



## Corporate Services Scrutiny Panel

### Quarterly Hearing

## Witness: The Minister for Treasury and Resources

Friday, 8th January 2021

**Panel:**

Senator K.L. Moore (Chair)

Deputy S.M. Ahier of St. Helier (Vice-Chair)

Connétable K. Shenton-Stone of St. Martin

**Witnesses:**

Deputy S.J. Pinel of St. Clement, The Minister for Treasury and Resources

Deputy L.B.E. Ash of St. Clement, Assistant Minister for Treasury and Resources

Mr. R. Bell, Treasurer of the States

Mr. R. Summersgill, Comptroller of Taxes

Ms. A. Rogers, Group Director, Strategic Finance

[14:01]

**Senator K.L. Moore (Chair):**

Good afternoon and a Happy New Year. This is the Corporate Services Scrutiny Panel hearing with the Minister for Treasury and Resources. So if we could start with the reminders that normal hearing rules apply just by this being in a remote setting. If they are speaking could also be in vision when they give their responses, it would be greatly appreciated to help those who are hard of hearing. If I could also please ask that answers are kept as concise as possible and we will also try to keep our questions as concise as possible, as we have a lot to get through today, as you can imagine. We will start off with the usual introductions. I am the chair of the panel, Senator Kristina Moore.

**Deputy S.M. Ahier of St. Helier (Vice-Chair):**

Deputy Steve Ahier, vice-chair.

**Connétable K. Shenton-Stone of St. Martin:**

Karen Shenton-Stone, Constable of St. Martin, member of the panel.

**The Minister for Treasury and Resources:**

Susie Pinel, Minister for Treasury and Resources.

**Assistant Minister for Treasury and Resources:**

Lindsay Ash, Assistant Minister for Treasury and Resources.

**Treasurer of the States:**

Richard Bell, Treasurer.

**Senator K.L. Moore:**

Nobody else on the team? We will take that as a no, okay. If we could start with some questions about the current COVID situation please. You have claimed, Minister, that the data regarding the use of the Spend Local card shows that the campaign was successful. We would like to look at those results with you to assist our understanding of the economic boost that it gave to the Island and particularly to those sectors that are experiencing hardship. The panel notes that only £1.5 million of the £10 million that was spent was spent with hotels, restaurants and bars, which of course are the areas heavily impacted by the pandemic. Do you consider that a success, Minister?

**The Minister for Treasury and Resources:**

Yes, I do. Of the £11 million cost to the purse, if you like, of issuing the cards, which also included money given to people on income support and pension plus, in addition to the card - so £100 for each of those - and of course the cards, as you will be well aware, were across the board of Islanders. I think that the money spent into the local economy, which was the whole purpose of the Fiscal Stimulus Fund, was £10.12 million. I think it was extremely successful.

**Assistant Minister for Treasury and Resources:**

Could I just say something there? I think we do need to be a little bit careful when you look at the bare figures because when it says £1.5 million into the hospitality sector, that is the bare figure that came from our card. If you talk to people, as I have, I spent a lot of time going round to retailers and to hospitality venues, there were a substantial number of people who did not really go in and spend £100. A lot of people would have spent, say, maybe even £300, £400 and paid for £100 of it with their card. So I think, when we look at these figures, yes, the bare figures of where our money went is obviously there to see. But the overall spend, and again I heard this from J.E.C. (Jersey Electricity

Company) that people went in and bought some big ticket items using the £100 towards it. So I think a lot more went back into the economy than the bare figures of what the Government have.

**Senator K.L. Moore:**

Okay. Of course we have to base our questions on the evidence and the facts that have been placed before us, but thank you for that additional information. Of course, those expenditures would have been by people who are better off and had some disposable income available. It does seem, however, that a large part of the expenditure was used for what we would deem as essential spending, with utilities, financial services, transport, health and payments to government of about £1 million. The Grace Trust, for example, have stated that they saw a recognisable dip in people using their food bank service during that period of time and people later reported to them that they had used their Spend Local cards to purchase food goods during that period. Does that not challenge your assertion that the £11 million spent on £10.1 million that appeared in the economy was new spend rather than people using it in the greater percentage on essential goods because they were experiencing hardship?

**The Minister for Treasury and Resources:**

Yes, I think it was new spend, encouraged by having an additional gift of £100 spent in the local economy at a time when it was enabling it to recover. As the Assistant Minister said, a lot of it was in additional spend. I do not necessarily think it was because it was the more well-off. I think it was people were encouraged by the gift of £100 to go and spend more than that. Of course, it would be on whatever they felt they wanted at the time. When we initially ...

**Senator K.L. Moore:**

Sorry, if I could just push you, Minister, on the point that I was making and asking you to address, which was the evidence from the Grace Trust and their experience and the feedback that they have received from people who use their food bank. Are you (a) aware of that information and (b) what is your response to that specific point please?

**The Minister for Treasury and Resources:**

I think you answered it in your question, Chair, that people wanted to spend it on whatever they would not be able to spend it on in the first place. If they chose it to be in food, in supermarkets, that was their choice. When we were establishing this, the only exclusion, although we discussed everything locally, the only exclusion was bookmakers and once we have analysed the review, the feedback from it, then we can establish whether or not we extend the card, which we will be able to decide by the end of this month, beginning of February, as to whether we do it again to facilitate economic recovery locally.

**Assistant Minister for Treasury and Resources:**

Could I just add another piece to what the Minister said there? I think what the Grace Trust said is probably 100 per cent true, I have no reason to doubt it, but you also have to remember that we gave an extra £100 to people on benefits, which would also have alleviated the situation for them needing to go to the food bank, so I do not think it all came from our Spend Local card.

**Senator K.L. Moore:**

When there are facilities like that, and obviously in an Island such as ours, it is a great shame that so many people, and an increasing number of people, over the past year have relied upon the food bank that is available from the Grace Trust and Salvation Army. Do you consider that to be an acceptable state of affairs? Would that money not be better directed to those who are truly experiencing hardship? When we express hardship, of course this does extend to those businesses who ... well, many of them are now completely closed but are also experiencing hardship due to the restrictions that have been placed upon them.

**The Minister for Treasury and Resources:**

Yes, I acknowledge that they are experiencing hardship because of the situation and the restrictions placed on them, but that is why we have developed phase 3 of the co-funded payroll scheme in order to alleviate those businesses of the pressure of maintaining the employment of their staff. That has been catered for, in addition.

**Senator K.L. Moore:**

We will come on to that scheme a little bit later, if we could. I do have one further question in this area, which is that some businesses are reporting now that they are receiving demands for the social security contributions that were deferred last year. Is that appropriate to be seeking repayment of those deferred payments, which would be a very early stage to be seeking it, when businesses have not yet had an opportunity to recover? Why is this happening please?

**The Minister for Treasury and Resources:**

The payments were initially deferred for I think it was 4 months and then we extended that deferral until the end of April, I think. So it was after the first extension then obviously businesses would be asked to appreciate those deferrals unless they had applied for a second deferral. That is probably why the applications for payment are being made. But if they have applied for the second deferral then that is until the end of April.

**Senator K.L. Moore:**

What percentage of businesses have applied for a second deferral?

