

5. Questions to Ministers without notice - The Minister for Treasury and Resources

The Bailiff:

Very well so that brings Questions on Notice to a close so we now move to questions to Ministers without notice. The first query is to the Minister for Treasury and Resources.

5.1 The Deputy of St. Martin:

I am sure the Minister would want to agree with his Assistant Minister with regard to the building of St. Martin's school with best speed but given that the detailed plans for the school will very likely show no parking on the finished site for the staff or teachers, would the Minister assure the Assembly that he will make additional monies available to assist the Parish of St. Martin in funding additional parking spaces should they be required and to make sure that the project is not delayed?

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

I would restate what my Assistant Minister has said, that we regard St. Martin's school as a very high priority and my Assistant Minister will work diligently in order to progress the scheme, and if we can bring it forward from the original plan, then we should do. But the Deputy raises an important issue about parking. I cannot answer whether or not the cash will be made available in order to do so, but I also refer to the Constable's question about the return of the school itself to the Parish. There we also are looking for a scheme hopefully that will benefit, for example, housing or others and we need to work with the Parish in order to find a solution to both parking, the use of the old school as well as bringing forward the new school for the benefit of the parishioners and the young children.

5.2 Deputy S. Power:

The Minister for Treasury and Resources in his speech as a candidate for Treasury and Resources offered to change his ways and to do things differently. In the few weeks since his election, what things has he changed and what things does he propose to put in place that are going to change?

Senator P.F.C. Ozouf:

I thank the Deputy for the question. We all must change and we must evolve to the new circumstance and I can reply to the Deputy that I am enjoying working with the new Council of Ministers and the new Chief Minister in a co-operative way in order to find solutions to the challenges that we have. Also, as far as my own activities are concerned, I have emailed, I think, most Members in order to try and find a date early in the New Year when we can meet. I will be holding regular briefing sessions - breakfast sessions - with Members in order that they can understand perhaps some of the challenges I face in the Treasury with my department but also respond to their questions that they have about our public finances. Next year is going to be important. We have got the Strategic Plan and also the medium term financial plan and it is my job with my Assistant Minister to find the way of informing Members about the challenges that we face in a co-operative way.

5.3 Deputy G.P. Southern:

Obviously the spots have changed because this is a plant that the Minister asked me to ask him. **[Laughter]** Earlier in the day, the Chief Minister stated that £4 million have been put aside from underspends. Will the Minister for Treasury and Resources confirm this sum or state whether it might be bigger and confirm that it will not divert money from other important projects?

Senator P.F.C. Ozouf:

If a plant is an attempt to be helpful, then I plead guilty. The Deputy raised an important question to the Chief Minister about how much was available for 'Back-to-Work' and I can state clearly that I have held discussions with the Social Security Department, that their underspend of

£4 million will be made immediately available in order for back to work initiatives. That supplements, for example, the £4.4 million that we did find for fiscal stimulus on skills to give the Deputy an understanding of how important £4 million is. I can also confirm that the contingency, which has remained largely unspent during the year, would also be made in the early part of next year in terms of carry forwards for any additional support. Maximum effort is going to be made to get people back to work and we certainly have the financial firepower in order to do so from both contingencies and underspends.

5.4 Deputy T.M. Pitman:

The Minister is changing. I am hoping he will answer this question. Could he tell us where within the States Accounts all the details of golden handshakes, pay-offs, payments made outside of contract are listed and can you find them without being a forensic accountant?

Senator P.F.C. Ozouf:

The Deputy will recall that in answers in the last Assembly on such matters, I did say that all remuneration of senior officials was going to be provided in the States Accounts under the new G.A.A.P. accounting standards which we comply to and, indeed, that is also the case for owned entities that the States also has, for example, the 100 per cent owned utilities in S.o.J.D.C. (States of Jersey Development Company). So there is going to be full disclosure of the highest standard, the highest transparency, in terms of international guidelines of any pay-offs but, of course, the 2011 accounts have yet to be commenced upon but will be published in the normal timetable by May of next year.

