



STATES OF JERSEY

Corporate Services Scrutiny Panel

**Quarterly Hearing with the
Minister for Treasury and Resources**

THURSDAY, 17th MAY 2012

Panel:

Senator S.C. Ferguson (Chairman)
Deputy J.G. Reed of St. Ouen (Vice-Chairman)
Connétable D.J. Murphy of Grouville
Deputy S. Power of St. Brelade
Deputy R.J. Rondel of St. Helier

Witnesses:

Senator P.F.C. Ozouf, Minister for Treasury and Resources
Deputy E.J. Noel, Assistant Minister for Treasury and Resources
Treasurer of the States

Also Present:

Ms. S. McKee (Scrutiny Officer)

[10:02]

Assistant Minister for Treasury and Resources:

Deputy Eddie Noel, Assistant Minister for Treasury and Resources.

Treasurer of the States:

Laura Rowley, Treasurer.

Deputy S. Power of St. Brelade:

Sean Power, Deputy of St. Brelade:

Deputy R.J. Rondel of St. Helier:

Deputy Richard Rondel, St. Helier No. 3 and 4.

Deputy J.G. Reed of St. Ouen:

Deputy James Reed.

Senator S.C. Ferguson (Chairman):

Senator Sarah Ferguson, Chairman.

Connétable D.J. Murphy of Grouville:

Dan Murphy, Constable of Grouville:

Ms S. McKee (Scrutiny Officer)

Sammy McKee, Scrutiny Officer.

The Minister for Treasury and Resources:

Senator Philip Ozouf, Minister for Treasury and Resources.

Senator S.C. Ferguson:

The normal health warnings apply. The photography restrictions are purely for the first 5 minutes of the administrative details, provided everybody is happy about that, but we do not appear to have any photographers here today. The health warning is there. I trust everybody has read it. Welcome to this quarterly public hearing for the Corporate Services Scrutiny Panel. Let us go straight in. Medium-term financial plan, how is it coming along?

The Minister for Treasury and Resources:

I have to say I am very pleased. You are going to get a briefing ... I think you are going to have an officer briefing on it. We are on track to lodge before the summer break. We are going to be discussing the Standing Orders that are associated with the medium-term financial plan in our next States meeting. I think there has been an agreement with Scrutiny about the fact that we pushed back the debate, which is now going to happen on 6th November. We have now got, I hope, a very lengthy period of time, which is not just about the summer break, so that Scrutiny can have a good look at it. Obviously there is an enormous amount of work going on behind the scenes within departments about the medium-term financial plan. I am very pleased with the progress of it, as you will get briefed on it. There is still a lot more to do. There are a lot more discussions to be having at the ministerial Council of Ministers' table about the growth that is requested from departments, savings objectives, but as far as I am concerned things are progressing well. I think the Treasury has supported departments in a way that I have never seen before. It is very good, it is very co-operative, there is lots of working together. The C.M.B. (Corporate Management Board) is actively engaged in helping Ministers and advising Ministers on the medium-term financial plan. But of course there is still work to be done and we need to be refreshing certainly some aspects of it, having regard to the latest economic situation and economic advice.

Senator S.C. Ferguson:

I wonder if we can try and keep answers concise please, Minister.

The Minister for Treasury and Resources:

I will do my best.

Senator S.C. Ferguson:

We have quite a lot to cover and it is an important briefing. What plans have you got in place to monitor each individual department's actual financial performance against budget?

The Minister for Treasury and Resources:

That is a different question from the medium-term financial plan. That is about financial control.

Senator S.C. Ferguson:

It is also about are we going to be sticking to the medium-term financial plan? Over the years we have seen that it has been very difficult to stick to the plans that have been given. What plans are you going to have in place for this?

The Minister for Treasury and Resources:

I do not think the States...

Senator S.C. Ferguson:

You have got a plan so you need to be able to check that people are sticking to the plan. It is quite simple.

Treasurer of the States:

Perhaps I can help with that, Chairman. We have a very established process now with departments who are monitoring their budgets. In fact, I have just come from one of my regular quarterly meetings with the Chief Officer for Education and the Finance Director for Education. We meet without fail, we meet quarterly, to look at progress and to do our revenue monitoring. We have had that process in place for a good period of time now and it is very well established. In addition to that, my colleagues within my team meet monthly with the Finance Director, so we have a quarterly meeting between the Treasurer and the Chief Officer, Kevin, and the Chief Officer and the Finance Director from each department. On a monthly basis one of my directors, Deanne Le Gresley, meets with the Finance Director and Kevin as well to monitor on a monthly basis. That is now a matter of routine. At each of those meetings we all have papers prepared by the

department to give us an overview of their spending against budget and also their best endeavours that are forecast for the end of the year. That works well that process. They are good meetings and we discuss the pressures and the issues that the department is facing in staying within their budget. We discuss emerging issues and we discuss things that are current. So, for instance, this morning with the Chief Officer for Education we were talking about some of the information that underpins growth bids that Education, Sport and Culture have made as part of the medium-term financial planning process.

Senator S.C. Ferguson:

Because presumably the census and the difference in population have required quite a few changes in various budgets and plans because of the sudden increase in population that we did not know we had.

Treasurer of the States:

You will see later this morning, when we take you through the medium-term financial plan, there are growth bids from Education, Sport and Culture in relation to nursery, education and also in relation to primary education for those very reasons. Similarly with higher education, there is a bid for additional funding for higher education as well. I will be able to explain that to you later in the morning.

Deputy S. Power:

Can I ask a question? In relation to the overall status of the medium-term financial plan, and we referred to it at the briefing later on, how is that to be conducted and who is to conduct that, just so that we know where we are?

Treasurer of the States:

The briefing?

Deputy S. Power:

Yes, for us.

Treasurer of the States:

What we are trying to do with the medium-term financial plan is to involve States Members at a very early stage. You will appreciate that the medium-term financial plan is not going to be debated until 6th November and at your request we have put that date back in order to give the most time post the summer break for Scrutiny to have enough time to consider. We are still going to lodge in July, so there will be a great deal of time for Scrutiny to consider the proposals within

the medium-term financial plan. Even so, we are starting now with briefings, as we are developing the medium-term financial plan, so that there is a chance for States Members to comment and influence the development of it and not just a comment and vote upon the set of proposals once the Council of Ministers has determined it.

Senator S.C. Ferguson:

Can I ask a stupid question? The Council of Ministers discussed this last week, 10 days ago?

Treasurer of the States:

Yes.

Senator S.C. Ferguson:

Was there any reason why we should not have had the papers immediately the Council of Ministers had looked at it and approved it?

Treasurer of the States:

Can I just say one thing? As you know, I brought copies of papers with me to the briefing that yourself and the Deputy Vallois had and the Chief Minister asked me to arrange briefings after 7th May, as you know, because the Council of Ministers, at that stage, had not even considered ... when we had that meeting the Council of Ministers were considering the papers the following day.

Senator S.C. Ferguson:

With respect, my question was quite simple. We have in the past asked for papers at least 2 or 3 days before any sort of meeting or briefing so that we can have a look at them because briefings are a great deal more productive if you can look at the papers beforehand.

Treasurer of the States:

Indeed, but we thought it would be more helpful to you as ...

Senator S.C. Ferguson:

I appreciate that, but can I just say I would like to put a marker down again that we have not had the papers beforehand, which makes it very difficult to have a worthwhile briefing and I would like for any of these things that come up the papers in advance.

The Minister for Treasury and Resources:

Chairman, I hope you appreciate, we are trying to be very open in the way that we are explaining information. It is 16th May, the deadline for publishing the final Council of Ministers' proposal is

before the summer break in July. There is an intensive amount of work of which there are significant gaps, as is normal in terms of work. So you will start your Scrutiny with a vengeance once you know, because it is a moving target at the moment. We want certainly to hear views of the emerging issues, as the Treasurer has said. I have held meetings with most States Members now, breakfast briefings about where we think the pressures are. I am trying to get an understanding from Members about the things that they are concerned about, the political priorities. We have had a debate in the States of the resource principles in the Strategic Plan. I am delighted that the States are signed up to the existing resource principles and the new ones, so there is active discussion. I understand your view that you want to see the finished product and you want to see the papers ...

Senator S.C. Ferguson:

No, that was not what I said.

The Minister for Treasury and Resources:

... but it is quite difficult. We do our best. The other point you make about ... I mean we seem to have gone into 2 questions there. You asked about the preparation of the actual proposals and then how the proposals are going to be monitored and those are 2 separate questions. The Treasury is now under Eddie and my, with Laura in charge. I think the way that financial controlling is done is now radically different from what was done in the past. These are issues which P.A.C. (Public Accounts Committee) are welcome to examine with the Treasurer and Chief Officers about the way they do it. But the way that financial control, the way that the Treasury monitors is now the co-operative way in which the Treasurer meets with Chief Officers, as you said. The way that the Finance Directors interact with the Treasury is much stronger and I am very pleased with the work that is done, the reports that the Council of Ministers get about how the state of public finances, the quarterly reports, it is just massively improved from where it was, and of course as far as P.A.C. is concerned, you are more than welcome to examine those documents, which are implementation documents as opposed to policy ones. As far as the policy is concerned we are going to do our best this morning, the Treasurer is going to do her best in order to give you the up-to-date position of where we are with the medium-term financial plan, but there is a lot more work to be done in the next 8 weeks.

Deputy R.J. Rondel:

Is that just verbal or are there papers?

Treasurer of the States:

No, there are papers.

The Minister for Treasury and Resources:

We have a sackful of papers.

Deputy R.J. Rondel:

Would we not have been able to have those papers say 2 days ago?

Treasurer of the States:

No, and the reason for that is that I thought it would be more helpful for you to see the version of the papers post the Council of Ministers' discussion, so ...

[10:15]

Deputy R.J. Rondel:

Which was when, sorry?

Treasurer of the States:

Which was last Thursday. So what you have now got is papers which have been updated to reflect the Council of Minister's consideration, so you have a better basis for your discussion. We are trying to give you the most current information. We could have given you old information earlier but not current information.

The Minister for Treasury and Resources:

It is changing all the time and there is going to be clamours to get a leaked copy of this to the media, and that is the risk we have, is that this is policy under development. It is changing day by day. The Treasurer and I are talking on a day-to-day basis. We met on Monday evening to go through the latest draft, which we made some further changes on. There are changes. This is a massive piece of work which is changing and, frankly, 2 days ago it was looking different from what it is today.

Deputy R.J. Rondel:

That was my question.

The Minister for Treasury and Resources:

The team in the Treasury were in late last night and in early this morning just giving you the printouts of this thing. So we are doing as much as we can as early as possible to brief you so that

you are up-to-date with where we are. But I have to say it has got a big caveat, it is work in progress.

Deputy S. Power:

Can I just comment then that the Chairman's view, and I apologise for starting this part of it, is that given that there are 2 former Ministers on Corporate the view normally would have been that Ministers would have seen the working papers 2 or 3 days before.

Treasurer of the States:

We did not do it like that.

Deputy S. Power:

We were presuming that we would see before the meeting and have some preview of the working papers.

Treasurer of the States:

We did not do it like that. The Council of Ministers, the way in which the Minister for Treasury and Resources and the Chief Minister agreed to carry out the Council of Minister's meeting was as a briefing and then as a discussion. It was more like a workshop, so we took the papers and files with us to that meeting. Gave them out, briefed the Ministers and took them through.

Deputy S. Power:

So no electronic versions of it, purely paper versions?

Treasurer of the States:

Yes.

Deputy S. Power:

Is this to control leakage?

Treasurer of the States:

No, not at all. It was not for that, it was ... you will see later that it is a substantial document.

The Minister for Treasury and Resources:

That is it. That is the one that Laura and I discussed on Friday and then I spent the weekend reading it, gave comments and that is the fourth time I have done it.

Treasurer of the States:

We are trying to explain it so that people have a chance to ...

