



## Corporate Services Scrutiny Panel

### Quarterly Hearing

## Witness: The Minister for Treasury and Resources

Friday, 11th April 2025

#### **Panel:**

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

Deputy L.K.F. Stephenson of St. Mary, St. Ouen and St. Peter (Vice -Chair)

Deputy A.F. Curtis of St. Clement

Deputy M.B. Andrews of St. Helier North

Connétable D. Johnson of St. Mary

#### **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

Mr. A. Hacquoil, Group Director, Strategic Finance, Treasury and Exchequer

Mr. J. Russell, Deputy Director - International, Revenue Jersey

[10:00]

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

Welcome, everybody. This is the quarterly hearing of the Corporate Services Scrutiny Panel. Today is 11th April and this is our 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 a transcript will be published afterwards on the States Assembly website. All electronic devices, including mobile phones, should be switched to silent. I am just really glad I read that to myself. 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 your role. We will begin with introductions. I am Deputy Helen Miles, chair of the Corporate Services Scrutiny Panel.

**Deputy L.K.F. Stephenson of St. Mary, St. Ouen and St. Peter (Vice -Chair):**

I am Deputy Lucy Stephenson, vice-chair of the panel.

**Deputy A.F. Curtis of St. Clement:**

Deputy Alex Curtis, panel member.

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

Deputy Max Andrews, panel member.

**Deputy H.M. Miles:**

Deputy Jonathan Renouf is not able to be with us today and Connétable David Johnson is unable to attend the beginning of the hearing but he will be coming in online probably about halfway through the hearing so that he can ask his questions.

**The Minister for Treasury and Resources:**

Elaine Millar, Minister for Treasury and Resources.

**Assistant Minister for Treasury and Resources:**

Ian Gorst, Assistant Minister.

**Comptroller of Revenue, Treasury and Exchequer:**

Richard Summersgill, Comptroller of Revenue.

**Deputy Director - International, Revenue Jersey:**

Jonathan Russell, Deputy Director at Revenue Jersey.

**Treasurer of the States, Treasury and Exchequer:**

Richard Bell, Treasurer.

**Group Director, Strategic Finance, Treasury and Exchequer:**

Andy Hacquoil, Group Director, Strategic Finance.

**Deputy H.M. Miles:**

Thank you very much. We have got 2 hours for the hearing and, as usual, we have got a lot of questions. We were just discussing beforehand. I think it is all fairly routine today, just really a lot

of information gathering from our last one. I will kick off. At the previous quarterly public hearing you advised the panel that an update would be provided in relation to the transfer of the £25 million from the Consolidated Fund into the Stabilisation Fund. Can you just confirm the status of that transfer, please?

**The Minister for Treasury and Resources:**

That is effectively still under review. The 2024 accounts are currently subject to audit and the proposed transfer was contingent on us either having more income than we expected or having underspends. Our initial thinking is that it may be challenging to put that amount of money into the Stabilisation Fund because of lack of capacity. There is not the excess income nor is there excess underspends. So that is something we have to consider as we go forward and we have to think what the best use of the available funds is, because clearly we do need to do something to the Stabilisation Fund, there is no question about that. It is there to help us. We can put money into it when times are good and it will then help us. We can take money out when we hit some more difficult economic circumstances. I think even if we do have funds that could be earmarked for the Stabilisation Fund, we will have to think about whether it is the right thing to do just at the moment because there is just the increasing, just in the last week alone, levels of volatility we have seen globally. When there is such a lot of volatility, locking money up may not be the best course of action, so it is something that is under ... it is under very close consideration and it may be that rather than put money into reserves we will retain some in contingency for this year, but once we have the final figures we will be able to make that decision on a more informed basis.

**Deputy H.M. Miles:**

How much is in the Stabilisation Fund at the moment?

**The Minister for Treasury and Resources:**

I do not think a great deal. I do not remember the number but I think it is virtually exhausted. Am I right in thinking that? Yes. We have committed to trying to do as best we can but it depends on the money being available and there are other pressures arising all the time.

**Deputy H.M. Miles:**

You mentioned the volatility of the market. Given the volatility of the market this week, I think lots of people are saying that we are heading for a big debt crisis. Have you requested any specific economic advice about that or have you given any specific direction to your officers with regard to preparing our economy for navigating a debt crisis?

**The Minister for Treasury and Resources:**

I am sure officers will be thinking about that. I do not think ... we have not ... the F.P.P. (Fiscal Policy Panel) came to Jersey in March and they came and met key stakeholders in March.

**Deputy H.M. Miles:**

So they have been already.

**The Minister for Treasury and Resources:**

They have been here already. They will have met stakeholders and we would expect to receive their report in May. So I would expect their report will take into account some of the volatility we are seeing and some of the risks we are seeing at the moment. In terms of any other officer work ...

**Treasurer of the States, Treasury and Exchequer:**

In terms of officer work, we had a meeting of the Treasury Advisory Panel yesterday just to discuss the investment strategies and any changes to those we would make. As with other instances and other large shocks, we maintain the position that we are in for the long term in terms of the majority of our strategies but we are going to be meeting more regularly.

**Deputy H.M. Miles:**

You could meet on a daily basis almost at the moment and it would be different.

**Treasurer of the States, Treasury and Exchequer:**

So we did put together some figures that were very raw that were based upon what we had seen and within 2 days they had changed in the opposite direction and then we wake up this morning thinking that we have gone back in the first direction. So these are volatile times but we have our strategies in place, we always look to deploy strategies that ... we will suffer the down of the market but our strategies are fixed and we try to avoid the worst downside.

**Assistant Minister for Treasury and Resources:**

That is the investment holding of the Government. The wider question I think, which you said, was about what effect global instability might have on Jersey. The Chief Economist and his department have been doing some work on that. Of course, as you alluded to, it is out of date a day later or a number of hours later. The direct impact of the tariffs on Jersey's economy is reasonably small. It is the indirect impact of potential global recession and that global recession would be delivered by a global trade war between 2 of the biggest trading powers. Okay, while the equity markets were falling, there was no intervention from Washington but once the bond market started giving its verdict on the tariffs then we saw the intervention of the 90-day reprieve, as it were. I think a reprieve is one thing but we still see - let us see what the American markets open at today - a high degree of volatility. If there is a global recession and the debt market or bond markets keep indicating what it

is indicating then, of course, there will be indirect impacts on our economy. That will largely be around the importation of high levels of inflation and then we will also see a follow-on knock-on effect to interest rates as well. We know in Jersey that those 2 things can have counterbalancing implications for public finances but also a more negative effect on the wider economy and people's living standards. I know we are going to come on and talk about it later. When we were in Washington a few weeks ago a very wise person said to us when it comes to the tax thing - we will come on to that - it is unknowable and the more conversations I have had with people ... and we have had a conversation with someone first thing this morning. He is a hedge fund manager who has got a global offering, let us just put it like that, and he was of the view that it is unknowable. We do not know what is driving the policy in Washington and therefore we cannot know quite what the policy aim is and therefore we cannot know what the next steps will be. So we have to be, do not panic, keep doing our thinking, keep thinking about the Government's investment but also the implications for the wider economy. The wrong thing is to make kneejerk reactions. The only thing I think that most people would agree on is that if one is overexposed to the US market, it is not a good time to be overexposed to the US market.

**Deputy H.M. Miles:**

Thank you for that explanation. Does anybody have any ...

**Deputy A.F. Curtis:**

Just previously on the first question the Chair had about the Stabilisation Fund and underspends, I notice, Minister, you published a Ministerial Decision on the underspends for capital projects in which the remaining £16.4 million from capital underspends that were not being transferred to projects in 2025 is moving to the central reserve and I think you mentioned that need for flexibility. I just wondered, at the time of having that conversation about ultimately £16.4 million leaving the capital programme back into the general reserve, what other discussions happened, whether there was a discussion about the Stabilisation Fund or any other uses for that £16.4 million?

**The Minister for Treasury and Resources:**

I think the £16.4 million is being held in reserve for now until we have got the final figures. In terms of the way that money has been allocated, that would have been done in discussion with the relevant departments and capital underspends will have been effectively rolled forward into this year so that people can complete those projects, but I think until such time as we have the overall position, once we have seen the audited accounts, what we have got to play with ... as I say, there are other pressures we are already aware of this year that need to be addressed and we will then see what is available to either keep in reserve for contingency ... and it will be an ongoing process, as Deputy Gorst said, once the ... we will have the F.P.P. reports. That will help us feed into our Budget for next year and then if in the gap between preparing ... between May and lodging something else

happens, we will go back and ask for further input. So I think we have to keep a fairly close eye on things going forward.

**Deputy A.F. Curtis:**

Just on the second part that was in there, it references that from up to £3 million will be used to recapitalise the Agricultural Loans Fund and up to £2.6 million to replace the Court and Case Costs Smoothing Reserve and Market Smoothing Reserve. The use of “up to” is obviously a caveat. Is it still the intention, funds permitting, to provide a full £3 million and £2.6 million to those or are you now feeling such pressure that you might have to, compared to the budget position, have lower expectation?

**The Minister for Treasury and Resources:**

No, I do not think ... no, I think those funds will be as planned.

**Deputy A.F. Curtis:**

In full. Okay, lovely. Thank you.

**The Minister for Treasury and Resources:**

Clearly that is a commitment to that sector and they will be expecting it because times are hard. Times are hard for everybody and they will be looking for support from that fund.

**Deputy L.K.F. Stephenson:**

When do you expect to be able to make a decision on the Stabilisation Fund long term?

**The Minister for Treasury and Resources:**

Timing on that is quarter 2?

**Treasurer of the States, Treasury and Exchequer:**

I would say from my perspective, given the pressures we know of, given the shallowness of the contingency within the control of the Minister, it is doubtful that that transfer will be made at this point but we will see how we fare. If we do not need all of that contingency or the pressure that emerges, we anticipate then there might be a decision to be made later in the year to do so but at this point the Budget itself sets out that contingency is going to be very thin and that is indeed the case what we were ... it only takes a very small percentage swing on the income. It might have had sufficient income to make the transfer but that is not the case.

**Deputy L.K.F. Stephenson:**

So it is not so much a decision point that is coming. It is more a let us just not make a decision to do this right now and see how we go?

