, these are very, very genuine concerns.

I would expect the committee to have shot down my papers, saying, ‘This is a nonsense. Flat-lining does not exist.’ That is what I would have expected. To say, ‘Well, you do not need to worry about the benefit limitations. We will cope; it is all alright.’ I would expect them to say that.  
 3555 They have not dealt with the social issues with regard to producing single income estates, not one reference to it. Not one reference in the last debate or, indeed, in this debate, just constant dripping away with, ‘You will not be able to produce another system, no matter how long you look at it. It will always come back to this. Not one system in the world has managed to do this.’ Except they did not look further than Frossard House, unfortunately.

3560 So, that worries me. That worries me very greatly, that we are going to see nothing new and that when this is actually put into operation, then the flaws will come out and let me assure you, ladies and gentlemen, when this goes into operation, there will be *mayhem* in our social housing. Tenants do not know that they are going to have their income reduced by £50, £60, £70, £80 or

3565 £90 per week. They do not know. They have not been told. They have not had any letters, but that is the effect of the implementation of these proposals. So if my amendment does get thrown out, I would implore, absolutely *implore* the Assembly to throw out these proposals, because they are going to cause mayhem on your social housing estates.

Now, I thought Deputy Kevin Stewart's remarks were appalling – absolutely appalling. I am sorry to say that and I am sorry to say it because the messages that are published and are sent out over the radio waves in this Assembly are contrary to assisting or encouraging people to claim benefit and when they hear that a committee which is to be set up to look into social welfare aspects might be compared, possibly, with a committee to talk about dog excrement on the cliff paths, it worries me.

3570 In the last Assembly, we had references to the 'begging bowl' and 'soup kitchens'. Do we really think that is going to encourage people to claim benefit? (**A Member:** Exactly.) I have visited people. I have had a lifetime of visiting the elderly and they do not want to claim benefit, because they do not want to be seen grasping. They are living their memories through the Public Assistance Authority of 50 years ago. There is no way they want to go anywhere near Social Security, no matter the fact that the staff within Social Security are excellent. They carry out their duties to the letter of the law and they do it brilliantly, but *still* you do not get people coming in, no matter how much persuasive effort you put in and the reason is because we, in this Assembly, send out messages like that. I would like you, Deputy Stewart, apologise to the public.

**Deputy Stewart:** Sir, I will not apologise. He is trying to make a political point here.

3585 The point I was making was that we have a properly constituted committee to deal with social problems and social policy – a properly constituted committee. The point I was making was a debating point and that point was just because you do not think that the Social Security Department is doing what you want them to do, that you then set up another committee. So, therefore, the point I was making – and it was a point of principle and that was what I said – was that do we, every time we disagree with something a Department does, start up another committee...? Whether that be the old chestnuts –and those were the points I made – whether it was fireworks or Sunday trading or anything else. I am not going to say the words again – I actually said, 'doggy doo on the cliff path' and we all know that is an old Guernsey chestnut that comes up over and over.

3590 So, all the point I was making was that we have a properly constituted Department to deal with and to look at our social policy and I was just making the point, do we then, every time we disagree with something the committee does, all jump up, put an amendment in and have a special committee to deal with that problem?

3595 Thank you, sir.

3600 **Deputy Le Lièvre:** That was a very clear explanation. Thank you, Deputy Stewart. Just, in future, if you could avoid the expression such as that, then maybe you will *encourage* people to enter in through the doors of Edward T Wheadon House –

3605 **Deputy Stewart:** I still stand by what I say, sir.

**Deputy Le Lièvre:** Super, thank you.

3610 I thank Deputy Jones for his support and I think we would be very well advised not to ignore the level of communication, joint working and whatever that has *not* occurred between Social Security and Housing. We hear that this is a vote of no confidence. We hear that, given time, these two committees will come together in a new air of openness and discuss these matters clearly between each other and resolve them, but we have not seen that. We have not seen anything like that.

3615 We are still hearing the old, 'Well, you did not say much when you were in committee, etc. etc' between Members and that illustrates to me, very vividly, the fact that these two committees cannot work together. The reason they cannot work together is because Social Security has a very fixed opinion of what can actually be produced. It has told us, 'no committee in the world could do it.' It has told us it looks at everything, etc. It is saying that, even the States Investigation Committee, when it came back, would produce the same sort of outcomes, that there is no magic mystical resolution to this issue. It has made up its mind that the 1954 Law, as amended over the years, is the bees' knees, that there is nothing new you can do to it. It works. It works really well with the staff that you have got, etc.

3620 Well, of course, it is not true. It is a one size fits all and the policies, internally within that system, mean that when you talk about the elderly or the sick or the disabled, you are immediately

3625 colouring your opinion by virtue of the fact that you also have to deal with the unemployed and other categories within the Law. It is just too old and too cumbersome to work properly and of course it can, obviously, be redesigned.

Deputies Luxon and Perrot and the Chief Minister all raised this question of no confidence, but the Supplementary Benefit Law is only a tiny part of Social Security's general administration. It deals with pensions; it deals with the unemployed; the sick; with Invalidity Benefit. The whole of the Social Insurance structure is massive. It deals with pharmaceutical; it deals with long-term care, etc. This is only a small aspect of its administration and its responsibility.

