



Corporate Services Scrutiny Panel

Quarterly Hearing

Witness: The Minister for Treasury and Resources

Thursday, 3rd October 2019

Panel:

Senator K.L. Moore (Chair)

Deputy S.M. Ahier of St. Helier (Vice-Chair)

Connétable R. Vibert of St. Peter

Connétable K. Shenton-Stone of St. Martin

Witnesses:

Deputy S.J. Pinel of St. Clement, The Minister for Treasury and Resources

Deputy L.B.E. Ash of St. Clement, Assistant Minister for Treasury and Resources

Mr. R. Bell, Treasurer of the States

Mr. R. Summersgill, Comptroller of Tax

[09:59]

Senator K.L. Moore (Chair):

Good morning, Treasury team. I hope you are all sitting comfortably because I am afraid this is going to be a longer session due to the fact that we had to delay the earlier hearing this week. I am sorry that you did not want to meet with us as we were inquorate. We would have been happy to do so but there we are.

[10:00]

We will start with our regular introductions. I am Senator Moore. I am the chair of this panel.

Connétable K. Shenton-Stone of St. Martin:

I am Karen Shenton-Stone. I am a member of the Corporate Services Scrutiny Panel.

Deputy S.M. Ahier of St. Helier (Vice-Chair):

Steve Ahier, vice-chair, Corporate Services Panel.

Connétable R. Vibert of St. Peter:

Richard Vibert, member of the Corporate Services Scrutiny Panel.

Assistant Minister for Treasury and Resources:

Lindsay Ash, Assistant Minister for Treasury and Resources.

The Minister for Treasury and Resources:

Susie Pinel, Minister for Treasury and Resources.

Treasurer of the States:

Richard Bell, Treasurer.

Comptroller of Taxes:

Richard Summersgill, Comptroller of Taxes.

Senator K.L. Moore:

You might want to direct the microphone towards the row. I am not sure we will hear you. We will start with your immediate department, Minister, and the Government Plan includes £19.7 million of efficiency savings that have so far been identified. We are still waiting on the rest, of course as you know. What specific parts of your department will be affected by those efficiencies?

The Minister for Treasury and Resources:

Right, where do we start with that one? From the point of view of sticking with the word “efficiencies”, we are in the process of completely reorganising the tax system, which obviously Richard can elaborate on in a minute, which is 35 years old and completely not fit for purpose. The efficiencies derived from that will be appreciated in possibly a year or 2’s time when tax finally will be online as opposed to the paper situation, which it is at the moment.

Senator K.L. Moore:

You are saying that there would be a negative impact on revenue in that time until the system is up and running?

The Minister for Treasury and Resources:

No, I do not think it will be a negative impact because what I was coming on to was the fact that we are recruiting more tax orientated experts, if you like, which is difficult to find ...

Senator K.L. Moore:

Yes, you have got a £1.5 million addition in the budget.

The Minister for Treasury and Resources:

... over here. With the idea of course that we would then, which we have started to do, be training local people who are already working there with the potential to move forward so, again, that would bring in the efficiencies because you are not having to bring consultants over from the U.K. (United Kingdom) to do it. So it is a long-term programme and in the meantime the Comptroller has ...

Senator K.L. Moore:

You have efficiencies next year in 2020 and 2021 and our question is ... so I think what you have just described is an increase in your expenditure, £1.5 million for those additional people for compliance.

The Minister for Treasury and Resources:

For compliance we are expecting to receive in revenue £7 million next year, going up to £13 million by 2023 because of the compliance factor. So those are an example of the efficiencies that we will be making. I do not know if the Treasurer wants to ...

Comptroller of Taxes:

Shall I? I think it is probably worth starting by saying that over the last 4 years the Tax Office has made over £1 million of cost efficiencies. So we have taken a lot of costs out of the business. What I have asked the Minister to do and what the Council of Ministers has proposed in the Government Plan is that they now invest about £1.5 million largely in what we call domestic compliance activities, and that that will enable us to get more money out of the existing tax system. So we are improving the efficiency of income tax collection.

Senator K.L. Moore:

I think we have discussed ...