**The Minister for Treasury and Resources:**

I think it is a kind of over ... and we could decide to do it later in the year, rather than say that we are going to lock this money away in April and then get to October and go, "Oops". It will be, as the Treasurer indicated, a longer process.

[10:15]

**Deputy H.M. Miles:**

Thank you for that. I just want to talk about the 2026 Budget process. Will there be a different approach as opposed to the previous Budget? What will the timeline for the lodging and debate be?

**The Minister for Treasury and Resources:**

Well, our working plan is for the Budget to be lodged in September.

**Deputy H.M. Miles:**

Not prior to that?

**The Minister for Treasury and Resources:**

No. I think that did give us some issues last year in terms of planning and lodging before we had key information, so it was not helpful.

**Deputy H.M. Miles:**

I think from a Scrutiny perspective we kind of agreed with that as well.

**The Minister for Treasury and Resources:**

I do not think we will have time to get it in before the summer recess. I think on that thinking we would anticipate the Budget being lodged on 2nd September and we would still aim for the penultimate sitting, which is 25th November. So we would expect largely to follow the same process as we have done in the past. I think if we saw a huge level ... that is our thinking on the basis that everything stays on a keel. If we saw huge volatility it may be that that would be slightly changed, but ...

**Deputy H.M. Miles:**

In terms of bringing it forward?

**The Minister for Treasury and Resources:**

Possibly I would have thought defer it rather than bring it forward. I cannot see us bringing it forward into the summer. I do not think there is very much value in lodging over the summer recess, so if anything it might be slightly delayed rather than ... if something happens and we need further advice on it and we have got to do some recalibration of figures, but that is a likely timetable.

**Deputy H.M. Miles:**

So the fact that you are lodging in September would mean that you would have all the appendices to the Budget would come out on that lodging, because they kind of trickled through last time, did they not, when it was lodged before ...

**The Minister for Treasury and Resources:**

I think the appendix followed a little bit later. I think there is just a ... there is almost a kind of resource and capacity issue with that because getting the Budget itself together is quite a big piece of work. It involves a huge number of people and to try to do that and do all the other bits at the same time is difficult just in terms of resource and what people can physically do with their time. So I think if the appendix is not ready at the same time, it would follow in fairly short order.

**Deputy H.M. Miles:**

Short order. We will hold you to that.

**The Minister for Treasury and Resources:**

I cannot remember what the gap was last year.

**Deputy H.M. Miles:**

Just a question about the budgeting process. Last year you did not allow any growth bids at all. Is that going to be the same this year, you will not be permitting any growth bids?

**The Minister for Treasury and Resources:**

I expect that to be the case. Whether there is a carveout for C.S.P. (Common Strategic Policy) priorities but we are still ... one of the main features of the C.S.P. is trying to curb growth and restrain spending and allowing the growth ... I mean, there will be some. There will be unavoidable ... we have got an election next year, so someone will need more money for the election, for example, but I do not expect departments to be saying: "We have got a great new idea and we would like £5 million to do it." I am not anticipating that.

**Deputy H.M. Miles:**

So where are you expecting the growth? In the usual areas of health and education?



**The Minister for Treasury and Resources:**

Possibly not even growth, inflationary growth, again unless it is something that is already in the plan in terms of the C.S.P., we would not be expecting ... or the Budget as it is, I would not be expecting even those Ministers to come and say: "We have got this great new idea and we want more money for it." There are things that are already out there, Ministers have said we will want ... particularly in health but I think the message to everyone else is that, no, there will not be the whole growth bid process that there has been in the past. I am certainly not anticipating one, no.

**Deputy H.M. Miles:**

I am going to hand you over to Deputy Andrews now.

**Deputy M.B. Andrews:**

Thank you very much, Chair. Minister, I just want to start by asking you a question in relation to the forthcoming Government Budget. A number of stakeholders have obviously been contacted by your officers regarding tax policy and I just want to know how are you going to go about the level of engagement this time round, obviously with this being your second Budget as Minister for Treasury?

**The Minister for Treasury and Resources:**

As I say, I feel slightly frustrated by the idea that there was not a lot of engagement, because there was and I met some of the people who I think have suggested there was not. We have written to stakeholders already. I have seen I think 2 or 3 responses happening. We will go through responses as the team prepare a kind of overview but there are things in them that are not new always. There are things that people say: "It would help our sector if we did X" but doing that X for that sector creates difficulties elsewhere. To give one group of people tax treatment that is different from everybody is always challenging. So we will go through all the suggestions. We will see which of those we think can be delivered, which we think as a matter of policy should be delivered, can or should be delivered, what we can do in terms of our resource. That then feeds into our thinking for the Budget. We write to the various stakeholders, lots of representative bodies. We have written separately to Jersey Hospitality. We have ongoing discussions with them. We have the technical tax agent community that we write to about any particular technical aspects of the law and we will be continuing that. I think there is a roundtable coming up. Have we got a roundtable coming up? Yes, a roundtable session before the summer and then that goes to the draft legislation. Where there are particular issues, we discuss with the relevant bodies.

**Deputy M.B. Andrews:**

How will the engagement be different compared to last year?

**The Minister for Treasury and Resources:**

I do not really anticipate it being significantly different because we do consult. We go out, we ask people for their thoughts, we talk to them about their thoughts and the fact that we cannot necessarily ... people will send you what is effectively a wish list: "Here are 6 or 7 things that we think would make a difference to our sector." The fact that we simply cannot deliver those things does not mean to say that we have not engaged or listened but you cannot give everybody everything they want. That position of consultation, it is not a case of not listening. It is just things that you simply cannot ... and some of the things they ask conflict.

**Deputy M.B. Andrews:**

Why do you think there were some stakeholders who, for instance, last year were saying that they did not feel like they were being engaged? Do you think there potentially could be improvement in terms of how those stakeholders are engaged moving forward?

**The Minister for Treasury and Resources:**

I can only think of one group. I believe there was one group said that they were not engaged and I met that group personally and we altered our plans to reflect their thoughts. We changed our proposals to meet their ... after discussion with them and we heard from them and we changed our plans to do what they ... to meet their suggestions. As I say, I find that frustrating, but there are lots of things that you are balancing. You have to balance what a body wants in terms of tax policy with wider policies. There could be health policies, there could be environmental policies, and doing something that suits one group will make another group very cross. So there is that constant balancing exercise and I would hope that people understand that because we do meet them and discuss it with them but I would also hope that people understand that we simply cannot ... even though we have consulted, we cannot ... the fact that we cannot deliver what they want does not mean to say we have not consulted and engaged with them.

**Deputy M.B. Andrews:**

Minister, you mentioned earlier on in the public hearing about the Stabilisation Fund and the pressures that are on public finances as well. Are you of the opinion that potentially some of the stakeholders that you are engaged with could potentially be seeing tax increases as a result of the position that we are in at this moment in time in the forthcoming ...

**The Minister for Treasury and Resources:**

We are not looking at tax increases at the moment.

**Deputy M.B. Andrews:**

So how are we going to be sustaining public finances at the moment if we are struggling?

**The Minister for Treasury and Resources:**

Well, it depends. When you say those people, it depends what tax increase you mean. For example, we are not looking at increasing personal tax or corporate tax, but in terms of duties, duties will change. The duties are variable and they are not necessarily paid by those ... if you are a retailer of alcohol, for example, and duty goes up, the duty is effectively paid by the consumer, I would imagine, rather than the retailer. We know there are issues around duties, how strongly people feel about things like fuel and alcohol duties. Unless, Comptroller, I have forgotten something, an additional issue?

**Comptroller of Revenue, Treasury and Exchequer:**

No, I do not think so. As far as we are aware, we are consulting and engaging with everyone who wants to talk to us. So if there is anyone we are missing and you know who they are, do please tell us.

**Deputy M.B. Andrews:**

Thank you.

**Deputy H.M. Miles:**

Thank you. I will hand over to Deputy Stephenson.

**Deputy L.K.F. Stephenson:**

Thank you, and on to Project Breakwater. At the last quarterly hearing on 27th January you told the panel that you had not seen ... although you had had a briefing on the project, you had not seen an overall structure. The Chief Minister had his quarterly hearing with the panel on 7th March and said that you had been briefed and that all Ministers were becoming involved. Could you now update us, please, on the status of your involvement with Project Breakwater?

**The Minister for Treasury and Resources:**

My involvement is largely through the Regeneration Steering Group. My Treasury team have been very closely involved in ... well, I think the process for Breakwater has evolved into a different project which I think is our regeneration plan, which casts a wider net, and that is being led by the Chief Minister. So I think what we are doing is we are working through the ... we will work through that but the first and most visible thing of that will be the plans for the Fort. Those have been announced in terms of what the S.o.J.D.C. (States of Jersey Development Company) plan is. What our thinking is, it is clear the Government have seen that, the Regeneration Steering Group have seen that plan, we have approved it, it has been published and it will go to public consultation so the public can comment on whether the plans for the Fort deliver what they want. We will be looking at the funding

for that, so my officers are engaged with that. We have to recognise ... well, clearly, there will be a number of means of funding the Fort regeneration, which I think it is essential we do that. I think the Fort has been underinvested for a significant length of time and clearly there is a demand from the public for something to happen. So there will be various elements to the funding. There will be the revenue stream of people going there and using it. It will not be a free resource. People will pay to use the facilities, so there will be some revenue generated. That will not be enough to pay for the capital work, so the initial thinking on that is that there will be some borrowing to pay for the capital works and I think we are now talking about £110 million with some additions. It was 90 and there has been some add-ons, some new facilities added in, which take it up, but we will look at other opportunities in terms of how that is funded. I think, for example, there are now proposals for a hotel there and I think that is going to be privately funded. We will be working on the Fort in the first instance. Other elements may come from ... there is work on air connectivity, some of which will be funded from the ... it is not the Better Business Support Package but the overall package that has been put forward into the economic development. So we are working on all of that.

**Deputy L.K.F. Stephenson:**

The Regeneration Steering Group, did that exist before or is that something that has been created?

**The Minister for Treasury and Resources:**

No, it existed. I think it has existed for some time. I think in Deputy Moore's Government it may have been called something else but it has reverted to the Regeneration Steering Group. So that is looking particularly at the Fort.

