

STATES OF JERSEY

Corporate Services Scrutiny Panel Quarterly hearing with the Minister for Treasury and Resources

MONDAY, 22nd FEBRUARY 2016

Panel:

Deputy J.A.N. Le Fondré of St. Lawrence (Chairman)

Deputy S.M. Brée of St. Clement (Vice-Chairman)

Deputy K.C. Lewis of St. Saviour

Connétable C.H. Taylor of St. John

Witnesses:

The Minister for Treasury and Resources

Assistant Minister for Minister for Treasury and Resources

Treasurer of the States

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[11:08]

Deputy J.A.N. Le Fondré of St. Lawrence (Chairman):

Minister, just for the record, you are 10 minutes late. Thank you everyone for coming to the quarterly hearing with the Minister for Treasury and Resources. Minister, I draw your attention to the notices in front, which I am sure you are fully aware of. Also, members of the public, there are notices around the room, which obviously we do expect members of the public and the media in the public seating to remain quiet at all times while the hearing carries on. As we proceed through the questions we may stop you, Minister, if we feel you have answered the question sufficiently because we do need you to try to be as concise as possible. For the benefit of the tape, if I start going round. Deputy John Le Fondré, Chairman of the panel.

Deputy S.M. Brée of St. Clement (Vice-Chairman):

Deputy Simon Brée, Vice-Chairman of the panel.

Deputy K.C. Lewis of St. Saviour:

Deputy Kevin Lewis, panel member.

Assistant Minister for Treasury and Resources:

Constable John Refault, Assistant Minister for Treasury and Resources.

The Minister for Treasury and Resources:

Senator Alan Maclean, Minister for Treasury and Resources.

Treasurer of the States:

Richard Bell, Treasurer.

Connétable C.H. Taylor of St. John:

Constable Chris Taylor, member of the panel.

Deputy J.A.N. Le Fondré:

States Members were told on 8th October 2015 by the Chief Minister that a framework of impact studies will be presented before the debate on the Budget 2016, which has obviously now passed, why has this framework not yet materialised.

The Minister for Treasury and Resources:

Chairman, if I may just before I ...

Deputy J.A.N. Le Fondré:

Can you answer the question please?

The Minister for Treasury and Resources:

If I just, before I answer that question, I would like to express an apology for being unavoidably delayed. As you correctly pointed out, we were a few minutes late and I just wanted to express the apologies of myself, my Assistant Minister and the rest of the Treasury team.

Deputy J.A.N. Le Fondré:

Thank you. Noted.

The Minister for Treasury and Resources:

Good. Sorry, your question ...

Deputy J.A.N. Le Fondré:

The question was: States Members were told on 8th October 2015 by the Chief Minister that a framework of impact studies will be presented before the debate on the Budget 2016, which has now passed - it was obviously a few months ago - why has this framework not yet materialised.

The Minister for Treasury and Resources:

Well, the framework is being worked on. Unfortunately it was impossible to get it prepared for the Budget debate but I believe that you have had a document, which gives you an outline of the terms and details contained within that particular piece of work.

Deputy J.A.N. Le Fondré:

So at the moment States Members do not know even what impact analysis you are going to be doing, which was held out and was promised publicly in the M.T.F.P. (Medium Term Financial Plan) hearings back in June/July. I think was again referred to on 8th October, certainly in the M.T.F.P. debate, and actually it was held out that it should be possible to provide the information as to what impact analysis you are going to be doing and that, for the record, is obviously an impact analysis on things like the impact of the new taxes, the new charges on residents and Islanders, and so far you cannot tell us what that will look like, as States Members, as of now.

The Minister for Treasury and Resources:

As I have said, you have had a document which gives some scoping as to what that analysis is going to include. I know the panel has got that. As far as details or more details, I think the point, Chairman, that you made yourself, was you did not want the detail within the document, you were looking just for the framework at the time. I think you made that publicly on a number of occasions.

Deputy J.A.N. Le Fondré:

It is the framework we are talking about.

The Minister for Treasury and Resources:

Framework, not the detail within it. What we have also said consistently, certainly I have and I know colleagues have made this point, is that the detail within that particular document will be presented in due course and certainly before the publication of the addition.

Deputy J.A.N. Le Fondré:

You are still unable to tell us why it has taken months to achieve and tell us what the impact is going to look like. Obviously we only received the information a few days ago. Us, being States Members.

The Minister for Treasury and Resources:

To be clear you are talking about the framework.

Deputy J.A.N. Le Fondré:

Yes.

The Minister for Treasury and Resources:

You are talking about the framework, yes. The panel has got the document which gives the detail there.

Deputy J.A.N. Le Fondré:

Right, we will move on. When will the impact studies within that framework be completed for Scrutiny, in generic terms?

The Minister for Treasury and Resources:

Well, they will certainly be completed by the time that the addition is published, which will be in June. But clearly we are targeting that the work will be concluded prior to that.

Deputy J.A.N. Le Fondré:

Okay. What is the position then for the Council of Ministers making decisions now if you do not have the impact studies yet available?

The Minister for Treasury and Resources:

Because departments individually are looking at what options can be considered and until they have completed their work obviously that will feed into the framework that you are referring to, and indeed the overall results of the analysis. So departments have to complete their work first.

Deputy J.A.N. Le Fondré:

So the decision of the Council of Ministers will only be made at the end of May or June, just prior to the lodging of the M.T.F.P. as to what ...

The Minister for Treasury and Resources:

No, I did not say that. What I said was that all the details will obviously be available for the time of lodging because that was an undertaking that was given. What I also said a moment ago was that we are expecting to have that detail considerably before that, but I could not give you an exact date at the moment. If I do venture a date you will hold me to it, so I will simply say that we are targeting earlier. That will depend on departments who are working on their individual plans, as we speak.

The Connétable of St. John:

My concern is if you have not got the framework for the impact studies you will not have the actual impact study themselves and yet you will be lodging an M.T.F.P. without knowing what frameworks or, indeed, impact studies the M.T.F.P. addition is going to have.

The Minister for Treasury and Resources:

No, I think there are 2 different points here. The Chairman was saying, and quite rightly raised the point, that there was an undertaking given by a colleague of mine some time ago, I think it was October you quoted ...

Deputy J.A.N. Le Fondré:

The Chief Minister.

The Minister for Treasury and Resources:

Indeed. He is a colleague. That was given in October about a particular timescale for the framework. What we are seeing here is that the framework is now with you, you have got the details of the framework, what is contained within it. It may not be in the format that you perhaps expected but nevertheless you do have the detail.

Deputy J.A.N. Le Fondré:

I think the point was: is it going to be made available to States Members? The question was asked in the States Assembly.

Treasurer of the States:

I understood that the intent was to ask you for your comments, to take those comments on board, and then probably share it after.

Deputy J.A.N. Le Fondré:

We have not had any communication. All that has been provided to us, as you know, is the item that went to the Council of Ministers.

Treasurer of the States:

Okay, I will clarify with the Chief Minister's Department therefore because I understood that the intent was to ask you for your comment.

Deputy J.A.N. Le Fondré:

Okay, that is welcome. Thank you. How many departmental 2017 to 2019 detailed spending analyses have been presented to the Council of Ministers, which we understand would need to form part of the M.T.F.P. addition?

Treasurer of the States:

Sorry, I was writing down my last thing. Multi-tasking never a strong point.

Deputy J.A.N. Le Fondré:

For the period 2017 to 2019 how many departmental detailed spending analyses have been presented to the Council of Ministers so far?

[11:15]

Treasurer of the States:

How many detailed spending analyses for 2017 to 2019.

Deputy J.A.N. Le Fondré:

Because we are assuming they need to form part of the M.T.F.P. addition.

Treasurer of the States:

Yes. At the moment departments are with the Council of Ministers working on how the savings targets within the M.T.F.P. are being allocated across departments. So until that allocation of the savings has been finalised we do not know the allocation of the growth that will be made. Once that is finished then we will have the 2017 to 2019 allocations finalised in front of the Council of Ministers.

Deputy J.A.N. Le Fondré:

So to date that is none.

Treasurer of the States:

No, because we have been working on the savings. So we have had the savings proposals in front of the Council of Ministers and we already, as you know, had the growth proposals in front of the Council of Ministers.

Deputy J.A.N. Le Fondré:

Sorry, could you repeat that last bit?

Treasurer of the States:

We have had the savings, initial cuts, in front of the ... cuts being versions, in front of the Council of Ministers and we have already had the growth in front of the Council of Ministers. So the growth areas are identified that were in the M.T.F.P. 2 part 1, and the savings proposals have been put in front of the Council of Ministers.

Deputy J.A.N. Le Fondré:

The actual bringing together of all elements for each department is not yet finalised?

Treasurer of the States:

No. The base is as it was in the 2016 numbers, changes against the base are either growth or savings. So we have not pulled them back together to say 2016 plus this growth less this saving gives this cash limit. We have done ...

Deputy J.A.N. Le Fondré:

Do you intend to do that?

Treasurer of the States:

We do intend to do that.

Deputy J.A.N. Le Fondré:

When is the deadline for that to be done by?

Treasurer of the States:

The deadline at the moment, departments are working on finalising that. I forget the date of the next Council of Ministers workshop, but it is certainly within the next month, which we will finalise the position.

Deputy J.A.N. Le Fondré:

Okay, could you inform us of the date when that comes through please? Thank you. Are you satisfied that between that deadline date, whatever that is going to be, and the date for lodging, your department has sufficient time to transpose that information into the M.T.F.P. addition?

Treasurer of the States:

I am confident that we will have to be.