Comptroller of Taxes:

We are forecasting that that will, in the long run, bring about £13 million a year extra every year.

Senator K.L. Moore:

I think we have discussed this in a previous hearing so we will not continue down that rabbit hole. We were asking in a broader sense about the department as a whole and will there be any other efficiencies in the department, perhaps the Treasurer might like to answer.

Treasurer of the States:

It is across the whole of the team. We will be, as with other departments, looking to create efficiencies through more effective fixed term contracts, less use of temporary workers. We are going through ... we have completed the target operating model for Treasury and proceeding through the recruitment process. That will help us to be less dependent on temporary contracts and fixed term contracts that will see savings coming through. The same goes in Richard's part of the business. Richard's team is currently going through their targeting operating model consultation that we expect and anticipate that the outcome of that will make it easier for him to recruit people on a full-time basis and that will create the opportunity to make us less reliant upon temporary staff and fixed term contracts. We are looking across our non-staff spend to deliver savings across our contracts, take a good long hard look across the board in T. and E. (Treasury and Exchequer). In addition to which we are just starting to implement some automation within our controls, which we also have a savings target against in terms of savings that we are planning to deliver over the coming year; the first year ahead of the delivery of the new integrated technology.

Senator K.L. Moore:

Given the efficiencies that have gone before in M.T.F.P. (Medium Term Financial Plan) 1 and 2, how confident are you, Treasurer, that you can achieve these further efficiencies?

Treasurer of the States:

I would not put them forward if I was not. In the case of T. and E, we have largely delivered our saving. The only issue that we have currently is that we are taking the saving a year early that comes out of the taxes system, that will come through fully in 2020 but it can still in 2019, and in the meantime we are having to use one-off opportunities to fill our budget. So overall, T. and E. have delivered against the targets that were set through the M.T.F.P. other in the case of that which will be delivered a year late.

Senator K.L. Moore:

Minister, obviously you have the ultimate cross-cutting role in the Government. Could you describe what influence you had on implementing the efficiencies across the board?

The Minister for Treasury and Resources:

Each area, I am resultant to call it departments now because we have different set-ups, had to come up with their own efficiencies. I think you have been presented with a list of those, which I do not think are released publicly.

Senator K.L. Moore:

No, we still only have them on a confidential basis but they have not been certified by C.O.M. (Council of Ministers) yet.

The Minister for Treasury and Resources:

No, but I think that is fairly soon.

Senator K.L. Moore:

You will know more than us.

Treasurer of the States:

21st we are due to publish them.

The Minister for Treasury and Resources:

So obviously being a public hearing be careful how I answer.

Senator K.L. Moore:

Could you maybe just elaborate on why it was that the Council of Ministers were unable to identify and agree those efficiencies before they published the Government Plan in July?

The Minister for Treasury and Resources:

Yes, the Government Plan in July was ... I do not particularly like the word myself but it describes what it is, is a vision. It sets out very clearly what we hope to achieve, what projects are involved in getting to that achievement. It was not necessarily a costing exercise because it only comes just ... which the M.T.F.P. was, full of figures which nobody (a) wanted to see or (b) could understand. I think this is more of a vision to be followed up by the costings.

Senator K.L. Moore:

It may be a vision, Minister, but the document underpinning this that was published alongside it, is something that States Members will have to agree or disagree with by voting for or against it. Therefore is it acceptable to produce a vision document that fails to deliver the necessary detail to States Members who have to be able to do the work and decide whether they accept it or not?

The Minister for Treasury and Resources:

The necessary detail, as we have just said, comes out on 21st October and the debate is not until 26th November.

Senator K.L. Moore:

But any States Member wishing to lodge an amendment, for example, will have to do so within 2 weeks of those efficiencies being published.

The Minister for Treasury and Resources:

One States Member already has lodged an amendment so you do not have to wait for 2 weeks but if you want to see what the costings are, that is why they are being released 4 and a bit weeks in advance of the debate.

Senator K.L. Moore:

Thank you. It appears there is now an external consultant working on the efficiencies programme. Could you explain why that is and what the tender process was?

The Minister for Treasury and Resources:

That is more for Charlie.

