



STATES OF JERSEY

Corporate Services Scrutiny Panel Economic Stimulus Plan Review Hearing

THURSDAY, 15th OCTOBER 2009

Panel:

Senator S.C. Ferguson (Chairman)
Deputy C.H. Egré of St. Peter (Vice Chairman)
Connétable D.J. Murphy of Grouville
Deputy T.A. Vallois of St. Saviour
Professor M. Oliver (Panel Adviser)

Witnesses:

Senator P.F.C. Ozouf (The Minister for Treasury and Resources)
Mr. I. Black (Treasurer of the States)
Mr. D. Peedle (Economic Adviser, Chief Minister's Department)
Ms. A. Homer (Fiscal Stimulus Programme Manager)

Also in attendance:

Mr. M. Robbins (Scrutiny Officer)

Senator S.C. Ferguson (Chairman):

Minister, we would like to welcome you to our Corporate Services Review Panel on the Economic Stimulus Plan part 2. I wonder, for the purposes of the lady recording and the transcribing lady, if you could say who you are and what your position is.

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

Philip Ozouf, Minister for Treasury and Resources.

Mr. I. Black (Treasurer of the States):

Ian Black, Treasurer of the States.

Mr. D. Peedle (Economic Adviser, Chief Minister's Department):

Dougie Peedle, Economic Adviser.

Ms. A. Homer (Fiscal Stimulus Programme Manager):

Anne Homer, Fiscal Stimulus Programme Manager.

Connétable D.J. Murphy of Grouville:

Dan Murphy, Constable of Grouville.

Deputy T.A. Vallois of St. Saviour:

Tracey Vallois, Deputy of St. Saviour.

Deputy C.H. Egré of St. Peter (Vice Chairman):

Collin Egré, Deputy of St. Peter, Vice Chairman.

Senator S.C. Ferguson:

Sarah Ferguson, Chairman.

Professor M. Oliver (Panel Adviser):

Michael Oliver, Panel Adviser.

Mr. M. Robbins (Scrutiny Officer):

Mick Robbins, Scrutiny Officer.

Senator P.F.C. Ozouf:

I should probably introduce, Chairman. Anne, you were not here for the first briefing with the Chief Minister. Anne Homer is the new Sam, who is now the programme director that is working with the Treasury in relation to this and is here to assist in any of the detail. Anne is running very competently and diligently the programme from now in the Treasury, replacing Sam who has now gone back to the private sector.

Senator S.C. Ferguson:

Super. I was going to say where do you see Jersey on the recession curve at this point in time?

Senator P.F.C. Ozouf:

The economic advice so far has been that there will be a significant downturn in 2009 and 2010. The preliminary updates from the Economic Unit set out the forecast and the economic stimulus debate was that G.V.A. (gross value added) was expected to fall by minus 3 per cent in 2009 and 2 per cent in 2010. I have to say that these figures are largely unchanged from the previous figures of minus 4 per cent in 2009 to minus 2 per cent in 2010. These figures are consistent with the last F.P.P. (Fiscal Policy Panel) which said the economy of Jersey would fall between 4 per cent and 6 per cent in 2009 and 1 per cent and 3 per cent in 2010. The F.P.P. will update their forecasts as part of the annual report that they do which is published after I lodge the budget. F.P.P. are due to publish their annual report on 10th November. Since the overall debate on the Fiscal Stimulus Package obviously there has been a lot going on in the world economy. The signs, the fall in activity across the world economy and financial markets, are that it has eased, although there is a sense that these are

indications of stability rather than recovery in most markets. The fall in U.K. (United Kingdom) industrial production in August was perhaps a timely reminder that the U.K. economy remains frail and, as there was a further fall in inflation in September and there has been obviously subsequent pressure on sterling, all are indicators of a continued extremely weak economic outlook for the U.K., which is of course massively important to Jersey. The low interest environment is adversely affecting banking profitability and the financial institution survey, which was published after I think the Fiscal Stimulus Package was taken to the States, showed that 50 per cent of banks expected their profitability to fall in 2009. To confirm, I have seen the early figures which will then be published in the budget on 23rd October of the outturn and some of the forward forecasts in terms of profitability. I have to say that while I cannot talk about, because they have not been finalised, what the income levels are, everything that we are seeing, all the latest information I have seen in the last few days, further indicates that the forecasts were accurate in terms of the downturn in activity. As far as the labour market is concerned, which was one of the key issues that the fiscal stimulus was aiming to respond to, we always had in mind that we wanted to do everything we could to limit unemployment and to keep people in work. We have seen the labour market report that was published a few days ago. Total employment was down for the first time in 5 years. It was down 360 jobs. There is a fall in employment in the areas of retail and hotel. Very significantly, as far as we are concerned, the number of vacancies has been the lowest for 10 years. That is an early leading indicator of issues in the labour market, particularly a very low level of vacancies in financial services. Unemployment is up in terms of the I.L.O. (International Labour Organization) rate. It was 2.7 per cent in the summer of 2009 and those actively seeking work being about 910 in the end of August. The length of

time that people are also out of work has increased. Our view is that we need to be vigilant and analyse all the data as it comes in. Particularly we are looking out for the business tendency survey which will be released for the first time by the Statistics Unit later this month. That survey is being carried out at the moment, a key piece of benchmarking data that we are going to be using over the next few months. We are also going to see later on this month the retail sales inquiry which is due out this month. So in essence and in summary I would say that all of the forecasts and the advice that we had earlier on this year is being proven to play out. There are pockets of different activity in different sectors, which we will go on to talk about during some of the later questions, but I remain sure that the action that was taken and the preparation to act as and when necessary where there were problems arising was the right thing to do.

Professor M. Oliver:

Minister, back in May you noted there was an absence of confidence in the Jersey economy. Do you think the announcement of the stimulus package has restored some confidence in the Jersey economy?

Senator P.F.C. Ozouf:

Together with the Economic Development Minister and your Chairman and the Chairman of the Economic Affairs Scrutiny Panel, I had an interesting question and answer session with the Chamber of Commerce last week. That was on the back of a survey that they are doing. It is not a statistically Duncan Gibaut hallmarked type survey of quality and certainly it is not a good indicator, but there were questions raised and Chamber of Commerce members were asked: "Have you felt the effects of

the fiscal stimulus for your own business?” I suppose that people going into Chamber of Commerce shops would not say: “Oh, this money in my pocket is from the Fiscal Stimulus Package because we have just received this support for X, Y and Z.” In a sense Chamber of Commerce members have not seen - I think they will see, certainly those that are involved in the construction industry - the action that we have been taking feeding through as the construction projects start getting through into the system. I know that governments around the world and prime ministers and treasury ministers and business secretaries have all been talking about their fiscal stimulus is linked to confidence. People in Jersey, I think, have responded favourably to the fact that the States have acted and I think we would have been criticised if we had not have done. If we have taken some of the sharp edge off a lack of confidence then that is a good thing but we primarily have been driven by data and by empirical evidence and by economic advice rather than well being, I would say.