**Deputy L.K.F. Stephenson:**

So it has kind of been refreshed, renewed, renamed?

**The Minister for Treasury and Resources:**

Yes, with the Ministers who are now in the relevant roles.

**Deputy L.K.F. Stephenson:**

Its main job is to push forward this Island Regeneration Plan, which is now under the leadership of the Chief Minister?

**The Minister for Treasury and Resources:**

The Island Regeneration Plan will come forward to that group as well as other regeneration projects.

**Deputy H.M. Miles:**

Do you have any concerns about the funding of this regeneration project? We know that we have got to fund a hospital. You have just explained that there is going to be insufficient funds to move around and yet this is a very expensive project, £110 million for Fort Regent alone, which is then potentially going to tip us into having to borrow at a time when we know that the markets are volatile, et cetera. How are you squaring that circle in your head really?

**The Minister for Treasury and Resources:**

As you said, these are all things that will have to be considered as we get into how we fund it and it may be that as you say ...

[10:30]

**Deputy H.M. Miles:**

We cannot afford it.

**The Minister for Treasury and Resources:**

It may well be but I do not know. We will have to look into that. We will have to look at ... the Treasurer is more expert in terms of how we source borrowing than I am but we would have to look at the cost of it.

**Deputy H.M. Miles:**

In terms of the timescale, I know the public consultation is ongoing but at what point will a decision be made about whether this is going ahead and where the funding is coming from?

**Treasurer of the States, Treasury and Exchequer:**

In respect of Fort Regent, that would be a decision in the Government Plan.

**Deputy H.M. Miles:**

So in September we should have a clear indication when that Budget is lodged.

**Treasurer of the States, Treasury and Exchequer:**

That is the current timescale but I know you are very keen on consultation. That is out for consultation. If that consultation comes back with changes then those changes would have to be built into the process but the vision, as I understand it, is that that particular project would come forward in the budget.

**Deputy H.M. Miles:**

It will come forward as part of the budget, not as a separate proposition.

**Treasurer of the States, Treasury and Exchequer:**

Ultimately the financing will be determined in a budget.

**Deputy H.M. Miles:**

Contained within a budget.

**Deputy A.F. Curtis:**

There is an interesting Treasury question about the consultation, the work and then the Treasury oversight, which is the public are often asked would they like what is being proposed. Those who have gone on a consultation, would they like bowling? Would they like 10-pin? Do you think from a Treasury perspective it is appropriate or sometimes worthwhile asking the public: at what cost are you willing to see the delivery of facilities or what quantum? If you said to the public: "Would you like some kind of 3D holographic experience, like the Sphere at Las Vegas but you are going to have to borrow half a billion ..."

**The Minister for Treasury and Resources:**

Would you like Universal Studios? **[Laughter]**

**Deputy A.F. Curtis:**

"... or would you like it watertight, nice new windows and so on, but we will not borrow, we will do it within capital project?" Do you think that level of deciding the frugal or that kind of question about the nature of how we fund it is something the public should ever get involved in or should we just ask them ... because we rarely do and I just wonder from your perspective, this is a lot of money. This could be borrowing the public might say: "I just want it watertight until we can fund things better. I never want to borrow when I can avoid it." They have not been asked it. I just wonder where you sit on that.

**The Minister for Treasury and Resources:**

I think it is a difficult question to ask the public because it is very complex and I could ask the 4 of you, as people, what you thought; I would have 4 different answers.

**Deputy A.F. Curtis:**

You might get 5. **[Laughter]**

**The Minister for Treasury and Resources:**

That is the problem because everybody has a view. I inherently would rather not borrow if we do not have to, but you have to accept that it is like everything else, very few of us can buy a house or

a car from our own resources and you have to do some amount of borrowing if you want a big item. You want your day-to-day spending to be in control, but you know you have to borrow, and it is a bit like that. For a big capital project, you may have to borrow, and I think the key thing for me is that we borrow in a prudent way and that we have a clear repayment plan. I think repayment of the borrowing is critical and also that we are not borrowing at a level ... there is always going to be a cap on what we can borrow. There will come a point where people say: "Well, we are just not going to lend you any more money because we think there is just too much risk in borrowing there" and we need to make sure we stay well short of that. I think to go to the public, if you went and said: "Do you want this?" "Yes." "Do you want this if it costs more tax or how do you want us to pay for it?" I just think it is a very difficult ask. The more choice and option you give people, the more difficult it is to then work your way through the responses and there are people who want the Fort to stay exactly as it is, inside and out. Someone has told me that in the past.

**Treasurer of the States, Treasury and Exchequer:**

The communication that went out in respect of the ideas for the Fort did include an outline of how it would be funded and therefore I would be surprised were there not ... surprised, maybe not shocked, if there were not some feedback that came back in respect of the Fort.

**Deputy L.K.F. Stephenson:**

Is there an intention then as a part of what used to be Operation Breakwater, now - tell me again - Island Regeneration Plan to have an overall strategic finance plan as part of it or is it all being done as individual projects?

**The Minister for Treasury and Resources:**

Treasury have been working on a long-term capital plan for some time. That has been one of the Treasury objectives and that plan - Andy can probably explain it more effectively - is looking at what money we need to maintain capital assets because I think there has been an issue with whether we have had enough investment in capital assets. What we have been looking at is what money we need in the long term to maintain the assets we have got. Andrew, do you want to say a bit more about that?

**Group Director, Strategic Finance, Treasury and Exchequer:**

In terms of the long-term capital plan?

**The Minister for Treasury and Resources:**

The long-term capital plan. Do you want to say a bit more about that?

**Group Director, Strategic Finance, Treasury and Exchequer:**

Yes, so that was running parallel to the I.R.P. (Island Regeneration Plan) as it is now called. The I.R.P. is about regeneration. It is making things better. The long-term capital plan was much more focused on maintaining the assets we already have to provide services, so ensuring that the roads continue to be in good condition, that the schools are still fit for purpose for delivering education. What it does factor in is the demographic changes that we know about or other relevant trends. If you have got fewer schoolchildren of a certain age or more of another age, then you may need to reconfigure your schools to be able to service their educational needs appropriately. We try to factor that in and that has been quite a long process working with departments, engaging with them to find out what the state of the current assets is. There has been a lot of work in terms of condition surveys and that has then informed what a plan is in terms of, in some cases, bringing them back up to the standard they should be but then also making sure that the ongoing funding is sufficient to keep them at that standard rather than a cycle of decline and then larger investment. A lot of what Treasury has been doing is trying to smooth some of that because you cannot do everything all at once. We have not got the capacity out in the Island and the market to be able to do all of that work all in one go, so a sensible programme. What the I.R.P. does is go slightly further than that, so as well as the maintenance it looks at what other things, new things, might be required to meet Islanders needs moving forward as well. In terms of the funding, if you find the funding gap, obviously, the challenge is then how is it paid for? That is something that has to be looked at. It is obviously a matter for each budget to look at how you would balance the books and make sure that you are achieving all of the objectives of the Government using the money available, but I guess what this is starting to do is look longer than that, rather than just that 4-year window, making sure the books are balanced, a plan for making sure that capital can be maintained at the right level ongoing into future years as well so structuring finances to make sure that that is the case.

**Deputy M.B. Andrews:**

Okay, yes, thank you very much. Minister, we will be moving on to the transition to a living wage. I just want to ask what discussions have taken place with the Cost-of-Living Group in relation to the transition to the living wage?

**The Minister for Treasury and Resources:**

The Cost-of-Living Group is chaired by the Minister for Sustainable Economic Development and over the last year we have met and we have discussed the various elements to help transition business. Clearly, the living wage went up on 1st April to £13, I think, and then there is another planned increase in April of next year. The Cost-of-Living Group has looked at the elements of the overall things like the Better Business Support Package and all the elements that are being invested into the economy to help businesses with productivity developments, apprenticeships, with increasing tourism and hospitality. We have discussed all those. The Chief Economist attends. Yes, we have looked at the overview of what that package is.



**Deputy M.B. Andrews:**

At the moment, are there any problem areas that have been identified with the rollout of the living wage package?

**The Minister for Treasury and Resources:**

Not that I am aware of, no. I mean, it only started in April. I think I was almost dismayed to hear an advert on the radio, someone advertising that they will help people get it and do something with the productivity. There is clearly scope for business to develop by helping others with their productivity. I would hope that given that funding is available to help people with process and productivity improvements that people will take advantage of that, equally that they will take advantage of funding that is available for skills training and apprenticeships.

**Deputy M.B. Andrews:**

Obviously, we see the minimum wage is now catching up to the living wage. As you say, it has increased up to £13 but going into the next Government Budget, some people will be questioning: "Well, can we really afford £10 million to transition firms from a minimum wage up to a living wage?" Do you think the support might need to be scaled back?

**The Minister for Treasury and Resources:**

No, that money has been earmarked for this year. That money was set aside in this year's Budget. It was part of the Budget for this year. It committed funds for this year and for next year and just in terms of we have been talking about capital investment, it is important that we invest in the wider economy. I am not aware of any reason why we would want to pull that money back because it is important that we help businesses adjust and we are doing that by helping them improve business processes and upskill staff rather than just by giving ... I do not think anybody would support just giving people money to pay the wage bill. I do not see it not continuing for the 2 years that it has been targeted for.

**Deputy A.F. Curtis:**

Minister, you said something, and I do not want to put words in your mouth, but you described a radio advert and did you say you were dismayed at hearing that advert on the radio? I am just curious as to your feeling about the ...

**The Minister for Treasury and Resources:**

Dismayed is probably the wrong word. It is very entrepreneurial of the business but, as I understand it, any business could have an idea and go to Jersey Business and say: "I would like funding from this grant. I would like to apply for this grant." But this was a company saying: "We will help you

with that.” Maybe that is a good idea. Maybe some businesses do need help with that because they may be thinking: “How can we engineer?” but it is almost do people need to engage another business to help them get the grant? I would have thought the process is simple enough that people should go ... dismayed is probably the wrong word. I just thought: “Oh someone ...”. It should have been: “Someone is being very entrepreneurial and looking at a business opportunity for themselves”, because I am sure they will take a fee but also to help others with improved productivity. Dismayed probably was not the ideal word to use there.

