



Corporate Services Scrutiny Panel

Quarterly Public Hearing with

the Minister for Treasury and Resources

FRIDAY, 20th JUNE 2014

Panel:

Senator S.C. Ferguson (Chairman)
Deputy J.G. Reed of St. Ouen (Vice-Chairman)
Deputy R.J. Rondel of St. Helier

Witnesses:

Senator P.F.C. Ozouf (The Minister for Treasury and Resources)
Deputy E.J. Noel (Assistant Minister for Treasury and Resources)
Ms. L. Rowley (Treasurer of the States)
Mr. R. Foster (Director of Estates, Jersey Property Holdings)

Topics Discussed:

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[11:01]

Senator S.C. Ferguson (Chairman):

Right. Welcome to the hearing of the Corporate Services Scrutiny Panel with the Minister for Treasury and Resources. I think you may all have read the health warning and the privileges list. For the benefit of the transcription staff, please can you say who you are and what your position is? All right. If we could look at your future spending and saving plans, please, Minister. What is the current status of your work on the long-term revenue plan?

The Minister for Treasury and Resources:

Well that is work that is ongoing and the commitment that I have given is prior to the budget debate in September. I certainly want to ensure that Members are aware of the challenges and the spending requests that have been made by various different departments. None of this is particularly new. The big ticket items are of course Health, but there are other departments that are putting forward their growth requests. We are not in a position to really give you any colour on the detail at this stage because we are still doing the work on it, but we will conclude that work over the summer and we hope to give States Members certainly some highlights of what we think public finances would look like in terms of growth requests. Following from that, there are also then the options of how the growth requests are funded. Two elements are important to consider on that and again we will be publishing some information, which I hope is going to be helpful. But again this is not ready yet because we are on a tight timetable with the budget and we are going to deliver the budget report on 14th July and then hopefully publish something ahead of the budget debate itself. Again, these are not matters for decision-making, they are really for information. The options for the future States are going to be hopefully informed by this work, which is going to be updated income forecasts going out a bit longer than we have previously gone before, and also therefore also what the good work that has been done by the Treasurer and the Chief Executive in relation to potential efficiencies and savings and obviously a range of opportunities there. But I am not in a position today, as you would expect, to give any of the sort of granular data on that, but as and when that information is capable of being shared with you we certainly will.

Deputy R.J. Rondel:

Could you expand a little bit, sorry, Chairman, on the income forecasts, you want longer-term, how do you go about that and how will you achieve that?

The Minister for Treasury and Resources:

That is independently done by a group called the Income Tax Forecasting Group, and this is the sort of rhythm of work that has happened over many years now, the Income Forecasting Group formally give the Minister for Treasury and Resources, twice a year, effectively income forecasts. Traditionally those have been in the budget and the old business plan, and since the Medium-Term Financial Plan we have been looking at income forecasts against what we set in the M.T.F.P. (Medium-Term Financial Plan) and what we are doing, we have taken some of the recommendations on from the F.P.P. (Fiscal Policy Panel) and we will be providing an updated forecast in terms of the M.T.F.P. number for 2015, but what we hope to do, it is very difficult, we hope to also look a bit further ahead. But, as with all forms...

Deputy R.J. Rondel:

How far ahead are you contemplating?

The Minister for Treasury and Resources:

Well we would like to show a forecast, if we can, which goes out to 2019 and 2020. But of course it comes with a significant health warning because that depends on inflation, it depends on earnings growth, it depends on...

Deputy R.J. Rondel:

Tax receipts.

The Minister for Treasury and Resources:

Yes, but they follow from what the third thing I am just about to say, which is interest rates, inflation, earnings, and a whole load of other assumptions that are built in. But we have a model, we have been more transparent about those numbers than ever before as a result of the last M.T.F.P. and we hope to give some colour to ensure that people understand some of the potential opportunities, some of the requirements to deliver economic growth, and some of the requirements that are going to challenge the next States Assembly.

The Deputy of St. Ouen:

Can I just bring you back to the long-term revenue plan? Can you just, for the sake of clarification, confirm or otherwise whether or not a commitment was given to deliver a long-term revenue plan in its entirety by the end of this year?

The Minister for Treasury and Resources:

Yes. That certainly has to be done by the end of the year because the new Council of Ministers is going to need to immediately, when it takes office...forgive my voice, I am sorry, I am a bit hoarse today.

Senator S.C. Ferguson:

It is better than it was.

The Minister for Treasury and Resources:

Yes, it is getting better, but the more I talk the worse it gets. Yes, certainly, what we want to try and do, James, is it certainly needs to be done by the end of the year because the new Council of Ministers is going to need to immediately look at those numbers and then frame its strategic plan around it, and it is going to have to decide what its priorities are going to be. What we are trying to do, to be helpful, is to bring forward some of those high-level numbers to ensure that Members of the States are aware, and indeed the public generally, are aware of some of the challenges, opportunities, and big things that are going to have to be dealt with. That has never been done before.

The Deputy of St. Ouen:

That will inform...obviously the timeliness of providing the information is important because one would hope that, not only will it help the next Council of Ministers and the States decide and determine the strategic plan, but also help to inform the budget for 2015.

The Minister for Treasury and Resources:

That is why we are going to do our best to give some of the information that we can in advance of the budget debate itself. We will of course, when we publish the budget, give the normal estimates for the period of time that we are dealing with, the M.T.F.P., that will obviously be available on 14th July.

The Deputy of St. Ouen:

You are aware obviously that we have already committed to undertaking a review of the 2015 budget?

The Minister for Treasury and Resources:

Yes.

The Deputy of St. Ouen:

It will be important to the Panel certainly to ensure that we get and are provided with timely information on all of these matters so that we can properly comment on the 2015 budget. It is still your intention to be able to deliver that information to the Panel?

The Minister for Treasury and Resources:

Well first of all let us recall, and I appreciate the difficulty that you are in, and certainly the challenge that we are in, is that we are delivering a budget I think 3 months ahead of where we normally would do, so that is certainly a really challenging agenda, but we are delivering it. You have also seen some information already and as soon as it has been confirmed we will let the Panel have that information. You will understand of course that any information that we will be providing for you, we will only announce publicly the budget on 14th July, but of course we will give you all the information, and I think you have already had quite a lot of the background data, which underpins some of our thinking.

The Deputy of St. Ouen:

One of the comments that you have made recently is regards options for savings and that you...I hope I am quoting correctly, but there are options for savings that could be delivered between 2015 and 2020 and you are planning to make those known again to the public and States Members prior to the budget. Is that the case?

The Minister for Treasury and Resources:

Well yes, I mean I think it is really important that we certainly are going to give Members all the information that they need to make informed decisions on the 2015 budget and indeed the F.P.P. would of course require also that information in order to comment on it. We have made it very clear that the Health demands on revenue expenditure are challenging in order to be able to be met. When you are increasing health spending, as governments around the world are having to do, and those governments who are not putting revenue expenditure increases in, the position internationally is very clear, is that those health services that are not planning to put revenue expenditure now, and capital, and the restructuring to restructure their health service, are causing problems in the future, and you are going to create an even bigger bubble going forward. The Health demand for revenue expenditure and capital is obviously very significant and that is going to be one of the big debates for the next Council of Ministers of how that square is circled, how they are going to be funded. Members need to be confident on the numbers that are being requested and then of course there is going to be a debate about how they are going to be funded.

Senator S.C. Ferguson:

Have you looked at the Singapore developments in that area?

The Minister for Treasury and Resources:

Not in the last couple of weeks. I do not scan the whole world every day.

Senator S.C. Ferguson:

No, because they do have a sustainable funding mechanism and, as you will recall, I have mentioned this before, has your department not looked at it?

The Minister for Treasury and Resources:

Sarah, these quarterly hearings are not sort of trick questions, and I know that is not a trick question, but...

Senator S.C. Ferguson:

No, it is not a trick question, it is a perfectly serious question.

The Minister for Treasury and Resources:

Have I looked at...

Senator S.C. Ferguson:

Has your department looked at it?

The Minister for Treasury and Resources:

Well first of all you are asking me questions that I will ask officials in a second. Have I looked at Singapore recently? No. If you would like me to look at it, yes, I will. I am not sure whether or not the Treasurer or any of the Health Department or the Health Scrutiny Panel that were actively engaged in discussing matters of Health has looked at the particular Singapore...

Senator S.C. Ferguson:

Well, we are talking about financing here. We are not talking about health procedures.

The Minister for Treasury and Resources:

Well, sorry, I am the Minister for Treasury and Resources and, if you would like to give me notice that you would like me to give a comment on the Singapore system, more than happy to do it. I cannot possibly, Sarah, answer every question from every jurisdiction. No, I have not, if you would like me to...

Senator S.C. Ferguson:

Well perhaps your Treasurer can help.

Treasurer of the States:

Which aspect of the funding mechanism are you most interested in, Chair?

Senator S.C. Ferguson:

Well, the fact that they have developed a funding mechanism, which is sustainable, because every person has a health account. They started it back when they went independent in 19-something or other. I have a book on it, which I will lend you, which does go into the details. We will carry on now obviously.