Senator S.C. Ferguson:

That is very much appreciated just perhaps ...

Treasurer of the States:

... understand it. Not just have a thumping document.

Senator S.C. Ferguson:

We would like to work slightly differently and I think perhaps that has not been appreciated.

Treasurer of the States:

It is not a problem for me to give you an older version earlier, if that would be more helpful to you.

Senator S.C. Ferguson:

What is done is done now. You had a question, James.

The Deputy of St. Ouen:

Basically, I just want to pick up on some of the comments you made earlier about the medium-term financial plan. You said it was on track to lodge before the summer break in July. Then you commented, in fact, that obviously Scrutiny wished an extended period of time to consider it, which I accept is the case. But I am more interested to know whether or not the 2 major consultations of it, one that is currently taking place on housing matters, and another one that is about to be published I believe at the end of this month regarding the health proposals, how you are going to provide for any outcomes as a result of that consultation if you are publishing a finalised document in July?

The Minister for Treasury and Resources:

Those are excellent questions and we are wrestling with those challenging issues, because, you are right, the Health White Paper is also being worked on and that is a joint ministerial ... there is a lot of work going in as you know on that. The plan is effectively the Minister for Health, the Council of Ministers, is going to be publishing the White Paper for Health and in the annex of that Health paper is going to be the indicative costs and investments that are proposed to be made in Health. It will not surprise you that they are going to be the same ones that are going to be in the medium-term financial plan. Now, it is also envisaged that the Health White Paper is going to be debated by the States prior to the medium-term financial plan. That White Paper debate is obviously going

to agree the principles, the direction of travel that we are going to go in terms of health. Again an attempt to try and be helpful and be absolutely clear with Members about the financial implications of that, those rules are going to be set out in the White Paper. But the White Paper on Health does not approve the funding. The only time that we approve funding is in the medium-term financial plan. But by 6th November we will have had the debate on - I cannot remember the sequencing of it - the Treasurer can help me out.

Treasurer of the States:

Towards the end of October.

The Minister for Treasury and Resources:

We are going to have the Health White Paper debated, the Housing White Paper too, and that is all going to be settled. The direction of travel is going to be settled by those debates. Clearly you are right, that there could be some adjustments needing to be made to the medium-term financial plan as a result of those debates in theory but we have put in time to allow that to happen. But what I am signalling to you and to all States Members is that we have got an enormous amount of really important decisions to make in September, October and November. We have pushed the medium-term financial plan back to accommodate these other issues, as well. It is not only to allow Scrutiny to do it. But we have pushed it back. The other thing that we are trying to be helpful on is that we are going to also concertina the amount of time between the medium-term financial plan and the budget. That is going to require a lot of skilful positioning by us so that we make sure that the budget meets the medium-term financial plan requirements. This is big stuff, important stuff, but you are going to see all the information. You are going to see the financial implications for the Health White Paper in the Health White Paper, and then they are going to be reflected in the medium-term financial plan.

The Deputy of St. Ouen:

Is it not a concern of yours though that perception may be with regards the Health White paper that because the timing and the financial implications that you are including or you said you would be including in that document but decisions have already been made and that the consultation will become less than meaningful?

The Minister for Treasury and Resources:

Let us be clear, the consultation on Health has happened. Green Papers are about consultation, about different approaches. White Paper are Government proposals for doing something and either people sign up to those or they want to amend them and change them and they want to put higher focuses on some things versus others, and then there is a financial consequence to that.

We will be consulting publicly right the way through from July to November about what our proposals are before the medium-term financial plan. My job is obviously to lead that in a general over-sense and obviously to engage with Members.

The Deputy of St. Ouen:

I am rather confused when you say that the consultation is over because the whole point of a White Paper is to allow the public and others to comment on a preferred option that has been identified by a department.

The Minister for Treasury and Resources:

Yes, I missed out a step.

The Deputy of St. Ouen:

What you are suggesting is you go straight from the Green Paper to a proposition, which is lodged, which then can be amended.

The Minister for Treasury and Resources:

Let me be clear. The Health White Paper is being announced, I think it is in 10 days or 2 weeks.

Assistant Minister for Treasury and Resources:

It is the end of May, I think.

The Minister for Treasury and Resources:

Everybody is working on the final version. There is going to be a consultation on that and then they lodge the White Paper. I cannot remember what the deadline is, but there is a huge Gantt Chart that has got all these dates sorted out with what is being done when. You are right, there is a consultation on the White Paper, which is before the White Paper is lodged before the States, and the Health and Social Services Panel have agreed what their intervention and their consultation is going to be. I think the Chairmen's Committee has discussed it, so they are now also geared up to deal with these different consultations, because obviously they have got a massive piece of work. They have got to review the health proposals and housing and I know that I saw emails yesterday confirming that all that is happening as well.

The Deputy of St. Ouen:

So it is likely that although the medium-term financial plan will be lodged in July that because the consultation period for the various major issues, whether it is Health or Housing, will have only just

been completed or not completed by that period of time, but it is likely that either the Council of Ministers or yourself will be seeking to amend the medium-term financial plan?

The Minister for Treasury and Resources:

It depends on how everything goes. If the response to Health is ... the Health proposals are bold. They are bold. This is radical reorganisation of our health service and it has got financial consequences. So of course if there is an appetite to do more earlier or if there is an appetite not to be, as to go down the scenario, which of course I do not want to preannounce anything because obviously this is going to happen in 2 weeks' time, but there are a number of streams of work within the Health plan to get what we eventually want to do. There is phase 1, which is the next 3 years. There is phase 2, which is the next 3 years after then and then there is long term, and this is all set out about what is going to happen when with effectively the re-organisation of our whole healthcare system. There are 8 business cases for looking after people in their own home. There is all the stuff to do with the hospital and the telehealth, all these things.

Senator S.C. Ferguson:

The big thing that we discussed with KPMG, and you must have discussed it with KPMG, Minister, surely the big thing is funding.

The Minister for Treasury and Resources:

Yes.

Senator S.C. Ferguson:

And the arrangements for funding.

The Minister for Treasury and Resources:

Absolutely, and that is all of course the work that ... that is the significant challenge in what we are working on of how to meet those challenges for healthcare spending, and that is, as you will see from the medium-term financial plan of where we are. That is exactly it.

Assistant Minister for Treasury and Resources:

And we know that we have the funding built into the draft of the medium-term financial plan for Health, if it is approved, for the next 3 years without having to go back to Islanders and ask for an increase in taxes.

The Minister for Treasury and Resources:

We are working on the basis that the plans that the Council of Ministers will be proposing is that there are no new taxes going to be proposed within the next 3 years.

Senator S.C. Ferguson:

No tax increases?

The Minister for Treasury and Resources:

I need to be very clear. We of course look at allowances and exemption limits on an annual basis and we review duties, but we are signalling that as far as a new tax or a new charge for health care, that is not going to be proposed in the next 3 years. I agree with the Minister for Social Security in relation to deferring the long-term care proposals, which would mean effectively a charge on Islanders' income introducing in 2013. I agree with him that, due to a number of factors, should be put off and we are working on the medium-term financial plan which works within that box of available resources.

Senator S.C. Ferguson:

So you are not ruling out increases in existing taxes?

The Minister for Treasury and Resources:

Let me be clear. I have no plans to change G.S.T. (Goods and Services Tax). I have no plans to introduce a higher rate of tax, and I have the normal - I am not going to preannounce the budget because we are working on that as well. There will be the normal review of allowances and exemptions and duty arrangements, but I am ruling out any increases in G.S.T. or massive tax changes of the like we have seen before. I remain thankful of the States for their support in the difficult decisions that we made 18 months ago, which allowed us to effectively make sure that we have not got the problems of some other jurisdictions in terms of balancing their books. I am very grateful. I know it has been difficult but I think the turmoil that the world is seeing, we were prudent to make those changes. As difficult as I understand that they have been.

Senator S.C. Ferguson:

Yes, and you have noted no doubt that the Law of Diminishing Returns applies to the impôts now.

The Minister for Treasury and Resources:

Chairman, I know you have very strong views about duty rates.

Senator S.C. Ferguson:

No, you are misreading that. I have looked at the economic implications, which you do not appear to understand, Minister.

The Minister for Treasury and Resources:

I think I do understand them and of course ...

[10:30]

Senator S.C. Ferguson:

You have heard of the Law of Diminishing Returns?

The Minister for Treasury and Resources:

I have, and I also have got to be cognisant of the other priorities that Ministers have in relation to duty arrangements on harmful products such as tobacco and alcohol. These are important considerations that are not only economic and financial, they have health considerations too and there are good, productive discussions going on with both Health, Home Affairs, Economic Development and Planning in relation to environmental taxes, which I know are red rag to a bull as well to some people but I ...

Senator S.C. Ferguson:

No, I was not even going to mention those, but the alcohol statistics are in fact somewhat suspect, so ...

The Minister for Treasury and Resources:

I would like you to give me some evidence of that, Chairman.

Senator S.C. Ferguson:

Yes, I am just doing research on that.

The Minister for Treasury and Resources:

Excellent. You can send it to me and I will look at them with interest.

Senator S.C. Ferguson:

Obviously the change in the Treasurer's position, I mean a lot of things you were describing, Treasurer, result from the change of your position as is set out in the new Public Finances Law.

Treasurer of the States:

There has not been a change in my position in the Public Finances Law.

Senator S.C. Ferguson:

No, there has been a shift in responsibilities.

Treasurer of the States:

No, Chairman, not yet.

Senator S.C. Ferguson:

But the problem is that ... no, under the Public Finances Law the Treasurer is not responsible for controlling expenditure.

Treasurer of the States:

I would have to disagree with that.

Senator S.C. Ferguson:

Under the old Finance Law I am ...

The Minister for Treasury and Resources:

Sorry, what is the question?

Senator S.C. Ferguson:

Under the current Public Finance Law there is nothing to say that the Treasurer is responsible for controlling expenditure, however there are changes with the amendments to the Public Finances Law. Now we did ask for a copy of the law draftsman's brief prior to the amendments being lodged. If we could still have that please, and when do you expect to lodge the amendments and will it be debated prior to the medium-term financial plan?

Treasurer of the States:

I think what you might be referring to, Chairman, is the prospect of changes to the Finance Law.

Senator S.C. Ferguson:

Yes.

Treasurer of the States:

So we are, as you rightly say, doing some work on that. We are working with the Law Officers' Department to draft some possible changes. The changes, I am very happy to write to the panel to set out where we are with the current work on that.

Senator S.C. Ferguson:

No, can we just have a copy of the brief?

Treasurer of the States:

Certainly.

Senator S.C. Ferguson:

At what stage is it? When are we likely to see the draft amendments?

Treasurer of the States:

Where we are at the moment, we have the Ministerial Decision to approve the law drafting on a number of changes. We have been to the Council of Ministers to brief the Council of Ministers on the prospect of areas for change. I am very happy to share that with you. We have made some progress with law officers, so we have an initial draft of the law for an insurance fund, which we propose to formalise the arrangements for the insurance fund, so I can share that with you. I think I have sent some information to you on this already, but I am very happy to ...

Senator S.C. Ferguson:

We have had a spreadsheet saying what you want to do, but we have not had either the law draftsman's brief or a draft of the law.

The Minister for Treasury and Resources:

It has not been done yet.

Treasurer of the States:

We are working on it, Chairman. We are still working on that.

Senator S.C. Ferguson:

You have not actually submitted a brief to the law draftsman?

Treasurer of the States:

No, we have submitted a brief to the law draftsman and that is with the Ministerial Decision that has already been published. The schedule that we have already sent to you outlines the areas that ...

Senator S.C. Ferguson:

Can we have a copy of the law draftsman's brief please?

Treasurer of the States:

Of course you can.

Senator S.C. Ferguson:

Thank you. But when do you expect to lodge the law?

Treasurer of the States:

In July.

Senator S.C. Ferguson:

So it will be debated before the medium-term financial plan?

