

### **3. Questions to Ministers Without Notice - The Minister for Treasury and Resources**

#### **3.1 Deputy G.P. Southern:**

In the light of the Treasury and Resources Minister's previous answer earlier today that he was now caught in 2 minds over the sale of Jersey Telecom, is he aware of the opinion expressed by the Chief Executive of the J.C.R.A (Jersey Competition Regulatory Authority) that whatever the merits of the structural separation of the company that the issue of structural separation needs to be decided before sale takes place because following the sale it would be nearly impossible. It would be very, very difficult, to structurally separate, if that was decided to be the right way to go after a sale, and that this decision needs to be discussed and debated and decided upon well before we decide to sell Jersey Telecom.

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

Yes, Sir, I am aware of the opinions of the Chief Executive of the J.C.R.A. I do not necessarily share them, but I think that while the issue needs to be discussed before the sale takes place, if the Deputy is implying that structural separation needs to be in place before the sale takes place I would disagree with him.

#### **3.1.1 Deputy G.P. Southern:**

No, I am not suggesting the pros and cons of either way; I do not have an opinion on that. The evidence is that we need to decide what we are doing and to get the powers in place before we sell because it will be very difficult afterwards.

#### **Senator T.A. Le Sueur:**

I am not sure if it would be any more difficult afterwards than it is now, Sir. Structural separation would be a very difficult issue. Certainly it needs to be discussed and it is one of the matters that I shall be discussing with my colleague, the Minister for Economic Development, over the next few days.

#### **3.1.2 Deputy G.P. Southern:**

Does the Minister accept that on competition and regulation issues he would be best advised to listen to his Chief Executive adviser on that basis?

#### **Senator T.A. Le Sueur:**

I am pleased to listen to advice from all sources, particularly when that advice is based on well-founded information.

### **3.2 Deputy R.G. Le Hérissier:**

Does the Minister consider that it has almost reached a situation that it would be counter-productive if the number portability issue were resolved before this discussion were to be taken? Were it to be resolved it could radically undermine the case for J.T. (Jersey Telecom)?

#### **Senator T.A. Le Sueur:**

No, Sir. I think the issue of mobile number portability, while is quite important, has relatively little importance in the overall situation of the sale of Jersey Telecom. It is an issue that needs to be resolved in any case and has been resolved, as far as I am concerned, by mutual agreement with the J.C.R.A.

#### **3.2.1 Deputy R.G. Le Hérissier:**

Could the Minister outline how he believes it has been resolved?

#### **Senator T.A. Le Sueur:**

An agreement has been reached between the Jersey Telecom's company and the Jersey Competition Regulatory Authority that mobile number portability will be instituted during the year 2009 and I believe certainly before the end of 2009.

**3.3 Deputy R.C. Duhamel of St. Saviour:**

Members will be aware that they had a copy of R.4/2008, a report on land transactions under Standing Order 168(3) outlining the Minister's intention to rent Flat 2 Claremont, Bagatelle Road to a person. I am told by next-door neighbours that this particular property has remained empty for a substantial period of time and there are 2 premises within the single house. I would like to ask the Minister whether or not he is satisfied with the running of the Property Holdings Department in relation to the leasing of States' properties? It would appear on the surface, Sir, that not enough is being done in order to ensure that properties do not remain unoccupied for substantial periods of time.

**Senator T.A. Le Sueur:**

Yes, Sir, I am perfectly satisfied with the abilities of the Property Holdings Department to deal with these sorts of properties. If it is likely that a property has no potential for future letting, as was the case with a building near J.C.G. (Jersey College for Girls) some time ago, then it is generally put up for sale or otherwise disposed of. In this case there may well be instances where there is a change of tenant and the property remains vacant for a while, but I understand that the property is still required and that certainly effectively is now being leased as that report suggests. It suggests that we have in fact an ongoing need for the accommodation in question.

**3.3.1 Deputy R.C. Duhamel:**

In that case, Sir, will the Minister assure the House that all efforts will be made to rent Flat 1 of Claremont, Bagatelle in addition, which I am told is still empty?

**Senator T.A. Le Sueur:**

Yes, Sir, I am sure we will.

**3.4 Deputy R.G. Le Hérissier:**

Does the Minister's department have a policy of setting targets to ensure that properties are not kept empty for longer than is necessary?

**Senator T.A. Le Sueur:**

One of the objectives of setting up Property Holdings is to come to the House with a complete strategy for the operation of Property Holdings. I discussed with the new Chief Officer of that section of the Treasury last week the strategic plan for Property Holdings which will look at all issues such as that. I hope to be able to give a presentation to States Members generally within the next couple of months outlining the answer to that and other issues because I think they need to be looked at collectively rather than in isolation. I take the point that the Deputy raises and certainly a policy will be forthcoming.

**3.5 Deputy G.P. Southern:**

Returning to the issue of Jersey Telecom and the proposed sale, the last time we spoke about the issue of gearing the Minister said that he was not sure that he had the right solution, or indeed any solution, to the problem of gearing control post-sale. Is the Minister clearer that he has an answer to the problem of gearing control now than he was before Christmas?

**Senator T.A. Le Sueur:**

I think the short answer to that one is no, Sir, because the issue of gearing, or the ability of a company to borrow, is a very subjective one and will vary from company to company and the

commercial needs of the company at that time. I think the answer to the Deputy is that it needs further discussion and further consideration.

**3.6 Deputy R.C. Duhamel:**

Apropos to the recently stated Minister's point of view that he wishes to seek that States' property is kept in a full state of occupancy, would the Minister like to inform the House when he intends, as promised, to bring forward the re-tendering process at Jersey Girls' College?

