

2019.03.12

**13 Deputy G.P. Southern of the Minister for Treasury and Resources regarding the funding of Jersey Finance: [OQ.75/2019]**

In the light of the grant of £250,000 to Jersey Finance, to assist with the setting up of an office in the U.S.A. (United States of America), will the Minister advise the Assembly whether the model, by which Jersey Finance is funded, is due to be changed, or reviewed?

**Deputy S.J. Pinel (The Minister for Treasury and Resources):**

The responsibility for the grant arrangement to Jersey Finance Limited sits with the Minister for External Relations. There are no plans, at present, to change the current funding model, but I understand that an increase in future funding for Jersey Finance will be put forward for consideration, as part of the Government Plan process. This will require careful consideration, alongside what I expect will be a number of competing requests. I can, however, say that such a request would be consistent with the Common Strategic Policy of the Council of Ministers, as approved by this Assembly on 4th December 2018. I believe strongly that we must effectively promote the well-being of Jersey's primary economic sector in future years against a challenging external environment and I hope that Members of this Assembly will share that view when we come to vote on budget allocations later this year.

**6.13.1 Deputy G.P. Southern:**

Given that we appear to be launching a new decade of austerity, it seems to me that competition between various good causes is likely to dominate. So, can the Minister state clearly for Members what the balance of funding for Jersey Finance currently is, between government spending and the industry's spend?

**Deputy S.J. Pinel:**

Members of Jersey Finance contributed more than £800,000 to the budget of Jersey Finance in 2018 and, furthermore, the finance sector contributes substantially to the income tax and corporate tax of our government, plus the fact that the government grant to Jersey Finance is approximately £5 million per year.

**6.13.2 Deputy M. Tadier:**

Would the Minister confirm whether Jersey Finance is strapped for cash and furthermore how does she, as the Minister for Treasury and Resources, decide between competing bids, for example when the Arts Centre and the Opera House repeatedly ask for money and are turned down in the first tranche of I.A.B. (Investment Appraisal Board) bids and in the second tranche and threatening to close their doors, not as an idle threat, but because they have perhaps little alternative? Yet, when a relatively wealthy, presumably, consortium, that represents finance, asks for money they are given that to set up completely new ventures. Is there a rationale behind this approach?

**Deputy S.J. Pinel:**

I do not think the Deputy is comparing like with like. Jersey Finance have a great reputation of working internationally and has been adept at building connections in international markets. This is very different from what the Deputy is talking about with a cultural aspect of bids in the Investment Appraisal Board, which are ongoing and they have not been refused. So, I do not think the like with like comparison is suitable to answer.

**Deputy M. Tadier:**

Sir, may I have a supplementary?

**The Bailiff:**

I am sorry, Deputy, we have 4 Members wishing to ask questions and time is marching.

**6.13.3 The Connétable of St. Helier:**

Is this not just another example of Treasury and Resources' *largesse* to organisations with handouts from unspent contingency, does it not make a mockery of our Budget debate last December? Why do we not agree a Budget in December and, if there is unspent money, allow States Members to be involved in the allocation of extra money that comes in?

**Deputy S.J. Pinel:**

As the Members will be aware, the audited accounts of the Treasury and Resources will be published in April, 2 months earlier than normal, and then we will see what the underspends for 2018 are and what can be further allocated to future contingency. But there is not an underspend in contingency, as the Connétable suggests, at the moment and certainly there is no *largesse* dispensed by Treasury and Resources.

[11:15]

**6.13.4 Senator S.C. Ferguson:**

When Jersey Finance was set up - some of us remember that - the original arrangement was that the funding should be on a 50/50 basis between government and the industry. Will the Minister supply a clearer analysis, well not just clearer, a clear analysis of the split of funding between government and industry, so that when the question of the Budget comes up later in the year, States Members can make an informed decision?

**Deputy S.J. Pinel:**

As I mentioned in answer to the last question, the audited accounts will be produced at the end of April, which should give the Senator an answer to her questions and many other States Members, including myself, as to what is available from underspends, what can be allocated in future times. But, comparing Jersey Finance with other industries is not necessarily a reasonable way to go forward. They have made huge input into our international development with other countries, which probably now, with Brexit in mind, is more important than ever.

**Senator S.C. Ferguson:**

That was not an answer to my question. I asked for a clear analysis of the split of funding between government and industry, not the audited accounts.

**The Bailiff:**

I think the answer was that the audited accounts will reveal an analysis, which then will be open to Members to examine. I am sorry, I have refused Deputy Tadier a supplementary and I refuse yours as well.

**6.13.5 Deputy J.M. Maçon:**

Notwithstanding the good work of Jersey Finance, and exactly following on from the point of Senator Ferguson, that it was a pound-for-pound funding when it was sold to the States, but also at the same time we did not have the function of a Minister for External Relations, which now produces

things like global market strategies, for example. So, does the Minister agree that the funding model for Jersey Finance should be completely reviewed, root and branch?

**Deputy S.J. Pinel:**

Yes, in the light of the Deputy's question, with the establishment of a department - if one can call it that these days - of External Relations, then, yes, one could review what Jersey Finance are doing. But, I do not think it an appropriate time to do it at this moment, until we have received the audited accounts and produced the Government Plan, which will see where we go forward into 2020.

**6.13.6 Deputy K.F. Morel:**

Apologies if you answered this at the very beginning and I did not hear it, but given that £250,000 is being spent on the setup of an office in New York, that will obviously incur ongoing operational costs and, as a result of that, does the Minister for Treasury and Resources envisage having to increase the grant to Jersey Finance, in order to cope with those ongoing operational costs?

**Deputy S.J. Pinel:**

That is a very good question. This is for the set-up and a Director - or whatever their title will be - to run it. Whether it is ongoing costs, again I hate to keep repeating it, but it does depend on how this feeds into the Government Plan.

**6.13.7 Deputy G.P. Southern:**

The Minister has just revealed a 6-to-1 ratio in the amount of funding, the proportion that is funded by the taxpayer and the proportion funded by the industry; does she have figures to show that the return to the States and the industry are in the same proportion, 6-to-1?

**Deputy S.J. Pinel:**

That is somewhat along the lines of what Senator Ferguson was asking and if we can wait until the accounts come through, then we will be able to provide the information further to the Assembly as to exactly what is going to be provided, what feeds into the Government Plan, what is available from contingencies, which I cannot say at the moment.