The Minister for Treasury and Resources:

I am very familiar with Singapore, Sarah, because my twin sister lived in Singapore for 9 years. I am very familiar with their pension arrangements, with their health insurance system, I am very familiar with their G.S.T. (goods and services tax), I am very familiar with the fact that they increased G.S.T. to 15 per cent and cut corporate tax to 10 per cent and I had extensive discussions with the Finance Minister of the year, the Singapore Finance Minister, in Washington last year. So I am very familiar with Singapore, and if you would like me to drill down on particularly some of the aspects of the way that they fund. It is important to refer to the fact that they do have a corporate tax system, an income tax system, and they have hypothecated insurance-based systems.

[11:15]

Insurance-based systems such as Singapore are similar to that you find in some European countries and certainly the American system. It has aspects of privatisation and private insurance. But I am happy to look at it in the overall funding models.

Senator S.C. Ferguson:

Yes, but do not look at Obamacare because that is a disaster.

The Minister for Treasury and Resources:

You would say that.

Treasurer of the States:

Just to say, Chairman, if it is an insurance-based system that you are interested in, we could...

Senator S.C. Ferguson:

Well the thing is it is sustainable.

Treasurer of the States:

We did consider that about 2 years ago when we did some work with KPMG and also with our own insurance advisers and an insurance model simply did not work for Jersey because we do not have a large enough population to make it an effective means of funding healthcare, so we have considered that and we did do some work on it with health insurers around 2 years ago when we were looking at the KPMG model.

Assistant Minister for Treasury and Resources:

Chairman, the work, I was Assistant Minister for Health at the time when we did the KPMG work and it does come down to the simple fact that at the end of the day our health system, no matter which way you fund it, is funded by the same 100,000 people that live on this Island. You can carve it up in different ways, you can take the money from those individuals by way of taxation, you can force those individuals to take out insurance policies to pay for their healthcare, you can do a combination of the two, you can do other things, but at the end of the day it is the same 100,000 people paying for their health care. There is no silver bullet and there is no free healthcare to be had I am afraid.

Senator S.C. Ferguson:

Well, absolutely. That is why at the moment we are paying for it through tax, but is that going to be sustainable as people start dropping out of the tax bracket?

The Minister for Treasury and Resources:

Why are they coming out of the tax bracket? What do you mean by that?

Senator S.C. Ferguson:

As the changes in the taxes over the last few years have gone through, people have been moving down from 20 per cent tax through to marginal or dropping off into the not paying tax at all. It is a question of looking at the overall financing of health, whether through the tax system is the most efficient one. We have done some work on the insurance side. Do we need to start looking at it in a fresh way?

The Minister for Treasury and Resources:

Well, it may well be, but we have already banked the decisions. What you are suggesting is a moving away from the principle of a potentially taxpayers funded, free at the point of delivery, healthcare system. While you might not like Obamacare, Obamacare does deliver healthcare to people who otherwise cannot get it. I know that you...

Senator S.C. Ferguson:

Well I think we ought to leave a discussion of that out.

The Minister for Treasury and Resources:

You raised it.

Senator S.C. Ferguson:

Yes, I mentioned it, which was perhaps foolish, but basically, yes, we do need to look at the funding of healthcare.

The Minister for Treasury and Resources:

We know that. So what is the question for us? Are we looking at the funding of healthcare? Are we looking at what the revenue expenditure is going to be? Are we looking at how we are going to pay for it? Yes. Are we going to come forward as part of our commitment with a sustainable funding model, which is one of our obligations? Treasury delivers everything that it is asked to do and we normally under-promise and over-deliver. We have delivered on our requirements for the hospital funding; that is sorted. We will be inviting the States to reconfirm and to clarify matters, which you have helpfully raised, in relation to the capital funding and we will be publishing, ahead of the budget, before the end of the year, in other words we hope to do it before the end of the year, in other words we hope to do it in September, about what the options will be for health growth spending and what the options will be to fund it so that it is sustainable.

Senator S.C. Ferguson:

Right, good, excellent.

The Minister for Treasury and Resources:

But there are some hard decisions and some hard choices ahead.

The Deputy of St. Ouen:

That is really encouraging and obviously we look forward to receiving that information as and when it comes out.

The Minister for Treasury and Resources:

Thank you, James.

The Deputy of St. Ouen:

Just picking up on sort of savings, some commentators continue to raise concerns about the increasing number of public sector employees. Do you share those concerns and what plans, if

any, do you have in restricting the growth, or the continuing growth, of the numbers of public sector employees?

The Minister for Treasury and Resources:

Okay. I mean I think there are two issues here, which get understandably mixed together. The issues about immigration and population, the numbers of people employed by the public sector, which is part of that other argument...

Deputy R.J. Rondel:

Well it is not only the numbers, it is the cost that goes with it.

The Minister for Treasury and Resources:

Right, Richard, you are right, yes. There is the overall issue of population and immigration, there is the public sector numbers, and then there is the cost. The whole thing gets sort of mixed around. If you are going to put more money into healthcare you are going to employ more people. You can put it off balance sheet, you can put them in non-States organisations like district nurse or hospice or other care agencies, you can privatise it. But it comes to the same effect. If you are going to be putting more money into looking after people in their own homes, into proper residential care homes, if you are going to employ, if you are going to expand services on Island, you are going to employ more people. The value for money issue of States employees is one of the things that I have always been concerned about. We had a situation where the prison was restricted in their headcount and so what they did when prison numbers were going up, happily they are going down now, when their numbers went up they could not employ more people and so they asked their staff to do more overtime. Was that value for money? Absolutely not. It would have been far better to employ more people. But that then conflates and is against the earlier policies of the overall numbers game. You have almost, if I may say, a certain amount of plastic debating, in other words not really sensible debating, about F.T.E.s (full-time equivalent), numbers and value. When I first came to Treasury, I said: "What is all this about and what is our objective as the Treasury?" Our objective must be number one of course to comply with other States policies, but to deliver best value and that is the challenge, Richard, is that we need a proper debate, which I hope is going to improve as we get more data, and we are getting more data now, I think we have revised reporting that we have committed to do with the Chief Minister's Department on public sector employees.

Treasurer of the States:

Yes, we have just done that only this week.

The Deputy of St. Ouen:

Are we going to see a public report on that?

Treasurer of the States:

I am not sure if it is a public report but it is certainly ready

Senator S.C. Ferguson:

There is no reason why it should not be, is there?

Treasurer of the States:

Well, Chairman, we have done a level of detail, we have done it at a very low level of detail and we would be very happy to share that with you. I am not sure that it would be appropriate for...

Senator S.C. Ferguson:

Because it has been raised with me that, if we are moving people out into quangos and so on, a constituent said to me the other day: "If we are moving people into the various quangos, we have done Jersey Telecoms, we have done Jersey Post, we are doing the airport and the harbours, the natural expectation would be that the number of employees would fall.

The Minister for Treasury and Resources:

Yes, but we always compare, these are all done by a stats unit independently and what they do, so you are completely clear, I remember a Yes Minister sketch, as I am sure you do, with the privatisation of the museum services, which met the Government targets and there was a Yes Minister programme on it. There is no Yes Minister here. What the stats unit do is they do a like for like comparison. So when, for example, an entity is incorporated they rebase the figures so that you can see, so it is apples and apples. But you are right, Sarah, the new data, which I am not responsible for, but I eagerly await the outcome of the work, the new population data is going to give the reconciled numbers of all staff, public sector, private sector, voluntary organisations, the whole lot, to a level of granular details, which we have never seen before, and reconciled happily once and for all with the social security numbers. That work is clearly, you are presumably getting the Assistant Chief Minister before you on those matters.

Deputy R.J. Rondel:

You have mentioned, in it he has mentioned 100,000 as what you are looking at; the figure that this Island has got to help pay for the finances, but...

The Minister for Treasury and Resources:

Sorry, the 100,000?

Deputy R.J. Rondel:

Population, the trigger towards the tax take. But how are you looking to create efficiency within the public sector? I mean you have major P.L.C.s (public limited company), I think it was Asda recently, they are getting rid of 2,600 management jobs but creating 4,000 focused roles.

The Minister for Treasury and Resources:

Well first of all the States is not Asda.

Deputy R.J. Rondel:

I know that.

The Minister for Treasury and Resources:

We are a Government that provides services.

Deputy R.J. Rondel:

How are you creating efficiency?

The Minister for Treasury and Resources:

Let us think back at what we have done. As of the end of last year we delivered, and forgive me for paraphrasing because the numbers are all reported. We have delivered, unless we would not have taken any action, we have delivered within the region of the £60 million to £65 million delivered by the next 2 years. I know there is a timing difference with Education, but we have delivered that 10 per cent, plus or minus, efficiency savings. We have now had a pause in 2014 to allow the other work that is being overseen by John Richardson and now with the Chief Minister and Senator Maclean, but we are intimately involved in it, we are dealing with the next part of the States modernisation agenda. It really is important that we do not simply say that we are doing all of this modernisation work to cut staff. We are doing it because we want to deliver better services more efficiently in a better more e-enabled world. Work is going on and you are going to see the results of some of that work when we publish, later this year, what we think the range, and it will be some ranges, of effectively savings that will be delivered. But I am not here today...

Deputy R.J. Rondel:

Well that is good and that is fine.

The Minister for Treasury and Resources:

But let me tell you that work is going on. I spent 3 hours yesterday with the Chief Minister and my Assistant Minister, John Richardson and Laura yesterday on it. We spent another 2 hours the day before. We are working on it. It is work in progress...