**Deputy L.K.F. Stephenson:**

I think someone being encouraged to help facilitate as well but that is just ...

**The Minister for Treasury and Resources:**

Possibly. I do not know. I am not sure what we are talking to other businesses about but certainly Jersey Business is running the grant scheme.

**Deputy M.B. Andrews:**

Yes, thank you. Minister, obviously before the States Assembly reconstituted, there was a report that was published that said that going to a living wage was not really feasible at that time and now we are going towards a living wage. Obviously, the financial support is lasting until 2026 but what is going to happen beyond that in terms of what engagement will happen with businesses?

**The Minister for Treasury and Resources:**

I have to correct you because that report has been roundly misinterpreted, and I think some very inaccurate things have been said about that report. The report did not say: “It was not ...” The full sentence was: “A statutory living wage is not feasible in the context of certain things.” We did not just say: “It was not feasible”, and a few people have taken 4 words out of context. Now I had a bit of a moan, I have forgotten what your question was, sorry.

**Deputy M.B. Andrews:**

Obviously, the financial support will be ending in 2026, so what plans are in place to assist businesses beyond 2026?

**The Minister for Treasury and Resources:**

Beyond 2026, we would hope the 2 years will be enough with the package that is there that the first 2 years will be the kind of “oh my goodness” moments for businesses and that over the 2 years, they will have adjusted with the support either, as I say, with upskilling because if you have more capable staff who can do more then hopefully that makes more productive and more valuable employees.

**Deputy M.B. Andrews:**

Can I also ask as well, at the Cost-of-Living Group has it been discussed the impact that the living wage has had on trainees?

**The Minister for Treasury and Resources:**

I do not recollect that specifically but part of the package is support for apprenticeships and training so that is part of the package.

**Deputy M.B. Andrews:**

Thank you very much, Minister. Thank you.

**Deputy A.F. Curtis:**

Okay, sticking on C.S.P. priorities, one of them is, of course, keeping Government fees, duties and charges as low as possible to help Islanders with the cost of living. With your Treasury oversight, what oversight function or role do you have for this priority?

**The Minister for Treasury and Resources:**

There are the fees, duties, charges that are within direct responsibility, if you like, which are mostly impôts, duties, taxes, things like that.

[10:45]

We have applied that overall trying to maintain or not increase as much as we can in the budget process last year, which led to fuel duty not increasing as much as might have been, alcohol duty not increasing as much. We limited V.R.D. (Vehicle Registration Duty) to the top 3 bands so we tried to not increase duty on - what we were all trying to term as - average family cars. Some families are more average than others of course but we have tried to minimise increases on people who would be buying an average, smallish car, so we looked at that. We have increased the tax allowance and then in terms of other departments, other departments largely it sits with them. Any increase of a fee which is more than 2.5 per cent has to come to me for approval and I think last year and this year there has been only limited requests.

**Deputy A.F. Curtis:**

I presume you are handling those on a case-by-case basis based on the need of a service.

**The Minister for Treasury and Resources:**

Yes.

**Deputy A.F. Curtis:**

Are there instances where you are looking at a request to go greater than 2.5 per cent that you have pushed back on with an oversight to do this or have you felt, so far, all the cases to increase a service greater than that which requires your approval was well reasoned?

**The Minister for Treasury and Resources:**

I think the ones where we have agreed an increase and there have not been many, I do not think I have ... I am going back to 2024; I have not rejected any because it was well reasoned. Clearly the relevant department Minister has to come and request it. Their Minister has to have approved it and where we have done some increases, it has been things that were very well reasoned and felt appropriate. For example, I am just looking at a judicial Greffe one, sometimes fees just do not get increased regularly enough to come anywhere close to reflecting the cost of providing that service. The majority, I think, have been in education or through C.Y.P.E.S. (Children, Young People, Education and Skills) and infrastructure in terms of the cost of maintaining car parks and, of course, that cost goes up more than 2.5 per cent, so we need to maintain car parking for the moment.

**Deputy A.F. Curtis:**

Another part of your function wider would be your shareholder representative on companies that provide services to the public, Ports of Jersey, Jersey Post. Have you had conversations in your quarterly meetings about where you have seen charges to the public well in excess of where the Government tries to restrain itself and are you trying to have an oversight of those for them to cut their costs accordingly as well?

**The Minister for Treasury and Resources:**

I am not sure we have gone into that level of operational detail. For example, the Ports of Jersey, they have to have J.C.R.A. (Jersey Competition Regulatory Authority) approval, I think, for some of their charges.

**Deputy A.F. Curtis:**

They have got R.P.I. (Retail Price Index) plus 2.

**The Minister for Treasury and Resources:**

Again, there are some businesses just are expensive to run. Sorry, let me try to think. We have talked to Electricity about their charges. JT, in fact, have reduced the prices. They have a very good offering at the moment. Andium were limited in terms of what they can do with the rent. They already have caps. Ports of Jersey, we have talked about a few specific things, but I am not sure

the public are paying. It is not a specific thing. We probably have and I have just forgotten about it. Maybe we have not done it in that kind of ...

**Treasurer of the States, Treasury and Exchequer:**

We have, probably not necessarily on a quarterly basis but there are 2 things that have happened. The prime one will be the “no surprises” policy between them. That is largely down to the judgment of the board. They will learn, it is fair to say, from previous instances if it has not come through the channels. The significant ones do come through or they are controlled through the J.C.R.A., for example. If there are ones that have not been raised in meetings, they will be raised by the “no surprises” policy.

**Deputy A.F. Curtis:**

Okay. Great.

**The Minister for Treasury and Resources:**

Yes, that is true, but we do not have a standing agenda item saying fees and charges.

**Deputy A.F. Curtis:**

Okay. I will very quickly touch on ...

**The Minister for Treasury and Resources:**

Sorry, Deputy Curtis, just to carry on with that, it may also be that although I am the shareholder at an operational level, they may well be discussing those with the Minister who is responsible for policy.

**Deputy A.F. Curtis:**

Okay. Great. Very quickly, Minister, you attended a session and spoke at a session by the Policy Centre on a survey they reconducted on the cost of living following a government survey the year prior and it was called *Top Issues for Islanders* and cost of living was one of them. Did you, following that meeting, have any further conversations with interested stakeholders or did you have any learnings from the discussion that occurred following this year’s survey?

**The Minister for Treasury and Resources:**

Not specifically. I think the Ministers will have seen this. I do not think it really told us anything. If we had all sat down and said: “What do we think the top issues are?” Cost of living, housing and the hospital probably would have been right up there and the cost of healthcare, ageing population, people leaving the Island. They are all things that we already aware of and that we are all concerned

about as a government. I just do not think it really told us anything that we did not really know because although cost of living is still the top issue, it is less so than it was the previous year.

**Deputy A.F. Curtis:**

One thing - the *Jersey Evening Post* picked up on this - was that Government recognised that it was conscious that the views of young people in particular were not well heard. Are you able to advise how we are, as a government, taking on the views of young people and how that kind of deficiency might be addressed?

**The Minister for Treasury and Resources:**

I am not sure if that is the case because we do hear from the Youth Parliament.

**Assistant Minister for Treasury and Resources:**

We are listening to them now. Two young people in here right now.

**Deputy A.F. Curtis:**

You are very kind. I wish.

**The Minister for Treasury and Resources:**

Point well made, Deputy Gorst. We have the Youth Parliament who report to Government. We have just had the Children and Young Person's Survey which covers the whole area, and all those things will be taken into account by the relevant policy leads. I think we do hear from young people, and I think their views are taken into account where we can. There will be items coming out of the recent survey that I am sure Public Health will be thinking about, Education will be thinking about. There have been various reports where the voice of children and young people are heard.

**Deputy A.F. Curtis:**

Very quickly, lastly you mentioned one of your main controls was impôts, so with alcohol and fuel being frozen this year, could you describe how you are monitoring the impact of these freezes on the cost of living for Islanders?

**The Minister for Treasury and Resources:**

We are only in quarter one. We are just at the end of quarter one. I think it is difficult on things that are relatively ... everybody will buy different amounts of fuel, and everybody will buy different amounts of alcohol, so I think it is difficult to really measure the impact. I did have a note somewhere about how those fit, about what the percentage those are in the R.P.I. calculation and I think they are relatively low.

**Treasurer of the States, Treasury and Exchequer:**

Alcohol, there is a 6 per cent weighting on the R.P.I., for example.

**The Minister for Treasury and Resources:**

You have got it, yes.

**Treasurer of the States, Treasury and Exchequer:**

We await the first R.P.I. numbers for the first quarter and that will say where we are by category on the Retail Price Index including these categories relating to fuel and alcohol.

**Deputy A.F. Curtis:**

Thank you.

**Deputy L.K.F. Stephenson:**

On to C.S.P. priorities and the new hospital. Minister, can you update the panel on your role providing oversight of the New Healthcare Facilities Programme? I believe there has been a first meeting in 2025, was it in January?

**The Minister for Treasury and Resources:**

I think we met in January, did we not? Yes. Since then I had a full briefing because the one that had happened, the previous Ministerial Oversight Group meetings, I think had been cancelled in December, so I had a full briefing with the New Hospital Facilities Team as to exactly where construction was, a complete overview of both the build and finances. As part of that, I have asked for regular monthly meetings with our finance business partner. We have a finance business partner embedded in the project, so I have had a separate meeting with him to look at really how they control ... it is a very controlled. They have lines going down to boxes of teabags. The notion that it is all ... it is simply not. They are monitoring every penny. So, I met with him. My next meeting with him will be next week to look at how the spend is, where we are in terms of budget. There will be regular Ministerial Oversight Groups, which have faded a bit but I think we have decided we will have them ... they have not faded. They have not happened because maybe one or 2 Minister have not been able to go, so we said we would reschedule not to duplicate. I will just be having those regularly. If other people are not there, they are not there. It is that regular level of oversight. We have the finance business partner, and I think the Treasury team are also closely involved.

**Deputy L.K.F. Stephenson:**

Your impressions of the project now from a finance responsibility perspective, can you give some of those about how we are heading and how do you work? What are some of the questions you will ask that team going forward to make sure that you are on the same page?

