

5. Questions without notice - The Minister for Treasury and Resources

5.1 Deputy G.P. Southern:

[Aside] Can the Minister inform Members what measures he has found and referred to earlier to modify the look-through provisions which do not result in a reduction of a tax base or of revenue produced?

Senator T.A. Le Sueur (Minister of Treasury and Resources):

I think the Deputy may be trying to pre-empt the proposal that I will be presenting shortly but, in broad terms, as the PricewaterhouseCoopers Guernsey Report suggested, neither pure apportionment nor pure distribution are ideal solutions. So, I am, in my proposals, looking to a combination of both, which will in fact not lead to a loss of revenue but to a deferral in the timing of its collection.

5.2 The Deputy of St. John:

Would the Minister consider creating our own student loans system using existing reserve funds until such time that an outsourced arrangement can be achieved, if indeed it is determined that this is the best approach to take with regards to the current higher education funding crisis?

Senator T.A. Le Sueur:

I shall want to work with the Minister for Education and indeed the Council of Ministers in order to provide a consistent and long-term policy for the future of students' support at universities, part of which could include a short-term loan facility, bearing in mind that the U.K. student loan arrangements which I hope to be used do not seem to be available at the present time. But I would point out that there are grave dangers in the States or Government becoming a banker.

5.3 Deputy S.C. Ferguson:

On a sort of general overview, Sir, does the Minister consider part of his brief - when looking at the overall performance of the Civil Service - to look at departments which are having problems and perhaps send in consultants, so to speak, from his own departments, such as the Internal Audit Department? If you are in business...

The Bailiff:

Deputy, I am going to rule the question out of order unless you are concise. Just come quickly to the point, please.

Deputy S.C. Ferguson:

I am sorry. Does the Minister not look over the whole working of the States and say: "This Department is having problems? We had better send people in to have a review of it and see what is going on"?

Senator T.A. Le Sueur:

I would like to have the luxury of having staff to spare to be able to put them into departments when that might arise. Unfortunately over the last few years we have been squeezing and squeezing the resources in the Department to such an extent that we can barely cope with the workload within our Department, let alone put out staff to other areas. But, nonetheless, there is an Internal Audit Department, which I know will work in conjunction with the Public Accounts Committee and the Comptroller and Auditor General to assist where there are clear needs that seem to arise.

5.4 Deputy P.J.D. Ryan of St. Helier:

I would like to ask, or rather refer the Minister to a couple of things in the Strategic Plan and then one thing in R.28, which we received today. In case anybody wants to see it, it is on page 37 of R.38. I would like to ask a question once I have done that, Sir. The 2 things on the strategic plan...

The Bailiff:

You have got 5 seconds, Deputy, or I am going to rule you out of order.

Deputy P.J.D. Ryan:

Well, I will do it the other way around, so I will ask the question first and then...

The Bailiff:

You had better ask it quickly or you are going to be out of order.

Deputy P.J.D. Ryan:

Okay. On page 37 of R.28, Article 8, it says: "1. GST should be charged at a rate of 3 per cent"; Under 3, it says: "The States may amend paragraph 1 by Regulations" and 4 says: "The power in paragraph 3 should not be exercised before the third and"...

The Bailiff:

Deputy, I am sorry. I am ruling your question out of order. Constable of St. Helier?

5.5 The Connétable of St. Helier:

Would the Minister give us a date when he is going to set up the working group, which he has promised in questions on 14th March to set up in respect of the payment of rates on States-owned properties, given that the outcome of the Island-wide rate will be announced in May or June this year?

Senator T.A. Le Sueur:

As I said at the time, Sir, once the outcome of the Island-wide rate is known, I am happy to meet with the Committee's, Constables and others to determine the way forward. It is not simply a matter of talking with the Constables. There are other people involved in that process.

5.6 Senator J.L. Perchard:

Would the Minister for Treasury and Resources, as he recently announced a welcome £12 million surplus to the budget, consider making available as a one-off payment part of these surpluses for payment of university top-up fees?