5.4.1 Deputy T.M. Pitman:

Could I ask the Minister in that new spirit of openness, would it be possible to find out the total amount since Ministerial government has begun for these types of payouts? Will that be achievable? Will it be available?

Senator P.F.C. Ozouf:

I think this very emotive issue in terms of payouts are not necessarily bad, if I may say, and, yes, we can find the total amount indeed of cessation of contracts. That can be available to the Deputy if he wants to ask an oral question or a written question. We will abide by transparency and it is important, I hope, that this Assembly also recognises that it is important that we have the right workforce and that termination is an appropriate way forward in dealing with the reorganisation of management, but they must be affordable and they must be appropriate and they must be defensible and they will be published.

[11:45]

5.5 Deputy J.A. Hilton:

Does the Minister know whether Property Holdings are aware of the importance strategically to the Health Department of 2 large sites in Kensington Place, which is adjacent to the hospital, currently with plans submitted for 90 flats and also, if so, whether any consideration has been given to acquiring this site for the hospital portfolio?

Senator P.F.C. Ozouf:

That is a very important question about the future of the hospital estate. There is no doubt that there is going to have to be a substantial plan and investment made by this Assembly in order to deal with the hospital and either we rebuild the hospital on a greenfield site or we expand it into adjacent areas, and the Deputy is quite right to put us under notice that there should be the opportunity explored immediately of purchasing adjoining properties for refurbishment and extension of the current hospital site, and I will work with my Assistant Minister in order to ensure that we have those market opportunities and we are ready to act.

5.6 Deputy T.A. Vallois:

I was wondering whether the Minister for Treasury and Resources could advise when this Assembly will be seeing the controls and procedures for the contingency funds?

Senator P.F.C. Ozouf:

Guidance has already been issued to, I think, the Corporate Services Panel. I cannot remember whether or not it has been published. If it has not been published, then I will undertake to do so in the very early part of next year - certainly in January of next year - in order that Members can be advised about how contingencies and underspends will be controlled. No decision will have to be made. No decision will be made by me personally. I will consult the Council of Ministers and publish any decisions made.

5.7 Deputy S. Power:

The Minister for Treasury and Resources will be well aware that there is a perception in the U.K. and E.U. media that tax havens are an intrinsic part of the financial problems of some E.U. countries. Does he feel that the comments on perception sometimes bears an element of truth and that there may be a knock-on effect on our economy?

Senator P.F.C. Ozouf:

I think that there has been an increase in the comments about the activities of offshore centres in European press and, indeed, all developing countries' press. I monitor such comments with interest. I think that offshore centres such as Jersey who provide advantages to particularly the United Kingdom do need to explain those advantages over the coming months. Clearly, there is going to be months if not years of austerity in European economies, and taxpayers in those economies are naturally going to be resistant to changes in cutting spending and increased taxes and we could be caught up in difficult exchanges and unfair criticism. I think that we need to up our communication in terms of explaining the huge importance that we have as a finance centre of gathering deposits in and upstreaming them to the U.K. and assisting the European economy in terms of its recovery and the Deputy makes a useful point about what we need to do to communicate better. Jersey is well-regulated. We have an important role to play to the United Kingdom and European economies and we are going to need to communicate it better.

5.8 The Connétable of St. Helier:

Does the Minister agree that the former Le Seilleur workshop in Oxford Road would make an excellent facility to complement the new Millennium Town Park, particularly if it involved assisted employment opportunities and therapeutic work schemes and would he be willing to ask Property Holdings to work with the Parish and the Town Park group to try and bring this about?

