



**OFFICIAL REPORT**

**OF THE**

**STATES OF DELIBERATION**

**OF THE**

**ISLAND OF GUERNSEY**

**HANSARD**

**Royal Court House, Guernsey, Thursday, 3rd November 2016**

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**The Clerk to the States of Deliberation**

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

**Absent at the Evocation**

Deputy C. N. K. Parkinson (*absent de l'île*); Deputy G. A. St Pier (*relevé à 12h 32*);  
Deputy J. P. Le Tocq (*relevé à 10h 08*);

**Business transacted**

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# States of Deliberation

*The States met at 9.30 a.m.*

*[THE DEPUTY BAILIFF in the Chair]*

## **PRAYERS**

*The Deputy Greffier*

## **EVOCATION**

# Billet d'État XXVI

## **COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY**

### **VI. Benefit and Contribution Rates for 2017 – Propositions carried**

*Article VI.*

*The States are asked to decide:*

*Whether, after consideration of the Policy Letter entitled 'Benefit and Contribution Rates for 2017', dated 26th September 2016, they are of the opinion:*

- 1. To increase the percentage contribution rate for employees, self-employed persons, and non-employed persons under and over pension age, by 0.5%, with effect from 1st January 2017. This takes the current contribution rates from 6.1% to 6.6% for employees, 10.5% to 11% for self-employed persons, 9.9% to 10.4% for non-employed persons under pension age, and 2.9% to 3.4% for non-employed persons at or over pension age.*
- 2. To set the upper weekly earnings limit and the upper monthly earnings limit for employed persons and employers at £2,667 and £11,557 respectively, from 1st January 2017.*
- 3. To set the lower weekly earnings limit and the lower monthly earnings limit for employed persons and employers at £134 and £580.67 respectively, from 1st January 2017.*
- 4. To set the annual upper and lower earnings limits for self-employed persons at £138,684 and £6,968 respectively, from 1st January 2017.*
- 5. To set the annual upper and lower income limits for non-employed persons at £138,684 and £17,420 respectively, from 1st January 2017.*
- 6. To set the allowance for non-employed persons at £7,875 per year, from 1st January 2017.*
- 7. To set the voluntary contribution for non-employed persons at £19.09 per week, from 1st January 2017.*
- 8. To set the overseas voluntary contribution at £91.17 per week for non-employed people and £100.79 per week for self-employed people, from 1st January 2017.*
- 9. To set the standard rates of pension and contributory social insurance benefits at the rates set out in Table 11 of that Policy Letter, from 2nd January 2017.*
- 10. To set the prescription charge per item of pharmaceutical benefit at £3.80, from 1st January 2017.*

11. To set the contribution (co-payment) required to be made by the claimant of care benefit, under the Long-term Care Insurance Scheme, at £195.16 per week, from 2nd January 2017.
12. To set the maximum weekly long-term care benefit at the rates set out below, from 2nd January 2017:
  - a) £807.38 per week nursing care benefit for persons resident in a nursing home or the Guernsey Cheshire Home;
  - b) £569.80 per week elderly mentally infirm (EMI) benefit for qualifying persons in a residential home; and
  - c) £432.46 per week residential care benefit for persons resident in a residential home.
13. To set the maximum weekly respite care benefit at the rates set out below, from 2nd January 2017:
  - a) £1,002.54 per week for persons receiving respite care in a nursing home or the Guernsey Cheshire Home;
  - b) £764.96 per week for the elderly mentally infirm (EMI) rate for persons receiving respite care in a residential home; and
  - c) £627.62 per week for persons receiving respite care in a residential home.
14. To set the supplementary benefit requirement rates at the rates set out in Table 17 of that Policy Letter, from 6th January 2017.
15. To set the weekly benefit limitations for supplementary benefit at the rates set out below, from 6th January 2017:
  - a) £650.00 for a person living in the community;
  - b) £534.00 for a person who is residing in a residential home; and
  - c) £766.00 for a person who is residing as a patient in a hospital, nursing home, the Guernsey Cheshire Home, or as an elderly mentally infirm resident of a residential home.
16. To set the amount of the personal allowance payable to persons in Guernsey and Alderney residential or nursing homes who are in receipt of supplementary benefit at £30.55 per week, from 6th January 2017.
17. To set the amount of the personal allowance payable to persons in United Kingdom hospitals or care homes who are in receipt of supplementary benefit at £51.47 per week, from 6th January 2017.
18. To set the supplementary fuel allowance paid to supplementary beneficiaries who are householders at £26.03 per week, from 28th October 2016 to 28th April 2017.
19. To set the rate of family allowance at £13.50 per week, from 2nd January 2017.
20. To set the rates and annual income limits for severe disability benefit and carer's allowance at the rates and limit set out in Table 22 of that Policy Letter, from 2nd January 2017.
21. To rescind Resolution XIV of January 1993 (Billet d'État I of 1993, Article 14) which states that: 'After consideration of the Report dated the 7th December, 1992, of the States Insurance Authority.  
To authorise the States Insurance Authority to make a grant to The Methodist Church Bailiwick of Guernsey Circuit of £9,000 in 1993 and of such amount as it may deem appropriate in subsequent years in accordance with such terms and conditions as that Authority may decide.'
22. To authorise, subject to the approval of proposition 21, the Committee for Employment & Social Security to pay a grant to Every Child Our Future of £31,265 in 2017, and in subsequent years, at such amounts as the Committee may deem appropriate within its budget allocation for grants to charitable organisations, for the provision of a pre-school to support vulnerable families whose children are not of the age where they would be entitled to free pre-school education.
23. To introduce a 5 year residence requirement as a condition of entitlement to the supplementary benefit rent allowance and personal allowance for people living in Part D Houses in Multiple Occupation.
24. To give the Administrator the power, in exceptional circumstances, to award supplementary benefit, of such amount as he considers reasonable, to persons who do not meet the 5 year residence requirement.

25. To amend the *Supplementary Benefit (Implementation) Ordinance, 1971*, to replace the seven day period required for the Administrator to respond to the notification of an appeal with a 28 day period.

26. To amend the *Social Insurance (Guernsey) Law, 1978*, and associated legislation, to rename 'invalidity benefit' as 'incapacity benefit'.

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

**The Deputy Bailiff:** Members of the States, I invite the President of the Committee for Employment & Social Security, Deputy Le Clerc, to open debate on this Article.

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

5 I am pleased to present my committee's recommendations for benefit and contribution rates to apply from January next year. It is particularly important to remind Members that it is an annual Report which sets the short-term rates for benefits and contributions while being mindful of the long-term policy position.

10 I will not be covering every point in the paper, I will just focus on some of the headlines. We are recommending that contributory benefits are uprated by 0.8% for 2017. This is in line with the pensions uprating policy that the States approved last year; 0.8% being approximately one-third of the difference between the June 2016 RPIX figure of 0.6% and the December 2015 Reading Earnings Index of 1.3. I know that some will feel that this policy is not over generous. However, we believe it is our responsibility to provide a fair pension together with ensuring the sustainability of the social insurance funds. We also believe it would be irresponsible to be anything other than prudent and cautious with the current financial climate and an unknown future; that is slow growth in the economy and the unknown effects of Brexit, and this is reflected in the actuarial assumptions in the appendices.

15 It is, of course, an option to readjust the uprating policy if better times come along, rather than to raise unrealistic expectations at present. I am also mindful that when we set these rates they were based on the June 2016 RPIX figures. We are starting to see an increase in RPIX – 1.1% in September – and if there are significant rises over the next few months we always have an option to bring back an interim report in 2017. I hope that it will not be necessary, but the committee will keep a watchful eye on the indices.

20 In its letter of comment P&R was critical of our warning that further increases in contribution rates may become inevitable. Why the committee cannot control immigration and has only limited ability to control investment returns so increasing contribution rates has to be our main tool to ensure sustainability of the funds and to get us through the demographic bump. However, it may be that net immigration nearer to 200 per year could extend the life of the fund beyond 2045, and that is in paragraph 12.1.3, and perhaps indefinitely. The effect of such an immigration level can be seen in figure 7.6 on page 27, and on page 56 of the Government's Actuary Department's latest report on the funds. For new Members it is worth noting at this point that the actuarial review is not an annual report but is a five-yearly report commissioned by the committee.

25 On to contribution rates; contribution rates will increase from January 2017 resulting from previous decisions made by the States and they are as follows: The contribution rate for employers and employed persons will increase by 0.1% in order to fund the new package of parental benefits which are being implemented from January 2017. Following the February 2016 States' debate on the Supported Living and Ageing Well Strategy, the previous States agreed that the contribution rate should be increased by at least 0.5% by 2017 in order to improve the sustainability of the long-term care insurance fund. Until more is known about the future scope of the long-term care fund, the committee is proposing the minimum increase of 0.5% for 2017. The committee will be kept informed on the future scope through its continuing work SLAWS, and that is the Supported Living and Ageing Well Strategy. The increase will apply to all classes of

45 contributors, including pensioners. The extra 0.5% will not apply to employers as they do not  
contribute to the fund.

Now to non-contributory benefits; with the exception of Family Allowance and Winter Fuel  
Allowance we are recommending increases in line with the June RPIX figure. These increases are  
funded by general revenue. The rate of the Winter Fuel Allowance follows the cost of fuel, light  
50 and power reported in the States of Guernsey Inflation Bulletin for June 2016, which reported an  
annual decrease of 5.9%. The fuel allowance will therefore be £26.03 from the end of October  
2016 to the end of April 2017.

On to Family Allowance; we are proposing to reduce Family Allowance by £2.40 per week, per  
child from 1st January. The benefit has been frozen at £15.90 since 2013; this was in line with the  
55 views of the previous Social Security Department and the views of the States during the 2015  
debate on Personal Tax and Benefits Review. The States requested that the committee make this  
reduction to £13.50 during the States debate in November 2015. The then Education  
Department's policy letter on the Transformation of Early Years Education – this was in order that  
the cash limit for the Committee for Education, Sport & Culture could be increased to part fund  
60 the new universal entitlement to pre-school education.

A part of the saving generated from the reduction in Family Allowance will be transferred to  
the Supplementary Benefit budget for 2017. This is in order to ensure that families in receipt of  
Supplementary Benefit will not be affected by the reduction in the Family Allowance payment. It  
is, however, of concern to the committee that the scope of the pre-school scheme may change  
65 from that outlined in the original policy paper. We had even considered laying an amendment to  
our own Report to ensure that the funding was still used to provide a universal benefit, with the  
exception of those with income above £150,000. We look forward to meeting with the Education  
Committee in advance of them bringing their alternative proposals back to this Assembly in order  
that we can be reassured that the funding is still providing the universality provision originally  
70 proposed by them.

I think it is important for me to cover our proposal on benefit limitation. As outlined in our  
Report, we do not expect the increase to have a substantial cost implication. However, it will assist  
those families in the direst need i.e. larger families with children. These are some of the families  
that would have benefited directly from SWBIC, had the funding been found. The increase will  
75 benefit approximately two dozen larger families in greatest need.

The committee is very disappointed that we have not brought to the Assembly the full funding  
request for SWBIC as we are very aware of the hardships that many in our community will  
continue to suffer without these reforms. However, we have heard during the Budget discussions  
that funding will most likely not be available until at least 2019. And as I said in that debate, my  
80 committee are not prepared to wait until 2019 or beyond to implement this essential reform of  
the welfare system. We will be looking every which way to find the funding for January 2018. (**A  
Member:** Hear, hear.)

In the meantime, we will be working to bring both teams who deal with social housing and  
benefits closer together, working from the same building as well as improving our processes and  
85 service. We are also keen to implement a social housing tenants association as there is much work  
that needs to be done in forming the benefits that SWBIC will bring and allaying the many fears of  
the housing tenants. We are not pushing against an open door with tenants, they do have  
concerns and we need to get the message across that the majority will be better off and for those  
who lose out the three-year transition period will ease the situation.

I will move on to the Reciprocal Health Agreement. This topic comes up regularly on the  
Sunday phone-in and I am pleased to advise that we are making some good progress on an  
insurance scheme and, as you will see in the Report, we will be bringing back to the Assembly our  
proposals by autumn of 2017, if not sooner.

With regard to employment I would like to take this opportunity to comment upon the  
95 importance of our return to work policies in relation to controlling benefit expenditure and their  
value to the economy as a whole. The committee has continued the good work with regard to



work incentivisation within the Supplementary Benefit Scheme and has driven forward policy changes, including reducing benefits for those people who are not prepared to work with us to get back into work. The committee has also reshaped the Job Centre so that it is even more effective, and this has better positioned us to work with short-term job seekers and, more importantly, long-term job seekers, including those people recovering from prolonged illness.

Moving forwards, I consider it very important that return to work policies continue to be developed. Our Fit Together campaign, aimed at supporting occupational health and wellbeing, launched this year, is exactly the sort of programme that will assist us in getting as many people as possible back into work. Under the 'Fit Together' banner the committee worked with GPs to develop a new medical certificate, allowing GPs to suggest changes an employer can make that might enable employees to get back to work sooner. The second phase will be to work with employers to see how they are getting on with the new certificates. This type of initiative will help to control expenditure and will in turn benefit the economy as a whole, but also the individuals concerned and their families.

Sir, I would just like to give some clarification on our policy letter on Part D of the Open Market. We recommend in this policy letter that Supplementary Benefit should only be paid to people living in Part D of the Open Market if they have lived in Guernsey or Alderney for a minimum of five years. Three years ago Supplementary Benefit rent allowances were withdrawn from people living in Part A of the Open Market. This was for the reasons outlined in paragraph 18.1.2 of this Report, and was in response to an increasing number of claims that we were seeing from migrant workers with expensive rent and low earnings. The claims were typically from Part A homes in multiple occupancy.

Through the changing legislation three years ago the observed growth in claims was nipped in the bud with no obvious impact on the personal welfare of guest workers. With Open Market multiple occupancy properties now moving from Part A to Part D their residents will once again become eligible for those benefits unless this change to law is made. Please note that Part D properties, former hotels and lodging houses are currently home to many local people who have lived in Guernsey all of their lives, some of whom require the support of Supplementary Benefit and whose rights will not change.

From April next year Part A will be reduced in number and will be what the common perception of an Open Market property was many years ago – the house of a wealthy person who can reside in Guernsey without a Housing Licence. From April anyone will be able to come to the Island and live in Part D accommodation for up to five years. The only bar will be if they have a serious criminal conviction. This sector of the housing stock will be able to be used by people who have not applied, or have not been accepted, for employment permits under the new regime. People may, all the same, come to Guernsey to live in Part D and try their luck in the job market.

That in itself is not an issue. What is an issue is if people who our new population management regime has not considered necessary for a labour or skills shortage seek to be supported by Supplementary Benefit. My committee's two dissenting Members believe this to be a low volume, low risk area. They would rather wait for an identifiable problem and then address it in the most appropriate way. The majority of the committee prefers to take action to prevent the problem developing. It seems high risk for the States to be launching its new population management regime with a largely unchecked gateway into Open Market Part D, including free access to Supplementary Benefit and I hope that the time I have spent in explaining this to Members will have been of assistance.

Sir, in conclusion, the committee will continue to focus on the evolution of the contributions and benefits system which provides a secure safety net for those in need, encourages and rewards self-reliance, is perceived as fair by the highest possible proportion of the population Sir, I ask Members therefore to support our proposals in full.

Thank you.

**A Member:** Thank you.

**The Deputy Bailiff:** There has been one amendment circulated thus far.  
150 Deputy Roffey, do you wish to move your amendment now?

*To insert, immediately after Proposition 27, the following Proposition:*

*'28. To agree that no further increases in contribution rates under the Social Insurance (Guernsey) Law, 1978 beyond those proposed in this policy letter should be brought forward until the Committee for Employment & Social Security, in consultation with the Policy & Resources Committee, has fully considered and reported back on the practicality of introducing personal social security allowances for both employed and self-employed contributors.'*

**Deputy Roffey:** Certainly, sir.

Mr Deputy Bailiff, increases in longevity have been our unremitting friend for decades now and show no sign of abating, and I think most of us regard that as a good thing, really. I think most of us want to live a long time, except possibly at the end of a four-day debate on the IDP! *(Laughter)*  
155 But, of course, it is a two-edged sword because the financial consequences of us living longer are quite significant. Not just for Government – we have seen it across the private sector with the unsustainability of final salary pension schemes, for instance. And obviously that trend is having a huge impact on sustainability of our own Social Security funds, and I recognise that. As a result of that we are being asked today to formalise the decision of the last Assembly and to increase  
160 Social Security contributions by 0.5%. I do not think we can possibly object to that. We might like to, we may not welcome it but a bit like King Canute we have to recognise our limitations, I think.