Treasurer of the States:

I would have to go back on the tender process. I think this was a broad issue that I think I raised in last week's session. That relates to use of consultants. When you are setting off down an efficiency programme it helps to have the views of others who have been doing similar things elsewhere and the consultants in particular we have used were ones that were ... the team, if you like, that has been used, has been one that has had experience of working with organisations, delivering savings in those organisations. That is why in this particular area but across the board, be it finance transformation, be it transformation in modernisation and digital, you from time to time do need to use consultants to help you pull together a plan. At the same time, when we are also looking, which I talked about, at recruiting into finance; the finance team is not complete at this point. Neither is the modernisation and digital team. So therefore in order to deliver the efficiency programme we have turned to the assistance of consultants . But we have used the consultants working with the organisation as opposed to telling the organisation.

Senator K.L. Moore:

How much are you intending to spend on this consultant?

Treasurer of the States:

I will have to look back on that. That is in another department's budget but we can come back and give you that figure.

Senator K.L. Moore:

Thank you, we would appreciate it. Through this process, are you now going back to departments and asking them to salami slice their budgets?

Treasurer of the States:

No. I never use the phrase going back to departments and saying: "Can you now salami slice your budgets?" We are generally looking at themes across departments as to how they can deliver savings. Some of the ...

Senator K.L. Moore:

Such as sickness.

Treasurer of the States:

... savings have been departmental. Some of the savings have been cross-cutting themes applied across the board. We talked last week about the fact that ... further down the line, in terms of removing duplication and such is heavily dependent upon delivery of improved information systems and improved I.T. (information technology) to allow us to do so on an automated basis. Early in the process we are going to have to rely upon some of the methods we used in the past. I cannot recall us describing it as salami slicing in the M.T.F.P. I do recall extensive work that was done with Ministers and the departments on where they thought they could deliver savings. People will stylise things as salami slicing and black holes, but I have never used either of those phrases.

Senator K.L. Moore:

The departments are being asked to remove 22 per cent from their budgets, quite clearly. But we will not go back over old times. Looking forward, you mentioned removing of duplication as one of those themes but only £300,000 is identified as an actual efficiency in the Government Plan. Why is that? It is such a low figure.

Treasurer of the States:

We have talked about removing duplication as a theme. We have been working towards removing duplication so the one single front office at La Motte Street. Richard's team being there is an example of that. That will deliver some saving on duplication but equally so you have got to make sure that you do not just put everyone in one building but maintain the same level of duplication. As I say, my last bit of information I gave, a big element of delivering duplication requires the investment in I.T. in order to alternate our systems. At the moment, some of the duplication in what we have to

do, so for example I still remember a time, it was a few years ago now, but it happens often whereby H.R. (human resources) systems and finance systems are recording different numbers of people being employed and we spent months reconciling that. So there is a duplication in recording that then had to be reconciled and of course by the time you have completed the reconciliation what has happened in the meantime has meant that the records are out of kilter again. That is an awful amount of manual processing that takes place in that particular case.

Senator K.L. Moore:

So when the next £20 million of efficiencies are revealed finally to us is that going to include further removal of spend on duplication?

Treasurer of the States:

I would envisage it would do but I would also envisage that the majority of those duplication savings will come at the back end of this Government Plan.

Senator K.L. Moore:

How do you know what that figure is going to be if you are about to release it on 21st October?

Treasurer of the States:

Sorry, I thought you meant ...

Senator K.L. Moore:

Can you identify how much ...

Treasurer of the States:

Sorry, I was moving into 2021 to 2023. There will be an element within there but the majority of duplication savings will be delivered once the investment in technology has been implemented.

Senator K.L. Moore:

Thank you.

The Connétable of St. Martin:

Minister, on page 138 of the Government Plan it shows a list of resources mapped by Minister. Could you please briefly explain what the budget allocated to you of £35.6 million is made up of?

The Minister for Treasury and Resources:

You are wanting to know how we justify the budget?

The Connétable of St. Martin:

Yes.

[10:15]

The Minister for Treasury and Resources:

For a start we are under-resourced as far as people working in the tax area are concerned by about 30 people, I think ...

