

# STATES OF JERSEY

## Environment, Housing and Infrastructure Scrutiny Panel Medium Term Financial Plan Addition

**MONDAY, 11th JULY 2016**

**Panel:**

Deputy D. Johnson of St. Mary (Chairman)

Deputy T.A. Vallois of St. John (Vice-Chairman)

**Witnesses:**

The Minister for Infrastructure

Chief Officer, Department for Infrastructure

Finance Director, Infrastructure and Environment

[14:00]

**Deputy D. Johnson of St. Mary (Chairman):**

Welcome to the public hearing with the Minister and his colleagues. For the record I am David Johnson, Chair of the panel.

**Deputy T.A. Vallois of St. John (Vice-Chairman):**

Deputy Tracey Vallois, Vice Chair of the panel.

**Chief Officer, Department for Infrastructure:**

John Rogers, Chief Officer of Department for Infrastructure.

**The Minister for Infrastructure:**

Deputy Noel, Minister for the Department for Infrastructure.

**Finance Director, Infrastructure and Environment:**

John Littlewood, Finance Director for Infrastructure and Environment.

**The Deputy of St. Mary:**

Right, as you are aware the purpose of this hearing is to look at the M.T.F.P. (Medium Term Financial Plan) proposals. I am exercising the prerogative of the Chairman by using the resources at its disposal by allowing Deputy Vallois to lead most of the questions given her experience in this area. So I am not sitting back, I will be contributing of course, but I will let her lead most of the questions, so over to Deputy Vallois.

**The Deputy of St. John:**

Thank you. Good afternoon, Minister.

**The Minister for Infrastructure:**

Good afternoon.

**The Deputy of St. John:**

We are going to start with the sewage waste treatment area. Within the M.T.F.P. this is a £43 million figure that is for capital expenditure and it states that part of this will be for a sewage waste treatment facility during 2017 to 2019. How much of that figure is for the sewage waste treatment and how much has been spent so far?

**The Minister for Infrastructure:**

Okay, we have approximately spent so far just over £16 million from memory.

**Finance Director, Infrastructure and Environment:**

I do not think we have spent that much; that is the budget allocation.

**The Minister for Infrastructure:**

That is the budget allocation and that is the digesters?

**Finance Director, Infrastructure and Environment:**

The digesters we have spent approximately 14, yes, so there only about £2 million on there ...

**The Minister for Infrastructure:**

Yes, there is about £16 million so far on what is effectively the initial stages of that. They were completed ...

**Chief Officer, Department for Infrastructure:**

Commissioned and handed over in January.

**The Minister for Infrastructure:**

January, yes, so that site is up and running and if Scrutiny want to visit the site then more than happy to arrange that. With the balance of the funding coming through in 2017, 2018 and 2019 of the £43 million ...

**Finance Director, Infrastructure and Environment:**

On the S.T.W. (sewage treatment works) itself I think the total budget estimate is about £58 million that we are looking at with the digesters of 14 before it.

**Chief Officer, Department for Infrastructure:**

The money to date has been spent pretty much on design, planning and environmental impact of the sewage works and what standard to apply to it. There has been some site clearing works and we have just awarded a contract to deal with the hillside removal and to make the necessary preparations for the sewage treatment works.

**The Deputy of St. John:**

So can you just clarify for me then, you stated an estimated £58 million, there was an expectation of £75 million for the build of the sewage waste treatment.

**The Minister for Infrastructure:**

Originally that was re-engineered and items taken out of that. For example, there was £6 million for the clinical waste incinerator to be replaced, that was taken out of that budget and a number of other items in it and re-designed to bring it down to the £58 million.

**The Deputy of St. John:**

So it is actually £58 million now?

**Chief Officer, Department for Infrastructure:**

Yes, what we have done is the £75 million was the estimate at that phase of the project without ascertaining all the risks. So there was a big risk on ground conditions and contamination. Since then we have done lots of ground investigations and the ground conditions are better than we expected. So a lot of that contingency money has been put aside or reallocated, it has not been

needed. So that drops the ... so you basically fine-tuned the budget. The other thing we have done is we have re-engineered the project so that we get the treatment options we want and the Island needs within the money that is available.

**The Deputy of St. John:**

So back to the original question then, at page 14 I believe it is on the M.T.F.P. Addition, it states that there is £43.4 million for the Department for Infrastructure and it goes on to say much for a new sewage works. Can you explain exactly how much of that £43.4 million is sewage works?

**The Minister for Infrastructure:**

We can give you a breakdown of that. Obviously some of it is for our sea defences, some of it is for our programme on our roads, et cetera. So we will give you a detailed breakdown on it.

**The Deputy of St. John:**

Okay.

**Finance Director, Infrastructure and Environment:**

It is identified within the infrastructure allocation because there is a phased programme of transfers out. I think it was £4.5 million, £5.5 million this year and the same going forward for the next couple of years, in addition to the money that we already had. Then the balance within the future programme, especially with 2018 and 2019 the allocation for the infrastructure goes back up again to about £12 to £14 million, so it is looking at the total capital allocation within the 2017 to 2109 period. It is not just ...

**The Deputy of St. John:**

It is just that is stated within the Executive Summary but to identify how that is broken down is not as clear for non-accountants.

**The Minister for Infrastructure:**

No, we can break that down for you.

**The Deputy of St. John:**

So it is just trying to understand exactly what it means. So moving on from that, one of the big proposals in the M.T.F.P. is about the charge for the liquid and solid waste. £11 million by 2019, does that factor into this new sewage waste treatment sort of thing and, if so, how?

**The Minister for Infrastructure:**

Yes, that is a net figure, the gross figure will be around £13 million. Obviously the States want to pay its own share of its waste to create a level playing field so it is a net of £11 million.

**The Deputy of St. John:**

So you estimate that to be £2 million from the States?

**The Minister for Infrastructure:**

Yes. It is pretty much split 50/50 between liquid and solids, so we are looking at a net £5.5 million income for liquid waste and net £5.5 million for solid waste.

**Chief Officer, Department for Infrastructure:**

Just to reiterate, that is commercial waste charges only and not domestic.

**The Deputy of St. Mary:**

We appreciate that.

**The Deputy of St. John:**

We will come on to that particular area. The Budget 2015 which is mentioned in here and also the water strategy both specify that there would be no liquid waste charge to fund this new build. Has this changed?

**The Minister for Infrastructure:**

No, the actual S.T.W. is funded from capital allocations, it is future maintenance and future capital requirements that is built into our funding, as is a very, very modest extension of the ...

**The Deputy of St. John:**

So the new charge, just to clarify, for liquid waste has nothing to do with the waste water strategy?

**The Minister for Infrastructure:**

There has been a new waste water strategy published today. I have not managed to read it yet so I will ...

**The Deputy of St. John:**

No, that is the water strategy; I am talking about the waste water strategy that was agreed in 2014.

**The Minister for Infrastructure:**

No, it does not impact in that respect.

**Chief Officer, Department for Infrastructure:**

The commercial waste element of the charge will cover the revenue and operational costs. The key difference on the new sewage treatment works is its operational costs are significantly cheaper than the existing because of energy efficiency and optimisation. Its levels of treatment are to a higher standard and it will basically have the capacity to cope with Jersey's increase in population and make it future proof, which it currently is not.

**The Deputy of St. John:**

So in the M.T.F.P. it states in 2019 that there is going to be a growth bid for £1.7 million in revenue expenditure due to the new facility. Could you clarify what this money will be paying for?

**The Minister for Infrastructure:**

That is the refinancing costs. Part of the capital for the £58 million is a loan from the Currency Fund ...

**Finance Director, Infrastructure and Environment:**

I think strategic investment is the ...

**The Minister for Infrastructure:**

Currently the fund is allowed to invest infrastructure, so that is our financing costs for that.

**The Deputy of St. John:**

Can you just clarify the amounts?

**The Minister for Infrastructure:**

From the top of my head I think it is £27 or £28 million but I would have to check on that.

**Finance Director, Infrastructure and Environment:**

It will be £25,494,000 was what ...

**The Deputy of St. John:**

Sorry, that is specific.

**Finance Director, Infrastructure and Environment:**

£25,494,000 was funded and I think that was in the 2014 allocation.

**The Deputy of St. John:**

That was from the Currency Fund, was it?

**Finance Director, Infrastructure and Environment:**

That was from the Currency Fund, yes. In fact, there is a note about it on page 126 in the M.T.F.P. and it talks about funding of £10.1 million was awarded in 2014 and £25.5 million in 2015, and it is the allocation in 2015, that paragraph of the document. That £25.5 million was an infrastructure investment that was funded from the Currency Fund. So basically the £1.7 million coming in 2019 is the repayment of capital and interest on that.

**The Deputy of St. John:**

So that will be capital and interest.

**Finance Director, Infrastructure and Environment:**

It is held in the Consolidated Fund as a contingency sum. It is not currently allocated to the department's cash limit so it is an "in case of" amount.

**The Deputy of St. John:**

How long will that payback be over?

**Finance Director, Infrastructure and Environment:**

We have talked about a couple of ... I was going to say 25 to 30 years. It is something ...

**Chief Officer, Department for Infrastructure:**

It went beyond 25, I think, John, because it is a 50-year asset as a minimum.

**Finance Director, Infrastructure and Environment:**

Yes, I guess it would be.

**Chief Officer, Department for Infrastructure:**

We can clarify that if you require.

**The Deputy of St. John:**

I would appreciate that, if you could clarify it. I think that moves us swiftly on to the actual user pays aspect, if we can go into the finer detail. The M.T.F.P. that was agreed in October stated that you were to raise £10 million for user pays. Can you explain why this figure has been raised by £1 million?

**The Minister for Infrastructure:**

We realised that the States itself should be paying their way as well for their waste to create a level playing field, so part of it was to divide that but part of it was ... you know, there was an opportunity when we looked at the figures to raise an extra net £1 million effectively for the Treasury.

**The Deputy of St. John:**

An opportunity to raise an extra £1 million for the Treasury?

**The Minister for Infrastructure:**

Effectively what we are doing is that by going towards being self-financing with our disposal of waste in terms of commercial waste it takes the pressure off direct taxation subsidising those areas. So effectively, yes, we were ...

**The Deputy of St. Mary:**

That is what was originally intended, is it?

**The Minister for Infrastructure:**

The original target was £10 million but we looked at it and we look at it from 2 angles, one for the States having to pay their way so we wanted that to be a net position, and the figures sort of lent themselves to generating net an extra £1 million by the end of 2019.

**The Deputy of St. John:**

Would it be simpler to clarify that by asking then that technically the people who would be using these facilities will be subsidising the taxpayer?

**The Minister for Infrastructure:**

No, what it is is that we are taking that spend currently being subsidised by the taxpayer and making it self-funding.

**The Deputy of St. John:**

By an extra £1 million.

**The Minister for Infrastructure:**

When we looked at the figures from the work that was done on the document you already had back in February, the outline strategic case, it helped identify there that we had more commercial waste than we originally thought going through both the E.f.W. (Energy from Waste) and going through the S.T.W. and so we were looking to a full cost recovery on that from a commercial point of view and that equates to £11 million.

**The Deputy of St. Mary:**

So it has not charged per unit of weight, it is the fact that you identified more commercial waste to be charged?