This is not a vote of no confidence. It has done a brilliant job over the years and I suspect that this Committee is doing a brilliant job as well, but in this particular area, it has proved that it cannot be... I do not want to use the word 'trusted'. It cannot be relied upon to come to terms with Housing to produce a scheme that is for the benefit of the whole of this Island's community at the lower income levels. So, I do not take this argument of it being a vote of no confidence. That is a nonsense, in my mind.

Now, Deputy Paint – in fairness to Deputy Paint, when we met at Housing he raised most of the concerns that he raised in Housing in the Assembly this afternoon. Well, it might not have been this afternoon, I have lost track of time. But I did not disagree with anything he said – nothing. This new system, this new model would, by virtue of its new design, treat people differently. It would treat the long-term claimant – i.e. mostly the elderly and/or the sick or people who are judged to be totally incapable of work – it would treat them differently to people who had a very short-term need, two or three weeks. The benefit limitation would be different. Possibly the rent allowances might be different and so some of the fringe benefits, like paramedical assistance for dental and physiotherapy, they would be different as well. Why would you be willing to give somebody who is coming for two weeks authority to go to the doctor or the dentist and have a complete new set of dentures, for instance? That is not going to happen. Now, I am not suggesting it happens at the moment, but you would have different rules for different categories.

So there is no question that this new model would be a, 'Come unto me; I will give you whatever you want.' That is *not* what is going to happen. Those people who lie in bed, looking for work are going to be treated, I would suspect, very... I do not want to use the word 'harshly', but very severely. I do not want to see that happen. Who does want to see that happen? But, if you are dealing with somebody of 83 whose circumstances are never going to change, who is living in sub-standard accommodation, etc, you are going to pile in the assistance into that case. So, yes, it might well be more expensive at the top end, for those people who are elderly and with that need, but it would not be the same down at the bottom and I do not want to give anybody the impression that this is a scheme of largess, where everybody gets what they want and they are all happy and they never want to work and it encourages a benefit culture. Quite the opposite.

Quite the opposite – what I would see is a model that did exactly the opposite of that and I am not suggesting, for one minute, that we bring back into being the Public Assistance Authority. Certainly, from what Deputy Brehaut said, and he summed it up quite accurately, it was quite a distasteful system in many respects, but certainly, the model that I have in mind is not a recipe for a benefit culture and would do many of the things that Deputy Paint holds dear. In fact, I would be very surprised if it did anything else. So, I agree with him, with most of what he said.

Yes, there will be a cost and I do not know what it would be, because then I do not know what the model is going to come out and I do not know what rules would be attached to that model. So, there has to be a question mark. There has to be. But, if you really, *really* want to help those people who need help, you are going to need a new system. The current one will not work, because, in actual fact, all you do is reduce people to the lowest common denominator and that is exactly what we have seen with these requirement rates – exactly what we have seen.

Deputy Perrot said that if it looks like a duck and it walks like a duck, then it is a duck. In my world, if it walks like a duck and it is a duck, then Deputy Quin will shoot it. (*Laughter*)

I do not take issue, because I feel extremely uncomfortable. Let me assure you, sir, this is not an Andrew Le Lièvre take-over bid of Social Security or indeed the Housing Authority. I want, frankly, nothing to do with it, but does Deputy Perrot expect me to sit on my hands when I see something that I believe, fundamentally, is wrong or does he want me to do something, to use what limited skills I have got to improve matters? That is what I am feeling I want to do. I do not want to be chair of this special investigation committee. I might like to be on it, but if for one moment the States thought my being on that committee was an impediment to its proper progression, I would stay a million miles from it.

I would be just happy to see the investigation committee set up, because at least it gives an independent body, to some extent, the opportunity to produce something other than more of what we have seen already and it certainly gets the protagonists around the table in the presence of other

people and that is one of the great benefits of it. It is not necessarily a monster. It is not taking away people's powers. It is not usurping their mandate. It is not a vote of no confidence. It is a body that it going to get two partners who have slipped out of love with one another back around the table. That is all it is and the upshot of that is that it stands a real opportunity of producing something new, something exciting, something that will work in this community for another 20, 30, 40, 50 years. Exactly the same as the Non-Contributory Pensions Law 1954, exactly the same. (Interjection) Yes, isn't that wonderful? (Laughter)

3690

I am not going to go on a great deal longer, because I think people will have made up their mind. This is not a tax and spend. This is *not* a tax and spend – anything but. I resent, quite strongly, the accusation that I am a tax and spend. What I am, what I unashamedly am, is a person who wants to see those people most at risk in our community supported by this Government. That is all I want. I am not greedy. I do not want anything for myself. I do not want any kudos. I do not want to be part of the committee. I just want to see, as Deputy Burford said, the people of this Island see this Government produce a system that is good for them.