Deputy R.J. Rondel:

It is just to get a timeline of when we might see some results on that?

The Minister for Treasury and Resources:

Treasurer, do you want to add any colour to that?

Treasurer of the States:

Certainly, Chairman, we did produce a detailed report on this, certainly, as the Minister says, on the outcomes of the work that we did on the C.S.R. (Comprehensive Spending Review) and, as the Minister has said, other than some further savings, which nobody...

Senator S.C. Ferguson:

I think we asked that it should...

Treasurer of the States:

...which go out beyond the current financial year, we have delivered the savings that we promised in total. I accept that some of those savings were delivered in slightly different ways than were first envisaged, but nonetheless the financial savings have been delivered in the way the Minister just explained and the Education...

Senator S.C. Ferguson:

I think we asked, did we not...

The Minister for Treasury and Resources:

Let the Treasurer finish, because she is going on to say something quite important here.

Treasurer of the States:

The education colleagues are still delivering some of the savings in 2015 as well, but it is about £1 million or £2 million only that remains for them. So we have done a similar exercise and made very substantial savings thanks to the efforts of all the colleagues and departments who have had to make changes in order to deliver that.

Senator S.C. Ferguson:

I think at one stage we asked if the savings could be recast and reclassified in the same categories that the previous Auditor General classified them in.

The Minister for Treasury and Resources:

We have delivered what we have said, Sarah. We are a small team...

Senator S.C. Ferguson:

No, no, excuse me, Minister. When the previous Auditor General looked at the savings, what was said to be I think £35 million turned out to be £4.98 million. What we wanted was certainty that our 65 was a genuine 65.

The Minister for Treasury and Resources:

We have done all that, Sarah, and really you must ask questions, please, that are of information that you already know rather than me telling you what you have already had.

[11:30]

We know that the last F.S.R. (Fundamental Spending Review) was questioned by the C. and A.G. (Comptroller and Auditor General). We know that. We know that he said some savings were not really savings because they were going to happen anyway. That is fine, we know all that. We know that we have delivered savings that, if we would not have done the C.S.R., we would be seeing Government expenditure at £60 million higher than what it would be today. We know that the headline rate of spending has still gone up because we have put more money in healthcare. I can assure you that all Ministers, Chief Minister, myself, Senator Maclean, Deputy Noel, the Treasurer, John Richardson, are working as hard as we possibly can to see what we can deliver in terms of more efficiencies, better services going forward. What you have never seen is a Minister for Treasury and Resources going before a Panel in 2014 talking about plans that are not even a requirement of this administration and looking ahead about what we are going to be doing by 2020. Now, what you are asking for is some of that information now. I can tell you the work is going on, we will share it with you as soon as possible, but I can tell you, we are as enthusiastic as you are to deliver proper efficiencies and better services and best value for our community. You do not have the monopoly for that and neither do we, and we want to deliver it.

Senator S.C. Ferguson:

Okey-doke, super. Now, you advised us last time we met that all departments would be asked to identify the future demands on their services in future years. Have all departments identified these demands?

The Minister for Treasury and Resources:

Yes.

Senator S.C. Ferguson:

Including the Minister for External Relations, because when he appeared earlier this week we understood from the hearing that his department had not fed into the long-term plan yet.

The Minister for Treasury and Resources:

His officials certainly have. He is part of the Chief Minister's Department for that.

Senator S.C. Ferguson:

Good, excellent. Right, Richard?

Deputy R.J. Rondel:

Yes, perhaps you could have a rest and we pass on to your Assistant Minister on Fort Regent.

The Deputy of St. Ouen:

Sorry, Richard, just before that, one last question I would like to pick up on is, what are you doing, or how do you propose to engage with States Members and the public around about the allocation of growth funding?

The Minister for Treasury and Resources:

James, that will be of course as a matter for the next Council of Ministers and whoever is in the positions that are in that position. It will be for no doubt a good Minister for Treasury and Resources to work with a good Chief Minister to share with the public the plans and the challenges of the growth and the savings and getting the economic growth. But those are matters for a future Assembly, not me. What we are going to do is give that Assembly and give those Members and give the public as much information for them to make some informed decisions. What we do not want, I think, is we do not want there to be any misunderstanding of the challenges that we face, positive challenges, we are better than any other place, but certainly what we do not want I suppose is an election where people are saying: "I am going to fight for reductions in G.S.T." and simply not understand what the context of how much that would cost and what that would mean in terms of not being able to deliver growth. What we do not want is an election and a public debate happening in September/October where people can say things without understanding the facts. So, if they want to say: "I want to increase healthcare spending by £50 million and I agree with that," they have to say: "How are you going to do it?" So hopefully we are going to have a much more informed debate about the real choices that we as politicians face.

The Deputy of St. Ouen:

But the reality is, and I hear just what you are saying, and I support it, I would say. The issue is though that this year this States Assembly will still determine the budget for 2015 and obviously the States Assembly has a responsibility, as you know, in fact all States Members have, to make sure that the decisions made around that budget properly recognise some of the challenges that there are. I suppose this is a long-winded question, but the question is, just how are you going to make sure that States Members are sufficiently informed about those demands for growth funding that will be considered in more detail in 2015, prior to and before the debate?

The Minister for Treasury and Resources:

It is a really good question, James, it is a really good question, and what we are trying to do, and again you will understand the time pressures that we are under because we are obviously doing stuff a lot earlier and we are doing more work for the future than ever has been done. We are going to do our best to give States Members as much information as to the policy choices that they will have going forward and certainly the decisions that we take in the budget are affordable and sustainable looking ahead to the future and we are going to do our best to try and explain that. But your question is really good and that is why we are bringing forward effectively what Senator Ferguson was saying and I know that we spar a bit on this but at the end of the day we are on the same side, is that we want sustainable funding and we want sustainable finances and we want justified growth and we want taxation policies and income-raising policies that are going to be the right ones for Jersey.

Senator S.C. Ferguson:

And small Government.

The Minister for Treasury and Resources:

That is the political choice. We cannot say that, Sarah. It is up to the voters and it is up to politicians to decide what they want. If they want tea party politics they can vote for it, if they want high taxes they can vote for it.

Senator S.C. Ferguson:

No, I am not saying, I am just...no, I merely expressed an opinion.

Deputy R.J. Rondel:

Eddie, could you give us an update on the current status of work with Fort Regent please?

Assistant Minister for Treasury and Resources:

Yes. The Panel will not know this, but we have appointed a consortium to provide us with a detailed development type programme. It is a consortium led by a firm called Hock, they are using local advisers as well with local architects, with local engineers, et cetera, involved in the consortium.

Deputy R.J. Rondel:

Sorry, who are Hock?

Assistant Minister for Treasury and Resources:

Hock are an international firm, an architectural and development led firm, that have done schemes throughout the U.K. (United Kingdom) and throughout the world on similar type projects. One of their most recent ones that they have won is a project in Dubai to create a leisure, sport, cultural centre for the World Expo in 20-something. They are a world renowned firm. It is strange enough, their lead on this is a gentleman, one of the most senior gentlemen they have in their worldwide organisation, he works out of London and lives in Guernsey because his wife is a Guernsey lady. So he knows Jersey and the Channel Islands well, he knows Fort Regent well, and they have produced ... they started work 2 or 3 weeks ago. There is an 8-week programme and they will be producing their report over the summer months.

Deputy R.J. Rondel:

Okay, and what are their terms of reference?

Assistant Minister for Treasury and Resources:

They are quite detailed and quite extensive. I can provide those to you, to the Panel. Other work that has happened since we last spoke, we have had some traffic survey firm, Parsons Brinckerhoff, which T.T.S. (Traffic and Technical Services) used to look at traffic movements around Fort Regent, we have also...

Deputy R.J. Rondel:

Have you had the results of that?

Assistant Minister for Treasury and Resources:

I have just received the report back from that. We have also engaged with a firm called Ikoma who are one of the world-leading firms in providing cable cars, funiculars, mass transport systems, to see what will be feasible given the physical structures that we have and an indication of costings. We have also engaged with a local firm 4insight to provide some focus groups to get some feedback and to expand on the consultation that we launched back in November.

Deputy R.J. Rondel:

Sorry, was it Insight?

Assistant Minister for Treasury and Resources:

4insight. Other States organisations, I believe P.P.C. (Privileges and Procedures Committee) have used them recently as well. They provide focus groups to drill down into what people want from the Fort and what their issues are. Ongoing day-to-day activities is business as normal, the Fort is managed by Education and the day-to-day activities, they are business as normal, they are promoting activities, these conference facilities, et cetera, the sports facilities. Property Holdings have carried out some additional maintenance and upgrade works. We have changed the lighting system throughout quite a substantial part of the Fort to L.E.D.s (light-emitting diode) to have reduced the ongoing revenue costs, et cetera. We are doing some external works on some of the metal bridges and footways and staircases that link up different parts of the ramparts, et cetera, and we have done some work on the lifts, et cetera, and there is quite a range of activities that have been going on.

Deputy R.J. Rondel:

You have been through a public consultation process?

Assistant Minister for Treasury and Resources:

We are still going through that at the moment.

Deputy R.J. Rondel:

That is ongoing at the moment? What stage are you at with that?

Assistant Minister for Treasury and Resources:

We have finished the focus groups. We have been given a verbal report back on the social media interaction that we have been doing, a written report is coming shortly on that.