**The Minister for Infrastructure:**

That is right, yes.

**Chief Officer, Department for Infrastructure:**

The overall split is approximately £30 million, 15 for solid waste, 15 for liquid waste including capital. There are some variances that depend on which year you take but it is of that order. Of that the significant amount of commercial waste, which is subsidised currently by the taxpayer meant that we saw that we could put that figure that we could raise to £11 million instead of £10 million. The £10 million was quite a nominal figure from the previous M.T.F.P. and the £11 million is a bit of a fine tune.

**The Minister for Infrastructure:**

The work on the outline strategy case was commissioned and commenced after the last M.T.F.P. debate back in September/October last year.

**The Deputy of St. John:**

The original intention was to look at charging for both domestic and commercial.

**The Minister for Infrastructure:**

The original intention from my point of view, as I said in my speech in November 2014, was that I would look at commercial. We took the opportunity when we could get the work commissioned to look at everything as we said we would look at everything, so that is what we did.

**The Deputy of St. Mary:**

Just going on there, I see in the addition at page 108 you do refer to a proposed initiative to introduce charges. You are bringing in proposals for commercial now, there is every intention to extend this to domestic in future is there?

[14:15]

**The Minister for Infrastructure:**

That is not my intention, it may be the intention of a future Minister for Department for Infrastructure, but at this moment in time and given the financial situation that we are currently in, I am quite content to stay at commercial charges.

**The Deputy of St. Mary:**

So there is no current intention to extend to domestic use?

**The Minister for Infrastructure:**

Not from my point of view, unless the economic circumstances change.

**The Deputy of St. John:**

On that particular basis, is it feasible to raise £11 million by only charging commercial?

**The Minister for Infrastructure:**

We think it works and we think it works at levels that the commercial enterprises can, (1) afford to bear, and (2) actually just cover the costs of the services that they are consuming.

**The Deputy of St. John:**

You can understand going through the addition, or even the annex, there is no actual detail as to how that may be applied but in the distributional analysis it does suggest figures in terms of £3.12 per cubic metre and £150 per tonne.

**The Minister for Infrastructure:**

We have done some high level costings of it and how you apply those costings. There are different ways of doing it. For example, in liquid waste you can have just a usage fee or you can have a standing charge and a usage fee. We have not gone down to that detail yet, that is the process of the work for the next 6 months or so and we will come back in the spring of 2017 with the detailed proposals.

**The Deputy of St. John:**

Okay, so should this be approved by the States Assembly, commercial activities will not be aware of how much or how they will be charged until next year?

**The Minister for Infrastructure:**

They will have some indication because obviously we will be consulting with commercial enterprises in all different aspects, be they offices, hotels, retail, et cetera. We will be talking to individual business, trade bodies, et cetera, to get a better understanding on how the detail will impact on those businesses.

**The Deputy of St. John:**

How do you foresee things happening then within that period of time between when you finally decide how you are going to take these charges forward and what commercial businesses may be doing to try not to have to pay as much?

**The Minister for Infrastructure:**

Certainly on the solid waste section that is what we want them to do. We want them to look at alternatives to recycle more, to look at alternative providers for disposal of their rubbish rather what is the current situation is disposed of in the E.f.W. free of charge to commercial business but obviously at a direct cost to individual taxpayers.

**Chief Officer, Department for Infrastructure:**

We are basically about to really push the eco-active business side of things with our environmental colleagues to try and really promote better use of resources, that is liquid and solid, because again the more ... the more people can recycle, upcycle, not use particularly grey water recycling and water usage in hotels and in the hospitality industry is good for Jersey, it is good for their brand and image and it is good for us as well because there is less for us to treat. So I think it is a mindset change on minimising the amount of waste that is produced and also, let us not forget, at the moment the taxpayer is paying for these businesses to do this and at the moment the simple, cheapest and easiest option for them is to take all their waste to either the Energy from Waste plant or to push it down the drain. So we are trying to rebalance that in equity that is currently in our system.

**The Deputy of St. Mary:**

Do you anticipate these moves will lead to an increase in recycling operators?

**The Minister for Infrastructure:**

Yes, if you look at our sister Island, Guernsey, I am led to believe that very little or zero commercial waste goes into their landfill. It all goes to recycling and any residue that cannot be recycled is shipped off Island. So we anticipate there being a mini business there for - or not necessarily that mini - recycling and our recycling rates improving from where they are, they are relatively low, and therefore the Island producing this waste for effectively going through the E.f.W.

**Chief Officer, Department for Infrastructure:**

We have not been able to find any jurisdiction that has free commercial waste services anywhere. I am sure there will be one somewhere but we have not been able to find it.

**The Deputy of St. Mary:**

Again, we appreciate what you are driving at there.

**The Deputy of St. John:**

You stated that if there is a push in terms of commercial changing their behaviour for waste treatment, if there is less to treat then, do I assume it is less cost or will the costs stay the same?

**Chief Officer, Department for Infrastructure:**

There are fixed and variable costs in all the options we have. What we would like to do is enable the commercial sector to recycle more and set up better facilities ourselves to do that and work with them to do it. So this is not something we are going to do next week, this is quite a big project.

**The Deputy of St. John:**

No, we are quite aware of that. This is over 3 years of the M.T.F.P.

**Chief Officer, Department for Infrastructure:**

So there is a big journey for ourselves to go on in terms of facilities we offer and also for the commercial sector to step up and gear up to doing things in a different way. I think we can do that in partnership.

**The Minister for Infrastructure:**

A good example that has happened in Jersey, if you look back 20 years ago there was literally no recycling of inert waste, now there are a number of providers in the Island that recycle that waste. Our building footprint is much more environmentally friendly because of it.

**The Deputy of St. Mary:**

Has any thought or decision been made as to the form of structure you are going to create by which the charge will be taken? Is it going to remain within department or are you thinking of ...

**The Minister for Infrastructure:**

We have looked at all the options for what Jersey Waste, as a structure, could look like. Again, that is the outline strategic case document. We have had workshops for States Members and it looks like there is a preferred option of some type of trading entity as we have similarly with the Car Park Trading Fund and with fleet management. So we are probably looking at something similar to that to try and ring-fence the income - certainly from a commercial aspect of it ring-fenced - so it is not reliant on costs from general taxation.

**The Deputy of St. Mary:**

That is probably good news as far as we are concerned. Concerns have been expressed about maybe a further company which will be States owned and there is a feeling that that control will be lost.

**The Minister for Infrastructure:**

That was one of the examples. We looked at all the examples. We looked at a non-States-owned body doing it, you know, hybrid like we have the water company where the States are the majority shareholder but there are other minority shareholders. Certainly it looks like the appetite from States Members, from the workshops that we have done, is that the first step would be ...

**The Deputy of St. Mary:**

To again do it in your department? Okay, thank you.

**The Deputy of St. John:**

On the distributional analysis ...

**The Minister for Infrastructure:**

Sorry, I would just like to add to that what is important is to ring-fence it for the purpose that it is generated.

**The Deputy of St. Mary:**

Yes, that probably is one reason why, Minister, we are unhappy with a further company which is controlled through Treasury.

**The Deputy of St. John:**

The actual distributional analysis that was shared with all States Members is page 59 shows the potential impact the waste charge may have on businesses and therefore potentially the consumer. How do you justify that position?

**The Minister for Infrastructure:**

I do not have the document in front of me but from memory it came out as marginally regressive.

**The Deputy of St. John:**

Mildly regressive.

**The Minister for Infrastructure:**

Yes. The conversations that I had with the Economic Adviser to the States of Jersey is you have to weighed that against environmental issues and you have to ... Jersey needs to be certainly in the top quartile in my view of how we deal with our environment, our recycling rates are far too low and we need to do better. Without bringing in these types of charges, we are not going to get those types of environmental behavioural changes.

**The Deputy of St. John:**

Have you consulted with key stakeholders?

**The Minister for Infrastructure:**

No, we have not gone out to a full consultation. We said that that would be what is happening in the next 6 months or so, so we can formalise our detailed proposals which will be brought back to the States in the spring of next year.

**The Deputy of St. Mary:**

I raised this in the context of the public hearing that the Economic Affairs Panel had last week with the Minister and he expressed concerns of the impact this would have on the hospitality industry.

**The Minister for Infrastructure:**

He did express concerns but he was fundamentally behind the proposals of what we are doing and he said that publicly and obviously privately between ourselves. We have a good working relationship with that Minister. But at the end of the day that is why we need to enter into dialogue to find out specific areas of the commercial industry and specific issues. A good example of that is the dairy. Jersey Dairy Producers are quite tough - toxic is not quite the right word ...

**Chief Officer, Department for Infrastructure:**

High loading.

**The Minister for Infrastructure:**

... high loading liquid waste from their facility and in fact they are looking at a containerised processing plant to deal with parts of the waste that they produce and we will be working with them to minimise their additional costs for the residual waste that we do see. So we are going to be working with different sectors of the commercial enterprises.

**The Deputy of St. Mary:**

This consultation process, has it already started or is it something ...

**The Minister for Infrastructure:**

I have had initial meetings with the I.o.D. (Institute of Directors) and with Chamber, we have other meetings proposed. Obviously the summer months are quite difficult so we are going to be doing those in the autumn and in the winter.

**Chief Officer, Department for Infrastructure:**

As you are aware, States Members are our first major consultee in that the States are going to vote yes or no for this. So that is something we have been focusing on with the 2 workshops we have just done where we have had these very open discussions about what is going to be acceptable or is not acceptable and something we have gained a lot of value from. Going out to the industry, generally speaking, they are not going to want additional charges, I think we know that. I think there is an alternative way of looking at it in terms of eco-tourism and Jersey stepping up into where it should be in terms of looking after the waste that it produces and the water that we surround ourselves with and we have to look after. So I think there is a different way of looking at this but we have not developed that yet because we have been focusing on the political acceptability first.

**The Deputy of St. Mary:**

Just to respond to your comment about the workshops, I think most States Members who attended thought they were useful and we thank you for putting them on.

**The Deputy of St. John:**

Can I just clarify then, if you are working with commercial businesses to identify ways to reduce costs, what is the risk to the income?

**Chief Officer, Department for Infrastructure:**

Okay, what we have done is the reason it is not £15 million and it is down at £11 million is because we have assumed that we are not going to capture all the waste and we are assuming some significant behaviour changes based on what has happened in other places and what the industry best practice is. So we have put some factors in there and then we will monitor as we go along. But the key thing for us is to have the right infrastructure so that if it is not going to the Energy from Waste plant and it can be recycled then we have the facilities available on site for the commercial sector to do it.

**The Deputy of St. John:**

So when do you expect the user pays charges to be fully established to provide the revenue stream, if this is approved?

**The Minister for Infrastructure:**

If this is approved then a full year will be on 1st January 2019.

**The Deputy of St. John:**

1st January 2019.

**The Minister for Infrastructure:**

That would be the first new full year of charges.

**Chief Officer, Department for Infrastructure:**

Again the critical path is, as well as the education and various other things, there are law changes, there is law drafting, there is the issue of the covenant which is being deliberated about now and so there is a ... this is not a straightforward step.