I think the problem is though, for me, as we see an upward trend in Social Security contributions, that as currently framed they are a very repressive way of raising money from the public. If you can trust it with Income Tax for instance, as of next year, individuals will have a  
165 £10,000 Income Tax allowance, so if they are on a very low income like £15,000 they will only pay the 20% Income Tax on the £5,000 element that is there above their £10,000 allowance. Now, with Social Security it is rather different. They do have lower income thresholds below which you do not pay Social Security but once you get above it my understanding is, unless you are very wealthy when you pay a lower percentage, you pay the same percentage of your income, you do  
170 not actually keep that little bit at the beginning as contribution 3, you actually start from zero. And that really is quite a regressive way of going about things.

Up to now that probably has not been a huge issue because our Social Security rates have been pretty low and therefore it has been of less importance that this regressive system is used. However, that is now beginning to change. As of today you have approved these proposals. I  
175 think self-employed people will be paying 11% of their income in contributions. Now, we may think of self-employed as all wealthy plumbers who charge us a fortune because they have got the market cornered, but that is not always true. There are some people who we would regard actually as in low paid employment but have to be self-employed because of the way their contracts are structured. So relatively lowly paid people will be paying 11% on all of their income.  
180 However, it is not going to stop there.

I know you have all read this Report, but there has been so much reading to do over the last few weeks I think I will just ask you to revisit page 6 and paragraph 1.1.3:

The Committee gives notice in this Policy Letter that, unless there is funding from other sources, they are of the opinion that it is inevitable that further increases in contribution rates will be recommended during this political term in order to improve the sustainability ...

185 It is an interesting paragraph. It can be read in many different ways actually. It can be read as a positioning statement saying actually we want funding from other sources and we are warning you if we do not get it then further increases are on the way. Where those other sources might possibly be is beyond me. I cannot see it being general revenue, having debated the Budget yesterday. It is not the tooth fairy, so where on earth would it be? Perhaps Social Security have a  
190 cunning plan but if they do not then they are warning us not only about a further increase but

further increases in contribution rates that might be necessary over the next three and a half years, they are not too specific over the timescale.

195 Now, again, I am not denying that that might be unavoidable but with our current system of collecting Social Security that I highlighted a few minutes ago, it does mean it is going to become very regressive indeed. How ironic would it be if the system set up partly to alleviate and avoid poverty actually started to become one of the causes of in-work poverty because relatively low paid people were having to pay a high percentage of their income in Social Security contributions. So if it is inevitable that contributions are going to be a lot higher than they traditionally have been, I think it is absolutely incumbent on this Assembly to look at ways of softening the impact on those on modest incomes.

200 We are going to debate a policy plan in a week or twos time that absolutely picks at the core of tackling relative poverty in Guernsey. If we are going to be serious about that then we have to think about it in everything we do and I think we have to think about it here.

205 One way – just one way – to slightly reduce the regressive nature of contributions as they go up would be to introduce a sort of income tax style personal allowance for both the employed and the self-employed. They already exist for the unemployed, interestingly enough. In fact, I was beneficiary of it for a while. I did not think I was unemployed, I thought I worked very hard for my money but that was how I was categorised by Social Security. But they say they do exist for the unemployed but not for the employed or the self-employed.

210 Now, obviously that may not be an appropriate system, but it would give some protection by making sure that those on lower incomes had a bigger chunk proportionately of their income contribution fee than those on higher incomes. I do not know if that is the right way to go. To be honest I just looked at this Billet and said we have to do something, the way we are heading, to help those on lower incomes. And then it was drawn to my attention that there was an extant Resolution of this Chamber that said that Employment & Social Security should look at whether or not to introduce personal allowances, income tax style personal allowances from the employed and the self-employed. I thought if I come up with another system, if I put my thinking cap on and try to find another way to do it I will be told there is already this existing workstream that we have not completed yet. Stop complicating it by suggesting something else.

220 So I know that any personal allowances would come at a cost and we are broke, there is no doubt about that. I know Deputy Gavin St Pier made a very good job of putting a very positive spin on things the other day and his Deputy made it seem almost as if we were in clover, to be honest, but we are not, we are up against it! Yes, we are better than a lot of other places, but we are up against it, so where would the money come from. For personal allowances? I do not know. The previous Resolution says that the cash should come from general revenue. Well, frankly, I am blown if I can see how that is going to be affordable anytime soon.

230 So my amendment does tweak it slightly and leaves the funding route more open. For instance, it could be that contribution rates – I know it would not be popular – had to go up more than otherwise would have been the case in order to help shield those on lower incomes. I simply do not know. What I do know is that we will be failing on our commitments to social policy, and in particular to poverty or adoption, if we do not consider this issue soon – certainly before the inevitable further increases in contribution rates flagged up in paragraph 1.1.3.

235 Experience tells me in the States that if we did instruct Social Security today to prioritise looking at personal allowances and they decided it was not the best way to shield those on lower incomes, then they would be capable of lateral thought during that exercise and come forward with some different ideas. Yes, I know the amendment says 'look at it' – I am going back to motorbikes here, aren't I, but nevertheless, once a review starts the whole area is reconsidered and people come up with ideas.

240 Sir, I do not know what Social Security's attitude is to this amendment and I do not know what their attitude is to the idea of personal allowances for employed and self-employed contributors, but whether they think the idea of personal allowances is a good one or a completely pants one, I would hope that they would actually support this amendment. Why? Because, what was it, two

years ago the Personal Tax and Benefit Review happened, that was when this extant Resolution came from and I am fed up at Resolutions being passed in this Assembly and then utterly ignored – almost being treated as if they never existed! (**Several Members:** Hear, hear.) We should not do that. If the last States passed a Resolution and it was misguided, divvy the work – it will not take long if it is a rubbish idea – and come back and say, 'It is a rubbish idea, we do not want to do this, rescind the Resolution.' Fine. Then the rest of us who actually still think we need to do something to shield lower earners under the Social Security system can then put our thinking caps on and come up with something better. But we really cannot do it when there is a – well, we could but we would be accused of confusing the picture when there is an extant Resolution.

It is time we stopped doing that, so I would hope that Social Security would embrace this and they would do this work before they come back for further increases in contributions, as they have said they must, and if they come back and say, 'No it is a bad idea,' fine, the amendment would have been successful to that extent. They might come back and say it is a good idea. They might come back and say, 'We have got a better idea. We were looking at it and we had a Wizard Wheeze and this is a better way to do it.' But just to plough on putting more and more on the back of every employed and self-employed person when some of them really can ill afford it, I think is irresponsible.

So I really hope that people support my amendment.

**The Deputy Bailiff:** I understand the amendment is to be seconded by Deputy Brehaut, Deputy Roffey, which you are supposed to announce at the beginning under Rule 24(3).

Deputy Brehaut.

265

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

I rise to formally second and reserve my right to speak.

Thank you.

270

**The Deputy Bailiff:** Deputy Fallaize.

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

Deputy Roffey is a bright chap, but I am not sure we have given him enough committee work to do because judging by this amendment the devil is finding work for idle hands. (*Laughter*) This is the second time in, I think, three days he has laid an amendment where he is asking the States to vote for what is in his head rather than for what is actually written down on the piece of paper. (*Laughter*) I hope this is not going to become a theme.

This really is a thoroughly bad amendment. I can tell Deputy Roffey what the members of the Committee think. They are unanimously against it.

The main reason it is a bad idea is because ... This is a cosy amendment to deal with on a Thursday morning; the States can feel good with themselves; they can imply that they want to assist people by introducing a personal allowance in Social Insurance. Well, that is all very well and good, but of course this amendment deals only with one side of the coin. It does not tell us how that is going to be paid for. Well, I can tell Deputy Roffey and other Members how it will be paid for. It will be paid for by having to increase the general rate of Social Insurance contributions across the board by something like 2%.

If Members want to do this; if Members believe that it is a good idea to introduce personal allowances in Social Insurance, then fine, vote for the amendment. It can be done. It is not technically complex to do it. But do not vote for it and then, when the Committee is here this time next year proposing a 2% increase on the rate of contributions on self-employed people and employers and employed people, say, 'Well, actually we do not really like the consequences of what we directed you to investigate 12 months ago.' That is the practical effect of introducing personal allowances – not even at the rate which Deputy Roffey talked about and drew a link with – in Income Tax, which are now set at, is it £10,000? I am talking about personal allowances at the

295 current lower earnings limit which is around £7,000. If the States want to go to personal allowances of £10,000 and equalise them with Income Tax allowances, the increase in the contribution rate across the board will not be 2%, it will be 3% or more. So that would be the effect of personal allowances.

300 Deputy Roffey says he wants to and we should want to do something to assist lower paid and people who are less well off in society. Look, with respect to Deputy Roffey, this Committee, if you look at the membership, does not need any direction from Deputy Roffey to try and do something for lower earners and the less well off.

305 The very best thing the States could do for many of the people he has in mind is to implement the proposals agreed in principle by the last States from the Social Welfare Benefits Investigation Committee. That would be the best way of targeting assistance to many of the people he has in mind. The Committee is not going to accept this advice that the States cannot implement that until 2019. The Committee will ask the States to implement it from 1st January 2018 and somehow we will have to find the money to do that, because Deputy Roffey is right, something does have to be done to assist those people in our society who are less well off.

310 This amendment is not progressive – although I think the Deputy referred to it as progressive; £30,000 a year of earnings which is below – just below, but nevertheless – the median earnings in Guernsey ... If a personal allowance was introduced at the lower earnings limit, a person earning £30,000 a year would save about £420 a year, by my calculations, on their contributions, but if they had to pay 2% on the remainder of their contributions, it would cost them an extra £460 a year. So this sort of amendment leads us to requiring Social Insurance contributions of £40 a year more from a person on median earnings so that a millionaire can have a personal allowance – or a person earning £60,000 or £90,000 or £200,000 a year – because, if it is a personal allowance, it will be applied universally. That is not progressive. That is not remotely progressive. It would be far better – thinking the unthinkable – to have graduated insurance rates. You could pay a lower percentage on your first tranche of earnings, a higher percentage on your next tranche of earnings. That would be far more progressive.

320 Deputy Roffey might say, 'Well, why doesn't the Committee look into that?' Well, that is not a personal allowance and the Committee is already working with the Policy & Resources Committee on how the Social Insurance system, in conjunction with the Income Tax system, can both raise more revenue and be made fairer and more progressive. It does not need this direction to look into the practicality of introducing personal social security allowances – which will not be remotely progressive and will lead inevitably to an increase in the rate for all contributors, including those who can ill afford it – when it is already working with the Policy & Resources Committee on ways to make the Social Insurance and Income Tax systems more progressive.

330 I think this amendment has been mis-sold. It is well-intentioned. I fully accept Deputy Roffey's challenge, as does the rest of the Committee, that assistance needs to be targeted at the people who are less well off in our society. This Committee is working very hard on trying to do that and is not going to stop. It is ironic for this particular Committee to be criticised, as it were, from the left about not doing enough for the poorest in our society, because this Committee is very committed to that – but this will not do it.

335 Just think what the States is doing now with personal allowances with Income Tax. Because personal allowances are very expensive; they are universal; everybody benefits from them, including those who do not need them. The States is now trying to work out how to start clawing back personal allowances through the Income Tax system from those people who are making – or who certainly could afford to make – more of a contribution. The last thing we need to do is to start introducing universal personal allowances in the Social Insurance system.

340 Please be assured that the Committee is working very hard on the objectives which Deputy Roffey sets out, but this amendment is not the way to achieve those objectives. Only vote for it if Members are prepared this time next year to put something like 2% on all contribution classes.

345 Thank you, sir.

**The Deputy Bailiff:** Deputy Le Tocq.

**Deputy Le Tocq:** Sir, may I be *relevé*?

350

**The Deputy Bailiff:** Yes, you can be.  
Deputy Langlois.

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

355

The views of Deputy Fallaize and myself, on Social Security contributions, very often differ wildly. We have had many a formative discussion about how the system should work and he is probably going to wince at a few things I am about to say. But the one thing we are united on is that this is a well-meaning amendment but ultimately it is a misguided one.

360

An encouraging development so far this term has been the growing acknowledgement that our tax and Social Security contribution systems cannot continue to be seen as the separate entities they once were. In particular, since 2008, Social Security contributions have taken on the role of a tax on earned income as the upper earnings limit has been raised beyond the level actuarially calculated for Social Insurance benefits.

365

Co-ordinating, not merging, our tax and Social Security systems could bring many benefits, not the least of which will be transparency. If the process can also include putting the funding of health and social care on a sound footing, as was proposed in sections 525 to 530 of the Budget Report, we will be well on our way to transforming the States' revenue gathering and amongst other issues, finally addressing accusations that Social Security contributions are being used as a stealth tax.

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The Committee for Policy & Resources and the Committee for Employment & Social Security will be commencing work within the context of extant States' Resolutions and with the knowledge that there may have to be legislative changes. It is an exciting challenge, but we should not kid ourselves that the inherent problems can be solved overnight. How long has it taken to implement something as relatively straightforward as a withdrawal of personal allowances for high levels of income?

375

The two Committees will need to be flexible and accommodating. The last thing they need is a Proposition such as this amendment which needlessly constrains them. In all probability personal allowances on social security contributions will be included in the eventual proposals, but nobody here and now can be certain whether they are part of the optimum solution. It does not make sense, therefore, to impose a moratorium on Social Security contribution increases until such time as personal allowances are introduced.

380

If in 12 months' time the two Committees have failed to make any progress, then this amendment could be reintroduced. If we have not made any progress, I might even vote for it myself, but now is not the time.

385

I urge States' Members to reject this amendment.

**The Deputy Bailiff:** Deputy Gollop.

**Deputy Gollop:** I was superficially attracted to the amendment until the Deputy persuaded me that I was unanimous in opposing it! (*Laughter*)

390

I was part of the old Personal Tax and Benefits Review process, which was like pulling teeth at times. That was quite frustrating for me, because we were working in a collective of 10 – in fact we had non-States' members and officers as well, so it was more than that. We did come up with a package after a lot of thought and negotiation. Deputy Green was part of that group for a while as well. Ironically, one of the Members has become quite vociferous on promoting the views of elderly people recently. We worked, in a way, and we created the PTBR, which had a lot of Resolutions, some of which have not been fully worked through, it is fair to say.

395

400 But the new Committee, the new board, is very keen – as Deputy Langlois and Deputy Fallaize has explained – in going through that routine. We could have a PTBR2 sequel – a bit like *The Godfather Part II*. It might be better than the first version. But maybe there are other ways of doing the process, and I think we heard in the Budget speech, by Deputy St Pier, a clear flagging up of the need for the committees to work well together, which is a theme Deputy Le Clerc and other Members have already put across.

405 In a way, we know that the States passing Resolutions to look at things can end up with nothing. We also know that over the years particularly Deputy Roffey has been a critic of the somewhat rigid system of personal Income Tax allowances and the anomalies that they have created, whereby they do not necessarily help the less fortunate but they certainly add a nice boom to those with high disposable incomes.

410 This is going down the same road because, as Deputy Fallaize said, there would be a 2% increase. Personally, I am not averse to increasing these rates further, but not to provide pointless personal allowances to the best off. If we need to, it will be a combination of greater buffer funds. More importantly than that, I think, the previous board were concerned about that, and given the somewhat fluctuating nature of investments, we have to bear that in mind – a point P&R put across as well.

415 The main reason for increasing by, say, 2% would be to divide a better clinical health service, maybe a better provision of care in the community, a more sustainable long-term model, maybe even theoretically higher old age pensions, especially for those who are in the most need. There may be good reasons for increasing 2%, but not to give effective personal allowances to upper-medium and high earners. We would be recreating a model that we know has already failed to deliver.

420 As some Members are aware, the amount of resource we have in the principal committees is not infinite. We do have one of the most socially conscious and intellectually-able Committees – with one or two exceptions – that we could imagine, perhaps. We also have some outstanding officers who have helped us today with this Report. We could do with another half a dozen senior policy and legislation officers, as well an economist or two and actuaries.

425 We have got so many priorities – everything from health and safety and employment legislation to working on essential contracts – that to work on this Resolution in the short term is not the right way forward.

430 Deputy Langlois, I think, has flagged up that when we have had a chance for the next wave of budgets to work on implementing SWBIC, on the States' overall vision that we will see in a couple of weeks' time, that would be a much more appropriate time to reconsider the merits of this amendment.

435 I think Deputy Roffey and Deputy Brehaut and any other supporters of the amendment will be pleased at the progress that we will have made by next summer and, of course, as a full board we will have a much longer time than we had just after the election to consider the blueprint and the green-print behind the ideas, as well as the points that are in what is already a long Report. I think you have to have faith and trust in the Committee to work together with the new style Policy & Resources.

440 I would, on a personal note, be interested to hear particularly what Deputy Le Tocq, Deputy Trott, Deputy Stephens and Deputy Brouard think is the best way of us working together politically. But I think we have already had some meetings and a lot of useful ideas and moving forward has come out of those.

445 **The Deputy Bailiff:** Deputy Laurie Queripel, to be followed by Deputy De Lisle.