Director of Estates, Jersey Property Holdings:

If I may, Chairman. There is a Facebook page and we have had 3,500 followers on Facebook, so it is a very lively environment, a very lively debate. This is all informing the views of Islanders as to what they would like within their Fort. We have to marry those views alongside the work that Hock and the team are doing in terms of what is possible. We have structural surveys and other information to look at what is possible, to try and marry that together to come up with what is also commercially fundable within the pressures that the Minister has described over the next number of years. That piece of work that Hock are undertaking will come to fruition, as the Assistant Minister says, towards the end of August. That will give us some time to reflect on the art of the

possible and to look at what can be delivered and to bring that forward so that it can be included in good time within the next M.T.F.P. programme to look at we can meet those funding challenges but also the business case that would support that would be developed off the back of that work.

Deputy R.J. Rondel:

You say appropriate funding will need to be delivered, but are you going to have a private public partnership?

Assistant Minister for Treasury and Resources:

It is envisaged that, from the feedback that we have had from various bodies, the industry bodies and news groups, et cetera, there is some core parts of the offering at the Fort that are going to have to be publicly funded, a lot of the access issues are going to have to be, the infrastructure basically. So what we are looking to do is for, in broad terms, public funding for the infrastructure and then to licence out or lease out areas of the Fort to private enterprise for them to provide the activities. So it is a mixture of public and private but not in the traditional public private partnership arrangements.

Deputy R.J. Rondel:

That will all come out in the Hock report, will it?

Assistant Minister for Treasury and Resources:

It will come out in what we set out to do in November when we launched the Rediscovering Fort Regent, we gave an undertaking to provide a business plan, a robust business plan, that can be considered by effectively our next Parliament, the next Council of Ministers, for funding in the next M.T.F.P. and we are predominantly looking for capital funding, not revenue funding at this time.

Deputy R.J. Rondel:

The Hock report will come out?

Assistant Minister for Treasury and Resources:

The Hock report will form the basis of our initial report, which I hope to be issuing an early draft in September.

Senator S.C. Ferguson:

What makes you think that the leasing out the spaces will work this time compared to last time?

Assistant Minister for Treasury and Resources:

It is having the right activities, Chairman. A good example of that is that happens at Christmas time when the rotunda area was effectively leased out, rented or licensed out, to the ice rink, and that is a viable offering that many Islanders enjoy and use that is provided completely by private funding. Those type of operations. We will provide a flexible space that can be licensed out, leased out, rented out, to other organisations to provide activities. Some of them will be there on a year-around basis where there is a business case that will support that. Obviously ice skating would not be viable on a year-around basis. Again, we have a catchment area of 100,000 people and some tourists on top of that, but they would not be able to support that type of operation year-around.

The Deputy of St. Ouen:

Given that public consultation is still ongoing, what brief have you given to the consortium to come up with a plan?

Assistant Minister for Treasury and Resources:

Again, the terms of reference, we will give you that information.

The Deputy of St. Ouen:

You said a plan is going to be delivered, I mean I think many would argue that all sorts of different plans have been produced in the past but for whatever reason have never been delivered. What confidence can you give to us and to the public that this time the plan will be deliverable?

[11:45]

Assistant Minister for Treasury and Resources:

This time we will have a robust business case that States Members of the time, this will be probably debated next year when the funding for the M.T.F.P. is finally debated, they will be able to choose whether or not to support what we have there or not. But it will be a robust business case with robust granular detail.

Deputy R.J. Rondel:

Am I correct in saying that you have somebody on this full-time employed up there? When we went on that visit a few months ago I believe there was somebody at your...

Assistant Minister for Treasury and Resources:

We have not. There is a team of politicians and officers that we have dedicated resource within the various departments to look at this. Unfortunately, it is not single person's day job.

Deputy R.J. Rondel:

All right, we had a specific officer that was dedicated.

Assistant Minister for Treasury and Resources:

We have a specific officer from Treasury that is driving the Treasury side of things but there are specific officers that are on the ground at the Fort that manage the day-to-day stuff that are dealing with elements there.

The Deputy of St. Ouen:

If you say we have this business plan that it is going to be developed and available, have you asked the consortium to go as far as identifying expressions of interest from the public sector? Because any plan is just a vision until you have something concrete that you can put your finger on and say: "We can deliver this because we have A. B and C."

Assistant Minister for Treasury and Resources:

What we will have will allow us to take it to that next phase of saying, we have, for example, a hotel accommodation facility up at the Fort, and that they will give us information to see if that is feasible, if that is viable and...

The Deputy of St. Ouen:

But if you want a public private partnership you have to find a partner. Surely that has to be one of the first things.

Assistant Minister for Treasury and Resources:

But first thing is that there is no point in going out there trying to find a partner if your offering is not viable. They will be providing us with granular detail to make sure that what we are going out to offer to the marketplace is viable and we will find a partner to take on that activity.

The Deputy of St. Ouen:

Can I just ask you one last question? We were and I think the public were made aware that there was a local individual who showed an interest in getting involved in matters in issue around and at Fort Regent and the development of Fort Regent.

Assistant Minister for Treasury and Resources:

There was an individual that had shown some interest in providing some funding towards replacing the swimming pool with a swimming pool aquatic type centre and we are exploring those options, as you would expect us to do.

The Deputy of St. Ouen:

So they are still being explored?

Assistant Minister for Treasury and Resources:

Yes.

Deputy R.J. Rondel:

And Hock will look at that as well?

Assistant Minister for Treasury and Resources:

All our information...

Deputy R.J. Rondel:

How far-reaching is their remit? I mean would they look, you mentioned a possible hotel, would they look at a casino type thing as well?

Director of Estates, Jersey Property Holdings:

If I may, Chairman. We have not constrained them other than to identify the activities that currently happen within the Fort. It is very clear to say that this is not a threatening environment and it is not threatening to Fort staff and Fort users because we recognise the Fort does an extremely good job at the moment, it provides a lot of good services and a lot of good facilities. But those facilities are in a building, which is not best served by its use, it's a Fort, so Hock have the challenge, and this is why we brought in somebody who has international knowledge and reputation for looking at such things, they have the challenge of trying to accommodate those activities, the community, and increasingly perhaps arts and improving the heritage of the building, alongside delivering commercially viable activities, to marry those together so that we have something that provides the right level of facilities and benefits for the public, but also looks wider than that and provides a commercial activity that can cross-subsidise those public activities.

Deputy R.J. Rondel:

So they could come back with a hotel/casino type venture?

Director of Estates, Jersey Property Holdings:

At the moment they have not been given any strict boundaries. They are leisure experts. Another example that the Panel may wish to look at outside the room is Leeds Arena, which is a development that Hock have taken the forefront in, which is a regeneration project within Leeds and is a very interesting one. We can provide information on that if the Panel wish.

Deputy R.J. Rondel:

When will work begin on demolishing the swimming pool?

Assistant Minister for Treasury and Resources:

We hope to have people on site in September of this year. There will be limited works carried out within this year.

Deputy R.J. Rondel:

Because it was due to be demolished this year.

Assistant Minister for Treasury and Resources:

We had the budget for it to happen this year. We need to get the appropriate planning approval through and to do that we need to see the...depending on what we would put in its place will form part of an outline planning application. So we are waiting for the work that Hock are doing prior to putting in a planning application because they may come up with something that we have not thought of yet to put in its place.

Deputy R.J. Rondel:

All right, so that has been delayed.

Assistant Minister for Treasury and Resources:

We thought it prudent to wait until the outcome of the Hock report.

Deputy R.J. Rondel:

Is it £750,000 you have budgeted for?

Assistant Minister for Treasury and Resources:

We have £750,000 budgeted for the demolishing of the site.

Deputy R.J. Rondel:

Is that still the case?

Assistant Minister for Treasury and Resources:

That is still case.

Deputy R.J. Rondel:

The cost that you believe it will be?

Assistant Minister for Treasury and Resources:

Well you never know how much exactly it is going to be until you get the tenders in, but that is our budget and we will be working to it.

Deputy R.J. Rondel:

Have you not put anything out to tender prior to this?

Assistant Minister for Treasury and Resources:

We are in the process of considering putting it. We are again working with our colleagues at planning to see if we can start removing some of the asbestos that is within the building without a planning application and those types of scenarios, but we will be getting some work on the site this year.

Deputy R.J. Rondel:

Okay. Has it been delayed because of the planning process or due to a planning issue?

Assistant Minister for Treasury and Resources:

It is because, to preserve the value of the site, when you apply for demolition, you need to also be applying for at least an outline for what you going to replace it with to preserve the site. If we just cleared the site there would be a risk that planning at some future point would not allow us to rebuild what we want on the site.

The Deputy of St. Ouen:

Why have you waited so long to seek outline planning approval?

Assistant Minister for Treasury and Resources:

For that very reason, James, we need to know, or at least at a high probability, know of what we are going to put in its place...

The Deputy of St. Ouen:

So surely if you are talking about high probabilities of something to put in its place...

Assistant Minister for Treasury and Resources:

...it is one of the quirks of the planning system.

The Deputy of St. Ouen:

...if let us say it is a hotel, you need to have an operator. Do you have an operator?

Assistant Minister for Treasury and Resources:

No, you do not need to.

