

## **2.2 Deputy R.G. Le Hérissier of the Minister for Treasury and Resources regarding the beneficiaries of the Fiscal Stimulus Package:**

Under what circumstances will facilities like Fort Regent benefit from the Fiscal Stimulus Package?

### **Senator P.F.C. Ozouf (The Minister for Treasury and Resources):**

To benefit from the Fiscal Stimulus Package, proposals should be achievable, represent value for money and bring real economic benefit and, of course, as the Deputy knows well, they must meet the 3 Ts; that is to say that projects should be timely, targeted and temporary. I was able to discuss with the Corporate Affairs Scrutiny Panel yesterday the rigorous evaluation process that will be put in place, I hope, after next week's successful States debate on the Fiscal Stimulus Package. Each of the bids will be independently assessed to ensure that they will conform to the criteria that I have laid out. For Fort Regent to be considered as part of the Fiscal Stimulus Package, the Education Sport and Culture Department would need to bring forward a detailed bid for funding in response to the recent request by Treasury and Resources for States departments to submit their bids for projects and that they feel that they could make a case that any Fort Regent project could qualify for funding as part of the Fiscal Stimulus Package.

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

Would the Minister acknowledge that while there might not be immediate benefits and while, for example, an installation of a lift might require an up-front technical investment, it is the creation of solid, enduring facilities and longer term jobs which will be of ultimate benefit to the economy?

### **Senator P.F.C. Ozouf:**

I cannot help but agree that if we can find projects as part of the Fiscal Stimulus Package... I do not pretend to be anything on the same scale as Jean-Baptiste Colbert, Louis XIV's Finance Minister, who built in Paris in his term of office a *grand projet* which had an enduring benefit to the benefit of Paris. The difficulty is that we do have opportunities to use the Fiscal Stimulus money for infrastructure projects but my concern of the immediate outlook of the economy is an immediate one and therefore we need projects that are literally shovel-ready that can be started immediately in the next few months to keep people in work that otherwise would be out of work. I agree with the Deputy about the important need to take a considered view of an investment of Fort Regent. My concern is his plans are not simply developed enough.

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

I have another question. Would the Minister not accept it is short-term thinking of the greatest order? Despite his wish to be the new Sun King of Jersey, would he not admit that if we were to build enduring facilities rather than getting a lot of people busy with shovels to give the illusion of activity, it would ultimately be a much better investment? **[Approbation]**

### **Senator P.F.C. Ozouf:**

I agree and that is the reason why. I am sure it will not have escaped the Deputy's notice that some of the proposals coming forward for the Fiscal Stimulus Package are, for example, in bringing forward much needed housing maintenance to improve the standard of accommodation for hundreds of units of accommodation in our social

sector. There are many people who last night would have been going to sleep in homes that might be not regarded - and rightfully not regarded - as acceptable in modern day standards. That is just as important in infrastructure as other matters. I agree with him that we need to invest in our infrastructure. I agree that we need to have a considered look at the capital project plan but I would ask him not to use the opportunity of the Fiscal Stimulus Package, which is needed for urgent economic intervention for, might I say, some desirable, but his own pet projects in relation to Fort Regent. That is not what the debate for the Fiscal Stimulus is about.

### **2.2.3 Connétable D.W. Mezbourian of St. Lawrence:**

Will the Minister confirm who will make the independent assessments for allocation?

#### **Senator P.F.C. Ozouf:**

Absolutely, that is a very good question, and it is contained within the report and proposition. What is happening is that departments are being requested to put in their bids. Members will have heard, for example, a bid that has been into the public domain by the Skills Executive to keep young people with job opportunities, for example. Those detailed bids are going to be ... their business cases are being assessed by a group of officers under the Chief Officer of the Treasury and Resources Department. The validated business plans will be considered by an independent team of officers. Those recommendations will come to me and I then intend to take those recommendations and have offered the Corporate Affairs Scrutiny Panel a veto on individual projects. I am absolutely acutely aware of the difficulty that the States themselves are not - because there is not the time - going to decide on each individual project. The alternative, because we need to act swiftly, is to bring the Corporate Affairs Scrutiny Panel and to effectively give them a veto on behalf of this Assembly.