**The Deputy of St. John:**

In terms of the actual specific charges that have been applied, do you have a breakdown of the expenditure that will be applied against those charges?

**The Minister for Infrastructure:**

Yes, we know what both sides of the Jersey waste - call it a business ... that is how we come to identify what the charges ... the high level charges should be as the £3.12 for the liquid and approximately £150 per tonne for solid waste was on the basis of what costs we have and what expansion of the main sewage network that we would like to do.

[14:30]

**The Deputy of St. John:**

Okay. I am going to go back to the distributional analysis. It suggested in here that there was not sufficient information to contradict the general finding on page 61 of the distributional analysis. That this charge will feed into higher prices and therefore likely to be regretted. Do you have any sufficient information against that?

**The Minister for Infrastructure:**

No, and at this time we are not likely to. It is very difficult to know how to compete in businesses. There are so many different factors involved right down from different shareholdings, down to operating criteria. It is going to be extremely difficult to get that data. Even if you got it for an industry to take, for example, one hotel versus another hotel, they have got different choices they can make about mitigating the level of waste that they produce, and secondly, how they dispose of it.

**The Deputy of St. John:**

Would you say there is plenty of choice there to find alternative ways and find different ways of dealing with the waste?

**Chief Officer, Department for Infrastructure:**

I think it is worth reiterating the Minister's comment about Guernsey. Guernsey's commercial waste ... Guernsey produces the equivalent amount of commercial waste as Jersey does proportionally and not one tonne of it goes to their landfill site at Mont Cuet. So the industry there make choices to minimise the amount of waste they do and then somebody, a private business, recycles the waste as much as possible and then the residual that is left gets exported from Guernsey as a registered fuel for incineration elsewhere to produce energy. It is a challenge but it is a challenge that has been answered in another jurisdiction not so far away from here because they have got a gate fee of £196 a tonne on their landfill site. So it is a significant gate fee, which means that if you can recycle it for £100 a tonne then that is beneficial for everybody. I am making the figures up so do not quote me on those. But the principle is if there is a gate fee of X it drives different behaviour. Good and bad. Mainly good but there is some bad behaviour which we will have to address as well.

**The Deputy of St. Mary:**

Is our present gate fee too low then?

**The Minister for Infrastructure:**

We have not got one.

**Chief Officer, Department for Infrastructure:**

We have not got one.

**The Minister for Infrastructure:**

Our rate is zero. So if you can dispose of waste at our E.f.W. for zero you are not going to recycle it.

**Finance Director, Infrastructure and Environment:**

Unless you make money from it.

**The Minister for Infrastructure:**

Unless you make money from recycling.

**Finance Director, Infrastructure and Environment:**

And sell it. And even then ...

**The Deputy of St. John:**

There is another charge that has been stated in the M.T.F.P. with regards to green waste charges, £357,000.

**The Minister for Infrastructure:**

That is our green waste charge. We currently charge for green waste for commercial enterprises, it is free for domestically-produced green waste, so your grass cuttings from your Sunday afternoon cutting the lawn, as I did, is disposed of free of charge at our facility, but commercial is already charge. That difference is that we are not currently at full cost recovery. That additional monies is effectively bringing it up to full cost of recovery.

**The Deputy of St. Mary:**

That again might engender other green waste businesses elsewhere because places in the countryside can probably cope with small amounts.

**Chief Officer, Department for Infrastructure:**

As long as they are next to your house. It is a very ...

**The Deputy of St. Mary:**

Your own house, you mean?

**Chief Officer, Department for Infrastructure:**

... emotive thing and Jersey has a long and chequered history about green waste recycling in the countryside.

**The Deputy of St. Mary:**

Yes, okay, in my Parish I am aware of that. **[Laughter]**

**The Deputy of St. John:**

So we are typically moving on to some of the risks with regards to this charge. So the next question is really asking what policies and legislation are there in place to ensure that charges do not encourage large amounts of fly-tipping instead of changing the behaviour?

**The Minister for Infrastructure:**

Yes. There is very little in place at the moment. Liquid waste does not really come into this, it is just the solid waste. It is a solid waste issue. We have fly-tipping now. We will have fly-tipping in the future. We will have maybe marginally more fly-tipping when charges come in. It is a problem that other jurisdictions have and they take measures, as we all do, to mitigate that and to ensure that the charges that we do bring in, subject to the States approving, there is a budget in there for dealing with preventing fly-tipping but also dealing with the residue of fly-tipping.

**The Deputy of St. Mary:**

Two points I would make: one is that the Environment Department seem to think that legislation was in place. It is just the funds you need to enforce it. On enforcement, will that fall to you or to Environment?

**Chief Officer, Department for Infrastructure:**

That is a discussion between us really. I think the regulation and the enforcement sits with them but the awareness of it is something which I think everybody who works for D.f.I. (Department for Infrastructure) can be aware of it. If we spot some we can log it through the ...

**The Minister for Infrastructure:**

Love Jersey.

**Chief Officer, Department for Infrastructure:**

Yes, to our new potential ... our new systems we are going to have in place. So I think if everybody uses their eyes to see the stuff then the regulator has a final jurisdiction over it but if we can use more people, the people who are doing the street cleaning, the people who are doing all the other jobs, to keep an eye on.

**The Deputy of St. Mary:**

Am I right in thinking that the greatest danger of fly-tipping is not the commercial development, because you will have them on radar, but the smaller outfit?

**Chief Officer, Department for Infrastructure:**

Yes. Undoubtedly it is the small business and the small one-man operation. Or people just do not understand the rules of engagement in Jersey. People fly-tip now. If you go down Germain's(?) Road you will see many items in the ditch and you are thinking: "Why on earth would you throw a television in a ditch on a beautiful country road. The reason perhaps people do that, I do not know, is because that is what they used to do, but here you do not have to because you can take it to one of my sites for free. I do not get it but that is what people do.

**The Deputy of St. John:**

There are just a couple of things that came from your answer there, Minister. You stated that you would do things to mitigate it but you did not explain what.

**The Minister for Infrastructure:**

There are a range of things that we can do. Certainly on the recording side of capturing when it has happened. We are working on a mobile phone app currently that will allow people to advise us of possibles, for example. That can be linked into advising us there has been fly-tipping so when a

photo is taken off it it captures by G.P.S. (global positioning system) where it is and then our people can go and deal with it. But mitigation is just a bit of a cultural thing in terms of the more it becomes unacceptable to the public the more the public will self-police it and it will become the thing that you just do not do.

**Chief Officer, Department for Infrastructure:**

One of the big benefits you get is if you do investigate it and you find evidence of who it has come from then you make an example of that company. What it does is it is not good for the company's P.R. (public relations) to be caught dumping somebody's rubbish in a beautiful green lane in the centre of St. Lawrence, for example. So I think there is a behaviour thing. We have got a small community here, which I think cares passionately about the environment, and it is something we have got to play on and play to the strengths of Jersey where we can say: "That is not acceptable behaviour" and those companies will suffer because of it. I think the peer pressure you can get from doing that is more powerful than any fines or any systems. Then in terms of the procurement for the States is if you have been caught fly-tipping then you are not going to be working for the States would be something you could perhaps do. There are lots of options.

**The Deputy of St. Mary:**

So you assume at the same time as these charges come in there will be some media campaign or published material ...

**Chief Officer, Department for Infrastructure:**

Absolutely, yes.

**The Deputy of St. John:**

You also mentioned, Minister, that there is already a budget in here for preventing fly-tipping.

**The Minister for Infrastructure:**

There will be as part of the net £5.5 million raised, part of that will be to allow us sufficient funds to deal with any fly-tipping or other scenarios that we have to deal with.

**Chief Officer, Department for Infrastructure:**

As John can testify, I think the Environment Department's budget has been hit quite hard in the M.T.F.P., as well as ours has, so we might be able to help them with some of this budget if that is the way we do it.

**The Deputy of St. Mary:**

Can we tell them that?

**Chief Officer, Department for Infrastructure:**

No.

**The Deputy of St. John:**

Too late, you just said it on public record.

**Finance Director, Infrastructure and Environment:**

With my other hat on.

**The Deputy of St. John:**

You also mentioned that your street cleaners as well could keep an eye on the potential for fly-tipping. How many street cleaners have you got currently?

**The Minister for Infrastructure:**

That is a moving target.

**The Deputy of St. John:**

Currently. Surely it is not moving today.

**Chief Officer, Department for Infrastructure:**

In terms of the mobile ones we have about 12 people in that role. But parking control officers, people who are using mechanised sweepers, people who are doing gully emptying. We have got a range of people out and about, people who are looking after pumping stations. If they are all looking and recording any fly-tipping it is a significant workforce out there who can do this as they are going about their business. So it is more of instead of getting somebody dedicated to look for this stuff you just basically assign that to a task where everybody works for our organisation.

**The Deputy of St. John:**

But overall you are expecting it more to be a social or community responsibility to report?

**Chief Officer, Department for Infrastructure:**

Hopefully, yes.

**The Minister for Infrastructure:**

It is going to be a joint effort. You would expect anyone who works for the States of Jersey if they see it to report it. Just as you would expect any citizen if they see it to report it.

**The Deputy of St. Mary:**

The St. Helier covenant. I know it went to court initially. It was adjourned at that stage. Has it been further heard?

**Chief Officer, Department for Infrastructure:**

I think it is completed now.

**The Minister for Infrastructure:**

The hearings are completed, we are just waiting for the adjudication. We have had no indication from the court when they are likely to advise us of their judgment.

**The Deputy of St. Mary:**

Forgive me, I do not have the details. Were the arguments in court, do they distinguish between commercial and domestic, for instance?

**The Minister for Infrastructure:**

No, it is just the principle of what we believe the covenants represent and what the Parish believes the covenant to represent.

**The Deputy of St. Mary:**

But all your proposals on user pay assume that the covenant ... the judgment will either go in your favour or somehow will not apply at the time?

**The Minister for Infrastructure:**

Yes.

**Chief Officer, Department for Infrastructure:**

That is the caveat.

**The Minister for Infrastructure:**

That is our main caveat on that.

**The Deputy of St. Mary:**

So if it were to go against you then you would ...

**The Minister for Infrastructure:**

We would have to negotiate with the Parish and the cost of that would have to be passed on to commercial enterprises.

**The Deputy of St. Mary:**

Again, I do not want to ... I know it is *sub judice* to a certain extent but to the extent that you are aware, have the Parish indicated they would negotiate rather than say: "We are not going to talk to you?"

**The Minister for Infrastructure:**

We started out by negotiating but we very quickly realised that we were poles apart because of what our belief to be the covenant to be and what their belief to be the covenant to be. The common ground was vast. What the court's decision will enable us is to clarify the position where we can move on from there.

**The Deputy of St. Mary:**

I appreciate both sides needed a decision of some kind, so plan B, if you do not get it, is to then negotiate. And the costs of any buyout will come from where?

**The Minister for Infrastructure:**

It will come from the commercial users disposing of their waste.

**The Deputy of St. Mary:**

Does that mean that the costs will go up to meet that?

**The Minister for Infrastructure:**

Most certainly.

**The Deputy of St. Mary:**

All right, so self-financing.