The Deputy of St. Ouen:

Then how do you know that there is a high probability that you could build the hotel?

Assistant Minister for Treasury and Resources:

But at least you have preserved the value of the site.

Director of Estates, Jersey Property Holdings:

Perhaps, if I can add, the outline planning application, we are working on this alongside the work that Hock are doing. It is likely to look at build form, so it is likely to look at the orientation of a building, its size, its massing, and general usage class, so leisure for example. It will not have the specifics of it is an 80-bedroom hotel or it is a 50-metre pool, but we do need to understand that we are not going to put in a planning application that boxes us in. So what we are trying to do is be quite clear that the outline application gives us the flexibility that we wish in the future when we crystallise the plans for the development

The Deputy of St. Ouen:

But you have had 3 years and you are still telling me that you have not got an outline planning application, even if it is just as you quoted, just appropriately describe just an outline of form rather than exactly what that building may or may not be used for.

Assistant Minister for Treasury and Resources:

To be fair, James, it is only 2014 that we have had any money to do anything, so there is no point carrying out the work and doing an outline planning application if you do not have the funds to carry it out. Also, we need to understand and provide something that the public are going to want to use so that it is sustainable going forward.

The Deputy of St. Ouen:

So you have ignored the previous public consultations that have taken place and just chosen to make the Fort Regent again less a priority than other matters.

Assistant Minister for Treasury and Resources:

No, not at all.

The Deputy of St. Ouen:

Well that is what you just told me.

Assistant Minister for Treasury and Resources:

No, I have not. Certainly, under my remit, since I have been chairman of the steering group, it has been completely the opposite. We have driven this forward to make sure that at the end of the day something that is appropriate for Jersey happens.

Deputy R.J. Rondel:

Why did you not speak to somebody like Hock say 12 months ago? You have only just introduced them to this process.

Assistant Minister for Treasury and Resources:

Because we have been doing other works, as described, at the Fort.

Deputy R.J. Rondel:

Which you believed were necessary to do?

Assistant Minister for Treasury and Resources:

It was necessary to do, but also it has taken us a while to identify who are the appropriate people to help us with this.

Treasurer of the States:

Certainly, Chairman, from the wider Treasury point of view, we are in a much better position now than we were prior, because a great deal of work has been done to identify how the Fort might develop and a lot of interesting ideas have been gleaned by the Assistant Minister from all the work that he has done with the wider team. The work has been very successfully progressed with Education and Sport and Culture colleagues and a whole series of different options are being explored. This is giving us at least a possibility of having some idea of what we might need to fund in the future. So a great deal of work has been done and in a very short space of time by the Assistant Minister and the wider team. 12 months ago, looking forward to help map what needs to go into the long-term capital programme, we would not have had an idea of what we should be putting in from a Treasury point of view into that long-term capital programme and...

The Deputy of St. Ouen:

I find that unbelievable, Treasurer, because you seem to ignore all the work that was undertaken between 2009 and 2011 by a steering group that was set up to look at it, supported by...

The Minister for Treasury and Resources:

Lower your voice and lower the aggression, James.

The Deputy of St. Ouen:

...from treasury and planning and everybody else that is still involved today and an action plan was identified, which was signed up to by, not only the Ministers and the individuals that were responsible at the time, but equally assurances were given that the department and the officers could deliver that action plan within the time allowed. So, to suggest that suddenly we have to have a whole new consultation, go back to the public and find out what they want, when all that work was done, and many of the issues that the Minister for Treasury and Resources has told us about and informed us about are exactly the same as they are now, and you tell me that it is only the last 12 months that something has happened. I am astonished, astonished.

Assistant Minister for Treasury and Resources:

Can I just add something? James, you were the author, of the steering group that I took over from, of a report that was published in I believe November 2011. I do not have a copy of that report with me today but...

The Deputy of St. Ouen:

Well I suggest you read it.

Assistant Minister for Treasury and Resources:

I have read it several times, James, and I suggest that you re-read it and you read the list of projects that you outlined in that report that you wanted to achieve and the timetable that you were going to achieve them in, and I suggest that you re-read your report and then come back and ask me those questions.

The Deputy of St. Ouen:

Well, first of all, Assistant Minister, just to remind you, I was tasked by the States to Chair a subgroup...

The Minister for Treasury and Resources:

Chairman, could you please ask your Member please not to shout at us. This is disrespectful.

The Deputy of St. Ouen:

A steering group set up that I chaired and that officers from every single key department were signatories and signed up to that interim report and the action plan that was included in it and we will wait and see and I will be very interested to see the outcome at the end of this year and be able to compare the conclusions reached by yourself in the last 3 years, and the officers that have been working with you, and compare them with the conclusions reached and contained in that interim report, because at the moment, and obviously I cannot comment on the work that has been

undertaken, at the moment it seems that we made very little advance in dealing with the issues around.

Senator S.C. Ferguson:

We will carry on I think now. No, I am sorry, Minister, it is my meeting, we will carry on to the next question.

The Minister for Treasury and Resources:

Well I am the Minister with ultimate responsibility and I am going to ask you, Chairman, to review what has just been said and when the facts, James first of all needs to declare an interest in not asking us questions as an independent, but somebody that was author of a previous report. Secondly, I have sat before Corporate Services on many occasions and we have robust discussions. But those robust discussions must be held properly and fairly and respectfully and I am afraid I am not going to sit here and allow the Treasurer of the States to be told things by somebody such as your Panel Member in the manner that was just done, and I am certainly not going to allow a situation where my Assistant Minister, who has done more...yes, the panel did a job previously and they did a good job, but there has been huge progress made in relation to Fort Regent and it is just not fair. Scrutiny must be fair, Chairman, and it must be respectful, and raised voices must not be made in an insulting way, which I believe that my department has just had, and I am not going to accept it. So please can you refrain from your Member, who is conflicted in this, from taking to task my team on things that they do not deserve to be treated like that. It is just not right.

[12:00]

Senator S.C. Ferguson:

We are trying to move on, Minister. Thank you.

The Minister for Treasury and Resources:

Well I would like an apology from the Deputy.

Senator S.C. Ferguson:

I think next question please, Richard. No, just a minute. Next question please, Richard.

Deputy R.J. Rondel:

I just have one last one. The concern I have, and I do not know whether you share it, is perhaps the planning process on such a big public position on this, do you feel it is a concern that you

cannot demolish something if you have the opportunity to, knowing that perhaps something else cannot be built? Is that an issue?

Assistant Minister for Treasury and Resources:

A personal view there, Deputy, is that, yes, I do agree with you in some respects, and another example of that is Plémont where we had a derelict building on that site for some significant number of years, and I think maybe that there are areas of our planning system that do need looking at. I don't know what the solution is but I do think it is unfortunate that we have to leave these buildings, in my view inappropriately, in place to go through the necessary planning process. As I say, I do not know what the answer to it is but I share your concerns.

Deputy R.J. Rondel:

But there is an issue, I agree, thank you. If we want to move on to the next topic, the police station, Minister. Could you give us an update as to the current status of the development of the police station?

Assistant Minister for Treasury and Resources:

We have gone out to tender. We went out to tender this Tuesday, on the 17th. We are expecting tenders to be returned by the second week of August, they will be reviewed and approved as appropriate, and we expect people in high-vis jackets to be on site at the tail end of August, beginning of September.

Deputy R.J. Rondel:

What date have you asked for the closure of the tenders?

Assistant Minister for Treasury and Resources:

The tender process closes on 11th August.

Director of Estates, Jersey Property Holdings:

That is an 8-week process, which is a relatively long process, but it is a large building and a complex building, because that includes the tender for the police station and the headquarters and the additional works to Green Street car park, so the whole thing is within one tender document.

Deputy R.J. Rondel:

Okay, and how many tenders do you hope to receive for a building so specialised?

Assistant Minister for Treasury and Resources:

We have 4 in the process of being done.

Director of Estates, Jersey Property Holdings:

There are, if I can add, Chairman, 4 tenders from 4 local companies, one of which is a consortium.

Deputy R.J. Rondel:

Okay.

The Deputy of St. Ouen:

Can you just confirm how long the project is likely to take?

Assistant Minister for Treasury and Resources:

The completion is due in August 2016.

Deputy R.J. Rondel:

Could you also confirm that all technical issues in respect of the development have been addressed?

Assistant Minister for Treasury and Resources:

As far as I am aware, they have been. The officers have been working extremely hard on this with the various parties concerned and I am not advised that anything is...

Director of Estates, Jersey Property Holdings:

Again, if I may add, we have full planning permission; we have bylaw permission, so all the permissions are in place. The permissions contain the normal planning conditions that you would expect and those conditions have either been discharged, where they can be discharged by the client, and will be discharged where they are conditions that need to be discharged by the contractor.

Deputy R.J. Rondel:

Are you aware of any problems or significant problems with the supply of equipment and materials to the site due to its lack of area around the site?

Director of Estates, Jersey Property Holdings:

If I may field that, Chair? It is a challenging site, it is a bounded and difficult site, but it is not uniquely difficult. Building in St. Helier is complex if you are building large buildings. The requirements under the planning conditions will be for the contractor to comply with T.T.S.'s requirements in terms of traffic and in terms of other access to the site. We do not know precisely how that will be effected because the winning tenderer, the appointed contractor, will have to come forward with a method statement that meets all of the requirements of T.T.S. and planning

conditions in that regard. They may have alternative different ways of approaching that so we cannot second guess at this stage, but you can be assured that we cannot commence construction without complying with the planning conditions.