**The Minister for Treasury and Resources:**

I do not have the answer to that.

**Senator K.L. Moore:**

Could we be furnished with that please? It will be very helpful.

**The Minister for Treasury and Resources:**

Yes, I will ask the Social Security Department to furnish me with exactly the percentages.

**Senator K.L. Moore:**

Thank you. But I thought Revenue Jersey is now collecting those contributions, is it not?

**Comptroller of Taxes:**

Revenue Jersey is in the process of taking management and administration of contributions. The statistical information is still collated within a team within the Social Security Department.

**Senator K.L. Moore:**

If we could just ask a little about the Fiscal Stimulus Fund. The first tranche of applications has now closed; 92 applications were received in that first tranche. Do you know, Minister, what the total value of the applications made was?

**The Minister for Treasury and Resources:**

Yes, it is approximately £102 million worth of bids and, as you quite rightly say, 92 bidders.

**Senator K.L. Moore:**

How do you perceive that allocation of the £25 million available will be made and on what timescale?

**The Minister for Treasury and Resources:**

It is a considerable and welcome surprise to us that there have been so many bids and Jersey being Jersey, of course, most of them were very, very last minute. So these are just expressions of interest at this stage in the game. The Fiscal Stimulus Oversight Group, who have been formed, are meeting next week to start going through these bids and then those that are deemed to be accessible to the scheme will be asked to produce a business case, which will then again be analysed as to whether they receive what they have requested.

**Senator K.L. Moore:**

Have you set parameters within which the group looking at the applications will be able to assess the suitability to the scheme and how have you prioritised that decision-making process? Have you got particular priority areas that you would like to see funding?

**The Minister for Treasury and Resources:**

What we want to do is make sure that the funding is a very broad remit across the whole economy, not concentrated in any one or 2 areas. Now that we have had the bids and the bidding time limit has expired we can now look at it - well, the panel can, I am not on it - and assess across the board which ones would benefit most the economy to proceed.

[14:15]

Sorry, the parameters that you mentioned are being set as we speak.

**Senator K.L. Moore:**

Okay, but not by yourself, per se?

**The Minister for Treasury and Resources:**

No.

**Senator K.L. Moore:**

You are not setting a vision for how you wish to see the Island recover financially?

**The Minister for Treasury and Resources:**

Of course I am but I am not part of the oversight group which deals with the applications.

**Senator K.L. Moore:**

I am just interested to understand how, if you do have a vision, are you (a) outlining what that is and (b) requesting the group to meet your requirements and your vision. Because as the Minister, that is your role to set the vision and high-level direction of travel. So if you could just explain how that will happen, as you are not a member of this particular group.

**The Minister for Treasury and Resources:**

That was all set out in the proposition, which was agreed by the States Assembly. So it is detailed in the proposition and the report.

**Senator K.L. Moore:**

If you could just humour me by describing your vision for the Island's fiscal recovery please.

**The Minister for Treasury and Resources:**

It is largely projects that would not have happened because of the lack of finance, so it is to encourage those who can see a project through, at whatever scale, by the end of 2021. As I mentioned in the answer to your last question, to keep it as broad a spectrum as possible because I remember a question from your panel before about the possible overheating of the construction industry. So we want to make sure that it is not just totally devoted to construction. There are all sorts. I have not got the whole 92 bids in front of me, and nor would I have at this stage because they are just expressions of interest. But it is a fairly broad-ranging menu, if you like.

**Senator K.L. Moore:**

Thank you. I will now pass to Constable Stone who will ask the next questions.

**The Connétable of St. Martin:**

Good afternoon, Minister. A total of 669 out of 1,423, which is 47 per cent, of businesses applied for the co-funded payroll scheme during September and October 2020. According to a freedom of information request these businesses were suffering a detriment equivalent to 51 per cent or more. How would you say that businesses have been affected over winter and the Christmas period?

**The Minister for Treasury and Resources:**

It depends what sort of business one is talking about, of course. Retail have almost exceeded their normal business, hospitality have not and especially because they have been closed from Christmas Eve. It is not possible to give a straight answer across the whole of business. But we are very aware that the ones that have been most affected by the restrictions imposed by Government, due to the concern for COVID, so mainly hospitality, that we have increased the payroll scheme to allow businesses to apply who have a much increased detriment. That is what the phase 3 of the scheme does.

**The Connétable of St. Martin:**

One of the big news stories of today is that the hospitality industry is facing mass closures without Government support. The warning from Jersey Hospitality is that many pubs, bars and restaurants, without more financial support from the Government, will have to close, which would have a huge impact on not only the people that work there but on the Island. Are you considering financial support for fixed costs as in rents, utilities, supplier bills, insurance incurred by the affected businesses?

**The Minister for Treasury and Resources:**

Yes, we have done that for fixed costs so that ... well, hotels, as you say, bars and restaurants have their fixed costs covered if they apply.

**The Connétable of St. Martin:**

Thank you. The Chief Minister has stated that the Government strategy focuses on finding a balance between lives and livelihoods. It appears that neither have been protected as we stand, given that 24 people have sadly died since 16th December and so many businesses have been forced to close at their busiest time of year. Would you have anything to say on that?

**The Minister for Treasury and Resources:**

As you will understand, Connétable, anything to do with this whole pandemic has to be a balance and one has to address the health requirements against the livelihood requirements and come up with a solution that tries to address both of them.

**The Connétable of St. Martin:**

Thank you. I will now hand you over to the deputy chair of the panel.

**Deputy S.M. Ahier:**

Minister, £15 million of new lending capacity was created in March 2020 by the Business Disruption Loan Guarantee Scheme in response to the pandemic. £14 million was guaranteed by Government. The panel was led to believe that one of the company's which has received a loan has ceased trading. Could you confirm the amount of the loan which it had received?

**The Minister for Treasury and Resources:**

I cannot, I am afraid, but I can find out unless the Treasurer has any information on that. If I knew, I do not think I could discuss it because it is private business, but I do not know the number off the top of my head.

**Deputy S.M. Ahier:**

Since that question was asked on 30th November, have any further companies which received the loan ceased trading?

**The Minister for Treasury and Resources:**

Not that I am aware of.

**Deputy S.M. Ahier:**

If any companies did cease trading would it be possible to inform the panel immediately on you finding out?

**The Minister for Treasury and Resources:**



I do not know whether it would be public knowledge at the stage of cessation of trading. It would depend on the particular situation, so I cannot guarantee that we could automatically give you that information.

**Deputy S.M. Ahier:**

Do you have any concerns about the numbers of companies that may cease trading considering we have a renewed lockdown scenario?

**The Minister for Treasury and Resources:**

Of course we do. Absolutely. Otherwise we would not be producing all these fiscal stimulus measures or the co-funded payroll scheme. Of course there are concerns but there is only so much, as I said in my opening remarks, that one can do to balance the health risks with the livelihoods or operations of businesses. It is a very difficult path to tread but of course I am concerned.

**Deputy S.M. Ahier:**

Could you please confirm the framework in place to safeguard government funding?

