

3.11 The Deputy of St. Mary of the Minister for Treasury and Resources regarding where the additional funding of £1.65 million was found for the Energy from Waste Plant:

Keep him on the rack, eh? Please note when we listen to this question because there was some confusion with my last question. This is not about the £3 million that the P.A.C. (Public Accounts Committee) are pursuing to do with Treasury employees. My question is, given that the Comptroller and Auditor General's report states via section 103: "All of the £3.6 million unallocated balance in the fluctuations element of the States Capital Reserve Vote, has been earmarked for this project." By this project he means the incinerator. Would the Minister advise where the additional funding of £1.65 million was found when the contract was signed on 14th November 2008 to meet the cost of the currency movements which then stood at £5.25 million?

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

The additional cost of any currency exchange transactions will be met from the contingencies maintained for the project within its capital risk reserve. As has been the case since the submission of P.73, which the previous Minister for Treasury and Resources brought forward Energy from Waste funding, and that has a total contingency of £7.2 million, I am happy to give the Deputy the breakdown of it.

3.11.1 The Deputy of St. Mary:

£7.2 million will not cover it, will it, because we have £3.6 million up to the date of the debate, even though the Minister for T.T.S. could not tell us that. We then have an additional £1.65 million up to 14th November and then an additional 3, maybe £5 million, after that which comes in my reckoning to more than £7.2 million. Where is the extra money going to come from?

Senator P.F.C. Ozouf:

Where is the extra money going to come from is a different question. I need to be, and I know the Deputy of St. Mary does not agree with the incinerator, but I want to be absolutely clear with him about what the facts are. There is a £7.1 million risk reserve of which the estimated contingency for exchange rate covers any locked in arrangements as at present. We do not know what the additional cost of the exchange rate will be. I know that the Deputy was pressing, and other Members were pressing, the Minister for Transport and Technical Services on the issue of the closure of the exchange rate risk. Upon advice, I have been advised that it would be too expensive or it would have been too expensive to close down the exchange rate risk, when all the evidence going forward as far as the euro pound rate is that it is going to improve over the lifetime that we need to make the euro payments. To make a payment now or to close down that risk would have cost up to 7 per cent of the remaining outstanding value.