



## Corporate Services Scrutiny Panel

### Quarterly Hearing

## Witness: The Minister for Treasury and Resources

Friday, 12th July 2024

#### **Panel:**

Deputy H. Miles of St. Brelade (Chair)

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

Deputy J. Renouf of St. Brelade

Deputy A. 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

Mr. R. Bell, Treasurer, Treasury and Exchequer

Mr. R. Summersgill, Comptroller, Treasury and Exchequer

[10:00]

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

Welcome to this hearing of the Corporate Services Scrutiny Panel. Today is 12th July and this is our quarterly hearing with the Minister for Treasury and Resources. I would like to draw everybody's attention to the following. The hearing will be filmed and streamed live. The recording and the transcript will be published afterwards on the States Assembly website. Any electronic devices, including mobile phones, should be switched to silent, please. For the purposes of the recording and the transcript, I would be grateful if anyone who speaks could ensure that you state your name and role. To begin with introductions, I am Deputy Helen Miles, chair of the Corporate Services Panel.

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

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

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

Panel member Max Andrews.

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

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

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

Deputy Alex Curtis.

**Deputy J. Renouf of St. Brelade:**

Deputy Jonathan Renouf.

**Deputy H. Miles:**

Thank you. If officers step forward to the table, if you could introduce yourself, please, before you start to speak. I would just like to draw to your attention that we have 2 hours scheduled for this hearing. Therefore, I will begin and I am going to hand over to Deputy Stephenson, who is going to ask the opening questions.

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

We are going to start with the proposed Government Plan and the process towards that. When can we expect the proposed Government Plan to be lodged and its accompanying annexe as well, please?

**The Minister for Treasury and Resources:**

The Government Plan is progressing very well. We, I think, are very close to finalising it and we are hoping that it will ... we are hoping to lodge it not next week, the week after. We are hoping it will be lodged then, probably towards the latter part of that week. That is the timetable we are working to for the Government Plan itself. I think the annexe and appendices, because of the amount of detail they have to contain, they will follow slightly later and it will be into August before we ... probably the second half of August before we will be able to lodge those.

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

Would you expect those in August?

**The Minister for Treasury and Resources:**

Yes. That is certainly the timetable we are working to. I am not sure it is ... I do not think the annexe is normally lodged at the same time. I think it quite often follows separately so there is nothing unusual in that but it will be August. We are certainly scheduling August.

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

Can all States Members expect a briefing on the proposed Government Plan?

**The Minister for Treasury and Resources:**

I think we will follow normal practice, yes. If it is normal practice to have briefings, then we will do that for States Members.

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

Is that when it is first lodged? Is that when it would normally be?

**The Minister for Treasury and Resources:**

I do not think it will happen when it is first lodged because we will just be into recess, so I would imagine we will wait until early September. I would imagine, because of entering into the summer holiday period, we will wait until September to do briefings for States Members.

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

The other piece of the puzzle, as it were, is what previously were ministerial plans, I understand they are now going to be departmental business plans put together by chief officers in consultation with Ministers. Is that correct?

**The Minister for Treasury and Resources:**

Yes. I had a discussion with the Treasurer yesterday about the Treasury business plan. Yes, I think what we are proposing to do and what I think other Ministers may be proposing to do is that while business plans were possibly ... I think business plans to a degree were slightly interrupted because of the change in Government at the start of the year, so given that we are now into July, I think what we are going to do is deliver basically an 18-month plan that will cover the rest of ... we will have a plan very soon that will cover the rest of this year, this year, 2024, and 2025, so it is an 18-month plan and I think other Ministers are looking at doing a similar thing. I had a session looking at the first drafts of those yesterday and there will be some further work. Do you know when it will be published, the business plan?

**Treasurer, Treasury and Exchequer:**

September time at the latest.

**The Minister for Treasury and Resources:**

September at the latest but that will also look forward to 2025 as well.

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

From a Scrutiny perspective, I think it is just useful to have all of that document to see how they work together to be able to scrutinise the Government Plan effectively. Could you update us on the considerations of the Cost of Living Ministerial Group, which was put together to look at how Islanders could be supported and if there are any proposals from that group that are forming part of the Government Plan?

**The Minister for Treasury and Resources:**

Well, the C.S.P. (Common Strategic Policy) includes a general ... I do not have the exact wording with me but the C.S.P. certainly includes recognition of the continuing cost of living pressures and I think all Ministers will be bearing those in mind. The cost of living group has met. I think I may have missed the last meeting because I was away. There is a meeting next week and I think it is looking at things like what we do next but there is a general thread of ... for example, the Minister for Social Security has increased the subsidy to G.P.s (general practitioners) to help reduce G.P. costs further. There is a general package. I cannot tell you right now what the cost of living group is on because the next meeting is coming up and I think I missed the last one.

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

Can we expect, looking forward, some proposals linked to the cost of living as part of the proposed Government Plan?

**The Minister for Treasury and Resources:**

There will be. There are things like G.P. costs, the living wage, the work we are doing on increasing benefits, making sure that benefits keep in line. One of our Government priorities was to try to limit increases in the Government's own fees and charges. We are trying to do that. It is more difficult than it may sound, obviously, as things often are. But, yes, there is a general thread across the Government Plan to be aware of that and to deal with cost of living issues where we can. In terms of what specific things the Minister for Social Security may be thinking of for the rest of the year and the usual winter things like community costs and winter payments, I have not discussed that with her yet.

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

Can you update us on any conversations with fellow States Members who may have raised any concerns or requests in relation to the Government Plan and the process of it or have all the discussions been internal, just among the Council of Ministers currently?

**The Minister for Treasury and Resources:**

I have not had discussions with States Members specifically about the Government Plan. There may be ... well, I had a discussion with Deputy Curtis about a particular facet but not the Government Plan as whole and I do not think people have necessarily raised concerns. I mean, it is a different time, so we were trying to look at an earlier part of the year and I think it is a relatively tight timescale and Ministers have been working very hard to get the plan brought together so that it can go in now and everybody can get on with doing other things.

**Deputy A. Curtis:**

Could I just point out when the Minister mentioned me that that was in a personal business capacity not within a States Member capacity?

**The Minister for Treasury and Resources:**

Yes, sorry, apologies.

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

Can you update us on the objectives for the States funds and will the objectives be featured in the Government Plan?

**The Minister for Treasury and Resources:**

I do not think the objectives of the funds are ... the funds in terms of the Social Security Reserve, I do not think there is any demand or desire or need ... not that anybody has come to me and said about the objectives, what those funds are there for. Those funds, I think the purposes are set out in statute and there is ... I am not aware of a reason to change the objectives.

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

I believe there is a Scrutiny recommendation based on a recommendation from the Fiscal Policy Panel that the Council of Ministers must ensure that the objectives are clear and policies are adjusted in line with the objectives. It says: "This work should be carried out and reported on prior to the lodging of the next Government Plan." I was just wondering when we can expect that update.

**The Minister for Treasury and Resources:**

I will have to ask the Treasurer about that. Treasurer, can you help with that?

**Treasurer, Treasury and Exchequer:**

Richard Bell, Treasurer. Good morning. The Government Plan does set out the work that has been undertaken or will set out the work that has been undertaken in respect of the clarification of the

purpose of the Strategic Reserve in particular, so we set out what that will be. That will be in the Government Plan, trying to get ahead of the next question. If you look at the purposes as laid for the Strategic Reserve, it is somewhat a patchwork of a number of States Assembly decisions, many of which have not been tidied up previously and some of which are now obsolete but still stand on the statute book. Well, not on the statute book, on States decisions. So that is where we focused our attention for this Government Plan moving forward. The next Government Plan, probably the Stabilisation Fund although I think the purposes of the Stabilisation Fund are clear. Social security funds, those purposes rest, of course, with the Minister for Social Security.

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

With regards to the Strategic Reserve, can I ask why that one has been prioritised first?

**The Minister for Treasury and Resources:**

Possibly because the F.P.P. (Fiscal Policy Panel) said we should.

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

It said all 25 actually, but, yes.

**Treasurer, Treasury and Exchequer:**

It is the one where there are successive States decisions that have amended the purposes of the Strategic Reserve and when you sit with them all on a page it is not very clear. In actual fact you probably need to have been around for a while to understand where all those decisions came from. Those decisions have not subsequently been tidied up in subsequent States decisions. For example, there are still ones sitting there that relate to the last but one or maybe even the previous one to that hospital proposals, so it still sits. There is no subsequent decision that has taken it from the books in terms of States decisions, so this is just tidying it up and clarifying the purpose.

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

Can we expect any marked change from the approach we have taken to the Strategic Reserve in the past? I am thinking specifically are we expecting this Government Plan to propose taking any large amounts of money out of the Strategic Reserve, perhaps.

**Treasurer, Treasury and Exchequer:**

We are getting into the territory of what will be in the Government Plan in a couple of weeks.

**The Minister for Treasury and Resources:**

Yes, which we do not discuss obviously.

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

That might be a yes then.

**The Minister for Treasury and Resources:**

It might be a no. It is you will have to wait and see what is in the Government Plan.

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

We look forward to it.

**Deputy M.B. Andrews:**

Just obviously following up from the questions that Deputy Stephenson was asking you, Minister, do you believe that it would be a sensible approach to be depleting the Strategic Reserve to assist the Council of Ministers in terms of delivering the Government Plan?

**The Minister for Treasury and Resources:**

The Strategic Reserve is there for specific purposes. In my understanding the Strategic Reserve ... apart from this type of discussions about all these differing priorities, in my understanding the Strategic Reserve is there to deal with economic shock, for real economic downturn in a major sector. It is there for a real crisis. It is not a piggybank to dip into when we think we need it. Now, there may be times when that is appropriate. There may be people who have views about that but we also have the recommendation of the F.P.P. that we should be looking to increase it and that is certainly where my focus has been in terms of how we increase the Strategic Reserve and get additional funds into it.

**Deputy M.B. Andrews:**

Okay. As Minister for Treasury, what will you be doing to ensure that the value of the Strategic Reserve is increased?

**The Minister for Treasury and Resources:**

Again, that will be ... there will be something in the Government Plan about that.

**Deputy M.B. Andrews:**

Can I just ask, Minister, is this going to be a short-term approach or will you be setting out a long-term approach?