Senator S.C. Ferguson:

Do you think the bids remain suitable to stimulate the Jersey economy?

Senator P.F.C. Ozouf:

The bids were obviously a package of measures and they were designed to maximise the economic impact but at the same time taking account of the uncertainty of the scale of the downturn and how it would impact in different areas of the economy and States finances. I probably do not need to remind you that we set out 3 priorities for the Fiscal Stimulus Package: programmes of maintenance and infrastructure spending, supporting employment, business support and new programmes to help individuals. All of the packages and all of the bids have been pigeonholed in those individual

areas. So I think that the bids have been invited upon and have been judged against those criteria and those particular actions. There were 150 young people at Highlands who are getting increasing skills training; there are people on Advance to Work; there are States apprentices (I have been to see a couple of them at the hospital); and I think that is all indication of action that was the right and correct action to take as far as skill training is concerned. Economic Development (E.D.) have done a range of initiatives on top of what they were already going to do in terms of Jersey Enterprise. They have had £500,000 of money in addition to their existing budget. It has to be said that departments, and particularly E.D., have aligned their activity to take account of the changed climate. Senator Maclean has responded to different problems in different sectors, for example the tourism sector by allocating more money and using T.D.F. (Tourism Development Fund) money for tourism marketing, and that is the right thing to do. So we have expected departments to be acting not only with fiscal stimulus money but to be conducting other activities to ensure that the community and the population is insulated to the extent that they can as is appropriate from the downturn. I am pleased with the level of bids and I think the programme is working well. I think the true test of the programme and the true test of the benefit of the fiscal stimulus will emerge over the next few months.

Senator S.C. Ferguson:

Yes, but the sort of feedback we are getting is that, particularly in the industries that are going to be hard hit, they are expecting to see tenders hitting the marketplace or offers to tender and they are sitting there and saying: “Where is the fiscal stimulus? Nobody is telling us what is happening and we are not seeing any tenders coming out. The communication is not good.”

The Connétable of Grouville:

We got the impression from them that they are relying on surveyors and other professionals to come to them with work. They have not been invited into this package at all and they are now looking at probably a full workbook until Christmas but nothing for next year. That is why they are waiting urgently for invitations to tender being issued between now and Christmas.

Senator P.F.C. Ozouf:

I would be interested to know who is giving you that feedback because I need to remind, and I have reminded, people that the fiscal stimulus money is not simply a sort of self-service buffet that people can just go and help themselves to and we only wanted to act, and we said we were going to act, when we had evidence. It is fair to say that the evidence on the construction industry has been conflicting and we have received some mixed signals from people and from respondents, and Dougie and the team have been doing quite a lot of work and intelligence gathering on construction. There are some contractors that have said that their order books had run out and they are laying off people. When we talk to Regulations of Undertaking and when we talk about what the actual numbers of people employed in construction are it indicates a slightly different picture, that the amount of people that are in work and in construction has still been very high. We have been very careful not to start putting tenders into the market that has the unintended consequence of bidding up prices. It has been suggested to me that it is in some contractors' interests for fiscal stimulus bids to be put out and to heat an already well served construction market. So I have

been very cautious and I have asked the team to be very cautious about the amount of stimulus that we put in construction.

The Connétable of Grouville:

Before you go any further, can I just ask how up to date those figures are that you are getting on the labour situation?

Senator P.F.C. Ozouf:

We have a range of information that we rely upon. If you look at the manpower figures, this is a census of ...

The Connétable of Grouville:

As of what date?

Senator P.F.C. Ozouf:

These are the figures at the end of June but we are in very regular contact with Regulations of Undertaking who are obviously, while the census is taken ... these figures in June indicated that people in the construction industry were at 4,770 in June compared to 4,780 in December, so down 10, compared to 4,850, that is down 70 from last June, in a year, and still up from where we were 2 years ago. So the labour market figures as of June are not at all indicative at June - I will come on to what has happened since then - of a construction industry which was having a drying order book. All the indications were that there were going to be issues of order books as jobs ended in the first quarter and the second quarter of next year. That is exactly what we expected. As far as big construction projects are concerned they take time to

plan properly, and I have no intention of sitting here in 6 months time and explaining to you how a contracting housing project has gone wrong because it has been badly planned and badly executed and all the rest of it. We expected there to be problems in the construction industry almost at the end of year and now on. Do you want to comment, Dougie?

Mr. D. Peedle:

Yes, just in terms of it is not just the employment data. If you look back at how the construction sector was performing up until 2008, it was clear overall G.V.A. was at a peak, employment numbers the Minister just referred to were at a peak, it was at an all time high, and into this year there were not strong signs of a decline in activity. In fact, as I mentioned earlier, going round talking to businesses, as well as the Construction Council, it was very much mixed messages that we were getting from the sector. So it is about getting that timeliness right and there is a danger that to have gone too soon with stimulus to the construction sector we would have got the timing wrong this year but we have significant projects there on the stocks ready to go, to hit the ...

The Deputy of St. Peter:

There appears to be a problem with communication here. The sort of figures that we were talking, you talked about June and that figure is quite nice because from the evidence we are picking up this week it would appear that around that time there was a suggestion that there would be a release of approximately £23 million worth of work coming through and in July nothing had happened and in October nothing had happened. One has to plan ahead, one would assume, on the timely aspect of what

you are trying to achieve in that people in that area need to know what is in the pipeline in order to plan ahead. I just offer that as a constructive criticism, if you like, against the communication because they would appear to not be understanding the sort of things you are telling us now.

Senator P.F.C. Ozouf:

No disrespect to the media present but if they are reading the *J.E.P. (Jersey Evening Post)* of just the headlines about money being put in then they need to understand what the jobs are. The reality is there are few big contractors that take big States jobs, and let there be no doubt that we are in very, very good communication with them and I have regular communication, they ring me up and tell me if they think there is a problem, all of the big contractors, and they will be also doing that with the Regulations of Undertaking. So we are using a range of data sets, we are looking at hard employment numbers, we are looking at hard unemployment numbers, we are looking at Regulations of Undertaking applications that also are planning forward jobs. Dave Roberts from Property Services, who has given evidence to you before, has a forensic understanding of the construction industry capacity and jobs going forward and the amount of work that is coming forward from a range of indicators: part 2 of Regulations of Undertaking, planning consents, the amount of work that has been put into the public sector. Remember that the States is also not only just simply spending money in the economy on fiscal stimulus; we have a capital programme which is underway which is a range of projects of existing housing projects, of airport terminal improvements, of air traffic control tower buildings. All sorts of other projects are underway, let alone the incinerator, et cetera, in addition to all sorts of other work. I have also asked Dougie to go and he has met with key contacts in the

construction industry to get some real coalface information. We are very confident that the timing of the interventions that we are proposing is correct. It might not suit everybody because some contractors want us to be putting lots of tenders out in the market and boosting demand.