Deputy J.A.N. Le Fondré:

Good, okay. When will this panel be provided with a draft M.T.F.P. addition in advance of the lodging date?

Treasurer of the States:

As soon as the Council of Ministers are satisfied that it could be given to the panel, I am sure the Council of Ministers will hand it over.

Deputy J.A.N. Le Fondré:

But we will be provided with it?

Treasurer of the States:

I suppose part of the question would be: I would prefer you to have that as we go along as opposed to when we get to the end document. So I can take that up with the Council of Ministers at the next workshop.

The Minister for Treasury and Resources:

The earliest possible date.

Deputy J.A.N. Le Fondré:

Good, thank you very much. Okay, switching slightly. How have you been progressing with the appointment of additional external members to the Income Forecasting Group?

Treasurer of the States:

How are we progressing? We have interviewed 3. We have another interview to have later in the week. We will be finalising appointments at the end of the week.

Deputy J.A.N. Le Fondré:

Right, okay.

Deputy K.C. Lewis:

Minister, when will you be announcing details of the implementation of the health charge?

The Minister for Treasury and Resources:

At the moment we are just looking at, and there is a working group, considering the various options. So I cannot give you an exact date. Frankly, all points, including this, lead back in many respects to the lodging of the Medium Term Financial Plan addition. I cannot give you a precise date beyond that at this stage.

Deputy K.C. Lewis:

So you would not know when you are proposing to introduce a health charge?

The Minister for Treasury and Resources:

Oh, the date of introducing. Well, the Medium Term Financial Plan already indicates that the charge ... an indicative indication is that 2018 or 2019 would be the date for introductions of a charge.

Deputy J.A.N. Le Fondré:

I think you need to be a bit more precise than that, Minister, because there are plans ... you were talking £50 million, is it not? It is £15 million and £35 million, is it not? I was trying to remember. There is a sum of money ...

The Minister for Treasury and Resources:

£35 million. 2018 is contained within the Medium Term Financial Plan, 2018 is the intended start date. That is why I said 2018, 2019, because 2018 it starts. The intention is to probably start at a lower level and then 2019 it could increase, but again the detail has not been finalised.

Deputy J.A.N. Le Fondré:

Could someone please pass me summary table A please? In 2018 in summary table A, you are intending to introduce or start charging the public to raise £15 million. In 2019, £35 million.

The Minister for Treasury and Resources:

That is what I said.

Deputy J.A.N. Le Fondré:

Okay, it is not an indicative date or anything along those lines, it is an actual date, is it not?

The Minister for Treasury and Resources:

Yes, the point I was trying to make was that it is not coming in one particular date, it is coming in in 2018 at a lower level, is the intention, with it increasing, as you have just pointed out, in 2019.

Deputy J.A.N. Le Fondré:

Right, okay.

Deputy K.C. Lewis:

What decisions, Minister, have been made as to how this charge will be collected?

The Minister for Treasury and Resources:

No decision has been made yet as to the collection mechanism. That again is an issue that is being given further thought at the moment by the working group.

Deputy K.C. Lewis:

Do you have an idea of the administrative costs implications?

The Minister for Treasury and Resources:

In terms of collection?

Deputy K.C. Lewis:

Yes.

The Minister for Treasury and Resources:

Not at this stage. It would depend obviously which mechanism is chosen. Some are going to be a lot more cost effective and that is obviously a key part of the decision-making process. We want to make certain that however the charge is proposed that the cost of collection is the most efficient and at the lowest level possible.

Deputy S.M. Brée:

Can you confirm that there are no intentions to bring in a health charge sooner than 2018?

The Minister for Treasury and Resources:

The Medium Term Financial Plan makes clear what the proposals were. There have been some discussions as to whether indeed it might be preferential to look at an earlier date but no decision has been made and, as I have said, the Medium Term Financial Plan is clear, as read out by the Chairman a moment ago, as to what the current plans are.

Deputy S.M. Brée:

You say discussions have taken place to possibly introduce a health charge sooner than laid out in the M.T.F.P., am I correct in what you said?

The Minister for Treasury and Resources:

There was a suggestion by some that that might be a preferential route. In reality, if you look at the timing it will be virtually impossible to bring it in earlier and hence the final decision was that 2018 was the introductory date followed by an increase in 2019, so you bring it in slowly from 2018. It was a consideration but the reality of trying to introduce it in the timeframe available sooner did not look like it was a viable option.

Deputy S.M. Brée:

So to confirm, you will not be seeking to introduce a health charge sooner than 2018?

The Minister for Treasury and Resources:

That is not currently the position, no. The position is as laid out in the M.T.F.P. which is introducing in 2018, as the Chairman has just correctly pointed out.

Deputy S.M. Brée:

I am sorry, Minister, a simple yes or no answer to the question.

The Minister for Treasury and Resources:

I thought I did.

Deputy S.M. Brée:

No, you are skirting round the issue. Can you confirm there are no plans to introduce a health charge sooner than 2018?

The Minister for Treasury and Resources:

There are currently no plans to introduce a health charge earlier than 2018, which is what is contained within the M.T.F.P.

Deputy J.A.N. Le Fondré:

Hopefully you have clarified that, but the point I was trying to make is that if you do not achieve your healthcare charge in 2018, for example of the £15 million you are then put at risk of meeting your M.T.F.P. targets, do you not?

The Minister for Treasury and Resources:

Yes.

Deputy J.A.N. Le Fondré:

Okay. So when does the legislation need to come through?

The Minister for Treasury and Resources:

In terms of the charge?

Deputy J.A.N. Le Fondré:

Yes.

The Minister for Treasury and Resources:

That was one of the points I was trying to allude to. It will depend on the mechanism used, of course. That is the key point. That is still under consideration. We could use an existing mechanism, for example.

Deputy J.A.N. Le Fondré:

Is it going to be a separate debate? In other words, is it going to include it and proposed in the addition to the Medium Term Financial Plan or is it going to be a separate debate isolated?

The Minister for Treasury and Resources:

The intention would be it would be included.

Treasurer of the States:

The intention would be that the principle will be included in the proposition of the M.T.F.P. addition.

Deputy J.A.N. Le Fondré:

So it is going to be basically agreed in some detail by the States on the basis it will be lodged in June?

Treasurer of the States:

Legislation to follow.

Deputy J.A.N. Le Fondré:

At this stage, based on media comments, I think, at least one of your colleagues was either unable to comment on whether Social Security had been given details or not. Are Social Security now aware of what the implications of the charge are?

The Minister for Treasury and Resources:

You are talking about this health charge?

Deputy J.A.N. Le Fondré:

Yes.

The Minister for Treasury and Resources:

They are included in the decision-making process.

Deputy J.A.N. Le Fondré:

I did not know whether you wanted to comment on the comment by the Minister for Social Security that - I think it was 2 weeks ago - she was unaware of the details at this stage.

The Minister for Treasury and Resources:

Details of a potential health charge?

Deputy J.A.N. Le Fondré:

Yes.

The Minister for Treasury and Resources:

That is correct because there has been no decision. She would be familiar with the headline figures, the £35 million. She would not be familiar with, because it has not been decided, exactly how that charge is going to be made. Is that where the confusion was?

Deputy J.A.N. Le Fondré:

I do not know. You will have to ask your Minister.

Deputy K.C. Lewis:

Minister, a liquid waste charge, at its public hearing on 16th February 2016, P.A.C. (Public Accounts Committee) was informed by the chief officer of Infrastructure that savings on the new sewage treatment works is significant revenue saved in terms of operation expenditure. If the sewage

treatment plant will be cheaper to operate, as has been stated, what is the justification for introducing a sewage charge?

The Minister for Treasury and Resources:

I think the principle at the moment is that Jersey is one of the very few places that does not charge. There is considerable cost in terms of infrastructure for such a facility. It seems therefore reasonable to look at recovering the cost of that infrastructure, both in terms of capital and ongoing revenue expenditure in terms of operating such a facility.

Deputy K.C. Lewis:

But there will be considerable year-on-year savings running a new plant so it will offset.

The Minister for Treasury and Resources:

A modern new plant clearly is going to be more efficient, or certainly one would hope it would be more efficient to operate, and so that would be a good, positive outcome, would it not? That you will see the Infrastructure Department make an investment, changing the way in which it operates to deliver savings and efficiencies, and increased productivity. That has got to be what all States departments should be seeking in principle to be doing.

Deputy K.C. Lewis:

I am all for efficiency but does that justify the sewage charge?

The Minister for Treasury and Resources:

You have got a very expensive facility there. You would have to replace the cost of that. You have the cost of running it. Should that be free? The question is simply that. Elsewhere in the world it is charged for, and so that is why they have gone down that particular route.

Deputy S.M. Brée:

You seem to be obviously in favour of and justifying the introduction of a liquid waste charge by saying Jersey is one of the few places not to charge a user pay charges for this area. I would just like to ask a question. What are income taxes for then?

The Minister for Treasury and Resources:

Income taxes I think, Deputy, are for the stated purpose of providing public services. I am just ...

Deputy S.M. Brée:

Is not liquid waste disposal a public service though?

The Minister for Treasury and Resources:

I am simply pointing out ... first of all, I am not making a comment whether I am in favour or not in favour, I am simply commenting on another department's proposal and the rationale they have put forward for doing it. It seems perfectly reasonable that they have looked at other jurisdictions and I am simply commenting on what they have presented in that regard. No more than that.

Deputy S.M. Brée:

If I may ask: are you in favour of introducing a liquid waste charge?

The Minister for Treasury and Resources:

I am in favour of having an efficient ...