**The Minister for Treasury and Resources:**

No, we will be looking ... we are trying to look at the longer term in terms of how we build it up because we cannot just ... I cannot remember the number that the F.P.P. was suggesting. We

cannot just suddenly create a big chunk of money in that ... we cannot just have a whole chunk of money put into the Strategic Reserve if that then impacts on essential spending, the delivery of public services. There has always got to be a balance. We still have to have the money to deliver essential services and then it is how we also get the money to save. I am not going to say for a rainy day because everybody's idea of rain is different. But, yes, it is a long-term view and we are looking at a long-term view in terms of how we replenish or build the Strategic Reserve and also how we replenish the Stabilisation Fund.

**Deputy M.B. Andrews:**

Okay, thank you, Minister. I would like to ask whether there is any consideration for introducing new revenue streams that are going to be part of the forthcoming Government Plan?

[10:15]

**The Minister for Treasury and Resources:**

No, not so much in the revenue streams, no.

**Deputy M.B. Andrews:**

I guess, Minister, one of the other concerns will inevitably be for some members of the public with the Strategic Reserve being forecast at 17 per cent of gross value added and with there being a need for transfers to be made to the Strategic Reserve, could there potentially be public sector cuts in order to allow for transfers to be made to the Strategic Reserve?

**The Minister for Treasury and Resources:**

No, I do not think so. That is not my view of it.

**Treasurer, Treasury and Exchequer:**

That is not the strategy. We are in danger of narrowing down question by question what actually is in the Government Plan but the Government Plan is published ...

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

We have got another hour and 45 minutes.

**Treasurer, Treasury and Exchequer:**

The things that are not in the Government Plan, that must be, but the strategy is not to deliver cuts to spend in order to put money into the Strategic Reserve or to grow the Strategic Reserve in the future.



**Deputy M.B. Andrews:**

Okay, thank you very much. Minister, obviously we have touched on the Stabilisation Fund before as well and with the Stabilisation Fund having a value less than £600,000, what actions are you taking to restore the Stabilisation Fund over your term of office?

**The Minister for Treasury and Resources:**

Again that is something that is under review and do we have something in the Government Plan about that as well? We certainly have ... we are looking at a long term ... we have been looking a long-term strategy for the Stabilisation Fund but again that is not something we can discuss here.

**Deputy M.B. Andrews:**

At this moment in time, Minister, and I have to ask you this question: if the economy, for instance, was to contract and usually what we would see is the Council of Ministers would be utilising the Stabilisation Fund. What fund would you be using in the event in that the economy contracts and we do see a negative output within the economy?

**Treasurer, Treasury and Exchequer:**

In the event of that being the case, we would have to consider other options to fill the gap that is left by the Stabilisation Fund not being in place.

**Deputy M.B. Andrews:**

Can I ask you, Minister - and this is of course a political question - what options would you be considering in that scenario?

**The Minister for Treasury and Resources:**

That is a very hypothetical question and I think you have to ...

**Deputy M.B. Andrews:**

A very relevant question though.

**The Minister for Treasury and Resources:**

It is relevant but it is hypothetical and you have to look at the nature of the emergency, who it impacts most, what support Government can give, whether Government should give, because we now seem to, post-pandemic, be in a situation - and we have seen that this morning - where the Government have to step in in every sense of crisis and I think Government have ... people possibly have got too used to Government stepping in and it may be that the Government have to say: "We cannot support this." I think you just have to deal with the situation that arises and, as the Treasurer says, you would look at what the options are. The options may be you have to cut a budget, you have to say:

“We cannot provide that service because we ...” you could say: “We will not provide that service, we will have to reduce that service for the time being.” There are councils in England shutting swimming pools, for example. I am not necessarily saying that would be a first port of call but you would look to ... you may look to what services you can cut. You may look to are there reserves you can go into. We have some quite significant reserves. They are not necessarily routinely available but you would look to whether you can borrow from those reserves perhaps, can you borrow from the market, as the Treasurer said. There will be numerous options and it is difficult to set out a plan in isolation of knowing what the crisis is and what the need is.

**Deputy A. Curtis:**

Could I pick up on that? That perspective that you now have as Minister for Treasury that post-pandemic Government have often been seen as the supporter of first resort maybe, is that something that, given how you control the purse strings, you have had conversations with the Council of Ministers about? Do they share maybe the view that there needs to be an articulation as to when Government support versus where, as you said, Government need to re-understand their position?

**The Minister for Treasury and Resources:**

No, that is not ... that is purely my opinion.

**Deputy A. Curtis:**

It is just you.

**The Minister for Treasury and Resources:**

It is not something we have discussed at Council of Ministers and we do not have a ... I cannot say there is a view among the Council of Ministers that we are doing too much and we want to pull back. I mean, there is an element it is clear in the C.S.P. that we are looking to narrow or certainly constrain the growth of government spending and that is what the public want us to do. Everybody is saying: “You are spending far too much and you are spending far too much on the wrong things.” So we have a clear clearly-stated plan about reducing the amount of spend on consultants and growing our own talent, making sure we ... there are those elements of minimising government spending. That is not to say that if I went tomorrow and said: “I think we should stop doing that, it is unnecessary” that everybody would go: “Yes, that is a great idea.” It is not Government policy.

**Deputy A. Curtis:**

No, but given you have the C.S.P. now and, as you say, there is a difference between some of the smaller measures and that kind of strategic thinking, do you think that is a conversation you want to see held within the Council of Ministers about the functions of Government more broadly, more

strategically than perhaps some point focuses to either deliver the C.S.P. or to prepare the Treasury for more eventualities?

**The Minister for Treasury and Resources:**

I think not necessarily but I think we need to be ... I think Government need to be possibly ... governments possibly need to be more thoughtful about is it right for them to deal with a situation or should that situation be dealt with another way. I was thinking about it because I was thinking about the banking crisis and how governments went in and bailed out banks. Now, governments cannot go and bail out every failing business and the banks were a very special case. So it is things mulling around in my head. It is not Government policy.

**Deputy M.B. Andrews:**

One more question. Minister, I just wanted to ask you about financing and reprioritisation. Of course we have had the reconstitution of the States Assembly and I would like to know whether there are any changes since the new Council of Ministers has been formed and since you have come into office as well?

**The Minister for Treasury and Resources:**

In what sense, sorry?

**Deputy M.B. Andrews:**

This is from a public finance perspective. Is there a change in approach compared to your predecessors who were in office?

**The Minister for Treasury and Resources:**

We are still governed by the Public Finances (Jersey) Law and the *Public Finances Manual* and we are still constrained by what those laws and the manual say. I would say there is a very clear ... and I am not saying it did not exist in the previous Government but there is a very clear focus here of constraining growth in public spending and how we will do that. This Government Plan has been ... we have not got lots of new money for people to come along and make growth bids, so it has been very much about departments are being asked to manage within their existing means, manage within existing budgets. That will be a challenge going forward because I think what we have also said is cutting down on consultants, that means cutting ... looking at the number of projects you have on because it is projects that often lead to consultant spend and looking at rather than saying: "I need more money", accountable officers are getting the message that really they need to ... rather than ask for more money, they should go away and look at what they have already got, what they are already doing and see whether there are things that are - I think we have got the expression -

extraneous activity, but one person's extraneous activity is another person's pedestrian crossing, for example.

**Deputy M.B. Andrews:**

Minister, I need to ask you this question. Are you a Minister for Treasury who is going to be deploying fiscally contractionary policies during this time of office?

**The Minister for Treasury and Resources:**

We are trying to control spending. We are not ... we are trying to control the growth of public spending and that is fiscally prudent.

**Deputy M.B. Andrews:**

Can I ask, is it about maintaining the current level of public spending or is it in fact about trying to reduce overall public spending?

**The Minister for Treasury and Resources:**

I think the public would say they want us to reduce it where we can. There is an idea among the public and various commentators that Government spending is just mushrooming and it certainly has grown, there is no question about that, but there is a big chunk of inflation in there as well. It is not just that we are ... it is not a case of that we are spending more on more things. It is the cost of spending is going up, possibly, and that is part of it, so we are just trying to impose ... not impose, that is the wrong word. We are just trying to create a mindset that rather than saying: "I want to do this so I need more money" it is better to go: "I would like to do this. Can I take the money from what I have already got? Can I reprioritise it?" It is reprioritising what the really important things are so that we are focusing on the important things and not trying to do too much.

**Deputy M.B. Andrews:**

There certainly will be some members of the public who would want me to ask you this next question. In the last 5 Government Plans there has been an aggregate level of growth bid of £276 million and that is excluding pay awards and inflation. What actions are you going to be taking to potentially reverse some of the decisions that have been made in relation to the growth bid approvals?

**The Minister for Treasury and Resources:**

Departments have been asked to go back and work within what they already have and the departments then have to do that. They have been asked to look at the growth bids from last year. They have not been able outside ... there has not been a general Government Plan - and this has happened in the past and I have seen it happen out of Government as well - therefore put in your bids for more money and you have these dozens if not hundreds of bids coming in saying: "We want

more money for this, that and the other” and you have then got to ... so we are trying to get away from that, people just coming in saying: “I need more money for this, that and the other” and trying to get people to ...

**Deputy M.B. Andrews:**

Thank you very much, Minister.

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

Have departments therefore been asked to reduce the amounts that their growth bids were last year in forecasts for this Government Plan?

**The Minister for Treasury and Resources:**

Yes, they have. They have all been asked to ...

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

By how much?

**The Minister for Treasury and Resources:**

Is that a Government Plan question?

**Deputy J. Renouf:**

During the previous hearing, Minister, you highlighted particular areas of challenge that you wish to continue to focus on, including financing of the new healthcare facilities, health funding, housing, changes to the tax system, infrastructure funding and improved customer services in Treasury and Revenue Jersey. Are you confident that those priority areas have all been addressed through the Government Plan?

**The Minister for Treasury and Resources:**

Some of them are not necessarily Government Plan. Services in Revenue Jersey may not necessarily be about spend. The Comptroller can discuss that later on. These are all things that have been ... I think those are all things that have been discussed in the Government Plan process.

**Deputy J. Renouf:**

You are confident, given that you have made them priorities, that you have the resources to deliver on them?

**The Minister for Treasury and Resources:**

I am not sure they were my priorities. They are priorities that need to be looked at in terms of where the demands are. We are working through that and it will be what we feature within the Government Plan.

**Deputy J. Renouf:**

The previous Government Plan included allocated funding for the Public Service Ombudsman. Does that continue into the next Government Plan?

**The Minister for Treasury and Resources:**

Again, we are getting into what is in the Government Plan and what is not in the Government Plan but I think the whole concept of the ombudsman is under consideration. I think we talked about that last time. I think not everybody is convinced that an ombudsman is ... I note the Law Commission's comments recently having read their report but I think not everybody is ... they are not necessarily convinced that the ombudsman is the right way to go so that is being considered generally.