The Minister for Treasury and Resources:

It depends on whether you want to scrutinise it.

Senator S.C. Ferguson:

Yes, there is always that.

The Minister for Treasury and Resources:

Can I just draw your attention to Article 28 of the Public Finances Law, which I think sets out very well what the Treasurer's functions are and Article 28(3)(a) to (d) I think sets out exactly what the Treasurer's duties are and I could not disagree with you more, Chairman, in relation to what the Treasury's duties are.

Senator S.C. Ferguson:

I have sat across the table, much as I am sitting with you, Minister, and asked the then Treasurer and it is quite clear in the law that the Treasurer, under the old system, did not have to control expenditure. But anyway we will move on.

Treasurer of the States:

Of course there is a particular responsibility in the Finance Law for the accounting officers to control the expenditure within their departmental areas, and that is what you may be driving at.

Senator S.C. Ferguson:

No, that was not it actually. It was basically that the Treasurer did not see his job as controlling expenditure. That was States Members.

The Minister for Treasury and Resources:

I think these are just sort of wide questions. Control of public expenditure, the States Assembly sets budget limits. Then, and you are Vice-Chairman of P.A.C., accounting officers must ensure that they work within budget limits and they have legal responsibility to ensure value for money and the Treasurer's functions are set out in the law in relation to the overall issue. They are 2 very different things. You must be careful not to assume one answer to one question that is effectively ... you are thinking you are asking one question and we are answering another.

Deputy R.J. Rondel:

Just to be clear, is it not correct that the new law would increase the Treasurer's responsibilities to pension funds and financial systems within the States? Is that what you are looking at?

Treasurer of the States:

As a completely separate piece of work we are looking to revise the arrangements for the P.E.C.R.S. (Public Employees Contributory Retirement Scheme) and the teachers pension funds, and as part of ...

Deputy R.J. Rondel:

Which would come under your responsibility?

Treasurer of the States:

They already are under the responsibility of the Minister for Treasury and Resources with advice from the Treasurer. People do not fully understand the mechanics of how some of that works, but the pension funds are the responsibility of the Treasury and Resources Minister, understanding that there are relationships between the Treasury and Resources Minister and the committees of management for both.

The Minister for Treasury and Resources:

It is just saying that there is a lot of work going on at the moment also, quite apart from all the other things that we are describing to you, the Treasurer and I are also actively engaged in pension matters and looking at pension issues. Again, no firm proposals, no announcements, but this is receiving an awful lot of attention of the Treasurer and obviously keeping the Chief Minister informed and briefed and S.E.B. (States Employment Board), which my Assistant Minister sits on. There is a big issue to pensions that we are working on.

The Deputy of St. Ouen:

Before we move on, one final question regarding the medium-term financial plan. Your department's business plan for 2012 states: "The development of a long-term tax policy and new fiscal strategy will inform the medium-term financial plan and that a long-term capital plan for 2012 to 2032 will be incorporated within it." What progress have you currently made on the development of a long-term tax policy and new fiscal strategy? When will we be able to understand what is being proposed within those 2 areas?

The Minister for Treasury and Resources:

There is going to be within the medium-term financial plan, this is not in the draft that you have got, a big section on the economic issues, which relate to the long-term fiscal arrangements for Jersey. The plan, as I envisage ... I mean some of this has already been set out in terms of the principles that we have signed up in the Strategic Plan, so some of it already has got States endorsement but we will be filling out the resource principles of the fact that we are going to balance budgets, that increasing expenditure has got to be met by savings or income. I hope people understand the importance of the additional principles that we have signed up to in the Strategic Plan. As far as tax is concerned, that of course will be a matter for the budget but will be informed by the economic section that will be put in the medium-term financial plan.

The Deputy of St. Ouen:

But we are talking about 2 different things here. We are talking about long-term tax policy and a new fiscal strategy and that is separate from the details of what you are going to do within that.

The Minister for Treasury and Resources:

The updated fiscal strategy is of course the sort of meat and bones of the medium-term financial plan and sets out a certain level of expenditure and a certain trajectory of what expenditure is going to happen. It is going to be updated. We passed the fiscal strategy last year. What I am indicating to you is we are not going to be changing course from the fiscal strategy that we have set, with the exception of our normal reviews of income tax, duties and of course the ongoing

issues that we have to deal with, which is problematic in relation to Zero/Ten. I am meeting my counterpart tomorrow in Guernsey to explore the extent to which we can work co-operatively on the Zero/Ten issues, which we need to do.

The Deputy of St. Ouen:

Are you suggesting that the words that you have included in your 2012 Business Plan are misleading because what you seem to be saying, we have already agreed a fiscal strategy a long time ago, so there is nothing new in that area and the long-term tax policy has been already finalised.

The Minister for Treasury and Resources:

The long-term tax policy ... I am indicating to you that the long-term tax policy indicates that as far as the medium-term financial plan cycle is concerned, there is not going to be another fiscal strategy, which is going to indicate that G.S.T. is going to be at 10 per cent. So I am giving you early information, which I do not normally do, about what is planned in terms of tax because I want to give some certainty to Islanders that we are not going to be needing to, or putting a further squeeze on incomes because we are cognisant of the economic situation.

The Deputy of St. Ouen:

Can you just confirm, Minister, whether or not you have or will have a written policy on long-term tax matters?

The Minister for Treasury and Resources:

We will include that in ...

The Deputy of St. Ouen:

And equally a written strategy for the fiscal areas? This, as you claim in your 2012 ...

The Minister for Treasury and Resources:

You are using very pejorative words. We will do everything that we have set out. The answer is yes, we will do ...

The Deputy of St. Ouen:

Thank you.

The Minister for Treasury and Resources:

I am just signalling to you that we have already done some of that work, which I hope is helpful to people.

The Deputy of St. Ouen:

But there will be 2 written documents that we can look at, one on long-term tax policy and another one on fiscal strategy?

The Minister for Treasury and Resources:

It will be all incorporated in the medium-term financial plan and the budget according to the normal process of the announcements of documents that we lay before the States and seek approval of.

The Deputy of St. Ouen:

But it will be clearly identified as a vision and a policy that your department will implement over a period of time as decided and developed by yourself and your department?

The Minister for Treasury and Resources:

Yes, and you will have no surprises in what that is going to be because the principles are set out in the Strategic Plan.

The Deputy of St. Ouen:

Thank you. But in the meantime ...

The Minister for Treasury and Resources:

And there is a resource statement in the Strategic Plan, which sets all this stuff out. So this is an unpacking. There is going to be no surprises. People should not be surprised with what is going to be included in our spending proposals and our tax proposals because the principles were set out in the Strategic Plan, the Strategic Plan was 2 things. It was about a number of objectives and it had a resource statement in it. You can see the unpacking of this work and the direction of travel we are going in.

The Deputy of St. Ouen:

Thank you, because I will repeat the words that you have used in your Business Plan and said: "We will inform the medium-term financial plan." One would expect that there are separate and written documents that one can refer to that clearly speak about long-term tax policies and a new fiscal strategy.

The Minister for Treasury and Resources:

Without making this really torturous, the medium-term financial plan has got a number of annexes about tax. About tax forecasting, where we see the economic situation and it will be integrated within the medium-term financial plan of what the tax and spending proposals are, and the long-term nature of the capital programme will also be associated with that.

The Deputy of St. Ouen:

Moving on, comprehensive spending review. I would like to ask you, what is the current position in the comprehensive spending review and the delivery of the savings that identify it?

[10:45]

The Minister for Treasury and Resources:

Are you talking about the ones that were already signed up to by the States last year or the ones that we have yet to incorporate in the first year of the 3-year medium-term financial plan?

The Deputy of St. Ouen:

I believe that decisions were made and you continually repeat that £65 million will be delivered but over the period of 2011-2013. What I am asking you, is what is the current position regarding the delivery of those savings and what point you reach them?

The Minister for Treasury and Resources:

I think it is 2 questions. First of all, the C.S.R. (Comprehensive Spending Review), the challenging C.S.R. savings that have been incorporated in this year's budget are being delivered and are on track. I am very pleased at how departments have been working and are delivering what was requested of them by the States in the Business Plan last year. We must not, I think just brush over the extent to which there were some really big decisions and there are some really big changes going on in our public sector. I want to thank and recognise the work that has been done already to deliver. The Treasury remains committed and the Council of Ministers has been asked to recommit its commitment to deliver the £65 million. We have always said, as you know, as a former Minister, that the actual breakdown of the third year final tranche of the £65 million could and probably will change. That is as far as Education is particularly relevant. Work is ongoing with Education and ministerial colleagues in order to finalise the proposals, which are obviously the first thing ... we have just spent half an hour talking about medium-term financial plan, year one of the medium-term financial plan has, of course, embedded in it the proposals to deliver the £65 million.

The Deputy of St. Ouen:

Just as a follow-up, it is interesting that you continue to mention education but ignore 2 major areas, significant savings that have been identified within that £65 million. One is £14 million that was required to be delivered from terms and conditions with you by 2013 and the other is procurement savings of £6.5 million. I suppose the question is, how confident are you that those sums will be delivered by 2013?

The Minister for Treasury and Resources:

Okay, first of all, procurement is within our bailiwick within the Treasury, that comes under us and I am impressed with the progress that the Treasurer, Assistant Minister and others have been making on the procurement savings. It is impressive and it is a new way of working and I have a high degree of confidence in terms of delivery of the procurement savings. As far as the £14 million is concerned, that is in a joint bailiwick between ... of course, the objectives were set out by the Council of Ministers and that is within S.E.B. to work with the H.R. (Human Relations) departments and the public sector representations and the Chief Minister has answered numerous questions from Members in relation to his own commitment and his own work in relation to the £14 million. I cannot really add any more than he has added. You will get the same words from him and me in relation to the £14 million, which we have got to deliver it.

The Deputy of St. Ouen:

Which is what?

The Minister for Treasury and Resources:

It is challenging, it has got to be delivered and we are working on that but it is going to be challenging and we know that. But that is within his ... he is Chairman of S.E.B. Eddie sits on it for him and that is his bit of work that he is doing for me for the overall bit of the medium-term financial plan.

Deputy S. Power:

Just for clarification, Minister, up to the time of the election, my understanding was that the Acting Chief Executive was heading the Terms and Conditions Review, John Richardson. What has changed in the last 6 months and has the managerial responsibility or political responsibility changed and how is it progressing now?

The Minister for Treasury and Resources:

No, that is the existing arrangement, you are quite right, and that is delivered by S.E.B. with the Acting Chief Executive and, as I said, Eddie sits on S.E.B. for the Treasury. I do not think we have got anything further to add from what has already been said.

Deputy S. Power:

That is fine, I just wanted to ...

The Minister for Treasury and Resources:

The new Council of Ministers remains very joined up, very co-operative in relation to these difficult issues and I will give all the support that we can, as the Treasurer will give all support that she can in relation to John Richardson's work, and Eddie and I in terms of the support of S.E.B. which, of course, also have other non-Executive Members of the States on.

Deputy S. Power:

And a final question on that area of C.S.R.s which is linked to individuals. The former Chief Executive, Bill Ogle, played a key role in overseeing C.S.R. Who has assumed or absorbed that role now because there does not appear to be ...

The Minister for Treasury and Resources:

Probably on the Council of Ministers, you might be aware of the sort of governance arrangements that we have with C.S.R. There is a ministerial oversight group, there is an officer group. The Treasurer wants to comment.

Treasurer of the States:

We have kept the same arrangements, so we have always had a ministerial oversight group which is the Chief Minister, the Minister for Treasury and Resources ... I have forgotten now who ...

The Minister for Treasury and Resources:

We had Constable Refault originally.

Treasurer of the States:

Yes.

The Minister for Treasury and Resources:

Eddie sits on it. We have got ...

Treasurer of the States:

We then have ... does Alan, I cannot remember.

The Minister for Treasury and Resources:

Alan Maclean sits on it, yes.