Comptroller of Taxes:

Yes.

The Minister for Treasury and Resources:

... in different tier levels. In order to transfer from the manual paper processing and everything that goes with that into the new online system. That is taking a while to transfer and, as I was say earlier, the Comptroller has already said to the media that it is causing a few hiccups. Not only just the online side of it but also the fact that the tax revenue management system had to move to La Motte Street and set up there. We had to move out of Cyril Le Marquand House. So there are things that lead to delay, which has got to be managed. In order to do that we need more people to do it. But on a temporary level rather than a permanent level. So as I said in my opening remarks, that the people helping to do this now, to train our staff to use the online system, will then train people already there in order to carry on. That will reduce over time. We also need more people for risk assessment if we are going to be approved by or keep approval of the O.E.C.D. (Organisation for Economic Co-operation and Development). We need to escalate the international risk assessments in development with that, in which case we need people to help with that and the Island, as you well know, is regarded as a very transparent financial centre and we want to put a huge amount of emphasis on maintaining that international reputation. There are a whole lot of things happening at the same time and I can understand where the questions are coming from but it is quite a lot to condense into a short answer as to across the broad spectrum of what we are doing in changing the tax system, and the personal tax system we will probably come on to later, which is being changed as well.

Treasurer of the States:

Perhaps if I can help in terms of explaining the total number. The total number there, as distinct from Treasury and Exchequer as a department, the significant differences there is that you extract from the T. and E. cash limit, in old parlance, the grants to both the social security scheme and the long-term care scheme because that is where the department has a responsibility for the Minister

for Social Security. You add on to that the responsibilities that the Minister has within the C.O.O., the chief operating office for commercial services, the procurement team.

The Connétable of St. Martin:

What involvement did you, in your capacity as Minister for Treasury and Resources, having determined this table as well as the allocation of resources to departments? You must have had quite a lot of input in your position?

The Minister for Treasury and Resources:

Yes, I think as the Treasurer has stated, that it was with Social Security because long-term care and the pension fund or the Social Security Reserve Fund, elaborating on others, there was quite a lot of work with Health and what they were doing. So looking, for instance, at their operating theatres and the use of the operating theatres by the consultants, which was not efficiently run. So we have been appraised of what each area was doing to produce their budget.

The Connétable of St. Martin:

How did you calculate the increases in departmental spend year on year? Is it from inflation or does it include new projects?

The Minister for Treasury and Resources:

It is a bit of both.

Treasurer of the States:

There are breakdowns within both the plan but also within presentations that are given to States Members and other parties. So if you were talking about 2020, the growth in terms of new services was roughly £80 million on revenue expenditure. However £30 million of that increase related largely to revenue consequences of largely the previous Council of Ministers. That is not to say that this Council of Ministers have merely accepted those. They also went through a process of understanding what they were and understanding why they were particularly critical decisions that the previous Council have taken. But also asked officers to examine whether the spend estimates were the right estimates given the passage of time and experience. So there is 30 of the roughly 80 growth. Then there were other critical areas in investment which fitted into the C.S.P. (Common Strategic Policy) categories but approximately £50 million for 2020, which were developed in teams rather than as departments. There was obviously some input from departments but they were largely done by teams who were associated with the delivery of those C.S.P. priorities. So "Putting Children First" had a subset of Ministers that were working with lead officers on what they wanted to achieve in order to deliver those priorities and deliver the outcomes that were set in the C.S.P.

To which we then had to ascribe costs, estimates, work up budgets that went with them. That is broadly the way that we went about putting it together.

Senator K.L. Moore:

What we are trying to understand is how any element of restraint came into that decision making and what ministerial influence there was on imposing that restraint?

Treasurer of the States:

From where I sat, that restraint came from having established a set of financial principles which were built upon the principles from the last M.T.F.P., articulated in the Government Plan. But also upon the advice of the Fiscal Policy Panel. So you start from the situation where the Fiscal Policy Panel advises that we should now be running services, accepting that we have an alternate scenario that no doubt you have questions on later.

Senator K.L. Moore:

We will go on to that later.