**The Minister for Treasury and Resources:**

The framework is quite detailed. As you will be aware, we have implemented the revolving credit facility, that we borrowed the first £50 million, or will do once the scheme is up and running and the bids are accredited. That is there in the background to be used when required. Of course it is very difficult in an unknown scenario, which it is globally, not just in Jersey, to estimate how much the final cost is going to be. We will know in the next week or so, I think, what the expenditure has been for 2020 on COVID expenditure, which is in the region of about £125 million, but I do not have that exact number yet, which is less than we forecast. But of course when you do not know, we were not globally expecting such a destructive second wave as has been happening, nor were we expecting this variant or mutated virus, so we have to be able to react very, very speedily to what is thrown at us.

**Deputy S.M. Ahier:**

Thank you, Minister. In July 2020 a Government loan of £10 million was provided to Blue Island to safeguard important transportation links to the U.K. (United Kingdom) due to the pandemic. Were any terms considered in relation to the cost of flights for Islanders and to support the tourism industry as part of the agreement?

**The Minister for Treasury and Resources:**

Yes, of course, and the parameters may well change due to this second scenario of the variant - whatever you want to call this new mutation - inasmuch as people simply just are not travelling.

Therefore it is becoming financially non-viable for the airlines to operate as often as they have done, so we have to reconsider that and will always maintain financial support for emergency medical flights and/or rehabilitation of people from the U.K. back to Jersey. So that is already being exercised.

**Deputy S.M. Ahier:**

But were there any terms on the actual cost of the flights? It has been noted that a standard one-way trip is costing £189 at the moment and that does not seem very beneficial to the tourism industry or for Islanders who wish to leave at the moment. Did you put any caps on the cost of tickets?

**The Minister for Treasury and Resources:**

I understand that a one-way ticket would be £99 with Blue Island. I do not know what BA or easyJet are going to do because of course they are not supported by Island finance at the moment.

**Deputy S.M. Ahier:**

Thank you. £5.4 million was allocated in the Government Plan 2021-2024 for vaccination programme costs. Will this funding be added to if needed?

**The Minister for Treasury and Resources:**

Yes, it will but at the moment the U.K. - at the moment I say - are supplying us free of charge the vaccines. What we need to spend the money on is the administration of them which, as you well know, has opened at Fort Regent and all care homes have already been vaccinated, as have the staff. That sort of administration of the vaccines is what clearly is going to be and is being expensive, but until the U.K. start charging us for the actual physical vaccines themselves we will not know what that cost is going to be but of course we will pay for them, unless we have to relay those charges on to the public, which we may have to do in the future.

**Deputy S.M. Ahier:**

Lastly, do you envisage public finances being used to support supply chains due to Brexit?

**The Minister for Treasury and Resources:**

Supply chains by what?

**Deputy S.M. Ahier:**

As in importation of goods via Condor.

**The Minister for Treasury and Resources:**

That has also been discussed as a possibility so we may have to do that if, of course, Condor does not have the wherewithal to commute with freight on a daily basis.

**Deputy S.M. Ahier:**

Thank you very much. I will pass back to Constable Stone.

**The Connétable of St. Martin:**

Just moving on to prior year tax basis reform. How are you progressing with the creation of regulations setting out the payment terms for the 2019 liability?

**The Minister for Treasury and Resources:**

Progressing very well, thank you, Connétable. We should have the draft regulations sent to your panel roundabout ... we are hoping for 18th January, so they are progressing well.

**The Connétable of St. Martin:**

That is good to hear, thank you. When will the focus group information pertinent to your report published on 29th October 2020 be released to ensure informed decision-making can be reached in relation to the regulations in a timely manner by the panel?

**The Minister for Treasury and Resources:**

Very pertinent questions, may I say. The report on the focus groups is with me to just go through over the weekend and that, with an accompanying letter, will be sent on Monday to your panel.

**The Connétable of St. Martin:**

The amendment to the Income Tax Law 1961 suspended the 2019 tax liability but prior year tax basis taxpayers received a mistaken letter from Revenue Jersey, which requested payment from the 2019 prior year tax basis liability by 30th November 2020. How many payments were received and subsequently accrued against the 2020 tax liability?

**The Minister for Treasury and Resources:**

Just a slight correction there. It was not mistakenly sent, it legally had to be sent because the States had not agreed the move from P.Y.B. (prior year basis) to C.Y.B. (current year basis) in time because it was a very late debate, as you will be aware. So that letter had to be sent and I do acknowledge that it was confusing. So people who pay on account will have paid their 2019 liability in May and then their final payment would have been due on 30th November, so legally that letter had to be sent but I do not know if the Comptroller has more to add to that.

**Comptroller of Taxes:**

Yes, what I would say is I think the notice to which you are referring is a computer-generated standard output and it had been issued to taxpayers during the whole course of 2020. Unfortunately it would have been impossible to change the wording of it for the notices that were being issued later in November.

[14:30]

Having said that, we did write to all taxpayers who were affected by the P.Y.B. change, and various press notices and advertisements in the *J.E.P. (Jersey Evening Post)* did warn people about the wording of that letter and that they could ignore it. In terms of the data on who nonetheless have paid their November payment, I do not have that as yet. I can certainly let you have it when it has been analysed. It is probably worth saying that many taxpayers have chosen still to make the November payment because they wanted to get ahead of the game. Additionally, some very large partnerships in Jersey that pay a great deal of tax have voluntarily made the November payment in order to help the public and the Government. So even though some very large partnerships, with very large tax bills, could have avoided making a November payment they chose to do so for the public good.

**The Connétable of St. Martin:**

So payments are still being received, are they, for this?

**Comptroller of Taxes:**

Depending on individual taxpayer's circumstances, many will continue to be making payments. I think quite a few retired people have just kept making payments so that they immediately start to reduce the liability for the 2019 frozen year. But I do not have data. It has not been analysed yet.

**The Connétable of St. Martin:**

I think you have answered the questions I was going to ask so I will pass you on to the chair.

**Senator K.L. Moore:**

If we could just momentarily stay with the prior year move. We have received information from members of the public who are Islanders who have returned in recent years, and therefore were current year taxpayers, but they have received letters offering the opportunity to move to the prior year regime. Could you explain please why that might be the case?

**Comptroller of Taxes:**

I am afraid that does not ring any bells whatsoever. So I would need more information in order to investigate it but I can certainly check with my colleagues to see if it rings any bells with them.

**Senator K.L. Moore:**

That would be very helpful because I can assure you that this has occurred and it is highly unusual.

**Comptroller of Taxes:**

Apologies, if you could send me some examples that would be most helpful.

**Senator K.L. Moore:**

Thank you and we will. Just going back, Comptroller, to your previous comment that you had to issue media statements asking Islanders to disregard formal letters that they have received from Revenue Jersey. How do you expect Islanders to continue to take your letters seriously when in the space of a year not one but at least 2, if not perhaps 3, letters were sent out erroneously from your department because you were unable to change the automatic sending of these letters?

**Comptroller of Taxes:**

Clearly, where letters and notices of assessment are generated automatically they have a standard format within our system. So to be absolutely clear, notices of 2019 assessment were being issued throughout 2020. By the time we got to November, and the legal change was made on 4th November, there were fewer letters going out but they did still include the 30th November deadline. In our correspondence with taxpayers, and in the public media, we explained that and we also put notices in the *J.E.P.* but I could not issue those notices until the *Acte Opératoire* was passed on 4th November and I believe that adverts went into the *J.E.P.* within days of that.