Treasurer of the States:

Yes. We then have a regular officer meeting which John Richardson chairs and that Bill used to chair and it is the same people contributing. We have kept the same mechanism so we have a ministerial oversight group and an officer group and the detailed work is done and there is a little programme team of 2 people and they continue with their work.

Deputy S. Power:

So the Acting Chief Executive has assumed the role and responsibility that Bill Ogley used to take on C.S.R.?

Treasurer of the States:

Yes and, in any event, he was part of that group beforehand so it has been a natural continuation.

Deputy R.J. Rondel:

Thank you, Minister. Which other departments do you think may not be able to meet their savings, apart from Education as you mentioned?

The Minister for Treasury and Resources:

I think you have been aware, and we are happy to share with you, we have got R.A.G. (Red-Amber-Green) ratings in relation to all C.S.R. objectives and we will share with you the latest assessment of where we think we are. There are some that continue to be green. There are some that are amber and there are some that are red which receive, obviously, a lot of work in terms of delivery.

Deputy R.J. Rondel:

How many departments are in the reds, for example?

The Minister for Treasury and Resources:

There are bits of C.S.R. which are more challenging than others, they are all there. I have not brought the thing with me but I am more than happy ... we have shared with you on many times before the R.A.G. ratings and we will happily share ...

Treasurer of the States:

It is in the papers.

The Minister for Treasury and Resources:

Yes, we have got them coloured, it is black and white and ...

Deputy R.J. Rondel:

Do you see that there are big issues with any other department, apart from Education as you mentioned, challenging issues?

The Minister for Treasury and Resources:

They are all challenging, Richard, they are all challenging. This is a big radical change of the States and it does not happen by accident but with effort.

Deputy R.J. Rondel:

I understand that but which departments do you feel may not ...

The Minister for Treasury and Resources:

Which ones am I worried about?

Deputy R.J. Rondel:

Yes.

The Minister for Treasury and Resources:

I have confidence in all my ministerial colleagues and their Chief Executives to deliver what they have been asked.

Deputy R.J. Rondel:

Apart from Education?

The Minister for Treasury and Resources:

No, I have got full confidence in Education in terms of the challenging issues that we are dealing with but obviously we have to find ...

Deputy R.J. Rondel:

On that delivery of the savings?

The Minister for Treasury and Resources:

Yes.

Deputy R.J. Rondel:

You are confident with every department?

The Minister for Treasury and Resources:

I have got high confidence in their determination to deliver challenging change within the public sector which is difficult and which has been delivering better value for Islanders and staff are delivering well. The C.S.R. was big ...

Senator S.C. Ferguson:

Which is not necessarily going to be delivering the total of the savings that they have been asked for?

The Minister for Treasury and Resources:

No, I did not say that, Chairman.

Senator S.C. Ferguson:

No, you were very careful not to, I noticed.

The Minister for Treasury and Resources:

I remain committed to delivering £65 million, albeit that it is going to be, as we have always said, in slightly different areas and we are looking for compensating savings. Where we are not going to deliver in one area, we are attempting to look at delivering in others and it is challenging but I hope that there is a recognition that the Government of Jersey ... we are delivering a 10 per cent efficiency of our spending over 3 years. Other governments have promised that they are doing savings and they have not yet delivered. We are on track with delivering ours and I hope the panel continues to offer us good luck in delivering them and the hard work that is associated with them because it is about confidence and it is about making sure that we recognise that it is not just that we are saying there is inefficiency, we are asking our staff to change the way they are working and we must congratulate them on the way that they are rising to that challenge. There is a good, collaborative feeling within the public sector. The new Chief Minister has brought in a new approach in relation to the way he is dealing with things and people are working well together in addition to the Corporate Management Board that is working co-operatively and well together in what are very difficult circumstances.

Senator S.C. Ferguson:

Right, thank you.

The Connétable of Grouville:

Can I just ask, when you said that where you are not saving in some areas you may save in others, are you going to cross-departmentalise? In other words, if Education do not perform and Health does, you might take some of theirs?

The Minister for Treasury and Resources:

We are having to look at that but, of course, yes.

Treasurer of the States:

Can I just give an example of that? So, within Treasury, we have been able to over-achieve savings on insurance so we are offering up the full amount of the saving. That will help to mitigate where other departments are not quite achieving theirs. So, for instance, in Home Affairs, one of the difficult areas was the possibility of a combined Chief Officer for Fire and Ambulance, which you will remember. There are various reasons why that is difficult to pursue at the moment so the over-achievement of our insurance savings will help to compensate for that. So we have always said, as the Minister indicated earlier, that there may be areas where we achieve the total saving in a different way. If we are going to respect the decision of the States not to change the grants to schools, then that is the kind of thing we are going to have to consider doing.

The Connétable of Grouville:

Okay, all I wanted to know was that it is an overall picture now.

The Minister for Treasury and Resources:

Yes.

The Connétable of Grouville:

You are departmentalising it but, at the same time, you are cross-departmentalising the savings. That is what I wanted to know.

The Minister for Treasury and Resources:

That is what we have been doing all the way along.

Senator S.C. Ferguson:

Okay, if you would like to go on to the property section now.

The Connétable of Grouville:

Right, moving on, property. Who is ultimately accountable for Jersey Property Holdings' performance?

Assistant Minister for Treasury and Resources:

Politically, myself.

The Connétable of Grouville:

Right, okay. Obviously, with the professionals that you have working with you, do you have professional property people working there now?

Assistant Minister for Treasury and Resources:

Yes.

The Connétable of Grouville:

Qualified people?

Assistant Minister for Treasury and Resources:

Yes.

Senator S.C. Ferguson:

How many?

Assistant Minister for Treasury and Resources:

The full headcount of Property Holdings is around 42 full-time equivalents.

The Connétable of Grouville:

No, I do not mean the number of staff; I meant the number of professional people, people who are A.I.B.s or ...

Treasurer of the States:

I would have to get that for you.

Assistant Minister for Treasury and Resources:

I have not got that information to hand.

The Connétable of Grouville:

No, since the departure of so many top people within the property business, I would just like to know how many people you have got working there who have experience of property in the outside world.

Assistant Minister for Treasury and Resources:

We have an exceptionally good close-knit team that are producing day in, day out, as it were.

The Minister for Treasury and Resources:

And if I may say, since the changes, both at S.o.J.D.C. (States of Jersey Development Company) and Property Holdings have been made, the level of co-operation, both the senior official within Property Holdings and under the guidance of the Treasurer and the new Managing Director of S.o.J.D.C., I have been impressed about just how good and co-operative working now exists between Property Holdings and S.o.J.D.C. There is clarity of purpose, there is clarity of objectives, and they are working well and they are delivering well.

The Connétable of Grouville:

Well, I am delighted to hear that. Now, what is currently happening with the office strategy because I can roll into that one at the same time, the new police station. What is the position there now?

Assistant Minister for Treasury and Resources:

We currently have achieved some substantial moves forward. We have managed to move Harbours and Airports together now on to a new site at the airport. That has freed up ...

The Connétable of Grouville:

Sorry, you have moved harbours up to the airport?

Assistant Minister for Treasury and Resources:

Harbours and Airports have combined their offices up at the airport.

The Connétable of Grouville:

Okay.

Assistant Minister for Treasury and Resources:

There are still some operational facilities obviously at the harbour but the office side of it, which is what you are talking about, has been relocated. As you know, they were previously in Maritime House. That has allowed us to reconfigure Maritime House and we are in the process of doing that. Customs and Immigration have been exceptionally forthcoming and helpful in reconfiguring their use of that building so we have been able to free up maybe one and a half floors of that building to put into new modern style accommodation and we will be re-housing Property Holdings from 3 sites on to one site and capturing the efficiencies and the gains that that will achieve for us.

[11:00]

We are also going to be using it as a pilot scheme to show office workers within the public sector across the board that a new modern high density office environment is a good environment to work with and is an efficient environment to work with.

The Connétable of Grouville:

Okay, fine.

Deputy R.J. Rondel:

What will happen to the free up of the property, sorry, just a supplementary?

Assistant Minister for Treasury and Resources:

Say again?

Deputy R.J. Rondel:

You will be freeing up 3 other locations.

Assistant Minister for Treasury and Resources:

We will be freeing up 3 other locations. The office strategy is an evolutionary sort of process which means that those sites will either be disposed of or used to reconfigure other services to give us some wriggle room to produce the next phase of the office rationalisation.

The Connétable of Grouville:

Okay.

Assistant Minister for Treasury and Resources:

I just have to say Economic Development are also moving locations into Cyril Le Marquand House freeing up the building that they are in and it is also going to mean that Housing will be able to have their building back to themselves to be able to provide the service to their tenants and their clients that they deserve.

The Connétable of Grouville:

Oh, good. Okay, going on, your Business Plan for 2012, so a solution ...

Deputy S. Power:

Connétable, you did ask a question about the police station.

Assistant Minister for Treasury and Resources:

Oh, yes, the police station.

The Minister for Treasury and Resources:

I am very pleased with the progress of the police station. Eddie chairs the board that looks after that and there has been some good co-operative discussions with Planning and I think we are now a couple of months away from an application being made and we concede that the Chairman is obviously Chairman of the Planning Panel. There have been some good discussions and I am very pleased with the progress that has been made on progressing the police station. There has been a lot of really good work by the police, by Property Holdings, and for delivering the plan to put the police station on Green Street and there are good active discussions with T.T.S. (Transport and Technical Services) about car parking issues and increasing car parking arrangements but obviously all of that will be announced when the planning application is made.

The Connétable of Grouville:

There has been some criticism about the site in that, for instance, for an emergency at the airport, you would be coming out of there and the tunnel could be blocked and anything could happen. Personally, I am not happy with it as a site. I would have thought the College for Girls would be a much better site for all-Island access but I am sure your experts have told you that this is the place to go. There have been other criticisms voiced about the site of that police station.

Assistant Minister for Treasury and Resources:

For dispatching police officers and police cars and motorbikes, et cetera, I am sure you will know, Constable, that the police do not really dispatch from the Police Headquarters. They do so on

very, very rare occasions. They dispatch from patrols that are patrolling the Island so the instance of being on the east of the tunnel or the west of the tunnel is a non-factor.

The Connétable of Grouville:

Okay.

Deputy R.J. Rondel:

What are the main concerns from your discussions with Planning with the building itself?

Assistant Minister for Treasury and Resources:

Planning had concerns about the density of the building. We have taken that on board. We have also taken on board comments that we have had back from the extensive public consultation and we are currently working with the Home Office to provide a technical solution to one of the issues that that reconfiguring of the building has occurred but we have now got to the stage where Planning officers are happy that we have now got a design that is fit to progress on to the planning application stage.

Deputy R.J. Rondel:

The design has changed.

Assistant Minister for Treasury and Resources:

The design has been altered to accommodate both comments from Planning and comments from the public.

Deputy R.J. Rondel:

Did that reduce the height of it or ...

Assistant Minister for Treasury and Resources:

Yes, the mass has changed and the height has changed. We are currently ... there is a technical solution that we are having to get signed off from the Home Office and we hope to have that in the next couple of weeks. As soon as we have that signed off from the Home Office on a technical issue, we will be progressing to a planning application phase and we anticipate that that will be in July this year.

The Minister for Treasury and Resources:

The reason why this is so important is because obviously this is an important fiscal stimulus as far as the budget for the police station. It is an important construction project in the construction

industry in work that is otherwise, and where you were going to come on to questions like that, but also the single site operation which is warmly welcomed by the Chief of Police. This is exactly what he wants. He thinks this is a far better solution than that before and Eddie has been engaged in discussions with the Constable of St. Helier on this and, of course, the real prize of this is going to be freeing up the sites that exist on a single-site operation which is what we all want.

Senator S.C. Ferguson:

Right, okay, can we move on, please.

