

3. Questions to Ministers without notice - The Minister for Treasury and Resources

3.1 Deputy F.J. Hill of St. Martin:

I can already see a smile on the Minister's face. Will the Minister give an update on the progress being made on the share transfer legislation?

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

Yes, Sir. My department is in discussion with the Law Draftsman. I am confident that law will be in place at the budget in December 2007.

3.2 Deputy G.P. Southern:

In the light of the Minister's assurances to ensure fair treatment of Jersey Post employees during the restructuring operations, given in November last year, will he undertake to investigate in detail whether the procedures now underway are fair and report his findings back to the States?

Senator T.A. Le Sueur:

When I undertook the sale of Jersey Telecoms I made the importance of the safeguarding of the employees of that company one of my priorities and that remains the case. In my proposition when I bring that forward, I will indicate all aspects of employment matters and the way in which those employees can continue to receive the same sort of conditions as they currently have.

3.2.1 Deputy G.P. Southern:

If I may, I think the Minister has reinterpreted my question. The question was about Jersey Post employees rather than Jersey Telecoms.

Senator T.A. Le Sueur:

Sorry, Sir, I misunderstood that one. I probably expected the wrong question. The same conditions really apply. The States, as the owner of a company, would want to make sure that those employees continue to have good conditions and, to the extent that it is necessary, I will ensure with the management of that company that that does exist.

3.2.2 Deputy G.P. Southern:

Will he report his findings back to the States?

Senator T.A. Le Sueur:

I do not think that needs to be specifically reported back to the States. The States in all its activities and its ownership of utilities and other companies acts as a good employer. The company will publish an annual report each year and I would have thought that within that report there should be adequate information. If on production of that report the Deputy believes that the company has provided insufficient information then I am prepared to report back to the States on specific matters within that.

3.3 Deputy A.D. Lewis of St. John:

In the light of recent developments with regard to Island pension provision and the proposed capping of tax relief on savings plans linked to life insurance, does the Minister have any plans to introduce any plans and incentives to encourage people to save, such as those that already exist in other jurisdictions? Thank you, Sir.

Senator T.A. Le Sueur:

Yes, Sir. Plans are in an early stage of discussion at the moment with members of the financial service providers who might be interested in those products. Meetings have been held with insurance company providers and at a more general policy level of how to encourage savings within the Islands. I remain committed to trying to find ways of encouraging people to save, which may or may not include tax incentives.

3.4 Senator J.L. Perchard:

The Minister, in an answer to a written question submitted and answered this morning, said that the States administer 154 special funds, the majority of these are as a result of gifts and bequests. The special funds, in the answer to my question, add up cumulatively to £34.67 million. Will the Minister inform Members of the procedures in place to manage the investment of these funds and is he satisfied with the investment performance of the 154 special funds held by the States?

Senator T.A. Le Sueur:

Yes, Sir. The funds which are held in a variety of accounts are part of the cash and investments of the States and the Treasury has a team of investment managers who advise us on the best ways in which these funds are invested. So I have every confidence in that team. They are subject to regular review by myself and my department and they are subject to regular appraisal as to whether their services are up to scratch or not.

3.4.1 Senator J.L. Perchard:

Can I thank the Minister for that answer. It is a great relief to me. Does the Minister agree that to report annually, possibly with an addendum to the States of Jersey annual accounts, on the balance and activities of all these funds during that year is a good idea?

Senator T.A. Le Sueur:

I am all for greater transparency in respect of funds administered by the States. As Members will see, a lot of these are relatively insignificant and certainly I think for all of those with a balance with, say, over £100,000 a report should be given each year. One can go into too much detail, perhaps, and a balance needs to be struck. The general principle is, yes, I would be quite happy to produce these figures, not necessarily in the States accounts because that might give a misleading view that these were parts of funds available to States Members but certainly in some form.

3.5 Deputy R.G. Le Hérissier:

Can the Minister confirm that all his budgetary targets in terms of revenue are indeed on target and any talk of budgetary stress amounts to the usual negative chit chat and has no substance whatsoever?

Senator T.A. Le Sueur:

I am not sure what the Deputy means by budgetary targets. Certainly the revenue forecasts which I have for 2006 and 2007 are at or above expectations. Expenditure targets for last year are just being finalised now. Expenditure pressures for next year and ongoing years are certainly considerable but they are at present on target and in line with current predictions.

3.6 Deputy G.P Southern:

Can the Minister confirm that in starting G.S.T. (Goods and Services Tax) in April 2008, the impact of G.S.T. on the R.P.I. which will not impact on the R.P.I. for March - which is the basis

for pay claims usually - so it is likely that workers will be paying G.S.T. but not receiving compensation for such payments in their March claim?

Senator T.A. Le Sueur:

Whenever G.S.T. is introduced that will have an effect on the R.P.I. for a 12-month period before the effect ultimately drops out. So it may be that it will not be affecting the March 2007 R.P.I.; it will no doubt be affecting the March 2008 R.P.I. So I think it is a question of swings and roundabouts. As far as the effect on the States is concerned, of course any decrease in potential waste within that year would be offset by the fact that there would be a lot of revenue for that year.

3.7 Deputy S.C. Ferguson of St. Brelade:

Reverting to the special funds - which, as the House will have noted, were already on the C.A.G's (Comptroller and Auditor General) programme for this year and in fact he has brought it forward to look at them - would the Minister confirm that there have already been informal suggestions for a more efficient management of these funds?