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

I am in the same boat as Deputy Gollop in the sense that I was tempted to support this amendment until it was holed below the waterline by Deputy Fallaize's comments. Nonetheless, I was comforted by Deputy Fallaize's comments because I know that if any committee is concerned

450 about the wellbeing of the less well-off, then it is this Committee – there is no doubt about that. I am sure they are looking at ways to try to sort the situation out and make the situation fairer.

Nonetheless, Deputy Fallaize knows that he has been approached by fellow parishioners who are pensioners, just as I have, who have carried on working after their pension age. The problem for them is, sir, as soon as they earn just a few pounds above the lower earnings limit, they are –  
455 as far as I understand it; I might be getting this wrong and perhaps one of the Committee members can correct me if I am wrong – hit then to pay their full liability, their full stamp.

If we want our pensioners to work longer, beyond pension age – and clearly we do because of the demographic situation – we need to give them some incentive and it does not give them a great incentive to know that as soon as they earn a few pounds above their lower earning limit  
460 they are going to be hit and they are going to have to pay their full liability, their full – what we used to call – stamp.

This is why I was tempted to support Deputy Roffey's amendment until we were told it would not be wise to do so. I think we do need to look at this situation where pensioners who are prepared to work beyond pension age suddenly find themselves almost being penalised really  
465 because as soon as they earn a few pounds above the lower earnings limit they are forced to pay a full contribution. Something needs to be looked at.

I will not now be supporting the amendment, but I am glad Deputy Roffey brought it because it has brought a few issues out in debate and I think something needs to be looked at sooner rather than later. I really do hope the Committee can do some work on this.

470 Thank you, sir.

**The Deputy Bailiff:** Deputy Le Tocq.

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

475 Sir, I think it is very evident this amendment is not only well-meaning but does highlight, as Deputy Laurie Queripel has said, the issues that we face, but I for one cannot support it, neither, I think, do my members of P&R support it.

The other issue it does highlight though is the real difficulty we have got as an Assembly to amend complicated systems in an effective way, in a constructive way, that enables us to both  
480 afford those amendments and to do the best for our community as a whole. We saw that to some degree with the debate on the Budget, in that P&R lost the Proposition on amending allowances, primarily because we could not see the solution; we were only looking at one of the problems that we were seeking to solve. Trying to do that in a piecemeal way is not really possible and Deputy Fallaize is absolutely correct in that if we want, as an Assembly, to help those which this  
485 amendment does highlight, the best way is through the proposals on SWBIC.

It is incumbent upon the Committee of which I am a member and Social Security to work together to find an effective way of expeditiously implementing those proposals. We need to do that and I for one will be very keen for us to find ways of doing that effectively.

490 Therefore, we should not look at well-meaning, but unfortunately improper, ways of trying to deal with the problem. This would go some way, I think, to alleviate some of those most in need but it would not deal with the whole problem; it would create another set of problems and that is the problem that we have in reforming something that is as complex as the benefit system.

SWBIC spent a good number of years looking at the real issues there, with those most in need and those most affected by a system that clearly was not working very well; and the sooner we  
495 can implement those proposals, in my view, the sooner we will alleviate those which this amendment seeks, well-meaningly, to address.

**The Deputy Bailiff:** Deputy de Lisle.

500 **Deputy de Lisle:** Sir, just a point on that SWBIC business: it is a very costly enterprise, particularly when we are running a deficit at the current time. What you are talking about there is



£3 million a year. If you are amalgamating something, you expect to have a rationalisation and a reduction in cost. This is just going to cost more and more. Can we afford that? No, we cannot at the current time.

505 I look at this particular amendment and I take it that, in fact, the Deputy is actually accepting the proposed rates that are in here. I was just hoping that he was looking at the rates here being proposed, because when I saw that the self-employed rate was going up from 10.5% to 11%, for example, I was very concerned with that. Then I looked at the pensioners: up from 2.9% to 3.4%. That is going to take away any benefits that any pensioner that has some income probably has. It  
510 is going to take that increase of 0.8% right away, from the pensioner.

I ask the Department to take a look at, perhaps, if we could just lift the upper earnings limit somewhat to avoid these increases in the proposed contribution rates. I thank the Department for having run a few numbers for me in order to look at this particular aspect.

In order to collect the total additional contributions of £9.5 million through increasing the  
515 upper earnings limit – because there was a £2.2 million contribution income to come from the 0.2% and there was £7.3 million in 2017 to come from the 0.5% increase, so the total was £9.5 million. Now, in order to collect the total additional contributions of £9.5 million through increasing the upper earnings limit, with no change in the contribution rates, the upper earnings limit would in theory have to increase to around £300,000 a year. The Department made the point  
520 that they would exercise great caution here if the earnings limit was set that high, which would see the very high earners having a doubling of already high levels of contribution. It could be expected that there would be behavioural changes in employment arrangements in order to avoid this extra liability. I appreciate that. For example, they said, if firms had a Jersey and Guernsey base, it might suit to have the highest paid employees based in Jersey. That was a strong point, I  
525 thought.

I agree with this amendment: that we should be looking very closely at the situation. This is to report back. Perhaps other things can come out of this in order to address these very high rates that seemingly are going to escalate even higher in the future if we do not take a comprehensive and practical look at these benefit and contribution rates and the escalation in them that is  
530 forecast into the future.

Thank you, sir.

**The Deputy Bailiff:** Deputy Le Clerc, do you wish to speak now?

535 **Deputy Le Clerc:** Yes, please, sir.

I am not sure there are many other speakers. I think I take on the points that Deputy Roffey has made but we and other members of my Committee have said we know that there is some work that we have got to do with P&R. I have sat round, through the Personal Tax and Benefit Review when I was previously on Social Security Department, and we have got to find a way to  
540 work better together, because sitting round a table with 20 people is not the way to bring forward workable proposals to this Assembly and this is what has happened in the past. I spoke to Deputy St Pier yesterday and said we have got to find a way forward on this. I promise that will happen on this and on reviewing the Income Tax, but we have got to work together. We cannot work independently on them.

545 As my colleague has already said – Deputy Fallaize – this will come at a cost. It will be at least a 2% contribution on everybody's contribution, so it just makes no sense.

With regard to Deputy Queripel's comments about pensioners in work, a lot of pensioners want to work and, interestingly enough, on the population paper that we had last week, we have almost got 2,000 pensioners in work already. One hundred and thirty six, funnily enough, working  
550 over the age of 80; and 78 working at the age of 85. I do not think that everybody is doing it just to ensure that they have got a good income. I think a lot of them are doing it because they enjoy doing that. That is also part of our longer working lives, Deputy Queripel. We will be looking at that.

555 Deputy de Lisle: I thought Deputy de Lisle was straying into part of general debate in some of his comments, and I will speak about SWBIC when I sum up in general debate.

560 Getting back to his concerns about increasing contribution by 0.5%, this was a recommendation out of the Supporting Living and Ageing Well Strategy. That was after consultation, and the consultation was made up of a considerable amount of pensioners or people coming up to pension age and they would prefer to see the 0.5% increase in contribution rate to ensure that their home is still protected. The trade-off is the 0.5% increase in contribution rate as we are proposing, because they do not want to see their homes brought in to support the Long-Term Care Fund. Perhaps that just clarifies it.

I would ask you to reject this amendment.

Thank you.

565

**The Deputy Bailiff:** Deputy Brehaut.

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

I rise to my feet, perhaps in the style of Lazarus.

570 Sir, the explanatory note in the amendment says:

The States have already resolved that the concept of personal allowances for employed and self-employed contributors should be examined.

So the States intend to do that and it is a question of timeframe. These timeframes are never set in stone; these timeframes are always aspirational; these timeframes are always well-intended and presented with absolute sincerity.

575 I noted Deputy Le Tocq's speech. The best way, he says, to bring these proposals through is through SWBIC rather. We have to say, sadly, the delayed, stalled process that is SWBIC. So we can work as closely with P&R as we would like to think we can but my experience from scrutiny, sir, is that it became apparent to me that you can only really give a Department a true steer and a true direction through a States' Resolution. I take, as a given, the good will of the Employment & Social Security Department: their intent, their spirit and their application, but there is nothing quite like a States' Resolution to give something a direction.

580 Deputy Fallaize is something of a political Exocet, and Deputy Laurie Queripel has said that he had the Roffey waterline in mind when he stood to his feet, but I would just juxtapose yesterday and today. Yesterday – to use the language that has been used today – Deputy Roffey got to his feet and, as it has been said, 'entered his head onto a piece of paper' – probably on a lazy Wednesday afternoon, as was implied – and came up with a motor tax amendment that States' Members actually rejected. The moment that amendment was rejected the question was then raised, 'What do we do next year with regard to tax on motor fuel in the absence of the provisions that would have been in the amendment?' It is unknown – we kicked the can down the road again. I do not like that cliché and I am disappointed I have used it in my speech actually, but there is an element of that in putting off the decision, because the amendment itself:

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To agree that no further increases in contribution rates under the Social Insurance (Guernsey) Law ... [take place] beyond those proposed in this policy letter ...

I am just looking down ... 'until Policy & Resources, working with Social Security, have fully explored ...' That surely ties into exchanges that were had yesterday and the day before with regard to Economic Development and P&R working more closely together. I think an amendment that gives that and secures that is something that should be supported.

595 Deputy Fallaize has very effectively ... and Deputy Le Clerc has said to you definitively that if you support this amendment then there is a 2% increase across the board. Now, I know, with my experience, and other politicians know within this Assembly that there is a political life, a political landscape before an amendment, and there is a political landscape after an amendment. When you are living that political landscape after an amendment, we know that things can be achieved

600 that would not have been achieved if you are anticipating the outcome of an amendment. A department, a committee lives with the consequences of an amendment and then works in that new environment, but I understand that this threat of 2% – ‘this threat’, I beg your pardon, the notion of 2% – has been introduced to stall the amendment.

I sense, sir, that the amendment has probably met a great deal of opposition, but I think it was certainly worth the debate and I stand by the principle that led to the amendment.

Thank you.

**The Deputy Bailiff:** I do not see anyone else rising, unless there is anything, Deputy Le Clerc, that you wish to reply to from Deputy Brehaut’s speech? (*Interjection by Deputy Le Clerc*) Then I will turn to the proposer of the amendment, Deputy Roffey, to reply to the debate on his amendment.

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

I am comforted by two things this morning. I am comforted that most people in this Chamber seem to think I am well-intentioned! (*Laughter*) It has not always been the case, so that is progress. And I am comforted by some of the comments by the members of Employment & Social Security about the fact that they do take the fact that the current system that they are administering, and where contribution rates are going up today and will, as it has been signalled, be going up further in the not too distant future, is unacceptably regressive and hard on those on low incomes.

I think Deputy Laurie Queripel, perhaps, highlighted the extreme version of that. Somebody doing a small job, often a pensioner ... I was delighted ... I was the one that asked the question, ‘How many people over 65 are actually in employment?’ It was nearly 2,000; it is going up quite steeply. I am sure Deputy Brehaut would agree with me, it is something to be applauded and encouraged. It is hardly encouraged if you do a part-time job and you pay no Social Security until you reach one level and then you fall over a cliff and have to pay not just on the bit above that but on all of it. Really, something has to be done. (**A Member:** Hear, hear.) What should be done is a different issue.

I think Deputy Fallaize really was overrating his argument. First of all, let us go with this 2%. He said, okay, if we give an allowance and then have a 2% higher contribution rate, I think somebody on the median earnings would be marginally worse off. The vast majority of people below median earnings would actually be better off. I think that was what I was trying to achieve, but if it was not, then forgive me.

Secondly, he says, ‘We have to read the words on the amendment.’ Where did you read the word, ‘universal’? He said, ‘the last thing we want is a universal personal allowance.’ Well, next year we are still going to have Income Tax personal allowances. They will not be universal. It does not mean they are not personal allowances. In fact, I think he and I, sir, would both prefer that they started being phased out at a rather lower level. If this concept was taken up by Social Security, he does not have to tie it to what is happening in the Income Tax allowances. It can be phased out at a much lower level. He could use as the model what used to happen until 1985 where there was something called the Additional Income Tax Allowance, which was really phased out quite low down the income scale because it was there specifically to help people on lower incomes.

He said, ‘Why tie it simply to personal allowances when they may not be the right way forward?’ What I had tried to explain at the beginning is that I had tried to come with it with an open mind and I may well have put an amendment asking for various ways to be examined but there is an extant States’ Resolution telling Social Security that they must consider this idea. I find it strange that the President of SACC should say, ‘Well, let’s just ignore that; let’s not do that work at all.’ What I am asking is that that work is done. He said, ‘Do not vote for it unless you are willing to pay the 3% when it comes back.’ Well, why? What is being asked for – and it is the words in the amendment – is that it is:

... fully considered and reported back on the practicality of introducing personal social security allowances ...

655 It may be that they were brought back and it said that they were impractical; they are not the best way to go – fine. We have had a Resolution; it has been considered; the work has been done that they have been instructed to do and we decide that is not the way to go. In some ways – I was not listening but – I wish Deputy Fallaize had made such a strong speech when whoever put forward the proposal that led to this extant Resolution had been there, because then perhaps the States would not have gone that way, but they did.

660 As I said at the beginning, I was fed up that ... It is demeaning our role here. What is the point in us being here if we pass things in black and white, tell them this must done, and, 'It is inconvenient; we are not sure that was the right decision, so we are just not going to do that work.' I really think we have to get beyond that.

665 As for this business of, 'We would only be able to do exactly what it says on here.' What it says on here is to consider an idea. If you consider an idea and a better idea emerges, there is nothing stopping you following the money. I will give an example: there was an amendment passed in this Assembly asking – many years ago – that the family house was excluded from the assessment that people had to pay when they went into residential care. The Insurance Authority – I think it was, at the time – and the Board of Health were told to go away and look at that. They went and looked at it and said, 'That is not fair. We cannot come back with that. How can you treat a family house different to any other assets?' They came up with an insurance scheme instead. They did not say, 'Oh we cannot do that. The wording on the amendment does not allow us to do that.' They just acted as responsible members of Government and said, 'What is the best way through this.' So this business about, 'We cannot'; 'We are going to be blinkered and we cannot do anything else if you pass an amendment' is an absolute nonsense. Whether that was a good idea, I do not know. What actually came out of that review: it was the most socially progressive idea I think we have ever seen. It is now proving quite difficult to move forward, so you could argue it in the other direction.

675 As I say, he went on to say, 'Why should millionaires retain a personal allowance?' Nothing in this amendment suggests that they should do so; nothing suggests it should be universal.

680 He talked about graduated contribution rates – interesting. I am not saying that is the right way to go but I am glad that these ideas are coming forward and other ideas are coming forward from Deputy Shane Langlois.

685 I am not surprised that they are thinking about it, but I just do not take this line, 'We are really intelligent and a socially aware Committee, so just do not poke us. Let us get on with it.' I think our job is to poke people, however good a committee they think they are. What we are seeing before us ... Sorry, maybe I will reword that. Prod people, or whatever. (*Laughter*) When I see a policy letter that says, 'Further contribution rates today but a lot further in future, but no firm plans to move away from this cliff that we have at the moment where people just above a level have to pay the whole of that contribution rate,' I am sorry, I am not going to sit here and say, 'Well they are very intelligent and well-meaning chaps and chapesses', I email and say, 'What are you doing about it?' and try and actually push and pull, and I think you get more momentum that way than just sitting down. (**A Member:** Hear, hear.)

690 Deputy Le Tocq said that the best way to help the people that I am trying to help is through SWBIC. Actually, I do not think it would help them all, but I do agree SWBIC would be a huge step forward. I have to say, there are very mixed messages coming out of P&R on this, and they have got the right to give mixed messages – they are individuals, of course they are. I do not expect them to have collective responsibility but we heard – was it yesterday or the day before? – from Deputy St Pier – I think it was yesterday morning – that it was going to be at least a couple of years before it could even be considered and now we have one of his members saying, 'Well, I am going to try and find a way through this.' It would be useful for them to come to a considered view and take us forward from there.

700 I think that is probably all I have got to say. I do not think I am going to win, but I do not regret bringing it either actually.

Some points, just to recap: if you vote against us, there will still be an extant Resolution telling Employment & Social Security to consider, as soon as they practically can, having personal Income Tax allowances for employed and self-employed people. None of that will go away. That Resolution will exist. All my amendment is saying is, as you have been charged with doing that work, why not do it before you come back with any further increases in the future? If it is such a bad idea, as Deputy Fallaize seems to think it is, then they can do that quite quickly. It does not sound as if they are going to have any trouble in coming to a conclusion, so come to that conclusion. At least it clears that out of the way and we can look at other ways of doing it.

710 I do not think I am going to say any more. Please vote for my very well-meaning (*Laughter*) and very well-crafted amendment.

Thank you.

**The Deputy Bailiff:** Members of the States, it is time to vote on the amendment proposed by Deputy Roffey, seconded by Deputy Brehaut, to insert, immediately after Proposition 27, a Proposition 28. If it were inserted, you would then be able to vote for or against it in any event.