**Deputy J. Renouf:**

You cannot say at the moment whether that funding stream continues either under the Public Service Ombudsman heading or under another heading?

**The Minister for Treasury and Resources:**

As I say, that is a Government Plan question.

**Deputy J. Renouf:**

Okay. In terms of the hospital financing, ministerial priority one, I think, of yours was to provide financial and commercial support for the new healthcare facilities through facilitating appropriate and affordable funding strategies and providing financial and commercial advice. What steps have you taken to ensure that that process is enabled and happens?

**The Minister for Treasury and Resources:**

Obviously there have been discussions and it will be ... the funding plan will be in the Government Plan.

**Deputy J. Renouf:**

But I am asking you what has actually happened to enable that, what discussions have happened? Have the forecasts been produced? What has happened in Government to enable that?

**Treasurer, Treasury and Exchequer:**

The N.H.F. (New Healthcare Facilities) team receives advice from Treasury. There is a dedicated finance business partner for that particular programme with that team in terms of providing advice. That is providing advice in respect of both the costs, the business case that comes forward and suchlike, so they are doing all of that.

[10:30]

There are other people developing the case that will come alongside the plan. In terms of the financing strategy, so the financing of that funding, if you like, that is squarely a Treasury responsibility and Treasury develop that and it will be in the Government Plan.

**Deputy J. Renouf:**

What approach was taken in terms of that funding strategy for the healthcare facilities? It is obviously a very large sum of money, whichever way we are going to look at it. I am interested to what extent perhaps it was given a priority over other spending things. In other words, was it the baseline, everything had to be built around that, or was it balanced against other priorities? This may be more of a political question really because this is about discussion, the ministerial discussions really: how did you balance those demands for the healthcare facilities funding versus other things?

**The Minister for Treasury and Resources:**

I think it is a clear priority for development, we have got to fund the hospital. To me there is no ... doing nothing is simply not an option; that is absolutely clear. I think the public are very frustrated about how long the hospital is taking beyond that and we need to get on and build the hospital. It has to have a degree of priority and other things will fit in. There are lots of priorities, some people have bigger priorities than ... everybody has a different view of priorities and we have to juggle that.

**Deputy J. Renouf:**

I certainly second the idea that it is a priority. I guess what I am getting at is taking it to its extreme that means that with any request from the hospital facilities team would be given the go-ahead, there must be some point at which that is examined, subjected to critical scrutiny and so on, so that is the process I am trying to get to. Has it been ...

**The Minister for Treasury and Resources:**

Yes, and it will be, yes. As the Treasurer says, it is being very carefully managed in line with appropriate standards in terms of how they manage money. It is not an open chequebook but we have a plan, there is a design and we need a good hospital. We are not going to go play with taps or ...

**Deputy J. Renouf:**

Moving on to reprioritisation of budgets more generally, I know that there has been a lot of talk about healthcare funding and the need for extra money to go to Health. Again, what discussions have been had around that in terms of prioritisation? Has that been the absolute priority? Have other departments had to take less growth than they would otherwise have done in order to fund that healthcare?

**The Minister for Treasury and Resources:**

I think it is very difficult not to put money into Health when people say they need it. I think that the issue with Health is ... the turnaround team have gone in, they do have a financial recovery plan. It has delivered some savings and efficiencies. They have a target for further savings and efficiencies and they are ...

**Treasurer, Treasury and Exchequer:**

They are more than was in the previous Government Plan, as outlined in that plan. The profile of that changes is the same quantum.

**Deputy J. Renouf:**

Okay. It was mentioned during a previous hearing that Treasury was working alongside Health to fully understand where the extra spend pressures are that required additional budget. There was going to be a report to explain this and that was expected imminently. Has this report been received and, if so, can you outline the findings and your response to it?

**Treasurer, Treasury and Exchequer:**

There is a report developed that informs Ministers of the scale of additional budget that is required in the Government Plan. Unsurprisingly, that report does not differ in the prime causes related to too much dependence on contingent labour. It is more expensive than having permanent employees. The rising costs of healthcare provision elsewhere and the rising demand for healthcare provision, those are broadly the blocks that are driving some of the increases in spend, on top of which of course we have had the change team and the number of reviews and the outcomes arising from those reviews in addition.

**Deputy J. Renouf:**

Is that the report that justifies the £24 million that the Minister for Health and Social Services has referred to on a number of occasions?

**Treasurer, Treasury and Exchequer:**



Yes, in that it sets that out in order for us to establish that revised baseline with the Government Plan going forward.

**Deputy J. Renouf:**

Have Ministers for Treasury and Social Services and officers accepted the rationale outlined in that report?

**Treasurer, Treasury and Exchequer:**

Broadly, yes. I think there is more work to do in respect of the financial recovery, having proper management control and rigour around the finances. The team that are in there I can see are striving towards that. We have in Treasury increased the size of the finance business partnering team that supports the Health leadership in doing so. There will be other steps as well around, for example, not in the sense of procurement but in the sense of buying, creating a centralised hub within Health that is responsible for the purchasing of supplies to get a better grip or just one example of what is being done.

**Deputy J. Renouf:**

It was also mentioned at recent Health Board hearings that there was a dissatisfaction with the centralisation of various services, such as recruitment and some budgetary functions. Is there any consideration being given to devolution of those back to Health so that they would have more control?

**Treasurer, Treasury and Exchequer:**

It is something I would consider regularly in terms of the model of finance to support the departments, would not want to announce here without discussing with Ministers what those thoughts are. But they are close in coming forward in terms of what the future, whether it is within Treasury in a business-partnering model or within Health or other departments in terms of the old model, if you like, that was under a finance director rather than a head of finance business partnering, so that is regularly at the forefront of the mind in terms of considering how you deliver those services. In some departments I think it is probably the case that you may require a different model and that relates in part to the financial maturity of the organisation, the extent to which it needs almost financial control, as opposed to financial management and that is different across different departments. We keep it under regular review.

**Deputy J. Renouf:**

Okay. That is not a Government Plan; I think that is a more sort of strategic view.

**Deputy J. Renouf:**

That is about service delivery.

**Deputy J. Renouf:**

Yes.

**The Minister for Treasury and Resources:**

Yes. I am not sure we necessarily agreed with that description in terms of finance because the accountable officer in the hospital has their budget, they can spend their budget as within the terms of propriety and departments are given a budget for certain purposes and they can spend that budget for those purposes; within those purposes that is within their control. Where they have to come back to Treasury is when they are going outside budget. They are not regularly coming up to Treasury saying: "Can we spend this money?" If it is within budget they are free to go and do that. I am not sure that that is necessarily a fair criticism in terms of the finance side.

**Deputy J. Renouf:**

I think it was particularly talking about recruitment and ...

**The Minister for Treasury and Resources:**

Recruitment may be more difficult but, again, I believe and said in the last couple of years, put in mechanisms to try to boost recruitment. My understanding had been that those were working very well in terms of boosting recruitment, certainly they did in Education. They have also been rolled out, I thought, into Health. But, yes, most people have challenges with recruitment.

**Deputy J. Renouf:**

The £24 million then has a justification in the report which Ministers have seen; that makes it ...

**Treasurer, Treasury and Exchequer:**

There is a report that supports the Government Plan that has been ...

**The Minister for Treasury and Resources:**

Yes, yes.

**Deputy J. Renouf:**

Okay. Is it the case that because of that high priority of Health that other departments have had to take bigger cuts, let us say, to their growth bids than to their previous growth than would otherwise have been the case?

**The Minister for Treasury and Resources:**

I do not think that is just because of Health but certainly Health, as in very many jurisdictions, if they have a need for more money it is very difficult to ask them to make cuts, particularly if the cuts are going to impact on patient services.

**Deputy J. Renouf:**

Some Ministers have had to take a squeeze that they might not otherwise have had to take in order to ...

**The Minister for Treasury and Resources:**

I think most departments, apart from Health, have been asked to make a contribution. Also, I have gone to the non-ministerial departments and asked them to make a contribution towards overall efficiencies.

**Deputy J. Renouf:**

How would you say that request for a donation from them has been received?

**The Minister for Treasury and Resources:**

It was very well received. It was very well received. The non-ministerial departments all understand our issues and have all made contributions as requested.

**Deputy J. Renouf:**

Your fellow Ministers?

**The Minister for Treasury and Resources:**

Everybody has been asked to look at savings and to reprioritise and that has affected all departments, possibly with the exception of Health, that they do have the Financial Recovery Plan. The Financial Recovery Plan is still requiring a degree of savings and efficiencies from Health as well. They are not completely immune.

**Deputy J. Renouf:**

No. Can you update at all on the Financial Recovery Plan? When will it be completed or is it already completed?

**The Minister for Treasury and Resources:**

It is an ongoing ...

**Treasurer, Treasury and Exchequer:**

In terms of delivery against it, I am due to get the June financials across the organisation and that will update senior officers and Ministers as to progress against the plan. They delivered the 3 that was in there for the 2023. We have asked that officers are happy with the ambition of the profile, which will see an extension of the profile to a more realistic level of savings based upon what we have seen to date, but we get the half-yearly results probably this afternoon.

**Deputy J. Renouf:**

How disappointing they are not ready already.

**Treasurer, Treasury and Exchequer:**

Yes.

**Deputy J. Renouf:**

But there was a little civil service speak there about ... could you be a little bit more precise about you say a more realistic profiling? Is that a bigger savings or smaller savings?

**Treasurer, Treasury and Exchequer:**

If we want to use the term "realistic" it does not usually lead to higher. It is the same saving over a longer timeframe.

**Deputy J. Renouf:**

Okay.

**Treasurer, Treasury and Exchequer:**

Given we have seen the challenges in implementing at the pace that it was originally placed into plan, based upon the advice that was provided through consultants.

**Deputy J. Renouf:**

Okay.

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

Can I just ...

**Deputy J. Renouf:**

Yes, sure.

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

It is just a quick follow-up, just to confirm then when you say that all departments, apart from Health, so C.Y.P.E.S. (Children, Young People, Education and Skills) and Education as well have been asked to make savings.

**Treasurer, Treasury and Exchequer:**

They were inherited savings from the last Government in the previous Government Plan approved by the Assembly. There are not necessarily detailed plans in place for those savings presented by the previous Government, approved by the Assembly. We are developing a plan against a revised savings target but getting to what the scale of that is I will be announcing how much in the Government Plan again. But working up plans to deliver next year and the following years' savings target in far more detail for 2025 and 2026, in line with the direction from the Council of Ministers relating to curbing growth, okay, around delayering management, around looking for unnecessary or extraneous - I have to keep looking that word up - activity within Government. That is where the focus has been, protecting wherever possible and looking through the plans nearly almost entirely from line services.