**The Minister for Treasury and Resources:**

My questions are always going to be about: are they within budget? Is there anywhere they have overspent? How are they doing with their spending for budget? The procurement process, we will be asking about that. I think they have gone out to tender for the main delivery partner. I think once they have appointed that partner, that will help us be more specific about budget in some areas. Certainly internally, it will help us be more specific about budget and possibly more specific with the review panel. That will then help lead into full business case and all that. Yes, full business case follows after procurement and that will also have things like affordability, value for money. I think procurement is very important. Once you have got the main delivery partner, we will be looking at recruiting other smaller pieces into the mix, so the procurement will be very important there and generally just how they are spending and monitoring the spend of money but from what I have seen of a very complex spreadsheet, spend is being very closely monitored.

**Deputy L.K.F. Stephenson:**

Is it fair to say that you are feeling confident about the process and the financial approach currently being followed?

**The Minister for Treasury and Resources:**

I would say so, yes. Yes. I think we have close oversight and the people running it are capable, and they know what they have to do, what they are trying to do. They know what the budget is. I think they have underspent this year. I do not have the number written down, but I think they have underspent against the Government planned budget. That will be carried forward and clearly that is still subject to audit but, yes, I think there is a strong level of financial control being exercised. They clearly have to look at Green Book principles and our own public finance manuals, C.P.M.O. (Corporate Portfolio Management Office). There are lots of control mechanisms over this project.

**Deputy L.K.F. Stephenson:**

Thank you.

**Deputy H.M. Miles:**

Thank you. Just a very quick question from me about independent taxation and a follow-up from last time. The panel expressed concern about communications relating to independent taxation, in particular how the information is going to be communicated to wives independently of their husbands. Can you give us some update about that please?

**The Minister for Treasury and Resources:**

Oh, sorry, I thought the Comptroller, it is an operational matter.



**Comptroller of Revenue, Treasury and Exchequer:**

Yes, I think the main headline is that from the autumn when we start to put out the main publications, they will be sent to each individual taxpayer, so wives will start to receive all communications in their own right from this coming autumn. We are also taking steps to communicate through various community networks, the F.R.E.E.D.A. (Free from Domestic Abuse) group for vulnerable women, women's charities and so on. We are also planning a series of roadshows and special community help desks in the parishes.

[11:00]

Those will probably be in the autumn of 2026 because this really will begin to hit people in the face in 2027 when they first have to do a tax return in their own right. The real period when we go out and engage with people and explain the mechanics of all this will take place in the autumn of 2026.

**Deputy H.M. Miles:**

Okay, that is good. Thank you very much. I am now going to move to Connétable Johnson who is going to ask some questions around Pillar Two. There we go.

**Connétable D. Johnson of St. Mary:**

Good morning and apologies to the Minister, Assistant Minister and officers on the panel for my late entrance, as it were. Yes, regarding Pillar Two, the panel understands that Revenue Jersey aims to publish simplified guidance regarding the implementation of Pillar Two taxation in the first half of 2025. Can you please advise whether this simplified political guidance is on track for publication?

**Assistant Minister for Treasury and Resources:**

Thank you, Constable. I will just ask Jonathan to pick up that because there is lots of ongoing work streams which are continuing.

**Deputy Director - International, Revenue Jersey:**

Thank you, Deputy Gorst. In short, yes, it is on track. Just now we have some F.A.Q.s (frequently asked questions) that we have released on our website and we have already received very positive feedback from industry. We have received positive feedback from other tax authorities on the F.A.Q.s that we have released. It provides clarity to industry in the tax agent community. In relation to the further guidance, again that is on plan. It is currently being drafted and it will be shared with an industry working group to make sure that they have been consulted from a practical side to see if there anything additional that would be required before it is more widely circulated. That is in terms

of the first guidance document. What we are also planning to do is publish an administrative guidance as well, which would be a live document, which would be able to keep on top of any legislative changes and key dates where there is requirements for those groups are in scope to make sure they are complying with the legislation. Finally, just to add to that, we have set up a new dedicated Pillar Two mailing list and we have had over 100 people subscribing to that just now and we are continuing to market that through the usual channels.

**The Connétable of St. Mary:**

Okay, thank you for all that. On to another aspect, for the information of the Pillar Two taxation, we understand that in early 2025 Revenue Jersey was aiming to invite this through a new system and customer portal. Again, can you please provide more information about the scope of that system and update us on its delivery?

**Deputy Director - International, Revenue Jersey:**

Yes, I think it is an interesting question because, as Deputy Gorst was saying at the beginning of this meeting, there are some geopolitical matters that mean that we have to be prudent with our expenditure. In terms of a new system, we have done a lot of planning. We have got a lot of different things in place to be ready to go, but we are being very prudent about taking on mass levels of expenditure if it may not be required. We will be making a full decision on the new system in about August this year. What we are doing to assist businesses to comply with the legislation is that we are bringing registration forward to, hopefully, next month, so that businesses will be able to register and there will be a form that will be on the Government website. Then that will allow us within Revenue Jersey to have a database of registration and then that will also help us make sure that the numbers that we had stated online, et cetera and have early engagement with those groups.

**The Connétable of St. Mary:**

Thank you.

**Deputy A.F. Curtis:**

Could I just ask a quick question on that? Of course you went out to procure a service for delivering a Pillar Two system back in December and the original timetable was that the tender would be published on 17th January and successful and unsuccessful bidders would be notified and briefed on 11th April 2025, which is today. Fully understanding the reasons for change, what has been the communication plan with those who have obviously contributed a lot of time to bidding for work or coming up with procurement but the fact that we are now looking at a potential of 6 months change and also a scope change? Of course people who invest time in procurement want certainty or want to know that when they are bidding that there is a purpose and that is quite a big timetable change.

**Assistant Minister for Treasury and Resources:**

We did not ... there was a change of heart, change of plan after internal conversations that basically said that you could go out to bid for a new system but it is a new system that nobody has got anywhere anyway or you can think about, what are the components that you can, in effect, separate out and create longer term value for the overall system and the overall governmental approach to technology. It is not called I.T. (information technology) any more. What is it called?

**The Minister for Treasury and Resources:**

Digital services.

**Assistant Minister for Treasury and Resources:**

Digital services. I think that certainly from a Ministerial team perspective and from the officials' perspective it was felt that was a better approach. It is not often we can do this in hindsight because normally it goes the other way. In hindsight that was absolutely the right thing to have done because otherwise we would have been, as you rightly say, stuck today with bids, with all of the uncertainty and having to have those difficult conversations and being not sure where to go. Although there is that uncertainty, I think we are probably in a better position than we would have been had we followed that original plan.

**Deputy A.F. Curtis:**

While you published an expression of interest you were quick enough to react to changes and you are confident with the changes you made were an early enough intervention.

**Assistant Minister for Treasury and Resources:**

Yes, that is right, yes.

**The Minister for Treasury and Resources:**

We have had discussions just this week in terms of what our options are and how we take it forward. We do have a plan. As Jonathan said, that plan will become more concrete in months to come once we have got a better idea of how things might change.

**Deputy H.M. Miles:**

Thank you. David, back to you.

**The Connétable of St. Mary:**

Yes. You have probably answered my next question or not answered it in a proper way. The process with likely bids throughout the system, has that commenced? I am sure the answer from what you say is not.

**Assistant Minister for Treasury and Resources:**

That is correct, yes.

**The Connétable of St. Mary:**

Do you think you would have a timeframe for the development of a system once the contract has been agreed or, again, are you still in cautionary mode and not prepared to go to any commitment as yet?

**Assistant Minister for Treasury and Resources:**

I think it is as Jonathan just explained. We have got the registration process which we are working on and I am not sure if it is live or brought forward next month.

**Deputy Director - International, Revenue Jersey:**

Next month, yes.

**Assistant Minister for Treasury and Resources:**

The decision about the system and quite what we will do, we are deferring until the latest possible point because of the uncertainty. That latest possible point is probably end of August, beginning of September. That could still be challenging because of some of the answers we will give to your forthcoming questions. We do know that companies have a liability of rising now, so they need to be able to register. We do have some recruitment that is taking place but in the same way that we are being cautious about the system, we are being cautious about recruitment as well because we do not want to spend a lot of resource on something which looks more uncertain today than it did last time we were sitting before the panel.

**The Connétable of St. Mary:**

Thank you for that. My final question in this particular area is as to the value of the contract for this work and I presume again you are going to say come back to us later.

**Assistant Minister for Treasury and Resources:**

Yes, but we are looking at an I.T. spend which is much reduced on what might have been where you could have used the portal and other back office things - careful not to get too technical in front of Deputy Curtis - that you could have used for benefiting the wider revenue system.

**The Connétable of St. Mary:**

Okay. Are you able to give any indication of the reduced resource compared to the original?

**Assistant Minister for Treasury and Resources:**

Not at this point, no.

**The Connétable of St. Mary:**

Okay, thank you. My next area then relates to the publication of the U.S. (United States) Treasury report in 60 days, which you mentioned in the last quarterly public hearing on 27th January, 6 days following the appointment of the Trump administration. Are you able please to provide an update on the status of that U.S. Treasury report, on the impacts, if any, on Pillar Two?