Deputy S.M. Brée:

No, please, a yes or no, Minister? We have got a lot of questions to go through, you were late turning up. A simple yes or no.

The Minister for Treasury and Resources:

First of all I am very happy to stay on for an extra 10 minutes afterwards so we do not miss any time. I have already apologised for the fact we were a few minutes late unavoidably. As far as this particular point is concerned, if that is the outcome that is going to make us more productive and balance our books by 2019 and beyond, and if it is proven to be a fair proposition, then yes, I would be in favour of it.

Deputy J.A.N. Le Fondré:

Minister, you actually said "should it be free" within the last 2 minutes of the responses. What part of my income tax does not ... sorry, I have always assumed up to now that part of my income tax does go towards paying for the particular essential service.

The Minister for Treasury and Resources:

Well, Chairman, of course we do not ...

Deputy J.A.N. Le Fondré:

How come it is free already if I am, as a taxpayer, already paying for it?

The Minister for Treasury and Resources:

As you know, Chairman, we do not hypothecate taxes, so you cannot at the current time tell what tax goes where. The fact of the matter is ...

Deputy J.A.N. Le Fondré:

It is called a budget.

The Minister for Treasury and Resources:

... we have an imbalance in our public finances. A shortfall of income over expenditure by 2019 and we have to find measures within which we can balance public finances and ensure we have a sustainable funding mechanism going forward for all public services. There is an imbalance at the moment. I take your point about the free comment. Perhaps that was a little excessive. There is obviously tax revenue generated, some of which goes towards covering the cost of the existing plant.

[11:30]

But there is no provision for future capital replacement of sewage works and such like in the past and that is a matter that needs to be addressed, and to address it you need a revenue source.

Deputy K.C. Lewis:

So a sewage charge would be a good cash cow then?

The Minister for Treasury and Resources:

I would certainly not describe it as that, Deputy, no. I would simply suggest that for the long-term sustainable public finances it is a matter that needs to be looked at and that is what Infrastructure are doing.

Deputy K.C. Lewis:

What would be the charge per household?

The Minister for Treasury and Resources:

No decision has been made but you can look at examples, as I know Infrastructure have been doing at other jurisdictions. I think the nearest at hand is Guernsey and I believe, I stand to be corrected, but off the top of my head, I think the figure is about £186, in Guernsey.

Deputy J.A.N. Le Fondré:

All households or just taxpayers?

Assistant Minister for Treasury and Resources:

I believe it is all households, yes. Of course they do not provide a treatment system.

Deputy J.A.N. Le Fondré:

So somebody on income support would be incurring the bill of £200.

Treasurer of the States:

They do not have income support in Guernsey to the same extent that they have here.

Deputy J.A.N. Le Fondré:

Well, I am asking a question for Jersey as comparators.

The Minister for Treasury and Resources:

As I said, no decisions have been taken in this regard. They have been looking at options, including other jurisdictions, but there are other differences, and clearly that is part of the process that is being undertaken.

Deputy K.C. Lewis:

Would you say that is conservative because obviously Guernsey does provide a very limited treatment service?

The Minister for Treasury and Resources:

Yes. It is important when considering the options for a charge they look at other jurisdictions and they are not looking just at Guernsey. They are looking at the U.K. (United Kingdom) and elsewhere, and that is the right thing to do. As I said, they have not reached a decision, a proposal yet, and you have got the differential as well between commercial and private. There are many issues that need to be considered in this regard.

The Connétable of St. John:

Just coming in for the Parish of St. John, a large number of residents are not connected to the main sewage system. I presume of course there would be no charge at all for them to pick up and how would you differentiate? Because you cannot pay for something you do not receive.

The Minister for Treasury and Resources:

Indeed, and I think that is a very valid point. Very valid indeed. We would need to make that consideration.

Deputy J.A.N. Le Fondré:

Anybody else want to pick up on this section?

Assistant Minister for Treasury and Resources:

We do charge now for collection. People who are not on mains systems they do already incur a charge so there is some inequity in the system today.

The Minister for Treasury and Resources:

You do get a couple of free pickups, I think.

Deputy K.C. Lewis:

When will this charge be introduced?

Treasurer of the States:

Off the top of my head the phasing was a similar one to the health charge.

The Minister for Treasury and Resources:

I think it is similar to the health charge, I will just double check. The principle we are working on with charges, they will come in on the latter stages of the M.T.F.P. That is the principle that is being worked to.

Treasurer of the States:

I will have to come back to you on that, but I think the proposal was similar phasing.

Deputy K.C. Lewis:

What guarantees will you give that these liquid waste charges will not increase over the next 5 years?

The Minister for Treasury and Resources:

None. How can I? First of all we have not decided yet how it is going to progress. If there is going to be a charge, what level the charge will be at. So how can one possibly speculate if a charge is introduced, the level it is going to be at, or indeed how it may or may not increase in the future.

Deputy K.C. Lewis:

How much does the Council of Ministers estimate that both user pay charges will equate to per household?

The Minister for Treasury and Resources:

That was just a question we covered, was it not?

Deputy J.A.N. Le Fondré:

No, both user pays charges. So the healthcare charge and the liquid waste charge.

The Minister for Treasury and Resources:

Well, again, that is part of an assessment that is ongoing.

Deputy J.A.N. Le Fondré:

So at the moment you have no indication of what the total of £35 million, £40 million, £50 million of those 2 years across the households of the Island is going to equate to?

The Minister for Treasury and Resources:

Well, it is going to differ, is it not? So, no, not at a level that I am prepared to speculate in a public meeting.

Deputy J.A.N. Le Fondré:

And in 4 months' time it is going to be lodged.

The Minister for Treasury and Resources:

Yes, and as stated, all that detail will be provided to you in advance of that and will be made public at the time of lodging. You will have it well in advance.

Deputy J.A.N. Le Fondré:

Minister, you made a reference to the fact that the income tax that we will pay to go to the toilet and have the results processed at Bellozanne and other places is not ring-fenced. Is there an intention for the sewage charge to be ring-fenced?

The Minister for Treasury and Resources:

I made the point previously that policy generally has been not to hypothecate ...

Deputy J.A.N. Le Fondré:

So it will not be ring-fenced, so there will be a tax.

Treasurer of the States:

Sorry, as currently planned, you will pick up from M.T.F.P. 1, it is intended to be a departmental charge rather than a general revenues income. So we do make the distinction and always have made the distinction between user pays charges and general revenue income. General revenue income is, to the best of my knowledge, not been hypothecated in a hard fashion previously.

Departmental income is of course because it is a user pays charge. It is not the only departmental income that departments currently have.

Deputy K.C. Lewis:

Is there any news on a solid waste charge, is it?

The Minister for Treasury and Resources:

Not beyond what I have just said, no. It is included in the same package.

Deputy J.A.N. Le Fondré:

Okay, I think moving forward.

The Connétable of St. John:

Moving on to hospital funding. Since P.82 was approved by the States in October 2012 how much money in total since October 2012 has been spent on all aspects of the new hospital project?

The Minister for Treasury and Resources:

In terms of site, more than ... you are not talking specifically about the site of simulation process, which has already been publicly stated, in excess of £2 million; I think it is £2.2 million of total expenditure on that work, which has been going on for some time.

Deputy K.C. Lewis:

It is basically all aspects of it.

Treasurer of the States:

We do not have those figures with us. We have the figures on the site option appraisal. Just to be clear that when we talk about the things that that money has been used for, that includes development, if I get this right, the Samarès Ward as well, so that is not part of the new hospital. The funding here was originally intended for new hospital facilities, when used. We do not have the figures with us today but we will give you the figures in respect of what has been spent out of the money that was allocated in total and where it has been spent.

The Connétable of St. John:

And that is going back to October 2012?

Treasurer of the States:

If that is indeed the date, then yes, we would. Yes.

The Connétable of St. John:

Thank you very much.

The Minister for Treasury and Resources:

Yes, it is.

The Connétable of St. John:

The original budget for the new hospital was set at £250 million. This increased to £297 million in 2013. This was to be funded from investments in the Strategic Reserve, the interest paid from those investments. Now as the current shortlist sites range in cost from £444 million to £630 million how can this funding mechanism now be viable?

The Minister for Treasury and Resources:

That of course is a very good question. The fact of the matter is the solution for funding the hospital is not going to be from one source alone. We are going to be looking at what I might describe as a blended solution. That blended solution will run across a number of different potential areas. The fact is that the hospital is more expensive, costs have increased and therefore there is no solution outside of a number of different areas.

The Connétable of St. John:

There has been a massive increase from 2013 to now from £297 million being a 2-option site, to a single one, which is supposed to be cheaper of £444 million. This is a massive increase.

The Minister for Treasury and Resources:

Indeed it is. It is a matter I am sure, among others, the relevant Scrutiny Panel will be looking very closely at those figures, but those are closely costed figures. I am not sure of the level of detail that went into the original assessment, it is before my time, with regard to the dual site option, the £297 million. But we have nevertheless had advice, to go back to your original point, that one of the solutions clearly funding a hospital could be the debt market, in terms of a bond, and utilising the excess returns on the Strategic Reserve. We are advised independently it could fund a bond up to around about the £400 million mark. Clearly that, in itself, falls short of the figures you have just quoted quite accurately, and that is why I made my point about a blended solution. The blended solution may not necessarily mean that we go for a bond at the level I have just mentioned. It may well be a lower level and we would look at a number of other matters for funding as part of the blended solution, which could include, for example, asset disposals as one.

