

## **2.10 Connétable J. Gallichan of St. Mary of the Minister for Treasury and Resources regarding the disposal of publicly-owned assets to fund the cost of any project not contained within the Medium Term Financial Plan:**

Under what circumstances could publicly owned assets be disposed of in order to fund the cost of any project not contained within the Medium-Term Financial Plan?

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

As the Connétable will be aware, the M.T.F.P. (Medium-Term Financial Plan) approves a total capital expenditure for each year of the M.T.F.P. Thereafter, each capital project is authorised in the annual budget. The capital programme assumes a proportion of funding that will be met from disposal of publicly owned assets. The procedure for disposal of property is covered by Standing Order 168. In addition to this, Article 18(5) of the Public Finances Law enables the Minister for Treasury and Resources to authorise a States-funded body that has disposed of an asset to use all or a specified amount of the proceeds of the sale for revenue expenditure or a specific or capital project. In practice, the funding generated from such disposals is needed to fund the agreed capital programme. That means in order to fund capital schemes over and above the M.T.F.P., the Minister is likely to need to use contingency funding. Under Article 11(7) of the law, the Minister for Treasury and Resources can approve use of contingency funding which could be for capital schemes but, of course, only to the extent of contingency funds being made available.

[10:30]

### **2.10.1 The Connétable of St. Mary:**

Could the Minister tell me in English, please, is there a process whereby States owned assets can be disposed of simply if the Assembly identifies a project which is not contained in the Medium-Term Financial Plan?

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

I think there are 2 questions there. As far as disposal of assets is concerned, disposal of assets and certainly property assets is covered under Standing Order 168, which means that a proposition is laid before the Assembly and a calling is effectively available. So that deals with the issue of disposal. What can happen with the receipts of a disposal, they could be used but, as I have said, a capital project, construction of a police station, would need to be, in my view, normally included in the capital programme approved in the budget. I hope that that explains the question. The contingencies are there to deal with unforeseen and urgent issues and there is a policy, perhaps I can circulate it to the Connétable, which sets out the use of contingencies and how they could be made available.

### **2.10.2 Deputy S. Power:**

I have to challenge the Minister on part of his response to the Constable of St. Mary. The question is quite clear and it is quite short. Under what circumstances can publicly owned assets be disposed of that are not contained in the Medium-Term Financial Plan? The Minister mentioned, among a lot of other things, that contingency funding may be available. How and what is the process for the Minister to make a report to fund a project out of public assets that is not in the Medium-Term Financial Plan? What is his discretion? How does it work?

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

It is quite difficult to explain that in an oral question but I would just remind the Deputy that we published in January 2011 effectively a policy on contingencies which I think was a question from Deputy Vallois and then there is in addition to that a code of direction, an internal Treasury guidance to departments about how we will deal with contingencies. I certainly would only allocate contingencies... I think we have bound ourselves into rules that... say, for example, that

I take a request for contingencies, I have to get a report from the Treasurer and then I have to take it to the Council of Ministers and, of course, then they are published.

**2.10.3 Deputy J.H. Young:**

Would the Minister confirm that the process that he has explained to the Assembly does allow him the opportunity to update the Medium-Term Financial Plan for projects which do not fall within the plan at the moment, for example, the outcome of a feasibility study into the essential improvements of Les Quennevais School?

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

I think that I would certainly be stretching the use of the availability of allocation of contingencies. Yes, the Minister for Treasury and Resources does have some discretion but as far as Les Quennevais School, that seems to be a capital project which would need to have been included in the capital programme and, of course, it is the Budget that approves capital projects. I would remind the Deputy, and indeed some Members of the Assembly who have been commenting on Les Quennevais School, that there was not a scheme that was put forward by Education for Les Quennevais. Of course, if there is a scheme that the Minister for Education, Sport and Culture wants to put forward for Les Quennevais, then that can be considered in the capital programme for 2014.

**2.10.4 Deputy T.A. Vallois of St. Saviour:**

When the Minister for Treasury and Resources makes his decision with regards to disposing of public assets, can he advise what Property Plan he makes that assessment against?

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

The Property Plan used to be part of the Business Plan and there are targets in the M.T.F.P. White Book. I will remind the Deputy of exactly which page it is. I was looking at it last night and I think it is page 122 but I will correct that if I have got that wrong. Where there is an assumption of the target of property disposals that Property Holdings need to make in order to fund some aspects of the capital programme. I think the target is £2.3 million for 2013 and some higher amounts for 2014 and 2015. So the capital programme is predicated to some extent on disposal of assets and those are set out in the actual M.T.F.P. White Book.

**2.10.5 Deputy T.A. Vallois:**

Could the Minister confirm that there is an ability still for States Members to contend against a decision made by the Minister for Treasury and Resources with the 15 days' notice?

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

I thought I had just said that.

**2.10.6 Deputy R.G. Le Hérissier:**

Would the Minister not concede that he has caused enormous confusion and distress among the electorate at large because having run a very tight austerity programme, he is now saying because it falls outside the M.T.F.P. that this programme can be breached to a massive extent, having done a U-turn from his 2010 speech?

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

Could the Deputy explain on what project he believes that the U-turn has been done? Does his question relate to Plémont funding?