**The Minister for Infrastructure:**

If, for example, it costs - pick a figure out of the air completely - it costs £1 million per year for the Parish to allow us to charge and accept commercial waste then that cost will have to be borne by those people disposing of that commercial waste.

**The Deputy of St. Mary:**

So in a sense, it is not really an obstacle to you doing it. It is going to happen in any case. What you are saying is it is a question of the level of costs.

**The Minister for Infrastructure:**

Yes, but that obviously ... depending on what that figure would be, it would be difficult for businesses to absorb potentially that level of cost.

**The Deputy of St. Mary:**

I am sorry, you said earlier on you had no intention of bringing in domestic, but that ...

**The Minister for Infrastructure:**

No, but the commercial element of it if we have to buy out the commercial element of the covenant. If that went into millions of pounds then that could be an unacceptable cost for some parts of the commercial industry to bear.

**The Deputy of St. Mary:**

Sorry, if it came to negotiation you would negotiate only for the commercial element, would you?

**The Minister for Infrastructure:**

Without being in that situation it is difficult to know what the Parish would want us to try and seek a resolution on. They may want us to do a complete package or they may want some ..

**The Deputy of St. Mary:**

Okay. When is the judgment is expected?

**The Minister for Infrastructure:**

We do not know.

**The Deputy of St. Mary:**

You do not have a date roughly?

**The Minister for Infrastructure:**

We have not been given any indication from the court, as far as I am aware.

**Chief Officer, Department for Infrastructure:**

We are hoping it is before the M.T.F.P. debate.

[14:45]

**The Deputy of St. John:**

What if it is not?

**Chief Officer, Department for Infrastructure:**

Then it will not be.

**The Deputy of St. John:**

So the user pays ... yes, but this user pays side of things is within the M.T.F.P. And you have just stated if it was to go into the millions the renegotiation would be difficult ...

**The Minister for Infrastructure:**

Some sections of the commercial enterprises might find it very challenging if their costs went up significantly above what we are anticipating them to go up by.

**The Deputy of St. John:**

So there is a huge risk here then? If this was to be agreed - user pays - and there was a negotiation process instead of the covenant being determined in the way that you have determined it to be, then there is quite a high risk that there would be a need to dip into contingency funding because commercial companies would not be able to pay for a significant negotiation process.

**The Minister for Infrastructure:**

If you think about the majority of commercial enterprises who are based in St. Helier, significant or certainly a significant number, they would be paying for their Parish rates for their collection. They will be paying us for their disposal. If they were then having to pay on top of that, to pay to the Parish, again, so effectively they would be paying the Parish again, I imagine many of those businesses would find that unpalatable.

**The Deputy of St. John:**

So there is a risk that in order to bring in the user pays you need to access contingency to pay for that negotiation?

**The Minister for Infrastructure:**

No, I think more of the pressure would be on the Parish from its parishioners that pay the rates.

**The Deputy of St. John:**

We will move on to ... we will give user pays a break for now, but we will move on to another section of your department, which is Property Holdings. There is a growth bid that has been made for additional property maintenance of £4 million per annum of which £2.85 million to the hospital transitional maintenance and £1.15 million for Jersey Property Holdings backlog maintenance. With regards to the backlog maintenance how many properties will that maintain?

**The Minister for Infrastructure:**

That is a bit like asking how long is a piece of string. It depends on which properties are used for operational activities and which properties will or are surplus to requirements.

**The Deputy of St. John:**

So that 1.15 is not allocated to specific spend over the next 3 years? It is just allocated as a budget?

**The Minister for Infrastructure:**

It is allocated as a budget to start working towards solving the backlog maintenance on the entire J.P.H. (Jersey Property Holdings) list of properties, and the other balance of the £4 million is specifically for health and social services estate. Those monies are held by Treasury and the ...

**Finance Director, Infrastructure and Environment:**

They are within the cash limit. It was a growth bid that came in in 2016, so it is already in place. It is not new for 2017 to 2019. It just rolls forwards within the base cash limit.

**The Deputy of St. John:**

So it is a rolling forward?

**Chief Officer, Department for Infrastructure:**

Yes.

**Finance Director, Infrastructure and Environment:**

Originally it was put forward when J.P.H. was part of Treasury and Resources and then when it transferred across in January it became part of the department.

**The Deputy of St. John:**

Can you just give me an example of some of the backlog maintenance that you are looking at resolving because there must be some particular areas?

**The Minister for Infrastructure:**

We are looking at a building now that we are trying to dispose of, that we do not need substantial refurbishment and maintenance. It is a whole host of things we have. We have done some backlog maintenance in 2015 on Cyril Le Marquand House. It was urgently replacing the windows that needed replacing. It does depend on the operational need and the conditions of the buildings and we do have condition surveys of most of the buildings on file. The head of Property Services is not with us today, he is on annual leave, so we will provide that information to you.

**The Deputy of St. John:**

Okay, I would be grateful for that. There is a particular section where it talks about a central administration building. It is probably appropriate to move on to that question with regards to the office modernisation project. How will the funding be applied for this? What in particular can I refer to in the M.T.F.P. that allows me to see that we will be able to slim down a property portfolio and become more efficient in terms of our administration?

**The Minister for Infrastructure:**

Certainly it is possible to do that. With regards to funding, that is a Treasury matter. I have my own personal ideas on that but it is not appropriate for me to go there; it is a Treasury matter. But what you can see at page 130 are some examples of some disposals of surplus buildings. So we will be looking to part fund that. Not straightaway, it is a cash flow exercise because obviously you cannot dispose of the building that you are vacating until you have vacated it. But certainly part of the office programme will be funded from disposals; part of it. There are numerous other routes that can be done. We are looking at internally managing this M.T.F.P. from internal sources, in terms of there are 2 or 3, effectively, mortgages on a number of our properties expiring in the next year or 2 and funding released from that will help fund a central office building in terms of its ongoing effectively quasi-rent for the period. But certainly there will be something required in the M.T.F.P. 3.

**The Deputy of St. John:**

I just need to clarify this because in this - 131 - it states that: "Means for funding will be included in the 2017 budget."

**The Minister for Infrastructure:**

Yes, and as you ...

**The Deputy of St. John:**

Which is this year.

**The Minister for Infrastructure:**

It is this year, and as you will be aware I am not the Minister for Treasury and Resources. I was the former Assistant Minister for Treasury and Resources, and that is for the Treasury Department to come up with what ... the budget is lodged by the Minister for Treasury and Resources. It is a Treasury proposal.

**The Deputy of St. John:**

Yes, but I am assuming you are part of the project team that will be working with them.

**The Minister for Infrastructure:**

We are but it is not for me to preannounce budget measures.

**The Deputy of St. John:**

I am not suggesting that it is. All I am stating is that there is what the project total is expected, 48.7, that is an indicative capital cost under figure 50.

**The Minister for Infrastructure:**

Yes.

**The Deputy of St. John:**

I am just trying to identify (1) how that money was identified, (2) where is it coming from, and (3) why further details are not in the M.T.F.P.

**The Minister for Infrastructure:**

Further details are not in the M.T.F.P. because the work has not been completed. It will be completed or should be completed by the time the budget is lodged. Part of the funding will be coming from probably disposals but there is a cash flow in that. You cannot sell a property that you have not vacated yet, certainly if you wanted to maximise the return on that property. For example, the replacement hospital is likely to be a blend of measures that will come up to fund the hospital building.

**The Deputy of St. Mary:**

On page 110 of the Addition the list of expenses in the premises and maintenance figures for 2017, 2018 and 2019 are pretty similar. I would have expected if there had been disposals that the maintenance figures would be somewhat less.

**The Minister for Infrastructure:**

We do not tend to maintain properties that we are about to dispose of. I will give you a good example of that. We spent very little on Queen's House, which is the old St. Saviour's Hospital, other than making sure it is secure. So we would not anticipate the property maintenance budgets to decrease significantly when you dispose of such type properties.

**The Deputy of St. John:**

Can I just ask then, I know you are not the Minister for Treasury and Resources, so you do not have to state that again, I am quite aware of that. But in terms of the ability to cash flow for a project like this in the way that you have just stated, what are the limitations surrounding the requirement for capital expenditure?

**The Minister for Infrastructure:**

Obviously before you start a capital project you have to have the budget approved and the funds available. As was effectively done with the S.T.W. there is a short-term infrastructure loan from the Currency Fund. There are other funds and other reserves that the States have. An example of where building is partly funded from a fund outside of the Consolidated Fund, and that is the current Social Security building. The current Social Security building, or part of it, is owned by the Social Security Fund and the department pays rent on the use of that premises for the elements that do not deal with the Social Security Fund. So there is an option to do something similar for an office building on the adjacent site. That is one example.

**The Deputy of St. John:**

So you are looking at possibly funding from a reserve or fund and then pay back?

**The Minister for Infrastructure:**

Yes. If you are doing it partly or significantly partly from capital disposals, as I said, to get the most out of those capital disposals you want to sell them unencumbered.

**The Deputy of St. Mary:**

The revenue funding is increasing by £600,000 during the period 2017-2019. How will the rates be funded? By Jersey Property Holdings or directly paid by the department?

**The Minister for Infrastructure:**

You are talking about the £900,000 for States paying rates?

**The Deputy of St. John:**

Yes.

**The Minister for Infrastructure:**

In the first year, which is 2017, that is being funded out of a property growth bid. It has been seen as sensible that instead of each department paying their separate bits of rates that it comes through Property Holdings, so we get the addition to our budget of £900,000 for 2017 and that will be paid across to the various Parishes. 2018 and 2019 Treasury are still looking at ways of generating those funds, so it does not currently come out of existing departmental budgets.

**The Deputy of St. John:**

When should it come in, when it comes in, in terms of being paid directly rather than out of a growth pot of some sort?

**The Minister for Infrastructure:**

At the moment for 2017 the population of the States to pay rates will be paid out of additional monies transferred to Property Holdings. It was always agreed to be done on a matched income to expenditure basis. That is not going to happen until 2018 or 2019.

**The Deputy of St. John:**

So it will be Jersey Property Holdings that are paying those rates directly?

**The Minister for Infrastructure:**

Yes.

**The Deputy of St. John:**

It will not be the departments themselves?

**The Minister for Infrastructure:**

No.

**The Deputy of St. John:**

How does that fit in with the philosophy of user pays kind of ...

**The Minister for Infrastructure:**

We are phasing out the word "landlord", we own the buildings. You have 2 types of rates in Jersey - you have fonciers and occupiers - so we would be paying the foncier rates anywhere. It just seemed less cumbersome and less administrative burden if we dealt with the whole of the obligation to pay the various Parishes the various rates as opposed to each department having to do that work, which make sense and it is easier to do.

**Finance Director, Infrastructure and Environment:**

For those rates that we do currently already pay, and we do pay rates already, all of the bills already come to Jersey Property Holdings. They are then reanalysed and redistributed to other departments. If you started doing that for the whole of state you would have to either have a small army of people trying to work it out at the end of the year. So administratively it has been done in this way. There will be potentially some ... depending on the nature of the rates that are currently being paid there may also be some transfer of resource that will be required in the future but it is not envisaged at the moment.

**The Deputy of St. John:**

So I am assuming from what you are saying then, when I look at the service analysis for your department - 109 of the annex - where ... I am assuming that the £900,000 is not in that number anywhere in 2017, 2018 or 2019?