Those in favour of the amendment; those against. I declare the amendment lost.

We now move into general debate, Members. Who wishes to speak in general debate?

Deputy Yerby.

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**Deputy Yerby:** Sir, I will limit my speech to one main item. As Deputy Le Clerc indicated in her opening speech, Deputy Gollop and I have – in his words, I believe – ‘gone rogue’ on Proposition 23 of this Report.

I can only apologise to my fellow Committee members for the hard time I have given them in several Committee meetings and am now giving them one last time in this debate.

725 There are few States’ Members I esteem more highly than my President and fellow Committee members of ESS. There are few whose integrity, generosity and dedication is so far beyond question. I cannot find a single logical or moral argument in favour of this Proposition, as will no doubt become apparent – I find it intolerable. Logic is not the only reason to support a decision nor is it the only right one. Sometimes you have to trust your instincts. If Members ever chose to place their votes on the basis of the character of those who are laying the Propositions, they could not do better than to vote with Deputy Le Clerc, Deputy Langlois and Deputy Fallaize on this Proposition. I say that sincerely, sir, and I will pause to let it sink in because it is the single strongest factor, I believe, that must be weighed against anything I say in opposition.

730 Sir, let me quickly revisit the context which Deputy Le Clerc outlined. In 2013, the States agreed to impose a restriction on people living in Part A of the Open Market so that they could access Supplementary Benefit in times of need but could not access Rent Allowance. As it happens, I think there is a certain amount of logic in that, certainly more so than in what we have on the table right now. For what it is worth, if I understood correctly, both Deputy Le Clerc and I thought that the current Part A rules would fall away with this new change. It turns out that there will still be a very small number of people in Part A who could be affected by the old rules from next year. Whatever happens, whether I am able to convince Members to vote with me and throw out the Proposition or whether the Proposition passes, we will have an inconsistency there which I believe we, as a Committee, will need to sort out as soon as possible.

740 However, back to Proposition 23. I looked out the *Hansard* for the 2013 debate. Only four people spoke on this part of the Uprating Report: Deputies Dorey and Trott and former Deputies Ogier and Langlois. All four used the opportunity to express their concern that the Open Market – which was originally designed to attract wealthy individuals to our shores – had become a place where poor workers could be kept together in multiple-occupancy households. In other words, all four of them used the debate to criticise the housing control regime which was at that time just

750

about to be redesigned. None of them really engaged with the principle of the benefit change. I am inviting them to do so now.

755 First, sir, let us reflect on this: the States has redesigned housing control. In fact, it has replaced it with a Population Management Regime which will come into force from next year. The process of redesigning it has been a lengthy one with at least six debates over the past four years. It is safe to assume that any Member of the last States who is still with us has had ample opportunity to amend the Population Management Regime if they feared it would not achieve the right policy objectives. Are we now saying that it has failed before it even started; that it is going to let in people who have no business being here and who therefore should be cut off from any form of safety net? I think few Members would agree with that.

760 Let us assume that the Population Management Regime which will come into force in April is more or less the regime that the former States, including half of those here today, thought was about right. Well, within that regime there will be a part of the Open Market known as Part D. This is where all the households of multiple-occupancy will be registered including many in the old Part A. In Part D, people will be entitled to come and live with just a Resident Permit. They may or may not have guaranteed employment before they come to the Island. That may sound a bit too liberal for some but it is designed into the structure of the new Population Management Regime. It is not an accident. It was probably intended to help some of those industries who have been emailing us in recent weeks concerned about how rapidly they need to manage turnover and how encompassing the new regime might be. That is the first point.

770 Everybody who is potentially affected by this Proposition is living here legally and legitimately under the Population Management Regime which we designed. Our President has described the people living in this part of the Open Market this morning as:

People who our Population Management Regime has not considered necessary.

775 From everything I know about her, I am sure she did not mean that somewhat unfortunate choice of words.

The reality is that this part of the Open Market is built into the population management system. It is entirely in our gift to change the system if we do not like it. What we should not do is use the benefits' system as a second form of population management, as this Proposition will do. Deputy Lowe and her Committee are perfectly competent to run the Population Management Regime, with our usual challenge and scrutiny; certainly, they do not need a parallel system.

780 Sir, secondly, we must consider the function of Supplementary Benefit – and that we will no doubt hear much of in this debate, as we did to some extent during the Budget. Supplementary Benefit is a hardship benefit. It is stringently means-tested. People can only access it when their income falls below the bare minimum necessary to ensure that they and their family do not face intolerable hardship. It is not easy to access in the first place, despite the popular myth. When one is in receipt of it, it continues to be demanding.

790 People who receive Supplementary Benefit are expected to work and there are sanctions for those who refuse to engage. Many already do work but need a top-up on a painfully low level of income. Those who do not work are in the hands of our very capable Job Centre which, as paragraph 17.1.6 of this Report shows, placed 728 people into employment last year. Moreover, as Deputy Fallaize often reminds us, the amount of effort we spend detecting and bringing to justice people who defraud the benefits' system seems disproportionate compared to that spent dealing with those whose relationship with the tax system is similarly disingenuous.

795 Supplementary Benefit is not an easy ride and by bringing this Proposition the Committee implies that we are not capable of screening out people from Supplementary Benefit who are not in acute financial need. That was not their intention and that is not the reality, but there it is.

800 I would remind Members that access to Supplementary Benefit is based on a clear, simple test of financial need. It is designed to protect against severe hardship. By introducing criteria for access to Supplementary Benefit which have nothing to do with financial need, we forget its fundamental purpose. People can be poor, can be exploited in work, can fall suddenly on ill-health

or other hard times, no matter whether they have lived in Guernsey all their lives or arrived here 18 months ago.

We discussed this at length yesterday.

805 In the minimum wage debate, our President said, 'We still see poverty in our Island as a result of low pay.' If today we argue that restrictions on access to Supplementary Benefit have no obvious impact on the welfare of guest workers, I submit that is because we are not looking. As soon as we start to look, as we all do when we get involved with individual cases raised with us by our parishioners, we know it is messier than that. We owe it to ourselves as a civilised community to treat all our residents fairly and to make sure that Guernsey is a place where no one  
810 experiences sustained deprivation because of the total lack of a financial safety net. We are better than that.

Thirdly, sir, let's go back to the economics and talk briefly about behaviours of market forces. The argument here is simple: we know that Part D of the Open Market will be capped. There will be a maximum of around 170 houses in multiple-occupancy on the register, maybe less. Those  
815 houses sleep about 800 people. But here is the important thing: right now, already, those houses are mostly full. My Committee have been told that, of the 800 or so people currently living here, about 50 of them are claiming Supplementary Benefit. Some of those 50 people are thought to be local people living in Open Market accommodation. The true number of non-local Part D residents who are receiving Supplementary Benefit is even lower – a fraction. Yes, people come  
820 and go, but in April we will not see a rush of 800 people leaving and 800 new faces coming into this sector. Change is gradual. It is dictated to some extent by market forces. If there is an empty room, someone will fill it. If not, then they cannot. When supply is capped, as it is in Part D of the market because this is now a closed register, demand cannot grow exponentially, so there will be no big rush of incomers determined to make the most of our benefit system. That is just a  
825 bogeyman. It is a total fiction.

To really reinforce this argument, I should remind the Assembly that in the 2012 Report on Welfare Reform brought by Deputy Dorey's Social Security Department, the question of benefit restrictions on the Open Market was discussed, although the Department chose not to act on it. That Report was written in 2011. That was before the States had even begun to redesign the  
830 Population Management Regime. The claim that this change is needed now, because we are about to have a new Population Management Regime, is not supported by the history. This idea has been around since before the birth of the new Regime. It is a question of ideology, not timing, and it is a misguided ideology.

There is no on-rush of new immigration to worry about. Our Population Management Regime  
835 and the simple laws of market forces will not allow it. There is no problem to solve right now. There is no realistic prospect of a problem in the near future and there is also no doubt that if a problem did start to emerge sometime after the new Regime began, we could take the necessary steps at that time to deal with it. Deputy Le Clerc said, quite rightly, that Deputy Gollop and I believe this to be a low volume, low risk issue and that we would prefer to wait for an identified  
840 problem – well, quite. It is not good government to make rules to solve problems that do not exist. That is how we end up tied up in red tape.

Finally, sir, let's talk about people. Let us talk about the people who live in those multiple-occupancy households in Part D of the market. They come here to work. They work in unrewarding jobs, for long hours, for wages many would turn their noses up at. They pay what  
845 they owe. They contribute to the welfare and wellbeing of our Island in many ways, financial and non-financial. They are not always well treated. My colleagues know this from all the casework we do, especially since this Committee has become responsible for employment legislation as well as the Social Security system.

It is not the business of Government to prop up inefficient employers, but the way to prevent  
850 that is to set decent minimum wage standards as we agreed yesterday. It is certainly not to push the workers themselves into serious financial hardship without recourse to any form of financial safety net.

I want to address briefly the comment made in yesterday's debate by Deputy Brouard. He, with Deputy Dorey, was part of the Social Security Department which originally considered this issue and wisely decided to do nothing. He is right, I believe: many migrant workers here are working for wages that, however low, are better than what might have been possible at home, although as Deputy Kuttelwascher had said, 'Brexit might change these somewhat.'

The issue is not necessarily the wages, which are helpful while they are being paid; the issue is what happens when by no fault of the worker, by illness or injury for example, those wages stop being paid. The costs of living which that person is faced with are the costs of living in Guernsey not at home, at least in the immediate term until they can do something about it. Social protection, the whole history of Social Security, was about making sure that workers living on the edge of security were not cut loose and left to suffer when, through no fault of their own, they lost their only source of income. This Proposition cuts against the heart of our Committee's mandate.

Sir, the people who will be affected by this Proposition are hard-working people, net contributors to our Island. We cannot justify removing the very limited safety net available to them if everything goes wrong. Yes, Proposition 24 introduces some discretion for the administrator to soften the blow, but Members know well that any policy which relies on discretion to make it palatable is a badly drawn policy in the first place.

Sir, I do not like Proposition 23, that much is obvious, but more to the point I do not think it is necessary. It is not necessary because we have a strong, new Population Management Regime. If we believe the rules allow people to live here who have no business living here, then we can change the rules, but if we believe the rules are right, then let's treat everybody who is living here legally and legitimately under those rules, equally and fairly. It is not necessary because we have a robust and effective Supplementary Benefit system. We have tight criteria for access. We have stern job-seeking requirements and we are good at making people seek and get into work if they are not already employed – although a growing number of people in receipt of benefit are certainly working but for paltry pay. We have a zealous approach to identifying and rooting out fraud. It is not an easy system to play.

Once again, the Proposition is not necessary because of the way economic forces work. Part D is a capped register of multiple-occupancy households in the Open Market. They are already mostly full and very few of their occupants claim benefit. There cannot be a surge of new people at our door in the spring just because of the change in regime.

Finally, the Proposition is not necessary because the people who will be affected by it are decent, hardworking people, net contributors to our society. Sure, there will be people everywhere who try to play the system, both locals and incomers, but we do not make policy around those people; we design safeguards, like sanctions, like our fraud team, to remove them from the system instead.

Sir, Members have heard my dilemma. I am not habitually disloyal, nor do I enjoy it when I am. I have fought, cajoled, teased and pleaded with my colleagues to kill off this Proposition – but there it is. I would still tell you to take their judgment over mine any day and yet I cannot find the Proposition anything other than unnecessary, at best, and tasteless, at worst. I cannot support it. There is no business case, no ethical justification, no legal reason for doing so.

Sir, from those of us who were talking earlier this week about the need to strengthen the tax base, the message to the States was, 'Pick on someone your own size.' This is something you would be wise to bear in mind in every part of Government. This is not picking on someone our own size; this is kicking down people who are, by definition, exceptionally vulnerable, who for whatever reason have been put into a situation that would ordinarily enable them to access Supplementary Benefit: the benefit which we should well remember is meant to lift people above an intolerable level of hardship.

My fellow Committee members felt this was a matter significant and important enough for the States as a whole to take a view on it. My view was that it should never have seen the light of day. However, it has been brought to the States and it is an important and significant matter. I am not



905 comfortable that challenging it means breaking ranks with my Committee but my reasons for  
opposing this Proposition have not changed since it was first presented to the Committee, and  
there was little merit in opposing it at all if I was not prepared to follow it through to its  
conclusion.

This is a policy which at its simplest is trying to solve a problem which does not exist and which  
910 is not likely to exist. That is hardly good government.

I would ask my Committee to forgive me and I would ask all Members to vote against  
Proposition 23. *(Applause)*

**The Deputy Bailiff:** Deputy Stephens, to be followed by Deputy Lester Queripel.

915

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

Very recently we have seen the publication of phase one of the Policy & Resource Plan – a  
document that, if approved by the States, will set the course for this term of Government and  
beyond. Members who worked together on that Plan and developed phase one know that  
920 recurring themes in our discussions were fairness, inclusion and equality. These were issues that  
also mattered to the previous Assembly, as evidenced by the policies and strategies that they  
signed up to; for example, the Disability and Inclusion, the Supporting Living and Ageing Well, the  
Mental Health and Wellbeing, the Children and Young People's Plan and, of course, SWBIC. It is  
important that, as a Government and a community, we support people who need help and we  
925 make sure that they get it.

I am going to turn to the letter of comment from the Policy & Resources Committee on this  
Report before us at the moment, and I am going to quote from one paragraph which says:

The States will, as part of future phases of the Policy & Resource Plan, need to prioritise in order to ensure that  
resources are directed wherever they will deliver the greatest benefits and achieve the desired outcomes. Inevitably, it  
will not be possible to deliver everything put forward by the Principle Committees. There is only so much time, money  
and people to deliver the services government is obliged to provide. The important reforms developed by the SWBIC  
will need to be considered and prioritised by the States alongside other schemes and initiatives before funding can be  
allocated.

Sir, I have struggled, both before the recent election and after, with extant Resolutions of the  
previous States that were not initially supported by adequate resourcing, and so although I am  
930 impatient for the roll-out of many things, I am absolutely sure that, firstly, we plan effectively and  
then we pace the roll-out of what we need to do to make sure that it is delivered.

If it is any comfort to Deputy Roffey, I would like to assure him that some of the extant  
Resolutions of the States that I am involved in, particularly to do with the strategies, are being  
dealt with now in a measured and, I hope, productive way. But progress will always depend on the  
935 priorities that are selected by the Committees in the second stage of the planning process.

Having worked with colleagues across Committees, I have every expectation that SWBIC and  
all our other strategies will receive the priority status that will enable them to be progressed  
during this term. All I can say is that in waiting for the second phase of planning to be completed,  
I will continue to work to support the full roll-out of the strategies and of SWBIC in every way that  
940 I can.

Thank you, sir.

**The Deputy Bailiff:** Deputy Lester Queripel, to be followed by Deputy Roffey.

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

I notice in paragraph 5.3.2 on page 23 we are told that:

... the Committee [are of] the opinion ... that the universal exemption from prescription charges for those over the age  
of 64 should be phased out by 2020.

I totally disagree with that. I shall be fighting that all the way on behalf of our pensioners, as I am sure some of my colleagues will also do when the time comes.

950 I applaud the Committee for telling us in 5.3.3 that they do not share the view of the previous Committee to introduce a minimum £1 prescription charge, because that would mean that islanders in receipt of multiple prescriptions would struggle to pay.

That view is rounded off at the bottom of paragraph 5.3.5 on page 24 with an emphatic and resounding:

The Committee of course recognises that the States' finances require increased income and controls on expenditure, but does not propose seeking that extra income through the standard prescription charge.

955 I applaud the Committee, sir, for adopting that approach. But it is not until a Deputy works with islanders who are forced to pay time and time again for a repeat prescription, or they have personal experience of having to do that, that the issue really hits home. For several weeks, sir, due to my ongoing back problem, I was taking eight different tablets twice a day. Not only did I eventually become addicted to the medication, but I also experienced the most horrendous side-effects, so I stopped taking every single one of those tablets, against the wishes of my doctor.

960 But my experience, sir, pales into insignificance when one bears in mind that some of our fellow islanders have to take a lot more than eight tablets twice a day. Some of them are taking a dozen different tablets twice a day and even three times a day on occasion and they are going to have to take them for the rest of their lives. I really empathise with them. So, once again, sir, I applaud the Committee for their approach.

965 Paragraph 8.5.4 on page 34 concerns me greatly. That paragraph relates to the fuel allowance which unfortunately the Committee want to reduce to £26.03 a week over the winter period. That might sound a lot of money, sir, to some people, but it is not when you break it down. I know that the approach of the Committee is that fuel costs have gone down so the fuel allowance gets reduced, but someone sitting at home all day with a long-term illness, or young children, or  
970 islanders with learning difficulty problems, etc. will be spending a lot more on heating than those who go out to work all day.