**Assistant Minister for Treasury and Resources:**

Obviously the report has not been made public. As far as we are aware, it has been passed from Treasury to the White House. Officials have been at the Inclusive Framework of the O.E.C.D. (Organisation for Economic Co-operation and Development) in Cape Town this week. The Deputy Comptroller - I think that is his title - and I visited Washington just about a month ago now to engage with both Treasury and stakeholders on the Hill, as well as advisory individuals. The position that the U.S. has outlined at the Inclusive Framework this week at a high level is not a surprise to us. As far as we understand, they will then be having more detailed conversations with Finance Ministers at the I.M.F. (International Monetary Fund) World Bank spring meetings, which are in a fortnight's time. It is fair to say that the U.S.'s high-level position is that they want their current G.I.L.T.I. (Global Intangible Low-Taxed Income) regime to be seen as an equivalent Pillar Two regime, which seems straightforward when you articulate it like that but it is a very different regime. One has got global blending of profits and the other has got jurisdictional blending of profits. The U.S. would want to change the rule order in allocation of profits and they fundamentally dislike what is known as the undertaxed profits rule because they think it is extraterritorial. As I sit here, I am not sure that either the O.E.C.D. or some E.U. (European Union) member states fully understand the implications of what the U.S. is asking for. But what we do not know, as we were saying earlier, is what will the U.S. ultimately settle for. You could make an argument that says an extension of the safe harbour for a set period of time would satisfy the policy intent that U.S. companies were dealt with differently but, equally, it is something that is probably felt that the U.S. could not take back to the White House as an acceptable solution. We sit here with greater uncertainty than we have had at any point during this process of delivering this international tax agreement. Of course companies already have a liability in Jersey because the legislation is in the statute book for 2025. I am as confident as I can be that Jersey will have income in 2025 while these negotiations are ongoing. But I would just point to the fact that, as members of the panel know because they were involved in scrutinising our proposal, one of the reasons we proposed what we did and had a bespoke solution was because we were aware of this problem between a mismatch between the American system and the O.E.C.D. system. One might argue rather late in the day the Americans have become more alert to the problems it creates and, therefore, are asking for an overhaul of the system. Our proposal already

deals with it to a large extent with the pushdown but it does not deal with it fully. There is a lot more negotiation and conversation to be had before we can be certain about whether this revenue stream will be ongoing or whether it will just be temporary.

[11:15]

**The Connétable of St. Mary:**

Thank you for all that and I am pleased to have your assurance about the 2025 income at least. Is it fair to ask if you have any idea as to when you are displaying some conclusion to these negotiations or try and finish them?

**Assistant Minister for Treasury and Resources:**

Just to be clear, that was my view.

**The Connétable of St. Mary:**

Okay, I take the point.

**Assistant Minister for Treasury and Resources:**

I think we have to be very certain - everything is quite uncertain, just like the tariff situation is - what is the policy outcome that is being looked for? In the tax arena, what is the policy outcome that is being looked for and, therefore, what negotiation will be possible? When we spoke to Treasury a month ago they were very clear that they wanted it resolving this year. The Treasury official that was at the Inclusive Framework this week was very clear that they want it resolved this year, but will it be resolved? Some of that will depend on what happens with the resolution of the tariff issue. On the one hand the official line coming from the States is that they do not want to confuse the 2 issues, but on the other hand some of the commentary that the American President is making is that he sees tariffs and taxes very much as one and the same thing, as a drag on cross-border flows and a drag on the American economy and does not necessarily, in his mind, differentiate between the 2.

**The Connétable of St. Mary:**

Right okay, we will leave that. Thanks for the explanation and I do appreciate where you are coming from at the moment. On the question of communication with the public at large, having certainly expressed about the limited communication issue by you, and I understand that, but are you intending to publish any form of communication with an update for the public consumption?

**Assistant Minister for Treasury and Resources:**

It is a good question, Constable. We have not considered that but it is something we will take away and consider of course. We will, potentially, be in the position of needing to lodge a budget in

September - back to your earlier question - with a high degree of uncertainty remaining, so that will be an opportunity to discuss more with the public. But what that could mean for the Treasury is that they could have income arising from Pillar Two in 2026 as the then best forecast but with the challenge of really not being able to allocate it to a spending line because of the high degree of uncertainty with it.

**The Connétable of St. Mary:**

Okay, thank you for that. On the question of resources to recruit the team to deliver the work stream, has the uncertainty affected that in any way?

**Assistant Minister for Treasury and Resources:**

Yes. As I indicated, right across the board we are currently implementing from a minimalist resource perspective. We are in the process of recruiting one individual where we would have expected to have recruited 3 or 4 and we will see how that works out throughout the coming months. Of course I am not involved in the recruitment because it is done by officials. As I understand it, is another world class individual like Jonathan here who will not just be able to do this work if it goes ahead but will be able to do other work in Revenue Jersey if this does not go to plan.

**Deputy Director - International, Revenue Jersey:**

I think it is important to add that we have been extremely prudent with recruitment, given the uncertainty. For instance, my position has been extended to be involved with Pillar Two implementation and it is part of my existing role. We have also moved a couple of existing Revenue Jersey members of staff. An implementation manager has been appointed from 1st January this year. She has experience of implementing new taxes in other jurisdictions, so was deemed the best person for that. We have had somebody from our domestic policy team being moved into a business analyst role to help support with Digital Services. We have got the support of our international tax policy colleagues. We have been trying to split the work as best possible throughout Revenue Jersey with the existing resources, given that uncertainty. The offer that will be going out very shortly is to fill an existing post in the policy team, so it is not a new post that is being created. It is a case of the preparation is there. We have got everything in place to go. We have also got ownership of process maps of talented individuals who have gone through screening to make sure that they are suitable candidates, et cetera. We would be prepared to take up those conversations when need be so we can be mobile at the time that is relevant.

**The Connétable of St. Mary:**

Thank you, I appreciate all that. Going back to what I call a more certain time, the time of the Budget 2025-2028, it was stated that Pillar Two income will help us to cover the costs of financing on new healthcare facilities and will also allow us to invest in the ongoing competitiveness of our Island

economy. I appreciate that the situation has changed and you cannot really with any certainty project any new income. But generally speaking, given the link with the new healthcare facilities, are you concerned about the potential impact that a lesser income from this source will result in?

**Assistant Minister for Treasury and Resources:**

It depends on what you mean by concerned. I think we have entered since 20th January a highly uncertain world which we will need to respond to appropriately. This international tax issue is just one of them. We will keep being engaged. We will keep officials involved in the conversation because some of the conversations that are now being had are points that we made in the design stage of the O.E.C.D. models 1 and models 2. It seems 2 or 3 years down the line our points are now being resurrected by others who agree with us. But it means we have to then respond to that and there will be effects on the public purse, which officials will need to respond to in thinking about those areas that that money was cautiously allocated to. We cannot stop building the hospital. We have to build a hospital for all the reasons we know. It does put pressure on officials and the rest of Government to ensure that they can fund that borrowing for the hospital. The competition question is an interesting one because, again, if we do not have the revenue, does that mean we do not need to think about our competitiveness? In a strange way, if anybody caught by 15 that was 10 and goes back to 10 and Zero/Ten. We just have that Zero/Ten, we do not have the M.S.I.C. (Malaysia Standard Industrial Classification) regime. Of course that means that we maintain our current competitive tax regime, but in times of global uncertainty we have to make sure we are even more competitive than we might have been previously. We will need to think about how we allocate resources to Jersey's financial services competitiveness outwith us not getting this money anyway. It does present challenges to the public finances. It presents challenges that there will be these pressures that we need to meet. But it also, because of the global uncertainty, as we have said, presents challenges because of rising inflation and the potential economic impact.

**The Connétable of St. Mary:**

Thank you and that is probably as far as we can go, but can I ask on behalf of Scrutiny, can you keep us informed of developments, if only on a confidential basis, please?

**Assistant Minister for Treasury and Resources:**

Yes. We are more than happy to do that, yes.

**The Connétable of St. Mary:**

I conclude my area of questioning then, Chair.

**Deputy H.M. Miles:**

Thank you, David.



**Deputy A.F. Curtis:**

We will stay similarly on to the financing of the new healthcare facilities in the wider Island infrastructure. Minister, I will take a quote, for the benefit of those listening and yourself, from your 2025 Business Plan, which says: “We will implement the New Health Facilities Funding Strategy, supported by the Treasury Advisory Panel and our debt adviser. The funding strategy includes the issuance of up to £500 million of long-term debt.” Minister, could you update us on the implementation, in particular the New Health Facilities Funding Strategy?

**The Minister for Treasury and Resources:**

I do not know that the plan has necessarily changed. The plan was that we would fund the hospital - correct me if I am wrong - in the immediate and short term through our revolving credit facility. When the market was right we would then go in to look for our long-term borrowing. What that looks like, with or without Pillar Two, is something that we will need to consider in the fullness of time. We have an update. Is there more to be said on that?

**Treasurer of the States, Treasury and Exchequer:**

That is the probably the same. It was the position when you debated the Budget. It remains the position that see that the markets were in the place where you would enter into long-term debt at this point. We have met with banks, all Treasury officials have met with banks in the meantime just to discuss where the markets are, where they see the markets. By banks I mean the debt and capital markets teams run those banks. We maintain the position of utilising the short-term facilities for the time being and keep it under constant review. Obviously the current level of uncertainty goes outside of just Pillar Two in terms of where the markets are. Therefore, where U.K. (United Kingdom) Treasury gilts are up, which benchmarks or determines to a great extent how expensive or inexpensive our debt would be.

**Deputy A.F. Curtis:**

Thank you. The current plan is to stick to the plan but in the knowledge that there is not an imminent sight for where the bond market would be preferential. We just do not know yet, okay.

**The Minister for Treasury and Resources:**

Yes.

**Deputy A.F. Curtis:**

In the same Business Plan you state: “We will continue to work with departments to further develop the long-term capital plan, identifying capital requirements over an extended time horizon to allow planning for the future funding of investment.” If we could just build down on what those words mean

in practice, could you provide more information on the work being undertaken with other government departments to further deliver the long-term capital plan?

**The Minister for Treasury and Resources:**

I think my notes on that were earlier on. We touched on it a little bit earlier on. The Treasury team have been working on the long-term capital plan for some time and the plan, it will change as time moves on. A first version is being finalised and that will show the level of investment we need over ... I cannot remember the period of time but it is over a period of time how much investment we need. That is something that Treasury have been working on and that is being developed. We will have to look at how we fund that capital investment. It has to be affordable, as we talked earlier on and that it also maintains long-term financial sustainability; that work is ongoing. Can you add anything to that, Andrew?

**Group Director, Strategic Finance, Treasury and Exchequer:**

Yes. I think it is similar to what we talked about earlier. If you are specifically asking what we have done with the departments, this has not been a Treasury-led exercise where we have said this is how much money you have got, how would you do it? It is very much engaging with the operational side of the whole of Government across many, many departments in terms of, what are the assets that we currently hold? You are looking at our balance sheet and saying: "These are the assets, when is their use for life ending up? What condition are they in?" There has been a lot of work with departments in terms of surveying the condition of both estates and infrastructure, so roads, et cetera and coming up with, what are those requirements to keep them in the condition that they need to be? There is a huge amount of granular detail. It is very difficult to get into all of it in a short hearing like this. But it is an asset-by-asset based approach, not a you have got an estate, how much do you spend on it, those percentages. It is down to here is a prison, what is the maintenance requirements for that? How many schools have we got? Each school, what condition are they in?