Assistant Minister for Treasury and Resources:

I wonder if I could assist you at all with your original question, certainly I was involved in ... obviously I have been involved with the hospital now for the last 4 years and I certainly was there when the £297 million 2-site option was put forward. That was predicated on a funding limit of £297 million to deliver new services. It assumed that a lot of the current hospital would remain as is and a new portion would be built on one of the Overdale sites. That is what we had to deliver within that sort of funding mechanism. Since then there was a 6-facet survey carried out on all the current hospital buildings and apart from the Porters Lodge and Peter Crill House all other elements of the current hospital do not come up to current standards. The problem with that is there is no way that we can realistically do a refurb that would meet the current standards. The current standards, just to give an example, if we were to build a current hospital with exactly the same certificate as we have got now, the hospital would have to be 60 per cent bigger than it currently is. That is just to meet today's requirements. So the short answer is: what we were looking at then was a part new build, an assumed refurb onsite, which has now been determined as being inadequate for a hospital going forward to the 21st century. If that helps you.

Deputy J.A.N. Le Fondré:

Can I ask the question why that was not identified at the time of the 2013 work?

Assistant Minister for Treasury and Resources:

Because we were told at that time your budget is £297 million, make it work, effectively.

Deputy J.A.N. Le Fondré:

So in fact, if you like, what States Members were told at that time was based on bad data, effectively.

Assistant Minister for Treasury and Resources:

Well, at that time, I think to be fair, Chairman, we did not go into the depths of research that we are currently doing to make sure that if we are going to spend, let us face it, nigh on half a billion pounds, that we are going to get the hospital that we require and will need that will serve several generations going forward. I would not want, and I am sure you would agree, none of us would want to commit that level of funding to something which is going to be suboptimal. That is why we spend that much and make sure we get the best optimum and future proofing.

Deputy J.A.N. Le Fondré:

I was not going to where we are now, it is the fact that at the time people were told £297 million.

Assistant Minister for Treasury and Resources:

Yes, absolutely.

Deputy J.A.N. Le Fondré:

And obviously that was no based on ...

Assistant Minister for Treasury and Resources:

Not on the level of information we have now, you are correct.

Deputy J.A.N. Le Fondré:

... shall we say, good data at that point?

The Minister for Treasury and Resources:

Chairman, I think it is probably worth just picking up on that point with regard to the £297 million because I think in today's money, with the inflation construction costs, that dual site option would still be around about £400 million today versus the £297 million that was referred to previously.

The Connétable of St. John:

It still works out building costs at around £800 to £900 a square foot, when most of us budget around £200 a square foot.

The Minister for Treasury and Resources:

But we are not building private residence.

Deputy J.A.N. Le Fondré:

Let us move on. No. Fifteen, I think

The Connétable of St. John:

That has been alluded to. Aside from a new tax or raising money on the bond markets, what other funding options are you looking at?

The Minister for Treasury and Resources:

Connétable, I think I covered that with potential asset disposals.

The Connétable of St. John:

Asset stripping.

The Minister for Treasury and Resources:

We are not stripping it; asset disposals.

Deputy J.A.N. Le Fondré:

So the options you are looking at, at this stage, are what we are referring to as a new tax, bond market, Strategic Reserve potentially, or asset sales?

The Minister for Treasury and Resources:

Yes. A blend. We are looking at a blended option but those are the areas that have been having some focus and some external independent assessment.

Deputy J.A.N. Le Fondré:

I just want to get this clear in my head, because we refer to the new tax, which is ... sorry to be clear, the funding mechanism for health, what we call the healthcare charge, which is the £15 million going up to £35 million in 2018 to 2019, does that include funding for the hospital?

The Minister for Treasury and Resources:

No.

Deputy J.A.N. Le Fondré:

So any funding for the bond for the hospital is over and above what will be £35 million in 2019?

The Minister for Treasury and Resources:

Correct.

Deputy J.A.N. Le Fondré:

Thank you.

The Connétable of St. John:

As the new hospital is the biggest capital project the Island has ever contemplated, what budgetary controls has Treasury got over the public health?

The Minister for Treasury and Resources:

In terms of the capital project?

The Connétable of St. John:

Yes.

The Minister for Treasury and Resources:

Richard, do you want to give an insight?

Treasurer of the States:

At this point of time, of course, we have not elected a budget for that scale of project so as and when we get to the point of having to elect a budget of that scale we will have to look carefully at how we go about exercising that control.

[11:45]

In theory, it has lots more zeroes to the controls we exercise over other capital projects, for example, the police station. It is the scale of the project that makes a difference. We have had internal audit. We have existing processes and controls in place at this stage for the hospital, as we do on most large projects. To date ...

The Connétable of St. John:

To date you have not given a top figure limit for the expenditure on the hospital.

Treasurer of the States:

No. In terms of giving a limit, no. We have taken the opposite approach to the approach taken previously, which is to say: "Here is a number go and build a hospital to that number." The whole approach of the project this time round has been to say of the options to build a new or largely new hospital what will be the costs, and come up with it from that way.

The Connétable of St. John:

But surely there must be a limit somewhere as to what we can afford?

Treasurer of the States:

Yes, there is.

The Connétable of St. John:

Have you identified that limit?

Treasurer of the States:

I have not identified that formally and in some ways that will depend upon what the funding solution is. There are a number of solutions in the gift to the States Assembly.

The Connétable of St. John:

But surely this is the tail wagging the dog. You need to have an upper budget limit before you can go and design a hospital. You do not go and design a hospital and then come back and say: "This is what we have to have financially" when it is not achievable or affordable.

Treasurer of the States:

I think you are wrong in that respect, in that we are a Government, you are a Government, you can decide that you would wish to afford something larger. It has to be said we are sitting on considerable reserves compared to other governments and therefore if politicians were to take the view that it should be afforded then from within the reserves that we currently have, it would be afforded. I may well have a different view as to whether it should be afforded at that level, but nevertheless in the fortunate position the States finds itself with the reserves that it has, that it has that choice to make.

The Minister for Treasury and Resources:

Could I just add ...

The Connétable of St. John:

Perhaps if I could address the Minister. Surely it is imprudent to spend all our reserves on a new hospital, if that were the case.

The Minister for Treasury and Resources:

Indeed, I would not disagree with that. I think the point should be made that we do, in a sense, have an upper limit because we know what the development or redevelopment of the existing site is. We have a spectrum of estimates from the ones that you have just indicated from just over £400 million up to £630 million, so we know the range. The affordability element is an important part of the decision-making process. That is a matter both the Council of Ministers have been reflecting on and indeed, I am sure, the public will as the consultation for the site unfolds over the coming months.

Treasurer of the States:

To add to that: in terms of the range that we have it is clearer to me how you would go about affording those at the lower end, than it is those at the higher end. It is clear that you will need to give consideration to either additional revenue or more considerable asset disposals than you would in the case of those options that have been considered at the lower end of the cost.

The Minister for Treasury and Resources:

I am already on public record as saying that I think we need to be focusing on delivering an appropriate hospital for the Island in the most cost-effective way that we possibly can. You have seen some of the estimates. Our task at Treasury is to simply look at ways in which we could fund those options, and that is what we have been doing.

Deputy S.M. Brée:

Minister, you mentioned that as part of your possibly ... I believe you phrased it “blended solution”, that there may be some asset disposals. Which assets have been identified so far as being possible asset disposals?

The Minister for Treasury and Resources:

Again, there are no specifics outside of the fact, as you will know, Deputy, because I made a statement to the States Assembly about the potential merger with regard to J.T. (Jersey Telecom) and Airtel, that matter is still ongoing, but that would potentially raise some money and there are some options to sell more of that business or some of our other investments, but that one is one that comes immediately to mind simply because the opportunity presented itself.

The Connétable of St. John:

Coming back to the range of costs for the new hospital, just over £400 million, you said, up to £630 million. It is quite a substantial range. Have you any idea where within that range it comes unaffordable as opposed to being affordable?

The Minister for Treasury and Resources:

You could say quite reasonably, based on the comments the Treasurer just made and he is absolutely right, that we are a wealthy Island. We have significant reserves and if we chose to fund the upper cost, the highest estimate that has been produced, we could do it, but that would not be, and I have said this publicly, without some consequences. Those consequences would be, I suspect, that the blended solution would, more than likely, include an element of charge because I think it is probably, and I emphasise “probably”, likely at that upper level that the bond market and asset disposals alone would not be enough. This is some of the choice that both the Council of Ministers and States Members and members of the public will have to consider.

The Connétable of St. John:

But there is significant cost in taking bonds and taking loans. How would that then, in turn, be repaid? Because if we cannot afford it can we afford the repayments?

The Minister for Treasury and Resources:

We have had, as you would expect, external advice with regard to the option of a bond. We are advised that, and I think I made this point a moment ago, that we can afford up to and, in fact, just in excess of currently, and obviously situations change, but currently up to or just in excess of £400 million with regard to a bond. Now that is an option that needs to be considered. I am not certain when considering the blended option that we would want to necessarily go to the level of £400 million for a bond. I think my initial view is that this blended option needs to be slightly more balanced.

Deputy J.A.N. Le Fondré:

Can I just clarify ...

Treasurer of the States:

When we talk about affording the bond of £400 million it goes back to your original question from the £297 million and how that was going to be afforded. The modelling that is being done would indicate that £400 million could be afforded, both the annual coupon and sufficient funds to create a sinking fund for the repayment of £400 million, which I understand in 40 years' time is worth considerably more than it is now, but nevertheless both of those could be accommodated within what we would reasonably expect to receive from the excess returns over and above that required to maintain the current capital value or the 2012 capital value of the Strategic Reserve. So it is a similar methodology that was used for the £297 million but the £297 million was over the funding years, the initial years of build, whereas if you spread that cost over 40 years both the coupon and that capital ... is sufficient funds for the capital, you could afford about £400 million without going anywhere else for additional income. You would obviously need to bear that in mind in the event that markets over the long term did not give that, but markets over the long term have given that previously.