Senator T.A. Le Sueur:

Could the questioner clarify what he means by £12 million surplus because I am not clear what he is talking about?

Senator J.L. Perchard:

Yes, Sir. It is information that I gleaned from the *Jersey Evening Post* front page.

Members: Oh!

Senator T.A. Le Sueur:

If the Deputy is talking about underspends and carry forwards in the General Reserve, were that money still available and there were no other calls on it, it might be considered useful in the short term to deal with the student problem. The fact is that against that £11.7 million that is

available, I have received requests for £19 million worth of unforeseen and essential expenditure and I have the unfortunate job of trying to match a quart into a pint pot.

5.7 Senator B.E. Shenton:

Would the Minister admit that his letter, dated 20th March, concerning the public employees' pension scheme was a little bit misleading, given that the pre-1987 liability rose from £118 million to £123 million?

Senator T.A. Le Sueur:

No, Sir, I do not believe my letter was misleading in the slightest. What my letter said was that we have now found a solution for dealing with the pre-1987 debt. That was agreed by this House last year, as a result of which there is far better certainty going forward as to the extent of the liability of the PECRS (the Public Employees' Contributory Retirement Scheme).

5.8 The Deputy of St. Martin:

Yes, the Minister has pledged to provide £2 million to be provided so as to protect income support claimants from the increased costs that would arise following the introduction of the Goods and Services Tax (GST). Will the Minister confirm whether this is to be just a one-off £2 million or, as these costs will increase every year for the people on low income support, that this £2 million will be recurring every year? Thank you, Sir.

Senator T.A. Le Sueur:

The figure will be whatever it takes. An initial estimate is that it will be up to £2 million in the first year. In future years, as costs go up, no doubt that will go up as well, as will other expenses of this House. So that is not a fixed amount. It will go up in relation to the extra costs incurred as a result of GST.

5.9 Deputy S. Pitman:

Is the Minister aware of the Isle of Man's proposals to cap not only the tax of wealthy individuals but also company tax? Does he accept that this is a clear invitation to tax avoidance, which will not meet the EU Code of Business Taxation rules, but that such a move seeks to undermine our economy?

Senator T.A. Le Sueur:

I am certainly aware of the Isle of Man proposals and I think, in terms of capping tax at high levels, that is a competitive issue which all jurisdictions face. We all would like to see wealthy taxpayers contribute to our economy but equally I think we have to be fair. This House debated some 2 years ago now the arrangements in respect of (1)(1)(k) residents. In terms of whether that gives the Isle of Man a competitive advantage, it may give them a very slight advantage but I think there are other things to be considered when you decide to live or not live on the Isle of Man.

5.10 Deputy A. Breckon:

A number of documents have been published today - draft discussion documents - in relation to Goods and Services Tax and they do outline some exemptions. Has the Minister got an open or a closed mind to other exemptions?

Senator T.A. Le Sueur:

Sir, I am guided by the wishes of this House. This House last year decided that it would approve a broad-based Goods and Services Tax at a very low rate with a higher threshold. The draft Law which has been presented today for consultation reflects the decision of this House last year. To

answer the question, if there are other suggestions put forward and accepted by this House, then clearly this House is the supreme judge of those things and that will be whatever is decided.

5.11 The Deputy of St. Martin:

Yes, Sir. Will the Minister give the average revenue lost each year because of people who purchase their property by way of share transfer? Does he not think that the money lost really should be a spur to ensure that the House's wishes to ensure that the share transfer loophole is stopped?

Senator T.A. Le Sueur:

I have no way of assessing the actual amount of tax or stamp duty lost as a result of that but I could quite accept that it is quite considerable over the years. I am aware of the Deputy's special interest in this and he has asked questions quite often in the past and there is a proposition which we have before us to introduce a mechanism. That is being discussed with the Law Officers and I refer the Deputy to the answer I gave him some 6 weeks ago.

5.12 Deputy G.P. Southern:

It is the question that was ruled out of order a minute ago. Succinctly, the Minister appears to have hard-wired the rate of 3 per cent into the Law for 3 years. Does he not accept that whenever I try and hard-wire something into law I am always told that is not the way to do it? Should Article 8 not be in Regulations completely and not hard-wired into the Law?