Deputy R.J. Rondel:

Because it is touching the cemetery next door, are there any issues there?

Director of Estates, Jersey Property Holdings:

The issues in relation to adjacent properties will be dealt with in the planning conditions and they will be complied with.

Senator S.C. Ferguson:

Yes, because it does occur to me that when you are pouring concrete you are going to have to close Route du Fort.

Director of Estates, Jersey Property Holdings:

Again, I cannot say precisely, because the contractor will need to consider how that is going to operate. Any road closures, I do not think there will be closures, there may be impacts on traffic movements will need to be discussed and agreed with T.T.S.

Senator S.C. Ferguson:

You will be publicising these, will you, when it is?

Director of Estates, Jersey Property Holdings:

Indeed. There is a process for publication, there will be a communications plan that we will follow with this, which will explain the car park closures and all the activities that will affect the public.

Senator S.C. Ferguson:

Yes, because the closure of Route du Fort will be almost as bad as Mount Bingham.

The Minister for Treasury and Resources:

Senator, there is no discussion about closing of Route du Fort. Please do not let that hare run. I know it has already been said in the States. Sarah, I have no evidence of anybody telling me that Route du Fort is going to shut. I draw your attention to the wide carriageway at the space that is longer, I would be surprised if we are going to be shutting Route du Fort, and if there was any traffic changes around at the margin for certain periods during the day requiring delay line to be used, I am sure that traffic will be circulating freely. Please do not let hares run.

Senator S.C. Ferguson:

There are no problems with the design?

The Minister for Treasury and Resources:

Done an excellent job and got planning approval.

Senator S.C. Ferguson:

On the practical side?

The Minister for Treasury and Resources:

The police are delighted. I saw the Deputy Police Chief walking in to town, as he normally does at 6.15 in the morning, on my way to the gym, he says he is delighted.

Senator S.C. Ferguson:

All right, interesting. The jury is still out on that one.

The Minister for Treasury and Resources:

Why is it out, Sarah?

Senator S.C. Ferguson:

What stage has the office strategy reached?

The Minister for Treasury and Resources:

Sorry, why is the jury out on the police station, Sarah?

Senator S.C. Ferguson:

Well, you have just said there are no problems with the design as such. That is fine.

The Minister for Treasury and Resources:

Okay, well there is no jury on our side; we are delivering a police station that the police want.

Senator S.C. Ferguson:

Okay, right.

The Minister for Treasury and Resources:

Good.

Senator S.C. Ferguson:

Going one stage further then, what stage has the office strategy reached? The document on the office strategy has been sculling around for years.

Assistant Minister for Treasury and Resources:

Well, as you know, Chairman, you attended Maritime House on 20th February, we gave you a detailed briefing then, took you through the process. We gave you a timetable of what we were planning to do. That timetable has not changed. We propose to be issuing our proposals on the office strategy in August of this year. We are on course and on track and nothing has changed since we last met.

The Deputy of St. Ouen:

There were 3 phases to the office strategy.

Assistant Minister for Treasury and Resources:

Yes.

The Deputy of St. Ouen:

We have covered 2 of them, we have just spoken about the police station, you mentioned obviously about the Maritime House, but there is also more medium and longer-term matters. Can you just sort of cover those for us please?

Assistant Minister for Treasury and Resources:

Yes. I am at cross-purposes, we have 3 phases of the office strategy, additional things that we have is we are on to the next stage of the office modernisation programme. The first phase was the police station. The second phase, as you rightly say, was the move to Maritime House, and we are completing the information now to define, as we set out we would by August, the next phases, because they may be broken down into a number, and that will be published in August.

The Deputy of St. Ouen:

So, sorry, just to be clear, what can we expect in August? Because it seems as though, and I am really pleased to hear that there is a lot of information that is going to be coming out from the department covering a number of different areas, but what will be able to consider in August?

Director of Estates, Jersey Property Holdings:

Perhaps if I can, Chairman, set this in context. The activities that we are undertaking, and we are being supported by some external consultants in this, we have done quite a lot of work to assess the need and we have a need validation report. It is a very comprehensive and detailed report on

needs. We have identified all of the departments' requirements. We have undertaken a lot of stakeholder engagement because we are very conscious that changing the physical environment in offices is only part of the requirement to changing the way people work, it links to cultural change as well as technological change and changing policies and other matters, which is why the office strategy work sits within the public sector reform work and it is part of that workstream. We have undertaken a property validation report, the statement of business needs, so we understand those needs. We are now working our way through part C of our 3-part process, which is looking at options, market information and intelligence, on opportunities and also on the costs and benefits of acquiring or divesting ourselves of properties. That will then form an implementation plan, which will be an in-house document for discussion. When that implementation plan is a preferred option, it will be developed into a strategic business case, and it is that business case that will be developed for the end of August.

The Deputy of St. Ouen:

That includes sites like South Hill, which continues to be mentioned as a potential development?

Director of Estates, Jersey Property Holdings:

All of our current office sites within St. Helier are being considered as to whether they are kept and developed, disposed or refurbished. Then there will be a coherent set of options based around those generic options, which will look to divest of properties, and clearly the ones that have a higher alternative use value are going to be the ones that we look at divesting because that will provide funding for the public to reinvest in its prioritised capital programme.

Deputy R.J. Rondel:

Are you content that the J.C.G. (Jersey College for Girls) site is moving along as quickly as you would like?

Assistant Minister for Treasury and Resources:

Yes. I believe that site, permission has gone in there, so we are waiting for that to be determined, and hopefully...

Deputy R.J. Rondel:

It went in a little while ago I think, did it not?

Director of Estates, Jersey Property Holdings:

Yes, it is a site that is being developed by S.o.J.D.C. (States of Jersey Development Company) and we work closely with them but they are the agents to act for that.

Deputy R.J. Rondel:

But, when do you expect a planning decision on that?

Assistant Minister for Treasury and Resources:

You would have to ask the Planning Department about that.

The Minister for Treasury and Resources:

This is S.o.J.D.C. and I think we expect a decision imminently and I know that the planning panel has two hearings in July and August and we very much hope it is going to be before that. The delay has been a very unfortunate delay and we would like to have been on site. It is one of those good examples of shovel-ready projects, which we would have been on site if we would not have had the delays. But hopefully it is going to be sorted out very quickly.

Deputy R.J. Rondel:

What were the significant delays there?

Assistant Minister for Treasury and Resources:

The significant delay where we lost the majority of the time was to do with the arrangements with the adjacent school for parents to be able to safely drop off and pick up children.

Deputy R.J. Rondel:

Is that still not a concern?

Assistant Minister for Treasury and Resources:

No, it was never a concern. Officers at J.P.H. (Jersey Property Holdings) and S.o.J.D.C., we have managed to come up with a solution that works for the school, works for parents, and is affordable.

The Deputy of St. Ouen:

What were the other reasons for the delay?

Assistant Minister for Treasury and Resources:

From my perspective, I think that was...

The Minister for Treasury and Resources:

There was another one in relation to the Minister for Planning and Environment's views in relation to the amount of social affordable housing on the site. That has delayed us.

Deputy R.J. Rondel:

Which has now been agreed and you will be delivering more affordable than was first envisaged?

The Minister for Treasury and Resources:

Yes, but that has added unfortunately to the delay.

Deputy R.J. Rondel:

I have heard, because the Parish of St. Helier have been developing Maison de Ville, which is near that site, I think there are concerns by residents and possibly the school about that, so full consultation with them needs to happen.

Assistant Minister for Treasury and Resources:

Well that is the planning process; that is not Treasury's call.

Deputy R.J. Rondel:

But that can delay things as well.

The Deputy of St. Ouen:

When we last met, I think you told us that you were due to discuss with the Minister for Housing about whether or not the Starter Home Deposit Loan Scheme was going to be repeated and obviously consider the outcomes and review how the previous scheme had worked. Can you just update us on progress on that?

The Minister for Treasury and Resources:

Yes. I am just pulling up on my email system, because we have one of the first meetings of the Strategic Housing Group, which is scheduled, the agenda has just come in, for 23rd June on that. On the agenda, the Minister and I are going to consider an update report, which I think is this one here, and I think we have already shared that report with you. I thought we had.

[12:15]

Treasurer of the States:

I think we did. Yes, we did at a previous meeting, Chairman, share that.

The Deputy of St. Ouen:

5th March?

The Minister for Treasury and Resources:

Yes, which was effectively...

The Deputy of St. Ouen:

At the end of the scheme?

Treasurer of the States:

We were approaching the end of the scheme at that point.

The Minister for Treasury and Resources:

I think there might have been a couple more houses going through, but that was pretty well the end of it, and we are happy to share the report that is going to the S.H.U.(Strategic Housing Unit) next year and the Minister and I are going to consider how that has gone. We are going to look at data in the housing market and consider what action, whether or not there is a case to be made for a further scheme. Clearly, things have moved on quite a bit. The volumes in the housing market have certainly increased. I think we are very confident in saying that the assertions that we made about the scheme not being inflationary have been proven to be the case because of the tight banding arrangements and we certainly see no inflation in house prices. If anything we saw a number of people at the point of having had their houses on the market for some time making a decision to sell and that has been a beneficial situation for a number of people. There have been home owners that have got into home ownership that otherwise would not have been the case and certainly some house sellers that wanted to sell got some buyers, but certainly it was not in any way inflationary and so I believe that all the work that we did, and your good questions that you made and your concerns about the scheme, have happened. There has been some confusion about the buy-to-let scheme in the U.K. and the housing funding schemes in the U.K. and...

