



Corporate Services Scrutiny Panel

Quarterly Hearing

Witness: The Minister for Treasury and Resources

Monday, 27th January 2025

Panel:

Deputy H.M. Miles of St. Brelade (Chair)

Deputy A.F. Curtis of St. Clement

Deputy M.B. Andrews of St. Helier North

Connétable D. Johnson of St. Mary

Deputy J. Renouf of St. Brelade

Witnesses:

Deputy E. Millar of St. John, St. Lawrence and Trinity, The Minister for Treasury and Resources

Deputy I.J. Gorst of St. Mary, St. Ouen and St. Peter, Assistant Minister for Treasury and Resources

Mr. R. Bell, Treasurer of the States, Treasury and Exchequer

Mr. R. Summersgill, Comptroller of Revenue, Treasury and Exchequer

Ms. C. O'Brien, Deputy Comptroller of Revenue, Treasury and Exchequer

[14:00]

Deputy H.M. Miles of St. Brelade (Chair):

Welcome to this public hearing of the Corporate Services Scrutiny Panel. Today is 27th January 2025, and this is our delayed quarterly hearing with the Minister for Treasury and Resources. I would like to draw everybody's attention to the following. The hearing is being filmed and streamed live. The recording and the transcript will be published afterwards on the States Assembly website. All electronic devices, particularly mobile phones, should be switched to silence. For the purposes of the recording and the transcript, I would be grateful if everyone who speaks could ensure that you state your name and role. If we can begin with introductions. I am Deputy Helen Miles, chair of the Corporate Services Scrutiny Panel.

Deputy J. Renouf of St. Brelade:

Deputy Jonathan Renouf, member of the panel.

Connétable D. Johnson of St. Mary:

David Johnson, Constable of St. Mary, panel member.

Deputy A.F. Curtis of St. Clement:

Deputy Alex Curtis, member of the panel.

Deputy M.B. Andrews of St. Helier North:

Deputy Max Andrews, a member of the panel.

The Minister for Treasury and Resources:

Elaine Millar, Minister for Treasury and Resources.

Treasurer of the States, Treasury and Exchequer:

Richard Bell, Treasurer of the States.

Comptroller of Revenue, Treasury and Exchequer:

Richard Summersgill, Comptroller of Revenue.

Deputy Comptroller of Revenue, Treasury and Exchequer:

Cora O'Brien, Deputy Comptroller of Revenue.

Deputy H.M. Miles:

Okay, thank you very much. I just want to draw attention to the fact that we have 2 hours scheduled for this hearing, so we are aiming to be finished by 4.00. I understand that Deputy Gorst, the Assistant Minister for Treasury and Resources, will be dialled in at about 3.00, I believe.

The Minister for Treasury and Resources:

He is going to dial in later, yes. He is in London today, I think.

Deputy H.M. Miles:

Yes, I think he was unable to attend in person. Usual format, we have a number of questions. We have given you the topic areas beforehand, and we will be splitting between the 5 of us to do that. But I think just before we start, are there any updates coming out of Treasury regarding the

responsibilities of the Minister? Has anything changed? Is there anything new that we need to know about?

The Minister for Treasury and Resources:

Not that I can think of specifically.

Deputy H.M. Miles:

Not that you can think of, okay. No new financial recovery programme starting or anything like that? Nothing that you know about?

The Minister for Treasury and Resources:

Well, nothing that is not in our business plan. We have got priorities in the business plan and we will probably touch on it later. The team are working on a general project in terms of long-term financial planning but there is nothing specific that we did not already have on our radar.

Deputy H.M. Miles:

Thank you. First questions I am going to go to Alex, please.

Deputy A.F. Curtis:

Thank you, Minister. We are going to briefly ask some questions about P.88/2024, which for those listening is a proposition to change, in brief, the risk profile on pre-lets and pre-sales for States of Jersey Development Company developments. Minister, as the Minister with oversight of States of Jersey Development Company, what discussions have you been involved in with regards to the proposed changes that are being sought in P.88?

The Minister for Treasury and Resources:

I have had discussions with S.o.J.D.C. (States of Jersey Development Company) at the regular meetings. I have quarterly meetings or aim to have quarterly meetings with all of them. So we have discussed it. We discussed the rationale and the reasoning. I have discussed it at that level, supported it. I support it. I think it makes sense,. It has also been to the Regeneration Steering Group, who have also supported it, and the Council of Ministers. So, yes, it has been very well discussed.

Deputy A.F. Curtis:

It has been well discussed. What impacts have you assessed that the changes proposed in P.88 will have in the wider context of any States of Jersey Development Company developments?

The Minister for Treasury and Resources:

These policies are always open to amendment but at the moment this one will be with a view specifically to South Hill. It is really addressing that ... well, it will become most relevant to South Hill, which is I think their next residential development. It is really recognising that the pre-sale and pre-let criteria that they have already had may not cause delay. If you look at the ... was it College Gardens took 15 months to get to the level of pre-let. Now that means everybody is kicking their heels while that happens. I do not think it is remotely satisfactory for purchasers to be ... if you do a pre-sale, if you enter into a contract at the start of that 15-month period, to be over a year later and nothing is happening, I think that is a good outcome for the buyers. There is a risk of financial change when you are in a high interest rate environment. I think it will enable them to build more quickly, which is what we all want. We all want more homes being built.

Deputy A.F. Curtis:

At its core, the model, as the panel understands, currently for approving the commencement of development is obviously for the board to be happy to proceed, finally for Treasury to be happy, ultimately any lenders to be happy with the terms, and then to meet the conditions that were set out in P.73/2010, which is a sufficient level of pre-sales or pre-lets. The change being proposed removes that and we understand means that it will be down to the board and the lenders to say what they are comfortable with, with regards to risk.

The Minister for Treasury and Resources:

It applies a different test, yes, and I think it is putting it on a more commercial footing, which says rather than S.o.J.D.C. doing something that the States have decided which worked in 2010 but may not work in 2025, it is looking at it on a commercial basis. If the lender is satisfied then why should we not be satisfied almost, and it avoids delay. If they are having to wait a year, 18 months to reach the right levels, it is enabling business to go on and it mitigates risk of prices going up while that pre-sale period is ongoing.

Deputy J. Renouf:

My recollection is that when that was put in place, it was because of fears that investments by S.o.J.D.C., if they went wrong, could cause problems for the States as the owner of last resort, that you could end up with liabilities on the taxpayer. It is a very demanding set of criteria that are put in place before development is allowed to go ahead. This effectively is a relaxation. Are you at all concerned about the effects that that might have on the risk that the taxpayer is taking on board?

The Minister for Treasury and Resources:

We still need to look at what the development is as a whole, what they will be borrowing, what the terms are for the borrowing, and then for the build. I mean if you are borrowing, having something sat for a long time, you may be paying fees just for having the facility available, and if you are paying

fees to not draw down a facility, there could be also ... there will be a change in risk, but do we want houses built quickly for people and apartments? That is what the public really want.

Deputy J. Renouf:

You have assessed the risk, that is what I am trying to get at. Have you assessed the risk that the taxpayer is taking on? You have accepted that it is a different risk profile. Have you assessed that risk?

The Minister for Treasury and Resources:

It will be a different risk profile. It is a risk and it will be a different level of risk but I think it is appropriate. They are not going to borrow a massive sum of money and then suddenly find they have got a huge debt with nothing to sell against it. The way property development debt works ... I am sure there will be drawdown periods and it will be sold. If they are borrowing to build they will have an asset that then could be sold to pay the loan or let to pay the loan.

Deputy A.F. Curtis:

That is an interesting kind of view on it, which is about who is at risk and who is going to lose out because what we understand from P.88 is that S.o.J.D.C. are looking to use third-party bank finance to two-thirds of the total development value, but that means that the bank's appetite might be well ... the value of this estate could fall by one third and I can reclaim a set of securities, which is the asset, and be left in a fine position. I guess what we are trying to ask, and I think Deputy Renouf was touching on, this is inherently a different approach to development risk and there is a risk associated both on the risk that a bank may or may not have in saying: "Well we are securing our finances against an asset" but also the board having decisions. It is just for us to really understand the process that proposing these changes has gone through from the board through to the R.S.G. (Regeneration Steering Group) and to C.O.M. (Council of Ministers) and who has intervened. I do not know if there is any more you can share in who brought this up, who felt this was the right move to make, and what kind of conversations.

The Minister for Treasury and Resources:

It would have come from S.o.J.D.C. They would have instigated it. I believe they borrow for all their developments. We do not give them money. I think there is always ultimately a risk for Government because it is a Government entity. Regardless of what happens, anytime a Government-owned entity borrows they may get better terms because they are a Government entity because people know it is a ... they will assume it is relatively low risk. It is low risk than lending to an entirely independent developer.

Deputy A.F. Curtis:

Touching back on one part you mentioned, the focus was immediately South Hill and the change. Was any consideration given to limiting the scope in P.88 to say that the lending and the requirements to commence development are for South Hill only because, as we understand it, this change here will change for all future S.o.J.D.C. developments yet it seems like it is targeting a specific one. Was any consideration given?

The Minister for Treasury and Resources:

I do not think it ... well, maybe that is wrong. My understanding is it will become apparent first with South Hill, where they have changed the name; it is now being called something else. It will become effective with South Hill first, but I do think in terms of outcomes, in terms of speed of development, the outcome for the buyers who are not then sitting waiting years for the property, I think that balances out against commercial lending risks.

Deputy A.F. Curtis:

Looking to South Hill then and thinking about that, have you already given any consideration to the viability of that scheme under the current conditions and is that at all where these conversations led to, not just for the delay in construction but obviously being shovel ready soon.

The Minister for Treasury and Resources:

I think work is ongoing on South Hill and I think S.o.J.D.C. have identified that it took 15 months to hit the pre-sale targets for College Gardens, and that was in a different time with interest rates. Given where we are now, that is not a helpful place to be in terms of risk. The risk of property going up. Now if they do pre-sales now that they do not reach or property has gone up, they would then have to unwind all those contracts and give people the money back. I have not seen the plans for South Hill. I am not a property development expert, that is what we pay them to do, is to come up with schemes that get through planning that people want.