**Senator K.L. Moore:**

What efforts are you making to improve your system so that the issuance of letters can be more responsive to changes to the law? Because you did know for some months that these changes were forthcoming and it was largely expected that the Assembly would be compliant on this point.

**Comptroller of Taxes:**

I think as a statutory officer I am obliged to follow the law and the law required me to issue notices. I could not anticipate the decision of the States Assembly. That would be contempt of the Assembly.

**Senator K.L. Moore:**

You could make preparations and I am sure perhaps at one point you were a boy scout and would understand that being prepared was ...

**Comptroller of Taxes:**

Indeed we were prepared but, for the avoidance of doubt, we never intended, and I did not ask for that letter to be amended for the few that would be issued after 4th November. It would have been quite a difficult change to make at that stage in the game and it could have had knock-on effects for the major P.Y.B. change and the issuing of I.T.I.S. (income tax instalment system) rates. I am afraid the reality is that as we move to new systems and try to do more things automatically online occasionally some of our standard outputs will not quite fit the bill. You alluded to other occasions where some letters were issued incorrectly. I think the first one related to a number of children who incorrectly received a tax return and to the unfortunate incidents with the P.Y.B. letter where we also wrote to the estates and trustees of deceased persons. Those were both human errors and they were fairly small in terms of their volume relative to the very large numbers of people we write to every day and every week. 100 per cent perfection is of course what we all want and, given the vast transformation programme we are delivering, I think we are broadly on track to provide very significant improvements to the Island's tax system.

**Senator K.L. Moore:**

Yes, and we have covered the issue as to whether or not it is sensible to conduct so many transformation programmes simultaneously because of course each and every one stacked on top of each other increases the likelihood that at least one of them might not go to plan. So we will not go back over that old ground. You mentioned, Comptroller, that you have begun to analyse but not completed the analysis of the payments made last year. So what is currently the anticipated revenue position for Jersey? Has revenue met the estimates expected for the year?

**Comptroller of Taxes:**

I cannot comment on the overall revenue position because that clearly is still being added up and we have the auditors in, as we speak. The Treasurer may be more able to say something about that. I think it is probably generally true that the revenues have held up better than we expected. As I mentioned, some large taxpayers have effectively voluntarily paid more tax than they legally need to do so. I think it is also worth saying, again we have not finally peer reviewed our figures or audited them, but our domestic compliance programme, for example, does look like it is on track to exceed the target. So overall we have been able to keep a lot of our activities on track, notwithstanding the pandemic and the huge additional volumes of work that have come into the office over the course of 2020.

**Senator K.L. Moore:**

Thank you. So if I could address the question to the Treasurer. Treasurer, could you confirm where we are sitting in terms of revenue received against estimates please?

**Treasurer of the States:**

As the Comptroller has confirmed, we are currently going through those figures. Obviously the biggest of those numbers will be estimates as it relates to ...

**Senator K.L. Moore:**

I am sorry, Treasurer, you do appear to be off mic. We cannot hear you, I am afraid.

**Treasurer of the States:**

The visual was saying I was unmuted but I clearly was not, sorry. As the Comptroller was saying, yes, we are proceeding at the moment on the close of the accounts for 2020. Obviously you probably understand that we would be reluctant to put numbers out until that has been finalised and subsequently audited. The income estimate in the accounts will just be that, it will be an estimate as it will be based on 2020, which those funds will obviously not be received until the subsequent year in many cases, other than they move from P.Y.B. Perhaps I could share with the panel, as an indicator of the degree to which the money coming into States coffers was better than would previously have been imagined, is that cash coming into States bank accounts in 2020 were less than 1 per cent less than they were in 2019, which is an initial indicator of improved outturn against previous forecast positions but we need to go through those numbers to verify, now that we are closing the books, how much of that was previous year debt and how much of that relates to current year.

**Senator K.L. Moore:**

Thank you very much. Could you perhaps tell us how many taxpayers or perhaps give us a sense at least of the number of taxpayers who had higher bills in terms of income tax payment in 2020 as opposed to 2019?

**Treasurer of the States:**

Of course that will not be possible in the vast majority of cases because that will require a submission of a 2020 tax return, which is a good opportunity to bring attention to the press and the media releases we have made, that encourages as much as possible for P.Y.B. taxpayers, in particular, but all taxpayers who make their returns as soon as they can, and if possible at all to use the online facility to do so.

**Senator K.L. Moore:**

The deadlines remain what they are usually, May and July, is that correct?

**Comptroller of Taxes:**

Yes.

**Senator K.L. Moore:**

I will hand over now to Deputy Ahier.

**Deputy S.M. Ahier:**

You have previously indicated that the assessment of 2019 tax returns would be completed by Christmas 2020. Was this in fact the case?

**Comptroller of Taxes:**

Yes, it was. I think we largely had it all done the week before Christmas. The only caveat to that of course is that some taxpayers are continuing to file their 2019 tax returns, so we always have a small tail end of returns that can take several years to finalise. But in terms of the bulk assessing of all the people who filed 2019 returns in 2020, that is completed.

**Deputy S.M. Ahier:**

How many tax returns for 2020 are anticipated?

**Comptroller of Taxes:**

Sorry, I do not have the number with me but we are generally at the moment issuing somewhere between 60,000 and 65,000 personal income tax returns every year. It is sort of in that order.

**Deputy S.M. Ahier:**

When is it anticipated the 2020 complete?

**Comptroller of Taxes:**

I am sorry, I did not catch that, Deputy.

**Deputy S.M. Ahier:**

When is it anticipated that the 2020 returns will be completed?

[14:45]

**Comptroller of Taxes:**

Certainly within the calendar year. We hopefully have got back to our usual position but, having said that, I am very hopeful that we will be able to improve service in terms of online filing. We are encouraging people to file early and file online, and that is certainly in the best interests of the people who were P.Y.B. taxpayers and have now moved. So providing we get good take-up there I think we will get a lot more assessments out earlier in the year. But as I mentioned, we inevitably have a tail end of people who are very late filing, so it does usually take up until Christmas each year.



**Deputy S.M. Ahier:**

What proportion of tax returns for 2020 are anticipated to be carried out online?

**Comptroller of Taxes:**

As you know, last year we had something like 30 per cent, 31 per cent take-up. We are hoping that all of those people will continue to file online. The real unknown quantity is how many taxpayers who filed on paper previously take the opportunity to file online. They do have the incentive of the P.Y.B. change. If they file online they are more likely to get their tax affairs straightened after the P.Y.B. change. It could lead for employed people to a reduction in their effective rate of tax under the income tax instalment scheme. So there is an incentive for people to file online and that will help us finish more quickly. It is also worth saying - I do not think this is a big secret - there are a number of Islanders who are quite resistant, I think, to the application for I.D. (identification) verification in order to access the government portal and I understand that our colleagues in government, in the I.T. (information technology) area, are planning to offer an alternative very soon.