I am sure my colleagues have already noted that Age Concern operate a Fuel Fund in the winter for pensioners. As Chairman of that Fuel Fund, I often go into the homes of pensioners who have to have the heating on all day and even through the night because they have circulation  
975 problems. Those that burn coal, very often will burn a bag every two days, so £26 will buy them enough coal for five days. How do they keep warm for the other two days a week? Many of them, sir, sit in their lounges with coats on, blankets over their legs, hot water bottles on their laps, in a desperate attempt to keep warm. I am not exaggerating when I say that, sir, because I have seen them and I am sure some of my colleagues have seen them as well.

980 Some of my colleagues, sir, might be asking themselves, 'Why didn't he lay an amendment?' Well, I could not identify where the extra money was going to come from, because pensioners in that situation would need another £10 a week, so that brings us up to £36 a week. Try as I may, sir, I just could not identify where that extra money is going to come from.

985 Before I move on to my next point, sir, I would just like to take a moment, if I may, through the Chair, to remind colleagues and listeners on the radio that the Age Concern Fuel Fund is open to all pensioners and not just for Age Concern members, so if anyone knows a pensioner struggling to pay their fuel bills, just ask them to phone me and I will take it from there.

Moving back, sir, to paragraph 8.5.4, we are told in that paragraph:

... that work is in progress to convert existing social housing [into much] more energy efficient [units].

And we are told that the Committee will report back to the States on this:

... whether those properties which are considered to be energy efficient should continue to receive the fuel allowance.

990 I apologise, sir: I should have asked the President this before we came to the Chamber on the  
off-chance that she may know or may have the information with her. Is she able to give us an  
update on that, sir, please, with regard to how many units are still awaiting conversion? Also, what  
exactly does that work entail? Because I presume we are talking about a lot more than simply  
insulating lofts, because double glazing could be needed; new front and back doors; even a new  
995 roof, perhaps, which also costs a lot of money.

Whilst I am on this subject, it has been brought to my attention, sir, by a social housing tenant  
that nearly every time a tenant moves out, builders move in and take out the kitchen and the  
bathroom and replace them with brand new kitchens and bathrooms. That seems like an  
unnecessary expense to me, unless that is absolutely desperately needed. I would like some  
1000 clarification on that point, sir, from the President, please, because if money is spent unnecessarily  
on replacing kitchens and bathrooms, surely that money could be put towards making social  
housing more energy-efficient instead.

On the subject of the pensions, sir, many of our pensioners are saying that £1.64 a week  
increase is an insult because that increase is immediately swallowed up by increases in the cost of  
1005 living elsewhere. Again, several pensioners have asked me why I have not laid an amendment, but  
it is the same situation as the fuel allowance: I could not identify where the money was going to  
come from. To give every pensioner –

I will give way to Deputy Fallaize.

1010 **Deputy Fallaize:** I thank Deputy Queripel and I stand to assist him – with some reluctance  
because I do not really want him to turn up with an amendment after lunch. He does not need to  
identify where the money would come from, as such. The Rules require that he set out the  
expense which would be incurred in the event the States approved his amendment. I am sure that  
those Members in control of the purse strings would say, 'Well, where do you expect to find this  
1015 money from?' but he is presenting it as though there is some sort of barrier against him laying an  
amendment because he cannot identify which pot of money he would use to fund it. There may  
have been Rules in place in the past which had that effect but there are not now.

**Deputy Lester Queripel:** Sir, I thank Deputy Fallaize for that information. Sir, it is very helpful,  
1020 because there was a Rule that said the laying of an amendment had to identify where the money  
was coming from. I apologise. It is difficult to keep up with Rules that keep changing, sir; as it is  
difficult to keep up with Committees and Presidents and Ministers who keep on changing things.

It is always helpful to have identified where the money is going to come from, so there is some  
logic in my thinking, regardless of former Deputy Scott Ogier saying that he thought my logic was  
1025 skewed. I got up and corrected him on one occasion, sir.

Just to further that point, just for the information and the benefit of pensioners listening on the  
radio – and I know a lot of them do – to give every pensioner another £2 a week would cost  
nearly £2 million; to give them another £5 a week would cost nearly £4.5 million. That is why I  
think it would be helpful to have identified where that money is going to come from in advance of  
1030 laying an amendment.

Sir, I would also like to ask the President, please, if she can give us an assurance that it is not  
that easy to play to the system. I ask that because the general consensus out in the community is  
that it is easy to play the system and be the recipient of benefits that the applicant is not entitled  
to. Sir, in asking that, I have worked with staff at Social Security enough times to know that it is  
1035 not easy to play the system, but I think we all need to hear the views of the President on that  
issue, sir. As much as I try to tell islanders that it is not that easy to play the system, they are not  
convinced.

In closing, as I have said in this Chamber on several occasions, I have nothing but the utmost  
respect and admiration and appreciation for the staff of Social Security. In my dealings with them  
1040 over the years, I have always found them to be extremely co-operative and professional and

dignified at all times. They are certainly not the tyrants that they are made out to be sometimes by letters that we read in the *Press*.

1045 On that note, I might just say to listeners on the radio, if they do experience unprofessional or disaffecting behaviour by members of staff then call one of the Deputies on the Committee: Deputy Le Clerc, Deputy Langlois, Deputy Yerby, Deputy Fallaize and Deputy Gollop. I am sure they will be, first and foremost, rather surprised to hear of that sort of behaviour, but I am sure they will also look into it.

1050 I would like that confirmed by the President, sir, please. I know there is an official avenue of complaint at every department, but I would like also to hear from the President that, if a member of the public phones one of the Deputies on the Committee, would the Deputy then pass it on to the person responsible for dealing with the official avenue of complaint or would that Member of the Committee actually look into it themselves and support the person who is complaining? I think that is crucial, sir.

1055 I think there are still people out there – fellow islanders – who do not realise part of a Deputy's job is not just to sit in this Chamber three days a month or whatever. It has changed again, of course. Here we go, changes again: once every three weeks; three days every three weeks. There are a lot of other things a Deputy does and any Deputy can be contacted any time for any islander who has got a problem. It does not matter what that problem is: health, employment, housing, whatever.

1060 That is another thing I just wanted to relay to listeners on the radio, sir: call your Deputy and ask for their support. I look forward to the response from the President when she sums up, sir.

Thank you.

**The Deputy Bailiff:** Deputy Roffey.

1065 **Deputy Roffey:** Thank you, sir.

1070 I will keep my general speech very short, not only because I have still got a vain hope we might just finish by lunchtime, but also I think we probably feel it pointless to have a long debate with lots of us saying, 'Isn't it disappointing we are only paying 0.8% to pensioners?' when we have got no alternative at the end of the debate but to vote for that or for us to go down the road of Deputy De Lisle saying, 'Woe is us for having to pay an extra 0.5% on contributions', when we know we have to do so. I am not going to press those areas at all, just two very specific points.

1075 The first one: television licences for the over-75s. I completely accept that it is rational to follow the UK Government in no longer funding TV licences for the over-75s, but it will be an appalling situation if we do so and the *BBC* does not pick that up and the over-75s are having to pay for TV licences here almost uniquely in the British Isles.

1080 I know we do not have any absolute levers over the *BBC*, but I was a former employee of the *BBC* for eight years, seven years – whatever it was – and I am a big supporter of the *BBC*. I am happy to defend the fact that people in these Islands have to pay the licence. If they want to receive the services, then of course they have to pay the licence fee, but to pay exactly the same licence fee in Guernsey for the *BBC* to pick up the licence costs for the over-75s on the UK mainland but not here would be utterly unacceptable. I am told by Deputy Fallaize we do not need to urge them to do anything because they are such a super Committee anyway. I do, nevertheless, urge them to really take this up with vigour and make sure that it is addressed.

1085 The second one is the thorny issue of Proposition 23. I think I heard – my hearing is not brilliant – Deputy Le Clerc in her opening saying that people moving into that sort of accommodation would be people that had not secured Employment Permits from the Home Department, coming in here and hoping to find a job. But surely it ain't necessarily so! Surely, two employees of the same organisation that do secure employment permits from Home Department  
1090 to work in similar jobs: one of them could choose to go and live in this type of accommodation. There is nothing to stop them. They then will not qualify for Social Security for five years, whereas

the person that goes down a different route, working alongside them – a different accommodation route – will qualify. I do struggle with that.

1095 My other concern is the reciprocity issue, I suppose, with the UK. We live in a Common Travel  
Area and I know that does not extend to benefits and the UK, as they chose to see fit, put in a  
time limit, like they were talking about doing with people from the EU. That has rather been  
overtaken by events, but they were talking about bringing in a time limit for people coming into  
the UK. I suppose they could do that for people from Guernsey. At the moment, they do not and  
1100 there is no plan to do so, so people going from Guernsey to live in the UK will, as I understand it,  
automatically qualify for the full range of benefits over there. Yet, people coming from the UK to  
live in this type of accommodation would not qualify for Supplementary Benefit, except on the  
discretion of the administrator, for a five-year period. I do wonder, once we start moving away  
from the mirror image of how we treat each other's citizens, where we are heading and where we  
may end up.

1105 I have not actually fully made up my mind. If Employment & Social Security can convince me  
that there is a real issue here and one that we really do need to address for fear of something  
nasty happening, then I will go along with them, but so far I am not yet convinced of that and my  
instinct is to say people should be treated on a level playing field, so I am leaning towards Deputy  
Yerby, but I am still persuadable.

1110

**The Deputy Bailiff:** Deputy Green.

**Deputy Green:** Sir, thank you.

1115 Three points: first of all in relation to the pension uprate guideline, like Deputy Lester Queripel,  
I have been approached by a number of pensioners who clearly are not happy with the increase of  
£1.64 a week but, as Deputy Roffey just said, we do not have a great deal of option in that regard.  
That is the new uprating mechanism. I am not entirely sure that it is right and appropriate but that  
is the mechanism that we have. I am glad that Deputy Le Clerc, this morning, indicated in terms – I  
do not think these are the precise words she used but – she talked about a watching brief on that  
1120 uprating mechanism and I draw some comfort from that.

Clearly, it is an issue that has exercised a number of people in our community and we, perhaps,  
need to be better, stronger, clearer in our explanation to people on how it works in the  
circumstances of the funds that we have to ultimately afford.

1125 Secondly – and this is probably the main reason why I rise – I wanted to say a few words about  
the position of the proposals under the Social Welfare Benefit Investigation Committee's  
proposals, because I am deeply unimpressed that those proposals are not going to be  
implemented any time soon. As the President of the Committee said this morning, the integration  
of the Rent Rebate Scheme with the Supplementary Benefit System is an essential piece of  
modernisation of the benefits' system. Those proposals were seeking to end intolerable poverty.

1130 I said, and others said during the debate on this earlier on in the year, that the measurement  
that was being used as a yard stick to deal with poverty was the wrong one. I still stand by that. I  
think saying, basically, that you should tie your benefit rates to trying to deal with intolerable  
poverty is the wrong way of doing it, but nonetheless one has to accept that, be pragmatic, accept  
that the States resolved that was going to be a measurement. You start off from that position of  
1135 having the wrong – in my view – definition of what poverty is but then you do not implement that  
or at least you do not fund it in a timely fashion. I think the delay in that regard is completely  
unacceptable bearing in mind that the States has basically acknowledged earlier this year that  
some individuals, some families, currently exist in intolerable social and economic conditions. I  
think it is a serious failure of that policy hitherto, but it is more than that because it jars violently  
1140 with the grand rhetoric of the Policy & Resource Plan that we will be debating in only a few weeks'  
time. I think all of this should be an absolute hammer blow to the moral conscience of this  
Government and this community.

1145 I am encouraged by various comments that have been made to me by Members of the  
Committee about this and I sincerely hope that Members of Employment & Social Security will  
continue to fight forcefully for the funding required with all of their collective passion and abilities,  
because they have the mandate to ensure greater inclusion in our society; they have the mandate  
to deal with issues of poverty and equality, and they are the ones that should be fighting for this.

1150 I understand exactly why Policy & Resources have adopted the position they have and I have  
read, carefully, their letter of comment, but we have to come back to the fact that we are talking  
about people living in intolerable poverty. We have to understand the meaning of that and  
accordingly if we are to be a Government that really does want the whole community to be  
healthy and happy and living in an inclusive society.

1155 Thirdly and finally, I will say a few things about Proposition 23 and 24, because I was  
immensely impressed by the speech that Deputy Yerby gave this morning. I have struggled with  
this issue. To be honest, I could see both sides of the equation up until Deputy Yerby spoke. When  
Deputy Le Clerc spoke this morning she talked in terms of a high-risk of an unchecked gateway,  
and I thought she was perhaps putting the case rather more forcefully than the way the policy  
letter had put the matter. I cannot remember the page it is on, but the policy letter talked about,  
'a risk' and I wonder whether the exact, precise nature of that risk has been analysed to any great  
1160 extent.

I assume, sir, that the Committee has received fairly robust advice from those who advise on  
the need to do this rather, but I take on board all of the points that Deputy Yerby made and I  
think the other nature of the concern I have is actually Proposition 24 which is the Proposition  
whereby a power to give some residual discretion to the administrator would be there to allow  
1165 for, in exceptional circumstances, some funding for some people. I wonder whether that kind of  
mitigation is strictly necessary because I wonder whether Proposition 23 is necessary in principle  
at all.

1170 In any event, I am slightly unsatisfied with the idea of enshrining further into our Law that kind  
of nature of that future discretion. Discretion in the field of social welfare, to me, always reminds  
me of the old system of parish relief where it was very much down to the discretion of the official.  
I am not sure that was a good system. We got rid of that system for a very good reason. We  
moved it onto a much more statutory rules' basis. I wonder whether now trying to seek to extend  
discretion on a statutory basis is really the right way forward at all.

1175 I think I am probably veering towards voting against Propositions 23 and 24, although I do  
note that there are still three other Members of the Committee to speak in general debate, but I  
think I will probably be voting against those Propositions unless I hear a very good reason, a very  
compelling case to vote for them.

**The Deputy Bailiff:** Deputy Smithies.

1180 **Deputy Smithies:** Thank you, sir, I shall be brief.

I am struggling with the logic behind increasing contributions that are percentages of incomes.  
If those incomes are increased, or have been increased by RPI or RPIX, they are already  
contributing more; or, if no inflationary increase has been awarded, they will necessarily be  
1185 reduced further by this imposition.

Why, in fact, is RPI or RPIX even used, as detailed in paragraph 1.1.1 on page 5 of the policy  
letter? Why is it even seen as an appropriate figure on which to base an increase? Maybe, like  
Mallory's comment when asked why he bothered to climb Everest, 'Because it's there.'

1190 This increase is going to be, in itself, inflationary. I have in my mind's eye the image of an  
uroboros, a snake eating its own tail, a vicious circle. However, I do support 96% of the  
Propositions and, ever mindful of Deputy Graham's unravelling sweater, I will be supporting *all* of  
the Propositions. But I do, rather like Deputy Langlois, detect a blurring of lines between income  
tax and Social Security contributions.

Thank you, sir.

1195 **The Deputy Bailiff:** Deputy de Lisle.

**Deputy de Lisle:** Sir, I just wanted to have an update with regard to the TV licence situation for the over-75's in Guernsey. There are some that are concerned as to how strongly the Committee will take forward the issue, given that the Committee has already taken the step to stop affording  
1200 new grants to over-75's with regard to the TV licensing. I would like to have an update as to what initiatives have recently been taken with the *BBC* with regard to the situation in Guernsey.

I note that Jersey is continuing to pay the over-75's free licence. Again, they seem to be ahead of us in providing for the older generation.

I also noted that all we are actually saving here is £34,000 a year and I would like the Minister  
1205 to actually verify that is the expected saving per year for the States of Guernsey with respect to this policy – and particularly after the Minister wants to spend £3 million amalgamating the Supplementary Benefit and rent rebate policies. It seems to be a very small amount to be saving – £35,000 a year.

There is another point that I would like to mention and that is the point on page 47, which  
1210 deals with Resolution 23, which is going back to the Pensions & Benefits Review. That cannot be correct, can it, as it is written there?

Closure of the free TV licence scheme for those over the age of 74, and supplementary benefit claimants over the age of 64.

I thought that they were going to continue to receive that particular benefit. So I would like some clarification as to whether that on page 47 is correct or not.

But I think that the concern, essentially, is as to whether the Department will be pushing  
1215 forward with every initiative to try ... But in reality, if Guernsey has turned its back on the over-75's in this way, why then would the government in the UK come forward and turn round and say, 'You can be supported by us'? In fact, if the Government of Guernsey does not want to support the over-75's, why should anybody else?

1220 **The Deputy Bailiff:** Deputy Graham.

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

The Assembly has 27 Propositions in front of it and I think, collectively, they represent an  
1225 example of really excellent staff work which has gone into it, and I have no problems with the vast majority of them. But I have just three observations.