Treasurer of the States, Treasury and Exchequer:

It might be worthwhile adding that as and when these individual projects are brought forward, once we get to the point where they are reasonably assured of the price of construction and procurement, the case comes back to, having gone through the board, the Treasury, and we commission our own review of the individual projects. That will push out whether that project is particularly risky, where there are aspects of risk that we might want to follow up with the board. Back to an earlier question, I suppose there has been a long-held view that the particular measures are partly poorly designed in the case of the office accommodation, in that it assigned no value to units that were not pre-let, but clearly had a value. I guess what we have seen is - not necessarily just specifically at South Hill - a key detail in how quickly these housing units, in particular, come on the market. It is weighing one risk against another, or I would probably argue is an issue arising from the overly risk-averse

position of the existing policy, is that the risk of the targets we set for more units of housing coming online has arisen as a result of the pre-let is compounded by the existing high pre-let levels over and above that which we would expect in a commercial transaction.

The Minister for Treasury and Resources:

Richard has picked on a point that I am meaning to come to, which is you had said earlier on ... you were interpreting P.88 as meaning that the decisions are now entirely for the board, and that is not the case. That any lending they do has still got to come back to us for approval. This is not just giving the board *carte blanche* to go and do what they want because we still through the shareholder relationship, and then we use ... they have to come to us for any borrowing. There is still that extra and, as Richard said, the third party insurance report there is still that extra level.

Deputy A.F. Curtis:

I have probably one more question on this, which I think touches on where the Treasurer was heading, which is about governance. I think the panel would just like a quick rundown of that. But before we go there, it was that tension you are describing between the wait for pre-lets and the impact on construction costs. But by changing this model, we are seeing an interesting housing market where there are a lot of units sitting around for an awfully long time.

[14:15]

Do you see any risk or perceive any risk that approving a development with perhaps far less certainty that the units are desirable to the market to purchase is a risk? In essence, if you start building when you only know 10 per cent of them are allocated we could sit around, like some private developers are, with a large book of properties. How do you assess that risk? Because you mentioned almost a political comment, we want more housing. But the market shows us there is an awful lot of it.

The Minister for Treasury and Resources:

I think you also have to remember that if you had a private sector developer ... well, I do not know. I do not believe you have the same rules about affordability. States of Jersey have specific rules that they have to address about affordability, about meeting first-time buyers and right-sizers. If we assume there is a market for right-sizing, which we are led to believe there is, who want to buy these type of flats ...

Deputy H.M. Miles:

Not at Snow Hill.

The Minister for Treasury and Resources:

Well, there may be. Or first-time buyers, and S.o.J.D.C. have worked very hard in terms of structuring products and means of helping people on to the housing ladder. I think because they will not be charging they have different commercial imperatives. Yes, they have to get the money in to pay off the debt but they do not necessarily have ... they are not operating the same as a private sector.

Deputy A.F. Curtis:

Okay, that is helpful.

The Minister for Treasury and Resources:

Again, because the private sector developers do not necessarily have any pre-sale, they could just build the development of houses and worry about it when they are built rather than States of Jersey having to get some element of pre-sales or pre-lets.

Deputy A.F. Curtis:

I think many of them are worrying now, and I think that is what we are trying to understand the risk profile as to will we, as an Assembly, be worrying in the future?

The Minister for Treasury and Resources:

We are still a long way off and I think if we thought that we were going to build a development that would sit there redundant ... I mean they could be let. Andium could take them over. There are all sorts of things that could happen. You could ask Andium to, for example. That is just plucking something out of the air. S.o.J.D.C. can let them out. If we thought we were going to sit with a complete white elephant then we would have discussions about.

Deputy A.F. Curtis:

Lastly then, our question is back to the quality assurance and within your oversight function what is that quality assurance process for each development project related to risk for S.o.J.D.C.? When do you, as Minister or the Treasurer or shareholder officer intervene and what does that quality assurance process look like for each development?

Treasurer of the States, Treasury and Exchequer:

The quality assurance is engagement and expert review of the individual project to see where, for example, some of those aspects that you are concerned about with regard the risks of whether their demand will be there for them and it will include that, probably add to that of course. We are closely connected with our colleagues who report to the Minister for Housing. As the Minister will say, we looked at the affordability ... the number of affordable units that have to be put into any individual. One of these transactions will obviously be fed in by the Housing team, the longer-term projections

in terms of housing demand obviously within that team as well. So we have access into that team. Then we also access experts in the review of those projects to understand whether we have the costs right, looking at the cost calculations for that project and also looking at the likely sales.

Deputy A.F. Curtis:

Within that process you may obviously end up with a final decision to make, or you will on any of these projects. Something like South Hill has of course had a huge amount of expenditure on it, probably about £4 million now. Are you comfortable that the oversight function remains objective enough to the States finances that it can ultimately say no when no is needed and that you will always be happy to make that decision?

The Minister for Treasury and Resources:

We expect third party insurance to be objective.

Treasurer of the States, Treasury and Exchequer:

There are other projects in the past, not necessarily S.o.J.D.C, where we have had really significant challenges back to the board at different points in time, so the challenge is robust.

Deputy A.F. Curtis:

Thank you.

Deputy H.M. Miles:

Thank you for those. I have just got some general questions about the Budget. My couple of questions are around the impact of the amendments of the 2025 Budget. Obviously there was some unexpected to Government, I guess. The question really is about where the funds have come from to offset the changes brought by the approved amendments and whether there have been any specific trade-offs that have been made that you can make us aware of to accommodate the approved amendments.

The Minister for Treasury and Resources:

The ones that were accepted by Government as are ... they were accepted as are or subject to amendment. The Budget has been published as amended, so it is out there now. The amendments will be reflected in heads of expenditure for relevant departments. In terms of things like public realm and infrastructure rolling vote, the relevant Minister will have to look at reprioritisation. He may have to do some replanning, but that is a matter for him to do to work out how he spends that budget. There is a relatively small amount in the Cabinet Office that has to be found, and the department will have to identify how to implement it. That will be done through reprioritisation. There is not new money. We did not magic up any new money. We just have to shuffle it around. So

some projects, it may be there are things that Ministers would have wanted to do, will have to not be done because of the amendments. So it is going to be a matter of prioritisation ...

Deputy H.M. Miles:

For individual Ministers.

The Minister for Treasury and Resources:

,, within the departments where ... so public realm; west of Island planning, that will have to be prioritised within public realm. Then Cabinet Office Connect Me funding, they will have to find £78,000 for Statistics Jersey and £86,000 for the Connect Me funding. But overall they are relatively modest and those departments will have to be reprioritising and replanning to meet the amendments.

Deputy H.M. Miles:

A decision was also required from you to approve the transfer of up to £25 million from the Consolidated Fund to the Stabilisation Fund, based on the availability of funds in the Consolidated Fund at 31st December or from budgeted underspends. Can you let us know what those actions are? What has happened?

The Minister for Treasury and Resources:

That will still be pending the accounts, is it? We are still going through year end now.

Treasurer of the States, Treasury and Exchequer:

Working through the year end to finalise the numbers.

Deputy H.M. Miles:

So you will be able to tell us at the next ... we will know exactly where that has come from at the next hearing. Okay, thank you. Alex, back to you.

Deputy A.F. Curtis:

Right, we will move on to your response, Minister, to this panel's Scrutiny report on the Budget, and we will just dive into a couple of the recommendations, if that is okay. We would like to first ask about recommendation 19, which recommended that: "A more robust framework for the monitoring of the longer-term effects of revenue-raising measures on consumers, businesses and the economy should be established."

The Minister for Treasury and Resources:

Sorry, can you bear with me, I am trying to find my notes?

Deputy A.F. Curtis:

Page 26 of your response.

The Minister for Treasury and Resources:

Sorry, which one did you ...?

Deputy A.F. Curtis:

Recommendation 19 looking at the long-term effects of revenue-raising measures including that of excise on businesses and consumers in the economy.

The Minister for Treasury and Resources:

Sorry, I am struggling to find it.

Deputy A.F. Curtis:

So with regards to that recommendation of course it was rejected, so if you are able to further explain the Government view that further analysis would not materially improve decision-making the panel would be interested to understand the rationale.

The Minister for Treasury and Resources:

The suggestion that we make changes and ignore them, I mean clearly we do look at them in terms of the revenue-raising measures. We do consult widely on all changes and with the most affected groups we do speak to regularly. I think adding in more bureaucracy we do not think it will add a great deal, unless you would like to add anything to that.

Treasurer of the States, Treasury and Exchequer:

There is obviously a cost and ambiguity trade-off for such longer-term brewing work. Isolating specifically the impact over that long term will be quite a difficult thing to do, taking out all of the factors that contribute to that. Whenever we are reviewing a particular measure or whether we are looking to bring something forward, we do look to research that has taken place elsewhere and anything locally that we can realise ourselves. For example, we will draw from the J.O.L.S. (Jersey Opinions and Lifestyle Survey) from the Statistics Unit. Also draw from any statistics that are out there that are relevant, look at those policies that are implemented by other small jurisdictions, for example. We do a proportionate level of research into new tax measures and draw upon, in particular, the work that my colleagues on the international front do in terms of being clear as to which direction we should take on international tax measures, I think proportionate to the size of our jurisdiction and proportionate to the size of Government.

Deputy A.F. Curtis:

Is the Government seeing other jurisdictions that are very good at proactively understanding and modelling their data? Are you looking to learn from best practice or are you quite happy that being a small Island, we ultimately ... it sounds like we have to run on more anecdote than perhaps data? That proportion ... I am just trying to ... because it sounds ...

Treasurer of the States, Treasury and Exchequer:

The data is not necessarily that deep in other jurisdictions either relating to that, but for example, when we first implemented the long-term care charge, Guernsey had done it. We talked to Guernsey about the lessons to be learned on the implementation of that and we could look and, indeed, it was pulled out in Scrutiny reports as well, relating to evidence from elsewhere. When we are looking at, for example - you may come on to it - vaping or strategies relating to tobacco, for example, we are looking at research that is available from elsewhere. In this case on vaping, looking to see what research other places have been doing in implementing the particular tax ...