[11:30]

How long are they going to last or when do they next need a significant refurbishment or replacement? It is that granularity I think, if that is what you are getting at.

**Deputy A.F. Curtis:**

It is knowing what is going to be published and what that forecasting looks like. This panel is constituted with members of every other panel, so we have the wide remit from, as you say, prisons to schools to the roads. I think a long-held ambition is greater understanding as to what the realistic financing requirements are, how that gets prioritised. Minister, you mentioned it will be published, which means the plan will be tangible, it will be something one can, hopefully, hold or see. You

mentioned timelines for how far out that long term looks. I do not know but maybe then officers would have those dates that we could pin down as expected. Firstly, what are we currently modelling with departments? What do we mean by that extended time horizon? Secondly, in that consolidation of that package of the estate requirements, when will that then come to us as Scrutiny and maybe the public?

**Group Director, Strategic Finance, Treasury and Exchequer:**

Do you want me to do timeline first? Is that helpful?

**Treasurer of the States, Treasury and Exchequer:**

Yes, go on then.

**Group Director, Strategic Finance, Treasury and Exchequer:**

The standard timeline we tend to look at for the long term is 25 years but there is, effectively, an extension from that, so you can go further if you wish. I guess what I would observe is the further out you go the more uncertain things become. Obviously the next 4 years you have got a very good idea of what you need to do. As you go past 10 years you start to think things will change, who know what will happen, what will impact? So, 25, maybe looking towards 40 but 25 is probably the number that we would focus on. In terms of publication, we do not have dates of what will be published when. I think what we certainly would like is to use the long-term capital plan to help inform decision making going into this budget, initially with C.O.M. (Council of Ministers) and I guess C.O.M. can consider how to either incorporate into the budget or publish separately once that process has been completed. That is my expectation. I am hoping no one kicks me under the table.

**Deputy A.F. Curtis:**

One little piece of feedback I would say on that, without wanting to talk to you, is the Assembly can benefit from information through an informed debate. I think, again, a request would be both Scrutiny and the Assembly see this stuff, so when we are debating Back-Benchers, as they often do, who put in bid, do so in the fullness of knowledge of what a long-term capital plan the needs of the Island are. But I do not know, Treasurer, if you had something on the other ...

**Treasurer of the States, Treasury and Exchequer:**

The Chief Minister is lead on the working title of Island Regeneration Plan, which includes the work that Treasury has been leading on, the long-term capital plan. I know he is also considering timelines for publication and consultation in respect of that, yes.

**Deputy A.F. Curtis:**

Okay, yes.

**Deputy H.M. Miles:**

We can pick that up at the next hearing probably, yes, okay.

**Deputy L.K.F. Stephenson:**

Just on that point, is there a definitive terms of reference list about what is in that I.R.P. and, if so, could that be shared with us?

**Treasurer of the States, Treasury and Exchequer:**

Probably back to my last answer, which is the Chief Minister is leading on that piece of work.

**Deputy H.M. Miles:**

We can ask the Chief Minister to produce that.

**The Minister for Treasury and Resources:**

Ask the Chief Minister about it, yes.

**Treasurer of the States, Treasury and Exchequer:**

I know that he will want to come and talk to Scrutiny ahead of a wider ...

**Deputy A.F. Curtis:**

My last question on this is about sunken costs and we have discussed these before. There are instances where planned capital expenditure creates a sunken cost that, ultimately, is cost to be lost also because plans have changed or respecified. Can you clarify whether Treasury and Exchequer is able to capture and quantify these sunk costs? I think the panel's minds come to obviously projects like the joint ambulance and fire Headquarters and the costs involved in planning these but, ultimately, they are not delivering on said plan, quantifying and measuring and then publishing abortive costs or sunken costs.

**Treasurer of the States, Treasury and Exchequer:**

We follow accounting standards. The annual report on accounts will include costs that are written off, will include abortive costs - there is another word for it though I cannot quite recall - and other losses are disclosed within the accounts. Of course previous years, for example, we have considered the write-down or utility of previous ... was it Our Hospital spend in respect of the current hospital project? That continues again this year, that exercise has been done again. Last year's accounts and the 2023 accounts provided that number for that particular write-down. Those numbers are within, what is it, losses and special payments section of the accounts? If you were to ask us questions in respect of that we could provide breakdowns of what ...

**Group Director, Strategic Finance, Treasury and Exchequer:**

Can I just make a further observation I guess, which is when we talk about losses and special payments it is very much there is a balance on these things of whether value is derived? A lot of the work that we have got in terms of feasibility, the whole point is to work out whether something is feasible and affordable. If you spend the money on feasibility work and then decide not to do it, that is not money that has been wasted on the basis that it is money that informed the decision. There is a slight nuance in terms of what would get captured and what would not. But all spend gets reported in the annual reporting accounts on a project-by-project basis, so you will be able to see where the spend has occurred.

**Deputy L.K.F. Stephenson:**

Moving on to personal and corporate taxation, we have obviously got the deadline for personal tax returns coming up at the end of May for paper returns and midnight on 31st July for online returns. Just for the benefit of the public, can you describe how the timeline for when someone's personal tax return is submitted impacts on the I.T.I.S. (Income Tax Instalment Scheme) effective rate generated and the implications for individuals of that?

**The Minister for Treasury and Resources:**

As I understand it, and I am sure the Comptroller will correct me if I am wrong, if you put your tax return in early and you disclose ... let us say you are doing your return for 2024, if you put that in in 2025 the I.T.I.S. will take what it understands you to be earning, what your income is. If in 2024 you have income that we have not seen before, say you do a second job or you have unearned income and you inherit money and you have got interest income, the later you leave it to put in your tax return then the later we will understand that there is additional tax to be paid. If you put your 2024 tax return in in January we will spot that you have got additional income that has to be taxed and we will adjust your I.T.I.S. rate accordingly. If that is done in January the I.T.I.S. rate will be lower for the whole of the year than if you put it in in July and when we spot it in August, there is then a smaller amount of time to recover. The I.T.I.S. rate will be higher for the latter part of the year than it would have been to recover that tax. Is that the broad ...

**Comptroller of Revenue, Treasury and Exchequer:**

Yes, that is right. Basically the I.T.I.S. scheme runs on a calendar year basis. Around November time of the preceding year we will give everybody who is employed an I.T.I.S.-effective rate, which is our best estimate of what we think they will need to pay. When they have given us their tax return we reissue the I.T.I.S. rate on that current basis. This is why it is important wherever possible to submit your tax return early in the year because it gives you the longest time then through the

calendar year to pay off the tax. Your rate will inevitably be a bit lower if you file in January and it will be quite a bit higher if you file in July.

**Deputy L.K.F. Stephenson:**

Okay, thank you very much for that.

**Assistant Minister for Treasury and Resources:**

You are still paying the same tax. It is the smoothing out of the time to pay.

**Deputy L.K.F. Stephenson:**

It is about how you spread it out, fine. I think that is helpful for people to understand. In relation to personal income tax assessments and personal tax debt, can you set out under what circumstances does Revenue Jersey investigate historical personal income tax assessments? When are you determining when a tax debt is owed and how does that process work, please?

**Comptroller of Revenue, Treasury and Exchequer:**

It might be best to separate 2 things there. One, once a tax debt is established and it has gone through an appeal process and it is a crystallised tax debt, then it falls to the Treasury's debt management team to pursue the debt. They have various campaigns and activities which are about seeking repayment of debt. All debt that is on the Treasury's debt book is pursued over time. I am not sure if you are thinking about at what point Revenue Jersey chooses to investigate a tax return that has already been furnished to make sure whether it is correct or not; that is part of the risk management process. Every year we will look at the tax returns that we have on file. We will undertake various risking processes and we will select a number to examine. The type of examination can vary, it could be a very simple desk examination. It might involve a visit to the taxpayer and it might involve a more in-depth inquiry if we find evidence that there may be quite a large amount of tax that has not been properly accounted for. We do publish an annual compliance programme which is on the website and that is where we give advance notice, mainly to the taxation community, of any particular areas or themes that we are going to be exploring in the coming year.

**Deputy L.K.F. Stephenson:**

Okay. At what point would that process be communicated to a taxpayer? Are they aware that their tax return is being looked at early on or is it only if something is found or ...

**Comptroller of Revenue, Treasury and Exchequer:**

If we, effectively, open an inquiry into a taxpayer's affairs there is a very clear process. There is a code of practice, which again is on the internet. We also have a guidance booklet we send to the taxpayer explaining why we are making the inquiry and what we will be looking at.

**Deputy L.K.F. Stephenson:**

Okay. Off the top of your head, how many such investigations might happen in a year?

**Comptroller of Revenue, Treasury and Exchequer:**

Several hundred every year.

**Deputy H.M. Miles:**

Are they just looking into the tax of the person for this year or are they looking historically from ...

**Comptroller of Revenue, Treasury and Exchequer:**

They can look historically. Generally speaking, the tax law allows us a degree of leeway to look at previous year's tax returns. If we find deliberate evasion and fraud, the law allows us to go further back. If it is error or mistake we will generally confine activity to one or 2 years.

**Deputy L.K.F. Stephenson:**

Just on customer feedback provided to Revenue Jersey, are there any particular concerns being raised at the moment and ...

**Comptroller of Revenue, Treasury and Exchequer:**

No. I will caveat that, we continue to get good feedback from taxpayers, for example, on our online forms. We get feedback on emails through the star process. We are getting 4 or 5 stars a lot of the time. Our service in March was not as good as we would have wished. We had very high footfall both at the help desk and online, but even there the customer feedback we have had is that people are very happy with the outcome once they were seen. The average waiting times in March were higher than usual. That is partly because more people have filed returns a bit earlier and we are sending out more tax assessments a bit earlier and, therefore, they are coming with questions a bit earlier. Also, there has been a debt campaign going on and so the Treasury has been asking people to pay debts. Invariably people will then come in and ask us about how the tax debt arose, even though we may have told them historically.