Going through Proposition 23 and the excellent case that Deputy Yerby has made inviting us  
1230 to question the whole logic of it, I think it is an interesting Proposition in itself. And as a Member of the Home Affairs Committee responsible for the Population Management Regime which is coming in next year, one has a double interest clearly in relation to the Part D houses on the register.

I found it an extremely persuasive argument that she put forward. But between now and the  
1235 end of the debate I would be very grateful if somebody from the Employment & Social Security Committee could give an indication of the fiscal damage, for example, if this Proposition was rejected. If the answer is buried somewhere in the policy letter forgive me, I have not found it, but it may be there.

The second observation is that something pretty weird is going on when a small government  
1240 old buffer like me finds himself voting for three successive Roffey amendments! (*Laughter*) I shouted as loud as I could but it was in vain. But the relevance still – and I know we have debated that and voted against it – is that I think he made some very persuasive arguments, not least in relation to how we regard previous Resolutions of the States with which some of us new Members may not be terribly aware, and therefore find it more difficult to assess the relevance of. So that is one point.

1245 But I was also partly persuaded – and I hope this is not being uncharitable – by the reaction of members of the Committee in the sense that it reminded me of when you touch a limpet it flinches and grabs on to that rock pretty hard. And I am merely saying to the Committee, can we please beware the closed-mind syndrome on this particular issue? I know from personal experience that when you really get close and involved in an initiative that goes on for some time and you have been personally involved in the staff work that goes into it, you can almost develop an instinct for closing your mind to other possible issues.

1250 I would merely invite the Committee, having seen that amendment rejected, to perhaps open their minds a little bit to the thoughts that it provoked.

1255 The third observation is really SWBIC. We made reference to this in the debate on the Budget the other day. Now, I do not pretend that SWBIC is a silver bullet in any way as a solution to a lot of the problems that we have, but in my view it is indisputable that the staff work and preparation that went into that, the people who made the input to it and the need for it that was prevalent on the ground at the time that caused it, are still there. I find it unacceptable that it is being parked for another two years. I understand the reasons why it has, but I do not accept the reasons, in the sense that if the alternative is to come up with other priorities that have been given by the States already, which do not fit my priorities ... and I would give a higher priority to this particular initiative. If I am ever asked by P&R I will tell them what my options are.

1260 But the point I am making is that I think as an Assembly we should not stop wagging the finger at P&R over the next year or so on the SWBIC issue. I really feel that some creative minds need to look at this and convince us that we cannot introduce it before 2019.

1265 **A Member:** Hear, hear.

**The Deputy Bailiff:** Deputy Tindall.

**Deputy Tindall:** Thank you.

1270 I wish also to start, sir, by adding my support to the Committee for Employment & Social Security, as I believe every effort should be made to bring in the reform of the Supplementary Benefit and the rent rebate systems as approved by the States as soon as possible, especially for the reasons that were given by Deputy Green and Deputy Graham.

1275 Having last week visited the Job Centre staff at Edward T Wheadon House, I hope to do so again tomorrow to visit the staff of the Supplementary Benefit section. I am, as always, impressed with the commitment of staff and I was very pleased to hear of some of the work already being done in this regard.

With regard to Proposition 23, which was so eloquently opposed by Deputy Yerby, I note that section 18.1.1 states:

In 2013 ... the States approved a proposal from the Social Security Department that people residing in a dwelling listed on Part A of the Open Market Housing Register should be ineligible for a rent allowance paid under the Supplementary Benefit (Guernsey) Law, 1971.

1280 Yet the Proposition includes removing the eligibility to personal allowances as well for people living in Part D. I would like to be advised why there will remain a difference in treatment?  
Thank you, sir.

**The Deputy Bailiff:** Deputy Inder.

1285 **Deputy Inder:** Sir, good speech by Deputy Yerby.

As someone who has driven a taxi for the last year or so, I am picking up many of the foreign workers she is referring to, and they are real people. They are hard-working and they are contributing to our Islands. A lot of them live in slightly suspect accommodation to be perfectly



1290 frank with you, sir, but that is probably for a conversation another day. Often they have got three jobs and they are going to be vulnerable at the point of illness and job loss.

I have listened very hard to her speech and I am looking forward to Madam Deputy Le Clerc's summing-up on that issue. But they are real people.

1295 I would like to touch on something Deputy Le Clerc said in her opening speech, and it is about criminal convictions. She said, and I think I am quoting her, I am hopefully not paraphrasing her: 'they are looking to disbar people with a serious criminal conviction'.

As we know, Guernsey produces enough of our own criminals without having to import them. Could Deputy Le Clerc explain to the Assembly and the greater community what methods of checking workers will be in place? And I do not want her to restrict this to just guest workers, which sometimes means foreign workers, it is the English workers that come here as well.

1300 What are the challenges in extracting accurate information from foreign countries – and I believe that there are some? And can she explain to this Assembly what she means by 'serious criminal convictions'?

Thank you, sir.

1305

**The Deputy Bailiff:** Deputy Prow.

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

1310 I will be very brief as I support the proposals, although I will be listening very carefully to the President's summing up.

I have one question regarding section 16.3 on page 46, which deals with a scheme for medical insurance for travel to the UK. I am pleased that the Committee are on target to bring a Resolution to the States but I would really like to have, if possible, a little bit more information on this. And could I ask for confirmation that the options will not cover visitors to the Island who require treatment whilst on holiday, which I am informed is of concern to those involved in the tourist sector, bearing in mind this is to replace the reciprocal health agreement?

1315

Thank you, sir.

**The Deputy Bailiff:** Deputy Gollop.

1320

**Deputy Gollop:** Deputy Yerby has given, as I think we expected, a very principled and powerful speech as one half of the two Members who the *Guernsey Press* described as 'causing mayhem' for Employment & Social Security. In fact one's surprise at rejoining what used to be the Social Security Board is how well we all work together, but also how the workload seems to have exponentially increased over a year or two ago. And that has been a big challenge.

1325

Deputy Yerby's speech, of course, was very much focused on moral principles and ideals and, I think, the fundamentals of welfare, and I entirely endorse everything she said. That said, I did not necessarily agree and my reasons for opposing the move were slightly different, and I will explain why. Perhaps I am more of a 'rogue' Member, or perhaps I am more habitually disloyal? Actually I could make a case against at least half a dozen of these Propositions. But it is a collective package and how we get there is a combination of political circumstance and existing Resolutions, some of which actually need to be reassessed over time by the Assembly, in circumstances.

1330

I was actually more strongly persuaded to question the validity of it, not just for the grounds Deputy Yerby mentioned, but we have heard from Deputy Green and Deputy Graham and one or two others, who have said they want evidence as to the quantum of cost that could be involved here. Now, it is a bit of an 'unknown unknown'.

1335

We have been advised on this and I knew this anyway because I am a little bit of a sad anorak and I listen when I have the time, or even go over there on occasion, to the States of Jersey meetings. They are always interesting. And I knew we do, as a board, have a good dialogue with the Minister for Social Security, currently Deputy Pinel, in Jersey; and indeed I was aware that a year or so ago they introduced a measure to limit benefits to five years. I thought that would

1340

never get through the Assembly but it did. And I thought it would lead to a bit of push-back from both migrant communities and perhaps the United Kingdom. But apparently it did not.

1345 But I still believe that Deputy Roffey has put his finger on certainly one of my principal concerns, that there could at some point in the future be an undermining of the reciprocity of benefits. And we can sometimes, although we are an extremely generous community, as Deputy Yerby and Deputy Oliver in different ways reminded us, with international aid. And we do punch above our weight in what we give personally and we are extremely hard-working as a society.

1350 We can on occasions be a little bit selfish in terms of macro expenditure and, although we do contribute to overall defence, we do not perhaps pay as much as some societies are obliged to. And unlike certain countries in the European Union or other places, we tend not to be obliged to give welfare to people who come here. One of the reasons for that of course is a fairly rigorous Housing Law. But I think we have to realise that there have been people who leave Guernsey or Alderney for pastures new, and if they settled in the United Kingdom they are able to gain all  
1355 kinds of health and social benefits. And we cannot just say, 'We will never support ...'

1360 Actually Deputy Yerby and I have not taken the populist line here at all; the vast majority of people I have spoken to were resistant to the idea of supporting anybody who lives in the Open Market. But, of course, they forget that the principle of a welfare system is based upon need and contribution, not on place of birth or other factors. Deputy Le Clerc yesterday, funnily enough, in making the case which was unanimously supported for upping the minimum wage, said that we as a society must ensure that we do not exploit workers in lower value sectors.

1365 Now, to a degree, the unfortunate history of Part D on the Open Market has come out of that and there is, as Deputy Inder and others have explained, a degree of vulnerability here. I cannot see why a worker who has made a genuine effort to contribute to our society and who, for the sake of argument, has been employed for four-and-a-half years and who somehow encounters hard times is then denied. I know that the administrator has a discretionary power that would be properly done, but I think we are unwise as an Assembly to endorse that. In a way I would have preferred more advice and dialogue perhaps with St James' Chambers on this matter, and H.M. Comptroller, etc.

1370 But there is another factor here that under the new population regime the number of Part D properties is finite and, in theory at least, most people in that category will be obliged to leave after five years. But I think that remains to be seen, as things progress.

1375 The other reason I was instinctively opposed to it is because I think the Assembly needs to be a little bit clearer about every aspect of the Open Market. I think we very much need to put out a message that we support persons in the Open Market in all the different categories, who contribute to our life whether in this Assembly occasionally or in many other walks of life – hospitality, health, public services. They are working here providing input to our employment and society and in the past maybe Commerce & Employment did not always fight their corner as much as they could have done. But I think Economic Development will very much strengthen the  
1380 rationale for supporting what is an opportunity for a medium amount – not a high amount – of labour mobility, and the input of skills into our sector.

1385 Deputy Le Clerc pointed out that maybe the Open Market has evolved in a way that was not envisaged back in the 1960's and 1970's, when perhaps persons were more like my parents, retired or semi-retired, supposedly affluent people. But actually there were others and there have always been some oddities, such as Open Market flats, that have existed in different places. And it has to be said that back in the day there were far more guest houses and hotels on the Open Market, and we knew from Housing that sometimes persons who had owned the hotels fell on hard times eventually.

1390 So it was not just the retired millionaire cliché; there were in fact always a much wider variety of people in that sphere. Also, I would argue that the Open Market and related issues is a little bit like a house of cards, and if you pull one piece out of it you never quite know where the rest of the cards will flow down because, as Deputy Tindall reminded us with the work that she does and has done for many years on the Legislation Select Committee and its predecessor, there are a lot

1395 of complicated regulations that have to be married up. And, as has been admitted, not necessarily every Member was aware of the nuances and differences between Part A of the register and Part D at the time of transition.

1400 I did have many more general points that could be made. We had a useful letter from Policy & Resources that gave us support in crucial areas such as addressing our shortfalls, and arguing that there will be economic benefits from the changes we are making both to address the shortfalls in long-term care and parental benefits. But it did raise the spectre which I covered in another article in a different context that we might be looking at reopening ... and I know Deputy Laurie Queripel and Deputy Roffey and others will be particularly interested in this topic. But there did seem to be within the published letter that we have all seen, a hint from Policy & Resources that we might need to look at our model of migration and immigration to reflect the demographic issues. And they used a phrase, and I did not understand what it meant, such as 'the sensitivity impact of alternative options'. Now whether that referred to different models of investment management that the Sub-Committee of Employment & Social Security spent a considerable amount of time on, or whether it meant the sensitivity to the business community particularly, and employees and self-employed generally, of raising rates. I do not know but it is clearly a matter that we need more economic work on.

1410 I support the views on SWBIC and believe that we can, as a Committee, find some way of implementing at least part.

1415 I wanted to make a more general comment about the Health model that Deputy Soulsby and others have been discussing and there has been a bit of discussion on the radio today relating to services. And it came up of course in the Budget debate as well.

1420 I think perhaps because so much of the Health model is controlled through Employment & Social Security through the funds as well as through general revenue, we are trying to constrain growth when actually we should let the growth rip. Deputy Ferbrache made a very challenging speech earlier this week when he pointed out that when he started in practice in Guernsey there were 22 advocates and now there are probably about 200. We have seen a very large growth in accountancy services, media and many others. It is an evolution of society. And during the same period we have seen a significant decrease in the number of corner shops and a fair decrease in the number of politicians.

1425 But we are likely to see, both for demographic reasons and personal lifestyle reasons, a demand for better and better health and social care services. But because most of it is either paid for by the taxpayer through Health & Social Care or through models of a social insurance model, we are constantly under pressure to constrain that growth and restrain it. Imagine if every legal service on the Island was controlled by the State, we would spend all of our time trying to restrict the number of advocates and the number of work hours that were done, which in reality means we are actually trying to stop the horse from getting out of the stable when he is ready to run a race.

1435 We have to look at what we are trying to achieve there, perhaps as a general warning that I think we have moved away from the bad days of the last States when the old-age-pensioner community seemed to be tackled more than any other group. But I agree with what Deputy Le Clerc has said about family allowances and I think that we should not be under the pressure we are under to reduce family allowances for a purpose that is not entirely fair or clear.

1440 If you are a mother with children aged let's say 9, 10 and 11, you would be a net loser; but if you had got three children under four who might benefit then you would be a net winner. But now that the universality of the system is evolving and changing we have lost the political deal that led to that perhaps short-term resolution. And I think, too, we have to look at the way in which we are focusing and targeting benefits. Deputy de Lisle made the point about the TV licences that they are untargeted.

1445 I still tend to be a believer in universal services. We heard different Members talking about the need to target benefits yesterday, but of course those same Members usually say we should restrict bureaucracy and cut out civil servants, and not have long and complicated forms and not

create anomalies. I think the more you try to target benefits to a minority or a majority that you approve of, the more rigorous you tend to make our systems.

1450 And so as much as I support the overall direction of this Report, there is a lot more work to do on working out the exact delicate balance between what is still basically an inputting social insurance system, and perhaps a more generalised tax and public goods system.

**The Deputy Bailiff:** Deputy Soulsby.

1455 **Deputy Soulsby:** Sir, I will focus on a couple of aspects of this policy letter relating to Health & Social Care.

1460 As Members will be aware, and as the President of Policy & Resources and myself mentioned during the Budget debate and as Deputy Gollop just reminded us, significant funding for Health & Social Care for Guernsey and Alderney comes from Employment & Social Security, both through the Guernsey Health Service Fund and the Long-Term Care Fund. The long-term care funding is not sustainable with an ageing population, and the restriction on the form of care that is funded, namely for residential nursing care homes, needs reform.

1465 The fact that funding is not available to support people in their own homes, but rather serves to delay discharges from hospital until suitable care home beds are found, is a significant issue; as is the fact that people can wait until they get a space at the home of choice rather than where a bed is available. This has direct knock-on effects on the general revenue budget of Health & Social Care as not only is it costly keeping people in hospital, but health outcomes are affected by the longer people stay in hospital. We need to restructure the Long-Term Care Fund to enable funding for care in the community which supports the findings and recommendations in SLAWS and is something that I believe needs to be given high priority.

1470 Moving on to the Guernsey Health Service Fund, and to counter the points made by Deputy Gollop, I would refer to paragraph 2.2.11. Whilst the policy letter states that the current contribution rate is adequate to ensure break-even through the projection period, there is projected increase in the break-even rate in the early years due to an increase in consultants at the end of 2014. Three scenarios are given, with 45, 50 and 55 consultants from 2017. But the problem is that the number of consultants never *has* remained the same year-on-year. When the contract began there were 19 consultants, now there are 46 authorised posts for which the States pay £382,000 each per annum.

1480 Now, Deputy Gollop makes comparison with advocates but, with all due respect, the States do not pay those advocates, and the advocates have a model that suits them very well. The fact is we cannot continue with the model we have and that is something Geoffrey Wood made clear the other week. That is why it is crucial that the model of secondary healthcare has to change and why any new contract has to enable that change to happen. I was interested to hear the managing partner of MSG regarding this matter on *BBC Guernsey* this morning. And just as an aside, I think I should take the opportunity to correct a comment made during that interview about the MSG not knowing about presentations made this week on *Thinking Differently, Working Differently*, the need for change in Health & Social Care and how we are going to go about it with our partners in Health & Social Care.

1490 Early sight of the presentation, I noticed, was actually given to a representative of MSG at a quarterly contract-monitoring meeting over a week previously. These presentations were designed specifically for Health & Social Care staff and, as was also mentioned at that meeting, it has always been the intention to roll-out similar presentations to our partners in Health & Social Care and the wider community, over the coming months. However, I think it is only right and I make no apologies for the fact that we told our staff first, particularly given their very important role in making change happen and empowering them to do so. (**A Member:** Hear, hear.)

1495 In relation to medical grants, it is apparent that the £12 grant for GPs and the £6 for practice nurses no longer serve the purpose for which they were intended. Such universal benefits are not

targeting resources where they are needed. We need to think differently in how we address access to primary healthcare to help improve outcomes and facilitate prevention and early intervention.