The Connétable of Grouville:

Yes, sorry, can I move on here. I asked a question about South Hill. I did say the department's Business Plan for 2012 stated that a solution to the relocation of South Hill staff would be found by the end of the year and also a roll into that, the next question, which is basically what progress has been made on the future of Fort Regent?

Assistant Minister for Treasury and Resources:

Yes, our staff at South Hill will be vacating those premises by the end of this year and I have already said they are going to be relocated into Maritime House. As for the other States staff, they being T.T.S. staff and Planning and Environment staff, they are likely to stay on site for the remainder of this year, mainly because the marketplace is not ready to take a site of that nature into the current market.

The Connétable of Grouville:

Okay, right. Going on with Fort Regent, if I can just go on to one of my pet projects and that is the Sea Cadets. What is going to happen with them now?

Assistant Minister for Treasury and Resources:

I am surprised you do not already know, Constable, that we are working with S.o.J.D.C., with Harbours and Airports, and with the Constable of St. Helier to relocate the Sea Cadets to the site that is designated for them, which is Les Galots site. As you all know, the recent States decision meant that that whole process has not gone as swiftly as we would have liked but, as far as I am aware, we have had meetings with the Sea Cadets very recently and they are happy with the way things are progressing. It looks like we may be having a maritime centre, not just a building for the Sea Cadets, but a building for other maritime users as well.

The Connétable of Grouville:

Yes, and the rowing club as well?

The Minister for Treasury and Resources:

They are an important part of the consideration.

The Connétable of Grouville:

Okay, now the hospital. Can you give us an update on the general and acute hospital master planning process, who is responsible for undertaking the piece of work and when will it be completed?

Assistant Minister for Treasury and Resources:

The tenders have been received. They are being analysed and we hope to appoint a consultant to do the piece of work on the feasibility study of our future hospital requirements.

The Minister for Treasury and Resources:

And what we want to do is we want there to be some certainty. The White Paper is not a decision about whether or not we rebuild the hospital on site or whether we go to a greenfield site but again, in order to try and be helpful for the long-term direction of travel which is obviously phase 2 and 3, we want to indicate a direction of travel on the future of the hospital site, whether or not it is going to be envisaged that the big changes that are required at the hospital are going to be on the general hospital site or on a greenfield site and we want that up. We have asked for that piece of work to be done in order to indicate where that is going because that will have an implication on the profiling of the capital works that are going to be required at the hospital. We have all been, I think, surprised at the extent to which urgent remedial action needed to be taken at the hospital and we reconfigured the capital programme to meet urgent requirements at the hospital. Some of that work is underway and there is more work planned but obviously, depending on what the outcome of the site issue, on site or new site, there will be a re-profiling of necessary changes to get there and obviously there is acquisition of site and all the rest of it that are being ... but we intend to publish a report on that in ...

Assistant Minister for Treasury and Resources:

September is the deadline for that.

The Minister for Treasury and Resources:

Yes, by the end of September, early October, again to help inform the Health White Paper debate.

The Connétable of Grouville:

Right. Can you bring us up to date on progress on the waterfront?

The Minister for Treasury and Resources:

With pleasure. Eddie did not join me for this meeting but I met the board of S.o.J.D.C. earlier this week and we are also actively engaged in appointing 2 non-executives. Jurat Tibbo will be stepping down from the board of S.o.J.D.C. and there will be another States appointment. We have done the recruitment of Chairman or that process is now being shortly to complete and I am extremely pleased with the progress that the board reported to me on the Esplanade. I am not going to announce anything from the board but they updated me of exactly where they are and I am impressed with the progress that they are making.

The Connétable of Grouville:

Give us a time limit on that, when is something going to happen?

The Minister for Treasury and Resources:

It would be wrong for me to speculate on that.

Deputy R.J. Rondel:

In the States Assembly, you indicated you hoped that a decision ... sorry, it was just a supplementary.

The Connétable of Grouville:

Have you had any hold-ups due to the Harcourt writ?

The Minister for Treasury and Resources:

No.

The Connétable of Grouville:

No, okay.

Senator S.C. Ferguson:

Is there any reason why you did not advertise for the position of Managing Director?

The Minister for Treasury and Resources:

Sorry, that is a board matter, not for me.

Senator S.C. Ferguson:

Have you not discussed it with them?

The Minister for Treasury and Resources:

I am extremely impressed with the board's decision to appoint Mr. Henry as Managing Director. Obviously, he is well known to lots of us as being a former Treasury employee and I have to say that the work that he has done with his team and with the board is extremely good and the board, I think, made a well-judged decision in order to appoint that particular individual to the Managing Director role. I repeat earlier what I said about the new world of co-operation, of clarity of purpose between S.o.J.D.C. and Property Holdings and we are engaged in good discussions with S.o.J.D.C. about how they are going to be delivering their additional remit of affordable housing, et cetera. There is a lot of work being undertaken on that but, again, of course, the next few months will see the fruits of that work being published.

The Connétable of Grouville:

I know we have been told that plans are in the pipeline for the College for Girls. When will they be submitted?

Assistant Minister for Treasury and Resources:

We are in the final phase of transferring that property from Property Holdings to S.o.J.D.C. I do not sit on the current steering group on that so I do not know exactly the final configuration that is going to be suggested for that site. The Minister for Planning and Environment has a view on the densities that he would like on that site under those categories and we have to work for those to see if those are therefore obtainable.

Senator S.C. Ferguson:

What value is it being transferred at?

Assistant Minister for Treasury and Resources:

It depends on what the planning brief is.

The Minister for Treasury and Resources:

Yes, if the planning brief says ... obviously there is a constructive tension there, is there not, between Planning and between Treasury in terms of that and, of course, we have got to deliver affordable homes but if the Minister for Planning and Environment designates the whole site, which we would challenge, of course, the whole site as affordable homes, then it will have a massive difference on the value.

Senator S.C. Ferguson:

But you are not transferring it without the full development brief?

Assistant Minister for Treasury and Resources:

No, we cannot. We have to comply with the process that has been set out.

The Connétable of Grouville:

Yes, the fact that the façade of that building has already been declared as a listed building surely would have some effect on what you put up behind it because the cost will...

The Minister for Treasury and Resources:

I was the Planning President that put the S.S.I. (Site of Special Interest) on it and as an old girl, I think I have to declare an interest, it is an important building with an important part of historic nature and the turret and the former pupils' signatures in the turret and all these things, the staircases. These are all very important issues deserving of S.S.I. so that has to be ...

The Connétable of Grouville:

I am talking about economics, Minister. I am talking about costs. I am talking about the fact that if you preserve the façade, it is going to cost you a lot more to build homes behind the façade.

The Minister for Treasury and Resources:

But those decisions have already been made.

The Connétable of Grouville:

No, what I am trying to get at is the difference between open market homes and a States type ...

Assistant Minister for Treasury and Resources:

That is a discussion between the Planning ...

The Connétable of Grouville:

That is a discussion that surely the Minister for Treasury and Resources would have to have an input into.

The Minister for Treasury and Resources:

We very much would like to influence the Minister for Planning and Environment but the Minister for Planning and Environment has his own mind and, of course, obviously in engagement with Ministers. I met with the Minister for Planning and Environment last week and we talked about the

split in terms of the affordable and non-affordable housing and I hope he has taken on board the comments that we have made. S.o.J.D.C. have also been doing some work in relation to advising on that and they have been contributing to the process. But it is within the remit of the Minister for Planning and Environment, as you know.

The Connétable of Grouville:

Right, okay, just to finish off on this one. Would it not be better to put it out into the open market to a developer?

Assistant Minister for Treasury and Resources:

The whole purpose of having S.o.J.D.C. is that the taxpayer benefits as a developer would without ...

The Connétable of Grouville:

Perhaps the taxpayer could get an immediate gain by selling the site.

Assistant Minister for Treasury and Resources:

But if we did that the taxpayer would not receive any of the developer's gain.

The Connétable of Grouville:

No, well, we had this argument before I think the last time it was ...

Assistant Minister for Treasury and Resources:

And would you get a fair price for it or a maximum price for it by selling it into the market under these conditions?

The Connétable of Grouville:

Well, I do not know. I just wondered whether you had done the economic assessment on that.

[11:15]

The Minister for Treasury and Resources:

Absolutely we have and that is one of the other things that the Assistant Minister mentioned in relation to South Hill. Our job, to the extent that there is surplus property, is to ensure that taxpayers get the maximum value from that and it is really important but I think the taxpayers' interests are more long-term than some perhaps corporate individuals. I think that where I was against some of the previous proposals were effectively fire sales of assets to deal with capital

programmes that we have already rehearsed on many occasions. We want to get long-term value of States property and that is what we are interested in doing and we do not need the cash receipt now. It would be better to wait for the cash receipt to get a better uplift in terms of the development value.

The Connétable of Grouville:

Well, I am delighted that you have changed your attitude because last time we discussed this, which was about 5 years ago, the Government of which you were a Minister was trying to sell the site for £1.7 million with a promise of a little bit at the end.

The Minister for Treasury and Resources:

Constable, I was not the Minister for Treasury and Resources.

The Connétable of Grouville:

No, you were not the Minister for Treasury and Resources but you certainly ...

The Minister for Treasury and Resources:

It was not the Government and I would respectfully suggest that you recognise the significant progress that the Assistant Minister has been making on matters of Property Holdings.

The Connétable of Grouville:

That has got nothing to do with it. I am trying to tie you down on the College for Girls site, not what Eddie has been doing elsewhere because obviously it is very praiseworthy and I say I am very impressed, but what I would just like to say is that I was delighted to see that there was a change of attitude from you where you are not going for an immediate hit of whatever it is worth now.

The Minister for Treasury and Resources:

But there has not been a change of attitude. But you cannot say that something that was my decision is a change in attitude. I had trouble trying to stop States Members ...

The Connétable of Grouville:

You were part of the Council of Ministers that pushed that.

The Minister for Treasury and Resources:

It was the Council of Ministers' decision.

Senator S.C. Ferguson:

Can we move on?

Deputy R.J. Rondel:

The funding of the social housing and how that is going. Do you have an update on that?

The Minister for Treasury and Resources:

Well, that is within the bailiwick of the Minister for Planning and Environment and, of course, the Chief Minister answered questions about that. The Minister for Housing and I are very keen to get on and deliver social housing and we need Planning's input into these things. It is really important.

Deputy R.J. Rondel:

But have you not already received planning permission, for example, the delivery of the 50 homes behind St. Saviour's Parish Hall?

The Minister for Treasury and Resources:

Yes, we are going to be, of course, debating that proposal that will come forward, the £27 million. That is one of the reasons why we want to accelerate the purchase for the Housing Department of those social rented housing.

Deputy R.J. Rondel:

Right and so when they are being built, what assurances have you got that the work will go to local companies and local jobs?

The Minister for Treasury and Resources:

That is a separate question of which I refer you to the answer that I gave on Tuesday about the fact that I think that we learned a lot from the fiscal stimulus capital projects about local labour and construction and we will be using the benefit of all of that experience to ensure that the capital projects that are put out to the market are benefiting the local employees, et cetera, and obviously that ...

Deputy R.J. Rondel:

Do you know how you will do that, whether ...

The Minister for Treasury and Resources:

Well, I refer you to all of the work that we did on the fiscal stimulus stuff which I regard as being a huge success in sustaining the construction industry that otherwise would have been in serious

difficulties. The problem that we have got now is that we are seeing the result of effectively the fiscal stimulus projects being withdrawn where we all hoped that the economic situation within the U.K. (United Kingdom) and the eurozone would have improved by now and it is not which means that why we are now coming in with other capital projects on the public sector to fill order books and to get good value for money for taxpayers and also improving the accommodation for our ... I know that the Chairman stated her interest in the Austrian School of Economics and I am no Keynesian myself but I do believe that the public sector has a role to support industries that are experiencing the sort of coal face of the chilling effect of the worldwide financial crisis and we can get good value for money and we can keep people in work and that is what we are doing.

Deputy R.J. Rondel:

Because the one particularly vital to save it seems to have been started but ...