**Deputy S.M. Ahier:**

Obviously you understand that for the majority of the elderly people in Jersey they do not have suitable phones to download the Yoti app.

**Comptroller of Taxes:**

Yes, and I understand that the new offering will provide people who do not have the right sort of smartphone with alternative routes. Additionally, it is worth saying - I think the Minister has made this very clear - we will not do away with the option of filing a paper return. There will be some people who want to keep filing on paper and that option will continue to exist.

**Deputy S.M. Ahier:**

Will the filing date of tax returns for online participants be brought forward this year or will it remain the same?

**Comptroller of Taxes:**

No, the filing deadlines are set out in law. For paper 31st May and for online filing it is 31st July.

**Deputy S.M. Ahier:**

Thank you very much, I will pass over to the Constable of St. Martin.

**The Connétable of St. Martin:**

Thank you. Moving on to tax reviews, Minister, you have indicated that independent taxation is planned to be introduced by 1st January 2022. When do you anticipate bringing forward legislation amendments to allow this?

**The Minister for Treasury and Resources:**

We are starting work on that now and I would hope that legislation would come before the end of the year, so that by the time it has been agreed it will be implemented at the beginning of 2022, as you say.

**The Connétable of St. Martin:**

You do not foresee any more delays with this?

**The Minister for Treasury and Resources:**

I do not think so because we did quite a lot of work on it before the P.Y.B. to C.Y.B. move was made and then obviously had to do one thing at a time. But as I have said time and time again, I am very keen to progress movement from this archaic law and, as far as one can promise anything at the moment, I have always said that I wanted to do that during my term of office.

**The Connétable of St. Martin:**

Thank you. What progress has been made in ensuring these reforms do not negatively impact on those who are married or in civil partnerships?

**The Minister for Treasury and Resources:**

As I say, that is all part of the work that we will have to bring forward when it is a change to the law. So a huge amount of research going on to make sure there are not any negative impacts on households or child-related allowances in the tax system. All that work is ongoing and I am sure that as soon as we have pulled it together completely, bearing in mind there is a huge amount of other stuff to deal with too, your panel will have first sight of it.

**The Connétable of St. Martin:**

When can a framework for tax relief on business loans and borrowings be expected?

**The Minister for Treasury and Resources:**

I think perhaps the Comptroller could answer that.

**Comptroller of Taxes:**

Yes. The work is certainly ongoing and the Deputy Comptroller has been consulting and continuing to discuss with leading tax agents. I think it is the leading technical business focus change that we

are prioritising. There is quite a demand for it in the finance sector. I would expect the changes to come into the public domain probably in the first half of this year and then we will obviously do more consultation.

**The Connétable of St. Martin:**

Thank you. Speaking of consultation, what consultation outside of the accountancy profession has taken place?

**Comptroller of Taxes:**

I am not quite sure off the top of my head. I think there have been discussions with Jersey Finance Limited and the various representative bodies of people in the business sector, and I am not quite sure with the technical committee of the Jersey Chamber of Commerce but I can check on that.

**The Connétable of St. Martin:**

Thank you. What is being done to ensure that changing this tax relief does not detrimentally impact businesses?

**Comptroller of Taxes:**

Clearly that is really the purpose of consultation and engagement with the business sector. This is something that they have asked us to do and it is certainly one of the many areas of the Jersey tax law that was long overdue for change. We are pretty much approaching this as a project we are doing for businesses and we want to make sure that it satisfies their needs.

**The Connétable of St. Martin:**

When is it anticipated that tax residency rules of individuals in Jersey will be reviewed?

**Comptroller of Taxes:**

The review is under way. It was announced last year and I think certain aspects of it might well be referenced in the next Government Plan and we might seek to make some legislative change if the Minister is prepared to support it, and the Assembly, later this year. But aspects of this are complicated and will probably take longer.

**The Connétable of St. Martin:**

Thank you. When is it anticipated that tax residency rules of individuals in Jersey will be reviewed?

**Comptroller of Taxes:**

That was what I was just speaking to the ... we have announced a review of tax residency really across the board, I think, but particularly in respect of individuals.

**The Connétable of St. Martin:**

So is law drafting of legislation regarding taxation of property now complete?

**Comptroller of Taxes:**

I believe it is, yes. I think we have draft legislation and this was alluded to in the Government Plan that was approved in December. I think the proposal is to go out with the draft legislation now to stakeholders to make sure it fits the bill and then it would probably be put before the Minister and the Assembly later this year.

**The Connétable of St. Martin:**

But you do not know when it is anticipated ...

**Comptroller of Taxes:**

I cannot remember the milestones for that one.

**The Connétable of St. Martin:**

Thank you. My final question: when will taxation of medicinal cannabis being in production on the Island be reviewed? Is it anticipated that this will be introduced this year?

**Comptroller of Taxes:**

The Assembly passed the law in December to provide for the taxation of medicinal cannabis by regulation. The reason that was done is because at the current moment there is insufficient information about how the businesses and trade will operate to construct a scheme of taxation but as soon as we are clear what businesses are being established and how they are operating, we will start to create a scheme of taxation and, again, that will come to the Assembly to be enacted through regulation. At this stage in the game the industry is so embryonic that it is not possible to construct a detailed scheme. At the moment there are no profits to tax and probably even if the industry sets up this year and things become clear over the next year or 2, it is unlikely that profits would start to emerge and be taxable for probably 2 to 3 years, I think.

**The Connétable of St. Martin:**

Thank you very much. I will now pass over to Deputy Ahier.

**Deputy S.M. Ahier:**

Thank you, Constable. I will move on to loans and borrowing. What actions are going to be taken to ensure unspent funds will be returned to the Consolidated Fund to meet the amended Government Plan?

**The Minister for Treasury and Resources:**

I am sorry, Deputy, I missed the beginning of that question, could you say it again, please, there was some sort of ...

**Deputy S.M. Ahier:**

Absolutely. I am moving on to loans and borrowing. What actions are going to be taken to ensure unspent funds will be returned to the Consolidated Fund to meet the amended Government Plan?

**The Minister for Treasury and Resources:**

They absolutely will be. We can only go on, as I mentioned in an earlier question, forecasts at the moment. As I said in the first place, we have not needed all the 2020 COVID-related borrowing, if it was going to be put like that, so we have to wait and see what it throws at us but any unspent funds will be returned that are not part of the borrowing scheme.

**Deputy S.M. Ahier:**

How will you ensure that this is used to minimise the borrowing requirement on the revolving credit facility?

**The Minister for Treasury and Resources:**

Yes, that has been a question that has been asked and the whole *raison d'être* behind the borrowing facility was that it was set up so that we only borrowed when we needed to. We have borrowed for the Fiscal Stimulus Fund, or will do. We will have to set up a separate fund, which is probably not for today's discussion, for a bond to support the construction of the new hospital. All the monies - we are totally obliged to the taxpayers, we appreciate it is taxpayers' money - will be returned to the Consolidated Fund or the Reserve Fund that is not used.

**Deputy S.M. Ahier:**

On the same subject, following your assertion that you are happy to agree to investigate the community bond programme, what consideration will take place and when can your findings be expected?

**The Minister for Treasury and Resources:**

I suspect that is going to be March/April time.