Deputy A.F. Curtis:

We are going to touch on vaping so I think we should not stray too far into it yet because we have got a few recommendations we want to cover. So recommendation 20 as well recommends that: "The scope for economic modelling be expanded to include more detailed assessments of how revenue measures interact with the broader economic and social factors, such as things like household income levels, business growth and sector-specific productivity." Now this recommendation was partially accepted and it was commented that: "Work is underway to further improve the quality of data and the understanding of the impact of fiscal decisions where necessary." It is a real mouthful, these recommendations, but could you therefore outline 3 examples of work taking place, how it is being undertaken and the outcomes that you are anticipating from that?

Treasurer of the States, Treasury and Exchequer:

Three?

Deputy A.F. Curtis:

Three would be lovely.

Treasurer of the States, Treasury and Exchequer:

The vaping, the work that is being done is looking at how that has been implemented elsewhere, looking at the options for that implementation, consulting with colleagues in particular in Health in terms of the case for that particular taxation. The case for is largely a health agenda. We are looking at how that particular tax can be best implemented by drawing upon what is happening elsewhere. I would then say that in the last couple of years we have been looking to bring it more on to the table

at different tax structures or impôt structures, duty structures, related to keg relief, a topic of discussion as well as trying to ...

Deputy H.M. Miles:

Related to what sorry?

Treasurer of the States, Treasury and Exchequer:

Keg relief for...

Deputy H.M. Miles:

I thought you said cake relief.

Treasurer of the States, Treasury and Exchequer:

I have been testing that out exclusively. Keg relief for pubs and clubs and restaurants, et cetera. So we have been looking to that. We have been talking also of course with local representative groups, and we have also been looking at how measures could encourage not entirely only local but small distillers, for example. I can throw to tax policy colleagues who have now been thinking of the third one to present to you.

Deputy Comptroller of Revenue, Treasury and Exchequer:

Well, we would have done a lot of that in modelling for Pillar Two. There was a lot of data analysis, which we have talked about before. The fourth example would be on the introduction of the innovation incentive. When that was brought in we did very careful analysis of who it might apply to, who could avail of it, worked quite closely with the J.F.S.C. (Jersey Financial Services Commission) and the data that they had about the breakdown of the financial services sector.

[14:30]

Comptroller of Revenue, Treasury and Exchequer:

I think the other point to make, also touching on recommendation 19, is you mentioned the excise duties. The excise duties are all specific and routinely the Government uprates them by inflation. In recent years actually less than inflation. So all other things being equal, I think I would argue that you do not need to do a great deal of analysis of the impact of revalorisation by inflation because all you are doing is maintaining the real value of those excise, and if you do not maintain their real value then obviously the danger is that they will lose their efficacy in terms of any health or environmental benefits.

Deputy J. Renouf:

Recommendation 23 asks that proposals for a fuel duty replacement policy be included in the next iteration of the Budget, but the Government responded that this was not a priority for the 2026 Budget. Can you explain the rationale for that and, in particular, how it aligns with the carbon neutral objectives?

The Minister for Treasury and Resources:

Well, we have looked at the figures for purchase, if you like, so we looked at the volumes of petrol sales as opposed to electric vehicles and while you would expect petrol sales to be declining, they are not declining anything like as quickly as we thought. So, there is no immediate benefit because we are not seeing a significant ... I mean there is a bit of a reduction in excise duty from petrol but not as significant and we are not looking at a cliff edge. The decline is very much more unmarked than we had anticipated, so it is not something that we feel we need to do urgently when we do have other things that we do need to prioritise this year. It has not gone away. We will revisit it. We will keep an eye on that. We have done policy work in terms of what might that look like, and I think it has generally come down to one of 2 things, both of which have their difficulties and implementation ...

Deputy J. Renouf:

Two things being?

The Minister for Treasury and Resources:

Well, you either tax the car or you find a way of taxing usage of electric vehicles. Taxing a car prejudices people who use their car once a week, you know the older members of the community who use their car once and week and have to pay the same tax as everybody else and trying to capture usage for electric vehicles involves technology which, I think, did we say Switzerland use?

Comptroller of Revenue, Treasury and Exchequer:

Switzerland are one of the longest users of road user charge.

The Minister for Treasury and Resources:

Switzerland have got some form of you put a black box in your car to report, and we know some people are not going to like that idea either. Whether there is some kind of hybrid of those, I do not know, but the fact is the sales of electric vehicles, while they are there, people are not abandoning them en masse for electric vehicles. So, the need is not as marked as we thought because we are still getting the revenue from petrol sales.

Deputy J. Renouf:

You are confident in that even though there was, I believe, quite a significant uptake in electric vehicles? I do not know whether you have the data yet for petrol, diesel sales for last year but my understanding is that it was showing a steeper decline than had been the case in previous years.

The Minister for Treasury and Resources:

I cannot remember when we last looked at it, but it was not a steep decline. It is very, very gradual and the Carbon Neutral Roadmap still gets funds from ...

Deputy J. Renouf:

The Climate Emergency Fund, yes.

The Minister for Treasury and Resources:

Climate Emergency Fund, sorry - whichever one - gets funds from petrol duties, so there is still money going in there.

Deputy J. Renouf:

Finding 33, vaping tax policy will be developed in 2025. Is it the intention that proposals for vaping taxation will be brought forward in the next Budget?

The Minister for Treasury and Resources:

Yes. Yes, we have met regularly. We have met the relevant Ministers. I think I have met all the Ministers who have an interest. People are supportive and we are working on that with a view to it being in the Budget for next year.

Deputy J. Renouf:

Okay, and have you assessed revenue on that or is it seen as a deterrent policy rather than revenue-raising?

The Minister for Treasury and Resources:

For me, it is more about the health impacts of trying to dissuade children and young people from vaping but that has to be balanced with the need to not encourage people to smoke instead. There is a balance of keeping vaping less expensive than tobacco, that people who are trying to stop smoking are not dissuaded from going to vapes but at a level that might dissuade young people. But, as we were just discussing at lunchtime, there are all sorts of other products out there that are even more attractive to the youth market than vaping, it appears.

Deputy J. Renouf:

Okay. Final one in this section. Recommendation 34 was about the Stabilisation Fund and the Social Security Fund and suggested they be included in the next Budget. The response notes that work will continue to review the objectives of States funds, including the Stabilisation Fund although there was no comment regarding the Social Security Fund. This recommendation was accepted so does this mean that new proposals for the Social Security Fund and the Stabilisation Fund will be brought forward in the next Budget?

The Minister for Treasury and Resources:

As I recollect, there are quite a large number of funds. Some of the objectives are “could do” and I think there is an element of prioritisation. Do you want to talk about that?

Treasurer of the States, Treasury and Exchequer:

Sorry if there is anything misleading having gone out. I do not think we are proposing at this point to do the Social Security Fund specifically for the next Budget. We will look at the Stabilisation Fund because of course we are carrying some risk and the aims of having the Stabilisation Fund as part of the fiscal strategy or the safety net, as it were, in place without the Stabilisation Fund having funds in it so we see it as a priority, the Stabilisation Fund. Social Security Fund less so given that it is a longer-term fund to address the longer-term ageing demographic is well documented in legislation.

Deputy J. Renouf:

When you say you are going to address it in the Budget, does that mean you are going to address it in terms of what its aims and objectives are or its recapitalisation or both?

Treasurer of the States, Treasury and Exchequer:

We will be reviewing aims and objectives. We might well look at alternative aims of achieving those objectives and capitalisation. We generally take a steer from history and the views of the F.P.P. (Fiscal Policy Panel) in terms of what target that should have, but that will be the consideration as to what the target value should be.

Deputy J. Renouf:

You will be potentially setting a new target value.

Treasurer of the States, Treasury and Exchequer:

We will be looking at historically what we would need to put into it, and we will give consideration whether that will be explicit in the value of different matter.

Deputy H.M. Miles:

Thank you. This is a bit of an oblique question, but it came up in the hearing with Children, Education and Home Affairs Scrutiny Panel. We made a recommendation as part of the Budget review that there should be further detail provided about how Government grant funding is used to support the third sector, particularly any funding that is used to commission essential services. The Minister for Education and Lifelong Learning said that that was a question for the Minister for Treasury and Resources, hence asking that now. The question really is about what your thoughts are about the principles of the Government Budget providing more transparency about grants under £75,000 to the third sector?

The Minister for Treasury and Resources:

Under £75,000?

Deputy H.M. Miles:

Whether you think that would be useful or not.

The Minister for Treasury and Resources:

Those could be very small amounts of money going to all kinds of bodies when you look at the arts, heritage and culture. There are some very small sums of money going out and I am not sure if they are reported. I have seen lists. I think when you drill down to under £75,000, there is quite a lot of effort for ... I am not quite sure there is a return. I mean we have got the figure of £75,000 and I think we report on the accounts of all those entities. I am not sure about how the ... I am assuming that the accountable officer in the relevant department will be looking at money spent if services are being commissioned from a charitable body in health or care or whatever. I would imagine that there would be someone in Health who is looking at the outcome of that spending.

Deputy H.M. Miles:

Okay, so you would not be looking to do ...

The Minister for Treasury and Resources:

They are better placed to look at outcomes than we are, I would think.

Deputy H.M. Miles:

Treasurer, did you want to ...

Treasurer of the States, Treasury and Exchequer:

I would favour a framework within the Public Finance Planning Committee to keep that under regular review. Our focus in Treasury is more around those, as the C. and A.G. (Comptroller and Auditor General) described, arm's-length bodies, which are those that are constituted by the Assembly either

to deliver services or regulate services that might also be delivered by Government and those that are over ... I think we are looking at a threshold of about £250,000. Where their turnover is over £500,000, looking at governance with regards those and whether that governance in its detail is better delivered through the P.F.M. (Public Finances Manual) making it clear what to expect within each of the grant agreements with those entities for the issues of governance. Expectation is that grants, be they above or below £75,000, should be done in furtherance of the aims of the particular Minister, preferably by reference to the C.S.P. (Common Strategic Policy), but should not be used for purposes outside of the purposes of the departmental Minister.