**Deputy R.G. Le Hérissier:**

Yes.

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

I fully accept that the Minister for Treasury and Resources is in a very difficult position in relation to Plémont and I would say to the Deputy that I would only consider allocating contingencies... and I have advised the Assistant Chief Minister and Chief Minister that the only way that the Treasury could respond to this Assembly's approval of Plémont is by the use of contingencies and the valuation indicates that we could meet from contingencies. I have to advise and I am criticised if I do and criticised if I do not. I have to tell the Assembly what I would do if they passed the Plémont proposition and I have been clear. The only source of funds is contingencies.

**2.10.7 Deputy G.P. Southern:**

The question is partially answered but with specific reference to Plémont, since the proposition is lodged in the Chief Minister's name, does the Minister for Treasury and Resources not consider that such a large spend should have been in the Medium-Term Financial Plan, either in capital or revenue?

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

All capital expenditure and expenditure should be within the Medium-Term Financial Plan and I have advised on the use if the States pass Plémont and, of course, Plémont is a kind of different situation because the cost of Plémont could be with CP and under the CP Rules, the Minister for Treasury and Resources has to make available ahead of expenditure in order to fund it. I am advising that the use of contingencies could meet that. Now, that is what I am doing in terms of responding to a request that the Assembly is asked to do. I would not allocate such a large amount of money without the States decision and that is why we need to have a decision on Plémont.

**2.10.8 Deputy G.P. Southern:**

Just to make it clear that in the event of compulsory purchase processes taking place, that decision comes back to the States on whether to spend or not?

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

No, I am asked to approve... the decision before the Assembly today is to request... I have not got the proposition in front of me but clearly if the States agree Plémont, then I will have to allocate contingencies. There are no other available resources. Deputy Le Hérisier is quite right to say we are running a tight ship. We have put in place contingencies so we do not have to come back with Article 118 and I am advising that based upon the valuation that I have been given for Plémont and then the outcome of an arbitration, it would be contingencies that would be used and contingencies of course can be used for a one-off.

**Deputy G.P. Southern:**

Just for the sake of clarity, please, if I may.

**The Bailiff:**

I am sorry, Deputy, that was 2 questions. There are others who want to ask questions. I am sorry.

**Deputy G.P. Southern:**

I still do not think we have got clarity, Sir.

**2.10.9 Deputy M. Tadier:**

I note from the Council of Ministers' comments when Deputy Pitman asked for £3,000 for Reform Day, we were told the Council of Ministers is unable to support the allocation of £3,000 because it was not approved as part of the Medium-Term Financial Plan. Does the Minister for Treasury and Resources think there is a risk, or at least a perception, that depending on who is

bringing this particular proposition that we might be able to accept, I do not know, maybe a few million if it is brought by the right person even although it has not been part of the Medium-Term Financial Plan but if it is the wrong Member... that we risk giving out a mixed message? Does the Minister accept that and that we have set a precedent?

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

I think I am criticised by all Members of the Assembly in relation to different positions on financial matters and that is the situation that you have. I have no favour or otherwise on who brings propositions. My job is sometimes to be completely independent. Sometimes I have arguments with the Council of Ministers in relation to funding aspects and the Medium-Term Financial Plan has certainly been a difficult process but it was ultimately successfully resolved in the Assembly and we considered amendments of it. I have no favour of who brings amendments.

**2.10.10 Deputy M. Tadier:**

So on that basis then, will the Minister for Treasury and Resources be lodging comments to the Plémont debate this afternoon to say that the Minister for Treasury and Resources and Department cannot approve this because it has not been made as part of the Medium-Term Financial Plan for consistency's sake?

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

I am very clear that if the States approve the Plémont proposition, the only recourse if the States wants to go down this route is the use of contingencies. There is no other way that I can fund that States request and I am just saying to the States exactly what we should be doing in terms of what the Treasury will have to do in the event of passing this proposition. I cannot really be clearer than that but I realise that I am going to be criticised by those that do not want to do it and I am going to be supported by those that do. So you cannot win. That is the job that I have got and my job is to inform the Assembly of the facts of what available options there are.

**2.10.11 The Connétable of St. Mary:**

I would like to first of all say that I did not raise this question to criticise the Minister for Treasury and Resources but out of a genuine lack of understanding on my part. I came to the Medium-Term Financial Plan understanding that due to financial constraints, *et cetera*, there were big projects out there that Ministers had to prioritise and were not in that plan but I now find that there is possibly a way around this. Can the Minister for Treasury and Resources advise me, if I come back to him with a capital project that has not been identified by the next Budget, that there will be a mechanism for me to arrange funding or to achieve that funding, even though it is not in the Medium-Term Financial Plan? It is not Plémont and it is not Les Quennevais School.

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

The States has agreed a total amount for capital projects and last week we approved the capital projects for 2013. Of course, there are a further 2 opportunities to have capital projects for 2014 and 2015 in the next 2 years' Budgets. So I think the answer is yes, there are 2 opportunities that can be had but it has got to be within the total allocation of the capital that is available because we approve a gross amount annual programme for each year of the Medium-Term Financial Plan. The details of the projects come back in the annual budget. I hope that has answered the Connétable's questions.