Senator P.F.C. Ozouf:

Yes, but I also need to point out that the owner of the site is the Le Seilleur Trust, which themselves have an objective in order to carry out certain benevolent activities and it is important that they receive a fair and market valuation of that site and that is going to be the conundrum. We cannot short-change the Le Seilleur Trust in seeking to do very laudable other objectives in terms of the Town Park, but it is something which the Assistant Minister is looking into and I am sure that we will communicate with the Parish as appropriate as discussions emerge. Of course, if the Parish is also willing to also put some resources into the scheme then that will be very welcome too.

5.9 Deputy S. Power:

Is the Minister for Treasury and Resources aware that the civil unrest that we have recently seen in Greece was largely composed of middle-income Greece and not lower-income Greece or, for that matter, upper-income Greece, and does that give him any concern that middle-income groups such as those in Greece are taking to the streets?

Senator P.F.C. Ozouf:

In my answer a few moments ago, I expressed the view that I think that it is going to be an extremely difficult European picture for some time as middle-income families and individuals are asked to pay more in tax and see services reduced, and I think that that is a concern to all economies. What I will say and take the opportunity of saying to the Jersey Assembly is that in contrast to many other Parliaments across Europe, we have taken the difficult decisions already in terms of restoring our public finances. We do not have the legacy of debt that other economies have had in terms of dealing with the challenges of the future. We had a deficit. We dealt with it. We do not have any debt and we can benefit from economic growth perhaps unlike other places but that is going to be a difficult message to explain in terms of why we are in such a better position than others because we have taken prudent decisions.

5.10 Deputy M.R. Higgins:

Following on from what the Minister has just said, obviously these markets, the European market and also the United States and others, are all going to be suffering for some time. We have seen figures that it could take 7 years or more for some of these economies to even get back to where they should be. What contingency plans or what sort of modelling has the Minister for Treasury and Resources done about the impact this is likely to have on the demand for Jersey financial services because, after all, these are our major markets. So we can say we have been unaffected by the debt crisis. We could be very much affected by what is going on in their economies and the austerity that is going on. What sort of work has he done and what sort of projections have they got?

Senator P.F.C. Ozouf:

We have not been unaffected by the debt crisis. We have been substantially affected by it. The previous Assembly had to make very difficult decisions in terms of closing a deficit of £100 million, some of which was a result of the impact of low interest rates that had on our financial services industry. The Deputy makes an important point about where growth is going to come from in order to grow our economy and while we have to continue to make best endeavours in our traditional markets, it is important to recognise that the tectonic plates of the world are shifting. There are growing areas of the world in the Middle East and in Asia Pacific and that, I think, underlines the importance of continuing to geographically diversify our financial services industry in order that this Island can take advantage of the growing areas of the world and continue to provide liquidity into London in that way. In terms of the risk assessment of the economy and our public finances, we have carried out work since the budget on the robustness of our future income and other income plans and I can say that we will, of course, be publishing new estimates of income out to 2015 in the context of the medium-term financial plan. But I remain confident. Indeed, I remain optimistic that the downgrading of income that we put through in the last 12 months is going to be proven to be appropriate and I do not expect at this time to have to make any downgrades in terms of our forecasts and if I do, I can say that we have substantial contingencies in our forward projections for public finances, which should not mean that this Assembly has to make difficult decisions like the last one did on tax.

5.11 Senator L.J. Farnham:

Jersey has weathered the storm well; so far, so good. What does the Minister see in terms of the economy as Jersey's greatest opportunities in the 2 to 3 years ahead and how does he intend to exploit those opportunities?

Senator P.F.C. Ozouf:

The Minister for Economic Development with the Council of Ministers will bring forward its new economic growth plan. There are without question opportunities for jurisdictions such as Jersey that can say that we have no debt, that we have stability in terms of our tax arrangements. With sound public finances, we can send a clear message of certainty in terms of tax and that

will build business and I am also optimistic of developing an I.C.T. (Information and Communication Technology) business sector in the Island on the back of Gigabit Jersey and this being a substantial business opportunity for us to exploit in the years to come.