The Minister for Treasury and Resources:

There obviously is a planning obligation on that for the social rented bit, which is what we want to secure, and we want to secure early delivery of that that otherwise would not have happened but, again, we are not writing a blank cheque. There is a tough negotiation, it is at the negotiation stage, but we cannot do anything until the States say yes or no because the States may say no. I hope not.

Deputy S. Power:

May I come in with a supplementary? It was curious this week in a response to a question by Deputy Young when he specifically asked what progress was being made on affordable housing, H1 and H3, the Chief Minister replied that it was very much dependent on the Minister for Housing and the Minister for Treasury and Resources but he excluded any reference to the Minister for Planning and Environment. It seems to me that if there is to be a delivery of H1 and H3 sites and there is a report due to the States by the end of June based on what happened last year, why would he have excluded the Minister for Planning and Environment?

The Minister for Treasury and Resources:

Well, again, I think we need to be clear about the question. H1 and H3 policy is Minister for Planning and Environment. Delivering affordable homes on States-owned sites and improving accommodation of existing ... which, of course, you started a lot of good work, continuing that work is securely within the bailiwick of the Minister for Housing and the Minister for Treasury and Resources. So I think we need to be clear, H1 and H3 is Minister for Planning and Environment led. Getting on and delivering projects like the back of St. Saviour's Parish Hall, Lesquende, improvements in other housing stock is absolutely within the Minister for Housing and myself and

we meet every 10 days. The Minister for Housing I think is ... I asked for a pipeline of work in case we needed it. They have delivered that. The pipeline is there and we are going to put the resources into dealing with it subject to the States approval and I look forward to hearing the Planning and your comments in relation to that £27 million which I hope that you will be supporting.

Senator S.C. Ferguson:

Right, Gigabit.

Deputy S. Power:

Right, we are moving on to Gigabit, Minister, Gigabit Jersey. Can you give the panel your assessment of the current status of the implementation of Gigabit Jersey and has it met your expectations to date?

The Minister for Treasury and Resources:

Obviously, the Board is responsible for running the company and I am not going to try and micromanage the company. We have made a policy decision for Gigabit. There is a business plan and there is a governance arrangement that governs the relationship between the Minister for Treasury and Resources, the Treasury team, the Treasurer and the Executive. We have our regular meetings and I am pleased to hear ... I am not very close to this. I have got some emails that the Chairman has sent me on Gigabit which I am going to be responding to after, today. I am pleased that Gigabit is delivering local employment and that has gone well. I think one of the reasons why local youth unemployment went down was because of the taking on of the young people for pulling through the fibres to homes. That is obviously excellent and there are obviously ongoing discussions with the regulator that I am aware of in relation to pricing which is entirely the normal tension between the regulator and J.T. (Jersey Telecom) and the Minister for Economic Development and I are engaged in some discussions at the margins on those issues.

Senator S.C. Ferguson:

Well, yes, because the letters that were sent by the regulator and so on to J.T. were fairly strong.

The Minister for Treasury and Resources:

I think regulators send strong letters.

Senator S.C. Ferguson:

Well, yes, I know, but J.T. are being quite difficult with the other companies, are they not?

The Minister for Treasury and Resources:

No, I do not think they are. I think that J.T. are engaged in being the Island's most significant investor in fibre. I note with interest that Cable and Wireless have put a fibre ring around St. Helier but I do not see them putting a fibre optic cable out to St. Ouen or anything like that. It is up to J.T. to do that and that is why we have supported J.T. because fibre is going to be a really important selling point for Jersey. It is attracting the interest of I.T. (Information Technology) companies around the world and I remain optimistic that the Gigabit decision is the key and one of the important pillars of opening up a new area of economic activity in Jersey. I note with interest that Senator Maclean's counterpart in Guernsey also has now stated that he wants to create a digital silicon Island in Guernsey. We have always said there is competition. We need to be aware of the competition in this area but I remain optimistic about the future for digital matters. I am pleased that J.T. are part of Digital Jersey. That is now set up. That has been a follow-on as a result of Digital Jersey. We have now got the I.C.T. (Information and Communication Technology) equivalent of Jersey Finance set up, resourced. Appointments have been made by the board; I think I have got a meeting with them coming up and this is important stuff. We need to redouble and double again our efforts to get economic activity in Jersey and digital ...

Senator S.C. Ferguson:

Yes, but at the moment, with respect, Minister, I know the Connétable has come across this, people are not going to take up the digital option because it is so expensive. Now, is the cost of it going to affect the companies that you would like to attract to the Island because, what was it, £44 a month?

The Connétable of Grouville:

I think it was £44 a month, the offer. That was the initial offer.

The Minister for Treasury and Resources:

I am not going to be ...

Senator S.C. Ferguson:

No, I am just saying that pricing is an important part of people's location and perhaps looking at the comparisons, the prices are too high.

The Minister for Treasury and Resources:

Well, this is a matter for the regulator to deal with J.T. and I have got full confidence that the regulator is going to deal appropriately and fairly with J.T. on their pricing. I will respond to your email later where you specifically make some comments about pricing, which I think have been

misinterpreted as far as some of the correspondence ... I have not got it with me here. These are not matters that the Minister for Treasury and Resources gets involved in. I am not going to start telling J.T. ... it would be completely inappropriate to do that. There is a constructive tension going on between J.T. and J.C.R.A. (Jersey Competition Regulatory Authority) which is entirely normal, you would expect that. They are a regulator dealing with a big company. I have got nothing further to add apart from my added emphasis of the importance of opening up the I.C.T. sector of Jersey's economy.

Senator S.C. Ferguson:

I am fully in favour of improving things, Minister. I have no problem with that.

The Minister for Treasury and Resources:

We both agree then with Gigabit.

Senator S.C. Ferguson:

What I do have a problem with is the financing side of it and the cost to the customer.

The Minister for Treasury and Resources:

Sorry, what is your problem?

Senator S.C. Ferguson:

There is the financing side which ...

The Minister for Treasury and Resources:

What bit of a problem have you got with that?

Senator S.C. Ferguson:

How much is it going to cost in the end.

The Minister for Treasury and Resources:

No, we have been clear.

Senator S.C. Ferguson:

And the other thing is the ...

The Minister for Treasury and Resources:

I have got full confidence with the board that their business case is going to be delivered.

Senator S.C. Ferguson:

Right, and the other thing is the cost to the consumer. No use having the best mousetrap in the world if it is too expensive to buy.

The Minister for Treasury and Resources:

I have got some comparisons, which I will be sending to you and your constituent about the costs that I am advised from J.T. about the costs and, of course, if you want a gigabit, then it is going to cost more than if you want 100 megabytes; 100 megabytes is extremely impressive speed. We, I think, will look back in 10 years' time and see the decision for putting fibre to people's homes as one of the most important aspects of future economic growth in Jersey. I agree with you pricing is appropriate but these are matters best dealt with not by political interference but by the regulator and the board getting on with the job that they have got to do in regulating and I have got full confidence in the board of J.T. in working through what they are doing with the regulator.

Deputy R.J. Rondel:

How much has been drawn down by J.T. so far from the Treasury?

Treasurer of the States:

The £4 million by the end of April was the agreed profile, Deputy Rondel.

Senator S.C. Ferguson:

And have they ...

Treasurer of the States:

Well, I have authorised it. I would have to check physically whether the cash has gone but I have authorised it.

Senator S.C. Ferguson:

Did they not have to conform with certain conditions in order to draw it down?

Treasurer of the States:

Yes, and they have done so. The £4 million has been approved towards the end of April in accordance with the Ministerial Decision that was already made and, of course, the ministerial decision was based on the consultation with the States.

Senator S.C. Ferguson:

James, pensions.

Deputy S. Power:

I had one further question on Gigabit. You were due to receive, Minister, a revised Business Plan from J.T. by the end of March. Can you tell the panel whether you have received it or whether you have had a chance to look at it?

The Minister for Treasury and Resources:

Yes.

Deputy R.J. Rondel:

Would you be able to share that with the panel?

The Minister for Treasury and Resources:

I would need to take advice about the confidential nature of that. Obviously, there are highly sensitive commercial matters within that but, of course, to the extent that we are able to, we will share all information and J.T. is doing well and they should be regarded as a key part of delivering the digital objectives of the Island.

[11:30]

Deputy S. Power:

Well, if you could consider with your department as to what you think is appropriate to share with the panel because the panel does have specific questions on the Jersey Telecom business plan and the revised business plan so if you could come back to the panel.

The Minister for Treasury and Resources:

Okay, yes, absolutely. I think we need to be clear about what the panel is doing in terms of policy and what the P.A.C. can do in relation to their own with the assistance of the Comptroller and Auditor General, et cetera.

Deputy S. Power:

But as you are the representative of the shareholder ...

The Minister for Treasury and Resources:

I have made a policy decision after consulting Members on the issue of Gigabit, its implementation now and its implementation that we, of course, will hold the board to account but the Public Accounts Committee has a remit to do that. If you want to look at the policy that we made in relation to Gigabit, then happy, of course, to answer all your questions.

Deputy S. Power:

It is to do with policy and the revised business plan because the 2 are interlinked so if you can consult your experts and if you could refer to the panel a little bit.

The Minister for Treasury and Resources:

And I agree also with the underlying question of the Chairman about costs. It is not only on-Island costs. It is obviously off-Island data costs as well and there is an issue there for us to work across the Channel Islands on.

Treasurer of the States:

Can I add a little bit, Chairman, and it might go to your point about competition and the regulator. The regulator has put quite a lot of pressure on J.T. to separate their accounts, to separate the retail element from the management of the network in order for J.T. to be more transparent as to their costs and their pricing and the Minister for Treasury and Resources has supported the J.C.R.A. proposal to ask J.T. to comply with that and J.T. are going to comply with it. So J.T. are going to be more open and transparent.

Senator S.C. Ferguson:

Why did the Minister not remember to tell us then? It would have been helpful.

Treasurer of the States:

Well, it is the kind of thing that is more of interest to accountants than it is to normal people.

The Minister for Treasury and Resources:

You can come and spend a week with me and track all the decisions I make. There are lots of them.

Senator S.C. Ferguson:

There are 978 so far this year.

The Minister for Treasury and Resources:

Thank you, wow. Goodness, we have been busy.

The Deputy of St. Ouen:

It has been in the news that Her Majesty's Revenue and Customs do not like Guernsey's international pension scheme. What confidence do you have in the scheme being proposed for Jersey?

The Minister for Treasury and Resources:

I think that is a very good question and I am not yet clear about the extent to which the U.K. changed the guidance on Q.R.O.P.S. (Qualifying Recognised Overseas Pension Scheme) after the budget and I am still investigating that and I am also engaging Senator Bailhache in relation to making sure that we are not being discriminated against by the U.K. I have got no evidence that that has happened but clearly the Guernsey situation was that they have operated Q.R.O.P.S. regimes where we have not and I do not know whether you attended some of the briefings that we did; I think we briefed you. The U.K. took a very hard line against Singapore and New Zealand and some of their Q.R.O.P.S. schemes which they regarded as effectively bustable schemes, that they did not ... I am not criticising those jurisdictions but they were effectively pension schemes that you could take the money out after having got the tax advantages. It is quite a complex and technical area. We are still working on the extent to which our scheme that we worked very hard, we worked really hard and I am thankful for the work that went in to effectively bring forward a piece of legislation which was entirely in conformance with the guidance that was issued and we are still not clear as to whether or not it is now compliant with the revised guidance or what has happened. But as always, tax officials were meeting H.M.R.C. (Her Majesty's Revenue and Customs) last week. I have had an initial briefing on that and work is ongoing.

Deputy S. Power:

Can I ask a question? We had a very useful briefing from your department about a month ago on that impending meeting and we left the meeting as confused as your department must be as to why there was a sudden change of direction within Treasury.

The Minister for Treasury and Resources:

U.K. Treasury, yes.