**Deputy J. Renouf:**

The final question on Health if I may is you talked about income generation opportunities through Health, private options and so on. Has this been further considered and are there any assumptions around that in the Government Plan, not what size they are but are there any assumptions in the Government Plan around growth of income through income streams?

**Treasurer, Treasury and Exchequer:**

I would have to recall exactly what the targets within the plan are that contribute to the effort, the Financial Recovery Plan but, yes, right, patient income is within there, recently signed off on increases in terms of private patient tariff. They are almost, not entirely but mostly, related to the insurance market and that the insurers are the organisations that pay those fees. There is regular discussion around looking at the fees that are elsewhere and understanding what the reactions of those insurers would be.

[10:45]

There is reasonable comfort that those increases that have been signed off are not going to lead into a reduction in business but are what you might find elsewhere and are tolerable within the marketplace for the insurers. Hopefully there is not too much civil service speak in there but increases have been agreed. Increases are and identified patient income increases are and patient income, we are talking private patients and, therefore, mostly entirely the domain of insurance providers, as opposed to some of the user-pays charges, for example, in radiology. I am making

the distinction between the 2; private patient income is usually more often than not paid through the insurance companies.

**Deputy J. Renouf:**

Okay. My understanding is that the insurance companies already do not pay the full costs of much care in Jersey because ...

**Treasurer, Treasury and Exchequer:**

The costs and increases come into it, yes.

**Deputy J. Renouf:**

Okay, all right. Thank you.

**Deputy H. Miles:**

Okay, thank you. Public Finances (Jersey) Law 2019 requires the Council of Ministers to take into account sustainable wellbeing, economic, social, environmental and cultural wellbeing of the inhabitants of Jersey over successive generations when preparing the Government Plan each year. We noted that within the ministerial response to the previous panel's review of the 2024-2027 Government Plan that an improvement had been made in demonstrating a broader perspective of how that statutory factual requirements had kind of trickled through the Government Plan. What steps have you, as Minister for Treasury and Resources, taken during the preparation of this Government Plan to further improve that commitment to sustainable long-term wellbeing?

**The Minister for Treasury and Resources:**

This cuts across all of Government. It cuts across all of the Council of Ministers. I think our particular contribution to that is in terms of what we are doing in terms of trying to increase the work and the thinking we have been doing in terms of trying to increase the value of the Strategic Reserve and the Stabilisation Fund, so I mean those are specific with Treasury, but the C.S.P. has got priorities which were informed by the Island Outcome Indicators. We looked at the Island Outcome Indicators and they will guide business and decision-making generally. We will use them to help measure the success of the C.S.P., how it impacts on the indicators. The Government Plan is designed to support all of that work. We have also, again, in terms of long-term wellbeing, it is increased spending on Health, continuing the spend on Health and hospital because that is critical to wellbeing, that people get the healthcare they need. It is things like whatever we are doing with cost of living support, so the living wage, G.P. visits, the tax thresholds that I would say is increasing the pension in line with average earnings, which is reasonably generous in comparison to other jurisdictions. We are looking to sustainability ...

**Deputy H. Miles:**

Are you satisfied that you have got that golden thread running through the decisions that you are making?

**The Minister for Treasury and Resources:**

Yes, I think so. You have got to think about future generations and I think that is why we do need to keep thinking about talking up reserves, not spending all the money now because younger members of the community may not get the benefits that we might expect to get.

**Deputy H. Miles:**

Do you have any discussions around the Council of Ministers' table? A lot of the things that you focused on there tend to be sort of economic, reducing the cost of G.P.s., but part of sustainable wellbeing is also a kind of cultural perspective, certainly environmental perspective. I know we have got the Carbon Neutral Fund and everything but have you had any discussions at all about gender-sensitive budgeting as part of that sustainable wellbeing at all?

**The Minister for Treasury and Resources:**

I do not think we have specifically. There is a recognition of the need for dealing with other communities, how those communities are supported, but in terms of do we sit and have a discussion about women's rights and what is right for women? No, we have not done that, but I think we generally look at the community as a whole. We still have a number of female Ministers and male Ministers who are alert to gender sensitivities and things like: "Well here is a great plan. Well, that is fine but that looks like it is sports for boys." You would never say that in my time, these things that girls want to do.

**Deputy H. Miles:**

Yes, we had some discussions about that over the alcohol budget, did we not, and taking the duty off beer, for example? I know it is something that other governments have quite a specific focus on, particularly maybe the Scandinavian governments, to understand that the impact of some of the decisions are not adversely affecting women, for example. I think we saw an example of that with some of the health discussions that have come up around women's health policy and where the priorities are for funding for things like I.V.F. (in vitro fertilisation) or termination of pregnancy. That kind of leads me nicely on to risk and ...

**The Minister for Treasury and Resources:**

I have to stop you there because I do not think I.V.F.is ... it has been agreed by the Assembly and that is being worked on. I do not know what has happened to termination of pregnancy. There are people who will be aware of gender issues around health and I do not think it is necessarily a case

of we are just ignoring that. We are aware of things like going back to what was keg relief, that is we are still working on a ...

**Deputy H. Miles:**

Keg relief, that was it, yes.

**The Minister for Treasury and Resources:**

Keg relief, yes. We are still working on a variant of that but which will be wider. It will catch other forms of drinks that women may choose rather than beer. We do think about those across ...

**Deputy H. Miles:**

I will not raise in public health concerns about keg relief; that is for a different panel.

**The Minister for Treasury and Resources:**

As I say, when we look at plans, there are people saying: "What about the older community? What about, bearing in mind, the older community?" These things are not being ignored, the fact that here is a big tick box that says, have you considered this? Here is a box to say, have you considered that? Not in that form of framework, no, but I do not think it is widely ignored. With tax we are trying ... is a controlled sector we went to just the other day, tax is meant to be blind as to a person's age, sex, orientation, whatever and that is why we are now moving towards independent taxation. Things like the old age allowances have been gradually phased out.

**Deputy H. Miles:**

Okay.

**Deputy J. Renouf:**

Just before we leave sustainable wellbeing, it is a statutory requirement that that is considered. It seems that it is considered in a kind of retrospective way almost. It is kind of like, have we ticked that box? I wonder if it would be ...

**The Minister for Treasury and Resources:**

But, no, it is not, it is not a box-ticking exercise, it is more a case of ...

**Deputy J. Renouf:**

Would it be helpful then to produce a report with the Government Plan that specified how that statutory requirement had been delivered?

**Treasurer, Treasury and Exchequer:**



If I was not here I would be reading and editing the draft of the Government Plan. The Government Plan, as in previous years, will address how that statutory requirement has been considered. I think particularly for this Government Plan, however, they have got a very recent C.S.P. approved and that C.S.P. is more granular than you might have previously expected in that it is for the remaining term of office for the Assembly, which is 2 years. It is very live in terms of setting this Government Plan and from my perspective when we are drawing all of that together it has laid out the priorities of the Assembly and Government in that 2-year period. As the Minister has said, they come from those Future Jersey indicators and measures and they largely map across to sustainable wellbeing and across the economy, across community and across environment. Those priorities are agreed by the Assembly as the priorities that, therefore, the Government Plan reflect. I would say that also with this Government Plan, given the immediacy of the C.S.P. and then the Government Plan that is following, the sustainable wellbeing is front and centre. That strategy has been agreed by the Assembly and the priorities are there. What I would say, however, is that that is the Government Plan. The Government Plan always appears to focus on the increment, be it growth or be it saving. That is where the plans that fall out from the Ministers in terms of their own priorities within their departments address those issues also. The Government Plan is just not in isolation. But, as I say, that is flowing from the priorities that have been identified through the C.S.P. process.

**Deputy A. Curtis:**

Could I just check once more on that, because the 2024-2027 Government Plan does have a section on sustainable wellbeing. It does outline the key areas, economics, all the ones you mentioned there, environmental and so on. But it does feel, like Deputy Renouf has said, that many of those were threads to things that Ministers wanted to pursue it and it is almost in some ways a retrospective reporting as to whether or not that obligation was met. Will we see in this Government Plan a narrative about how sustainable wellbeing, being that statutory requirement, was a driving force of decisions? In essence, we see that how one can ... I do not want to say it is a box-tick, how it was meant but why it was chosen to address sustainable wellbeing. Is there going to be a greater narrative about that vision, that direction?

**The Minister for Treasury and Resources:**

I think there is a real challenge with doing that generally because you say Ministers will want to but the C.S.P. says do this. The C.S.P. to a degree has to address ... one of the first questions was, what are you doing about the cost of living, which is right now? Yes, we do have things here, which is about addressing the cost of living right now but you do also have to continually be thinking about, is there money for the future?

**Deputy A. Curtis:**

But that really is not the narrative, that ...

**The Minister for Treasury and Resources:**

It is sustainable, no. Supporting people right now means we are supporting the sustainability of the Island in the long term. We are supporting housing so that people stay here for the long term, that they do not all leave. I think a decision is entirely about the right now will also feed into the longer term.

**Deputy A. Curtis:**

I guess what I am asking is that narrative you have just given us here is the balance that has to be taken into account when modelling for a sustainable future for generations. It is great to hear it here that that is how you consider it but it does not read in the Government Plan that the compromises or balances are to deliver that long-term sustainable wellbeing. It is just whether that will be something that appears in the new document. Is it going to be more of a narrative as to how you have thought about the impact of certain cost of living measures today and their ramifications, benefits or otherwise for the long-term future? It is really useful to hear how your mind might work and I think Islanders and States Members want to see that in the plan.

**The Minister for Treasury and Resources:**

I think that when you have people saying: "I do not want my children leaving the Island and they cannot afford to buy a house", then clearly there has to be a kind of what do you do right now to try and get people into housing, to make sure people can get adequate housing? Then there is the long term of that; how do you build more housing? Andium are doing that, the States of Jersey are building new housing. There is that long-term balance I think. In terms of what the Government Plan says I think, as the Treasurer says, it will be covered.

**Deputy H. Miles:**

Thank you. The Comptroller and Auditor General previously recommended that when preparing Government Plans it should review how it manages risk, so that the risk demonstrated in the plan appropriately reflects the high-level risk of the delivery of services rather than focusing on the impact of a small sample that is on the corporate risk register. What approach to risk have you taken in developing this Government Plan to provide clearer links between the risks and the delivery of priorities?

**The Minister for Treasury and Resources:**

Council has looked at risk. All right, we have had these sessions early on about risk, what are the risks off-Island and then we have all worked from there, but the Government Plan will have to ... everybody has a risk-balancing exercise when they are doing their plans.