The Minister for Treasury and Resources:

Of course, some will draw the conclusion, they will look at just the last year or 2 of returns as opposed to the long term, and obviously the advice we have had, it has to be over a long-term period to draw a reasonable conclusion. But it does tend to indicate that there is affordability and it is not an imprudent option to be considering.

Deputy J.A.N. Le Fondré:

I think we need to move forward. I have got one query, which will hopefully wrap it up. Chris, are you done?

The Connétable of St. John:

Yes.

Deputy K.C. Lewis:

A couple more. Minister, you say we are a very healthy Island, but several States departments ...

The Minister for Treasury and Resources:

Wealthy.

Deputy K.C. Lewis:

Well, we are a healthy or wealthy Island. Many States departments have been told to save up to about £4.5 million per year with the loss of many jobs. With the new hospital, we have gone from £250 million to £630 million, and now we are told there is no ceiling. How can that possibly be justified?

The Minister for Treasury and Resources:

No, I do not think I said there was no ceiling, I said that there is a range of options ...

Deputy K.C. Lewis:

That the ceiling has not been established yet.

The Minister for Treasury and Resources:

Well, there are a range of options that are priced up to the most expensive one, developing the existing site, which is around about £630 million, so that gives you a ceiling of all the options. There were 40 sites, do not forget, that were considered originally; we are down to the shortlist. The pricing has been clearly identified, and so there is a ceiling there. The point that I made was: it is a matter of choice; if we decided we wanted to choose the more expensive one, it could well include some form of charge to the public if you have to go to that level, because that is stretching it.

Deputy K.C. Lewis:

We have gone from AAA to AA plus to AA ...

Deputy J.A.N. Le Fondré:

We will do that in a second.

Deputy K.C. Lewis:

Okay. We will come back to that later.

Deputy J.A.N. Le Fondré:

The only 2 queries I think I have got: one is I am presuming anything around a potential bond, the funding mechanisms, any potential new charge over and above a healthcare charge will be separate debates in the States, they are not going to be wrapped up in any form in the addition to the M.T.F.P.?

The Minister for Treasury and Resources:

The funding for the hospital is not included, so yes.

Deputy J.A.N. Le Fondré:

And any new charge that might be required would be a separate debate later?

Treasurer of the States:

It would have been preferable, had the timescales worked, for us to be putting that into the M.T.F.P, but in terms of the timescales for the choice of the site, which clearly therefore drives how you would have to afford it, I cannot see the 2 coming together at the same time.

Deputy J.A.N. Le Fondré:

Okay, so at this stage no. One final question which I have realised we did not follow up on, but I am doing it under charges, we said the healthcare charge will be in principle in the M.T.F.P. addition; is the charge the same?

The Minister for Treasury and Resources:

Yes.

Treasurer of the States:

Working towards the principle of it being in there, yes.

The Minister for Treasury and Resources:

The concept of a charge for a hospital, by the way, although that clearly has to be considered if we are at the top end, is certainly not a preference, I just need to emphasise that point. It is something we want to avoid.

Deputy S.M. Brée:

Minister, how will the downgrade to Jersey's credit rating from AA plus to AA by Standard & Poor's affect Jersey's ability to raise money through the bond markets?

The Minister for Treasury and Resources:

That is a good question. We have been advised that it should have little impact on the ability to raise money. I think the question probably is more about the cost of that money within the bond market as opposed to the ability to raise money. We have significant assets and the ability to raise money is still there; the question is: is it going to be more expensive as a result of the downgrade?

Deputy S.M. Brée:

Yes. That is very true, but any downgrade by a major ratings agency has an impact on the cost of borrowing. What will the impact be on the Island's cost of borrowing?

The Minister for Treasury and Resources:

Yes, that was the point I was making. Marginal, we are told, but I think, to put it into context, when we went to the bond for housing back in 2014, obviously the market was more expensive. So although money was cheap historically it was more expensive than it currently is now; gilt markets are much lower and, in fact, we have seen Guernsey go to the debt markets since we did, and they had a Stripe rate below our housing Stripe rate, and it is even lower now than it was when Guernsey went to the market. So despite this downgrade, we believe that if we were to go now, and this is the critical point from a timing perspective, for a bond for a hospital, it would be at a rate that would be lower than when we went for the housing stock in 2014, to raise the bond to improve the housing stock, because the market rates are lower than they were.

Deputy S.M. Brée:

Even though our rating has been downgraded? I possibly would recommend, Minister, you seek another source of advice on that one as well, just to compare.

The Minister for Treasury and Resources:

Can I just clarify that we have sought advice, external expert advice; it is not my opinion that I am venturing, it is expert advice.

Deputy S.M. Brée:

You have indicated that the maximum amount, or rather you have been advised that the maximum amount you could borrow in the bond market at the moment would be £400 million capital. Am I correct?

The Minister for Treasury and Resources:

It was a little more than that but, yes, around that figure.

Deputy S.M. Brée:

Well, was it 400 or was it 500 or ...

Treasurer of the States:

Those are 2 different things in terms of the number that we are advised we could get from the market is higher than that, and I cannot remember exactly what the number was off the top of my head, but we were talking about affordability, that was in terms of modelling the size of bond that could be financed from within the returns if the procedure was there; they are 2 different things.

Deputy S.M. Brée:

This is the question I wanted to just draw down on. You have indicated that at £400 million borrowing in the bond market you could fund the annual coupon and a mechanism for the repayment of the capital at the end of the life of the bond from the Strategic Reserve Fund. Am I correct?

Treasurer of the States:

From the excess returns on it, yes.

Deputy S.M. Brée:

From the excess returns?

Treasurer of the States:

Yes.

Deputy S.M. Brée:

Those are the projected excess returns?

Treasurer of the States:

They are.

Deputy S.M. Brée:

What happens if you do not meet those projected excess returns; how are you going to fund ...

[12:00]

Treasurer of the States:

Firstly, back to the point I made that over 40 years we should be looking at the long term and therefore we are using what we think are reasonable assumptions in terms of the long term return on investment, it is not wildly optimistic; I would probably use the word prudent assumptions in terms of those returns, but yes, the future could be a very different future. I doubt it very much, over the long term.

Deputy S.M. Brée:

However, what are the safety mechanisms that you would put in place if you did not get those excess returns?

Treasurer of the States:

So therefore the States would have to bear in mind in making the decision that if the future was very different then the States would have to be prepared to find additional revenue at that point or use its existing reserves. I would have to say that I do not expect the future over 40 years to be much different to what we have been experiencing over the previous 30 years or averaged over the period. So, yes, you may well have a couple of bad years but if we were sitting here 2 years ago we would be talking about how I put in overly prudent assumptions on income returns; or some people would, probably not this current panel.

Deputy S.M. Brée:

Just moving on then, looking at the Standard & Poor's report, if I may, the Standard & Poor's report gives Jersey a "negative outlook" and mentions the possibility that: "The ratings would come under further pressure if there was an increase in debt." Are you not concerned that the further borrowings you are talking about with respect to funding the construction of the hospital would cause a further downgrade to our credit rating?

Treasurer of the States:

If I used the phrase I would be concerned, I am concerned about a number things, as you may well know, I am constantly concerned about things, so I put no emphasis on using the word "concerned." Yes, I think it is something we need to be clear about as a possibility. Now, why is that important? It is important perhaps in terms of the future trading affairs, but mostly important if the States intends to go out for further borrowing in the future. So it needs to be borne in mind when we make any final decisions of the possible impact it might make, which is back to having contingency plans in the event that your plan A does not work in terms of funding it in the long run. So I think we have to be very clear as a community, and openly, as to what the possibilities might be, and there may be future downgrades. There is an inevitable consequence with seeking a credit rating, and that means that everything you do, you have to then consider whether it has an impact upon that rating.

Deputy S.M. Brée:

Is there currently a secondary market in the States of Jersey's existing bond?

Treasurer of the States:

That is part of where our advisers have gained the comfort from in terms of how the market for the first bond has been affected. We can see a blip back to a certain newspaper article a number of months ago, but we have not seen much, so far as I have not today ...

Deputy S.M. Brée:

What is our current bond trading at at the moment, do you know?

Treasurer of the States:

I have not got the number. Have you got it there? I am now starting to get short-sighted.

The Minister for Treasury and Resources:

It is not a very clear copy.

Treasurer of the States:

We would be happy to share this with you. So where are we there, yield, February 2016, just under 3.

Deputy S.M. Brée:

So what is it trading at at the moment? Not what its yield is, what is it trading at?

Treasurer of the States:

I have got the basis points ...

Deputy S.M. Brée:

No, what is it trading at?

The Minister for Treasury and Resources:

It is not a very accurate graph.

Treasurer of the States:

I cannot really read the graph.

Deputy S.M. Brée:

So you cannot tell me what the current existing States of Jersey bond is trading at in the secondary market?

Treasurer of the States:

I cannot tell you off the top of my head, no; this gives me the variation ...

Deputy S.M. Brée:

Could you please provide that information to us?

Treasurer of the States:

Yes, of course we can. We can go to that market and get it.

Deputy S.M. Brée:

Thank you.