**Deputy S.M. Ahier:**

Now that the hospital site has been confirmed ...

**The Minister for Treasury and Resources:**

Sorry, I have lost you, Deputy.

**Deputy S.M. Ahier:**

Sorry, I will start again. Now that the hospital site has been confirmed what strategy will you use to finance the construction?

**The Minister for Treasury and Resources:**

Right, well what we have to do, as we did before, which was never taken up, is to decide how much it is going to be ... I know figures have been bandied around but we have not yet got a final construction figure. Then it would be as to which way we would finance it, probably with a bond as we were going to do in the original case.

**Deputy S.M. Ahier:**

Do you have an updated estimate of the borrowing requirement?

**The Minister for Treasury and Resources:**

No, it is still as it was until the States give approval for this.

[15:00]

It was estimated at about £550 million but, of course, if there is a delay in approval or planning or any of the other things that could stop it then that could escalate because, of course, we still have to pay the construction teams with whom we are working to keep them on board. So what we want to do is to make sure that we get agreement from planning and a spade in the ground as quickly as possible.

**Deputy S.M. Ahier:**

Is the debate on the financing of the hospital still due to take place in March?

**The Minister for Treasury and Resources:**

I would have thought it would be a bit later, probably June or July.

**Deputy S.M. Ahier:**

How are you intending to fund the Government office strategy? The office accommodation strategy?

**The Minister for Treasury and Resources:**

That, again, has to be agreed but the plan is to lease the property from the developers with an option to purchase after 3 years.

**Deputy S.M. Ahier:**

Do you know what that figure might be?

**The Minister for Treasury and Resources:**

No, because until the actual location of the construction is agreed we will not know.

**Deputy S.M. Ahier:**

Do you know when that is due to be announced? We have been waiting for it since September 2019, I understand.

**The Minister for Treasury and Resources:**

The 2 sites that have been narrowed down, if you like, are due to be ... which everyone has decided is fairly imminent from what I understand, I thought it was going to be in the next couple of weeks.

**Deputy S.M. Ahier:**

Are you concerned, as Treasurer, that the cost of the total bill and the possible paying of rent for a term of 3 years is becoming excessive?

**The Minister for Treasury and Resources:**

No, because of the other properties that we are renting at the moment, especially the Broad Street one, are quite considerable in amounts and I think by the time we have a new Government headquarters built, which will free up many other properties occupied by Government at the moment, it would save the rentals on all of those. I think that has all been very, very seriously considered. There would be no point in doing this if it did not, in the long term, save money.

**Deputy S.M. Ahier:**

Concerning the overall borrowing costs, is there any disagreement between yourself and the Chief Minister concerning the amount of money we are having to borrow?

**The Minister for Treasury and Resources:**

No, I think the concern was very largely expressed by the Assistant Minister for Treasury and Resources, Senator Gorst, as to the amounts that we were having to borrow, but as I have said several times, the amount that we projectively have to borrow is a forecast. At the moment it is just there as a backdrop. We are only borrowing at the moment £50 million, when it is agreed, from the

revolving credit facility. The £500 million is there as a saver, if you like, as to something that we have as a facility but not necessarily going to use.

**Deputy S.M. Ahier:**

Do you believe that we are accumulating a pernicious debt burden for the youth of our Island?

**The Minister for Treasury and Resources:**

No, I do not because the biggest borrowing will be for the hospital and if that is due to be finished by 2026, which of course is the optimistic outlook, that will be for the use of the youth of our Island, so we just have to move forward with that.

**Deputy S.M. Ahier:**

Finally, what impact will the production of an estate strategy have on borrowing strategy?

**The Minister for Treasury and Resources:**

I think that is something that, in my view, is long overdue because there is quite a lot of estate that is sitting in the back pockets. Cyril Le Marquand House is still sitting there, for instance. By the time that we move forward with the Government headquarters and a new hospital, all of which is imminent and in the Government Plan, then that will free up a lot of the estate for either sale or development or both.

**Deputy S.M. Ahier:**

Thank you, Minister, I will pass back to the chair.

**Senator K.L. Moore:**

Right, just the last few questions if we could. Turning to the States-owned entities, Minister, could you confirm to the panel what progress is being made with the memorandum of understanding changes with those entities?

**The Minister for Treasury and Resources:**

Can I ask Deputy Ash to answer that as he has delegated responsibility?

**Assistant Minister for Treasury and Resources:**

Yes, we have made considerable progress. Obviously it has been slightly hampered, as everything else, has by events in 2020. It is now back with all the relevant bodies just to be finally checked. Obviously the main bit was that we wanted some generic things such as salaries, et cetera, and remuneration for members of boards to have rules that they could go with. But they are very, very different companies, as I am sure you understand, with a post office and construction and water,



they are all different so when we put them back to different companies, different companies had different ideas of what they wished to do. We discussed it, it is quite a body of work but it is, we hope ... we have a meeting next week and we hope that they will all be signed, sealed and delivered by the end of the first quarter.

**Senator K.L. Moore:**

We have noted that there has recently been an extension of the appointment of an independent director for Andium Homes. Could you confirm, please, when a full recruitment process will be carried out?

**Assistant Minister for Treasury and Resources:**

I can. I am happy to say we did extend the chairman's term to the end of this year. Again, for reasons that are fairly obvious to everybody. I would also like to go on record as saying that Sir Mark Boleat did a fantastic job in very difficult circumstances and has left the company in a great state. A successor has now been found for Sir Mark. That successor will be effective from 1st January, although it has to be put before the States for 10 days and obviously the staff notified of who that will be. As far as the non-executive director, that has again been put out for tender, if you like, by the various agencies. We have had one or 2 people enquire and that decision should be taken fairly quickly and we will be fully up to speed with Andium Homes as far as board members are concerned.

**Senator K.L. Moore:**

Thank you. I am now going to hand over to Constable Stone again.

**The Connétable of St. Martin:**

Just moving on to the Revenue Administration (Jersey) Law. You previously advised the panel that the Revenue Administration (Jersey) Law would be lodged when it was appropriate to do so. Could you please provide the panel with an update on the progress of this legislation, please?

**Comptroller of Taxes:**

Yes, of course. The Revenue Administration (Jersey) Law has been delayed by the other priorities that we have had to grapple with. It is close to finalisation. We are using it to include some new articles where we have identified that more immediate change would be useful. I suspect that the Minister will probably receive our recommendation in about 8 weeks' time when it should be finalised. It will be possible to lodge it over the summer. The only caveat here is that the lead policy official in this area is happily with his wife expecting so it might slow it down slightly. But I think between other members of the team and the law drafters we should be able to bring it on.

**Senator K.L. Moore:**

Another question, if I may. This time about period products. It was recently reported that Jersey is now the only place in the British Isles where such products are taxed and in fact, as I am sure you are aware, Minister, Scotland has made period products free since 24th November. In your response to the *J.E.P.* you stated, as one would expect, that exemptions are to be avoided in the Jersey scheme to make G.S.T. (goods and services tax) as simple as possible to administer. Do you consider it an important matter and one that perhaps you could make some considerations to finding alternative methods to assist women with the cost of such products?