Deputy S. Power:

U.K. Treasury, I am saying, in London. The initial feedback that you have had from your team that went to Whitehall to meet the U.K. Treasury team last week, has that thrown any light on why they seem to have a sudden change of ...

The Minister for Treasury and Resources:

Yes, it has thrown some light and I have got to interpret quite carefully what is being said because obviously there is a different situation between Jersey and Guernsey. Some Guernsey schemes, as I understand it, that were the existing schemes, have been listed as being non-compliant to the guidance. That is different from the issue of new schemes going forward and we are just trying to disentangle exactly what that means. We are not clear yet. As soon as I can be clear, I will report to you and progress this. Our position with E.D. (Economic Development) is that we want to open up new lines of financial services activity within Jersey. We need to diversify product and we need to diversify geographically and this is part of that and we continue to believe that an international pension is a good product, is a reputable product that will sit alongside the private banking business that is in Jersey that all of the banks are operating and offering their clients and we want to give a Jersey product alongside that and we will be defending Jersey's interests as we always do to ensure that we have a level playing field.

The Deputy of St. Ouen:

Is it not the case that one could argue at the moment that it would be dead in the water unless Her Majesty's Revenue and Customs change their view?

The Minister for Treasury and Resources:

I am an optimist and we will continue to work to ensure that Jersey has a pension scheme that fulfils the requirements of H.M.R.C. Of course, H.M.R.C. need to be fair and need to be fair about level playing field requirements of different jurisdictions. I understand H.M.R.C. is concerned about some pension schemes in some other jurisdictions - I am not going to because I do not understand them - and understand what they are trying to do and we are trying to find something that is compliant.

Deputy R.J. Rondel:

But was the object of that meeting not to seek clarification on Jersey's stance because we were looking at it differently?

The Minister for Treasury and Resources:

This is an ongoing process, yes, and we have not come to the conclusion yet.

Deputy S. Power:

Is there a time scale?

The Minister for Treasury and Resources:

I hope to reach a conclusion in the next month.

Deputy S. Power:

With U.K. Treasury?

The Minister for Treasury and Resources:

With my officials, with U.K. Treasury and I would like to understand the Guernsey position on this and that is why Deputy Noel and I ... that is one of the items that will be discussed with my new counterpart in Guernsey tomorrow.

The Connétable of Grouville:

I do not know a lot about them so I am just testing the water here. Is the scheme open to U.K. residents as well as overseas residents?

The Minister for Treasury and Resources:

Oh, yes.

The Connétable of Grouville:

It is?

The Minister for Treasury and Resources:

Yes.

The Connétable of Grouville:

And that is the problem obviously.

The Minister for Treasury and Resources:

No, it is the level playing field. We have got a scheme that has got to be level playing field. It is open to locals and it is available to an international investor. Clearly, pensions are an important market. They have got to be properly regulated, they have got to be properly run but they are a good potential line of business for Jersey in the future.

The Connétable of Grouville:

Yes, but the guideline has always been with the U.K. Revenue on pensions that if you claim tax rebate at the start, then you cannot claim the tax rebate at the end.

The Minister for Treasury and Resources:

Yes.

The Connétable of Grouville:

Yes, and that has been the guideline all the way through because ...

The Minister for Treasury and Resources:

What the U.K. does not want to do is to give ...

The Connétable of Grouville:

Obviously these breach the guidelines, do they?

The Minister for Treasury and Resources:

Ours does not. Ours is absolutely completely pukka, as you would expect from us. It has all the quality hallmarks of a proper pension scheme.

The Connétable of Grouville:

But Guernsey's do not?

The Minister for Treasury and Resources:

I just do not know the Guernsey situation.

The Connétable of Grouville:

You did say that it seems they have taken cash out ...

The Minister for Treasury and Resources:

Well, Guernsey had some Q.R.O.P.S. Well, no, Guernsey have operated a Q.R.O.P.S. regime for a number of years and, as I understand it, whether this is right or wrong, a number of their schemes are not compliant according to the U.K. requirements. Now, I do not know ... that would be wrong to interpret that as being a criticism of them or not because I do not understand it. It is quite a technical area as you can imagine.

Deputy S. Power:

Again, if your timescale is a month, we would be very grateful if you could come back to us.

The Minister for Treasury and Resources:

I will seek to strive to endeavour to get a month but ...

Deputy S. Power:

Because we are confused.

The Minister for Treasury and Resources:

We are affected by other forces here. We are not ...

Deputy S. Power:

I understand that but if you do get some clarification, the panel would be grateful for that information of some clarification.

The Minister for Treasury and Resources:

Absolutely, very happy to do so.

Senator S.C. Ferguson:

Okay, earlier this year, the Strategic Plan Green Paper stated that an active shareholder role was being developed in respect of States-owned or partially owned companies. What will that active shareholder role look like?

The Minister for Treasury and Resources:

As the panel will recall, when I stood originally for Minister for Treasury and Resources, I said that I believed that the investments that we had in our utilities was an important investment for the Island and should receive appropriate commensurate attention by the Minister for Treasury and Resources in relation to safeguarding those assets. We have got a J.T. worth ... and other J.E.C. (Jersey Electric Company) investments worth upwards of £400 million. So it needs effort and it needs appropriate engagement. They are not trusts, they are owned by the public and it is up to the Treasury to ensure that there is good governance. The incorporation of J.T. and J.P., Jersey Post, have put in place a memorandum of understanding. That has proven to be effective in terms of holding the boards to account and also the Treasurer has a team of people looking after the investments of the States. This is another area where ...

Treasurer of the States:

I have one.

The Minister for Treasury and Resources:

One, well, you have got your other ... yes, you have got one individual but ...

Treasurer of the States:

Small team.

The Minister for Treasury and Resources:

Yes, a small team, accountants and those strategic people and ...

Senator S.C. Ferguson:

There is a degree of hyperbole there.

The Minister for Treasury and Resources:

Well, the advice about investment advice for the utilities is one individual but, for example, both the Assistant Minister and the Treasurer and I spent last Friday morning at Jersey Water meeting staff, kicking the tyres, as it were, and getting briefed on their plans. If that is an active shareholder, then that was an active shareholder at work and the engagement that I have with J.T. is, of course, something that we have discussed. That is certainly an active shareholder, I think, you would agree, and also Jersey Post has had its difficulties. I am pleased again ... I sound as though I am pleased all the time but I just want to recognise the fact that there has been a lot of progress made on some things and Kevin Keen installed in the Chief Executive role of Jersey Post, we are very comfortable with that appointment. We are very comfortable with the board and what they are doing.

Deputy S. Power:

But not happy?

The Minister for Treasury and Resources:

No, no, I am very pleased with the progress that has been made. I am very pleased. Kevin Keen has brought a clarity of thinking, of purpose within Jersey Post which is welcome. He has deconstructed that organisation. He has slimmed down the management. He has brought his desk on to the shop floor and he has abolished the dual pricing mechanism for Jersey Post. The Minister for Treasury and Resources does not run these entities. We put in boards to run them for us and if we are not happy, then we need to bring about change and I think it is fair to say that after

the good discussions that we enjoy with the Chairman, I think the changes that have been made at J.P. (Jersey Post) are working. As far as Jersey Electricity is concerned, that is obviously a slightly different relationship because it is a publicly quoted company but again, as appropriate and as is allowed under Stock Exchange rules, there is an active shareholder there where we meet with the Chairman, the Chief Executive. They brief us on their plans and ...

Senator S.C. Ferguson:

Are you aware that the new President of France wants to close down all his nuclear power stations?

The Minister for Treasury and Resources:

I know that the new President of France has made all sorts of promises, Chairman, about new schoolteachers and tax rates and all the rest of it and we will see whether or not the elections of the National Assembly allow him to pursue these presidential objectives and, having now obviously analysed his public accounts, whether or not he is going to be able to do these things.

Senator S.C. Ferguson:

Well, no, obviously it is something that will affect Jersey.

The Minister for Treasury and Resources:

Yes, and I know that these things, of course, are not going to happen in 5 minutes and I know that Germany have obviously made a similar decision. I am not an expert in nuclear power but nuclear power represents a higher percentage of the French consumption than others. We benefit from ...

Senator S.C. Ferguson:

78 per cent of their generating capacity is nuclear.

The Minister for Treasury and Resources:

Yes, so I have no idea. I am not going to try and second guess the President of France but ...

Senator S.C. Ferguson:

No, no, I am just raising it as a point ...

The Minister for Treasury and Resources:

But I have got confidence that the J.E.C. are fully aware of all of these things, have long-term contracts in place and they serve the Island well.

Senator S.C. Ferguson:

Right, but the policy is going to be in place by ... we have heard what the shareholder role is like, a sort of action man on the reservoir sort of touch but ...

[11:45]

The Minister for Treasury and Resources:

I do not know, we quite enjoyed going around the reservoirs. We almost ...

Treasurer of the States:

You did?

Senator S.C. Ferguson:

Yes, absolutely.

The Minister for Treasury and Resources:

I went around Queen's Valley as well.

Senator S.C. Ferguson:

But the Business Plan said the policy would be in place by June 2012. Will it be?

The Minister for Treasury and Resources:

It is done, it has been done, it is active, it has been done. It has been in place for some time and also we have got now the additional responsibilities. What we have turned our attention to is properly integrating S.o.J.D.C. into Treasury shareholder mode and that has obviously moved from the Chief Minister's Department. We have now got them on the normal trajectory of all the other memoranda of understanding, of no surprises, briefings, all the rest of it. That relationship, as I said earlier, is bearing fruit. We are now turning our attention to the governance arrangements for the incorporated housing body and we are looking at the shareholder function in the event that Harbours and Airports is also incorporated. I have got a meeting this afternoon, for example, with the Shadow Board and the Minister for Economic Development about how the Harbours incorporated body ... how we would effectively do the shareholder function for that. So we regard our shareholding function as an important part of our responsibilities and it is something that the 3 of us spend a part of our week on doing on the current arrangements and the future arrangements.

The Deputy of St. Ouen:

Can you provide us with that written policy, please? The policy has got to be described in writing in some shape or form.

The Minister for Treasury and Resources:

We can send you the memorandum of ...

The Deputy of St. Ouen:

I mean the policy that is there.

The Minister for Treasury and Resources:

But they are set out in the memorandum of understanding between the boards. We have not done it like ... for example, S.o.J.D.C. has now got a memorandum of understanding between the board and the shareholder that describes the relationship.

The Deputy of St. Ouen:

Okay so you have chosen to treat S.o.J.D.C. a particular way?

The Minister for Treasury and Resources:

No, in the same way as we are doing the J.T. and J.P.

The Deputy of St. Ouen:

I would suggest that if we do not have some form of written document that describes ...

The Minister for Treasury and Resources:

The written document is the relationship.

The Deputy of St. Ouen:

... of your shareholder function then it is very difficult for anybody, first of all to be held to account and to ensure that policy is being followed.

The Minister for Treasury and Resources:

It is not quite like that, is it, because the responsibilities of the Minister for Treasury are set out in the statutory to the Jersey Telecoms Law and the Jersey Post Law, then that is then supplemented by guidance which is issued by the Treasury in relation to that and we have not made any changes to J.P. and J.T.'s memorandum of understanding. I would suggest that we have made it work better by ...

The Deputy of St. Ouen:

I repeat though, Minister, that in your department business plan it states that a policy on the shareholder function would be in place by June 2012.

Assistant Minister for Treasury and Resources:

It is in place.

The Deputy of St. Ouen:

All right, so what I was saying is can we have that? Can you provide us with that policy?

The Minister for Treasury and Resources:

You can see the policy that we put in place for S.o.J.D.C. which is the one thing that we have taken on and taken responsibility for and I can send you again the policies that we have got for J.P. and J.T.

The Deputy of St. Ouen:

So you are saying that the specific action identified in your 2012 Business Plan related solely to S.o.J.D.C. and not your overall shareholder function which you have been allocated?