The Minister for Treasury and Resources:

There was an interesting point, though: when issues were raised around the potential debt in the Medium Term Financial Plan and the black hole that was referred to quite emotively in the media in particular, it did have a blip in terms of the trading, and you can see it on the graph, and we will share this with you and you can have a look at the blip. So when that hit the media and was initially misinterpreted, it did hit the market, and then it settled down again and it has since settled down and balanced.

Deputy S.M. Brée:

Moving on, if I may, but still on the Standard & Poor's report. Standard & Poor's have raised serious concerns about: "Future pressure on Jersey's financial services economy." Do you, Minister, disagree with this view?

The Minister for Treasury and Resources:

Standard & Poor's have expressed a view, which is reasonable for them to do so. I think overall you made the point about the outlook being negative; that, to be specific, was around the E.U. (European Union) referendum; I think that was the trigger that caused that negative outlook. Indeed, the same occurred last year with the U.K., Standard & Poor's downgraded the U.K. to negative, again with the uncertainty surrounding the E.U. referendum. So a number of these matters are short term.

Deputy S.M. Brée:

If I may correct you, Minister, the Standard & Poor's report did make mention to Britain leaving the E.U. but, to quote from their report, it also said: "In our view, the rating could also come under pressure if the Government's net asset position were to decline dramatically because of an increase in debt." So it is not just about Britain leaving the E.U., no. The question I ask you is: do you disagree with Standard & Poor's concerns about future pressure on Jersey's financial services economy?

The Minister for Treasury and Resources:

Well, I am more optimistic about the potential for the financial services industry than perhaps Standard & Poor's are, but they are, of course, looking at it from their perspective as a rating agency, and that is quite appropriate in terms of what they are doing and I would not seek to criticise Standard & Poor's at all.

Deputy S.M. Brée:

So you do agree with the Standard & Poor's report?

The Minister for Treasury and Resources:

I do not disagree; I would not disagree with the Standard & Poor's report, but I am more optimistic about the future potential for the financial services industry. They are bound to take a conservative perspective.

Deputy J.A.N. Le Fondré:

Moving on. The recent comments from central banks and other commentators about economic growth prospects and interest rate rises are cautious at best. The F.P.P. (Fiscal Policy Panel) economic assumptions predict a rise in interest rates between 2016 and 2019. Minister, therefore, do you believe the economic assumptions currently being used by your department are still valid?

The Minister for Treasury and Resources:

They are valid until they are changed, and they are updated on a regular basis and the Fiscal Policy Panel will be reviewing again their assumptions and will be publishing an update. So we will consider that. They will consider the prevailing highly volatile circumstances that we have seen over the last few months. I think, in light of that, they will make a revision to their previous stated position, but that is a matter for them.

Deputy J.A.N. Le Fondré:

I suppose the question must be therefore: do you still stand by and support the income forecast of growth and interest rate rises, as contained in the M.T.F.P.?

The Minister for Treasury and Resources:

Well, until further advice is presented, then they are current; the current forecasts are current until they are changed and, as I have said, the F.P.P. are going to be revising their advice shortly and the Income Forecasting Group will also be doing so; in fact, the Income Forecasting Group's conclusions will be presented by the end of April to the Council of Ministers.

Deputy J.A.N. Le Fondré:

You may have just answered my question, but when are the quarter 4 forecasts due?

The Minister for Treasury and Resources:

In relation to ...?

Deputy J.A.N. Le Fondré:

Income.

Treasurer of the States:

You mean quarter 4 actual?

Deputy J.A.N. Le Fondré:

Sorry, yes. Apologies.

Treasurer of the States:

Yes. Imminently. We have got most of them, except for the big numbers, being the income tax ones.

Deputy J.A.N. Le Fondré:

When are they due?

Treasurer of the States:

They will be due certainly within the next fortnight. It takes a bit of time to finalise those numbers.

Deputy J.A.N. Le Fondré:

I am going to keep going; there are a couple of questions that have come into my mind as you have been talking, I am afraid. I would like to go back to the comments made by the States of Jersey Chief Economist in the report in the *J.E.P. (Jersey Evening Post)* on 21st January 2016, and I am sure you will be aware, but I will refresh your mind, which is that: "We are seeing a number of developing economies weakening, but people are still expecting the global economy to grow. There is also concern about the European Union and how the eurozone will perform. I think the risk is probably greater than it was 12 months ago and we must be aware of that." So, at this stage, what changes have been made to growth and income forecasts?

Treasurer of the States:

I am sure the Chair is aware that the F.P.P.-endorsed forecasts are the ones that we use on the Income Forecasting Group; we do not use our own economic assumptions. So we will await the F.P.P.'s deliberations on those and then use those in the income forecast.

Deputy J.A.N. Le Fondré:

So at this stage you have not done any revisions to the income forecasts and the last update would have been in the budget?

Treasurer of the States:

No, because we are not in receipt of any revised economic assumptions at this point. I might add that the Chief Economist is a member of the Income Forecasting Group.

Deputy J.A.N. Le Fondré:

In both the M.T.F.P. and the ministerial response to this panel's report on the M.T.F.P., it was stressed that growth funding between 2017 and 2019 will only be released if savings targets are met. Are you on target, Minister, for those savings to be met?

The Minister for Treasury and Resources:

Yes. Currently we appear to be on target, but that is being continually reviewed.

Deputy J.A.N. Le Fondré:

So that is a yes?

The Minister for Treasury and Resources:

Yes.

Deputy J.A.N. Le Fondré:

Sorry, the "appear to be" seemed to be slightly caveated, but this is a definitive yes that we are on target?

The Minister for Treasury and Resources:

Well, it appears to be; based on the information that we have been supplied with, provided with, it appears to be on target but, as I have said, we are continually reviewing, as I hope you would expect us to.

Deputy J.A.N. Le Fondré:

This is talking about the growth expenditure: what level of savings do you have to meet to release any growth expenditure?

The Minister for Treasury and Resources:

Well, we have not set a specific figure or target. We hold centrally £38 million of growth funding.

Treasurer of the States:

Yes, that is the figure, off the top of my head. I suppose the point to be made by this is ...

Deputy J.A.N. Le Fondré:

This is growth expenditure for 2017 to 2019; page 65 of the M.T.F.P.

Treasurer of the States:

So the figures show that in terms of the actuals for 2015, we are showing departments, even after the 2 per cent removal of budgets in 2015 and the one-off £5 million that were taken out of budgets, have not inconsiderable underspends across the piece, which gives some comfort that the 2016 forecast will be achieved in terms of being able to deliver savings. It is early in the year and, indeed, we do not receive forecasts until the end of the March quarter for expenditure, so we will know by March what, if any, pressures the departments are coming under in terms of living within their cash limits. I would say that my expectation, relating back to the point on growth, is the delivery of, or the agreement by the Council of Ministers of the total amount of savings and being able to live within the total expenditure limits that the States has made. So in terms of the reference to growth, if there is insufficient savings agreed to by the Council of Ministers, then the growth previously identified would be at risk in terms of not being afforded.

Deputy J.A.N. Le Fondré:

Can I just quote to you from the M.T.F.P., I think, and which states; page 65 if it helps: "If either savings or income forecasts fail to reach the proposed targets, the level of additional funding will need to be revisited." It is under: "How growth will be handled in 2017 to 2019." I have not gone back to the transcripts, but my recollection is that we wanted to make sure that it was not a case of if taxes were raised and were higher, or income was higher as a result of increase in taxes, or whatever, but that the savings were achieved before you released the 2017 to 2019 growth. Are we still on that principle?

Treasurer of the States:

Yes, so growth is agreed in each budget as opposed to base budgets being agreed through the M.T.F.P. process. It is still the plan to hold back on that growth that has not previously been awarded in each budget. So we still retain that flexibility.

Deputy J.A.N. Le Fondré:

The next budget will be in December, say, this year?

Treasurer of the States:

Yes, it will.

Deputy J.A.N. Le Fondré:

It will be for 2017 and it is at that point that the growth for 2017 will be approved?

Treasurer of the States:

Yes.

Deputy J.A.N. Le Fondré:

At that point you will be presenting to the States that you have achieved the savings targets in order to justify that growth being released?

Treasurer of the States:

Yes.

Deputy J.A.N. Le Fondré:

I can see lots of nodding from the Minister. Could you just confirm that verbally, please?

The Minister for Treasury and Resources:

Yes, that is the principle of what we will do, yes.

Deputy J.A.N. Le Fondré:

At this stage, do you expect to release the growth expenditure for 2017?

The Minister for Treasury and Resources:

At this stage, we see no reason not to, it is obviously fairly early in the process, but certainly it is encouraging to see for 2016 £33 million has been taken out of budgets already, the States have already agreed and set as part of the medium-term financial plan the total expenditure for departments, so their cash limits are set.

[12:15]

So we have also seen the sign that the Treasurer has just mentioned, that I think it is about £25 million of underspend currently showing for 2016, despite the fact that departments have had to make savings as well, which they have delivered on. So the signs are encouraging to date.

Deputy J.A.N. Le Fondré:

I think I shall keep moving on. Right, Simon?

Deputy S.M. Brée:

Within the M.T.F.P. it was agreed that a £5 million funding provision would be created in each year of the M.T.F.P. under the title Economic Growth and Productivity Fund, that could be drawn down if

new economic growth and productivity initiatives could demonstrate they could not be funded from the existing resources. The first question is: has the Economic Policy Group been formed yet, which I believe was to form part of the Ministerial Oversight Group?

The Minister for Treasury and Resources:

Yes.

Deputy S.M. Brée:

So, to date, how much of this fund has been drawn down or allocated?