**Senator T.A. Le Sueur:**

I authorised that process to recommence just before Christmas. Clearly over the Christmas holidays was not the ideal time. I believe it will be instituted during the month of January.

**3.7 The Very Reverend R.F. Key, B.A., The Dean of Jersey:**

I have been reading with interest the answer about the things that are exempt and zero-rated and so on. I have noticed that it says education and burial and cremation are exempt. Would the Minister confirm that churches will not have to charge G.S.T. on wedding fees, or do I need, with my ecumenical colleagues, to get us all registered before the wedding season begins after Easter?

**Senator T.A. Le Sueur:**

I hope that the Dean is very busily occupied with weddings during the coming year and that people do get married in churches, but the threshold for registration would be £300,000 and I am not sure whether the church in question would reach that threshold.

**3.8 Connétable D.J. Murphy of Grouville:**

With regard to Jersey Telecom, could the Minister confirm to me the name of the advisers to the States, please?

**Senator T.A. Le Sueur:**

The lead advisers to the Treasury in respect of the sale of Jersey Telecom have been Citigroup.

**3.8.1 The Connétable of Grouville:**

Is that the same Citigroup who are writing off £20 billion in the last half of 2007?

**Senator T.A. Le Sueur:**

Yes, Sir.

**3.9 Deputy G.P. Southern:**

In the light of the Social Security Minister's commitment to investigate through the actuary the state of the social security funds, and in particular the pension situation, does the Minister consider that the reduction or elimination of £56 million worth of supplementation - the largest single item of States' expenditure - is a priority to be solved in the coming year?

**Senator T.A. Le Sueur:**

The issue of supplementation is under discussion I know by the Minister of Social Security. While it may sound simple to suggest that supplementation should be reduced, the Deputy and Members maybe need reminding; a supplementation is there as a crucial component of income support in that it is there to support the contributions of people earning less than the average in order to maintain their pension entitlement in later life. Where one has reduced supplementation it could impinge to the detriment of those people's pension entitlements. I think if one were just to remove or reduce supplementation it needs to be replaced by some other form of assistance to those people and, again, that will come at a cost. That cost will presumably be borne either by employees or by employers or by the States. That issue has to be faced that this costs money. I

do not think it is as simple to just say reduce supplementation. It does have a serious detrimental effect on the less well-off.

**3.9.1 Deputy G.P. Southern:**

Does the Minister accept that the principle of progressivity should be applied and that it is in fact a relatively straightforward, if not simple, matter to shift that burden from the States to the better-off in order to pay for those who are least well-off in our society?

**Senator T.A. Le Sueur:**

I am happy to talk to the Minister for Social Security but I would not want Members to think that I have taken over the responsibility or the role of Social Security Minister as well. From my own point of view, I remind the Deputy and others that social security contributions are a form of insurance. They are not a form of taxation. On that basis you get what you pay for. You pay a flat-rate contribution for a flat-rate benefit. If the Deputy wishes to review the social security scheme as a whole, that is an issue wider than my own personal remit.

**3.10 Deputy S.C. Ferguson:**

Would the Minister not agree that the business of supplementation increasing so dramatically is partly due to the rush to bring in I.T.I.S. (Income Tax Instalment System) and perhaps the fact that the analysis of the effects of I.T.I.S. were not taken into account as they should have been?

**Senator T.A. Le Sueur:**

It is very easy to speculate about the causes of increased supplementation. I have no doubt that the introduction of I.T.I.S. has been a contributory factor and I do not know to what extent that is the sole cause. That is being currently investigated, I believe, by officers of Social Security. What I would say is that the revenue from I.T.I.S. has exceeded our expectations and if part of the consequences of that is an increase in supplementation I believe we are still on the right side of the line, so to speak.

**3.10.1 Deputy S.C. Ferguson:**

Has the Analysis Department of the Treasury looked at the cost benefit analysis of the extra money from I.T.I.S. and the additional increase in supplementation? Surely it is essential to know where the increases have come from to do the analysis in order to reach a conclusion about how to deal with the problem.

**Senator T.A. Le Sueur:**

I think before anyone conducts any cost benefit analysis on I.T.I.S. we would need to know the actual affect that I.T.I.S. has had on supplementation. At this stage it is pure conjecture and it would be unwise to do a cost benefit analysis based on conjecture. I would also say that even if I.T.I.S. had no financial benefit overall, and there was a net effect of supplementation balance of I.T.I.S., I still believe that I.T.I.S. would have been in the best interest of the population in that it is socially fairer for people to pay their tax in instalments and for all people, including those employed seasonally, to contribute to the tax net. Irrespective of the supplementation one way or the other, I.T.I.S. has still been a good thing for the benefit of the people of the Island.

**3.10.2 Deputy S.C. Ferguson:**

Will the Minister confirm that the analysis is being done to look at this? Because it seems to me that there is a lack of analysis of the figures in order to understand what they mean.

**Senator T.A. Le Sueur:**

Analysis of supplementation figures and an increase in supplementation is a matter for the Social Security Department. I understand it is being done, but I cannot give an update of what the position is and what post they have reached so far. That is not for me to say, Sir.

**3.10.3 Deputy C.J. Scott Warren:**

Is the Minister reconsidering the possibility of giving up on the I.T.I.S. rate from the previous year and in fact basing... in other words losing that and gaining tax on this year's earnings?

**Senator T.A. Le Sueur:**

I did say that after I.T.I.S. had been in for a few years we would review the possibility of moving to a current year basis for everybody. At this stage there are enough activities going on in my department, so that review would not yet take place; when the opportunity arises it will be pursued, as I indicated it would be a year or so ago.

**The Deputy Bailiff:**

I am afraid the time has run out.