**Deputy H. Miles:**

I think it links back into Deputy Renouf's point about Health sucking all the money. There are other front-line services, Justice and Home Affairs, for example, C.Y.P.E.S., and I think what we are looking at is some assurance that there is not a salami-slicing going on in terms of reduction. What steps are you taking from a risk perspective to ensure that those risks are properly mitigated, despite the fact you are trying to balance budgets?

**Treasurer, Treasury and Exchequer:**

There is £1.2 billion, £1.3 billion approved in departmental plans, when the Government Plan is focusing inevitably on where the growth goes or what additional income above the last forecast goes. That is not to say risk management is purely about the growth or the saving or where the saving is. The savings are lesser in the form of - your phrase, not mine - salami slicing.

[11:00]

They have been guided by those principles that I covered earlier. In terms of identifying in particular where we might shape, for example, the capital programme in the Government Plan, risks in particular are at the forefront of minds, along with political priorities and priorities that arise from the demographics or the state of the estate, which is of course the state of the estate is about risk. Cyber security and, therefore, investment in I.T. (information technology) is often about risk. One of the risks that are high up there are risks to the future financial sustainability of course. We are keeping balanced budgets, having policy in place in respect of the Strategic Reserve, for example, address risk as well. We do get into this narrative that risk or political priorities is all about the growth in the Government Plan politically. It is in the C.S.P. addressing curbing growth and in actual fact in terms of the envelope it is not that much different to previous envelopes in terms of the income forecast. Risk has been considered by Ministers, by senior officers informing what is in the capital programme, for example, but also where any extra funds have gone over and above the C.S.P. priorities. I would say one of the big risks, of course, is in its sufficient resources within Health but that might feel unfair from different departments at different points in time. There have been previous Government Plans that prioritised even higher-level education investment and this Government Plan may have a particular issue at the moment that is not unrelated to risk. Also, the commentary at the moment around the risks in the health service, so, therefore, that funding is not unrelated to risk. It is not just about sucking up all the available resources. Risk is forefront of the considerations in where they go. Sometimes it is talked about in terms of sustainable wellbeing, sometimes it is talked about in political prioritisation and sometimes underpinning lots of that is risk.

**Deputy H. Miles:**

Good, okay, thank you. Connétable Johnson.

**The Connétable of St. Mary:**

Thank you. Yes, a few maybe not short and sharp but fairly general questions on customer services. Can you briefly update us on the customer service levels and performance for Revenue Jersey, detailing any current concerns that have been identified and steps being taken to address these? I am thinking in terms of time to answer calls, respond to written requests, et cetera.

**The Minister for Treasury and Resources:**

Could the Comptroller help us with that?

**Comptroller, Treasury and Exchequer:**

Yes. Good morning. Richard Summersgill, the Comptroller of Revenue. Customer service is continuing to improve gradually. It is always a challenge in a small revenue administration. The main channels through which customers communicate with us are the telephones, the help desk. What we have increasingly been doing is encouraging Islanders to use our suite of online forms. In respect of the telephones, personal income tax is the big player. We continue to get hundreds of phone calls every week. We are currently answering about 87 per cent. It is very difficult to measure this accurately but what that generally means is that 87 per cent of people will normally get through on the first attempt or during the day. The help desk, we still get on average 50 to 75 people coming in every day. They get tickets and they are answered on a queue system and routinely 97 per cent of tickets are satisfied, which means that people come in and pick up a ticket, 3 per cent of them do not wait.

**The Connétable of St. Mary:**

Is that because there is a long waiting time?

**Comptroller, Treasury and Exchequer:**

It could be. What we do on the website is advise people what the current waiting time is and we advise them to avoid the peak periods. Not unsurprisingly the peak period is around the lunch hour, so I think that is when people may decide if there is a very high volume of callers that they do not want to wait. The online forms have been a real game-changer and we have had them in for over a year now. For most people most enquiries can be dealt with online. An awful lot of the enquiries we get are around I.T.I.S. (Income Tax Instalment Scheme) effective rates and so on or a query about a tax assessment. We say that we will always try to reply within 5 working days and certainly for the first half of this year we have been responding within 2 to 3 working days; that is taking the pressure off. The more people who are prepared to deal with us online the easier it is to get through on the phone when you phone or to be seen at the help desk. We are also continuing with the community help desk, which is very popular indeed but not vastly used. Our last one was in St.

Clement and I think we had 11 people come to see us there. It seems to serve quite an important function for people who maybe cannot face the journey into St. Helier or waiting in Philip Le Feuvre House. It is particularly popular among retired people I would say.

**The Connétable of St. Mary:**

Just to give credit where it is due, I know that there has been one in fact in my parish, for instance, and it was well received I think.

**Comptroller, Treasury and Exchequer:**

Right, yes. It is very popular certainly.

**The Minister for Treasury and Resources:**

I went to the one in St. Clement. There were not lots of people but the people that were there seemed to be getting the service they needed and it does go down well.

**Comptroller, Treasury and Exchequer:**

I would also say that tax assessing over the last decade - and I have now been in post for 9 years now - has gradually improved. We are now routinely assessing most returns within about 13 days of getting them. Again, online has been a game-changer, so over the past 3 or 4 years we have got to the position where more than half of Islanders submit their tax returns online. Those can be processed very quickly indeed, particularly if they are relatively simple tax returns. I will say overall that customer service levels are in a fairly good place. Yes, we will still and always will get complaints and disputes about tax assessments and so on. The I.T.I.S. rate system is always the big problem. I think I.T.I.S. rates for all sorts of reasons can be quite volatile, particularly if people do not keep us apprised of changes in their income or their family circumstances. The message I keep giving every year is that the earlier people file their tax return the better because an I.T.I.S. effective rate only lasts for a calendar year. If you put your tax return in early you get an I.T.I.S. effective rate early and it is likely to remain stable for the rest of the year. But where people do file tax returns late or close to the deadline - so the online-filing deadline is 31st of this month - they are likely to get ...

**The Connétable of St. Mary:**

Members of the public are listening.

**Comptroller, Treasury and Exchequer:**

... a higher effective rate. I think more people are starting to file early. It is gradually improving. It would be really good if we could get another step change in the number of people who file online. It has hovered around 50 per cent for the last couple of years. It would be good to see it start climbing towards 90-odd per cent.

**The Connétable of St. Mary:**

Thank you. Before I go on to other specific questions, a few general ones on those. You have referred to 80 per cent of the phone calls being dealt with.

**Comptroller, Treasury and Exchequer:**

Yes.

**The Connétable of St. Mary:**

The 2 points are, is there a lag time given when someone calls as to how long they might have to wait?

**Comptroller, Treasury and Exchequer:**

Yes. The service does say what the average waiting time is. When we answer the phone our policy is to offer a once and done service, so we try not to limit people to time. If they have come with a query, we seek to answer it there and then. We will usually try to make sure that all of the customer record details are up to date at the same time.

**The Connétable of St. Mary:**

Okay. The online requests, as distinct from online filing, is that ...

**Comptroller, Treasury and Exchequer:**

Yes. This is general enquires, so if people have a question about something that has happened with their tax assessment. For example, up until these forms were available we were prepared to accept emails from people. The waiting times for responses to those could be 30, 40, 50 days. Now that was partly because when people wrote to us in freeform email they would not necessarily give us everything we needed and we had to go back and forth. What the online forms have done is make sure that when somebody asks us a question they give us all the information that we need to answer it. That is why we have been able to make such a step change in the answering period.

**The Connétable of St. Mary:**

Yes, okay. You have prompted a further question, which is that States Members are often asked to help with their constituents' affairs. It has been useful, and I have done it myself, to email something in, we hope with the right information, and got a swift reply back. That facility is no longer available because we cannot email in any more. Am I right in saying that?

**Comptroller, Treasury and Exchequer:**

The online form is perfectly capable of taking freeform text, so we do not try to limit people and for States Members if you are writing on behalf of a constituent you can still write in in the normal way. That is usually to the Minister or to me but we also do have a tax officer who, among other things, looks after the States Members' own tax assessing but they will deal with that sort of enquiry.

**The Connétable of St. Mary:**

In that event, just to help my colleagues, they could write into the office generally and it will get picked up?

**Comptroller, Treasury and Exchequer:**

Yes.

**The Connétable of St. Mary:**

Okay, that is useful. I do have a question about what improvements have been made and are on the horizon, but I think you have already answered that. Everything is in place and you are hoping that ...

**Comptroller, Treasury and Exchequer:**

Well, yes. We continue ... we try to make efficiencies every year. We are always looking for improvements that can be made. We work to the Jersey Lean System. Some of the things we have been looking at recently, we have been thinking about digital strategy. We have been looking at how A.I. (artificial intelligence) could help improve processing. We have been developing what are called bots, which effectively automate activities that are currently manually processed. It is quite slow progress and that is partly because of the bandwidth of our I.T. support. We have some ideas we want to trial but we are in a queue to get the support to trial them. We continue to make processing efficiencies where we can and we continue to talk to the Minister where we think there are changes that could be made, for example to ITIS. We have made quite a few minor technical changes to ITIS over the last 2 or 3 years which have made the process simpler and reduced footfall.

**The Connétable of St. Mary:**

My next question relates to the difference between personal customers and corporate. There is a distinction at your end as to how they are dealt with; is that right?

**Comptroller, Treasury and Exchequer:**

We have different teams and that is partly because the levels of training and expertise and specialism call for different people to deal with different work. We have teams, for example, that focus very closely on pension tax, people who focus on corporate income tax, people who focus on

personal income tax, G.S.T. (goods and services tax) and so on. There are teams that are dedicated to parts of the tax system.

**The Connétable of St. Mary:**

Okay. In fact, you have answered my question which I had thought through, which is for me to send an email on a matter I was able to do it in a corporate case but not a personal one but you have already answered that by saying about the online form.

**Comptroller, Treasury and Exchequer:**

Yes. I would say if you have any problems just send me an email. Quite a few States Members write to me or the Minister and then I get it to the right person.

**The Connétable of St. Mary:**

I am not sure you want to encourage that.

[11:15]

**Comptroller, Treasury and Exchequer:**

But the online forms can be used and they are working very well indeed. I think one of the big challenges over the next few years is to get as many people as possible interested in and used to engaging with us online because that undoubtedly helps the whole system work better, but obviously there are some people who still prefer to deal with us by written correspondence, will not receive emails and so on, and we do accommodate that.

**The Connétable of St. Mary:**

I have a question about resources. Is Revenue resourced sufficiently well as far as you are concerned?