**Finance Director, Infrastructure and Environment:**

The income line is not, no. The proposal at the minute does form part of the 2017 cash limit for J.P.H. It is in there. On the reconciliation, on page 111, the new funding shown towards the bottom of that reconciliation table of £910,000, £900,000 of that is the payment of rates?

[15:00]

**The Deputy of St. John:**

That is the payment of rates.

**Finance Director, Infrastructure and Environment:**

£10,000 of it is something else but £900,000 is the rates payment.

**The Deputy of St. John:**

It would just be useful if it actually said that rather than refunding or, you know. Trying to get all these things. Right, thank you for clarifying that. There was a written question that I asked of yourselves in the States. It stated within that written question that there was unsatisfied property-related bids in the M.T.F.P. capital programme for 2016-2019 totalling some £30 million. Has this changed for the M.T.F.P. Addition? Is there less or more?

**The Minister for Infrastructure:**

No, the capital programme has not changed from what was debated last year and it is not likely to change from a D.f.I. perspective. I have been given assurances by my colleagues that the capital that we require over the next 3 years will be as stated.

**The Deputy of St. John:**

Okay, so there is some certainty around that, obviously should this be approved by the States.

**Finance Director, Infrastructure and Environment:**

Even then capital will still be allocated on an annual basis in the budget.

**The Deputy of St. John:**

Yes, the capital programme. So it could change depending on whether a States Member wants to change it or not.

**The Minister for Infrastructure:**

Could change.

**The Deputy of St. John:**

Historically - well, not so historically, only in the last 5 or 6 years - there have been issues with spending capital funding within the time limit that it is needed to be spent. Is that still an issue or has that changed?

**The Minister for Infrastructure:**

There is always going to be an issue in terms of this comes from the F.P.P. (Fiscal Policy Panel) and their recommendations to try and match our capital funding countercyclical. That is a good philosophy to have and a good condition to have, but you have to weigh it against why we are investing in capital projects. That is to provide ... at the end of the day to provide the public with services, so there is an overall service obligation that we need to attend to first, and if we can match that in to be countercyclical for the economic benefits, then that is a good thing. But you would not necessarily not do a project because it is in line cyclically as opposed to being counter-cyclically. Also, you can only do capital projects when you can physically do them. An example of that is just about to be finished in the next 9 months or so, and that is the new police headquarters. If we had not had unforeseen holdups caused by a number of issues outside of the department's control, that building would have been finished 12 months ago. So, there are external factors that stop projects from happening, but there is also an overriding benefit. What we are trying to do here is to provide the assets to provide certainty to the public.

**The Deputy of St. John:**

Is it so much external influences as much as there is too much demand for you to keep up?

**The Minister for Infrastructure:**

Demand, if you are using demand in terms of demand that there are requirements for more funding to provide more capital assets?

**The Deputy of St. John:**

There is just a lot of capital that needs to be spent.

**The Minister for Infrastructure:**

There is a lot of capital that needs to be spent and the size of the team that we have and with the budgets that we have and that we anticipate, that will make sure that the public services are delivered with the appropriate capital assets. It is always nice to have more because you could do

things quicker or you could do things in more areas, but again you have to balance that with the ability of the taxpayers to fund it. At the end of the day we will have the same 102,000 now, I believe, people in the Island and we have to pay for the services that we consume.

**Chief Officer, Department for Infrastructure:**

The major capital projects are not built in a year and to try and account for them in a year I think is naïve at best. I think most major capital projects I have been involved with the planning takes at least 2 years. Political approval probably takes 5 years if I am lucky. So there is a huge naivety about capital. I think we report it in a way which implies that it is all delayed. We have had £27 million - 26 point something - allocated to the S.T.W. The sewage treatment works is a one-off project which will only happen in one generation and it has to be right. To get that right is very difficult. It requires lots of involvement from lots of people and it is something that I am not prepared to rush to fit a capital need which is false. I think the key thing is to deliver it once and right. We should report in a different way. I think the reporting of capital should be done in a way which does not imply that there is £100 million sat unspent or whatever the figure is, because that is normally what you see and what you hear. I have sat with economists who have said: "Why are you not spending that?" Well, the reason is our hospital, the sewage treatment works, even a recycling centre, are one-off difficult projects. We try and make as many projects as local as possible. Local involvement means that there is a local supply chain which cannot flex in the same way, so you can spend loads of money very quickly but it tends to be off-Island and tends to be not the best value for the States of Jersey. So my role is to hopefully try and re-educate how we manage capital, but we do it once and right. I think this year thing on capital is most strange. I think if we worked on a 5-year capital cycle where you could do an asset management plan, you could start partnering with local contractors, I think there is lots of innovation we can do but we need some maturity around looking at the numbers and what we are doing.

**The Deputy of St. Mary:**

Efficiencies and savings, the rationale of bringing Jersey Property Holdings into the fray was to achieve that. Has that worked?

**The Minister for Infrastructure:**

It has worked and we are going to be producing a report on that hopefully by the end of this month, but certainly by mid-August, on what has been achieved in the first 6 months of this year.

**The Deputy of St. Mary:**

Okay. So, rather than give us figures now, you will produce something?

**The Minister for Infrastructure:**

Yes. We are still working on drilling down and extracting the figures. Most of them are quite intangible because it is about productivity and productivity is always difficult to measure in pound signs. But certainly the working experience by bringing the 2 departments together has streamlined a number of our projects to date and will continue to do so.

**The Deputy of St. Mary:**

So, as far as you are concerned, it has achieved some savings; at the moment we do not quite know what, yes?

**The Minister for Infrastructure:**

It has definitely improved the way we work. Converting that into pound signs is always difficult, but we are endeavouring to do that so we can show States Members and the public the benefits of bringing the 2 together. But on a day-to-day working basis, more as an outsider, so to speak, as a sort of non-exec of what would be a board, I believe that the working environment for the officers has been greatly improved.

**Chief Officer, Department for Infrastructure:**

Yes. Both departments - prior to - deliver probably the majority of capital within the States except with the exception of I.S. (information system) projects. So to have some commonality there, some common controls from the accountancy side, some common standards in terms of delivering projects, is a massive improvement. The simple example of the collaboration is private roads in public ownership. Have I got that right?

**The Minister for Infrastructure:**

Yes.

**Chief Officer, Department for Infrastructure:**

Where Property Holdings have had these for many years, which are very problematic for them because their role is mainly property. We have a roads section and we will be in due course transferring some of those assets across from one element to the other. Far easier as one department because I, as previous Chief Officer of T.T.S. (Transport and Technical Services), fought against that because it was not in the interests of T.T.S., but as D.f.I. it is putting them in the best place possible. So, it is a small example but it gives you ...

**The Deputy of St. Mary:**

Okay. Yes, still under the heading of efficiencies and savings, the loss of full-time employees, you are proposing a loss of 70.5 but in the service reviews you say they are continuing and it follows,

therefore, there must be some doubt at the moment as to which services are going to be outsourced. Where are we in the overall scheme of things?

**The Minister for Infrastructure:**

It is a continuous process. There is some news coming out later this week. But as I have said all along, the first people to know about this are going to be the employees concerned, so I am not going to say any more today.

**The Deputy of St. Mary:**

Okay, I fully accept that and I understand that.

**The Deputy of St. John:**

In terms of when it gets to the debate on the M.T.F.P., will States Members have a better understanding of what these efficiencies or these savings may mean?

**The Minister for Infrastructure:**

They will have some real examples of where we have achieved the saving targets and maintained the level of service that we said we would maintain.

**The Deputy of St. John:**

But in terms of what will happen in 2017, 2018 and 2019 a better idea, because trying to understand what these numbers mean in terms of humans, in terms of people, it does not say very much.

**The Minister for Infrastructure:**

You will have ... for some areas where we have completed the service reviews by the time of the M.T.F.P. debate, you will have that information. Obviously, all our decisions are based on the back of detailed service reviews for each individual area and, you know, we have not started some of those yet. So going forward, that information will not be available, but what you will be able to do is look at where we have got to and get a flavour of what we said we would set out to achieve in terms of savings is possible having carried out the service reviews.

**The Deputy of St. John:**

Clearly, we as a panel have a role to do in terms of writing a report in terms of the M.T.F.P. In terms of understanding what that means in order to write something for States Members as well to consider, what will we be able to determine before we have to finalise a report? Will we have to wait until the actual debate?

**The Minister for Infrastructure:**

We should be able to give you something in August, some more information and more data about the services that we have achieved to date and what we know we will achieve in the coming period.

**The Deputy of St. John:**

Because it mentions in the actual annex ... I have lost which ones to look at, too many papers. But in the annex it talks about the service reviews of parks and gardens and cleaning services sections are mostly complete.

**The Minister for Infrastructure:**

Yes.

**The Deputy of St. John:**

Does that roll into some of these figures that we see in 2017, 2018 and 2019 or is that completely separate?

**The Minister for Infrastructure:**

No, that is ... what the M.T.F.P. has done is given us our cash limits over the life of the M.T.F.P. Those cash limits are after savings have been taken out. What you will see from the work that we have done is that we have achieved those savings in the areas that we have looked at.

**The Deputy of St. John:**

What I am asking is it says that that particular section, parks and gardens, is mostly complete. What I am looking at here is, if we look at 156 of the actual Addition, it talks about your efficiencies. One of them has quite a substantial saving there in terms of operational services, which is £2.8 million by 2019. It talks about up to 65 F.T.E. (full-time equivalent) on that particular page. I am just stating what is actually in the public domain already.

**The Minister for Infrastructure:**

We will be able to give you more information on that in August.

**Finance Director, Infrastructure and Environment:**

I think it is fair to say as well that the estimate of F.T.E. is based on some degree of assumptions based in terms of the actual savings that need to be achieved and what proportion of that is likely to be staffed. It is not hard and fast figures, which is one of the reasons why it says "up to" rather than a definite number.

**The Deputy of St. John:**

Yes. I assumed that that would be the case. I am going to get lost with pages and what I am looking at at the moment, but page 109, on your service analysis you do not determine an exact F.T.E. for any of those years. You talk about up to ...

**The Minister for Infrastructure:**

That is correct.

**The Deputy of St. John:**

... what 2017 F.T.E. is. So each year your F.T.E. stands at up to exactly the same?

**Finance Director, Infrastructure and Environment:**

It is one of the difficulties we have had in doing this in that we cannot ... depending on what the outcome of some of the options look like, it might be a change in staff; it might be a change in how we deliver services; it might just be some efficiencies that can be achieved internally.

**The Deputy of St. John:**

Because there are 3 types you mention in that particular financial narrative and I think it is retained, retained in-house ...?

**The Minister for Infrastructure:**

Yes.

**The Deputy of St. John:**

... and outsourced, is that right?

**The Minister for Infrastructure:**

Yes.

**The Deputy of St. John:**

Can you explain? Just explain from what you need as a department rather than what that actually means.

[15:15]

**The Minister for Infrastructure:**

Outsourcing is probably the easiest one to explain. It is where we cease providing services using our direct labour and it is outsourced to third parties. Retained ...