Deputy R.J. Rondel:

Is that the Public Accounts Committee came out with something recently?

The Minister for Treasury and Resources:

Yes, that is right. That is the U.K. Public Accounts Committee. That is not a surprise, Andrew Tyrie had been questioning that funding for lending for some time. Clearly it is a mixed picture on the housing market in the U.K., on one side is the south of England and London, and then there is the rest of the country, and the Chancellor will say that most of the funding for lending scheme is outside London, and on all the data I have seen, I was looking at some data last night...

Deputy R.J. Rondel:

Delivery and supply.

The Minister for Treasury and Resources:

Yes, but we are looking at it. We now have the Housing Policy Unit. That is the right forum to discuss it and, if there is a case for doing another scheme, and it is not going to be inflationary, then we remain open to those views. But no decisions have been made. But the scheme has been very successful and we are very pleased with it.

The Deputy of St. Ouen:

Just to confirm, will you be presenting a report to the States outlining the conclusions in respect to the initial?

The Minister for Treasury and Resources:

If we have not already done so, we are happy to do that, yes, happy to do so.

The Deputy of St. Ouen:

Because at the moment we are currently unaware about the numbers that have been supported.

The Minister for Treasury and Resources:

No, I think we have already given you that report.

The Deputy of St. Ouen:

No. That was...sorry...

The Minister for Treasury and Resources:

There were not many more after that.

Assistant Minister for Treasury and Resources:

I think there was only one or two other houses after the report that we...

The Deputy of St. Ouen:

It would be useful if we could be provided with a sort of the final picture.

Treasurer of the States:

The final picture, the schedule that we provided you before, we had 51 offers at that time, of which 49 contracts had been signed to date. As we stand here now, as the Assistant Minister just mentioned, we now have 50 contracts signed and the scheme is closed to any more applicants. The value of the houses where contracts have been signed is £15.9 million and monies that the States has loaned are around £2.5 million.

Senator S.C. Ferguson:

Have you got any sort of waiting list on that?

Treasurer of the States:

Well the scheme is now closed, Chairman.

Senator S.C. Ferguson:

Yes, I know it is closed, but how many applicants did you have as opposed to the 50 that have gone through to completion?

The Minister for Treasury and Resources:

I have the report here. I have not checked this, we have not looked at this as a Treasury team yet, we have a full report, which we will provide you, which is the report, but we obviously funded the scheme and it was run by...Treasury signed off on the individual loans as appropriate but with no Ministerial decision, and there is a full report. I am looking at it here and am happy to provide that to you. In fact I am just learning stuff as I am looking at it here. It was £2.5 million, we have the economic adviser saying what he thinks about it, and it has a comparison with the U.K. scheme, the U.S. (United States) scheme, and also we have some observations for Ministers to consider. So we will give you all of that, but...

Senator S.C. Ferguson:

Yes, but what I was asking, if you will excuse me, Minister, what I was asking was have we got a waiting list?

The Minister for Treasury and Resources:

No.

Senator S.C. Ferguson:

How much demand was there over and above the 50 that have gone through to completion?

The Minister for Treasury and Resources:

We will come back to you with that number.

Treasurer of the States:

It was a time-limited scheme as well, Chairman, so we progressed all the applications that we received, which were in time and met the criteria, we progressed.

Senator S.C. Ferguson:

Right, so that in fact there is no surplus of people on a waiting list who have expressed...not on a waiting list, who have expressed an interest but did not get it done in time or meet the criteria? That is what I am asking,

The Minister for Treasury and Resources:

No, but what must be understood is there is of course a large number of aspiring home owners that continue to try and find opportunities to get on to the housing ladder and what we need to test is whether or not there is a case for a further scheme in order to push them over the line, because of course you will be aware that lending, the banks say that there is liquidity available, all of the banks, and I have met the bosses of all the 5 lending banks in the last month, and they have all...the multiples for Jersey are different because of the reliefs that are there. That is another debate about property tax, mortgage interest tax relief. We will come back to that one. Not today, if we may. But there is a case that we want to look at is we do not want to distort the market, we are as one with that. We absolutely want to get people who can operate in the free market to get their own mortgage provision. Liquidity is there but can couples or individuals that want to get into home ownership, with the lending criteria that are required in terms of deposit, loan-to-value numbers. If you have a parent and you can go to Skipton or one of the other banks, you can get your deposit by using the equity in your parents' home. You can do that. If you do not have parents in that situation, it is really tough to be able to meet that deposit without having a much higher interest rate with a loan-to-value of 90 per cent. The interest rates fall quite quickly from 90 per cent and downwards and it is that which we want to test.

Senator S.C. Ferguson:

Yes, I appreciate that.

The Minister for Treasury and Resources:

So there is a big issue about liquidity, whether or not the mortgage market is working well. You would be surprised about the conversations I am having about these issues. I saw the boss of the Building Societies Association in the U.K. last week. I am thinking about what the Economics Secretary in the U.K. is saying about banking and plurality and competition in banking. I am thinking about the mortgage market. I am thinking about lots of things in relation to this issue. A big topic, cannot do it justice in 2 minutes, it really...

Senator S.C. Ferguson:

Yes, well I leave you with the thought from one of my constituents who said: "When I started work at 16 I started saving and when I got to 25 I did not go on expensive holidays, I did not have an

expensive car, and when I got to 25 I could afford the deposit on my first house.” So I just leave you with that thought.

The Minister for Treasury and Resources:

Fine, but we can always come up with 16-year-olds, you can find a 16-year-old who is of limited means that did not go to work; that invested in their education and did not work from the age of 16 and was getting qualifications, whether those be apprenticeships or other banking or other qualifications, there are always examples. Do we all agree that we want to get as many people into home ownership who want to and can afford to safely? Yes.

Senator S.C. Ferguson:

Do we want people to stand on their own feet?

The Minister for Treasury and Resources:

Yes.

Senator S.C. Ferguson:

Yes, thank you.

The Deputy of St. Ouen:

P.131 of 2012...

The Minister for Treasury and Resources:

Not a memory test, James, which one is that one?

The Deputy of St. Ouen:

That is the Starter Home Deposit Loan Scheme proposition, we are still on that topic. It stated that £3 million would be used and that it was estimated that approximately 100 households...

The Minister for Treasury and Resources:

Up to 100.

The Deputy of St. Ouen:

...could be helped as a result. Are you disappointed that we only were able to help 50?

The Minister for Treasury and Resources:

No, because the great thing is that the type of people who have got in, clearly there would have been 100 at the flat number, which would be one-bedroom flats, and it would be a lower number

for family homes, and the distribution seems to be more about...and again I am a single person so I am not saying anything I am in favour of families or otherwise, but clearly that is the distribution. If you have not had the report, we have the distribution, so more aspiring families seem to have got hold of the scheme. Yes, of course, half a million, we set a very clear open and shut timetable because we wanted the in and out to get the stimulus without being inflationary and that obviously gives us some latitude, it is not very much, but that gives us some latitude and that will factor into our discussions next week. But, no, I am very pleased with it. I mean the headlines...

Senator S.C. Ferguson:

Have you got any feel for how they are going to cope when interest rates go back up again?

The Minister for Treasury and Resources:

Sarah, I cannot answer everything in the world, but everybody is expecting interest rates to go up...

Senator S.C. Ferguson:

No, no, but when you look at the sort of incomes on which they are coping, and on which you based their suitability for these loans, you must have thought somebody must have a gut feel for it.

The Minister for Treasury and Resources:

No, remember, that was outsourced to the banks. The credit risk of the mortgage is the banks', we have outsourced that properly. We provided the deposit and that means that the skin in the game was the banks'. They are the ones that have provided most of the liquidity. We provided the deposit on top of that in order to allow them to do it. All the due diligence about the affordability and all of that was done through the...

Senator S.C. Ferguson:

It has been outsourced, excellent.

The Minister for Treasury and Resources:

Exactly, jolly good, that is the right way to do it. We do not want to start having a Housing Department or a Treasury thinking about people's individual circumstances. We set policy and ask somebody else to do it, and they have done it very well and I am delighted.

Senator S.C. Ferguson:

Yes, because it may well make a difference to these families when interest rates go back up again.

The Minister for Treasury and Resources:

Well, it might do, Sarah, but we got 51 people in house...

Senator S.C. Ferguson:

No, but the next tranche.

The Minister for Treasury and Resources:

If we do a next tranche.

Senator S.C. Ferguson:

Right. Utilities, just a quick one, you advised us in March about the work you had undertaken looking at Jersey Telecom. What stage has that work reached?

The Minister for Treasury and Resources:

It is ongoing, it is basically ongoing and we are working with Economic Development and I hope to be able to be reporting back on some of the conclusions of the work that we are doing later on this year, towards obviously the end of my term of office. J.T. (Jersey Telecom) continues to command rightly a lot of our attention and I am actively engaged with the Treasurer and the Assistant Minister on discussing a number of issues with J.T. looking at the objectives and thinking about the normal issues about matters that we need to consider at the A.G.M. (annual general meeting) and all such matters. I am not really in a position today to give you any conclusions because work is underway.