**Comptroller, Treasury and Exchequer:**

I would say so. I think over the last 2 or 3 years you will have seen that Ministers and the Treasury have supported business cases that have allowed us to grow. Certainly over the last 10 years the landscape has been interesting because at one end of the spectrum we have made efficiencies and reduced staffing and that is largely in clerical tasks, but at the other end of the spectrum we have had to invest quite a lot in international tax work because of the number of international tax treaties we are now a signatory to. We have grown our compliance activities, sort of traditional tax inspecting-type work, and there is more to come. We have been able to make some quite reasonable efficiencies with investment in new technology and so on but we are also growing.



Certainly I have had strong support from the Treasurer and Ministers for getting the right resource into Revenue Jersey to manage the whole of the business.

**The Connétable of St. Mary:**

Before I hand to Deputy Renouf for a question, are there many vacancies? Do you have any challenges in certain departments? There have been redundancies and it has been suggested that the knowledge has left the department with that. Is that unfair?

**Comptroller, Treasury and Exchequer:**

We do run with vacancies and that is partly about managing pay bill. There are peaks and troughs in the business, so we will always use overtime and we will always use flexible working so that we can manage the peaks and troughs through the year. We can have issues with recruitment and retention. That is particularly so at the very technical internationally competitive end of the market. We have had to recruit some quite high tax specialists to help us deal with some of the O.E.C.D. (Organisation for Economic Co-operation and Development) work. They are in demand in the Middle East and other places and the Middle East can routinely offer 2 or 3 times the size of salary I offer, so it can be a challenge to get the right people with the right skills.

**The Minister for Treasury and Resources:**

Richard's is a very international department, very international.

**The Connétable of St. Mary:**

I understand that, yes.

**Deputy J. Renouf:**

Just on that subject of resourcing, do you think you are adequately resourced to deal with tax evasion?

**Comptroller, Treasury and Exchequer:**

With tax evasion?

**Deputy J. Renouf:**

Yes.

**Comptroller, Treasury and Exchequer:**

Well, the Government have invested more resource in tax compliance activities over the last 3 or 4 years. If I went back to 2017 I would say that we had very little resource going into compliance work. That is both evasion, avoidance, error and misunderstanding. We made a preliminary business

case for a few people and over the last few years we have tested the concept. It is undoubtedly true that there is error, misunderstanding, avoidance and in some cases evasion out there and we are growing our capability to deal with it. We have to do quite a lot to bring this about. If we wound back the clock 10 years ago, most of our tax penalties were criminal and hardly ever used, so the first thing we did was devise a suite of civil sanctions and penalties which have been introduced over the last 9 years. We also had a major overhaul of our criminal sanctions because quite a few of those had also become lapsed, effectively, and they needed to be updated. So we are now in a position where we have a good suite of civil penalties and we use those most of the time, as most tax administrations do, and then we do have the ability to prosecute where it is appropriate to do so. Earlier this year we did have the first prosecution relating to employer compliance, I.T.I.S. and social security, in quite a long time. Between ourselves and the Attorney General, we are very carefully looking now at cases that can be brought into the criminal courts on an exemplary basis occasionally, but as will always be the case, we will normally use civil penalties.

**The Connétable of St. Mary:**

That is certainly an interesting concept and maybe it could be taken on by other departments as civil penalties work better than criminal. You will have more ideas on what ... anyway that is not for now. My final question relates to payments on a prior year basis taxation and any impacts of the recent States decision by way of approving P.16 to extend by 2 years the deadline to remove the liability.

**Comptroller, Treasury and Exchequer:**

Yes. The States Assembly agreed that the scheme could be moved to September 2026, so people have to make their election by then of how they want to pay it. In fact now around 9 per cent of P.Y.B. (prior year basis) taxpayers have paid and they have paid about one-tenth of the sum that is due, about £33 million, £32.5 million. There is also about another £21 million that is no longer deferred. That occurs where people have left the Island or a person has died and it becomes a liability of the estate and so on. About £50 million of £350 million is already in the Treasury coffers.

**The Connétable of St. Mary:**

Going back to the debate, there was concern about recovering this tax from estates and people having left the Island. Has there been enough time to get to grips on that?

**Comptroller, Treasury and Exchequer:**

We have not encountered major problems. The reality is if a P.Y.B. taxpayer does die then their estate has to be wound up within a year and all the liabilities of the estate have to be paid and that was one thing that I think we understood from the outset. If there is a P.Y.B. taxpayer who dies, that liability will become a debt to the estate and it tends to get paid more quickly. If people have left the Island and they decide they cannot pay it, then we will routinely, through the Treasury debt team,

enter into a time-to-pay arrangement with them so that they get broadly similar terms as they would have had had they stayed in Jersey.

**The Minister for Treasury and Resources:**

Can I just make one observation before we go away from tax? This is just because I think Revenue Jersey, like some other government departments, suffers a bit from a degree of misinformation. We were at a function last night and another Minister said: "I am told you cannot go and see a person face to face any more at Revenue Jersey" and that is not correct, this notion that you cannot sit and talk to someone. The figures I have here, as the Comptroller said, they are looking at they meet 50 to 75 people a day and year to date we are literally just shy of 13,000 customers that have had face-to-face meetings. I think what they will not do, which may have happened in the old days, is they cannot sit and fill in your form for you. They can advise and assist but someone still has to do their form, but the notion that you cannot see somebody in person is frankly wrong. I just want to make that point that we suffer from Chinese whispers like other government departments at times.

**Deputy H. Miles:**

I just wanted to pick up a couple of areas around the tax. The last thing you said was about the enforcement of people who have left the Island and you implement a time-to-pay arrangement. Have we got mechanisms of recovering tax if people leave the Island and then just do not pay or is it not worth the while to pursue people to do that?

**Comptroller, Treasury and Exchequer:**

There are a couple of things. First of all, it can be done. The Treasury has certainly historically had contracts with bailiffs in the U.K. (United Kingdom) who can occasionally pursue debt. We are also, under the new U.K. double taxation agreement, looking at introducing what is called assistance in collection of debt, which I think we have discussed here before. That is yet to be finalised. The U.K. was putting it on the backburner for a while. We have not been able to attend to it as quickly but before too long there will an agreement and that will mean that I will be able to collect debts in Jersey on behalf of H.M.R.C. (His Majesty's Revenue and Customs) and H.M.R.C. will be able to do the same for us.

**The Connétable of St. Mary:**

Sorry, to clarify, that relates to the U.K. only. I seem to recall in my student days as a Cargill principle one jurisdiction worked to enforce the revenue ...

**Comptroller, Treasury and Exchequer:**

It is the only jurisdiction that we will have that agreement in place with. I cannot rule out the possibility that other jurisdictions will ask for it in future when we come to review double taxation agreements.

**Deputy H. Miles:**

That leads us really nicely on to double taxation, the petition. You responded to the petition “Make States old age pensions exempt from tax”. As of this morning there were 4,392 signatures, so we are getting to the States debate territory, are we not, I suppose? What message would you want to give to the members of the public who signed this petition who are really concerned about their double taxation and in such cases do you think that pensions should be exempt from tax?

**The Minister for Treasury and Resources:**

Well, my message to them would be to read the response because the response sets out the position very clearly. I do not think it is fair to say there is double tax, plus 50 per cent of pensioners do not pay any tax at all. We have a tax threshold that is very much bigger than the other U.K. family, if you like, and other comparative jurisdictions. If your only income is the States pension, you will not pay any tax. You could have up to £20,000 of income before you pay any tax and arguably, as I have mentioned earlier this morning, the tax system is designed to be blind to age, gender, all these kind of things. To me, it would be very unfair if a pensioner earning £25,000 was not taxed where you had a single parent ... going back to gender identity, a single woman with a child was paying tax on a similar income. There has to be a degree of fairness and by exempting older people you are putting pressure on younger generations. I think there is misunderstanding about the social security contribution. It does not just pay for pensions. Pensions are not just funded by your own contribution. They are paid for by taxpayer contributions, they are paid for by employer contributions and those are not ... the idea that those are not exempt from ... somehow carved out of tax at the time they are paid, even though you could be paying social security pensions as a 35-year-old and receiving social security benefits and then still get a pension whereas somebody could be paying the same contribution and not receiving any benefits because they do not need them. I think as a matter of fairness, I think if we make the pension exempt we would be benefiting wealthier pensioners to the potential prejudice of young people with families. That is a very quick nutshell.

**Deputy H. Miles:**

Thank you for that explanation and I think it leads on to what you said previously, both of you really, certainly you, Minister, about another Minister said to you: “You cannot go to Tax and see anybody in person; you have got to do it online.” Then the point that you made was that you would like to move from the 50 per cent online access to a 90 per cent access. What strategies have you got in place to improve the communication and to bust some of the myths around tax?

**Comptroller, Treasury and Exchequer:**

We have produced an awful lot of printed material, largely through the Government’s communications team and the graphics and marketing people. I think we have produced some very

good items that have informed people about things like the P.Y.B. change, independent taxation. We have also produced help guides on how I.T.I.S. works and how payment on account works. I think the payment on account system is quite confusing.

[11:30]

We have put quite a lot of effort into that sort of thing. We do also do some YouTube video-type things although I do not think as many as perhaps we could. We do try to get the messages out through media, through press releases and so on. I am sure we could do more. One can always do more when it comes to communications.

**Deputy H. Miles:**

We have had this conversation as well before, have we not, around the independent taxation and it was something that was noted in the comments to the proposition. Given the benefits that it would have to your department to nail the communication, is there merit in bringing some specialist support in your department, people who are used to changing customer behaviour? Is that something that you have considered?

**Comptroller, Treasury and Exchequer:**

We have drawn on the Government's communications team and the Government communications team has recruited that sort of person. I am conscious, of course, they are under pressure to shrink, but we have been very grateful and relied very heavily on the central communications team over the last few years. I could send you a sample of them. Some of the things we have produced I think are top notch. I think there is still this very deep issue of how to penetrate some people's consciousness.

**Deputy H. Miles:**

That is the foundation of my question really because if you look at certainly the U.K. Government, they have a nudge unit and they use nudge really, really effectively to encourage people in the U.K. to respond when they have a final demand to a bill and all the rest of it. It just seems to be a constant theme. It is a very constant theme and I think whether it is worth looking outside of the States to do something a bit different.

**The Minister for Treasury and Resources:**

I think part of the issue is there are always people who are commenting and putting out information that we consider is misleading and there is very little ... if somebody is interviewed by the media and gets on TV saying: "This is all terrible" and the media covers it in a certain way, people will listen to that rather than anything we tell them. That is always a difficulty. I think it is not so much behaviour.