**Finance Director, Infrastructure and Environment:**

Retained in-house, and those which may be retained albeit in a streamlined format basically, we have looked at the service and it is unlikely that there are significant savings to be made, or we have looked at it, there are efficiencies that can be made either through working differently or taking advantage of some opportunities that may arise through voluntary severance or whichever schemes are going. But outsource really relates to moving to the private sector in some areas, but it is certainly not guaranteed that that is going to happen across all areas by any stretch of the imagination.

**Chief Officer, Department for Infrastructure:**

One of the challenges of this document is the commitment ...

**The Deputy of St. John:**

Trying to understand it.

**Chief Officer, Department for Infrastructure:**

I will not comment. The commitment my Minister has made is we are not going to outsource if it is going to cost the people of Jersey more money. So until you have been through the tender process and you have looked at the price of the tenders relative to the cost of doing it in-house, it is very hard to put a figure on it. We did soft market testing before we started and we have just had the tenders received, analysed, and the letters for those and the effect of that is going to be imminently going out. The reality is we have gone through this process openly and in partnership with our staff saying that if it was more expensive to outsource we are not outsourcing. So any commitment on numbers is something which we have tried desperately to take out of the document, which is why we have finished up with an "up to" figure in there, which is what we agreed to. Every area of business, whether it is public sector or private sector, can always be more efficient, can always do stuff smarter, can always work differently, and the iteration we have to do in the next 3 years is to look at how we deliver our services, how we can do it with more automation, utilising less energy and doing it in a more innovative way. In doing so, that invariably means there will be probably less staff doing it in those areas, but the reality is until we have been through those actual finer details and we have benchmarked it properly against the private sector, it is almost impossible to state numbers on in terms of F.T.E.

**The Deputy of St. John:**

So if you cannot determine the numbers in terms of the F.T.E. at this precise moment, how can you determine the numbers in terms of the cash?

**Chief Officer, Department for Infrastructure:**

We will hit the cash limit.

**The Minister for Infrastructure:**

We will hit the cash limit.

**Chief Officer, Department for Infrastructure:**

That is what we have to do, but we have more than one tune. It is not just staff, it is also automation. It is how we work, it is how we deal with that and the service level, so there is a myriad of things. Sewage treatment works perhaps is a worthy example. We currently spend significant amounts of money on electricity on the sewage treatment works. The main reason is it was built and shoehorned into a previous design 15 years ago, nearly 20 years ago now. In doing so, the energy efficiency of the new sewage works that was built 20 years ago, the new addition to it, was terrible. The reason it was terrible was because we generated energy on site from the old Energy from Waste plant. When the Energy from Waste plant moved to La Collette, then that electricity cost is something that we have to bear as an organisation. The new sewage treatment works electricity costs are going to be at least 3 times less than the existing plant. It is a significant change in terms of energy efficiency and that is something that we have to be able to look at and optimise as we are going forward. That is a big example, but there are lots of other examples of the same type. So it is not just staff, it is about how we do the work, how we do the work most efficiently and then how we optimise what we have.

**The Deputy of St. John:**

So there are many variables within these service reviews that does not necessarily mean it is people or just people or ...?

**Chief Officer, Department for Infrastructure:**

Yes. I think it is worth addressing. The term service ... we all know the industrial history of Jersey in terms of industrial relations, but the service reviews that we have done over the last 2 years have worked very well with the unions, but we have done this with a look at everything philosophy, not: "We cannot touch that because we are not allowed to do that." So in doing this, it has been quite liberating and it is one where you can see how is the best way to deliver this service for Jersey. That approach has enabled us to look at things very differently.

**The Deputy of St. John:**

So, in terms of the potential to outsource, obviously we do not know whether that will be the case or not at the moment, but there is an argument about quality versus quantity. So there is a number placed on how much this contract may be, but there is also a number placed on how much your

employees cost at the present time. How do you take quality into account when you are doing these service reviews?

**The Minister for Infrastructure:**

For example, on the tendering side of it, there is a weighting of 60 per cent for quality and 40 per cent on price, so it is biased towards the quality.

**The Deputy of St. John:**

We will not see frontline staff or people on the ground that are being removed in order to get managers in in order to manage the actual contracts of these contracts that we are ending up in?

**The Minister for Infrastructure:**

You will end up with less people on the ground and you will end up with less managers.

**The Deputy of St. John:**

So who is going to be managing these contracts then to ensure value for money?

**The Minister for Infrastructure:**

We have the management in place to do that. It is one of the benefits of bringing J.P.H. into T.T.S. because they have been managing contracts of similar style for a number of years now. So there are lessons to be learnt there, both good lessons and bad lessons, in terms of best ways to manage contracts. So we certainly have the capability and the expertise to run external contracts.

**The Deputy of St. Mary:**

So the external contracts will be managed by existing personnel in that sense? So there is no question of taking on new managers to ...?

**The Minister for Infrastructure:**

No, it will not be to ... no, it might be people transferring from one part of the organisation to the other.

**Chief Officer, Department for Infrastructure:**

It might be reskilling and upskilling some managers.

**The Minister for Infrastructure:**

Reskilling some people, yes. Some people have the skills required that are not necessarily in those positions, and there is some of that going on.

**Chief Officer, Department for Infrastructure:**

Also, what we have to make sure is we do not have labour-intensive contracts where you need a huge amount of management overseeing them. What we have done is we have looked at the key performance indicators produced by the contractor, the documentation the contractor has produced and a method of managing the contractor, which is far more streamlined than we have done in the past. Because again if you do it based on somebody has to go and check every piece of work, then it is costing us more than it would have done now. So, again, that innovation has been built into how we have contracted this work and how it is ...

**The Deputy of St. Mary:**

So it will be general oversight rather than management?

**Chief Officer, Department for Infrastructure:**

Yes, with exception, hopefully.

**The Deputy of St. John:**

To another area of expenditure and growth, we are looking at the various numbers, which we have many of within this document. By 2019, more than half of your gross expenditure will be income-driven based. How risky is this to the future running of the department considering what we have seen in terms of the need to request growth when income does not meet expectations? The example I use is like the Jersey Electricity growth bid.

**The Minister for Infrastructure:**

That is because we are learning from issues in the past in that prior to my time, you know, what seemed like realistic targets were put in place. The amount that you see for our electricity from J.E.C. (Jersey Electricity Company) is a very good example. When that contract was drawn up, there were parameters in terms of what were the ranges likely for buying electricity from Europe, but those prices have fallen to be way below those parameters and no one could really have anticipated that at the time the contract was negotiated. Similarly, the exchange rate at the time with the banding, luckily at the moment it has bounced back a little bit for us in terms of exchange rate. The income that we are hoping to generate from user pays means that that should be more sustainable, more robust, but just as importantly it is going to be ring-fenced for what it is being collected for.

**The Deputy of St. John:**

But it will be highly dependent on market forces and behaviours and the way that ... well, particularly commercial practices may change things and electricity prices as well as an example.

**The Minister for Infrastructure:**

Yes, but certainly that is exactly what we wanted to do. We wanted to change behaviour. We want people to use less resources and to recycle more.

**The Deputy of St. John:**

But how do you see that with more than half of your gross expenditure by 2019 coming from market ...?

**The Minister for Infrastructure:**

Well, it matches the equivalent amount of cost.

**The Deputy of St. John:**

So you expect it to fall either way, so it will be running more like a business rather than a ...?

**The Minister for Infrastructure:**

That is why it is suited more to being a trading fund than it is to be part of a department.

**The Deputy of St. John:**

Okay, but I am talking about your whole department here. Is your whole department more than half?

**The Minister for Infrastructure:**

But there is no cross ... the user pays has no cross subsidy to other expenditure within the department.

**The Deputy of St. John:**

At the moment?

**The Minister for Infrastructure:**

But it will not be going forward either because the whole point is it is to be ring-fenced.

**The Deputy of St. John:**

So it will be ultimately down on the forecasting in terms of what is happening in markets that you deal with?

**Chief Officer, Department for Infrastructure:**

Volatility wise, I think solid waste is the most volatile area in terms of inert waste tipping is a function of the market. Electricity, we know the story about electricity. Waste production, solid waste, is a function of the market and the optimism within Jersey and how busy it is, and it is volatile. Liquid waste is less so, and one of the reasons we think it is the right thing to keep them together is you

have some ... one is a more stable business than the other. The other parts of the business where income is dependent is bus income - although that is with the operator, the subsidy is still driven by that - and car parking, which is another part of the business. The rest of it is less volatile. So the volatility definitely is solid waste and you are quite right, it is making that in some respects riskier but it also means that longer term you can smooth out the peaks and troughs. Again, I think this is where the services using those areas have to really consider what the minimum business is and what the maximum business is so you can fluctuate with the market a bit in terms of your overall costs and overall numbers.

**The Deputy of St. John:**

So in terms of being able to ensure that charges that will be applied, or any other charges that you have within your department, to keep as low as needed that the efficiencies driving within the department will continue?

**Chief Officer, Department for Infrastructure:**

Yes.

**The Minister for Infrastructure:**

Yes. There is certainly a culture within D.f.I. of continual efficiency searches and implementation. That has been in place for a long time now. Previously, it was T.T.S., public services, et cetera. That has been a philosophy in that section for a long time.

**Chief Officer, Department for Infrastructure:**

But again, we can highlight things like ... again, I think I have mentioned this in the political discussions we have had about uPVC and the cost of treating uPVC in the Energy from Waste plant is £500 a tonne. If I can get the commercial businesses over here to recycle that and charge them, say, £80 a tonne - I am making that number up because I do not know what the cost is - there is value to that material. So it is a double win because you are not having to produce all the other costs in terms of putting through an energy from waste plant when you can recycle for a lot lower cost and everybody wins. Those are the subtleties and the optimisations we have to start working on, but it is going to be more challenging and it is riskier in some respects.

**The Deputy of St. Mary:**

All right. Yes, the Car Park Trading Fund. I gather the amount you use ... not use, the amount in the fund you received has been not hijacked but it has gone over to the Consolidated Fund previously, is that right?

**The Minister for Infrastructure:**

Historically, there has been an amount paid back into the Consolidated Fund every year. It was originally, back in 1995, a notional rent charge. That is being reduced over the life of this M.T.F.P., firstly to fund the disabled bus policy starting in 2017 - that is £600,000 - and then it is reducing in 2018 and 2019 until the amount that we return to Treasury is down to zero.

**The Deputy of St. Mary:**

That is right, so it would all be ... in a way it will be ring fenced, to use a word from before?

**The Minister for Infrastructure:**

Yes, I see the fund ... because previously it seemed not just a Car Park Trading Fund, it is really the Transport Fund. There have been a number of States decisions made whereby it is used to fund an access to disabled transport policy. It has been used in the past to fund the cycle track.

[15:30]

So it has other uses and other remits apart from just providing for the ongoing provision of effectively the public service which is providing parking.

**The Deputy of St. Mary:**

Out of that fund you will finance the scheme to assist disabled persons, will you, rather than any other department?

**The Minister for Infrastructure:**

What is happening is they are putting £1.6 million a year from the fund to Treasury to be used with all of the other Treasury funds, the income that they receive - the direct taxes, indirect taxes et cetera - and that is going to be reduced over the next 3 years until that is brought down to nil.