Senator S.C. Ferguson:

Yes, but to be fair some of the evidence we have had is that they have been delaying laying people off because of the work that they understood was coming. So perhaps would you not think there might be a communication problem here?

Senator P.F.C. Ozouf:

I always think that communication is important. I know that we are communicating with the big contractors and the way that ...

Senator S.C. Ferguson:

But are you communicating with the industry, not just the contractors?

Senator P.F.C. Ozouf:

Yes. The industry representative body is the Construction Council.

The Connétable of Grouville:

You see, we get a different slant on that from the other side, they are saying really the Construction Council now is virtually a toothless tiger and all they do is set wage rates. That is the ...

Senator P.F.C. Ozouf:

I am not sure the chief executive would entirely agree with that.

The Connétable of Grouville:

He wants to talk to his members then because that is the way they are looking at it.

Mr. D. Peedle:

I would not say they are toothless, we have had valuable input from them and their members in terms of how the individual businesses are performing. The different types of businesses within the sector so their information has been really valuable ...

The Deputy of St. Peter:

I think the difficulty here is we are getting conflicting information against what you were just telling us now. Not to put too fine a point on it, a member of that Council indicated to us from their perspective the communication was not good. He did not use those particular words.

Senator P.F.C. Ozouf:

I think the panel, and I am not going to name any names, needs to be under no illusion about the reasons why you will be being lobbied to boost construction spend by certain construction firms.

The Deputy of St. Peter:

I think all we are doing here is telling you what we have heard, that is good communication. So you are aware of what maybe be coming across from the other side.

Senator P.F.C. Ozouf:

I am very aware of it, I am very aware of the representations that are made and you would expect me to be incredibly testing of representations of: “You need to act and act fast in terms of spending lots of money quickly.” But on a positive note I can say that all the projects that have been given a green light are now approved and working, and in the areas where we have been given convincing evidence that there is a need to act ... we have now got the Victoria Avenue bicycle and promenade improvements, the Victoria Avenue resurfacing, there are now going to be 4 projects before Christmas on the e-portal for tendering through Jersey Property Holdings. There is projects at Victoria College, Overdale, TA Centre, asbestos removal at the hospital. Housing are now, before Christmas, going to be tendering for digital switch over changes to housing like reroofing 2 estates, windows in estates, a total of ... that lot there is just £1 million worth of housing and property.

The Connétable of Grouville:

£1 million.

Senator P.F.C. Ozouf:

That lot there is £1 million, and there is obviously a lot more. I have got a list which I am happy to prepare and give you. We have got the list of all the essential maintenance items of £3 million, there is 57 individual projects on that that are

underway and we have given the commitment of carrying on with £300,000 of building and maintenance projects every month over the next few months. Ian, do you want to add anything.

Mr. I. Black:

Yes, as has been said by the Minister, a number of these projects are just about to go out to tender and we have a programme now for the coming year, and at the moment the signs are it will be kept to. I think there is some lack of communication and it is fair to say that we should give people an indication of the programme and when it is going to happen.

The Deputy of St. Peter:

I think the fact there are contractors out there who would wish to tender competitively will hold down the price rather than have a price hike.

Mr. I. Black:

This will all be on the States e-portal. That is right, is it not, Anne? So every Jersey contractor knows that, that has been communicated to them, they can see all this work coming out.

The Deputy of St. Peter:

That is going to happen rather than has happened?

Mr. I. Black:

That is right.

Senator P.F.C. Ozouf:

It is happening.

Ms. A. Homer:

It is happening. There is 4 on there at the moment and another few going out on to the portal next week.

Mr. I. Black:

I take your point and while the States will move ... because we are deliberately looking at every single tender as it comes in, to see if it is good value and whether to go out to the next one will depend on the outcome. So things will move out of deliberate decision. I think it is a reasonable point that we should try and give people an indication of the programme coming forward.

Senator P.F.C. Ozouf:

You do understand my needing to test, because I would be held accountable for overheating a market which has got a longstanding history of high prices and I am determined that we see value for money and the team is going to watch the results of tenders absolutely like hawks to see what is happening. There is anecdotal evidence of people wanting to build houses and still finding it difficult to find 3 contractors to tender to build houses. I have had 2 examples of people who have told me that in the last 2-3 weeks.

The Connétable of Grouville:

We were told that there was one tender for a house, a very large but not £1 million house, where there were 9 tenders for it and there would have normally been 3 or 4. On this one there were 9. As we say, that balances out. Obviously we are getting mixed reactions coming into us depending on where the person giving the evidence is standing themselves. But I think there is definitely a communications problem.

Senator P.F.C. Ozouf:

Okay, I am happy to take that on board and happy to do that. It is also the case that while we have got the fiscal stimulus work going on, there is also the States Standard Capital Programme which is also obviously spending money in the economy and the Treasurer and I were looking and discussing the other day about the amount of projects that have been approved by the States that have not yet commenced.

The Connétable of Grouville:

Has it been accelerated?

Mr. I. Black:

Yes, we are trying to do that and that is under Property Holdings, things like the police station.

The Connétable of Grouville:

All right, I am just thinking of the relationship, say, between Housing and Property Services, is there any liaison there on what they do and how they release stuff or is that not a problem?

Mr. I. Black:

Yes, absolutely. For the first time ever, as a result of the Fiscal Stimulus Programme, they are taking a totally integrated approach to the letting of tenders.

The Connétable of Grouville:

They are?

Mr. I. Black:

Yes.

The Connétable of Grouville:

They do not have any hold ups internally?

Mr. I. Black:

Housing, I understand, are very much on the programme they have given us, they have certainly kept to it. There were some delays in Property Holdings mobilising, they are already stretched, I believe. They have had to take on a programme manager, they now have that programme manager in place. I understand they are going out to tender on 3 projects this week, so they are getting going now.

The Deputy of St. Peter:

Is that a new programme manager or shared?

Mr. I. Black:

This is both departments, because of the scale of the programme, have taken on ...

Ms. A. Homer:

It is to pull the whole lot together and make sure it is shared across the ...

The Deputy of St. Peter:

So a shared resource?

The Connétable of Grouville:

Okay, so it is a shared programme manager.

Ms. A. Homer:

Answerable to Property Holdings but managing the whole of the fiscal stimulus construction and maintenance programme across everywhere that is doing it.

Mr. I. Black:

But in addition to that we understand Housing have taken on their own project managers for the individual projects.

The Connétable of Grouville:

So Housing have got their own manager and Property Services have their own.