**Deputy H.M. Miles:**

When you talk about a debt campaign, how far back is that campaign going in terms of debt?

**Comptroller of Revenue, Treasury and Exchequer:**

It does depend on the debt book at the time. A lot of our activities in the Treasury will be on debt that has accrued over the last few years. There are some quite old debts on the debt book and we occasionally have a process of writing those off if we judge that they are just not collectable.

**Deputy H.M. Miles:**

Okay, thank you.

**Deputy L.K.F. Stephenson:**

Again, off the top of your head, how much is currently on that book? How much is currently owed?

**Treasurer of the States, Treasury and Exchequer:**

Debts towards the end of the year across all income lines approximately £360 million.

**The Minister for Treasury and Resources:**

That includes things like G.S.T. (Goods and Services Tax) and Social Security and COVID repayments. We have done a campaign, we have started writing to people in January where there was a particular COVID scheme where the money is due for repayment now. We have had the deferral plus 2 years and it is now due, so that ...

[11:45]

**Deputy L.K.F. Stephenson:**

That debt campaign, does that cover all of that or is that debt campaign just to do with income tax?

**The Minister for Treasury and Resources:**

The COVID one is running separately I think, that is a ...

**Treasurer of the States, Treasury and Exchequer:**

Some of the learning from March is to make sure that some of the activity that is going on within Revenue Jersey, for example, that I call high footfall for a particular group does not coincide with the push in respect of one of those particular taxes. We do have an integrated committee that looks at tax debt and discusses how we are going to go about recovering that debt. We will focus in respect of different groups and different taxes at different points in time, depending upon resources. For example, you will be aware that we had to have a bespoke campaign in respect of debts for businesses that were deferred during the COVID period. Officers have been focusing heavily on that and they have come out of that to now look at personal tax. We have quite a high number of those still have yet to contact us. We are going to that third round of communication with them. We go beyond that we will be using the usual routes for other taxation recovery to communicate or interact with those entities.

**Deputy L.K.F. Stephenson:**



Then the last question that I have got, can you set out how Revenue Jersey takes decisions to impose tax on annuities paid to non-residents with funds invested in the Island?

**Comptroller of Revenue, Treasury and Exchequer:**

Jersey pensions are taxable in the hands of the recipient. If a person is abroad and in receipt of a Jersey pension, the Jersey tax is withheld before the pension is paid. There are some important caveats to that. If the pensioner is in receipt of the Jersey pension but is in a jurisdiction which has a tax agreement with us, a double-taxation agreement, it will be dependent upon that. There are some countries where the tax would only be taxable in the jurisdiction of residents and we would instruct the Jersey pension provider, therefore, not to take Jersey tax. There are some people overseas in receipt of Jersey pensions who are in jurisdictions where there is no tax agreement and they will have the tax deducted in Jersey. Again, there is a caveat to that in that if a pensioner living in one of those jurisdictions is a Jersey pensioner and a low income Jersey pensioner, we have various reliefs we can provide.

**Deputy H.M. Miles:**

Where it is not a Jersey pension but there may be funds from a scheme invested in Jersey, should there be ...

**The Minister for Treasury and Resources:**

That does not make it a Jersey pension.

**Deputy H.M. Miles:**

It is not a Jersey pension.

**Comptroller of Revenue, Treasury and Exchequer:**

No, no, no.

**Deputy H.M. Miles:**

Is there any tax liable on ...

**Comptroller of Revenue, Treasury and Exchequer:**

No, there is not. You might well be thinking of one particular case that has come to our attention ...

**Deputy H.M. Miles:**

I think we may well be.

**The Minister for Treasury and Resources:**

Yes, and us.

**Comptroller of Revenue, Treasury and Exchequer:**

... where a gentleman was wrongly being charged Jersey tax on a pension. The reason for that was that about 30 or 40 years ago his advisers mistakenly ticked the wrong box, so that has been sorted out.

**Deputy H.M. Miles:**

Thank you. I am going to return to Connétable Johnson now.

**The Connétable of St. Mary:**

Yes, I am sorry about that. I am mindful of the time, Chair, and so perhaps I could ask a general question about review of the M.O.U.s (memoranda of understanding). The basic question I have is: is the review on track to conclude by the end of May?

**The Minister for Treasury and Resources:**

Yes, I believe it is. Internally we have Steve Robinson who is Shareholder Relations. He has done a revised version which I have reviewed. I have put a couple of additional things in it that I would like to see. We have had feedback from the S.O.E.s (state-owned enterprises) on the current versions. That is all being compiled into the extent we can have a precedent, which will then be tailored to the extent necessary for each of the 5. We are going to have a meeting with the chief executives I think on 2nd May to discuss it with them and then we will produce final drafts later in May. It is proceeding to timescale.

**The Connétable of St. Mary:**

Thank you for that. You have received all the feedback you need from the officers of the various entities and is there anything there in particular you want to bring to our attention?

**The Minister for Treasury and Resources:**

No. I have not seen the specific but I think Steve tells me that he has not flagged any particular issues that they have raised that causes any concern. Our changes are mostly about just picking up some changes in the corporate governance code. We have put in a couple of additional pieces which I do not think will be controversial but you never can tell. Yes, it is evolution not revolution, but the work is coming along to time on those.

**The Connétable of St. Mary:**

Okay. You have kindly offered to send us final drafts and we look forward to receiving those. One specific question, if I may, on the concerns Jersey Property Holdings Limited and basically the Fort

Regent projects. You may not know but there was an oral question raised at the last sitting, which was originally directed to yourself, Minister, as the shareholder representative, and then was diverted to the Minister for Infrastructure. Could you please confirm where Ministerial responsibility for the Fort Regent project rests?

**The Minister for Treasury and Resources:**

The Fort Regent project, I think, as a matter of policy and development, rests, I believe, with the Minister for Infrastructure. The shareholder role is the shareholder role and it is about corporate governance and oversight of activity as a whole. But in terms of specific projects and the Fort, for example, I think the Minister and J.P.H. (Jersey Property Holdings) have selected S.o.J.D.C. as a delivery partner. That is entirely within its strategic objectives under them and certainly that relationship will sit with, I believe, the Minister for Infrastructure and he will be the client, if you like, going forward.

**The Connétable of St. Mary:**

Thanks for clarifying. The basic point is being involved with Fort Regent projects before and this has always been an uncertainty as to where Ministerial responsibility lay. If that is the case, does this have a knock-on effect in the sense that the M.O.U. for Jersey Property Holdings might need to be amended and should in fact there be ...

**The Minister for Treasury and Resources:**

No. The M.O.U. is very much via the shareholder relationship and corporate governance and how we expect the company to operate as a company. In terms of what it does at operational level, that sits with the policy leads. I am not running the Fort project, Infrastructure will run the Fort project. It said it has Government involvement. It is like Andium. I do not make decisions about housing policy. Housing policy rests with the Minister for Housing, even though I have the guarantor of relationship with Andium. Policy matters sit elsewhere and the shareholder relationship is different. If there was an issue, if they had some kind of not falling out ... let us not say that. If they had some kind of issue with the way Government was dealing with things they may come to me to say: "Can you go and talk to someone? We have a bit of an impasse." But that does not happen often because they deal with that. The Fort will be what they do, that is what they are set up to do. It is an operational matter. I would normally expect the board, who are property professionals, to run that in terms of whatever contract or terms of reference they have been given by the Minister as the relevant part of Government.

**The Connétable of St. Mary:**

Yes. My primary concern is simply where does Scrutiny go when it wants to scrutinise the operations? From what you have said, the Minister for Infrastructure. Do you happen to know, is

there a formal agreement in place between Government and the States of Jersey Development Company as to developments and how does that contract or responsibility manifest?

**The Minister for Treasury and Resources:**

I am not sure. There may be a terms of reference for the Fort, which would be done with Infrastructure, but there may not be. I am not sure if it is right to say there is a contract. States of Jersey is there and its objective is to work on regeneration, to regenerate assets of Government. They will do that with the Minister for Infrastructure in terms of what happens and with Government and States Assembly approval.

**The Connétable of St. Mary:**

Okay. Thank you for clarifying that Infrastructure is the place where Scrutiny should go, but I will leave it at that for the moment and give it time. Perhaps I could hand back to the Chair.

**The Minister for Treasury and Resources:**

I would have thought it is a matter for Infrastructure.

**Deputy H.M. Miles:**

Okay, thank you. We are coming into our last couple of minutes now. My last questions are just about your legislative programme. It was just to ask for a progress update and whether really you are anticipating any delays or setbacks on the timeline that we have been given.

**The Minister for Treasury and Resources:**

The Public Finances Law we are planning to amend to merge the Financial Stability Board and the Fiscal Policy Panel. That has been delayed for the moment because of other demands on the programme as a whole. I think we are still estimating possibly quarter 4 lodging for that. Then the finance budget, I think we are already starting work on that or will be starting quite soon if it has not; I think it has already started. We have some ideas of what we are putting in there, so work is already happening. Then we have basically Pillar Two, we have some further legislation on Pillar Two, 3 pieces of legislation for which we have discussed our challenges. We will just have to see.

**Deputy H.M. Miles:**

We will see those when we see those.

**The Minister for Treasury and Resources:**

I think there is some degree of dedicated law-drafting resource for Pillar Two. I think once we have a clear view on what we need to do, which may potentially mean amending some legislation we

already have, that will be progressed as quickly as possible as a priority but it is slightly questionable in terms of timing just at the moment.

**Deputy H.M. Miles:**

I understand. That concludes the questions. Does anybody have any other questions? David, do you have any other questions?

**The Connétable of St. Mary:**

No, I do not, thank you. I thank everyone concerned for their contributions. Thank you.

**Deputy H.M. Miles:**

Thank you. Do you have any questions for us?

**Assistant Minister for Treasury and Resources:**

No, thank you.

**Deputy H.M. Miles:**

No, okay.

**The Minister for Treasury and Resources:**

I do not think so, not today, thank you.

**Deputy H.M. Miles:**

Thank you very much for attending our hearing today.

**The Minister for Treasury and Resources:**

No, I will ask you after.

**Deputy H.M. Miles:**

Okay. I declare the meeting closed. Thank you.

[11:59]