Deputy H.M. Miles:

Okay, understood. Thank you.

The Minister for Treasury and Resources:

We published a whole swathe of accounts earlier this year of the bodies over £75,000. I said: "This is ridiculous. Can we look to trim this down?" because there were so many bodies putting accounts out and when we looked at increasing the level above £75,000, it made very little difference until you got to quite significant numbers.

Deputy H.M. Miles:

Okay. Thank you.

Deputy J. Renouf:

Project Breakwater. As one of the Ministers on the oversight body, the Regeneration Steering Group, for this workstream, can you explain your role and involvement to date?

The Minister for Treasury and Resources:

Not a great deal. I had a briefing quite a long time ago on it, but it is still a work in progress, and it will come to the Regeneration Steering Group and C.O.M. It has not been formally to the Regeneration Steering Group or a C.O.M. so it is still a work in development.

Deputy J. Renouf:

Is there anything at all you can tell me about it?

The Minister for Treasury and Resources:

Not in terms of ... I mean I think the officers have been involved in high-level discussions, but I believe it is still quite a high-level state so in terms of the package ...

Deputy J. Renouf:

You are not involved in any of those discussions?

The Minister for Treasury and Resources:

It has not come to those forums yet. It would come to the Regeneration Steering Group or Council of Ministers, but it is still being worked-up with officers.

Deputy J. Renouf:

Can I just be clear about this because we are talking about potentially very large sums of money, you are the Minister for Treasury and Resources and you are not involved in those discussions.

The Minister for Treasury and Resources:

I think the officers are having some discussions. I have had a briefing some time ago about an overall view but in terms of that all coming together - it was some time ago - I have not seen an overall structure. You can go away and decide whatever you want but until you come through with business cases and get all those approvals, nobody has committed to anything.

Deputy J. Renouf:

As the Treasurer, are you able to fill us in on anymore?

Treasurer of the States, Treasury and Exchequer:

I will talk more to long-term capital plans and financing of those. We have in our business plan for the current year - and I think we said as much in the Budget last year - that we would now be turning to, and a great deal of work has been undertaken with regards to, a 25-year capital programme. The needs that are out there, the various demands, the timescales with which they should be delivered, we will take that to the Council of Ministers and then also - and it has been a position within Treasury for a while - we need to look at other ways of funding some of that capital. Obviously, there are already out there other ways of funding that capital. Andium Homes is one example. What S.o.J.D.C. is doing is another example but we are not just limited to that. We have the borrowing in place for phase one of the health facilities, of course, but what we are trying to do at the moment is capture that need and/or demand for the longer-term capital programmes so that we can get sequencing right and then look to see how much more then can be directly afforded from tax receipts in the short term, what funding strategies we may use for that longer-term capital investment, which will include certain elements within the Breakwater Project.

Deputy J. Renouf:

Okay, so Project Breakwater is a subset of a group of things that are things that would not be able to be funded under the normal allocations through a budget?

[14:45]

Treasurer of the States, Treasury and Exchequer:

Well, I think I would be careful not to describe it as a subset.

Deputy J. Renouf:

It is the whole set.

Treasurer of the States, Treasury and Exchequer:

But I would say it would include some of the things that are within the subset. High priority politically and from the community, I think, is Fort Regent and the funding of that, which I would take outside of that and in advance of Budget 2026 or within Budget 2026, but there are other aspects with input in this that might be included in Project Breakwater than just capital costs.

Deputy J. Renouf:

Not just capital costs. Okay. Just finally then on Project Breakwater, are there any red lines at all in this? I mean could we be talking about borrowing? Could we be talking about leveraging existing States funds? Is there anything that you can say about what is and is not included in the scope of Project Breakwater in terms of financing?

Treasurer of the States, Treasury and Exchequer:

I am not going to talk about Breakwater; I am going to talk about options to fund capital. There are not usually red lines in place. We will look at all options. Previously, we have eliminated other options where we will be looking at the hospital facilities, for example, and that has got to match both Ministers' and Assembly risk appetite for those various options. In case of borrowing, we have gone for what we think is the right risk/reward trade-off, which is invariably on the bigger capital projects, sovereign bond issuance as opposed to shorter-term bank loan issuance. But in looking to learn some lessons from previous issuances of previous debt strategies, we are using the revolving credit facility as you go through the early construction phases until we issue a bond for a larger amount further down the line. We have not got a closed mind to certain approaches, but we will always bear in mind the degree of risk that certain approaches entail.

Deputy J. Renouf:

I think the issue here is the public know that there is something happening and Government is shedding virtually no light on it at all at the moment. As Minister for Treasury and Resources, what level of oversight are you going to have over Project Breakwater?

The Minister for Treasury and Resources:

I would have the level of oversight that you would expect of a significant project which will depend on what Breakwater looks like. It depends on what the elements are. It will depend on the timing of various elements and how we decide to structure it financially.

Deputy J. Renouf:

Okay. I will move on to the new healthcare facilities unless ... nobody else has got anything on that? Okay. Are you able to give us any update on the new healthcare facilities in terms of your oversight function? What have you been doing recently?

The Minister for Treasury and Resources:

We have a meeting this week. I think there was a meeting in December that was cancelled. There normally are monthly meetings. The December one was cancelled so there will be one this week to see where they are. There are normally monthly meetings. The Treasury team work closely. We have a business partner embedded within the project, a treasury/finance business partner, and the project team meets regularly with Treasury officials, so I will have my first meeting of the year on Wednesday, I think, to see where we are, to see what the current updates are.

Deputy J. Renouf:

Those meetings address what?

The Minister for Treasury and Resources:

They address where we are in the project. Just on the project.

Deputy J. Renouf:

I mean to what extent do you question the Minister about what he is doing with the money, whether he has got specific plans for it and so on?

The Minister for Treasury and Resources:

They have to follow a programme, and they have to follow capital and delivery frameworks, and they have to do that under the Public Finances Manual, and we expect them to do that. Their costs are being tracked against forecasts. Forecasts are reviewed regularly. We have got monthly management accounts at project level. Financial reporting will have internal and external review, so there is a lot of oversight going on on this at various levels within the organisation, within all the appropriate frameworks and C.P.M.O. (Corporate Portfolio Management Office), their delivery framework, so those are all being followed.

Deputy J. Renouf:

Okay, I will leave it there.

Deputy H.M. Miles:

Thank you. Okay, Max.

Deputy M.B. Andrews:

Thank you very much, Chair. Minister, I would like to move on to the living wage and I would just like to have an understanding to the extent that you are involved with other Ministers with the transition to a living wage in regard to the oversight across the next 2 years.

The Minister for Treasury and Resources:

This falls within the remit of the Cost-of-Living Group, which again meets regularly, although we last met in October. I think it does meet about quarterly generally. We meet again at the end of January. That group has a published terms of reference, I believe, and the business support package rests primarily with the Minister for Sustainable Economic Development, and his team helped develop that. Myself and the Minister for Social Security are also in that group and we approve the overall package as a way of helping businesses deal with the living wage. Over the next couple of years we will be monitoring the effectiveness of that package as it is rolled out.

Deputy M.B. Andrews:

I do know, Minister, that there has been a bit of confusion among some members of the public who I have certainly engaged with in regard to the transition to a living wage. Some people have mentioned that it was supposed to be just covering the baseline wage increase but then there has also been mention about economic productivity. I was just wondering if you could elucidate the panel on your understanding on what the Government is intending to do?

The Minister for Treasury and Resources:

The Minister for Sustainable Economic Development, I think, was always clear that what this was not going to be was giving businesses money. It was not just giving people money, grants, to help meet the wage bill. It had to be more focused and targeted than that so that is why the funds that are there are aimed at boosting productivity in the relevant industries and there are grants there to help people introduce new technology or new measures to help them boost productivity because better productivity will itself help mitigate the effect of higher wages. Similarly, with Skills there is more funding available for people to invest in apprenticeships and training and there are the wider elements of the package which is about increasing visitor numbers and making sure that we have got a ... because those are the sectors that are most likely to be impacted, so hospitality and retail, and the rural marine sector. Those are the areas that are most likely to be impacted so the various schemes have been devised with them in mind.

Deputy M.B. Andrews:

Just one more question from me. Obviously, there is a great risk in terms of public funds being used to transition firms to a living wage and, of course, there has been a report that was published - I think it was in late 2023 - by the Jersey Employment Forum and that mentioned that transitioning to a living wage would potentially impact businesses. Do you believe that could still be the case and public funds could be used and some of those firms might not be able to make the transition to a living wage?

The Minister for Treasury and Resources:

Firms will be expected to pay the new minimum wage when it comes in, in April. I think it will go up on 1st April. It was delayed from the beginning of January, I believe, by the Minister. Firms will be expected to pay the minimum wage and if people apply for grants, I am sure there will be a degree of rigour. They are going to be administered, I think, by Jersey Business and we would expect Jersey Business to apply a degree of rigour in who they are providing money to, to make sure that that is not money that is lost. I think most of them - several of them - have to be match-funded. The business will have to invest an element of money into apprenticeships and will get funding from the Government as well to help pay for those apprenticeships but those monies, I think, should go upfront into the skills provider. So if you are sending someone to do an apprenticeship at Highlands, government money will be clearly going to Highlands to help fund those training courses.

Deputy M.B. Andrews:

Okay. Thank you very much, Minister. Thank you, Chair.

Deputy H.M. Miles:

Okay, thank you. Just time to welcome Deputy Gorst. I think he has just logged on.

Assistant Minister for Treasury and Resources:

Thank you, Chair.

Deputy H.M. Miles:

I will just hand you over to Deputy Curtis.

Deputy A.F. Curtis:

Minister, we have a couple of questions on Revenue Jersey, and it would be good for the panel if you could briefly update us on the customer service levels and performance for Revenue Jersey detailing any current concerns that have been identified as well as steps taken to address these. To give an example, that could be things like the time to answer a call, responding to written requests, the time taken to assess tax returns, all those kinds of things.