Treasurer of the States:

I think the difficulty in the discussion is that our relationship with each of the utilities is set out in the law and it is not identical with each of the utilities because sometimes the circumstances differ. So for instance in some areas we are the sole shareholder, in other areas we are not. That means that there are different considerations that have to be taken into account when we are working with a board that has other shareholders, like Jersey Water does, for example. I think you are trying to look for one arrangement as between Treasury and each of the utilities but those arrangements differ and they are set out - as the Minister has described - firstly in the law and then in memorandums of understanding.

The Deputy of St. Ouen:

I am not saying anything, Treasurer and Minister, what I am saying is I am just highlighting the fact that in your business plan - not mine - you speak about the policy on the shareholder function would be in place by June 2012. If I wish to hold you to account I would like to see that policy, some matter described so that I can say, yes, it has been done.

The Minister for Treasury and Resources:

You have asked me the question and I am explaining to you how it has been done. We have been implementing the policy that exists with J.P. and J.T. and doing something about it. We have been doing something about the relationship with J.T. There are sensitive commercial issues which are discussed between the Treasury and the shareholder and there are ongoing issues which we have to deal with and are dealing with, with J.T. which I am not going to discuss in a public hearing because they are commercially sensitive. But rest assured we have been doing the work for J.T., we have been doing the work for J.P., we have put in place the arrangements for S.o.J.D.C. I beat the target, it was not done by June it was done whenever we did S.o.J.D.C. and it is ongoing. The policies are not set out in 2 sides of A4 and I am not going to spend time to try and put the policy for all the utilities on 2 sides of A4 because they are - as the Treasurer has explained - in the separate memorandums of the different entities. We are now also putting in place the arrangements that we expect to have for the other incorporated entities and that is commanding some time as well, like this afternoon, we will spend an hour this afternoon discussing that.

The Deputy of St. Ouen:

So it is a meaningless statement that you put in your business plan because ...

The Minister for Treasury and Resources:

It is not a meaningless statement. You might not be satisfied but I am explaining to you what we are doing and I cannot be more ...

The Deputy of St. Ouen:

You know, Minister, as well as I do, you have a policy which is a general overall policy and then you have a specific plan ...

The Minister for Treasury and Resources:

It does not work that way, James.

The Deputy of St. Ouen:

... to implement that policy with regard to the different companies that are you are responsible as a Minister for Treasury and Resources for.

The Minister for Treasury and Resources:

We are going down a blind alley. You cannot just describe that. I am explaining to you what we have done. We needed to make some changes with our shareholding function and we have done

it and there is work ongoing. So we have done what we meant in June, you are interpreting something different from what we are explaining.

Senator S.C. Ferguson:

Well, no, it is unfortunate that you have written it like you have written it in the departmental business plan because ...

The Minister for Treasury and Resources:

I do not think there is a problem, what is the problem with it?

The Deputy of St. Ouen:

All I am asking is can you demonstrate to us that policy has been put in place?

The Minister for Treasury and Resources:

I have just explained it, James.

The Deputy of St. Ouen:

Can you demonstrate in writing to us, present information that shows us that you have delivered this matter?

The Minister for Treasury and Resources:

I want to try and be as helpful as possible to the panel but I would prefer not to have another action to go back to the Treasury to say that we are going to spend 3 days on writing something up that we are doing. I would hope that you would expect me to explain what we are doing and if you are not satisfied with the detail of what you are doing, to explain to me why. I have explained to what we are doing, I do not propose to document anything over and above what we have already done. I have done ...

Deputy R.J. Rondel:

Could you issue the panel with the policy?

The Minister for Treasury and Resources:

S.o.J.D.C., happy to do so.

Senator S.C. Ferguson:

I think you perhaps need to weigh your words fairly carefully when you put things in the business plan ...

The Minister for Treasury and Resources:

No, I do not accept that.

Senator S.C. Ferguson:

... because I would have said that arrangements on the shareholder function would perhaps be more appropriate than policy.

Treasurer of the States:

It might have been but ...

Senator S.C. Ferguson:

That is life, yes, I know, it happens but it ...

The Minister for Treasury and Resources:

It is quite frustrating because I think you have got to sense ...

Senator S.C. Ferguson:

We are in a position now where a word means what I say it means, it is ...

The Minister for Treasury and Resources:

No, I just would appreciate for the panel to recognise the massive amount of work that we undertake in the Treasury and the progress that we are making on all sorts of fronts. It is just slightly disappointing to hear negativity about what we are trying to do when the way that we interact with the shareholder, what we have been doing I think is ... I am proud of what we have been doing and I have explained to you what we are doing but let us time out on this one.

Senator S.C. Ferguson:

We are just trying to understand what you are doing.

The Minister for Treasury and Resources:

Well I have tried to explain it but it is quite difficult to get it through.

The Deputy of St. Ouen:

I am sorry that you are suggesting that we are negative because the whole point is what we are trying to do is confirm that the actions that you proposed within your business plan and elsewhere have been delivered. If you are telling us and you are not able to provide us with the general

information that goes: "This has been done" and we can confirm that, Minister, it then causes greater concern.

The Minister for Treasury and Resources:

Okay, but this is a 2 way process. You have got a series of questions, this is not parliamentary question time, this is not Prime Minister's question time or Minister's question time at the House of Commons. You know what you want, if you want to ask some questions in advance we will give you the information. Just as we started this discussion where you said you want papers before, if you had signalled to me that you want me to bring S.o.J.D.C.'s memorandum I would say I will do it. But this is not like a sort of a sparring match of ...

The Deputy of St. Ouen:

I have not asked for the documents immediately, Minister.

The Minister for Treasury and Resources:

You did ask.

The Deputy of St. Ouen:

I just asked if you could provide us with a written document that supports the fact that you have a policy on the shareholder function.

Treasurer of the States:

Surely, Chairman, what matters is that we have done what was intended. The problem was that previously Treasury had not done enough to work actively as the shareholder with the utilities but what the Minister has described is examples of what we are doing where we are also now having 2 meetings a year formally with the board as well as other informal meetings in between. So we are having a meeting to discuss the annual reporting accounts, as you would expect, and to vote at the A.G.M. (Annual General Meeting) as you would expect. We are having another formal meeting part way through the year. In addition to that we have had a number of informal meetings with the utilities where they are looking to make significant decisions and they are very cognisant of the fact that the Minister for Treasury wants no surprises from the utilities. So we have had informal meetings of that sort, we have been invited on a number of occasions to go out and see the work of the utilities. The Minister for Treasury described a very recent meeting where the 3 of us spent the whole morning with Jersey Water looking at a whole range of activities that they are undertaking.

Deputy R.J. Rondel:

Did you discuss drainage at those meetings at all?

Treasurer of the States:

We did not. So I think the important thing is not so much the word that we may have carelessly used in the business plan but the fact that the intent was that this shareholder engagement would be massively increased and that is what we have done.

Senator S.C. Ferguson:

A financial direction summarising everything you have said is the policy note, is it not?

Treasurer of the States:

But surely, from my point of view, it is more important that we are doing it than we are writing about it.

Senator S.C. Ferguson:

Well it is 5 minutes to write it. Anyway, what consideration ...

The Minister for Treasury and Resources:

This is the kind of thing that is just ridiculous.

Senator S.C. Ferguson:

No, it is not, it is a record of what is going on.

The Minister for Treasury and Resources:

Okay, we agree to disagree.

Senator S.C. Ferguson:

I mean, if you drop down dead the next person has got to be able to pick up the policy and say: "All right, this is what we are doing."

The Minister for Treasury and Resources:

If I am not in the office for one day my Assistant Minister seamlessly goes into ... we are effectively 2 exchangeable individuals that work seamlessly together and there is documented ...

Senator S.C. Ferguson:

Okay, you are going over to Guernsey, you are going over on the same plane?

The Minister for Treasury and Resources:

Is that a problem?

Senator S.C. Ferguson:

It could be. No, this is a serious thing and if something happened ... I mean, you have always got to plan that you are going to be under the next bus.

The Minister for Treasury and Resources:

Am I to get a vote of no confidence?

Assistant Minister for Treasury and Resources:

Fortunately the Treasurer will not be accompanying us tomorrow so if the plane does fall out of the sky it will be business as normal on Monday.

The Minister for Treasury and Resources:

We are not the President of the United States, you know.

Senator S.C. Ferguson:

Perhaps but even the managing director of a company will think of things like this. I know a number of Managing Directors who do not fly with their families.

The Connétable of Grouville:

He is not the Managing Director, he is the Finance Director.

The Minister for Treasury and Resources:

I am the Finance Minister.

Senator S.C. Ferguson:

Yes, it is a perfectly normal thing in business.

The Minister for Treasury and Resources:

We try and do, okay, we are a doing department, and the work that the Treasurer has been doing since her appointment last January is frankly astonishing.

[12:00]

It is just incredible what the Treasury team has been delivering and I am incredibly proud of what they have been doing and I am incredibly proud of my Treasurer in relation to the way that she is running the department. The scale of work that is done is enormous and if people would ...

Senator S.C. Ferguson:

I am not criticising it, I am just saying ...

The Minister for Treasury and Resources:

I know, but asking us to write up stuff is just ...

Senator S.C. Ferguson:

A quick file note would not hurt, would it?

The Minister for Treasury and Resources:

Oh, Sarah.

Senator S.C. Ferguson:

No, because if you do not write it down it has not happened. What consideration have you given to presenting to the States a comprehensive report on the future of all the utilities? It was something you were very keen on at some stage.

The Minister for Treasury and Resources:

Again, you need to take them in turn. I have set a direction about J.T. in relation to Gigabit, there are discussions about the future of 4G and about how that is going to be rolled out. That is directional. We have got discussions with Jersey Water about what they are going to be doing in the longer term potentially in relation to looking at wastewater integration in terms of ownership. That is being incorporated in the Minister for Transport and Technical Services and working with him in relation to that. Jersey Post, they have a business plan and a long term plan that they have got to be sustainable. The J.E.C. is about the energy policy, the energy policy will instruct the J.E.C. about whether or not they are going to be using carbon versus non-carbon, whether we are moving to more electric in Jersey as opposed to gas, et cetera. Again, I am confident that we are delivering each one of the individual strands of the utility engagement. Public ownership does mean something, it has got to mean something. It has got to mean our objective as States Members are achieved and ...

Senator S.C. Ferguson:

The J.E.C. of course is listed on the London Stock Exchange so that is an extra problem.

The Minister for Treasury and Resources:

As I explained earlier.

Senator S.C. Ferguson:

Well, as we have all known for years.

The Minister for Treasury and Resources:

It is not a problem, it works well.

Senator S.C. Ferguson:

But obviously the energy side of it that you talk about has to be done in conjunction with Planning and Environment?

The Minister for Treasury and Resources:

I am waiting for the Minister for Planning's apparent redraft of the energy policy and I will continue to impress the importance of an energy policy and receiving an energy policy from him in order that I can so engage with the J.E.C. and I wait with interest to see what he has got to say about the last one.

Senator S.C. Ferguson:

Just as a little bonus to throw in on this, there is apparently geologically a lot of shale gas in the Isle of Wight ...

The Minister for Treasury and Resources:

Okay, have you got better things to ask me?

Senator S.C. Ferguson:

No, no, just a minute. They are drilling for oil around London, they are drilling for oil off the south coast of Ireland and I have asked the Economic Development Chief Officer to look at the prospects for shale oil and gas around Jersey. That comes into your energy policy ...

The Minister for Treasury and Resources:

Chairman, you have got limited time, I have got limited time. I am sure that you have got more important pressing issues to press me on than shale gas around the Isle of Wight, with the greatest of respect.

Senator S.C. Ferguson:

No, I am saying it is part of your energy policy.

The Minister for Treasury and Resources:

Okay, have you got any other questions for me?

Senator S.C. Ferguson:

No, that is it, thank you very much, Minister.

The Minister for Treasury and Resources:

Thank you.

[12:03]