**The Deputy of St. John:**

It shows on page 182 of the annex that in 2017 it will be £600,000, 2018 £1.2 million and 2019 £1.6 million. Of course I have assumed that grants and subsidy payments means that is the amount.

**The Minister for Infrastructure:**

Yes, that is right. That is it coming from the Car Parks Trading Fund out to us, coming out of the Car Parks Trading Fund and going into D.f.I.

**Finance Director, Infrastructure and Environment:**

It is expected that the disabled parking scheme is the first amount of those 3, with further contributions to transport initiatives and so on in the latter years.

**The Deputy of St. John:**

Do you have a breakdown plan for that expenditure there?

**The Minister for Infrastructure:**

Obviously we do for the disabled parking scheme, what we do for the other balances. We have then got funding pressures coming through that we will be using it for. One is the bus contract, because we know there are inflation pressures on the bus contract.

**The Deputy of St. John:**

Is that is what is referred to on page 156 of the M.T.F.P. under savings? It talks about the nature of zero inflation savings that is proposed, the financial return from ...

**The Minister for Infrastructure:**

Yes. That is just an example of one, but there are obviously other examples: if you have got road resurfacing or any other improvements to our transport network to align with the Sustainable Transport Policy. Although we may have a freeze on our cash limits for non-staff inflation, it does not stop those costs from going up, so our buying power becomes reduced. This is one pressure valve that we can use to alleviate ...

**The Deputy of St. John:**

So it would be like a departmental contingency?

**The Minister for Infrastructure:**

A bit like it, but there are projects that we would like to bring online, but because of insufficient funding in the past we have not been able to. If you look at it, we are taking ... is it £1 million this year?

**Finance Director, Infrastructure and Environment:**

Oh, from the capital.

**The Minister for Infrastructure:**

The capital.

**Finance Director, Infrastructure and Environment:**

Yes, it is £1 million in 2016, £1.25 million in 2017 and £1.5 million in 2019 and thereafter, which relates to S.T.P. (Sustainable Transport Policy).

**The Minister for Infrastructure:**

The S.T.P. project, so one that will be close to your heart, Deputies. That is money that is going to be funding the improvements to the road networks in St. Saviour around the school, et cetera, and other projects. A long-term States decision has been to make improvements in the north of town around Midvale Road. It is going to be funding those type of projects.

**The Deputy of St. John:**

Sorry, can you just clear that for me?

**Finance Director, Infrastructure and Environment:**

It is on page 184.

**The Deputy of St. John:**

Page 184 of the annex?

**Finance Director, Infrastructure and Environment:**

Of the annex, yes. A couple over, where you have got the trading fund, you have got sustainable transport and road safety schemes. At the bottom of that list, £1.25 million in 2017 and then £1.5 million in 2018 and 2019.

**The Deputy of St. John:**

So these are particularly for road networks, safety for schools and things like that?

**The Minister for Infrastructure:**

Safety schemes, yes, and initiatives of that type, trying to alleviate the congestion on our roads at peak times.

**The Deputy of St. John:**

So that is in addition to the money that is coming out and going into D.f.I. or what will be £1.672 million?

**The Minister for Infrastructure:**

That is that year those sums are coming in.

**The Deputy of St. John:**

Okay. So can you explain to me how much is expected to be spent in terms of the scheme to assist disabled persons with their transport needs?

**The Minister for Infrastructure:**

It is going to be probably about £500,000 in the cost of the permits and it is probably around £100,000 for putting in place a gateway, effectively, to provide some independence on how people get assessed and whether or not they qualify for a disabled bus pass.

**The Deputy of St. Mary:**

Is that operated by yourself or through Social Security?

**The Minister for Infrastructure:**

Probably we are going to be looking initially to put it out to tender to the third sector or indeed G.P. (general practitioner) practices to provide that form of independence, as opposed to relying on individual G.P.s. We think that it would be a better way, to have some type of independent gateway to assess those individuals for those passes.

**The Deputy of St. John:**

So instead of going through what would normally be seen by the Government in terms of paying out for disability needs or any of those types of things, Social Security?

**The Minister for Infrastructure:**

The amounts paid out through income support for disability allowances for both those people in work and out of work, that remains unaltered. This is an additional benefit for those with disabilities.

**The Deputy of St. John:**

But I think what I am trying to get at is why have a separate administration area when you have Social Security who assist or determine for particular needs?

**The Minister for Infrastructure:**

Their assessment criteria will be different and the methods that they use to assess people are different. This is a much bigger cohort. There are obviously people that have gone through the income support system. This is not means tested, so it is a different cohort of people, though there will be crossover between the 2.

**The Deputy of St. John:**

So there is nothing currently that sits within Social Security, whether it is under income support, disability allowance or any of those things that would meet the criteria that you are setting out for this?

**The Minister for Infrastructure:**

It is not broad enough, because one is the fact that you have to be on income support to receive those benefits from Social Security. The range of disabilities will be greater.

**The Deputy of St. Mary:**

There are those who believe that, yes, very much we should help those people in need, the disabled, et cetera, but still, should there not be an element of charge for it?

**The Minister for Infrastructure:**

We are acting on a States decision. We are going to be bringing back a paper by 1st September.

**The Deputy of St. Mary:**

On that very point?

**The Minister for Infrastructure:**

On the disabled bus pass scheme. It was a States decision to move forward on it and that is what we are doing.

**The Deputy of St. Mary:**

What about free car parking again on that site? For disabled people, the argument is that, yes, help them and have the car parking spaces in the right area, but query should they pay for them in any event?

**The Minister for Infrastructure:**

That is a very good question.

**The Deputy of St. Mary:**

That is not being considered at the moment?

**The Minister for Infrastructure:**

It is not being considered. At the moment, it is not part of the remit. I do have a view that it is not necessarily a level playing field there, just because there is quite a large number of blue badges in circulation, I think there are some 4,000, so some 4 per cent of our population have blue badges. Some of those individuals could afford to pay for their parking and obviously some would not be able to. It is difficult to take something away once it has been given.

**The Deputy of St. Mary:**

There are temporary permits as well, where people ...

**The Minister for Infrastructure:**

There are temporary permits, yes.

**The Deputy of St. Mary:**

... again which people would be happy to pay for, I think.

**The Minister for Infrastructure:**

Yes, they pay for the permit but they do not pay to use the ...

**The Deputy of St. Mary:**

What I am getting at, they would be happy to pay for the extra facility given to them. Okay. Anyway, that is for another time.

**The Minister for Infrastructure:**

The key thing for disabled parking is to make sure it is in the right place and is available for those people that need it.

**The Deputy of St. Mary:**

Yes, I agree.

**The Deputy of St. John:**

Can I just ask, this is coming out of the Car Parks Trading Fund going into the D.f.I. fund. It is only proposed for 2017, 2018 and 2019, so whoever brings forward the following M.T.F.P. will either have to find it in base budgets or will have to continue taking from the Car Parks Trading Fund?

**The Minister for Infrastructure:**

What we are going to be bringing forward is effectively a trial, because we do not know how big the cohort will be having disabled passes for the buses. It could be substantial, in terms of it could be well in excess of 10,000, just using U.K. (United Kingdom) data and applying it to Jersey. Until we bring in the scheme and have trialled it, we will not know how big a take-up it will be. Obviously many of those people that would require that are of pensionable age and currently get a concessionary pass anyway. We have got a rough idea what the cohort size will be - we have been able to put a number on it - but until we have implemented it, which I can say today is that we will be doing it for a trial over the life of the M.T.F.P., and then we will be able to assess over the next 2 years or so to see if it is the right thing, does it need to be changed, does it need to be altered. So we will be bringing it in for the life of the M.T.F.P.

**The Deputy of St. John:**

So it will be on a more sustainable footing from the following M.T.F.P.?

**The Minister for Infrastructure:**

Yes, that is right.

**The Deputy of St. John:**

At the moment it is trialling it?

**The Minister for Infrastructure:**

Obviously a bus pass does not suit everybody with their mobility issues and I would like to see this expanded to cover those that are not able to use the buses.

**The Deputy of St. John:**

Okay. So on the car parks trading account as a whole, with the withdrawal of funds to your department and also the withdrawal for the sustainable transport in terms of the capital funding, what is the impact on its sustainability and future requirements in terms of meeting its need to keep the car parks maintained and built?

**The Minister for Infrastructure:**

I think there has been quite a bit of a mindset change over the last few years, and then particularly since your report was published back in 2013. I think car park assets do not wear out, they do not necessarily have finite life, their life can be extended. That is what we have done in Pier Road, that car park's life has effectively been extended by protecting the actual concrete structure, which we have done. The added benefit, it is a nicer environment for people to use, and we are rolling out that programme over the life of the M.T.F.P. to the remaining multi-storey car parks. So we can extend the life of the assets, they do not necessarily have a finite life.

**The Deputy of St. John:**

Okay. So in terms of extending the life of the assets does not necessarily mean that you can carry on doing that each M.T.F.P. for the next 20 years, does it? Surely they will need an appropriate survey to identify whether they need to be up. I was of the understanding of Minden Place was on its last legs. Is that not the case anymore?

**Chief Officer, Department for Infrastructure:**

The problem with Minden Place is do you invest in it, because it is not optimised in terms of its layout and efficiency in terms of operation. Also I would suggest 10 years ago cars were getting bigger and bigger and I think the trend in cars is now getting smaller and smaller again, which brings Minden Place potentially back into play because of the environmental push through Europe and there are a

lot more cars now which are diminutive and smaller. So Minden Place has become probably more ... it is fashionable again, in some respects, so we are looking at reviewing that. There was talk about building in all sorts of different places and Minden Place being another option, but as an asset, as a concrete structure, we can protect it, maintain it and make sure that it stays structurally sound for a long time, way beyond any M.T.F.P. and certainly way beyond 20, 30, 40, 50 years.

**The Deputy of St. John:**

So that is the planned programme now in terms of the Car Parks Trading Fund then, instead of looking at rebuild after so many years, so you are looking at extending its life and protecting it in that way?

**Chief Officer, Department for Infrastructure:**

Only if it is fit for purpose. I think that is the key thing, we have got to do a check and balance. Does it still fulfil its role as a car park? Minden Place was getting to that point where cars were getting bigger, that very few cars could fit in there, it became quite inconvenient. It flipped the other way. It is probably still our least efficient car park, and if you look at the stairwells and stuff, it is not the best, but if you see the sort of refurbishment plan we have been doing at Pier Road and we are now running out in Sand Street, the key thing is to give the customer a better environment. In doing so, what we are doing is protecting the structure, but what we are doing as well, we are making it a nicer place to be, a nicer place to park, easier to park and more convenient.

[15:45]

So it is those combined efforts that mean that this will last far longer than we originally anticipated.

**The Deputy of St. Mary:**

Before leaving car parks, the new hospital project brings Patriotic Street into the equation.

**Chief Officer, Department for Infrastructure:**

It does, yes.

**The Deputy of St. Mary:**

Is there interaction with yourselves?

**The Minister for Infrastructure:**

Very much so.

**Chief Officer, Department for Infrastructure:**

Undoubtedly.

**The Minister for Infrastructure:**

Both projects are led by my department in terms of delivering, so yes, we have already started looking at increasing the capacity of Patriotic Street Car Park.