The Minister for Treasury and Resources:

I do have lots of numbers on that. I think it might be better if the Comptroller ... he is much more *au fait* with it. I could read out the numbers, but he could probably give you that much better, if you do not mind, Comptroller.

Comptroller of Revenue, Treasury and Exchequer:

Yes, of course. We do now have the annual statistics for 2024; so in respect of telephony for 2024, 84 per cent of calls were answered first time. As I have said before, it is quite difficult to measure first time but essentially the people who call us will usually get through on the same day, I think is the safest way to interpret it. It was 78 per cent in 2023, so that is a 6-percentage point improvement. We had over 34,000 enquiries by email and online form and letters and so on. The vast majority of those - now over 25,000 - use our online forms and that has enabled us to answer most enquiries within 3 working days, which is a considerable improvement on where we were a few years ago when we did accept freeform enquiries via general email and so on.

Deputy A.F. Curtis:

That is some positive news. Within the stats, is it possible to drill into a few of those examples as to what are the improvements that delivered that change? Is it cultural or was it activities by the department?

Comptroller of Revenue, Treasury and Exchequer:

Well, I would say the largest driver of the very significant reduction in waiting times for written enquiries is the online form and the reason for that is that the online form asks customers to provide a set of information which they do provide first time. By getting rid of freeform in email, we have eliminated the tennis match that used to go on where a customer might ask a question, but they have not provided the information, and we have to go back and forth. That has very significantly improved things. Also, we do use the Jersey Lean system, and we have done quite a lot of work on what is called workload balancing. So I think our front line managers and middle managers are getting a lot more intelligent in terms of how they are allocating resources between the different channels. We are now a bit more responsive in terms, for example, if we see that the call volumes are increasing at a certain time of time, we are more flexible in diverting resources to deal with that.

Deputy A.F. Curtis:

Brilliant.

Comptroller of Revenue, Treasury and Exchequer:

So that works quite well.

Deputy A.F. Curtis:

Staying on the topic of customer service, do you see customer service levels differing between those enquiring for personal taxation or those enquiring on corporate taxation, whether it be for the employee return, I.T.I.S. (Income Tax Instalment System) or even obviously for corporate tax, and if so, how do they differ?

Comptroller of Revenue, Treasury and Exchequer:

Yes, I mean we discussed this at the last hearing. We obviously divide labour and specialise, so there are people who are trained to deal with personal income tax, people who are trained to deal with employers on I.T.I.S. and social security contributions, and there are people who focus on corporate taxpayers and so on. The challenge always is personal income tax because of the volumes. The levels of service can vary across the year and between different service areas. I mean just finishing on the other statistics, personal tax assessing is also continuing to improve so we are now routinely issuing 82 per cent of assessments within 30 days of receiving the tax return. The only time in the year when that begins to degrade is really around the final deadline of the year where we still get far too many taxpayers who leave it to the very last moment ...

Deputy A.F. Curtis:

Close to the wire.

[15:00]

Comptroller of Revenue, Treasury and Exchequer:

... to submit a tax return and then contrary to the belief of many, about 25,000 taxpayers a year come into the office face to face, which is an extraordinary number, but we are seeing often between 75 and 100 people a day at the help desk.

Deputy A.F. Curtis:

Has there been any impact, if any, from prioritisation exercises by other departments, such as digital on your ability to keep delivering improvements to customer service?

Comptroller of Revenue, Treasury and Exchequer:

Well, we have a very close relationship with our digital colleagues and there has been a great deal of discussion about prioritisation, so we always have a wish list of things we want to do. The next big priority for us, which Digital Services are supporting, is the contributions function integration project which is due to be implemented very early in February. That will be effectively the transfer of all contributions working to our revenue management system. It will no longer be in the

N.E.S.S.I.E. (New Employment Social Security Information Exchange) system and then when the N.E.S.S.I.E. system is replaced, it will focus entirely on benefits, and contributions Management going forward will be entirely within Revenue Jersey. The next big challenge for them is independent taxation, in that we need to be in a position to issue I.T.I.S. effective rates this coming autumn on an independent tax basis but alongside that and co-equal in priority, I would say, is obviously the Pillar Two taxes. Digital Services are providing a lot of support to us in the development of the 2 new Pillar Two taxes.

Deputy A.F. Curtis:

Would it be fair to say that the priority is on the back-end processes to map to our obligations, whether it be independent taxation or Pillar Two, and not necessarily to quality-of-life improvements for citizens and businesses in their interactions?

Comptroller of Revenue, Treasury and Exchequer:

There are quite a lot of improvements to the front-end of our systems being rolled out as part of the contributions function integration. The contributions function integration also includes a significant software update to the Revenue Management System. So there are various things, problems, we are aware of glitches that will be repaired through that and it is a continuing work. I mean the tax system needs to develop every year and, as you say, it is an issue of prioritisation.

Deputy A.F. Curtis:

Okay, and then finally on that topic: is Revenue Jersey appropriately resourced currently? Are you holding any vacancies, suffering recruitment challenges? If so, what is the impact of those?

Comptroller of Revenue, Treasury and Exchequer:

Well, as I said before, I think we have always been looked after quite well by Ministers and the States Assembly. Whenever we have made business cases, they have either wholly or at least partially been satisfied. We do have the money we need for our business-as-usual operations. We were successful in the last Government Plan and Budget in securing the immediate resources we need to help with Pillar Two taxes but there will be more to come. We do always run with vacancies for all sorts of reasons including to some extent pay-bill management but, as I say, we are continuing to deliver improvements across the piece in terms of both customer service, managing tax compliance and also driving forward the transformation programme.

Deputy A.F. Curtis:

Thank you.

Deputy H.M. Miles:

You mentioned earlier about the implementation of independent taxation. Can you give us an update on the progress of that and the compensatory allowance?

Comptroller of Revenue, Treasury and Exchequer:

Yes, at the moment a lot of our resources have been devoted to implementing the Contributions Function Integration but the next thing that our team is working on is the development in detail, now, with the compensatory allowance and planning out the implementation. Independent taxation becomes live and law on 1st January 2026. Most taxpayers will not see real differences until 2027 when they come to do their first independent tax returns but, as I mentioned, in the autumn of this year employed people will start to see changes to their I.T.I.S. effective rates. Now, if a married couple ... at the moment they will tend to have the same I.T.I.S. effective rate. In independent taxation, depending on how much they earn, one of them might see their I.T.I.S. rate reduce considerably. The other might see their I.T.I.S. rate increase considerably so we need to explain that to people. We have put this booklet out with tax returns, so that is just landing on people's doormats. I see there have been a few comments in the media about it and then the next big communication will be in September of this year when we really start to engage people with the changes they will begin to see as the I.T.I.S. system changes.

Deputy H.M. Miles:

You have mentioned about explanation and, certainly, this Scrutiny Panel made some recommendations about communication and the like. Just an example there, you have said that independent taxation booklets are going out with tax returns but presumably in a married couple, they only go out to the man.

Comptroller of Revenue, Treasury and Exchequer:

Yes. I suppose that will be true. The tax return is still addressed to the man and the man will have received it with the tax return.

Deputy H.M. Miles:

Recent emails as well that have been sent out introducing independent taxation have only been sent to the man, which is obviously of great concern to women who are taxpayers. Given that email addresses are provided to the Tax Department of wives, is there any plan to share the independent taxation booklet or emails with wives?

The Minister for Treasury and Resources:

Are wives' email addresses routinely captured? I do not remember ever providing mine.

Comptroller of Revenue, Treasury and Exchequer:

I am not sure to be honest. I would have to check.

The Minister for Treasury and Resources:

I am not sure my name is even on the tax return.

Comptroller of Revenue, Treasury and Exchequer:

You do make a good point. I perhaps should go away and reflect on that.

Deputy H.M. Miles:

Please. Again, my last question was going to be how are you ensuring that communications are targeted and accessible because 50 per cent of the population, certainly those who are married, are not receiving your communications?

Comptroller of Revenue, Treasury and Exchequer:

Yes, one hopes in the generality of happy marriages that the husband is sharing the brochure with his wife.

Deputy H.M. Miles:

Or just putting it straight in the recycling.

Comptroller of Revenue, Treasury and Exchequer:

I know Deputy Gorst is, as we were discussing it only last week.

Deputy H.M. Miles:

I make light of it, but it is an important point.

Comptroller of Revenue, Treasury and Exchequer:

No, indeed. Yes.

Deputy H.M. Miles:

My last question about revenue: can you update us on the work underway to recover the debts in relation to the co-funded payroll scheme?

Comptroller of Revenue, Treasury and Exchequer:

Co-funded payroll scheme is the Treasurer.

Treasurer of the States, Treasury and Exchequer:

I will not clarify that matter but just to update you on that then, of course, we should not lose sight of the reason for the scheme in the first place, which was to ensure that businesses could survive through the pandemic and thereafter. Our debt management approach has been one that is sensitive to the impacts of pulling that debt back too quickly. In the previous Government, we took specific policies to them. We are on the cusp of bringing to the Minister changing those that are more attune to the reducing interest rate environment, for example. We are bringing those through to the Minister for further action further down the line.

Deputy H.M. Miles:

Okay. Thank you. I will hand you over to Connétable Johnson.

The Connétable of St. Mary:

On to the fairly benign subject of M.O.U.s (memorandum of understandings). It is a recurring item and, as you will be aware, these are required to be reviewed every 3 years, the last one being in 2022. On a general point, could you please update us on progress and timeline of the process?