Mr. I. Black:

But sitting above is a programme manager who is co-ordinating the whole thing.

The Connétable of Grouville:

Doing the whole thing, okay.

Senator P.F.C. Ozouf:

The one thing that we have been having discussions in the last 2 or 3 weeks about, and this indicates the need to respond to problems or new information, is the particular ... there is one sector ... we have obviously dealt with skills and training and construction, and we have spoken a lot about all of that and E.D. has done a lot of generic, non financial services work and I think they have done a very good job in relation to what Jersey Enterprise are doing. I hear very good reports about everything that they have done. The one area that has not been given the attention it should have been is the whole area of financial services, and particularly responding and asking whether or not there is more that we should be doing to drive financial services businesses into the Island in new markets. I do not know whether it is out yet but I have had news this morning of one financial services institution which is consolidating its activities and there is going to be some job losses in financial services.

The Deputy of St. Peter:

That has been shared with us.

Senator P.F.C. Ozouf:

You have had that shared with you? Again, this is work that we have been preparing for some time but we are now ready to take this to the next stage in terms of it being evaluated. But certainly I am giving active consideration to putting some additional resources in the financial services area for specific financial services economic

development requirements which have not been covered hitherto. This was always going to the case that we were going to use the fiscal stimulus money, we had earmarked certain areas of money for various different activities. I am not afraid to revisit that. There are problems that seemed to have decreased in some areas of the economy and problems emerged in the others then we will move accordingly.

Senator S.C. Ferguson:

Yes, but in fact there does seem, one way and another, to be quite a lot of money going from E.D.D. (Economic Development Department) into financial services already.

Senator P.F.C. Ozouf:

There is the core grant but the activities ... I do not probably need to remind the panel of the scale of issues that the financial services industry and Jersey Finance and the financial services team have had to deal with in the last few months, the financial contagion around the world, the response on a regulatory side and just the emergence of news in the last few days about the E.U. (European Union) issue needs a response and will get a response from us as we deem it necessary. It remains the case that financial services received a smaller proportion of the grant of E.D. compared to other sectors. That is not a criticism but it certainly just indicates that our most important industry ... where there is a need to drive activity and marketing to respond to lay offs in certain areas. I am pleased with the results so far for financial services, certainly the job layoffs that we were speaking about maybe earlier this year have not been as sharp as we thought but we do know we are going to see, working through the economy over the next 12 months, lay offs in some banks that have announced job

losses that will be structure changing as they move their activities and they consolidate. We are expecting there to be pockets of further consolidations and lay offs, which we want to help those individuals. Each is a tragic case and we need to try and help those to get back into work as soon as possible. The good news as far as the labour market report is concerned, I think E.D. is also a responsible and appropriate job in Regulations of Undertaking and particularly the issue of given non qualified licences. I am not protectionist but I recognise the job of work that E.D. has in making sure that it is issuing Regulations of Undertaking licences appropriate to the circumstances of the local community.

Senator S.C. Ferguson:

Thank you. Right, moving on. One thing we were a little confused by, what mechanism are you using to download the money following the green light?

Mr. I. Black:

It is quite a technical question really. Just to talk to it very briefly, the process, as you know, is that bids come in from departments or from private sector organisations, from sponsor departments, they are then evaluated by the programme manager with assistance from the economist on the economic impact, come to the steering group, which is myself, the Chief Executive and the Economic Adviser who recommend to the Minister. Schemes initially get the amber go ahead and then a green when they have been out to tender. What happens then is it is up to departments to let us know exactly where to load and most importantly how the expenditure is going to be profiled because only then can you monitor whether they are doing what they said they would do. When they do that we load the budgets. There have been some delays

in getting that information back from departments but it has not delayed the schemes progressing.

The Deputy of St. Peter:

So the timeline between a green light and getting the money is not immediate. There is a required filter.

Mr. I. Black:

No, but it is zero in terms of elapsed time in moving the project forward. People can carry on with the project it is just the technicalities of loading the budget with some very overstretched finance teams already doing an extra job. But it has not and must not delay any projects.

Senator S.C. Ferguson:

All right, so if we look at the position with individual bids at the moment. One thing, if we go through them by the main departments, how does, for example, the E.S.C. (Education, Sport and Culture) £924,200, given the green light for various initiatives at Highlands, filter into the local economy?

Senator P.F.C. Ozouf:

Yes, it is not designed to do that. What it is designed to do is to give some young people that would otherwise be unemployed the opportunity of education and skills raising, and that is what it was designed to do. Now, the extent to which they are spending their grants and other entitlements under income support or whatever into the local economy, that is really not the objective. The objective is to keep them off

unemployment and give them the opportunity of raising their skills to prepare them for work.

The Deputy of St. Peter:

It was always accepted that this particular stimulation package was to operate a holding pool of people who would otherwise be out of work?

Mr. I. Black:

A double benefit partly because those people would have been sitting on income support but also to increase the skills which will add to economic growth ultimately.

The Deputy of St. Peter:

This is the point we made when we were talking to Terry. At what point do you feel in the economy ... we need to be able to raise the economy level to be able to utilise the pool of retrained people. Do we feel we are going to get to that position early or late? You mentioned the downturn going into 2009, 2010. How do we intend to keep these people sitting in the pool of training ready to wait for the economy to rise?

Senator P.F.C. Ozouf:

Every experience of a downturn previously in Jersey is that you use the downturn to make sure that you are doing everything possible to increase your productivity and increase your likelihood of getting productivity, to position the Island to take as much of the next upturn as possible. So we want keen well-rounded, well skilled employees ready to leap at the opportunity of getting into the job market. Our job and E.D.'s job, and the remarks I made about financial services, is to create the environment where

those companies are bold and confident enough to start recruiting people. We know that the labour market is very weak, we need to stimulate businesses, spark the entrepreneurial spirit of people wanting to set up businesses, whether it be in any sector of the economy but including financial services, so that they are starting to hire people again. That is the 3-pronged attack that the fiscal stimulus funding, if it works, will do. It will prepare people to get into good productive work going forward, it will hold them off unemployment benefit and all the despair that unemployment and job seeking for months on end gives to people and gives to their loved ones and families, and it stimulates activity to encourage firms to seek new products, new services, new markets and staff.

The Deputy of St. Peter:

Are you happy that the skill base that we are training these people in is going to be the sort of skill base that we need when the economy fills?

Senator P.F.C. Ozouf:

I think that Highlands are doing a lot of really good work in terms of all of the skills training that they are doing. I am going to take the opportunity of going to Highlands to go and see some of the young people that are on courses, but all of the work that Highlands have been doing, whether it is the Foundation Degree in Finance, the Foundation Degree in I.T. (Information Technology), whether it is in terms of the sports diplomas that they are doing to encourage a whole range of personal trainers that are going to be keeping everybody active and healthy, is all good. It is all entrepreneurial activity which is giving young people different aspirations and

different hopes to progress careers and to run their own businesses. So, yes, I am very confident and I have got great confidence in what Highlands are doing.