**The Deputy of St. Mary:**

As Patriotic Street is a central part of the new idea, as it were, does that mean the costs of that will come out of the hospital project, rather than poor Infrastructure?

**The Minister for Infrastructure:**

That is a discussion that is yet to be had. My view is that should be coming out of the hospital project.

**The Deputy of St. Mary:**

I thought it might.

**The Minister for Infrastructure:**

But it is a discussion to be had with my colleagues in Treasury. What I would suggest is for the panel to visit the top floor of Patriotic Street Car Park and see ...

**The Deputy of St. John:**

I am wondering what you are asking us to do.

**The Deputy of St. Mary:**

Jump over.

**The Minister for Infrastructure:**

No, then our defences would have failed if you could do that. Just go and see the buildings that now surround it and you realise that it has been overtaken, it has been overshadowed. We could easily get 2 more floors, maybe 3 more floors on that car park and it not be visible.

**The Deputy of St. Mary:**

That is interesting.

**Chief Officer, Department for Infrastructure:**

The key thing we have done, it was next on our list for the refurbishment programme. We have put it on hold until there is more development on the hospital site and approval of that in principle from

the States, because then we will dovetail both projects together. So at the moment we have left Patriotic Street out of the refurbishment programme or deferred it until we know exactly what the new collaborative design will look like.

**The Deputy of St. John:**

The next item is Fleet Management. There is not a great deal on Fleet Management. It is a trading operation. It seems to pretty much be just the running as per usual, maybe with some more money in there. But there is a concern, and it has been stated numerous times among States Members and the public about the vehicles, they are too regular in terms of turnover and that it may be unnecessary. How do you square that circle and how do you envisage Fleet Management working probably in conjunction with the office modernisation project?

**The Minister for Infrastructure:**

There will be some uncertainty going forward until we have finished our service reviews and know what vehicles we need to carry on providing for the services that we provide. Other departments are going through similar things. But I am going to add and comment on the fact that Home Affairs, in terms of the police, have extended the life of the vehicles that they are now buying, they are now buying vehicles that have a 5-year life, not a 3-year life. That is a good thing, because they are going to look at the whole life costs, and we have been doing the same on our fleet for quite a period now.

**Chief Officer, Department for Infrastructure:**

Yes, our fleet is 8 years now in terms of normal operation.

**The Minister for Infrastructure:**

But going forward, for example, to a central office building, what is clear is that any building will only have fleet cars in it and by pooling people together, we know that we have been able to reduce the number of fleet cars we utilise. A good example of that, which we had a couple of years ago, was when Property Holdings moved from 3 sites to one site and they reduced their fleet by, I think it was, 2 or 3 vehicles of the fleet cars that they needed. We know that we will see a similar replication if we move to a central office building.

**The Deputy of St. John:**

Okay, so you are talking about looking at the extension of the life of the vehicles, so are you requiring departments to look at their vehicles that they use through Fleet Management to look at extending the life or are you determining that - or should I say is Fleet Management determining that - in terms of their operational experience?

**Chief Officer, Department for Infrastructure:**

It is a partnership, to be honest, because depending on the vehicle, there is an optimum point to replace a vehicle. That is sometimes the debate, and generally we get a lot of criticism if a very low-mileage vehicle goes up to the auctions. Generally speaking, it is either a vehicle that has had a specific role and that role has not been utilised very often or it was a spare for various things.

**The Minister for Infrastructure:**

Quite recently we had an old minibus that went for the auctions and got some attention on social media. It was an old minibus, it was in excess of 8 or 9 years - maybe, in fact, 9 years old - and it was low mileage, but it was a school minibus that did not have any seatbelts in it; because of its age, it was not warranted then. So although it was low mileage, it was old, but it did not come up to current standards so it was replaced.

**Chief Officer, Department for Infrastructure:**

So in terms of Fleet, in fact, I have the latest service review of fleet. Fleet is going to be ... if we are going to be outsourcing areas, that means we will have less vehicles to maintain, and if the business changes for Fleet, then we have got to look at that, we have got to look at how they ...

**The Deputy of St. John:**

But they do other things other than just maintaining vehicles though.

**Chief Officer, Department for Infrastructure:**

They do, that is right.

**The Deputy of St. John:**

They do many other things ...

**Chief Officer, Department for Infrastructure:**

They do many other things, correct.

**The Deputy of St. John:**

... in terms of a support service to the States in the whole.

**Chief Officer, Department for Infrastructure:**

Fleet basically support all the procurement and give technical expertise on that. They provide fuel and servicing and also spare vehicles and lots of other services. What we are doing is reviewing which services we want to keep and which services we can do without. I am a great supporter of Fleet, I think it is a very professionally-run organisation, but the market is changing for them -

although it is an external market, it is changing - and what we have got to do is make sure the business moves as quickly as the businesses that it is providing. The reason it is running at quite a cash surplus at the moment is lots of departments have been holding off procurement of vehicles because of the ...

**The Deputy of St. John:**

The savings.

**Chief Officer, Department for Infrastructure:**

... budgets and the savings, yes, and people have got very reluctant to replace. But there is an optimum time to change vehicles. Companies buy new vehicles and they run them for a certain period of time then sell it on. They do it for good reason, that is more cost-effective than buying very cheap vehicles. Sometimes you are lucky, you can buy a very cheap old vehicle and it can give you years of service, but as the Government, we try and optimise that. As I say, normally for our vehicles, for our normal vehicles, it is now 8 years.

**The Deputy of St. Mary:**

On the service of vehicles side, again, since Ports of Jersey were incorporated, has that impacted on what you do if the Ports of Jersey service their own vehicles?

**Chief Officer, Department for Infrastructure:**

They have got a facility, have they not?

**Finance Director, Infrastructure and Environment:**

Yes. Generally we have not had that much interaction with the Ports or the other trading organisations. They have tended to do their own things. We have had a few vehicles that have been used around the Ports, but it has not had a major impact. Most of their big fleet is serviced in-house or ...

**The Deputy of St. John:**

Fleet Management did support Ports in terms of fixing buoys and doing all those types of things. Is that still ...

**Finance Director, Infrastructure and Environment:**

It is not Fleet Management.

**The Minister for Infrastructure:**

That is not Fleet Management. It is in the same building.

**The Deputy of St. John:**

It is in the same building? Okay, so they are Ports then, they are not part of Fleet Management?

**Chief Officer, Department for Infrastructure:**

No, but that is part of our engineering function, to support the Ports on buoys and maintenance and also cranes.

**The Deputy of St. John:**

Do you charge them for that?

**Chief Officer, Department for Infrastructure:**

We do.

**Finance Director, Infrastructure and Environment:**

Yes. We have a service level agreement with Ports and it came across in 2007.

**Chief Officer, Department for Infrastructure:**

2007, yes.

**The Deputy of St. Mary:**

The Ports are also looking at their whole structure and taking more inside, as I see it. Is that going to be looked at as well, doing their own internal engineering?

**The Minister for Infrastructure:**

The service level agreement is coming up for renewal and we would expect them to be looking at that and we would be expecting them to look at our part in that.

**The Deputy of St. John:**

I am just aware of the time, so we are almost at the end: 2 particular questions. Say if everything in the M.T.F.P. as it currently stands it is approved by the States, what will the Infrastructure Department look like on 1st January 2020?

**The Minister for Infrastructure:**

That is a good question.

**The Deputy of St. Mary:**

The department rather than the Minister, I think it is.

**The Deputy of St. John:**

Yes. I dare not ask that question.

**The Minister for Infrastructure:**

It depends on the next Government, does it not? It depends on what ...

**The Deputy of St. John:**

No, because 1st January 2020 will be after the implementation of these proposals. That is what I am getting at.

**The Minister for Infrastructure:**

Yes. It will be leaner in terms of we will have less headcount; it will be maintaining equivalent services; it will be fit for purpose. If everything is approved as in the addendum, parts of it will be self-financing. What happens after 1st January 2020 will be up to the next Government.

**The Deputy of St. John:**

Then it is up to the next Government. Can I specifically ask, in the annex on page 105, it spells out your responsibilities as a department and the number of change projects that you have going on. In January 2020, do you expect any of those to look significantly different or will you be pretty much doing the same thing in a different way?

**The Minister for Infrastructure:**

Number one, the change project is a departmental reorganisation, so I do expect things to be very different; I expect the department to look very different. We have already started. We have gone from effectively 4 sections to 3 sections. I will just have a quick look through here. Some of the things I expect to have happened, one of those, for example, on page 106, the second one down is effectively a capital project, which is the St. Peter's Valley part. I would expect that to be finished way before 2019, so I would not expect to see that going forwards afterwards. So some of those I would expect to still be there. The highway resurfacing programme is an ongoing programme. I expect it to be revised and maybe new products being used, where appropriate.

**The Deputy of St. Mary:**

I think the question is more about actual responsibilities and the way things are going rather than individual projects.

**Chief Officer, Department for Infrastructure:**

Yes. I do not see them fundamentally changing.

**The Minister for Infrastructure:**

To be candid, I think maybe the next form of Government would look at rationalising the number of departments further. I see synergies in Environment and Infrastructure and where closer working will drive more efficiencies in those areas, but you also have to be mindful that effectively the Environment Department are also obviously a regulator of a lot of what we do, so you would have to maintain separation there.

**Chief Officer, Department for Infrastructure:**

Just a final point from my perspective, I think we will be definitely a leaner organisation, as the Minister said. I think we will be quicker to react to different circumstances. Our job is to protect Jersey and we need to invest in that and prioritise that, but I think the biggest change we will have then than we have now is we will have more of a commercial view in terms of metrics and data so we can actually prove how effective we are, as opposed to listening to sort of traditional views of how effective the public sector is, so that we can be more defensible about the fantastic services we provide, which no one really ...

**The Deputy of St. John:**

So in terms of management information you mean?

**Chief Officer, Department for Infrastructure:**

Management information is the key thing that I think we have lacked. It has meant that when we have got the management information through service reviews, we have to keep that alive and keep using that, so we keep doing marginal gains in improving our business and then when there is a certain view that we are not very efficient, we can prove otherwise or not and keep changing the business accordingly. At the moment we do not have that.

**The Deputy of St. John:**

So what has stopped you from doing that before? Why is it only now that you can see yourself having better management information?

**Chief Officer, Department for Infrastructure:**

It is not only now. I think we have had a culture where gaining management information has been difficult because of relationships with unions, different pressures and not having the need to do it, so I think the public sector has been complacent in doing that where perhaps ...

**The Deputy of St. Mary:**

Not because there was too much money around?

**Chief Officer, Department for Infrastructure:**

No, there was no need to do it, because there was no pressure on the services to that degree. It is only when you are under the huge pressure that our department has been put under, and we have come with these solutions and we have been allowed to get the data, because 10 years ago the culture did not allow us to get this data. So it is only in light of the changes we have over the last 10 years that we have been able to gain this, but we have got to improve on that in the next period of the M.T.F.P.

**The Deputy of St. Mary:**

No more?

**The Deputy of St. John:**

I think 2 hours is long enough.

**The Deputy of St. Mary:**

I think we have run over. Thanks for all your time, and I thank my Vice-Chairman for doing all the work. Thank you.

[16:00]