The Minister for Treasury and Resources:

Yes. The review is due by May of this year. On our side, we are looking at recent changes to the U.K. (United Kingdom) Corporate Governance Code to see if there is anything in the current thinking in terms of governance standards that might affect M.O.U.s. We are looking at some recent C. and A.G. reports to see to the extent they have an impact. There may be a few things we build into the M.O.U.s as a result of those things. The boards of each of the S.O.E.s (state-owned enterprises) have been ... we have had some consultation with them, and we have asked them to give us feedback and any observations or thoughts they have by the end of this month, and we are also looking at some practical things, for example, remuneration. I seem to have spent a long time looking at various proposals for salary. I want to see if we can bring those together better in terms of timing. It may not be possible because we all do things at different times, but if we can, try and create more consistency around timing of increases for staff and executive. We are probably going to look at bringing in a requirement for board effectiveness reviews and an explicit requirement for succession planning. Those are the things that we are expecting or thinking about building in, and we are on track to complete the review by the end of May.

The Connétable of St. Mary:

Thank you. That answered my second question without my asking it anyway. One item you did not mention there was will you be looking particularly in relation to the method of operation of, I suggest, particularly the development company in the sense it is having thrust upon it or transferred to it overall control of such matters as development of Fort Regent, which perhaps were not anticipated

to come within its normal ambit? I think the concern will be as to the provisions within the M.O.U. to ensure that what they were doing was fully understood by ...

The Minister for Treasury and Resources:

I do not think that is for the M.O.U. The M.O.U. is much more about the general governance, how we respond to them as shareholder, how they manage themselves as a company. I have not had the sense from them that they feel oppressed by being asked to do anything with Fort Regent. I think they are ...

The Connétable of St. Mary:

They might not. My concern is that ... I am assuming here that as we go forward, that Scrutiny Panel - whether this Scrutiny Panel or those responsible for individual items like economics for Ports of Jersey - will have a say in it or be consulted. My next question is: you kindly shared the things you are looking at, will you be advising the Scrutiny Panels or asking each individual States-owned entity to be liaising with the panels as to what they are thinking in terms of?

The Minister for Treasury and Resources:

I am not sure that is something we have thought about now. I do not know. I would imagine you will see the M.O.U.s in due course. I would have thought we would share those with Scrutiny once we have amended them, yes.

The Connétable of St. Mary:

I know that the last occasion, certainly one panel did, and that was useful for all concerned.

The Minister for Treasury and Resources:

The M.O.U.s will be shared with Scrutiny, as appropriate.

The Connétable of St. Mary:

Going back to my general question: on the outcomes of your review you will be highlighting those to the companies concerned and getting their feedback or how will you be doing it?

The Minister for Treasury and Resources:

It is a negotiated project. We are not just going to impose a Memorandum of Understanding. It will be ...

The Connétable of St. Mary:

No, I am not talking about imposing. It would be collaborative, I accept that.

The Minister for Treasury and Resources:

It will be discussed and agreed with them, yes.

The Connétable of St. Mary:

But the point I am making is ...

The Minister for Treasury and Resources:

Of the things we suggested, I do not think there is anything that I would expect to be particularly controversial.

The Connétable of St. Mary:

Well, I simply ask then that Scrutiny is appraised of those discussions so that we are aware of it.

The Minister for Treasury and Resources:

Yes, they will be.

The Connétable of St. Mary:

Yes, thank you.

The Minister for Treasury and Resources:

Once we have got an amended version in close to final form - or in final form - those will be shared with you.

The Connétable of St. Mary:

I am going back to the timeline because you said ...

The Minister for Treasury and Resources:

End of May.

The Connétable of St. Mary:

Yes, okay. So there will be ...

The Minister for Treasury and Resources:

We are on track to do it within the timeline at the end of May.

The Connétable of St. Mary:

It is in hand now, so we expect to see something within a couple of months maybe?

The Minister for Treasury and Resources:

I am not that ... well, we are on track to have them by the end of May.

The Connétable of St. Mary:

Okay.

The Minister for Treasury and Resources:

In terms of how long it takes for us to produce a draft, for them to amend it, for them to put input into it, to see what their amendment ... there are 5, they all want different things. I do not want to commit beyond we are on track for the end of May.

The Connétable of St. Mary:

I take it from that there have been no recent board meetings with the companies concerned to take stock of where you are at, but there will be in the short order.

The Minister for Treasury and Resources:

I meet with them quarterly. I meet all the S.O.E.s quarterly. I missed one recently because I was delayed because of the storm but I meet with them all quarterly to talk about salient issues, the risk register, the finances, particularly any operational issues or operational significant developments. We have not discussed the M.O.U.s as such because we will be refining and enhancing them. I think it is an evolution of something that is already there, and I would be astonished if we end up with some kind of stand-off with them saying: "We are not signing that."

[15:15]

The Connétable of St. Mary:

I am not expecting that. My concern is on behalf of Scrutiny to just let us have our say. Okay. Thank you for that.

Deputy J. Renouf:

Can we move on to Pillar Two?

Deputy H.M. Miles:

Pillar Two.

Deputy J. Renouf:

Perhaps Deputy Gorst can switch on his microphone or get ready for this. Before we move to the international situation, could I just ask for an update in terms of what the general response has been

from the business community, in particular since the adoption of Pillar Two by the States Assembly in October. Has there been feedback in terms of just local response?

Assistant Minister for Treasury and Resources:

Minister, do you want me to take that?

The Minister for Treasury and Resources:

Yes, please. I was expecting you to.

Assistant Minister for Treasury and Resources:

Yes, there has. There has been engagement between the department and local businesses. I think I would categorise it as mostly technical in nature, i.e. asking questions about what it will mean for them in specific cases but working groups have continued. I think there have been 27 mailbox questions from in-scope companies, a small number thanking us for our ongoing engagement but, as I have said, mostly the questions and engagement have really been technical questions which we are then using or have already used, I should say, to update the guidance or using it to think about the next iterations of guidance.

Deputy J. Renouf:

Thank you. Obviously we have got a new administration in the United States and very early on President Trump issued an executive order, or 2 executive orders I think, with relevance in this area. What is your first blush response to the American actions and what effect they might have here?

Assistant Minister for Treasury and Resources:

Yes, you are right, Deputy. There are 2 executive orders, one directly aimed at the O.E.C.D. (Organisation for Economic Co-operation and Development) international tax agenda and even called that and the second one is really around America First Trade Policy. You will be aware that the chair of the House Committee on Ways and Means a day or a couple of days later relaunched in effect a proposal which Republicans had previously put before Congress about retaliatory measures that the U.S. (United States) could take. If we take the first executive order, which is connected with Pillar Two, it talks there about other jurisdictions which have introduced taxes which are discriminatory and extraterritorial. We take a view which essentially has really been iterated by other U.S. and global commentators that discriminatory and extraterritorial is referring to 2 things. One is digital services taxes and we remind ourselves that Pillar One was really developed in response to countries' digital services taxes when the O.E.C.D. agreed to try to deliver a multilateral approach to that, and then secondly is the U.T.P.R. (Undertaxed Profits Rule). The first thing to say about both of those is that in our engagement with Republicans on the hill throughout the last 18 months, the actions that President Trump has now taken in these orders are actions that they

explained to us they would have expected Republican administrations to take. Therefore certainly in regard to the Undertaxed Profits Rule we, for all the reasons we explained to the subpanel, do not believe in extraterritoriality as tax. We believe in tax neutrality. People should only pay tax due in Jersey, roughly on Jersey profits and therefore we could not introduce an undertaxed profits rule, as we explained. When it comes to digital services taxes, we have never previously had a plan to introduce digital services taxes and I am not aware that we have a plan into the future. The executive order instructed the U.S. Treasury to spend 60 days coming up with countermeasures or proposals that would deal with this discriminatory and extraterritorial approach, so we will not be absolutely certain until that report is published in 60 days. The reason I just had an element of hesitancy is that although international commentators are saying digital services taxes and undertaxed profits rules, there is an outside chance that they might also bring into scope I.R.R. (Income Inclusion Rules) but we will have to wait and see what that report says in 60 days.

Deputy J. Renouf:

Thank you very much. That is very comprehensive. I guess the bottom line is we voted for a Budget on the basis that £52 million was the bottom end of the taxation expectation that would come from Pillar Two. Is there anything in this that has led you to believe that that might now be over-optimistic or are you still confident that £52 million is a reasonable estimate?

Assistant Minister for Treasury and Resources:

I suppose it is slightly the other way around. It makes us relieved that we were cautious in our forecast and the amounts that we put in the Budget that we did the right thing. We cannot be 100 per cent certain until we have that report that the U.S. Treasury will do in 60 days' time, but if our view and the view, more importantly of course, of international tax commentators is borne out in that report then we will continue to have faith in that forecast.

Deputy J. Renouf:

Can I ask then just a broader question, which is the direction of travel seems to be to try to repatriate American money back to America and companies are going to be encouraged to do that, it seems. The Irish Government certainly have raised the alarm that it might mean that billions of pounds of tax revenue in Ireland might end up disappearing back to the United States. Is there a broader fear that American companies that are based here at the moment will feel pressure to return home?

Assistant Minister for Treasury and Resources:

That is an interesting question, which I suppose in some ways falls rather more under the America First Trade Policy order. We heard President Trump tell business leaders at Davos that if they made their products in America they did not need to have any fear of tariffs. Of course Jersey's economy is a service-based economy and therefore things are quite different. If we look at it the other way

around, i.e. American companies make profits and want to invest and trade with the rest of the world, that is what Jersey facilitates, not so much the other way around. Therefore I think we can continue to be confident that our model is one that we can have faith in and will continue to be successful. Our model in Jersey is used by American companies, American funds, who want to take positions around the rest of the world and I think that is also reinforced, although this is a point much more about the U.K. economy, you will have heard the U.K. Secretary of State for Business and Trade, Jonathan Reynolds, say that he believes that the U.K. have a case to make when it comes to a potential implementation of tariffs because the U.K. did not have trade deficits with the U.K., not surpluses, and therefore there was an argument for the U.K. I think there is an even stronger argument for Jersey that we are facilitating American companies to make profits around the world and we also know and you know, Deputy, from your work on the subpanel, that in Jersey's M.C.I.T. (Multinational Corporate Income Tax) we make provision for the mismatch between the U.S. global approach to taxation and the O.E.C.D. one. We, within our design, are, we believe, helping to support American companies and that difficulty they find themselves in.