We are straying into realms of what is our bad debt on tax and how do we collect but there is a mindset and there is a mindset that it is not fair the pension is taxed. The bottom line of what I am trying to say is that for most people the pension is not ... their States pension is not taxed. Richard and I have discussed this and I think even if you have other income ... so let us say you have income above the £20,000 threshold, you are not paying tax on the whole amount. You are not paying tax on the whole amount of that £20,000 and I think you said you have to have something like £86,000 of income because you lose marginal relief.

**Comptroller, Treasury and Exchequer:**

Yes.

**The Minister for Treasury and Resources:**

How many people ... you have got young struggling families seeing a pensioner with £86,000 of income and we do have pensioners on this Island who have very, very good pensions. Why should they not pay tax because they happen to be pensioners? If they have got that kind of money then it is absolutely fair they should pay tax on it. Obviously that is an extreme but I think there are some mindsets you will not shift and then I think again I would just like to make the point going back to ... because again it is something we discussed last night, yes, we would like people to do it online, that is great, but there are issues with people as they become older. There may be people in ... you think there are people now in their 70s and 80s who worked with computers, who had email in their working life and you would think who can manage online, who can do Amazon, you think they would be able to do a tax form. I think it is a reality that that number will increase, 80 or 70 be able to do a lot more stuff online, but I think there is an issue as some people get older they just simply lose the ability, cognitive ability may decline, eyesight declines, dexterity declines and it becomes more difficult. I think are we ever going to get to being 100 per cent online? Probably not because there will always be a community that cannot function online and we have to reflect that.

**Deputy H. Miles:**

Thank you. I am going to move on because I am just a bit conscious of time. Did you just want to say something quickly? In that case, can I hand you over to Deputy Curtis?

**Deputy A. Curtis:**

Brilliant. I am just going to touch on the living wage if that is okay, Minister. The States Assembly has made a commitment to the living wage. However, the financial pressure this puts on small businesses has also been noted by Ministers and Members. As Minister for Treasury, what dialogue and involvement have you had with the Ministers leading this workstream and how will Treasury be facilitating the provision of monies to provide support to businesses for these initiatives?

**The Minister for Treasury and Resources:**

I do not think it would be fair to say I have had any significant dialogue with them directly about this. This is being the package of support for business is being driven specifically, I believe, by the Economy Department with input from Social Security. We have identified a funding source and it will be in the Government Plan.

**Deputy A. Curtis:**

By “we have identified”, is “we” ...

**The Minister for Treasury and Resources:**

A funding source has been identified.

**Deputy A. Curtis:**

... the Council of Ministers or the lead Ministers of the initiative?

**The Minister for Treasury and Resources:**

It is a combined effort. We need this amount of money; where does it come from? So there is a combined effort in terms of where the money comes from. We have identified a source, the Assembly will have to consider that in due course when it sees the Government Plan. In the meantime, the Department for the Economy is looking at a package of support to business and how business can be supported. This is about supporting productivity. I have seen high-level headlines because I could not discuss it, in fairness today, and I am not going to steal someone else’s thunder. That is for the Minister for Sustainable Economic Development to discuss with the panel in due course.

**Deputy A. Curtis:**

Do you think you should have been greater involved in that stream of work given what the responsibilities of the Minister for Treasury are?

**The Minister for Treasury and Resources:**

No, I do not think so. How you support business is a matter for Economy. I think Treasury cannot have its finger in every pie. Ministers have their own ... they have their priorities and what they want to do and what they are asked to do by the Council of Ministers. In this case we will have a living wage but that has to be counterbalanced with a package of support for business and those Ministers have to then ... it is for them to go away and devise that package with their officers, with their stakeholder consultation. I do not think that Treasury necessarily needs to be involved in that other than our role is where does the funding come from and are there wider impacts for Government. Government is already a living wage employer.

**Deputy A. Curtis:**

I was going to ask because reflecting on the words you were describing about tax earlier, you and the Comptroller, being blind and in essence through that being fair, it would seem to me that the role of Treasury in agreeing funding packages is also a level of oversight into feasibility, fairness and equity. Do you see that then within this package part of your remit is to ensure that when a package comes forward you look at that oversight?

**The Minister for Treasury and Resources:**

No, I do not think that is for Treasury. I think that is for Economic Development because it is an economic issue. The living wage and the impact on business is an Economic Development issue and I think it is right it sits with the economy and that they think that works for the economy and for the business community.

**Deputy J. Renouf:**

Is it not the case, though, that you have overall responsibility for the shape of the economy, the state of the economy and the revenues that will flow from that? If a measure was coming forward that was going to damage the competitiveness of the economy or introduce perverse incentives into the economy, would you not have a view about that?

**The Minister for Treasury and Resources:**

Well, we have economists to advise on that. There will be economic impact assessments being undertaken about the living wage and the package. No, I think that sits in the Economy Department and we have to look at, yes, there may be a benefit to revenue. If people are earning more, they may pay more tax. They may not pay more tax, depending what happened, and that is the kind of thing that we look at but I do not think it is necessarily the Treasury is the arbiter of every scheme that is out there. Those will be designed and they have economic impact assessments.

**Deputy A. Curtis:**

We do not know what measures are going to be in the Government Plan yet. We will eagerly await that, but some of the measures that might come forward may be measures implemented under your accountability as Minister for Treasury, perhaps. You have the power over tax, you have the power over elements of tax relief for businesses, tax relief for individuals for thresholds that might do that. I guess what I am trying to understand is do you not see that as your accountability at the end of the day as arbiter of those policies, should they be ones you choose to use, to have a say in fairness and equity or do you see yourself operating on behalf of the Minister for the Economy and saying: "It is your responsibility"?



**The Minister for Treasury and Resources:**

I think it is for the ... this sits with the Minister for the Economy. If it was affecting tax thresholds, if we were using tax as a means of providing support, then clearly we have an interest but overall the design of the packages I think sits with the economy.

**Deputy A. Curtis:**

Okay, thank you.

**The Connétable of St. Mary:**

I have a few questions on States-owned entities and memoranda of understanding. First I will make the rather obvious comment that there was a time before the States-owned entities came into existence that States Members were very much involved in decisions relating to the subject matter and there were some who regret the passing of that responsibility but it does explain why there is a general concern that the M.O.U.s (memoranda of understanding) should be fairly tight and reflect the States Assembly wishes, so hence some of my questions really. As a representative Minister with responsibility for the entities, can you please briefly outline the steps involved in the formal review process that is going to happen, I believe?

**The Minister for Treasury and Resources:**

I think I said last time ... I cannot really say very much more than I said last time. The current M.O.U.s I believe were entered into in 2022. The anticipation is that they will be reviewed every 3 years and we will start a review at the end of this year and that review, I imagine, will be looking at the current M.O.U.s. It will be looking at changes in corporate governance, looking at whether we think we need any change in ... just whether we think there are any changes needed, whether they think there is any changes needed because I think it has to be something of a 2-way process. I do not think it is a source of regret that they have been taken out of the States because I do not personally think politicians should be making decisions about critical services.

**The Connétable of St. Mary:**

Sorry, in case of any misunderstanding, I was not challenging that for one moment. I am just saying there are some ... by way of example, when Ports of Jersey was incorporated the M.O.U. had a specific clause in that said that Ports of Jersey will not sell any of its real estate without the consent of the Assembly. That is a legacy of the States Members mentality that I am thinking about. States Members like to think that they are ... the civil servants or the officers of the company cannot do things that would be against public policy as outlined in the States. That is really all I am saying.

**The Minister for Treasury and Resources:**

Right, okay. Well, I would be surprised if Ports decided to go and sell off a massive piece of real estate without discussing it with me first and if it was something that had to come to the States we would ...

**The Connétable of St. Mary:**

Yes, I think there be details. I think that is probably taken out because of the understanding that there was sufficient sensitivity at the time of incorporation that they could do this, so the States against that background we do ask questions.

**The Minister for Treasury and Resources:**

Okay. I cannot really comment on that.

**The Connétable of St. Mary:**

All the 5 S.o.E.s (States-owned enterprises) is that a priority which ... all be done in turn, all done simultaneously?

**The Minister for Treasury and Resources:**

We will just look at them. I do not have a ... as I say, it will be the latter part of the year and I do not have a particular view on priority yet. We will just look at all 5 of them and discuss them.

**The Connétable of St. Mary:**

Okay. I think last time they were done *en bloc* in a way and I am not sure ...

**The Minister for Treasury and Resources:**

I would expect so. It does not really make any ... I think it makes sense to do them all as a group so that we have a degree of consistency other than there may be specific cases where a specific entity needs - and I cannot think of an example - a specific provision or a specific concern to be addressed, but overall my thinking would be that we should be looking for a degree of consistency over how they are governed through the shareholder relationship.

**The Connétable of St. Mary:**

Yes, but except, of course, consistency on some of the main provisions but they are each individual companies and ...

[11:45]

**The Minister for Treasury and Resources:**

Yes. Well, that is what I said, there will be a degree of variation but it depends on the company. We are talking hypotheticals because until we sit down to do the review I cannot prejudge the outcome of it.

**The Connétable of St. Mary:**

Okay. I was just trying to get the mechanics of the review and making sure the right panels are involved because I would envisage that while Corporate Services ...

**The Minister for Treasury and Resources:**

I would imagine if we are making significant changes they would come to C.S.P. (Corporate Services Panel) and Economic Affairs but I am not sure now that there is a ... can I say there is going to be significant changes? No, I cannot because we have not done the review.

**The Connétable of St. Mary:**

Okay, that is one question. I think it would be appropriate on the property-related ones it may well be that the Housing Scrutiny Panel should be involved too and just saying they want to retain it.

**The Minister for Treasury and Resources:**

Whatever the appropriate panel is will be involved, yes.

**The Connétable of St. Mary:**

Okay. I think that is virtually it. By the end of this year you will have started the process, will you?

**The Minister for Treasury and Resources:**

In the latter part of this year, yes, we will be starting that review so that ... well, 3 years will be 2025 we would start our review, we would be discussing it with them. As I say, it will be a 2-way process. I do not imagine you can impose a memorandum of understanding. I think it has to be discussed with the relevant boards with a view to any changes and any new revisions being made in the first half of next year if we are in line with the 3-year period.

**The Connétable of St. Mary:**

Given that the last M.O.U. is only 2 years old, I presume there is no further thought being given to what the further changes might be as yet; is that right?

**The Minister for Treasury and Resources:**

When we conduct the review we will consider that at that point, yes, but not yet.