Deputy R.J. Rondel:

One of the questions I asked in the Assembly was to do with mobile contracts and they were going to go out to tender.

The Minister for Treasury and Resources:

That is a procurement issue, is it not, Richard?

Deputy R.J. Rondel:

Yes.

The Minister for Treasury and Resources:

I do not know the answer to that, nor am I...

Deputy R.J. Rondel:

I do not if you have an update on that figure?

Treasurer of the States:

We can provide that outside the meeting, Chairman.

Deputy R.J. Rondel:

Would that be okay, because that was supposed to happen a few months ago on mobile phones.

The Minister for Treasury and Resources:

That is the issue of the...

Treasurer of the States:

We are doing a mobile phone tender, I just do not know at this point what stage it has reached, but I can certainly let you know.

Deputy R.J. Rondel:

If I can get an update, thank you very much.

The Minister for Treasury and Resources:

I know I have a nice new phone on my desk, which no doubt is saving money.

Treasurer of the States:

That is the internal system.

Senator S.C. Ferguson:

It will save even more if you do not use it.

The Minister for Treasury and Resources:

I understand, when I call you here, Sarah, if you would like to give me a tinkle here, I understand the call is free.

Deputy R.J. Rondel:

No, the idea is, it was going to go to tender to the other companies as well for the first time, rather than just...

The Minister for Treasury and Resources:

It is one of earlier savings, Sarah, we are saving £600,000 by doing V.o.I.P. (Voice over Internet Protocol). That worked. We forget what we have achieved.

Senator S.C. Ferguson:

Yes. Now, I suppose the sort of crunch one is, we are doing the work on the relationship with the utilities, do you think that the framework of the relationship between the States and the utilities needs to be reviewed and changed?

The Minister for Treasury and Resources:

It is a dynamic issue and it needs to be constantly made sure that it is fit for purpose. I will be responding forthrightly to Deputy Baudains's attempt to again I think move back to a committee system, which I believe would not be the right way to proceed.

[12:30]

Moving back to a committee system would mean that you would not have an individual that you could hold to account and I think it would be confusing to the boards, I think it would be effectively going back to the committee system. I know that is what some people want, but at the States debate I will be providing a full comment in relation to Deputy Baudains's proposal; that it is not agreed, as you would expect.

Senator S.C. Ferguson:

Super. The other thing is, the P.E.C.R.S. (Public Employees Contributory Retirement Scheme) regulations, when are those is going to be lodged and debated? Because we want to get our adviser working on them.

Treasurer of the States:

Well, I can help you with that, Chairman. There are 4 sets of regulations to be produced. The P.E.P.S. (Public Employees Pension Scheme) Administration Regulations, the P.E.P.S. benefit regulations, some amendments to the current P.E.C.R.S. regulations, and also the P.E.P.S. Transitional Regulations. So, as you can appreciate, there is quite a lot to do. By far the bulk of that work is involved in developing the administration regulations and we are working actively with the Committee of Management at the moment, so what we are doing is developing the part of the regulations and sharing it with the Committee of Management to get their comments. So we are doing that as an iterative process so as not to save everything up into one huge pile and give it to them at the last minute. The law draughtsmen are obviously working very hard to support us in this. I mentioned to your officers this morning that we are very happy to adopt the same process for your Panel to share the regulations with you as we are developing them so that you are not faced, or rather with your adviser, so we agreed this morning with your officer to get some dates in the diary. I do not know if William has had the opportunity to mention this to you yet. But to get some dates in the diary so that we can arrange for Michelle, your adviser, to come over, your

adviser from BWCI. What we do not want to do is to lumber you with a huge amount of work just before the summer holidays, so we would rather lumber you with a huge amount of work earlier.

Senator S.C. Ferguson:

Right. That is very considerate, thank you.

The Deputy of St. Ouen:

At what date to you plan to lodge the regulations?

Treasurer of the States:

We plan to lodge the regulations during the July sitting.

The Deputy of St. Ouen:

Do you believe that timescale is achievable, given that there are still some bodies or representatives of the affected employees that have yet to ballot their members?

Treasurer of the States:

Yes, we do, Chairman, believe that is possible. We will do our best to get all of the regulations done for the July sitting. We do have a plan B if we cannot get everything ready for the July sitting and I have had an update only this morning from on the trade union side about their activities and they are now actively progressing the balance. As you would appreciate, some are keener than others on the proposed changes. So we await with interest the outcome from those ballots and of course they are very important to us. I would say however that we have actively involved the trade unions from the very beginning, 2 years ago, and we have had all the trade unions there, and their contributions have been immensely helpful in getting us to the point that we are now at. All the trade unions have been supportive and very actively involved. We have had dozens of meetings with them, so we have not left all that until the last minute either.

Senator S.C. Ferguson:

Yes, much better that way. And one tiny little question, I noticed from the J.F.S.C. (Jersey Financial Services Commission) accounts that commissioners have all had a 5 per cent pay rise this year, which seems a bit strange when we are getting complaints from the industry that they are having to work even harder to get somewhere. But the Director General has not taken a pay rise.

The Minister for Treasury and Resources:

Well, sorry, you are talking to me as...if you would like to come and talk to me about my financial services responsibilities then I am happy to do that, maybe it is time I did come and talk to you

about that, because that is an important remit. I am absolutely aware, I have been addressing this morning a seminar on financial services and the new tripartite arrangements we have with the Commission and certainly, if the Commissioners have decided, and there is a remuneration committee that deals with that, the normal practice is that all our States-owned entities, all non-exec pay is approved A.G.M.s and obviously J.F.S.C. is independent but the Commissioners all of course are...I do not know what their previous increase was, I need to see, I do not know, all I know is that Commissioners are working very hard for the benefit of Jersey in relation to our new and co-operative relationship with the Commission, so they are spending a lot of time on Jersey work. I can make no comment.

Senator S.C. Ferguson:

Okay. I just bring it to your attention.

The Minister for Treasury and Resources:

Can I just say two more things that you might be interested about?

Senator S.C. Ferguson:

Yes.

The Minister for Treasury and Resources:

Just very quickly, do you have to go?

Senator S.C. Ferguson:

We are hanging on your every word.

Deputy R.J. Rondel:

I mentioned it a few months ago at a previous hearing that Alderney were becoming involved with Bitcoins. I hear on the radio this morning you were talking about that. What is your view?

The Minister for Treasury and Resources:

I do not know what quote they have used. Bitcoins is a really...I mean that is a big issue, not really a Treasury matter, as you appreciate, Richard, I do not want to answer...

Senator S.C. Ferguson:

It is, because you will be done out of tax if people are using Bitcoins.

The Minister for Treasury and Resources:

Well, the J.F.S.C. has designated Bitcoins as an investment class, not as a currency, among other things, and there is a tax policy that is already discussed on that, we have no concerns on that. Bitcoins and crypto-currencies have some risks and there are some opportunities and we fully intend to enhance that and there will be more news on that. But can I just say two things. The last time I came before you we had not done our bond issue and you normally ask us questions about what we do and what we promise and then how we would deliver. I would just like to tell you just one thing if I may. In the budget last year we set out what the expectation was going to be of the bond in terms of the benchmark of the gilts and we indicated in our budget that it would be between 80 and 125 basis points over 40-year gilts and the same rate over 30-year. As a result of the work of the Treasurer and the Treasury team, we have delivered 52 basis points over a lower interest rate than we thought we have there. That big University of Cambridge, which was 67 basis points, and has been one of the most well-regarded and regarded as being well-run, well-received bonds in the U.K. market, so I know that sometimes you do not believe what I say, and that is fine, but what the bond markets thought of Jersey was very positive and I just thought you might want to see that cartoon, which was...and that is not me, that is obviously Jersey in 2054, because it is in 2054 we will repay our 3.75 effective interest rate, 3.8 per cent out of Jersey.

Deputy R.J. Rondel:

Is that how they think you will look in 2054?

The Minister for Treasury and Resources:

Obviously that is not me. But I thought that...it could be, but investors believed in the Jersey story and well done to the Treasury and well done to the Housing team and everybody that has done that. I think it is a huge success. The last thing I would say to you, Sarah, because while Eddie was talking about Fort Regent and doing his good work, and I hope delivering everything that James wanted and more, I just did a little comparison on Singapore. Singapore's income tax is at 20 per cent. They have a social securities rate of 16 per cent, their national providence fund, we are 5.3 per cent for employers. Employees pay 20 per cent in Singapore, we pay 5.2 per cent. On the H.I.F.(Health Insurance Fund), they have that medicare system, they pay 7 per cent employer in Singapore and employees pay in 9.5 per cent, where we have 1.2 per cent and 0.8 per cent. They have G.S.T. at 7 per cent instead of 5 per cent. So, if you would like to move to Singapore with those higher rates of tax and social security system, I am sure that they would welcome you with open arms. But please stay in Jersey because we...

Senator S.C. Ferguson:

Yes, but what you need to do when you are doing that is to look at equivalent salary levels.

The Minister for Treasury and Resources:

I will look at that too and I will give you information on that.

Senator S.C. Ferguson:

Yes. The meeting is closed.

[12:39]