Deputy J. Renouf:

I am going to summarise that and tell me if I am wrong. You are at the moment cautiously optimistic that Pillar Two is on track from a Jersey point of view?

Assistant Minister for Treasury and Resources:

I am always optimistic as that is my natural outlook, but we will continue to work with the best talent across the Island and internationally, but as we sit here outwith the report, that 60-day report, I am confident that our M.C.I.T. will deliver for Jersey and also importantly will deliver for U.S. companies.

Deputy J. Renouf:

Thank you. I have got a question about implementation rather than the big global picture. The Budget, as you said, included 9 people to help with the implementation, or money to recruit 9 people. Can you update us on how that recruitment is going and whether you are in shape to deliver this tax? I am looking around the table here.

Assistant Minister for Treasury and Resources:

Sorry, Minister, you can answer that.

The Minister for Treasury and Resources:

I was going to let Cora answer it because she is probably closer.

Deputy Comptroller of Revenue, Treasury and Exchequer:

Certainly. Our plan for 2025 is basically a mixed plan of giving opportunities to people who are already in Revenue Jersey to step up and take some of these new roles in Pillar Two. We have in place a key position of implementation manager, which has been filled by a very experienced tax professional in Revenue Jersey who started on 1st January and is doing some great work in planning and working with some of the policy leads as well. We also have a business analyst from Revenue Jersey who is working alongside her. We are also supporting the technical assistance for businesses that has been ongoing since October once the legislation was adopted, so we have that post operating very strongly as well. We have some external vacancies that we are in the process of trying to fill, working with an international recruitment firm, and that is a work in progress. It was always going to be a work in progress and we were never going to find those people overnight because we are looking for 2 technical tax experts on Pillar Two; a technical accounting expert and we are also looking for a replacement for our policy lead who is no longer with us. We have quite a long list of candidates that have been identified by the recruitment agents. We have about 50 potential people who meet our criteria and we are working very closely with them to try to get that whittled down to a shortlist and try to get those interviewed. It is ongoing. The plan was to have ongoing recruitment through 2025 to meet that need. I would say it is on track as in there is a lot of work that has been done but it was never going to be straightforward.

The Connétable of St. Mary:

Good afternoon, Minister. My questions relate to our recommendations in our review and obviously assume that what you hoped for then applies now. I am grateful for your positivity on that front. Our first recommendation was to monitor the impact of the Multinational Corporate Income Tax to ensure compliance with standards and make adjustments if required. Your response to that was the recommendation was noted but it was important to highlight that the activities proposed are already embedded within its existing processes and therefore you basically rejected our recommendation on the basis that the existing mechanics were already in place. Would you care to elaborate on that and advise how you would in fact conduct such a review?

[15:30]

Assistant Minister for Treasury and Resources:

Minister, I am not sure if you want me to try to answer that.

The Minister for Treasury and Resources:

Sorry. Yes, please do.

Assistant Minister for Treasury and Resources:

So, Constable, as you said, a number of the subpanel's recommendations we noted and said that we already had similar processes in place. In this one I think you are talking about recommendation 1, is that correct?

The Connétable of St. Mary:

That is correct, yes.

Assistant Minister for Treasury and Resources:

Could you just remind me? I will just have to look on ... just bear with me, sorry.

Deputy H.M. Miles:

Page 5 of the Scrutiny report.

The Connétable of St. Mary:

I have not got the report here. It is on page 5, yes.

Assistant Minister for Treasury and Resources:

Yes, so as we say, we have engaged with industry with the ongoing working groups. We have had a response from in-scope companies and so it is more of an iterative process than just undertaking an annual review. We will continue to ensure through all of these developments that we comply with the model rules and I suppose that just taking one tax and doing a formal report to the Council of Ministers in that way does not make really any more logical sense than just the updating on what tax is doing throughout the normal course of interaction with the Council of Ministers, particularly in regard to the preparation for the annual Budget which Treasury do to Ministers on an ongoing basis rather than just on an annual basis.

The Connétable of St. Mary:

So regarding whatever form the annual analysis takes, how will that be made publicly available? Are you saying it will just be included in Budget proposals or will it come out as a separate item or how will the public be aware of progress?

Assistant Minister for Treasury and Resources:

It will be really like all other taxes just included in the Budget proposals.

The Connétable of St. Mary:

Okay. I will move on to our recommendation 2, if you have it there, where we made a distinction between different forms of sources of income. Again, particularly as regards non-financial sectors and others, you rejected that on the basis that again you did not need to do it and you basically

conducted analysis of everything in total. Does that still apply and do pronouncements from Washington or Davos suggest that it might be necessary to pay greater attention to the distinction?

Assistant Minister for Treasury and Resources:

No, I think our response does still apply. We are trying to deal with it in a holistic manner as the O.E.C.D. rules require rather than potentially giving any specific support to specific elements or sectors within the economy. The O.E.C.D. rules are quite clear that it has got to be across economy for in-scope companies and particularly when it comes to Q.R.T.C.s. (Qualified Refundable Tax Credits) that has got to be across the economy as well. Again, as we sit here, I do not foresee any of the implications of the executive order or potentially work that U.S. Treasury will do necessarily needing any changes to the approach that we have taken. We know of course however that there are rules more widely within Pillar Two around substance but that is much more about big manufacturing organisations than it would be the differentials between sectors that we have in Jersey.

The Connétable of St. Mary:

Thank you. I will leave my own questions at that. I am not sure if others have any.

Deputy H.M. Miles:

Deputy Andrews had some more questions about the recommendations, I think.

Deputy M.B. Andrews:

Yes. Thank you very much, Chair. The panel recommendation 3 put forward that quarterly forums with in-scope stakeholders be held to review the progress of and the Pillar Two implementation. The panel notes that this was rejected and I would like to understand, Minister, why this is.

Assistant Minister for Treasury and Resources:

It is really about the sophistication of these in-scope companies and they are by their very nature large multinational enterprises and we should not be seen to be offering either a helpline or these sorts of quarterly forums. If there are issues we need to deal with them individually because they will be fact-specific to those international organisations. While we have the law and we have the guidance, the relationship is very fact-specific with those individual organisations and therefore we can deal with them in that way and make ourselves available if there are any issues that crop up along the way, as Revenue Jersey staff have been doing all along. The traditional approaches that we might think would be useful we do not think are useful because of the sophistication of these organisations, some of whom might have tax departments even bigger than Revenue Jersey.

Deputy M.B. Andrews:

I understand obviously there is a confidential element holding quarterly forums with the relevant stakeholders but would it not be a more inclusive approach to make sure that the Government are receiving feedback from as many stakeholders as the Government can do in order to improve the Government's processes in relation to Pillar Two?

Assistant Minister for Treasury and Resources:

You are right to point out that we should be open to feedback and we do want that feedback but you will equally be aware that individual taxpayers, particularly of this sophistication, would not want to have 2 similar organisations in a room with Revenue Jersey talking about their particular either debt-raising requirements or how they are structuring debt or their tax requirements in front of someone else. I suppose it is the magnitude of sophistication of these institutions which is different from other institutions but my experience is that any corporate taxpayer would not want to talk about their own tax issues in front of another taxpayer because they themselves are living in a competitive world.

Deputy M.B. Andrews:

Okay. Thank you very much, Minister.

Deputy H.M. Miles:

Did you have something you wanted to add there, Cora?

Deputy Comptroller of Revenue, Treasury and Exchequer:

Chair, that was just the point that I was going to make, having dealt with them quite a lot. If they need to speak to the Minister in some rare cases where it has needed a meeting with the Minister, we have facilitated that. They do not want to have big, open meetings with other taxpayers. They prefer to deal one-to-one.

Deputy M.B. Andrews:

Yes. Thank you very much, Cora. Minister, I will just move on to the next question and this regards recommendation 6 that the panel put forward. This recommendation is very specific about providing some clarity over the Government increasing the competitiveness in future. Of course that would involve public funding and of course the executive response rejected this recommendation. I just want to ascertain what was the reason for the executive rejecting the panel's recommendation.

Assistant Minister for Treasury and Resources:

Well, I suppose its genesis is in that we do not want to create an unnecessary element of additional bureaucracy when it comes to the use of Pillar Two resources or income. The reality is of course although we have said that we do not accept it in the terms drafted, if the panel are saying it should be clear and transparent how we are spending the money then we absolutely agree with that, but

we believe that that clear transparency will be delivered in the normal annual budgeting process rather than having a secondary bureaucratic process on top of that annual budgeting process.

Deputy M.B. Andrews:

Obviously the panel has had a bit of experience. We have had one Government Budget where we have worked together and we have seen the different heads of expenditure but with something like this of course it is a major transition that we have seen for Jersey's tax regime with the introduction of Pillar Two. Surely there will be members in industry who will want to know what the Government are doing to enable positive changes for them to be more productive. Do you believe there have to be some lessons that have been learnt from this previous Government Budget that has been delivered and potentially some implementations that will improve how we work moving forward?

Assistant Minister for Treasury and Resources:

I very much accept the point that you are driving at, Deputy, which is that we must be transparent with how this money is being spent, particularly when it comes to any allocations under the competitiveness badge, whether that is a Q.R.T.C. or it is additional funding for marketing. We absolutely accept that we will be transparent and members of the public and Members of the States will be able to see that. I suppose we only differ in that we do not want to develop an additional bureaucracy outside of the annual budgeting process. The challenge that you are rightly making is will we, and I think the answer to this is yes, make sure that the allocation of those resources in the annual Budget round is clear and transparent and that is our intention?

Deputy M.B. Andrews:

Thank you very much, Minister. I have only got one more question and this is in relation to recommendation 7 where the establishment of a dedicated team to assess risk and publish an annual risk report to identify emerging challenges was rejected. I would just like to know why you came to that conclusion that this recommendation should be rejected.