Senator T.A. Le Sueur:

Yes, I am happy to confirm that with the Deputy.

3.8 Deputy R.G. Le Hérissier:

In his earlier answer the Minister alluded to serious pressures in the next year or so. Could he identify what he sees these serious pressures as?

Senator T.A. Le Sueur:

I think in general the main pressure is that the rising rate of R.P.I. is putting greater strain on our projections which, as the Deputy and Members will recall, were based on a 2.5 per cent growth each year. That was our target and remains our target, and that is the target being achieved for R.P.I.X. Unfortunately, because of seasonal difficulties mainly in terms of bank interest rates, R.P.I. - which is not our target figure - is increasing at a greater rate than our target and that is having an undue effect on our budgetary forecasts of expenditure.

3.9 Connétable D.J. Murphy of Grouville:

I am referring to the answer to a written question which I asked the Treasury and Resources Minister and was answered this morning with regard to the funds in the Drug Trafficking Confiscation Fund. Is he aware that in 1999 £534,000 was given to the Police for confidential purposes? Is he happy that this money has been transferred and passed over to a department without the consent of this House and with only one political person having any input, i.e. himself?

Senator T.A. Le Sueur:

Yes, I am, Sir. There are certain items where confidentiality, particularly in Police and drug trafficking matters, is paramount.

3.10 Deputy G.P. Southern:

Does the Minister consider that his discussion paper on the possible sale of Jersey Telecom met the criteria for public consultation outlined in the Communications Unit report A2 of 8th February 2007, in particular where it suggests under 5(d) that the paper should set out the

competing arguments relevant to a decision and, under 3(c), expressing the Minister's own view it might affect people's willingness to engage? Does he consider that he met these criteria?

Senator T.A. Le Sueur:

That is a subjective question, Sir. I think I put out a discussion paper which raised all the arguments in Members' minds and if the Deputy felt that I was swaying in one direction or another that may be because he was perhaps swaying in the other direction.

3.10.1 Deputy G.P. Southern:

If I may have a supplementary? The paper did say: "The Minister's preferred option is ..." but nonetheless under 3(c) it says: "The Minister must be prepared to move ground if the feedback shows significant defects in his or her logic." Is the Minister prepared to move ground should this prove to be the case?

Senator T.A. Le Sueur:

If I have that proof, Sir, I am happy to move ground.

3.11 Deputy P.V.F. Le Claire:

I raised this question in relation to financial accounts being made available or published when we did general regulations 8 for the financial services propositions that came through the States recently. I just wondered, before I begin researching, whether or not the recommendations of the *Edwards Review* that the financial accounts of financial firms in Jersey be published have been undertaken? What exactly exists in Jersey for people to be able to establish an understanding of the financial activities of businesses operating in this Island?

Senator T.A. Le Sueur:

The *Edwards Review* made a number of recommendations, some of which were regarded as important, some less important and some to be done when the time is good. As far as the important ones are concerned, all those have been delivered and indeed we are due for a further review in the next 12 months or so. As far as the publication of financial statements of financial firms is concerned, there is certainly a matter here of confidentiality and privacy for those people concerned. A balance needs to be struck and I have no doubt that at present the balance is being struck in the right way. This subject is constantly being reviewed and revised and as the climate changes no doubt arrangements will also change.

3.11.1 Deputy P.V.F. Le Claire:

May I ask a supplementary, Sir, because that left me as clear as I was before I asked the first question. Could I ask one question which comes out of the answer which is the Minister says there will be a review in 12 months. Does he mean there will be a new *Edwards* type review or does he mean there will be a new review as to what the progress is in relation to *Edwards*? Also, what I was getting at is in other jurisdictions it is possible to ascertain the activities and the memberships and the directorships and the non-executive directorships of companies, what they are involved in, what they are doing and what their bottom lines are, what their investments are. In Jersey I do not believe that is the case. I would like to understand and would like to know if the Minister can tell us what is available in Jersey, because from what I can understand there is not anything and is that really adequate? So the 2 questions are is that adequate - because I do not believe there is anything - and the second one is what does he mean by a review?

Senator T.A. Le Sueur:

No, it is not an extension of the *Edwards Review* but there will be a further review by international finance executives of the way in which the Island does its regulation administration. As far as the disclosure of activities of companies is concerned, of course we need to distinguish between private companies and public companies. Public companies - and the Island has some of those - do have a much greater level of disclosure than do private companies and that is quite appropriate. The level of disclosure of public companies is, in my view, perfectly adequate at the present time.

3.12 Deputy S.C. Ferguson:

The increase in R.P.I. to a certain extent is driven by government spending. How is the Minister thinking of controlling this? What sort of measures is he going to impose on the high-spending departments?

Senator T.A. Le Sueur:

R.P.I. is driven to a very small extent by government spending. I think the indication of the extent of government spending influence would be better seen on the R.P.I.X. The R.P.I. is driven primarily by matters such as interest rates and oil prices, as I previously said. As far as controlling inflation is concerned, that would be the subject of a paper to come before this House in due course, but I would remind the Deputy and Members that the introduction of taxation measures such as G.S.T. will have the effect of taking a lot of spending power out of the economy and that in itself should have a dampening effect on inflation. Where the problem will go wrong is if that money, having been taken out, is then spent rather than held. That is a question which is a matter for this House as a whole to show constraint and responsibility in making sure it does not spend all of that hard-earned... as a way of maintaining and controlling inflation.

The Bailiff:

That concludes the first question period.