The Minister for Treasury and Resources:

None. It is intended that the fund, the E.P.G.D.P. (Economic and Productivity Growth Drawdown Provision), is that correct, is to open for bids beginning of March, and obviously there is a process to it to go through. Departments can make bids to the initial officer group that would determine them ... I cannot remember the name of the chap who was ... the name is irrelevant. There is a co-ordinator who then feeds that into the officer group that will then assess those applications. It can come from departments. Departments could, indeed, be sponsors for third parties in some circumstances, if they met the criteria that was being set in terms of growing the economy, creating jobs and so on and so forth.

Deputy S.M. Brée:

Sorry, please define "third parties"; external agencies?

The Minister for Treasury and Resources:

Potentially it could be, yes.

Deputy J.A.N. Le Fondré:

Private sector?

The Minister for Treasury and Resources:

External agencies are more likely but it is potentially private sector if indeed it met the criteria of the fund.

Deputy S.M. Brée:

So decisions on how these funds will be allocated will be made how, by Ministerial Decision?

The Minister for Treasury and Resources:

It will go through, as I have said, an officer group who will assess them and then that will be passed to a ministerial group which will make, ultimately, a recommendation to the Minister for Treasury and Resources.

Deputy S.M. Brée:

Who will then issue a Ministerial Decision?

The Minister for Treasury and Resources:

Correct.

Deputy J.A.N. Le Fondré:

Are you on that board in the first place, on that Ministerial Oversight Group?

The Minister for Treasury and Resources:

I do have a seat as Minister for Treasury and Resources on that oversight group.

Deputy J.A.N. Le Fondré:

So you will be recommending to yourself?

The Minister for Treasury and Resources:

I think it is important, as ultimately the decision will have to be taken, that the additional knowledge of what the group is proposing is fully and clearly understood.

Treasurer of the States:

The decision falls back on the Minister because contingency decisions are those for the Minister, and this is technically within the Public Finances Law, the contingency pool.

Deputy S.M. Brée:

Have you had any applications so far, pending formation of the group?

The Minister for Treasury and Resources:

It does not open for bids until the beginning of March so I do not believe that there have been any yet. I do not know, Treasurer, if you are able to ...

Treasurer of the States:

Informal verbal representations of what something might be, but nothing more than that.

Deputy S.M. Brée:

Okay, thank you. Anything more on that?

Deputy K.C. Lewis:

No.

Deputy J.A.N. Le Fondré:

If it is possible to say succinctly, what are the criteria for the E.P.G. (Economic and Productivity Growth)?

The Minister for Treasury and Resources:

Did you say E.P.G.P.?

Deputy J.A.N. Le Fondré:

Economic and Productivity Growth ... I could not remember the O.D.P.

The Minister for Treasury and Resources:

We can forward them to you. Economic growth, job creation, it is absolutely clear that the department has not got the funding within its ... it has not, for example, made a saving; and now trying to replace the saving with this additional funding. It has to be short term, in other words, through the period of the M.T.F.P. That is the general gist of it.

Deputy J.A.N. Le Fondré:

Sorry, Minister, can you just clarify the thing that: "If they have not made the saving they might be able to apply to the fund"; that did not seem to scan very well?

The Minister for Treasury and Resources:

If departments have made a saving, sorry, and then are seeking to use this particular fund to replace a saving that has already been made, that clearly would be disqualified. So the group would want to be absolutely clear, right, qualifying criteria, so: "Encouraging enterprise, innovation, raising Jersey's innovation performance, stimulating new inward investment in line with the enterprise priorities, raising skills of the workforce, promoting competition for the benefit of consumers, increased focus on new high-growth sectors, raising productivity of existing sectors, investment in new structure, and support to productivity and economic growth as well." So you can add that to the list. I am happy to supply you with a written copy of that.

Treasurer of the States:

We can give you the terms of reference.

Deputy J.A.N. Le Fondré:

That would be helpful. Okay. Right, anybody else? Chris?

The Connétable of St. John:

Public sector reform. The M.T.F.P. forecasted a shortfall of £83 million by 2019 if no changes to the current policies were made. This increases to £145 million when factoring in additional spending on health and education. Future savings are a key part of the Government's plan to plug the deficit, however, the F.P.P. in its report dated September 2015 commented that: "Implementing the £145 million of proposed measures looks challenging, particularly as they are dependent upon on unspecified future staff and other savings. This is a key risk to the delivery of the proposed plan. If a number of these measures are not achieved then it increases the risk that the structural deficit will not be dealt with by 2019." So may I ask what savings have been made to date?

The Minister for Treasury and Resources:

First of all, the advice from the F.P.P. was good advice and it is absolutely right, it is a challenge to deliver the £145 million, and that is why there has been a broad range of measures put in place. As I have already pointed out, of course in 2015 departments delivered 2 per cent of savings, and that runs on. For 2016, £33 million has been taken out of the budgets from departments; £22 million of that is departmental savings and £11 million is in relation to pay restraint.

The Connétable of St. John:

The £22 million of savings, are those continual sustainable savings not one-off savings?

The Minister for Treasury and Resources:

Recurring, yes.

The Connétable of St. John:

The £11 million saving in staff; is that through pay restraint or is that through reduction in staff numbers?

The Minister for Treasury and Resources:

It is pay restraint with regards to 2016 ... and 2015, yes, sorry.

The Connétable of St. John:

Right, thank you. How much money was saved in the last round of voluntary redundancies?

The Minister for Treasury and Resources:

The last round there was about 107 individuals and I think it saved £4.6 million. That is the cost. The payback period is a year to a year and a half for the V.R. (voluntary redundancy) programme, and it saved in the region of £3 million to £4 million, recurring.

Deputy J.A.N. Le Fondré:

Obviously that was that was around the last round; technically that was the second round of V.R., was it not? Was there an earlier round or not?

The Minister for Treasury and Resources:

No, that is the first round. There is a new round that is now open.

Deputy J.A.N. Le Fondré:

Okay, that is what I am thinking of, yes.

The Connétable of St. John:

When will a programme of compulsory redundancies be commenced?

The Minister for Treasury and Resources:

Part of the reform programme is to look at redesigning services, and in a more structural nature, including the Office Modernisation Programme. Clearly, you go through a set process, starting with V.R., which is what has happened: we have had one round of that, as I have just alluded to, and there is current of V.R. that is open. And after that process it is about looking at the numbers but also delivering on a redesigned, more efficient and more productive public service which, as we have always said, could lead to compulsory redundancies, but it would come after the V.R. programme has been completed and as part of the consideration for the redesign of services.

The Connétable of St. John:

But surely you design your services going forward and then you have the redundancies afterwards to ensure you keep the staff for the key positions that you need going forward?

The Minister for Treasury and Resources:

Well, you will have noted, Connétable, that through the first V.R. programme there were in excess of 300 applications, I think, that originally came in.

The Connétable of St. John:

322.

The Minister for Treasury and Resources:

As a result of that process, you are quite correct: departments looked at key staff. You do tend to find that some key staff will apply for voluntary redundancy, and those were not accepted because they were still important to the organisation. But it is critical as we move forward that departments are looking at redesigning services; that is happening at the moment, and being co-ordinated with the Public Sector Reform team. That will start to develop what future service size, shape and numbers are, and it could well lead to compulsory redundancies.

The Connétable of St. John:

But there is an issue in offering voluntary redundancy because, if somebody applies for it and does not get it, they return to work demoralised and therefore less enthusiastic. Is there not a danger of that happening?

The Minister for Treasury and Resources:

Well, there is a danger, from an H.R. (human resources) point of view then of managing staff expectation. The view was in the first round of V.R. that it should be offered across the organisation to give everybody the opportunity. Clearly, after that, it was down to individual departments and H.R. teams to manage staff expectations. You could argue that a member of staff applying for V.R. who was told: "I am sorry, you are too important, we see you as an integral part of this organisation" could indeed be given a bit of filler(?) as a result.

The Connétable of St. John:

What are the savings targets for the current round or the next round of voluntary redundancies?

The Minister for Treasury and Resources:

Well, the total savings or efficiencies was £90 million; included in that is £70 million of what is described as people savings, and part of that is pay restraint, about £29 million of that is pay restraint. The balance of £70 million is regard to V.R., the first one that we have had, the one that is currently on and any future compulsory redundancy that may result through the redesign and restructuring of services.

The Connétable of St. John:

So according to my maths, if I have got it right, there is £70 million in staff savings, £30 million is coming from pay restraint, which means you are looking at £40 million in redundancies, whether they are voluntary or compulsory, and so far you have made between 3 and £4 million?

The Minister for Treasury and Resources:

Yes. Well, that is ...

Treasurer of the States:

That is not the only way that people leave the organisation; so active vacancy management as well on top of that and especially when people retire, in terms of appraising whether you need to replace the individual. So it would be wrong for us to give you the impression that the only way people leave the organisation is through V.R. or C.R. (compulsory redundancy); that is clearly not the case.

Deputy J.A.N. Le Fondré:

Just to focus on the vacancy management, you must surely be in a position, having said that you have saved £3 million to £4 million from the V.R. side and you have got your pay restraint of I think it is £11 million, which leaves you £18 million more, to go on the numbers you have quoted, you must be able to identify roughly how much you have saved so far from vacancy management?

Treasurer of the States:

You are going to ask me then exactly what the number is and I am going to say I have not got that exact number with us ...

Deputy J.A.N. Le Fondré:

Ballpark.

Treasurer of the States:

We receive monthly updates in terms of the numbers of people in the organisation and over the last year that has seen, compared to where it has been previously, relative to the line, it would normally go up; it is a line going downwards. So we can see that people are leaving the organisation and, as has been the case in the past, they would normally have been replaced.