The Deputy of St. Peter:

I thank you for your optimism.

Senator P.F.C. Ozouf:

Have you got anything to add on that, Dougie?

Mr. D. Peedle:

No, just that one of the priorities the Council of Ministers set out was laying the foundations for recovery as well as stimulating the economy. So although it is always touted as a stimulus package, there are elements in there that are about laying the foundations for growth. As the Minister said, that is about making sure ... if the people do not do the training then they are out of the labour force, out of work, their skills are deteriorating and that is a big hangover to deal with when the economy does recover.

The Deputy of St. Peter:

The point I make is to make sure the skill base that we taking these people into is the skill base that we require when the economy starts to pick up again. We have heard there is a possibility of losing 30-odd jobs in the finance industry with a company that may have just left. On that basis these people already have the skills, they may leave so we are going to have to employ those people when the economy picks up. Is the skill base we are developing at Highlands the sort of skill base that is going to fit that element of our bringing the economy forward.

Senator P.F.C. Ozouf:

The Skills Executive now ... the Treasurer often tells me: “Do not have a dog and bark yourself” and we have got a Skills Executive who are the combined group to do that. We have got an independent board of governors at Highlands, we have got a good governance system at Highlands, that is their job to make sure that happens. Our job is to respond to that and to give them the resources that they require.

Senator S.C. Ferguson:

How are you going to make sure? What mechanism are you going to ... presumably you are going to have to rely on E.S.C. to report back to you on what is going on with the fiscal stimulus money?

Senator P.F.C. Ozouf:

Well, it is the Skills Executive, and bear in mind that we have now got ... there is the subgroup of Ministers, there is the Minister for E.D., Education Sport and Culture and Social Security who now are the - I forget what they are called - Skills Executive. There is an independent chair of Skills Jersey, Richard Plaster, who is doing a very good job and he is the one driving it and has been a catalyst for a lot of the programmes that Highlands have responded to, which is now industry focused. We have brought in some real talent on the Skills Jersey Board from a couple of the recruitment agencies. There is a lady, and I cannot remember what her name is but she is an extremely well versed individual that had very strong views about the way that young people were being formed and trained and given a rounded experience because she was dealing with the high end ... Tina Palmer from ASL. She is now on

Skills Jersey, so she is using her industry experience of saying: “Look, why are you not teaching our young people these particular skills? There is no point in giving them all the examinations if you do not teach them basic customer service and other areas.” So I think Skills Jersey is absolutely responding to the needs of the marketplace and to the needs of employers in a way that never happened before.

Senator S.C. Ferguson:

Super. E.D.D., the £500,000 given the green light is, we understand, for the Small Firms Loans Guarantee Scheme. How does the rest of the bid meet the 3Ts (timely, targeted and temporary) when it is effectively more business as usual?

Senator P.F.C. Ozouf:

No, just one thing, on that last thing I am very proud of the Advance to Work Programme. I think the Advance to Work Programme has been excellent work in relation to not just giving people skills but doing what it says on the tin, which is advancing to work. That would have never happened if we would not have sorted out the fiscal stimulus as a scrutiny panel and myself. So I think we should be really proud of Advance to Work, I think it is a great programme. Now, I am afraid I need to just correct you there, the Small Loans Guarantee Scheme is not part of the initial tranche of the £500,000. It is in the amber light if it is needed. The £500,000 of the green light is business support of £44,000; business engagement £10,000; export development of £28,000 ... you have got the whole list of it there. That is the £500,000. That is, of course, over and above the Jersey Enterprise figure. I cannot remember what their base budget is. I think it is £2 million or something.

Senator S.C. Ferguson:

But how does it meet the 3Ts because a lot of it is business as usual.

Senator P.F.C. Ozouf:

It is one-off but it is business as usual plus, because it is all activity which would not have been done within their existing plans.

Mr. I. Black:

They have not been drawing down on this £500,000.

The Deputy of St. Peter:

The information that we have been given is that they have used £11 million of stimulus. £11,000? Of which they have used £30,000 of their own, so it will be a combined total of £41,000 to date.

Mr. I. Black:

They have not drawn down on this money yet because they told us they had savings in their own budget so quite rightly they are using that first. There were also issues, and you would need to ask them, about where they think the money is well spent. They are not going to spend the money unless they see a need for it. In some of these areas they are not yet convinced of the need.

Senator P.F.C. Ozouf:

But that is exactly what we would expect them to do. We must bear in mind that we have increased the budget for Jersey Enterprise because we want to pursue

diversification in the last couple of years, some people have criticised that but I think that is the right thing to do. They are spending all that and they are doing good work.

Mr. D. Peedle:

We did give them £500,000 saying that we want to see how that is spent, what it delivers before you get another £500,000. So if they do not spend it that is not a bad thing if they are meeting the demands and the customer base in the Island.

Ms. A. Homer:

But they are being active. All the activities they have said they were going to do, they are progressing doing, they are just not spending much extra on it at the moment.

Senator S.C. Ferguson:

Yes. Property Holdings. They have not got any green lights.

Ms. A. Homer:

No, not yet.

Senator S.C. Ferguson:

Their need was presented as being very urgent.

The Connétable of Grouville:

How much was the total outstanding on maintenance for Property Holdings, can you remember?

Senator S.C. Ferguson:

About £100-something million.

The Connétable of Grouville:

I thought it was £100 million, significant.

Mr. I. Black:

As I have said, it appears that they have had trouble mobilising the spend. There are technical difficulties they have got to get through, like schemes properly specified, getting planning permission and there are timing issues quite often. Like you cannot work on a school when children are in the classroom. But, having said that, they have been slow getting going but they tell us now they have got a programme manager in place and, as we have said already, they have told us they are going out to tender on 3 schemes this week. So after a slow start they are getting going and possibly by good fortune that is going to match when the money is needed to be spent in the construction sector.

The Connétable of Grouville:

So the green light does not come on until the tenders have been placed.

Ms. A. Homer:

Until the tenders are returned.

Mr. I. Black:

Absolutely right, until we get the tenders back. Because if the tenders are not sharp we will not progress the scheme at all.

Deputy T.A. Vallois:

How are you as a department, when next year comes up ... you were mentioning before about the usual work that goes on in the department with regards to the capital programme, so how will that be monitored or how will that be assessed by yourselves, including the fiscal stimulus, because obviously that could cause inflation if the market was to jump up. So how is that monitored?

Mr. I. Black:

That is a good point and I think the answer to it is that a vast majority of the capital programme now is managed by Property Holdings who would be progressing the prison and progressing the police station. It is the same people.