**The Connétable of St. Mary:**

Yes, not yet, nothing current going. Okay.

**The Minister for Treasury and Resources:**

I do not have any view at the moment. I think the U.K. is updating its corporate governance code at the moment, so we will have to look at that and think whether there are developments in that that need to be reflected, but as far as I am concerned, at the moment it is a blank sheet of paper so I cannot be more specific.

**The Connétable of St. Mary:**

Okay. Well, on the general M.O.U.s I am happy with that, so can we move on to the ... we have received or the Chair received from you a letter on remuneration relating to States-owned entities. I have not had a chance to look at the details in full yet but I will just ask a few general questions on this. We understand that the committee sets remuneration policy for the executive directors and the chair - this is of Ports of Jersey in fact - and that you, as Minister for Treasury and Resources, must agree any changes in your capacity as shareholder representative. Is this correct and can you outline your general involvement in agreeing remuneration of these various entities?

**The Minister for Treasury and Resources:**

Well, given I have only been in the role for 6 months some of this is already ... will have 2023 kind of it is as it is and as long as ... where there are salary arrangements, they will go through normal processes and provided they do go through normal processes and people have met the necessary K.P.I.s (key performance indicators), the benchmarks and they qualify for the payments they have received then I think it would not be ... if somebody has a contractual entitlement to something and they can clearly show that they have reached the appropriate standards and targets, then it would be wrong, I think, for me to not reflect that contractual entitlement.

**The Connétable of St. Mary:**

I understand that.

**The Minister for Treasury and Resources:**

There is a process. Yes, the remuneration committees consider them. Any bonus arrangements are discussed with the board against targets and stretching. People do not get bonuses for doing the job, just for doing the job. They are expected to deliver more against you have a target and then you have a stretched target and you look to people to deliver against stretched targets. That is all done in conjunction with our team in Treasury. They are linked to the strategic business plans and there is a process and format in place. We also have, which was approved at the end of last year I believe, a remuneration framework, which I think we had an adviser help with, so there is a remuneration framework in terms of how these all work. I have had conversations with some of the

chairs about pay rises and, absolutely, I challenge them about things on pay rises and are they right ... are they setting things at the right level, is it enough to focus on that. So there is ... I do challenge on it when it has come before me.

**The Connétable of St. Mary:**

Okay. This is hot off the press, as it were, and I have had not a chance to look at it but what is striking, taking Ports of Jersey for instance, is that there have been several increases in the C.E.O's (chief executive officer's) salary over a period. I am not saying excessive but there is quite a difference between that company and the other ones and I am trying to work out what is the process for aligning the various companies together and who decides on ...

**The Minister for Treasury and Resources:**

I think it is difficult to align them because they all do ... while they all provide a service that I think is critical to the Island and it would be easy to look at someone's salary and say that is a lot but then if we had some kind of issue and we did not have any boats coming in for a week and all your constituents were hammering on your door saying: "When are we going to get food into the supermarkets?" would you think it is too much at that point? This is a very important service. If people cannot get off the Island, if they cannot get food and medication on to the Island, this is a very, very critical service and all these decisions have to be taken in that light. I think there is a question in my mind about how we benchmark them and who you benchmark them against and some of these will have developed in terms of the ... they may have developed differently in terms of the nature of the industry, historically in terms of when they were incorporated, but I think the remuneration framework that we now have will create ... will lead to a more uniform process, I would expect.

**The Connétable of St. Mary:**

One point I do note is that the bonus, for instance, on this one is 50 per cent of the salary. That seems quite a lot.

**The Minister for Treasury and Resources:**

I am told in some industries in the U.K. people get 100 per cent of salary as a bonus and 100 per cent of salary ... there are people earning ... these have to be right for Jersey and again that is something I have challenged. I think we have to remember that our private sector in Jersey is very much smaller but people doing this job in other parts of the U.K. and Europe, with whom we are competing for staff, are paying very ... may be paying even more generous bonuses.

**Deputy J. Renouf:**

Just to push a little bit on that, obviously these are very important jobs and in many cases we are very lucky to have the people doing them, but there is a question here about the Government being a leader in terms of setting standards, in terms of what expectations are within society. It could be, for example, that the Government would say that we thought the chief executive's salary should be based on a multiple of the bottom 10 per cent of their employees or something like that. There are things that you could do that would signal a piece of thought leadership, if you like, a kind of a moral stance almost. Do you think that would be appropriate?

**The Minister for Treasury and Resources:**

You could try it but it may then mean that you lose staff and you cannot recruit someone with the level of competence and capability. You do have to look to the market and you do have to look to ... we could take that kind of stance but if that stance means we have someone in post who is, frankly, not up to the job and we do have boats not coming in, we do have to lose connectivity, we have not benefited the Island by taking the moral high ground on pay.

**Deputy J. Renouf:**

It is not so much about trying to cut their salary. It is about giving transparency about how the salary is determined so that people can absolutely see why that particular salary rise was justified. If you had some guidelines, frameworks or something around that, that would be ...

**The Minister for Treasury and Resources:**

But we do, we have the remuneration framework which helps set it. As I say, they are set against they have a base salary, then they have bonus arrangements that are set against the strategic business plan and that are set against specific targets and K.P.I.s and they are measured against those. One of the challenges I gave on the Ports one was one of the measures is increasing passenger numbers. Now, increasing passenger numbers is very good. That is a good measure for an airport in terms of the usage of the airport but my thinking there was, well, that is fine, we could increase passenger numbers but if every passenger is coming off the plane and coming out of the airport and saying it has been a hideous experience, really what is the point? We need to think more widely than just hard numbers, so I have been challenging on things like that and making sure that we have got the right measures. For some of these companies, it is difficult to set measures against certain hard financial ones where you have got shareholder value to be taken into account.

**Deputy A. Curtis:**

Could I just touch on a couple of the examples you gave. For example, increasing passenger numbers may be really caused by an increase in funding to Visitor Jersey and hard work by the Department of the Economy. Your example about the ships coming in, there is always a case potentially where a breakdown of the operations at the port could be completely out of the control of

... I just wonder on reflection, the Island has faced many emergencies and has seen civil servants, private companies, the States of Jersey Police stand up and lead with great competency. The examples where we might pay £100,000, £200,000 more than the leaders in the civil service as a package, I just wonder how much you think the example of having these kind of figureheads for crisis is what is important versus understanding really the roles and the responsibilities that are played across the whole public sector. Take for example the States of Jersey Development Company has no responsibility for much critical infrastructure yet the chief officer for Infrastructure and Environment has a portfolio of a magnitude larger and just how do you square up what you described as that talent and that leadership piece you want to attract with what we have seen in so many examples of really good leadership from a really broad number of people in the Island?

**The Minister for Treasury and Resources:**

We have some really good ... this is possibly verging off topic. The example I was trying to make about the boats was trying to emphasise the importance of these services and I think previous Governments have made the, I think, absolutely correct decision of corporatising these so that they are not subject to a 4-yearly shift in political complexion in the Assembly. It is important that you corporatise because you then have people who can drive things on a long-term strategic basis, which we cannot do within the Assembly. I think it is important for long-term strategy that we do have a degree of independence and we have people who really know what they are doing running those very specialist industries. I think the flipside of your argument is that there are people in the public service who are not paid nearly enough but the public do not like civil servants earning money. That is a challenge. We have very, very capable people and I have been challenged by the media about this: "What do you think about that person earning that money? Is that not awful?" No, it is absolutely not because if he was in an accountancy firm he would be earning 3 times more. We are in a competitive market and people choose to be in the public service because it is a challenging career and it is a rewarding career. It may not be financially rewarding. I think it is very difficult to ... we are a small Island, we have a small number of these entities and we need people running them who know what they are doing and are adequately rewarded. I think if we had visibility of some of the other salaries that are paid in the private sector in this Island, which we do not have, those would not be newsworthy.

**The Connétable of St. Mary:**

Sorry, can I just make the point for clarification, I do not think any of us were suggesting that the people were not worth the money. We are just trying to get a feel for how it is worked and the comparatives.

**The Minister for Treasury and Resources:**

It is looked at very carefully, I can assure you of that.

**The Connétable of St. Mary:**

It may be something we return to when we do the revision of the M.O.U.s.

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

Can I ask a follow-up question? To return to a question from David earlier, which does focus on the Ports of Jersey one, the question was around the increase in the salary between 2019 and 2023 and the figures that we have been provided with is that the increase in that salary has been around £165,000 over those years. If you compare that to the other C.E.O. salaries from the other S.o.E.s, we have got JT of £35,000, Andium of £23,000, Jersey Post of £47,000. I think one of the questions that stood out for me that I am not sure I personally got clarity on was from your perspective as Minister for Treasury and the role you play in setting those, what is your understanding of why it jumped over those 4 years? Are you satisfied with that jump?

**The Minister for Treasury and Resources:**

I cannot tell you why it jumped because I have only been in post for 6 months. It is what it is. It has increased and there are probably ... well, he was appointed halfway through 2019, so that is probably a half-year salary you are looking at there so the increase is probably not ...

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

The increase is ... right, okay, fine.

**The Minister for Treasury and Resources:**

So if you are looking at 107 to 272, that is a half-year salary, so that is not a full-year salary.

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

Okay, so it is not 165, fine, yes. Okay, that is fine.

[12:00]

**The Minister for Treasury and Resources:**

But beyond that, I would imagine they have had pay rises that are again ... they do not all ... they all set their own pay structures. For example, some of them I think will look to what the public service pay rises are, some do not. Andium has given pay rises that are lower than the public service this year. There has been inflation. Pay rises have been up. Average earnings were 7.7 this year. There have been some significant rises in pay generally across that period, so I think to look at things in isolation and go: "That looks huge", there will be a good reason and these are looked at very carefully.



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

That figure should be 56, sorry, so I will correct it.

**The Minister for Treasury and Resources:**

Which one?

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

The one where I said 165. I think it should be more like 56 given the half year.

**The Minister for Treasury and Resources:**

Right, okay, sorry.

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

No, that is correcting myself.

**The Minister for Treasury and Resources:**

I cannot process numbers quickly in my head.

**Deputy H. Miles:**

I am just conscious of time and I think that has brought us nicely to midday.

**The Minister for Treasury and Resources:**

Sorry, I am meant to be at another meeting.

**Deputy H. Miles:**

Thank you, Minister, and thank you to the officers who have come today. There is a couple of areas that we have not been able to ask that we will follow up in writing but that is really about the legislative programme. Thank you very much and I will ask the officer to stop the recording. Thank you.

[12:01]