### **2.2.4 Deputy M. Tadier of St. Brelade:**

I am not sure whether to address the Senator as Minister or Sun Majesty. I would ask the Minister what steps has he taken to ensure that all monies injected into the economy stay within the local economy as part of the Fiscal Package?

#### **Senator P.F.C. Ozouf:**

Jean-Baptiste Colbert was the Finance Minister. It was Louis XIV that was the Majesty. There is a difference, I would say to the Deputy. **[Laughter]**

#### **Deputy M. Tadier:**

With respect, I was referring to the interjection from Deputy Le Hérissier.

#### **Senator P.F.C. Ozouf:**

Not in the question, I am afraid. **[Laughter]** I beg your pardon. There is, of course, the real issue of economic leakage and one which is a key criteria that needs to be looked at. I draw the Deputy's attention to the urgent need, for example, of dealing with skills training. It may well be, and there is an emerging issue - a real issue - with young people who might not be able to get into the workplace following completion of their studies, whether that be at secondary school, Highlands or in further education. That is, I think, a very clear example of whereby we need to help Islanders in a direct sense. Also, for example, the suggestion of deferring the withdrawal of transitional relief under income support. It is widely acknowledged by economists around the world, and governments have been taking this action; that injecting money into the lower income areas of the economy makes a real difference in terms of

injection in the local economy which helps local shops and local High Streets, *et cetera*. That is the kind of analysis that we are looking at. We want maximum benefit for the local economy in dealing with what, I am afraid, is going to be ... while we have been protected to some extent from the economic meltdown around the world we are not expecting that insulation to continue in the forthcoming months.

#### **2.2.5 Deputy D.J. De Sousa:**

Can the Minister inform the House how he can say this is an independent review of how the fiscal stimulus will be spent when it is his own officers in his own department that will be looking at it?

#### **Senator P.F.C. Ozouf:**

That is exactly the point, as I would say to the Deputy. The Treasury is independent of the individual spending departments, with the exception of Property Services, but there are clear guidelines. I have an Assistant Minister who makes all of the decisions in relation to Property Services and Property Services are regarded as arm's length. It could be the case that the Economic Development Department would have been carrying out that review. Treasury has to do the independent evaluation and bring in necessary expertise, and I fully intend to bring in and harness expertise from outside. We have had the benefit of the Fiscal Policy Panel, 3 independently renowned experts having effectively, I think, given a sign-off and given agreement and given the green light for the action that we need to take. They have been very clear. While the process will never perhaps be perfect, we need to get on with it.

#### **2.2.6 Senator S.C. Ferguson:**

First of all, can I assure Members that the Corporate Affairs Scrutiny Panel will not be acting as part of the Executive and doing their work for them. Would the Minister not agree that for any proposals, it is essential that they must not add to the long-term expenditure base?

#### **Senator P.F.C. Ozouf:**

I am grateful for the chairman's clear statement that she is not being expected to be part of the Executive but effectively doing the job that this Assembly would wish her to do, which is scrutinising and holding the Executive to account. In relation to long-term States spending, we had, I think, a difficult discussion yesterday at the Corporate Affairs Scrutiny Panel. I am determined that none of the allocation of the fiscal stimulus builds into the base budget of States departments and there is a risk of individual Members coming up with projects that they want long-term funding for. We have to say no; they have to be targeted and timely and not increase the base.

#### **2.2.7 Deputy R.G. Le Hérisssier:**

Just a final question. Would the Minister not accept that while up-front capital expenditure may not be possible, if, for example, a minibus service was financed and renovation work was undertaken, is that the kind of quick improvement absorbing and creating work which he would be in favour of?

#### **Senator P.F.C. Ozouf:**

In a sense, no. If the minibus service - and I know another favourite hobbyhorse of the Deputy, well-intentioned again, is the hopper bus. The hopper bus, I would represent to the Deputy, is a long-term plan and would require the Minister for Transport and Technical Services to have his budget increased year on year, precisely

against what the Corporate Affairs Scrutiny Panel is contending. It must be temporary. It must not build the base. It must be one-off; it must be targeted and lift people that otherwise would be, and continue them into employment.