Deputy T.A. Vallois:

So it would be the same programme manager for the fiscal stimulus that will look at that as well? I am just trying to find out the communication area of this.

Mr. I. Black:

No, I do not think it is the same programme manager but they certainly, as a department, are taking an overview. I am certain there will not be a case of right hand not talking to left hand. As has been mentioned already, they have got the Q.S. (quantity surveyor) who looks at every piece of work being let to make sure it is being phased properly.

Deputy T.A. Vallois:

It is just a case of joining it all up.

The Deputy of St. Peter:

You did mention Planning in passing, by the way, is the fast track system working within Planning?

Senator P.F.C. Ozouf:

In the private sector it is, yes. There are a number of schemes that have been through the fast track and, indeed, one of the projects that we will come on to, which I have not announced in public yet and I will mention it to you. I do not know how we deal with this but one of the private sector ... in fact the 2 private sectors big construction projects have been fast tracked through Planning.

Senator S.C. Ferguson:

Yes, I would not tell us the details because this is a public transcript.

Senator P.F.C. Ozouf:

Project A and project B have both been fast tracked in terms of planning, so that is working. We are just wanting to ensure that the matched funding arrangements are in place.

The Deputy of St. Peter:

Is the fast tracking in place also for the public sector?

Senator P.F.C. Ozouf:

For Housing, as I understand it, yes.

Senator S.C. Ferguson:

As an ancillary to this, and I have been bleating about it for some time, the general revision of this accommodation; the Office Accommodation Strategy Report, where is it?

Senator P.F.C. Ozouf:

Well, not part of the Fiscal Stimulus Plan for a start but it is ...

Senator S.C. Ferguson:

No, but it is ancillary to it because it is part of the bigger picture.

Senator P.F.C. Ozouf:

Right. The office strategy will emerge and has been through a number of iterations and there has been a number of discussions about that at my level and John Le Fondré's level, and it is going to be ... I hope it will get resolution probably by June of next year. But it is John Richardson that is dealing with that and since John has taken office he has taken a keen interest in how we are rationalising States offices. The first project which I have said I did not agree with, and I said I did not agree with and now it is open for residential requirements on the back of other reports, is J.C.G. (Jersey College for Girls). Any prospect of J.C.G. being used as the office centre of the States of Jersey, in my view, was flawed and not particularly well thought through

in terms of having 3,000 public sector workers on the town periphery when we have designated an office zone in town, and that is going to be progressed for residential housing. Property Holdings have been looking and are doing good work in relation to finding an appropriately sized site that could house essential core States of Jersey functions.

Senator S.C. Ferguson:

This report was in existence last February and you are talking about bringing it up next June.

Senator P.F.C. Ozouf:

Well, final. After it has been through C.M.D. (the Chief Minister's Department), Council of Ministers, et cetera.

Senator S.C. Ferguson:

Yes, but the report exists?

Senator P.F.C. Ozouf:

I am not ...

Senator S.C. Ferguson:

May we have a copy, please?

Senator P.F.C. Ozouf:

If you want to start reviewing that we need to do a proper review. I am happy on the basis of a good relationship between you ... I have to be honest with you, I am not briefed on this today and I am happy to get myself briefed and answer questions to you on it. Suffice it to say, if I am absolutely honest, I was not particularly satisfied with the early drafts of the report because I did not think it could be realistically delivered. I think there was too much being bitten off as opposed to a implementable plan that was going to work. But that is my job as a Minister to deal with that with my own department. When I have got something which is deliverable to you I will do so. If you want to conduct a review of that, fine, but it is very much policy under development. What I will say to Deputy Vallois, which I think is a very good point, is that it is clear to me that the downturn is likely to continue in terms of potentially a lack of confidence in construction for some time yet. The uncertainty that the Island has faced in relation to the downturn in financial services, and perhaps uncertainty of recent developments as well means that we could be in a position where there is going to be a lack of investment in capital projects for a while. So I think it is incumbent upon the States to make sure that all of its capital projects that have already been agreed and authorised, and those that have been in the Business Plan this year but also those that have been approved in previous years that have not yet started to be dug and built, need to be accelerated. I do not want to go back to the States and go back for another fiscal stimulus funding when there is, effectively, £100 million worth of projects which have been already approved and need to be working in the economy over the next 12, 18 months or 2 years. We know that capital projects take time. We know that there is a long lead in and the point that you make about needing to align economic conditions with spending and capital programme is a point very well made and we will consider that.

Deputy T.A. Vallois:

How do you balance that with ... obviously economics is all over the place really. Well, you do not know from one day to the next though, at the end of the day it is kind of **[Laughter]** ... one minute we are being told that nothing has changed and now it is next year, the first 2 quarters, which is news to us. So it is kind of one thing from the next. I am not pretending to be an economist or anything like that, I do not know, I am not an economist. But what I am trying to say is that if circumstances changes how are we finding the balance there if the economy is stretched out in the downturn longer than we first anticipated? How do we find the balance in the capital programme and the Economic Stimulus Package?

Senator P.F.C. Ozouf:

Well, I will give you 2 reasons. If we think that there is a lack of construction projects planned and coming through then either you go back and you do some more fiscal stimulus and you take some money from the strategic reserve, or you accelerate projects that are already in the plan. That is what I anticipate us doing. There is a big backlog of approved projects that can keep construction companies, civil engineering companies, in work for a while. That is how we will respond to it. There is no surprise, everything that we thought is happening to the economy is happening. Nothing is a surprise to us. Nothing is particularly concerning to us, there is no new evidence to suggest that there is anything dramatically worse or dramatically better. I think we are very confident.

Mr. D. Peedle:

I have to come back on some of those comments. **[Laughter]** If I heard the Deputy right I think she said it is an uncertain world at the moment. The package is designed for that uncertain world. So there is 2 things. If the economy performs better than we expect then we have the option to scale back the stimulus. In terms of the construction activity, the way that it is going to be given out going forward is in tranches and we assess the economy and the construction sector going forward. One of the things that we are going to monitor as a key indicator is the price. So if we are not getting the prices for the contracts then that tells us that sector is not as weak as people say it is. So that will be one of the key guidelines for us going forward. We have got flexibility if things turn out better than expected. Your concerns about inflation, there is a risk about inflation, there always is but I think it is a minimal risk at this point in time. I think as long as the economy goes through the overall trajectory that we are expecting, inflation is not your main concern. Your main concern for the next 2 years is jobs and helping businesses through that time. If things turn out worse than expected Jersey has the flexibility to come back and look at an additional fiscal stimulus package. I do not think the risk that things will continue longer means we should be doing less now or the fact that we should be doing more now. I think the £44 million of discretionary spend on top of all the automatic stabilisers is right given the economic outlook we are expecting and we do retain that flexibility. We are in a strong position to deal with things if they are worse, and we have that flexibility if things are better to haul things back.