1500 Finally, on a positive note, Members may be aware that Health & Social Care has been piloting video conferencing to enable remote consultations for the people of Alderney. It has been estimated that up to half of consultations could be undertaken remotely and it is hoped that this can be expanded to Southampton which should help to reduce the travel costs to the States that are charged through the Health Service Fund.

1505 Sir, it is clear that change is needed when it comes to funding of Health & Social Care and my Committee looks forward to working with Employment & Social Security and Policy & Resources regarding this over the next year.

**The Deputy Bailiff:** Deputy Brehaut.

1510 **Deputy Brehaut:** Thank you, sir.

It is a very brief speech, assuming the debate is getting near to the end. What I did not want the Assembly to do is allow the fantastic speech made by Deputy Yerby to be eroded over time and you get increasingly further removed from it when you drift into the Propositions.

1515 In my experience it is incredibly easy to deny someone a benefit when you have not met them, when you do not know them, when they are complete strangers – and that was my experience sometimes, some years ago. On paper when you see somebody's circumstances, you may be inclined to think that they had engineered themselves into the situation and they are not the victim. They are playing the system, to use that language. But actually in my experience everyone had a story to tell, everyone had a life experience, everyone had led a life and some people had led very difficult lives. I found it incredibly difficult, probably at the cost, dare I say, to Social Security that day, in paying claimants when they presented to me.

1520 And this is a very short speech because I am worried. I hear the period we are living through now, you hear commentators talking about the post-liberal period, this is the post-tolerance period we are living through, the post-Brexit period, the foreign stranger danger period that we are living through. I do not want Guernsey policy to start echoing that in any way, or mirroring that in any way, shape or form.

1530 I have just asked Deputy Le Clerc and she was kind enough to say that she did not have figures on this, and part of the motivation for this is perhaps to moderate the employers' behaviour which I think is the wrong reason. But the principal reason why you have to reject Proposition 23 is that by accident, very good and very decent people are giving the wrong message to an element of our community that could be rather bad, and I do not want to give them a hook or a key or a way in in any way, shape or form.

1535 If you start dealing with the minority of an already minority and discriminating against them through policy, then the Assembly is sending out a message that makes me feel just a little bit uncomfortable; and I would ask you please to vote in the same way as Deputy Yerby.

Thank you.

**The Deputy Bailiff:** Deputy Fallaize, to be followed by Deputy Dorey.

1540 **Deputy Fallaize:** Thank you, sir.

1545 I have just a few points and first of all is the proposed reduction in the universal rate of Family Allowance. Deputy Le Clerc has referred to this already. This is being done because of a direction by the previous States to fund the majority of the introduction of the universal entitlement to pre-school education. The decision of the States was a *quid pro quo*, that a universal benefit is reduced and a universal service is introduced.

The Committee for Education, Sport & Culture has advised the States that it is going to come to the States in due course and propose removing the universal entitlement to pre-school education. They claim that the scheme that will start in January is not universal because there is a

1550 budget cap which may require very high earners not to receive the entitlement – that is not what  
the States have directed them to do. They could, if they wanted, reduce the universal entitlement  
to 14 hours a week and it could continue to be universal because the cap on the budget is set so  
high.

1555 So it is a universal scheme and what was agreed by the States provides universal access. There  
is no child who will be denied access to any pre-school sitting on the basis of affordability, but  
there will be if they try to significantly reduce the earnings cap. If they do that, it is my view that  
the Committee for Employment & Social Security will have no choice but to propose reinstating  
the reduction in Family Allowance which the States are being asked to agree today – so to restore  
Family Allowance to its original rate, the 2016 rate.

1560 It is immoral, quite frankly, for the States to say on the one hand we are going to reduce a  
universal benefit and we are going to pay for a universal service, and then you take away the  
universality of the service but you do not restore the universal benefit. That just cannot be  
justified. (**A Member:** Hear, hear.) It would be like moving –

I will give way to Deputy Dudley-Owen.

1565 **Deputy Dudley-Owen:** Thank you.

Sir, as I understood it, the decision to reduce Family Allowance was taken before the decision  
to hypothecate it over to fund the pre-school. No?

1570 **Deputy Fallaize:** I think that the Committee for Education, Sport & Culture do need to revisit  
the Resolutions on both policy letters because when their President advised the States what they  
intended to do, he referred to a £150,000 cap in the Resolutions, which there is not. The way the  
Resolutions are set out it was quite clear that the Committee for Employment & Social Security, as  
it is now, was directed to reduce Family Allowance in order to fund universal pre-school  
entitlement. The two are inextricably linked and if one is going to be changed, in my view the  
1575 other is going to have to be changed.

I do not want that to happen. I think it is reasonable to reduce the universal benefit to provide  
the universal service. But I say to the States, if the States, on the advice of the Committee for  
Education, Sport & Culture, try to restrict access to pre-school more than the States have directed  
up to this point, then I think our Committee will be left with no choice but to try and restore  
1580 Family Allowance to its original rate.

There has not been criticism in the debate – except perhaps from Deputy Lester Queripel,  
slightly – about the proposed pension rates. The rates that are proposed and the increase in  
pounds, shillings and pence is very low, quite clearly, but the increase that is proposed is in line  
with the uprating policy agreed by the States.

1585 One cannot say that is the policy agreed but we do not like the outcome of it, in one particular  
year, and therefore we will start varying the rate. It may be that the underlying policy needs to be  
adjusted, but if it is going to be adjusted it is going to be very, very expensive. And States'  
Members ought to realise that we are going through a temporary period where the uprating  
policy is more generous than it will be from the year 2020, as agreed by the States. At the  
1590 moment there are above-inflation increases being applied to the pension rate and, under what  
the States have agreed from 2020, the increases will be in line with inflation only.

So I would say to States' Members, if they are not happy with the uprating policy then change  
it, because the Committee is acting in accordance with the existing uprating policy. If we wish to  
see more generous increases in pensions every year we will have to increase the uprating policy,  
1595 and we will have to increase the contribution rate.

I am sympathetic to that, but that is the consequence. If any Members believe that the rates in  
respect of any contributory benefit set out in this policy letter are inadequate, then the uprating  
policy can be changed but the contribution rates will have to go up. Pensions and other  
contributory benefits are a consequence of the contribution rate. It is as simple as that. And if we  
1600 want more generous pensions and more generous benefits we are going to have to increase

contribution rates. The Committee, although it may get through its proposed increase in contribution rates today, this is about their third or fourth or fifth attempt at that because the States recently, but not *always*, have been very resistant to increasing contribution rates.

1605 This business about Proposition 23 – and I have to commend Deputy Yerby as well for what was an exceptional speech. (**A Member:** Hear, hear.) It is purely a matter of how one chooses to manage risk, because there is a degree of risk if the Proposition is lost, and Deputy Yerby and Deputy Gollop would prefer to manage risk by seeing what happens. Deputy Yerby does not think that anything material will happen in any event, which I accept. But they would prefer to see what happens and then later take action if it proves necessary.

1610 The majority of the Committee would rather pre-empt what might happen, so take action now. If it is demonstrated that that action was unnecessary, then the qualification can be removed at a later date. But we are potentially talking about hundreds of people, and I do not know whether Deputy Le Clerc is going to give exact figures, but we are potentially talking about hundreds of people. Of course they are not all going to come into the benefits system overnight, or even come in at all. But we do not know and cannot quantify exactly how many people could draw benefit. 1615 And I accept the point that Deputy Brehaut is making, but it is not an anti-foreigner proposal; it is about the proper use of the Open Market.

Deputy Yerby would say that a population management regime should deal with that, but the Committee for Employment & Social Security is left with the Population Management Regime that the States agreed. If this qualification is not inserted there could be people in the Open Market who are drawing means-tested, non-contributory benefits. Clearly that is not the purpose of the Open Market. So it is not anti-foreigner, it is about trying to ensure the Open Market is used for its appropriate purpose and trying to pre-empt what could become in time a problem for non-contributory benefits. But I think Proposition 23 is going to lose, and if it loses it is not going to make an enormous difference to members of the Committee for Employment & Social Security. 1625 But if the States are faced with increasing non-contributory benefit costs in the future as a result of the probable loss of Proposition 23, then the States will have to take account for that because the Committee will have provided the States with the necessary advice.

Now, in terms of the Social Welfare Benefits Investigation Committee, I think Deputy Graham is right that the Policy & Resources Committee's feet need to be held to the fire, although our Committee cannot be absolved of responsibility. The responsibility for progressing this is with the Committee for Employment & Social Security. The Policy & Resources Committee's responsibility is to co-ordinate policy and advise how policy commitments could be funded, but it is up to our Committee to come back to the States with the proposed implementation date. It is not a decision for the Policy & Resources Committee. The Policy & Resources Committee can *advise* but it is a decision of the States when the Social Welfare Benefits Investigation Committee's proposals are implemented. I do not think it is giving away any secrets that in the next 15 months the Committee will come back to the States and propose implementing SWBIC from 1st January 2018. 1630

We would like to do it with the support of the Policy & Resources Committee but if they cannot support it we will do it anyway. They can advise the States of the time that they would not be able to support the proposals and the States then would have to take a view on it. But the Policy & Resources Committee does not have, and is not going to be given, a veto on the very important progressive social welfare reforms which the last States agreed in principle and which needed to be implemented years ago, quite frankly. They are absolutely essential. It is essential that we unify housing and income benefits, and it is essential that we get additional financial assistance for those people who the States have already agreed are living in intolerable levels of poverty. This Committee is not going to wait any longer than the one-year deferral which we agreed and it will be a decision for this States to make and not for the Policy & Resources Committee. 1640 1645

1650 Related to that, the last point I want to make is that the proposal in this policy letter is to increase the benefit limitation to £650 a week. That has not received any attention so far in debate. This is an element of the SWBIC reforms in the sense that it incrementally increases the

benefit limitation. We are going to have to go higher than this to realise the full effects of the SWBIC proposals. The important thing is that it allows us to get additional financial assistance to poorer, larger families whose entitlement to benefit is artificially capped.

Being perfectly honest about it I would remove the benefit limitation altogether and I would do it tomorrow. I just cannot see, if the States have determined that a certain set of circumstances ought to entitle a person or a family to a certain amount of benefit, why you would then introduce some sort of arbitrary cap on that benefit. That is simply going to have the effect of further impoverishing some of the poorest families in Guernsey.

But it has been increased significantly over the last 10 to 15 years without any significant increase in social welfare expenditure. Fifteen years ago, the benefit limitation was artificially capping about 15% of claims and today it is only 1% of claims. It would be better if it was reduced to zero but the increase to £650 per week proposed in this policy letter, if the States approve it, will make a not insubstantial difference to some of the poorest families in Guernsey which, notwithstanding the very regrettable delay in the full implementation of SWBIC, will make a significant difference.

Thank you, sir.

**The Deputy Bailiff:** Deputy Dorey.

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

I completely agree with Deputy Fallaize on the benefit limitation and the ideal situation is that we have no benefit limitation. I was appalled when I was at Social Security about the effect it had on some families and it was unacceptable. If we are committed to removing poverty from this Island that is one area where we should be taking action, and I congratulate them for raising it but I would encourage you to raise it further.

I would just like to talk about a couple of things: firstly, the increase in pensions and the formula which is used to calculate it. The formula is explained on page 19 of the Report. It is not a formula that I particularly agree with, but it is what the States have agreed with. But the problem with it is that it is not designed for a step change in inflation. The formula works fine when inflation is at a similar level, but it basically looks at the historical inflation rate. We are getting to a period of a step change in inflation, and in fact we are talking about a step change in inflation for next year from this year. The inflation rate used to calculate the formula was 0.6%. The Budget was based on a predicted inflation rate which was 3%. That makes quite a difference.

I think that we should be looking to change the inflation rate that we use for calculating pensions. And not just pensions, all benefits. Supplementary benefits are even worse, effectively, because we are talking about a 0.8% increase in pensions but it is only 0.6% increase in Supplementary Benefit rates, when we are predicting inflation at 3%.

Deputy Le Clerc commented on my points about integrating the two systems. Well, perhaps this is one area where I would support her in terms of integration, and that we should be using the same inflation rate for calculating the budgets of Committees and also for calculating benefits.

I do not think it is a significant change in the formula because it is basically saying which period of time you use for the inflation rate. So what I would like to see is ... and I fully accept it was too late to amend it when I thought of this, that we should be using the predicted inflation rate.

Then the other part of the formula compares median earnings to inflation. Currently they use median earnings from the last calculated figure which is from 2015, but they compare that to the inflation rate from the middle of 2015 to the middle of 2016. So we are comparing median earnings to an inflation rate which is not over the same period of time. I think what we should be doing is using the median earnings rate for 2015 and we should be using the adjusted inflation rate for 2015 to compare it to.

So going forward we would use the predicted rate and then when we know the actual rate which is effectively two years' later, we would then adjust the actual inflation rate and adjust the



1705 increase between median earnings and the inflation rate. It is a bit complicated ... *(Interjections)* I did, I explained it to Deputy Le Clerc! *(Laughter)*

Okay, let me give you an example of how it would be worked out. Currently we would have increased pensions by using the 3% inflation rate rather than the 0.6% inflation rate which was the inflation rate predicted for next year. Then, to work out whether earnings had increased by more than inflation, we would have used the 1% rate which is the inflation rate for 2015, and compared it to the median earnings increase for 2013, which was 1.3% – and the formula is you take a third of the difference. So a third of the difference is 0.1%, so effectively you would have increased pensions by 3.1% rather than the 0.6%, and that would have resulted in a £6.34 increase in monetary terms, making it a £210.79 pension rate. I think that would have been far fairer. It still uses the same formula; it is just what time period you take the inflation from.

1715 So I would ask that Social Security review, not the formula, but the periods over which they take the inflation from in that formula, and perhaps bring back an alternative proposal which they would then use for next year's uprating report.

Deputy Yerby made an excellent speech, but I disagree with her. She referred to me two or three times in this speech. *(Laughter)* I did not support Part D when it was introduced in the population management system and it is important to remember that Part D came out of a loophole which was the multi-occupancy of domestic houses in the Open Market. There was a specific Law brought in to stop that happening which created what is called Part D, which effectively meant that any house under multi-occupancy would then only be occupied by local people. But a loophole was found and this loophole became very large. So unfortunately when the new population management proposals came forward, the concern was that if we closed it we would have an effect on the economy. So they found a way round it by effectively putting these multi-occupancy properties in Part D.

1720 She said that effectively it is closed, but as I understand it there is no restriction on the size of those properties. So you can have a property which was multi-occupancy, which has moved to Part D, and you can make it larger, it can increase. And the number of properties can be amended by the States – that was part of the proposals.

Deputy Tindall referred to section 18 which explains it. I think it gives an eye-opener of what would happen, because it specifically says that:

This proposal was in response to an increased number of claims to supplementary benefit being received from people living in Open Market accommodation. Typically, the claims were from migrant workers with expensive rent and low income.

1735 So in 2013 the proposal which Social Security brought to the States, which was accepted by the States, was to stop people living in Open Market from claiming rent allowance. So there was a problem which was identified and it was closed at that point.

So effectively what these proposals are doing is just taking that proposal which is effectively on Part A where this multi-occupancy loophole was, and those properties have now been moved to Part D. So it is effectively moving that restriction from Part A to Part D.

1740 I do not think they are –

**The Deputy Bailiff:** Point of correction.

1745 **Deputy Tindall:** It is not moving the restriction, it adds an additional restriction and it prevents people from having personal allowance.

**Deputy Dorey:** I was going to get to that and I thank you for adding that point in. But it does say that the primary part of it was the rent allowance. So it has extended it slightly into the personal allowance, but it says the main part of the claims then were people who were claiming a rent allowance. Effectively, it is moving what the States accepted in 2013 and it was the reaction to a problem as it was then to Part D.

Deputy Fallaize talked about risk, but this is more risk, because there was a problem which was known about, identified and we made proposals to react to it.

1755 I do have some concerns about it, but I am comforted by the safety net in Proposition 24, which is there to catch people if there really is a problem. I think the message that this Assembly should send out is that Open Market is not meant for people who effectively come ... Under Part D, you effectively can come to this Island and occupy Part D without having a job and you could then go and claim Supplementary Benefit. That is what could happen unless we approve  
1760 Proposition 23. That, as Deputy Fallaize said, was not what the Open Market was designed for.

I strongly urge you to agree with the majority of Social Security who have looked at a problem – the problem has been identified in the past and they have reacted to it – and continue that reaction to it, to Part D, and support Proposition 23 and 24.

1765 My final point is in relation to Family Allowance where it refers to my amendment from previously. I will not go through details. I am disappointed there has been no progress, but I am pleased there is commitment to progressing it, which is looking at Family Allowance and the problems that children have with access to medical services in particular.

Thank you.