Assistant Minister for Treasury and Resources:

I am just struggling now to find recommendation 7 in my paperwork, so I apologise for that. Again, what we did not want to do in all of this is ... you are right to say it is a new tax but it is following an international standard. We did not want to create an additional layer of bureaucracy simply around Pillar Two but it is right, and maybe the Treasurer can address this better than me, that we continue to ensure that we understand the risk of all of our tax revenue raising measures and not just single out one particular element. I think that work is largely undertaken by the F.P.P. when it looks at its economic assumptions and then by Treasury's Income Forecasting Group when it looks at the forecast of particular revenue lines based on the F.P.P. That was our real approach, not that we should not be thinking about the risk because we should be. It was really a contention that we think

that is already happening in our current processes, and Pillar Two will feed into those current processes. As I say, the Treasurer may wish to add something more to that.

Treasurer of the States, Treasury and Exchequer:

Yes, I think the recommendation identifies it is not just about tax matters but other matters relating to international competitiveness. We are undergoing a piece of work at the moment with colleagues in Financial Services to better articulate the risk and look to see what mitigations we have in place. It is constantly on our corporate risk register to be looking at this from a financial sustainability perspective and there is an all-encompassing one relating to financial sustainability, which I have the pleasure of being the risk owner for, however specifically calling out competitiveness arising from this particular tax that we will develop separately.

[15:45]

Deputy H.M. Miles:

Thank you, Deputy Gorst, for joining us for that part of the meeting. A very quick question from me for the Minister. Can you just update us on the progress of the recruitment of the chief executive of Andium?

The Minister for Treasury and Resources:

Yes. The closing date was last Friday. The closing deadline for applications was 17th January. They have received a very good response and have 37 applications. They will be meeting this week to look at the long list to start with, with the panel, and the process, as you would expect, is being overseen by a designated appointments commissioner, so the appointments commissioner will be there to make sure that due process is followed. The interview panel we have agreed will consist of 3 of Andium's own non-executive directors plus our own Government's chief executive officer, and we are expecting interviews to take place once we get to the shortlist process - the final interviews - to take place in early April.

Deputy H.M. Miles:

Thank you. Are you able to confirm that you have got local applicants on that list?

The Minister for Treasury and Resources:

I do not have that written down but I believe we do have some local applicants.

Deputy H.M. Miles:

Thank you. I am just conscious of time. We have less than 15 minutes and we have got a couple of sections left so if we do not get through them I think we will put them to you in writing. But the next section is about the States investment strategies that Deputy Andrews is going to ask about.

Deputy M.B. Andrews:

The panel notes on 20th December there was the publication of the States investment strategies report and I just want to know how the publication of this report differs to that compared to the previous one.

Treasurer of the States, Treasury and Exchequer:

So principally there were 4 funds that had a deep dive during the year. They were the Health Insurance Fund, the Long Term Care Fund, the Social Security Reserve Fund and the Currency Fund. The review was undertaken on the H.I.F. (Health Insurance Fund) and the Long Term Care Fund and did not give rise to changes in strategy. The changes in strategy related to the Social Security Reserve Fund, and that is principally around the opportunity relating to the office investment, so that is within the alternative investment strategy within the property allocation. In respect of the Currency Fund, there were changes in asset allocation that related specifically to ensuring adequate liquidity within the fund. In addition to that we have changes relating to responsible investment policy, aligning those policies with the States' aim relating to net zero by 2050.

Deputy M.B. Andrews:

Thank you very much. I note obviously the Council of Ministers agreed to acquire the new Government building at £91 million but also there are other investments that are made through the fund externally away from Jersey. I just wanted to know whether there are any big investments that have been made or that will be made in this forthcoming year.

The Minister for Treasury and Resources:

Investments of?

Treasurer of the States, Treasury and Exchequer:

So we took an exception to the way that we normally go about asset allocation with the office, given that we understood it would be potentially politically sensitive and that we wanted to be able to explain what we were doing there. Because while this ground has been trodden in the past in terms of some on-Island infrastructure investment, particularly if you look back in the past that related to the broadband rollout by J.T. (Jersey Telecom), there was from time to time within the Currency Fund some investments relating to that and they have been repaid relating to short-term investment to enable the development of housing developments in a couple of Parishes. There is still one in

place and I think it was one agreed within the Budget of the time, and I will stand to be corrected, relating to part investment in the sewage treatment works that is built into the Budget for that department to repay and service. We have for a time thought about local infrastructure investments. We do not have anything on the cards right now in terms of delivering that but we talked earlier in this hearing relating to how to fund increased capital investment and what I said at that point was there was nothing off the table at any point until we work further down. I am not at this point saying that that is going to happen at all but we are only looking for any local opportunities that do not damage the liquidity of the funds to any great extent and balancing that out, and also earn any investment returns we expect of those funds in terms of the targets. There is nothing significant in the pipeline but if it was politically sensitive we would follow the model that we did with the office.

Deputy M.B. Andrews:

Minister, in terms of when we are looking at some of the reserve funds that we have, are you pleased in terms of the current position of where we are and some of the decisions that have already been taken in terms of the investment returns that will be generating a return into those funds?

The Minister for Treasury and Resources:

I think the funds do very well. The thing I would emphasise is that they are professionally managed. We did a briefing for another panel a year or 2 ago, and I do not know whether the panel would like a briefing on the funds and how they are invested. We can come to that. We can certainly do that. We did it for some previous Scrutiny Panel members in 2022-23. There was a briefing. They are monitored regularly by the Treasury Advisory Panel. We have professional managers. They are rated against benchmark. I cannot remember because it was a funny measure but I think they perform well against benchmark so I do not have any concerns. I think we have recently signed a decision to remove 2 managers or took in some investments on Friday. They are actively managed with a view to we have to start with what is the long-term objective of the fund. What are the liquidity requirements? What are our long-term aspirations and needs for it, and then the investment strategy then revolves around what the fund's long-term objectives are.

Deputy M.B. Andrews:

Obviously the panel notes recently there has been news, or news to us, about the potential new health system that the Minister for Health and Social Services is looking to propose. I just want to know whether he has discussed anything with you in regard to your remit as Minister for Treasury and Resources and whether there potentially could be any changes to some of the funds that you are responsible for administering.

The Minister for Treasury and Resources:

I would imagine that may take in. I mean, my view was that having the Health Insurance Fund sitting in Social Security and having the relationship for primary care sitting in Social Security with everything else in Health is odd. It is not particularly efficient. This is my personal view. There is a lot to be said for the H.I.F. and all that relationship moving into Health.

Treasurer of the States, Treasury and Exchequer:

In terms of the Minister's responsibilities for that fund, they relate to the investment of the available funds that are there. Of course in the wider sense from a funding or financing of healthcare we would want to be looking to see what the fund will be used for if the means were changed. I do not understand that that is the basis of the proposal. It is more that you have some trade-offs. You have sometimes in history some perverse outcomes by having funding of health for one aspect with one Minister and funding for health for other aspects with another Minister. It does not always lead to the best system-wide outcomes.

Deputy J. Renouf:

In terms of your involvement with health funding, are you considering new health charges or taxes to fund healthcare?

The Minister for Treasury and Resources:

I am not, but health funding, there are policy elements there that possibly cut across the 2 departments, but a health tax is not on my agenda at the moment.

The Connétable of St. Mary:

The legislation programme, the basic question is: could you please provide us an update on the timeline regarding that legislation under your remit for lodging in 2025?

The Minister for Treasury and Resources:

I think the main one really will be ...

The Connétable of St. Mary:

It might be easier to do it in writing.

The Minister for Treasury and Resources:

The main one really will just be the work on the 2026 Budget law, Finance Law, which will be as normal looking at income tax, uprating allowances in duties, any other administrative amendments we want to make. We have already talked about work on vaping and alcohol duty. There will be impacts on the Finance Law and other things I think really will come forward in due course.

Deputy J. Renouf:

Are you going to stick to the same timetable as last year or are you going to go back to the traditional timetable in terms of lodging?

The Minister for Treasury and Resources:

My preference would be to go back to the original timetable. I do not think it really gained a great deal. It had its own issues in terms of issuing a Budget before certain key information was available.

Treasurer of the States, Treasury and Exchequer:

I think somewhere in between. I know the Chair initiated that when in a different seat around that Budget debate, and I think the debate in November worked and would be better for a number of reasons. The Budget before summer from a professional perspective means that you have not necessarily got as much up-to-date information at the point at which, given that we have a 12-week lodging period in any case, therefore running the numbers earlier when you have not got as much, taking into account when finalising those numbers, as you would if you just stuck to a 12-week lodging period.

The Connétable of St. Mary:

Yes. Apart from those arguments you already identified, is there anything else in the offing and particularly is there anything being considered in relation to the Rates Law, which we have heard mentioned?

The Minister for Treasury and Resources:

I do not think there is anything that advanced. We are having discussions about rates but I do not think it will lead to any more changes this year.

The Connétable of St. Mary:

Rates comes within your remit if there are any adjustments.

The Minister for Treasury and Resources:

It has not really come up on my agenda as yet. We have talked about payment of rates, the Island-wide rate, but not beyond. I have not discussed with anybody changes to the Rates Law. That is not to say they may not be necessarily overdue. Are they going to come in this year? Probably not.

Deputy H.M. Miles:

Okay. Does anybody else have any final questions from the panel? We have got one minute. No? Okay, therefore thank you very much.

The Minister for Treasury and Resources:

Can I ask a question?

Deputy H.M. Miles:

Yes, of course.

The Minister for Treasury and Resources:

I do not often get the opportunity. Do you have any thoughts or views on what your focus is going to be this year? Do you have anything that you are planning and doing any kind of deep dive into or any specific areas of focus?

Deputy H.M. Miles:

As a panel currently we will be focusing on the O.E.C.D. Pillar Two stuff. This is from a Minister for Treasury and Resources perspective but we have got other areas of focus that fall within the Chief Minister's purview.

The Minister for Treasury and Resources:

Right, so just for Treasury it is principally Pillar Two?

Deputy H.M. Miles:

Yes, and obviously keeping a close eye on the communication around independent taxation. Okay. Thank you very much for attending our hearing today. I do not think we will have many follow-up written questions. I think we have done it to the minute and thank you to officers as well for attending. I think I can declare the hearing closed.

[15:58]