**The Minister for Treasury and Resources:**

Thank you, I think you are referring to sanitary products and, yes, I did say that I am not a believer in exemptions to G.S.T. and of course our G.S.T. levels are considerably lower than U.K. and/or Scotland and any exemption, as you will be aware, Chair, from previous Assemblies, is almost impossible to try to work out - what is a Jaffa cake and what is a biscuit. In this case what does sanitary products include? I think the steering away from relief of G.S.T. on those products at this present time would be incredibly difficult, as I said in the answer to the *Jersey Evening Post*.

**Senator K.L. Moore:**

Yes, as I phrased my question, it is understood that that is your stance but have you given consideration or do you deem it an important enough issue to give some thinking time to finding an alternative solution, because where there is a will there is a way. As, for example, Scotland has chosen to do, there are alternatives such as making period products free.

**The Minister for Treasury and Resources:**

There is, of course, the Red Box products helpline for exactly that reason, which has been set up. So I think at the moment the thinking has gone into that and I would personally not want to move into a G.S.T. reduction.

**Senator K.L. Moore:**

Okay, thank you. Just staying with that subject, do you then think it is suitable that Jersey should be known as the only place in the British Isles that charges a tax on period products?

**The Minister for Treasury and Resources:**

As I said in the answer first time around, Chair, we do have a very low rate of G.S.T. in comparison with other places so I do not think it is comparable anyway.

**Senator K.L. Moore:**

You have never given consideration to perhaps adding an additional payment to those people who might be perhaps on income support ... women, of course, who would be on income support by means of assistance with that additional cost?

**The Minister for Treasury and Resources:**

From my experience with Social Security, the people on income support who do not pay tax I think are fairly well catered for. I do not mean that in a patronising way but it is a considerable amount more than other Crown Dependencies that they receive. Also the tax threshold is considerably higher than the U.K.'s, it is £15,500 of income before you pay tax. Guernsey is about £12,000 and the U.K. is £11,000, so quite a lot of adjustments already have been made in that circumstance.

**Senator K.L. Moore:**

Yes, that is noted and understood. However, the cost of living here is also considerably higher than in those other jurisdictions.

**The Minister for Treasury and Resources:**

I am not convinced that it is hugely higher than Guernsey. Perhaps the Comptroller would like to add something?

**Comptroller of Taxes:**

The only thing I was going to mention, Minister, is that I believe that the Minister for Social Security has signalled preparedness to look at the provision of sanitary products for lower income families in response to a recent petition.

**Senator K.L. Moore:**

That is very helpful, Comptroller, thank you. If I could just return to a topic that we have covered this afternoon, which is the cost of 2 of the substantial infrastructure projects that this Government in planning in terms of the hospital and the office building.

[15:15]

Minister, it was rather surprising to hear you almost brush off the impact that these very large projects will have on the future generations of the Island and potential public finance going forward. As I understand it, the cost of construction to the hospital is potentially going to be spread over a 40-year period and none of us have crystal balls and therefore cannot guarantee the success of our economy and that revenue will continue in similar terms to where it is at the moment for the next 40 years. Have you considered restraining the expenditure on any of these projects to mitigate the impact that it will have on the long-term future of public finances for the Island?

**The Minister for Treasury and Resources:**

I would never accept being accused of brushing off expenditure. I never have done and I totally appreciate the considerable figures that are being quoted but we have to think of the benefits to health of the construction of a hospital that is long overdue, has been discussed certainly in my time over about 12 years. As I mentioned in answer to, I think it was Deputy Ahier's question, that the construction of a headquarters would release funds from buildings currently occupied by Government when Government is under one roof. All of this is being considered and certainly not dismissed lightly.

**Senator K.L. Moore:**

When I said "brushed off" I was referring to your response in relation to the impact that the borrowing will have on future generations when Deputy Ahier asked that question. I was not referring to brushing off the expenditure itself. Your response was certainly a brush-off to the youth of the Island. However previous Ministers for Treasury and Resources have imposed restraint on infrastructure projects and in relation to the hospital project which perhaps is one of the reasons why it has been delayed. At the moment with the current costings, once site specific costs, inflation and contingencies are taken into account we are looking at an expenditure of £800 million and we have reason to believe that the office strategy is now rising in cost quite considerably. I will ask you again: have you considered imposing some sort of restraint on these projects, notwithstanding the importance and the need for them there are always different ways of approaching such projects and finding some method of restraining costs to protect the future of the Island rather than saddling them with a debt for 40 years?

**The Minister for Treasury and Resources:**

The hospital that you asked about primarily will undoubtedly contain and constrain the costs to as little as possible. Quite a lot of that figure that you quoted is contingency and that may or may not be necessary so we have to look at all the options for this. As I mentioned in answer to an earlier question, the Government headquarters will be built by a developer and will be leased by the Government with an option to buy.

**Senator K.L. Moore:**

But, if I may, that leasing increases the cost to the public purse because you are paying to lease it over a 3 or 4-year period and then making the payment for the construction of the building, which seems the most expensive option possible. Could you perhaps talk us through your rationale?

**The Minister for Treasury and Resources:**

Sorry, Chair, I thought I had inasmuch as it does release other properties which can be sold for development in order to counteract the cost of the new building.

**Senator K.L. Moore:**

So do you agree with the sale of Morier House, for example, so that those law officers and people that should be at arm's length to Government are placed in the same building as Government? Do you think that is an appropriate action?

**The Minister for Treasury and Resources:**

It is not set in stone as to whether there would be a move of law officers from Morier House. I was thinking more about other estates. For instance, the current Government building we would not be paying a huge amount of rental for that. It releases Cyril Le Marquand House. It is just a matter of doing this Jersey estates review to work out exactly what can be released from a rental point of view and also what we may be able to sell for development, which would seriously help with the borrowing.

**Senator K.L. Moore:**

Of course the rental of the Broad Street site was a decision taken by the chief executive and the Government was in a building, Cyril Le Marquand House, which it owns, and it was decided it seems by that individual that it was not fit for purpose, however repairing the lift or even replacing the lift would have been considerably cheaper than undertaking the rental costs that we have seen on this building. Is that an area that you have perhaps addressed?

**The Minister for Treasury and Resources:**

Sorry, are you referring to the Broad Street building?

**Senator K.L. Moore:**

Yes.

**The Minister for Treasury and Resources:**

Yes. It was renovated at quite a considerable cost I have to say, which had to be done. Cyril Le Marquand House was not fit for purpose any longer, as everybody was aware, and so this is a temporary interlude before we get a newly designed and Government purpose-built headquarters.

**Senator K.L. Moore:**

Minister, you often describe yourself as a tight Jersey girl, do you think that public servants might have managed to exist in Cyril Le Marquand House for a short period of time longer as it was

habitable and inhabited until recently? That might have been the most prudent way of going forward for the Government of Jersey.

**The Minister for Treasury and Resources:**

It may have been but the decision was made and we moved on largely a health and safety aspect apart from anything else. So there is very little point in going back with hindsight to say was it a good move or not or could we have stayed there longer? Certainly from a health and safety aspect it was deemed not prudent to stay there.

