

2.13 Deputy M.R. Higgins of the Chief Minister regarding the differential between the estimated costs of the legal action in the Low Value Consignment Relief court case and the actual costs to date:

Will the Minister explain why the estimated costs of the legal action in the Low Value Consignment Relief court case differed so much from the actual costs to date when Legal Costs Consultant Jim Diamond accurately estimated the cost without full view of the facts? Who calculated these figures and will he agree to release all the documentation showing how the estimated costs were reached and if not, why not?

Senator I.J. Gorst (The Chief Minister):

Litigation is a very uncertain process and it is quite usual for costs to increase because of unforeseen factors. The reasons the estimated costs differed from the actual costs to date are largely due to additional witness statements required to counter the argument put forward by H.M.R.C. Also to demonstrate the need for expedited action, the need for additional research and meetings to counter H.M.R.C.'s change in legal arguments and analysis, the court's late permission to the U.K. pressure group R.A.V.A.S. to be heard at the judicial review itself and claims that were made by Royal Mail alleging that their confidentiality had been breached. At the very beginning of the legal process PwC were commissioned to produce cost estimates of the full process, which they duly did on 13th December. There are issues of commercial confidentiality. However, I will discuss the releasing of the requested information with the Attorney General.

2.13.1 Deputy M.R. Higgins:

Does the Chief Minister not accept that there is concern about the costs of these legal actions? I accept his argument for taking the action against the U.K. Government but, again, when we are talking about figures which are originally estimated at £360,000 and which are going to end up with a bill of £1 million to this Island ... we have already got to £741,000 and yet we have got the U.K. court costs to come. So if we estimate the U.K. court costs to be at least £250,000, does he not think we should have more control over the costing of these exercises?

Senator I.J. Gorst:

As the Attorney General has said, we do not yet know what the U.K. costs will be and we have been, as I understand it, ordered to pay 25 per cent of those costs. It is too early to say what the total cost might be. I think I have outlined this morning why the costs rose above those that were estimated and, of course, the Law Officers' Department will review to make sure that the increase from estimate to cost is appropriate.

[11:30]

2.13.2 Deputy M.R. Higgins:

I am estimating the cost of £250,000 to the U.K. Government based on our own costs to date. If we are paying £741,000, you can imagine the U.K. Government's costs will be the same. We are supposed to be paying 25 per cent. Can the Chief Minister tell us - 25 per cent is Guernsey's, 25 per cent is ours - who is paying the other 50 per cent?

Deputy G.C.L. Baudains:

Could I ask, Sir, whether we are quorate?

The Bailiff:

We are one short, yes. Well spotted. Very well, we are now quorate again.

Senator I.J. Gorst:

Of course, the simple answer is I do not know, but I suspect that H.M.R.C. will be meeting its own costs.