Senator T.A. Le Sueur:

I think, Sir, that is one of the purposes of having this consultation document: to enable questions like that to be answered. What the draft Law at present reflects is what this House agreed last year, that the rate of 3 per cent should be fixed for a minimum of 3 years.

Deputy G.P. Southern:

Answer the question, Sir. Should it not be in Regulations is the question.

Senator T.A. Le Sueur:

That is up for discussion. It may well be better in Regulations. What the Law as drafted does is reflect what the States agreed.

5.13 Senator J.L. Perchard:

Can the Minister confirm in his quart/pint pot calculation if any of the budgetary under-spends are being targeted or will be targeted to pay student loans?

Senator T.A. Le Sueur:

No, Sir. The expenditure which we are talking about here is really for one-off situations which are generally unforeseen. The student fees question is an ongoing question which needs to be funded by a permanent source of funding, not a one-off. Furthermore, it might not be entirely unexpected. The question has been in the public domain, certainly as far as Education, Sport and Culture is concerned, for some considerable time now.

5.14 Deputy J.A. Hilton of St. Helier:

Can the Minister inform the House how much progress has been made in relation to new taxes on land rezoned for housing?

Senator T.A. Le Sueur:

Some progress has been made in respect of environmental taxes generally. Our timetable on that one is to come back to this House with a report by September of this year. At the present time,

the person leading the environmental tax work has been rather more heavily involved in urgent matters relating to avian flu and the like and has not been able to devote sufficient resources at this time.

5.15 Deputy P.J.D. Ryan:

Will the Minister give any consideration to ring-fencing environmental taxes for environmental gains in terms of the various things that we can all think of? Has any consideration been given to that?

Senator T.A. Le Sueur:

I would give consideration to it, Sir, depending on the nature of the tax. But I think, in general, I am against hypothecation of taxes without very good reasons.

5.16 Deputy J.A. Hilton:

Does the Minister not think that, due to the fact that the Environment Minister will be considering very soon the possible rezoning on the H3 and H4 sites, that the matter of new taxes on the redevelopment of land should be high on his agenda?

Senator T.A. Le Sueur:

There are a number of matters which are high on my agenda and there are various ways of dealing with H3 and H4 and indeed planning issues generally. The issue of planning obligations and other weapons available the Environment Minister will, I hope, enable the use of those resources on those sites to be best achieved in the public interest.

5.17 Deputy G.P. Southern:

In an earlier tabled answer today, the Minister referred to revised income forecasts and detailed analysis on '20 means 20.' Will he ensure early release of these documents to the appropriate Scrutiny Panel?

Senator T.A. Le Sueur:

Yes. I have already indicated to the Chairman of the Corporate Affairs Scrutiny Panel that as soon as those figures are finalised, they will be made available to that Panel, should they so require them.

Deputy G.P. Southern:

No, Sir. While I accept the Minister's answer, the intention was early release, not when finalised. Scrutiny is supposed to be part of the decision making process, so I was seeking something earlier than when they are finalised.

Senator T.A. Le Sueur:

What I meant was once I had made up my mind what was the correct way to proceed before they are then put out for consultation. Once I know which way I am going, I will then share that knowledge with the Scrutiny Panel prior to sharing it with the rest of the Members and going out for consultation.

5.18 The Bailiff:

That concludes the second question period. Before we move on to public business, I wonder if I might assist Members by drawing attention to the fact that there were, I think, 4 or 5 Members who were hoping to put questions to the first Minister, the Minister of Home Affairs, under the first question period but were not able to do so. That is the reason why Standing Order 65.2 provides that the Presiding Officer shall rule a question out of order if the question is not concise. It might be helpful to Members to know that, in my judgement, if a question takes more

than 20 seconds to ask, it is getting in danger of not being concise. So Members might bear that in mind for the future. Deputy Ryan took considerably longer than that. **[Laughter]**