3695

3700

Now, there was a question from Deputy Gillson, with regard to why did I not do something, what was my position back in 2008 to 2012? Well, I am going to go back further than that, Deputy Gillson. I am going to go back to 6th June 2000, when I was dragged in to speak to the then States' Treasurer, Dave Clark and a member of Housing. I said to them, 'We do not need Rent Rebate. We do not need Supplementary Benefit. What we need is an all-singing, all-dancing scheme that copes well with the needs of our community.' I have told this Assembly so many times, they sent me away and said, 'Go away and tart up the Rent Rebate Scheme.' And I did.

3705

But I have maintained my stance for decades. I have not altered. I was probably the most outspoken member of Social Security. I look for somebody to confirm that and maybe they will not, (Laughter) but I believe my views of where we should be going were probably the most outspoken on the committee at the time, but I was sold on the idea of a phase one development. Exactly, as Deputy Langlois is saying this is a phase one development. The Administrator and the rest of the Board said, 'Well, this is phase one in my time.' I was not totally in favour of it and it certainly did not appease or meet all my desires with regard to an all-singing, all-dancing benefits system, but it was a step forward.

3710

3715

But I want something different and I have been given the opportunity in this amendment to actually suggest what that might look like. But it is only one of a number of models, any number of models. In fact, Rent Rebate model is better than Supplementary Benefit at the moment. It is better and for anybody, if you had examined the papers or read the papers clearly, Rent Rebate is actually deficient in comparison with Supplementary Benefit up to the £500 circumstances, because of the process of the method of assessment. It is only after that level that Rent Rebate starts to take over and, if you go to the really high levels, then the two start to converge again.

3720

So, Supplementary Benefit is not a lesser benefit to Rent Rebate. In some instances, at low level income, it is actually better, but after a while Rent Rebate takes over, mainly because of the way it treats work and income from employment. Mainly, that is why it does it. It is only at lower levels that it is deficient in comparison to Supplementary Benefit, so please do not think that Rent Rebate is the all-singing, all-dancing answer, because I would like to see it improved, certainly at lower levels to at least equal Supplementary Benefit.

3725

So, where are we? Yes, there was another question with regard to the Tax and Benefits Review. It did not come from Deputy Perrot, but it was mentioned the relationship between this committee, this special investigation committee and the Tax and Benefit Review. Well, my view of the Tax and Benefit Review is that it has always been high level. It has always been high level and it was certainly was not going to get involved in earnings disregards or the level of rents or which forms of income are disregarded or taken into account, etc. That is not going to be about, in my opinion – I might be wrong – but that was the view I had taken. The Investigation Committee will be dealing at a much lower level and it will have to have constant regard to its bigger brother, if you like, because if it wants to work in conjunction with them, to actually produce an element of our tax and benefit structure that is worthy of the name, it would be very, very stupid not to work in conjunction, but it will be producing the small detail and, indeed, making sure that the tax and benefit system, at the lower levels, is commensurate with a system of welfare that is good for our community. So, I do not see them going apart. I see them working very closely together with constant dialogue, but not to the extent that one is barking or snapping at the other one's heels. This is a joint working process.

3730

3735

3740

We do not want the special investigation committee to fall out with the Tax and Benefit Review Committee any more than we want Housing to fall out with Social Security through lack of communication, but we have got to have a committee which will produce a working system.

3745

That is the thrust of the whole of this amendment. There is no conflict between Tax and Benefit Review and this committee in my mind.

Now, I notice the time, so I am going to cut it short.

3750 I plead with you – plead with you – and it is not in my nature to plead, but I am going to – give my amendment and Deputy Sillars’ amendment careful consideration, before you vote against it. Now, I do not want to threaten the States or, as Deputy Langlois said, I particularly do not want the proposals to go through, but I would not urge anybody to vote against them, as such, but I want my amendment to win and I want it to win, because it represents a better way forward, a real way forward and not simply, for want of a better word, ‘tarting up’ something that is already very old and very unfit for purpose.

3755 So, I would plead with you to vote for the amendment, because it is and will be for the benefit of the community in the long term. Without it, we are going to see our poor – I can assure you of that. I can assure you of that, as eggs are eggs. I am not a betting man, but I would stake a large pile of money on the fact of what is going to happen if these proposals go through. It will not be pleasant. It will not be pleasant for the people that it happens to either. The people who have no knowledge of what is around the corner – no knowledge at all. Housing do not know, Social Security do not know and the tenants of the GHA and social housing tenants do not know either.

Thank you, sir. May I have a recorded vote, sir? (*Laughter*)

3765 **The Bailiff:** We will vote on the amendment of Deputy Le Lièvre, seconded by Deputy Sillars.

*There was a recorded vote.*

*Carried – Pour 29, Contre 15, Abstained 1, Not Present 2*

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

3770 **The Bailiff:** Well, Members, the voting on the amendment proposed by Deputy Le Lièvre, seconded by Deputy Sillars was 29 votes in favour, 15 against, with one abstention. I declare the amendment carried. (*Applause*)

We will rise now and resume tomorrow at 9.30 a.m. in general debate.

3775

*The Assembly adjourned at 5.46 p.m.*