1770 **The Deputy Bailiff:** Well, Members of the States, it has just gone 12.30 p.m. Deputy St Pier arrived some time ago in the Chamber. Do you wish to be relevé? (**Deputy St Pier:** I do, sir.) Thank you.

1775 How many people are intending to speak in this debate? I will put to you the Proposition that we continue debate now and conclude the meeting rather than break for lunch. Those in favour; those against.

*Members voted Pour.*

**The Deputy Bailiff:** I declare that carried. We will continue.  
Deputy St Pier.

1780 **Deputy St Pier:** Sir, I shall be brief. I just wanted to pick up on a couple of points that have arisen in debate. Deputy Dudley-Owen was questioning when the decision was made in relation to Family Allowance, and I think she may ... There was an intervention when Deputy Fallaize was speaking and I think that may have been a reference to the Personal Tax, Pensions and Benefits Review debate when, of course, it was part of that paper.

1785 The decision of the States at that time was merely a Resolution to note which, as Deputy Lowe suggested, is of course to neither approve nor disapprove. It was merely to note the view of Treasury & Resources and the Social Security Department at that time to phase out universal benefits. That was the precursor, if you like, for a further proposal which has subsequently emerged to fund the Education universal benefit for pre-school in that way. Hopefully, that provides the clarification and perhaps explains the discrepancy on that particular point.

1790 Deputy Gollop raised a comment in relation to P&R's letter of comment, and in particular around the sensitivities that were referred to, and was questioning what we meant by that. I think the purpose of that paragraph was simply to make the point that the actuarial review which had led to the conclusion that further contribution rises were required, inevitably requires a number of assumptions to be made. The extent to which one changes those assumptions can significantly  
1795 change the output from the review and the conclusions from it. So we were simply making the point that clearly there are some sensitivities around population – being perhaps one of the largest ones – which can change the output of the review and simply drawing attention to that particular fact.

1800 I think the other point which has come up in debate, albeit a little bit before I returned to the Assembly, sir, was in relation to the work which has or has not been done in relation to poverty standards and measuring poverty. I think it is probably worth just briefly taking the opportunity to

provide the Assembly with a bit of an update on that because there has been quite a bit of work undertaken since the February report that led to the decision to pursue a new standard.

1805 The Data Analysis Unit has been working on new and improved poverty measures and indeed should be publishing the first round of the data later this month, which I think will include an improved version of the below 60% of median income measure – which of course is used as a measure of people at risk of relative poverty – and also a first attempt at the multidimensional indicator which was the purpose of the February report.

1810 I hope an expectation is that there will be some further improvements made in due course to ensure consistency and that there is better data available, but it was really just to give the Assembly some assurance that there has been some progress on that particular issue.

Finally, sir, in relation to – sorry, penultimately – Proposition 23 and Deputy Yerby's speech and also Deputy Brehaut: many of the points which both Deputies made were excellent.

1815 I was struck yesterday, sir, when I was meeting with my counterparts of the Isle of Man and Jersey, in the context of talking about some of the challenges that will result from Brexit around our need for labour coming into our jurisdictions. We were discussing the different methodologies that we have for managing labour and access to the right to work in our jurisdictions. It struck me that the Isle of Man actually do not provide any Supplementary Benefit to any new resident for a period of five years and do not provide any right to join the social housing queue for 10 years. Now, we can argue about whether that is right or wrong, but it did strike me as being quite a different position.

1820 A bit like policing is undertaken with the consent of the people, I think in relation to non-contributory benefits, the support of taxpayers is incredibly important and that taxpayers believe the system is fair. If there is a perception that people can rock up on our shores on day one and claim benefit on day two, however divorced that is from the reality of the lives of 99.9% of the people arriving at our borders, then that undermines the credibility of the entire system, and I think that is a concern.

1830 So, whilst I have ... particularly Deputy Brehaut's comments in relation to the changed mood and environment that we now appear to be living through and the rise of intolerance, which is of concern or should be of concern to all of us, I am going to trust the majority on this issue; the work of the Committee – and I think Deputy Dorey's input on that particular comment was also useful.

1835 Finally, sir, in relation to SWBIC, I think Deputy Fallaize's comments on this ... I am sure he did not mean to be confrontational with Policy & Resources, but he did make the entirely valid point that, of course, P&R does not have a veto on any proposals that will come forward.

1840 I really wanted to take the opportunity to reiterate what I said during the Budget debate, sir, which is that I would expect this matter to be progressed by way of dialogue between the two Committees and, of course, with the involvement of this States, in determining its priorities and allocating resources accordingly. This is how this matter will be progressed and I do not expect that to be confrontational. I expect it to be a process of constructive dialogue.

Thank you, sir.

1845 **The Deputy Bailiff:** As nobody else is rising to speak in debate, I turn to the President of the Committee for Employment & Social Security, Deputy Le Clerc, to reply to the debate.

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

I am mindful of the time and I am mindful of Deputy Trott's health, so I need to get on before he expires. *(Laughter and interjections)* Sorry, sir.

1850 I think I will leave Part D until the end of my summing up, but would just like to congratulate Deputy Yerby on an excellent speech.

I will start with Deputy Stephens and thank her for her support.

Deputy Lester Queripel, I am pleased that you agree with our approach on the prescriptions. It has always been a very difficult area with any universal benefits and getting the targeting right. I think we probably have kicked that can down the road and I think we have done the right thing.

1855 With regard to fuel allowance, again I expected him to comment. Just as Deputy St Pier always comments when I talk about the tax situation, I expect Deputy Queripel, during this debate, to talk about fuel allowance. It is a formula that we have agreed on and sometimes there will be years that people will gain and there will be sometimes years that people will lose. I am glad that he has got the Fuel Fund and I am pleased to promote it.

1860 With regard to social housing, of course it now comes under one Committee, our Committee, and I can categorically say that those properties that require renovation and where the kitchen and bathroom are taken out are only out of necessity. The Committee went round on a bus – very similar to the old IDC bus – and we looked at quite a lot of premises and we could see some of those premises just needed a quick lick of paint for them to become available again but there were some with very old kitchens, and in some we saw that, if the kitchen was still in a good state of repair, those were left in. That is just anecdotal. A lot of work has been done.

1865 Getting back to the fuel allowance, we are improving properties with double glazing, insulation. I have not got the exact figures of how many are still waiting renovation, but I can come back to you when I have got more information on that.

1870 With regard to playing the system, I think that is an urban myth. I do see the posts on Facebook but I think what we have to remember is that every claimant that comes through the door of Social Security has very personal circumstances and they are confidential, and we do not always know. Even when we are speaking to the constituents ourselves, you do not always know the detail, so we do have to leave it to the Department. I am reassured by the Department and the staff there that they deal with these claims fairly. In fact, they can be very tough and we do actually withdraw benefits, and I said that in my opening speech. If people are not prepared to work with us, then we do remove benefits. We do have to be careful because sometimes those claimants are making a claim on behalf of the family and there are children. We just have to be very careful.

1880 With regard to public complaints, we do review complaints and compliments at Committee level. There is an appeals process. Sometimes people feel that their complaint has not been handled fairly, but that is very often because they have not had the outcome that they actually wanted. We do take that very seriously.

1885 Deputy Roffey: TV licences. We are working with external relations and continuing dialogue with the *BBC*. I think it was picked up by Deputy David de Lisle as well. He is saying that Jersey are continuing the scheme. Well, Jersey are continuing the scheme, but they have got a huge deficit, haven't they? Yes, it is £34,000 a year, but if we had not closed the scheme it would be ongoing costs.

1890 I think it was slightly misleading when you picked up on page 47 about the wording, because people that are on Supplementary Benefit will continue to receive a TV grant towards their TV. I hope that answers your questions.

1895 Let me go on now to Deputy Green. I note his concerns on pensions uprating and for SWBIC. I am pleased to say that I think the question on intolerable poverty – that is it is really important what Deputy St Pier has clarified: that we will be receiving that data through shortly. I think that is really, important, and perhaps another reason: when we received that data, we will be better informed when we come back with SWBIC proposals next year.

I think I have answered Deputy de Lisle.

1900 Deputy Graham, about closed minds, and I take on board what he says. That is the benefit of having an election and having new Committee members and new minds and new blood on that Committee. I think from this Uprating Report – it is very early days but – you can see there has been a slight change of how we are dealing with our mandate. Thank you again for SWBIC.

Deputy Tindall: the Part D and the Part A – I will pick that up in final debate.

1905 Deputy Inder: the method of checking for workers coming to the Island. That is not part of our mandate; that is actually part of the Home Department mandate under their population and their immigration policy. They will ensure that there are those controls in place.

Deputy Prow, on the Medical Insurance Scheme: it will not cover UK visitors coming to the Island. It will be a scheme that will be for our Guernsey residents travelling to the UK. We hope to bring that back next year, but it will not cover people coming to the Island.

1910 Deputy Gollop always gives mixed support. I am not sure what to pick out of his speech, but thank you for your support on most things, Deputy Gollop.

1915 Deputy Soulsby, on the medical grants – the £12 and the £6. I agree that we have got to work more closely together and that is what we will do. The £12 and £6 grants are not targeted but again it is that eternal problem of how do you target effectively if you go down the route of means testing. That in itself is a very expensive process. For those people that are on Supplementary Benefit, they will already receive some assistance with their medical costs. For those just outside of the Supplementary Benefit limits, we also have the Medical Expenses Assistance Scheme. That does help some of our other low income people in our community. We do try, but there is more work that can be done.

1920 Deputy Fallaize, I think, has explained the Family Allowance situation. I look forward to working with the President of Education on how we can resolve the issue.

I think he is right on our uprating policy: the contribution rates will need to rise. If we do make changes to our uprating policy, we must remind ourselves that we have got a diminishing working population. Therefore, the burden of contributions will fall on a smaller part of our population that will be paying for a significantly larger older population.

1925 Deputy Dorey: I take on board what he is saying about the formula. At the present time, with the increases in the RPIX indices, we are not able to keep in time, really, with what is happening in the real world, because we are always looking back at previous indicators. I note that P&R use an indicative inflation rate. I think that is something that I cannot agree today. That has to be discussed, but I think we will take it on board and it will obviously be part of our larger discussions when we work together with P&R. As I said yesterday, we do need to work more closely on our uprating report and the effects of the Budget on households. I thank him for his support on Part D. He was much better at putting the point across than I was.

1935 I think one of the other things that has to be taken into account is that, if we do change the way we calculate our uprating report, this will have an effect on our actuarial projections and we would need to have revised actuarial projections, because that would be taking a significant part out of those funds.

Deputy St Pier: I have already commented on that.

1940 Really, sir, it only leaves me to talk about Part D. As I said, I think Deputy Yerby gave a very strong speech. It is a very difficult situation. I think we all know that if there is abuse of the Open Market, Part D, multiple occupancy, that this may result in an increase in general revenue. I am afraid I have not got any figures of what that might be, but just as an indicator, if somebody was out of work, unemployment, it would be approximately £20,000 per year, if they had no employment at all.

1945 I am just going through my notes. As Deputy St Pier has indicated and I had already made a note, Jersey have a five-year test for Income Support and, as he was saying, the Isle of Man have a five-year test as well. They do not seem to suffer from any issues with reciprocal benefits from going to live in the UK.

1950 I would say that we have already got our own barrier to people coming to the Island from the UK and that is our Population and Housing Regime as it is at the moment, because we do not enable people, freely, to move to Guernsey, but we are enabled to move to the UK at any time that we want, so we have already got a barrier there.

I am just going through to make sure that I have checked everything out. Sir, I think that is everything that I have covered for that.

1955 I just would ask you to support our Propositions. I feel that there is strong support on the majority of the Propositions. I will not keep you any further from your lunch, and if we can go to the vote, sir.

1960 **The Deputy Bailiff:** Members of the States, there are 27 Propositions. Clearly Proposition 23 and 24, I was proposing to take together, distinctly. Are there any other requests for any Propositions to be put to you separately? (**Deputy de Lisle:** Fifteen, sir.) Fifteen.

Anything else?

Members of the States, Propositions 1 to 14 first. Those in favour; those against.

*Members voted Pour.*

**The Deputy Bailiff:** I declare Propositions 1 to 14 duly carried.

Proposition 15: those in favour; those against.

*Members voted Pour.*

1965 **The Deputy Bailiff:** I declare that Proposition carried.

Propositions 16 to 22 inclusive: those in favour; those against.

*Members voted Pour.*

**The Deputy Bailiff:** I declare Propositions 16 to 22 carried.

Propositions 23 and 24, taken together.

1970 **Deputy Brehaut:** May we have a recorded vote, please, sir?

**The Deputy Bailiff:** With a recorded vote requested by Deputy Brehaut. Greffier.

*There was a recorded vote.*

1975 **The Deputy Bailiff:** Well, Members of the States, I will announce the exact result but it looks as though those two Propositions have also been carried.

Taking the final three Propositions together, so that is Propositions 25 to 27: those in favour; those against.

*Members voted Pour.*

**The Deputy Bailiff:** I declare those three Propositions carried.

*Propositions 23 and 24:*

*Carried – Pour 25, Contre 14, Ne vote pas 0, Absent 1*

**POUR**

Deputy Brouard  
Deputy De Lisle  
Deputy Langlois  
Deputy Soulsby  
Deputy Prow  
Deputy Oliver  
Deputy Ferbrache  
Deputy Tindall  
Deputy Lester Queripel

**CONTRE**

Deputy Dudley-Owen  
Deputy Yerby  
Deputy de Sausmarez  
Deputy Roffey  
Alderney Rep. Jean  
Alderney Rep. McKinley  
Deputy Kuttelwascher  
Deputy Brehaut  
Deputy Tooley

**NE VOTE PAS**

None

**ABSENT**

Deputy Parkinson

Deputy Le Clerc	Deputy Gollop
Deputy Leadbeater	Deputy Mooney
Deputy Trott	Deputy Le Pelley
Deputy St Pier	Deputy Merrett
Deputy Stephens	Deputy Hansmann
Deputy Meerveld	Rouxel
Deputy Fallaize	
Deputy Inder	
Deputy Lowe	
Deputy Laurie Queripel	
Deputy Smithies	
Deputy Graham	
Deputy Green	
Deputy Paint	
Deputy Dorey	
Deputy Le Tocq	

1980 **The Deputy Bailiff:** Members of the States, in respect of Propositions 23 and 24, there voted Pour, 25; Contre, 14, and that is why the Propositions were duly carried, so all 27 Propositions are carried.

## POLICY & RESOURCES COMMITTEE

### XI. Schedule for Future States' Business – Approved

#### *Article XI*

*After consideration of the Schedule for future States' business, which sets out items for consideration at the Meetings of the 15th and 30th November 2016 and subsequent States' Meetings, to approve the Schedule.*

**The Greffier:** Article XI – Policy & Resources Committee: Schedule for Future States' Business.

**The Deputy Bailiff:** Deputy Tindall.

1985

**Deputy Tindall:** Sir, I would like to ask a question, please. Will we be given a Schedule to include 30th November on 15th November for consideration, namely that the Items that are listed now for 30th November are merely an indication, as I was informed on a prior occasion?

1990 The reason why I mention it is simply because I look at the order in which it comes and I have raised a query with regard to whether the questions on the Population Management should actually be heard before the Education debate?

Thank you, sir.

1995 **The Deputy Bailiff:** Does anyone else wish to speak in relation to this matter? Deputy St Pier, as this is a Policy & Resources Committee matter?

**Deputy St Pier:** Yes, we are simply tabling it. It is self-explanatory, sir.

2000 Clearly and obviously, the next meeting is a special meeting purely for the purposes of the Policy & Resource Plan. One of the issues we would like to explore, sir, with whoever is the Presiding Officer, is whether it may be possible for us to effectively have too many debates, but that is something that we ought to do between now and 15th November to separate out the physical framework part of the Plan from the rest of the Plan.

In relation to 30th, yes, it is clearly indicative at this stage and obviously we will lay a Schedule for the 30th at the meeting on the 15th in accordance with the Rules, sir.

2005 **The Deputy Bailiff:** But it is not an ordinary meeting. On the 15th, it is not an ordinary meeting –

**Deputy St Pier:** So we would not lay the Schedule.

2010 **The Deputy Bailiff:** – so there would not be a Schedule. This is it: vote for it now and be stuck with it, but then if you want, we change the order on the day, but there are no amendments that have been prepared to this Schedule.

Deputy Tindall.

2015 **Deputy Tindall:** Sir, as I understand it, having just checked the Rules, the laying of the amendment was not required, under subsection (16), which I was trying to clarify whether or not such an amendment was ... and how it should be laid as well.

2020 **The Deputy Bailiff:** There are no amendments to the Schedule for Future States' Business. There is a single Proposition, Members of the States. Are you of the opinion to approve the Schedule that is before you? Those in favour; those against.

*Members voted Pour.*

**The Deputy Bailiff:** I declare that Proposition duly carried.

There being no other business for this ordinary meeting of the States of Deliberation, we will close the meeting.

*The Assembly adjourned at 1 p.m.*