Deputy T.A. Vallois:

Like I said, I am not an economist. I was trying to understand from your position how you are balancing the whole thing out.

Mr. I. Black:

We are focusing on construction but the biggest bit to the fiscal stimulus is not in construction, it is in the automatic stabilisers and there is a clue in the title there about the automatic, if the recession ends up being less bad than you thought you do not spend the money on unemployment benefit and you do not lose the tax revenues. If it turns out bad then you do spend the money. That is the main way these automatic stabilisers are our biggest spend. The construction bit is a discretionary spend which, as the Deputy says, we have got control over.

The Connétable of Grouville:

If we can just go back to the J.C.G. situation, as you know I did the original assessment on that, scrutiny on that, and at the time the reason we knocked it very hard was because it was, we thought, very undervalued and it was badly financed. But are you looking at that as perhaps a sell off as a site or are you going to put social housing there?

Senator P.F.C. Ozouf:

Sell off as a site but maybe a joint venture and splitting the site. There are 3 bits of that site. There is the car park site, there is the main building site and now with Centre Point being removed, the site is now a lot bigger and much more attractive. So it is a much better site and for better or for worse we are going to end up with a far better deal from the States of Jersey point of view, and Property Holdings are evaluating different options. John Richardson and David Flowers are working well in relation to that. John Le Fondré keeps me informed as appropriate.

The Connétable of Grouville:

Okay, good. I am glad something is happening to it because it has just been sitting there for so long.

Mr. I. Black:

My understanding is the key move and the big change was the removal of Centre Point, which we have now got a decision on and that has hugely increased the value of the site.

The Connétable of Grouville:

Absolutely. The other point was that now of course you are looking for a site for the whole of the States of Jersey or the civil service to move to, I can understand that site is not big enough for it.

Senator P.F.C. Ozouf:

We will not go into this today but I have my doubts whether or not we need one single office centre for 2,000 people. Yes, there are core government departments, the core departments at Cyril Le Marquand House, E.D. and all the executives of the different ministerial departments but you are not going to move the admin people from the hospital into an office block, and you are not going to move all of the admin people from other areas. There has to be more realistic work, to be honest.

The Connétable of Grouville:

Okay, wearing my other hat, is the waterfront on your list or not?

Senator P.F.C. Ozouf:

Well, this is a bit off message but ...

The Connétable of Grouville:

Yes, but we need to know.

Senator P.F.C. Ozouf:

The waterfront continues to be ... and as a member of the board of W.E.B. (Waterfront Enterprise Board) you will know better than other panel members, Connétable, about exactly what the status is in relation to the waterfront deal. I would prefer to not comment on that one today. Suffice it to say, I remain of the view that we do need to do everything that we can to start to create that financial services quarter for Jersey's future. But it probably will be done in a different way, I suspect, based upon different decisions that the board is making.

Senator S.C. Ferguson:

Right, Durrell. How does this bid fit the 3Ts and inject money into the local economy when we have had suggestions that 60 per cent of that will be spent off Island?

Mr. I. Black:

We apply rigorously the same criteria we apply to every other scheme and we will assist Durrell on the same basis as the other schemes. If there is not sufficient spend on Island we will not be recommending it to the Minister.

Mr. D. Peedle:

The other thing with Durrell is it is the scale of the project, the fact that you are bringing in private sector money means that you could allow higher leakage on that particular project but the impact on the economy would be greater because you are getting double the bang for the public sector's pound. We know there is a risk of high leakage there so we will pursue them on that and find out what the situation is and if anything can be done about it, but it does have to be counteracted by the fact that you will be getting double the amount of the injection into the economy and if it meets some of the other criteria, particularly about being timely, then it does not completely rule it out, I do not think, at this stage.

Mr. I. Black:

Just reinforcing that, we will be looking at for every pound of public sector money how much spend you get in the local economy. If you get handed private sector money on top of every pound advanced then obviously that is quite some spending, you would get a slightly lower percentage and still get more return.

The Connétable of Grouville:

Was Durrell not looking for a lot more money than that at the start?

Senator P.F.C. Ozouf:

Yes.

The Connétable of Grouville:

Right.

Senator P.F.C. Ozouf:

It is a much more realistic project now.

The Connétable of Grouville:

Okay, so the project has downsized? It not just we are putting in part of a large project?

Mr. I. Black:

It has been phased and you get distinct phases for this. It stands on its own.

The Connétable of Grouville:

So we are financing a distinct phase?

Mr. I. Black:

Yes.

Ms. A. Homer:

Half a distinct phase. The other half of the money is coming from the private sector.

The Connétable of Grouville:

Right, okay.

Senator P.F.C. Ozouf:

We are being lobbied ...

The Connétable of Grouville:

This is going as a grant, is it, or a loan?

Mr. I. Black:

The way to look at it is a grant on matched funding overseen by the Economic Development Department.

The Connétable of Grouville:

So it is a grant?

Senator P.F.C. Ozouf:

Yes.

The Connétable of Grouville:

We are giving it away, it is gone, finished?

Senator P.F.C. Ozouf:

Well, just as we have done all Durrell projects before. The Jersey Zoo, I prefer to call it, has had numerous injections of Tourism Development Fund money in the past. Durrell would not be what it is today without States support. The Princess Elizabeth Pavilion, other of the activities there, there has been a long history of the Island supporting Durrell for what it does. I have been briefed on their proposals from the start where they were frankly unrealistic. I think this sounds much more realistic and

it fulfils a number of ... I have not been briefed on this completely yet, I have not been advised because I want to keep a separation.

The Connétable of Grouville:

I am not criticising in any way at all, just in my own mind I want to know whether we are giving them the money or are we lending them the money, it is very simple.

Mr. I. Black:

It is a matched grant on pound for pound funding.

The Connétable of Grouville:

Okay, that is fine. So they are putting in half, we are putting in half and they own it all, yes? That is fine, okay.

The Deputy of St. Peter:

Also we have potential return?

Senator P.F.C. Ozouf:

The tourism benefit to the Island is ...

The Connétable of Grouville:

Of course, the benefit is obvious.

Senator S.C. Ferguson:

Of course they will expect to have their accounts published in the approved manner.

Mr. I. Black:

There are a lot of ...

Senator P.F.C. Ozouf:

They do anyway.

Senator S.C. Ferguson:

Yes.

Mr. I. Black:

There are a lot of conditions that will be attached to such grants.

The Connétable of Grouville:

No, I think it is an excellent use of money.

Senator S.C. Ferguson:

T.T.S. (Transport and Technical Services).