[12:30]

It is less obvious that they are being replaced to the same extent. The savings themselves would be through the department measures that they are making, so you could end up in a case of double-counting. So when we talk about people savings, they are generally savings that are coming from either a reorganisation or a further efficiency in the department, it is not just because someone leaves the organisation.

Deputy J.A.N. Le Fondré:

No, I think what we are trying to get to is, of the people savings, you said you have got roughly £3 million to £4 million of V.R., correct? What, to now, have you achieved in people savings as a whole?

Treasurer of the States:

I have not got the number with me.

Deputy J.A.N. Le Fondré:

So can you possibly provide us with that?

Treasurer of the States:

We have got the numbers in terms of the people; we have not converted that into pounds.

Deputy J.A.N. Le Fondré:

I think we want pounds, shillings and pence, please.

Treasurer of the States:

Okay.

The Minister for Treasury and Resources:

We can certainly supply the detail. There have been well over 100, off the top of my head, in terms of vacancy management. Bear in mind before February of last year, departments tended to replace all staff who left, for whatever reason, and there has been, without doubt, a change of culture in the way that staff are now managed, and particularly in vacancies.

Deputy J.A.N. Le Fondré:

But I think we need to know what the monetary impact of that is. Because obviously if you lose 10 people at a lower grade versus 10 people at a higher grade; I am thinking if it at a higher grade there is a big impact?

The Minister for Treasury and Resources:

That is quite right, and we have been working on an average, for your information, to inform the decision making.

Deputy S.M. Brée:

If I may ask a question? Yes, Minister; there seems to be quite a big gap between the £70 million target that is contained within the Public Sector Reform Programme and the actual savings that you

have made so far through voluntary redundancy programmes. So it would seem logical to say that a compulsory redundancy programme will have to kick in at some point in time. What is the number of staff that you will have to enter into this compulsory redundancy programme in order to meet your £70 million target?

The Minister for Treasury and Resources:

That is impossible to answer because it depends on where, indeed, the staff are going to come from. First of all, from the second round of V.R. which is underway at the moment, so we will see how many applications there are, what grades those individuals are currently occupying and then the redesign of services we will also be looking at. So to give you a figure at this stage is just not possible, but what I would say is, although you are pointing out that the levels of returns are low, we are only in February of the first year of a 4-year plan. So you could equally say that good progress has been made. There is clearly a lot more to be done and a long way to go, and I and others have been absolutely clear that there is a set process which, as part of the redesign of services, is highly likely, or in fact will, lead to some compulsory redundancy. That will depend on what happens with the V.R. programme and it will depend on what happens with the ongoing vacancy management.

Deputy S.M. Brée:

If I may ask, so does the redesign of services include privatisation of various States public services?

The Minister for Treasury and Resources:

Well, privatisation has not been talked about; outsourcing, it depends what you want to ...

Deputy S.M. Brée:

All right, outsourcing. Sorry.

The Minister for Treasury and Resources:

Yes, it is very different and clearly, yes, the options of outsourcing have been considered and that again has been put into the public domain, but not if it is not going to prove to be more cost effective. Because of course you can outsource a service that then ends up being more expensive if you have got to buy it in. So the assessments are being looked at but, yes, it is part of the consideration process.

Deputy J.A.N. Le Fondré:

Can I ask a question, just because we are cogitating slightly: you talked about restructure of public sector services; what is the timeframe? In other words, I am presuming there is a lot of discussion going on about it at the moment; when will we see tangible changes being proposed, start date, and when have they got to be finished by? Have they got to be finished by 2019 because it is the end

period of the M.T.F.P., is that the intention? We are not looking at an 8-year structuring programme, are we? So what is the timeframe?

The Minister for Treasury and Resources:

There is going to have to be enough restructuring undertaken, because that is the way you are going to deliver sustainable change within the timeframe of the Medium Term Financial Plan to deliver up a target of balancing the budgets by 2019. Will the programme end? In my opinion no; well, in fact, it never should end, it is an ongoing process of trying to improve the way in which public services are delivered. But there are clear targets set for the 4-year period.

Deputy J.A.N. Le Fondré:

When do we start seeing some of that detail? Will it just be in the M.T.F.P. edition?

The Minister for Treasury and Resources:

You will certainly see it for that, clearly, but there will be probably some examples coming out prior to that. Departments are now actively changing the way in which they deliver some services and that will gather speed as time goes on.

Deputy J.A.N. Le Fondré:

Okay. Chris?

The Connétable of St. John:

Yes. Just briefly, through voluntary redundancy, 107 staff have taken the option; how many of them have got alternative employment, do you know?

The Minister for Treasury and Resources:

I do not; I could not give you that. They will have had a variety of different reasons for leaving. Some will have left because they were close to retirement and effectively were taking early retirement, so they may not have been looking for work. All I will say is it is at such a time when the job market is much stronger than it was a few years ago, there are opportunities, and part of the process allows staff to have some opportunities for retraining and re-skilling as they look for alternative employment elsewhere, and they have a considerable pay-off to allow that to happen.

The Connétable of St. John:

Moving on from that, what impact studies have been done on outsourcing and those people who will lose their jobs as a result of it?

The Minister for Treasury and Resources:

Well, we talked at the very beginning about impact assessments. Clearly, it does not necessarily lead to jobs being lost. There are examples where the stevedore service a few years ago down at the harbour was closing down, the Troy Stevedore service, and it was looking like all of the jobs were going to be lost. In fact, they were not; a new operator came in, provided a more efficient service and re-employed, I think, about 70 or 80 per cent of the existing staff. So just because a service moves from within the public sector to an outsourced delivery mechanism does not necessarily mean the staff are going to lose their job; they may well find a job opportunity with the new entity because they clearly have the expertise. Many of these services still need to be delivered, it is just the way in which they are delivered. The key point, of course, is if you are externalising a particular function it has got to be more efficient, more cost-effective as well, and that is part of the assessment.

Deputy K.C. Lewis:

So that would mean lower wages for the staff, then?

The Minister for Treasury and Resources:

Not necessarily, but it can do, it really depends. Any new organisation will look at the level of fair pay that should be delivered for a particular service and offer job opportunities accordingly.

The Connétable of St. John:

My concern, and the reason I ask for an impact study is, if they are re-employed at a lower wage, then they may receive income support to make up that lower wage, and therefore you are transferring the onus and the cost from the department that was employing them to the Social Security Department, and therefore you are completely defeating the object.

The Minister for Treasury and Resources:

Yes, but it will not just be on the basis of one individual's assessment, it needs to be more rounded and, again, has that ...

The Connétable of St. John:

Has that impact study been done? That was the original question.

The Minister for Treasury and Resources:

Well, we have not got to that particular point yet, but certainly departments that are considering outsourcing services will be considering all the pros and cons of so doing.

Deputy J.A.N. Le Fondré:

I have got one wrap-up question in this section and then we go on to our final one. My query, and I will give you quote and it is going back to Standard & Poor's who stated that our: "Fiscal forecast incorporates Government measures to improve efficiencies in the public sector by reducing the staff costs ..." and they carry on. The point is that forecast is then what has led into ... in other words, the savings have basically been incorporated into the down-rated rating.

The Minister for Treasury and Resources:

It is not a cause of, just to be clear.

Deputy J.A.N. Le Fondré:

No, it is not a cause of, but they have been taken account of in that rating. So therefore if you do not make the savings, and so I suppose comment 1 is: is there any risk at this stage of the savings not being made? If you do not make the savings, what risk is there to the credit rating being downgraded further?

The Minister for Treasury and Resources:

I do not think it would necessarily be an issue that would be just around savings, although there is no indication that the savings will not be delivered; as I have said already, at the moment we believe we are on target. Clearly there is a long way to go, and that is important to emphasise, and we need to keep the pressure on to ensure that the savings and efficiencies, and this is about that as well, providing efficiencies and better-quality services, improving productivity, are met; it is critically important in my view that we so do.

Treasurer of the States:

I think they would be more interested in whether the finances are balancing; how we go about balancing the finances would be a different matter, but they would be more interested to see that you have ... I think your phrase was "sustainable public finances", that is what they would be interested in rather than the means used to do that. They also, which you have not mentioned, repeatedly talk about Jersey being a low-tax regime, so they are more interested in the books balancing than how it is done.

Deputy J.A.N. Le Fondré:

Right. Are we done with that section? Okay, Kevin?

Deputy K.C. Lewis:

Minister, in July of last year you made a statement in the States Assembly regarding a possible merger of J.T. with Airtel. Could you provide an update on this, please?

The Minister for Treasury and Resources:

I did indeed, and I hope to be updating the States in the coming weeks. Clearly, a lot of work has been undertaken with regard to the assessment of that particular proposal; all I can say in a public forum at the moment, is that that is ongoing, but it is reaching a conclusion and I want to be in a position to update States Members of the outcome as soon as I possibly can. Just as I have already given the panel an update, I am happy to do that again in private session, but a formal public statement will be made in the coming weeks once the position is clarified.

Deputy J.A.N. Le Fondré:

I have got nothing else. Are we done? Okay. We are bang on our timeframe; 10 minutes later than anticipated, but thank you very much, Minister. The hearing is concluded.

The Minister for Treasury and Resources:

Chairman, I did say we were happy to do extra time, if necessary.

Deputy J.A.N. Le Fondré:

You have done extra time relative to the timetable but, given the revised start, we have finished bang on time.

The Minister for Treasury and Resources:

Very good.

[12:42]