**Senator K.L. Moore:**

Finally, in relation to the hospital again, my previous question about finding some form of restraint for the cost, given the considerable building of the road that is anticipated, do you still maintain that this is the right site? I think there was a letter in the *J.E.P.* yesterday that suggested that now we have the information we do have available to us perhaps a revisit of the decision should be taken.

**The Minister for Treasury and Resources:**

Again, Chair, as I mentioned in an answer to a previous question today, any revisit when we have been doing this for 12 years is looking at sites and an enormous amount of sites, some 60-odd, were considered, reduced down to 24 and then down to 12 and then 2 were presented to the committees that are dealing with this and the States agreed to the one. As the public will be very well aware, I have always felt and always said publicly that I have thought that the acute hospital should be built in the People's Park with the longer stay facilities and clinics up at Overdale and then there would not have necessarily been the requirement for a drop in the gradient of Westmount in order to get ambulances up there. However, this is what the Assembly have decided and any delay will be extremely costly.

**Senator K.L. Moore:**

Yes, but that cost could be mitigated against the long-term and considerable cost of building both the road and the hospital on the cliff top site. As the Future Hospital Review Panel found in their report, there were other sites that were disregarded without any particular reason given. Proper process was not followed by the Our Hospital process. Does that not give you some cause for concern and a reason to return to the decision in terms of protecting the public finances, because that is your particular responsibility?

**The Minister for Treasury and Resources:**

Chair, may I ask if Deputy Ash could give a view on this because he is on the political oversight group, which I am not. So he may have a different view, if I can pass over to him?

**Assistant Minister for Treasury and Resources:**

Thank you, Minister. I think the process was incredibly thorough, I do not think it could have been any more thorough. I, similar to the Minister ...

**Senator K.L. Moore:**

If I may, sorry, if you have read the Scrutiny Panel's report, which was conducted by expert advisers, it found that the process did have flaws and these 9 sites were suitable but were disregarded with no reason given. Also you were only furnished with cost indications for the People's Park and Overdale and no other sites, so from a purely financial interest there was only a very narrow consideration given. So the site and the selection of that was put above any cost or affordability for Islanders.

**Assistant Minister for Treasury and Resources:**

With respect, I do not concur with that. The other sites were ... okay, I have not got exact costings but they would not have been ... the only one that would have been probably - I am not going to say considerably cheaper - but would have been cheaper was People's Park because it is there, it is ready to go and it is in the middle of town. Other sites would have needed considerable preparation as well. When you say your experts ... there were experts and we had several experts of course working on our plans, people who have worked on massive projects and on hospital projects and in the end, together with the citizens' panel, these were the 2 sites that came down best. Yes, it will need an access road to Overdale. We could go all the way around again and do, yes, more money, which we have done. I think it would be a highly irresponsible thing to do now. I really feel we have gone far enough with this hospital project. Yes, someone writes to the *J.E.P.*, people write - normally the same 10 people - to the *J.E.P.* every single day. But that does not make them right. I now feel that the vast majority of people in the Island want a line drawn under this, they want us to move forward and they just want to get this done. As far as I am concerned, at the moment we are looking to do it for £550 million. We do have to, under the Green Book rules, make the allowances, which have been done. But I feel that we would not get a cheaper option. We are running very low on the amount of people who were even willing to build this hospital when we went around again. In its previous incarnation we had people talking about French people who were going to build it. When we went out and looked no such people existed. So I think we have to stop all the rumours now and move ahead.

**Senator K.L. Moore:**

But it was not a rumour that the price of £466 million for Gloucester Street included contingencies, included inflation and included site specific costs, which when all of those are taken into account for Overdale you reach £804 million, which is obviously considerably more. Did it not ever occur to you

and your fellow members of the political oversight group to ask for the potential projected costs for some other sites just to simply fulfil your interest?

**Assistant Minister for Treasury and Resources:**

We looked at the difficulties that were involved with other sites and obviously a cost would have come with those. We did ask where the cheapest site would be. Obviously where would the most economical site be, but when you sum up and look at economical sites ... yes, People's Park would have been more economical, however had we gone through preamble that has gone on before with St. Helier Deputies and the Constable and we had to go all the way around and we had ended up in court, we had legal fees and the consequential delays then it may not have worked out as economically viable as Overdale. Overdale is already used as a hospital, it is there, it is ready to go and we can just move on.

**Senator K.L. Moore:**

Thank you. Deputy Ahier has a question.

**Deputy S.M. Ahier:**

For the Minister, we, as a panel, were obviously pleased that our stamp duty and land transaction tax increase was accepted, the Council of Ministers in accepting our amendment said that it is viewed as an interim measure pending a wider review of stamp duty due to be carried out during 2021. Can we be assured that such a review will take place?

**The Minister for Treasury and Resources:**

Sorry, I think my battery is about to go. Yes, it is in the Government Plan that this review will take place so we will keep you informed as to how we proceed.

[15:30]

**Deputy S.M. Ahier:**

Thank you, because obviously it has been promised previously. On 5th December 2018 you yourself said: "I commit to working with the panel in the future on the issue of stamp duty" and there was a promise of a review in that year but it never took place.

**The Minister for Treasury and Resources:**

I think there have been various other things that have taken over, Deputy. We have not been able to do everything that we said a year ago because of the current situation.

**Deputy S.M. Ahier:**



Will that incorporate a reduction in the number of bands on stamp duty?

**The Minister for Treasury and Resources:**

It is all going to be part of our review, as I said, so we will keep you posted as to how far we get when we get there.

**Deputy S.M. Ahier:**

Thank you very much, I will pass back to the chair.

**Senator K.L. Moore:**

Thank you. If I may just revert to the former question about the payroll scheme, I think in your answer, Minister, you stated that all hospitality businesses benefited from fixed costs being covered in the payroll scheme. However, it has been pointed out to me, and I have been reminded that it is only hotels; restaurants and bars do not have allocations for their fixed costs under the scheme. I think also perhaps beauty premises equally do not find assistance for such costs. Is there any consideration being given now that there has been extension to the closures and restrictions on many businesses to revisiting these rules, particularly given that the actual allocations have been far less than the money that was set aside and estimated to meet the scheme?

**The Minister for Treasury and Resources:**

Two seconds left of battery, Chair, I am sorry. Yes, the fixed costs that you refer to are for hotels and phase 3 of the payroll scheme, which I have mentioned, which you would be aware, addresses the loss of income to bars, restaurants ... well, licensed premises basically and to beauty outlets. That is being addressed in the phase 3.

**Senator K.L. Moore:**

If you could remind me when that comes into effect?

**The Minister for Treasury and Resources:**

I understood that it came into effect in December.

**Senator K.L. Moore:**

Thank you. When making these considerations, what import do you place on the ability for those industries to continue to invest in both their employees and the future of their businesses?

**The Minister for Treasury and Resources:**

That is the why the whole co-funded payroll scheme was developed in the first place, so that it could protect the future of their businesses by paying a certain percentage. The phase 3 is more generous

than the phase 2, so to keep their employees on the payroll until such time as the economy recovers and they can reopen.

**Senator K.L. Moore:**

Okay, given the state of your battery and we have just met the time allocated for this hearing, I will thank you all for your answers and close the hearing.

[15.34]