Mr. I. Black:

T.T.S. is a success story really. I think it is impressive the way the department has mobilised and got schemes underway, particularly Victoria Avenue, in this timescale. They have met all our deadlines, they have met all our criteria and even the logistics, as you know - which are affecting a few of us at the moment - of the road works, they

managed all that and all in a very tight timescale. I think it is an example for others to follow.

Senator S.C. Ferguson:

Yes, there was a man with a plumb line out, is he measuring where the location of all the bollards should be? It was quite funny.

The Connétable of Grouville:

They were there this morning at 6.30 a.m. when I was driving back from the airport.

Mr. I. Black:

Is it worth doing a pre-emptive point, especially if the question is coming about local companies and non local companies? Our criteria is spend on local employment, we do not differentiate between whether the company is local or non local from that point of view, we are interested in value for money and maximising the spend of locally employed people.

Senator S.C. Ferguson:

All right, they were incredibly within 0.9 per cent of their original estimates which was quite good. But, going on from there, what sort of changes are you seeing in prices since April? There is a lot of anecdotal stuff flying around, what have you seen?

Mr. I. Black:

We have not got vast experience on the base of this because of timing. As I said, this week there is going to be some more schemes go out to tender. That will be interesting to get those responses. Until then we cannot really say. We just know that on the schemes we have let, they have met our value for money criteria and sharp pricing.

Senator S.C. Ferguson:

Yes, but I think you were hanging on to their contingency, were you not?

Mr. I. Black:

Yes, just to try and make sure we get best value for money for taxpayers. We are being pretty tough on the departments.

Deputy T.A. Vallois:

Would you be able to provide us with an indication at some point whether you see the prices going up or down, just to give us an idea? Even if it just by letter or a phone call or something, just to ...

Mr. I. Black:

We have worked it out and have been very open, I am sure on a tender by tender basis, if it is given in confidence we are happy to let you see the information.

Mr. D. Peedle:

You have just got to remember that there is a lot of costs going up out there, particularly for things like some of the T.T.S. work, some of the costs are increasing

outside the Island and it is costing a lot more for things like asphalt and things like that. So it is hard to be prescriptive and say: “You must deliver a price that is below what it was 12 months ago. But if we are not seeing a price that has increased on a year on year basis then we are asking the questions and making sure there is that justification there in terms of what cost pressures are coming through in these areas that are legitimate, not just somebody padding their margins.

Senator S.C. Ferguson:

Are you assessing it for economically rational changes in prices?

Mr. D. Peedle:

Yes, we had that discussion ...

Mr. I. Black:

We are being very challenging on price, Alan gives them a very hard time and we, the steering group, ask some tough questions before we agree to schemes.

The Connétable of Grouville:

I am surprised, I must admit, because we are only seeing 1 per cent inflation and yet you are saying prices are going up.

Ms. A. Homer:

In certain things. Oil prices have gone up quite a bit and bitumen, which is to do with the road surfacing is particularly ...

The Connétable of Grouville:

I know that is all imported, is it not?

Senator P.F.C. Ozouf:

Yes.

The Connétable of Grouville:

That is brought over every day in tankers.

Mr. D. Peedle:

Inflation is retail prices and, depending on which measure you look at, underlying inflation is around about 2.5 per cent, closer to 3 per cent, 2.9 per cent. Of course that is not things like the raw materials that you would use in contract projects, that is retail prices. A lot of which will not reflect the things we are talking about. Some of the raw material costs are going up much sharper than that due to conditions elsewhere. I think steel is another one, is it not? Steel, asphalt, things like that that are due to the conditions being met from an external market.

Senator S.C. Ferguson:

Yes, I suppose basically how are you spending the £200,000 which you are spending on administration of the E.S.P. (Economic Stimulus Plan)?

Mr. I. Black:

There is a total cost of project management for the whole of the fiscal stimulus project, so that included the person initially that we had to contract in from private

sector at short notice and now a full time member of staff. I would say, and I think you can see from the documentation the work that is carried on, it is extraordinary that we are doing this level of package with one person. This is the fiscal stimulus team. We are being very tight on costs, perhaps a bit too tight. It may be that we need slightly more support, particularly with the accounting issues as we need to control individual projects.

Deputy T.A. Vallois:

On that note, what have we learnt from this experience if, say, in the future another economic downturn comes?

Mr. D. Peedle:

Let us get through this one first.

Deputy T.A. Vallois:

From the process. No, but I am just saying, for example, there are things that have been picked up and you have been quite constrained with the resources that you have had, et cetera, I am just thinking are you picking up things that you can put on the back burner for later on?

Mr. I. Black:

That is a very good question and I will need to think about the answer. This is not being boastful but I think it has gone extraordinarily well so far.

Deputy T.A. Vallois:

I think it has gone well but what I am saying is just ...

Mr. I. Black:

If there is one thing that has really struck me, and it is not a plea for States departments, is how little capacity there is in this organisation. The analogy I use, it is like its revving for ever at the top of fourth gear and then you lay on something like this and you find somewhere like Property Holdings, they just cannot mobilise quickly because they are already working flat out. So they then have to start and bring in project managers.

The Deputy of St. Peter:

That is what they said, they were resources starved.

Mr. I. Black:

Yes, I guess the learning point is if the unexpected is going to happen you cannot you be running with zero extra capacity the whole time.

Senator P.F.C. Ozouf:

Yes, and what we are doing is we are reviewing at the moment, we have got a gentleman in who is reviewing the Treasury restructuring plan and we are engaged in extensive discussions about how we are moving forward the financial job family, how we are going to respond to the changing world of the Treasury, how we are looking at the finance function across, how we are going to operate the resources department. There is a lot of internal discussions going on about how we organise ourselves. Interestingly the Council of Ministers this morning, or just this afternoon, has

received the *Whitehead Report on Housing*. Very clear. The *J.E.P.* was very unfair when they said Housing is doing a bad job. What Professor Whitehead says is Housing is doing an extraordinarily good job for a third of the staff that you would find in any housing association. I think the clients of Housing realise that and we know that there is opportunity for improvement in the way that Housing do it but you cannot ask Housing to do that without the appropriate staff. We come along and say: “Here is an extra £8 million to spend” when they are already flat out with a third of the staff that an equivalent authority in the U.K. would have. Well, that says it all really, does it not?

Senator S.C. Ferguson:

I do not know, I know people do say that the departments in the U.K. are overmanned.

Senator P.F.C. Ozouf:

Yes, but this is a third. I think Professor Whitehead said it was 20 per cent of what would be in the Netherlands.

Senator S.C. Ferguson:

Anything else? Michael?

Professor M. Oliver:

No, nothing, thank you.

Senator S.C. Ferguson:

Collin? Tracey? Dan? Thank you very much indeed, Minister.

Senator P.F.C. Ozouf:

Thank you. Thank you very much for your continued interest in something which is very important.

The Connétable of Grouville:

Long may it continue.