Treasurer of the States:

That is said to run, 2020, approximately £16 million surplus and that money should go into the Stabilisation Fund. So you start from that position. In terms of restraint therefore, there is a discussion as to how you match the spending aspirations, which you will recall can often start out well north of where we eventually end up, against discussions by Ministers on whether they wished to raise taxation to spend and what the appetite was for that. Alongside that, officers with some political oversight were working through levels of targets for efficiencies. All of that comes back together when you are trying to fit within the principles, saying £16 million surplus broadly balanced, how you go about affording and trade against what you might want to raise on income, a level of efficiency you think is possible to deliver, and the aspirations for spend in order to deliver the outcomes of the C.S.P.

Senator K.L. Moore:

Thank you.

The Minister for Treasury and Resources:

It has also been acknowledged across the whole of this change area that there has been a lack of expenditure for at least a decade on our infrastructure, for instance - just as an instance - and this can also incorporate, as the Treasurer is alluding to, the new Minister for Children and Housing, which we did not have before, the climate change, the consequence of the debate in July, I think it

was. So £5 million is being put towards that. It is different plan. It is more expansive than the last M.T.F.P. because we have major different things to consider.

The Connétable of St. Martin:

How was the size of the general reserve determined and why is the breakdown of the reserve not included in the Government Plan?

Treasurer of the States:

The document is intended to be a high-level document that has costings in at the level appropriate. I agreed on Friday to provide the panel with the breakdown of reserves, and I think we may have done that already or if not it is in the pipeline and we can chase it down. The constituent elements of it, without having the numbers on the top of my head, although Alison has them written down, are paid over the period. There is also non-paying inflation within there, as we see going forward and there are ...

The Minister for Treasury and Resources:

I thought you had had that.

Treasurer of the States:

Also there is in 2020 the restructuring reserve relating to what we see coming out of the efficiency programme but also what we are just providing for in terms of where the workforce changes. In addition to which we are carrying a contingency for unforeseen and we have tightened up in the Public Finance Law there what we see as unforeseen circumstances in 2020. My own view in respect of reserves, as opposed to contingency as was, is that now that we have an annual refresh there should not be the same need to turn to funds in reserves for things that had not been envisaged at the start of an M.T.F.P. because you get the opportunity every year to bring those things back to the Assembly for the Assembly to decide, which of course was a shortcoming. But there were advantages to the 4-year fixed envelope but there were obvious disadvantages, which is why you end up in the position of previous Council of Ministers. They were lucky enough in the early years the contingency was not spent and that we had underspends in order to have the funds without returning to the Assembly to address the very real pressures that came out of things like the Care Inquiry and such like. The one plus 3 approach says that those decisions were not be made at a ministerial level and will not be made at a Council of Ministers level, they will come back every year to be decided for by the Assembly.

Senator K.L. Moore:

If I may, while we are on that subject, moving slightly from reserves, but you did mention spending limits as set by the Assembly. In your accounts for 2018 it clearly shows that the M.T.F.P. approved

limit was £708 million and the actual spend last year was £759.3, which is a considerable divergence from the sum agreed by the Assembly and it begs the question how that can occur.

Treasurer of the States:

I think I probably just provided part of the answer to that but I will expand upon it. The possibility arises in particular from the fact that there were underspends in early years of the plan. Those underspends within the M.T.F.P. process were available to be carried forward and they were carried forward, which therefore added to the budget that was available to the Council of Ministers. That is why the expenditure can now grow. It did not have to grow. It grew because the Council of Ministers could see that there were pressures that needed to be addressed over the 4-year period that had not been foreseen at the start of that ... well, the 3-year period.

Senator K.L. Moore:

But despite the fact that maybe the previous Assembly had agreed that spending in prior years so it can become a carry forward, the expenditure would have been agreed on completely different items as opposed to what it was spent on.

Treasurer of the States:

There were additional items and there were decisions made by the Council of Ministers, entirely lawfully, in accordance with the ability of the Minister's carry forward funds and then for the Minister to agree, that did so through the Council of Ministers as you may recall, to those additional pressures of spend without the need to come back to the Assembly.

Senator K.L. Moore:

And that is what is occurring again this year.

Treasurer of the States:

But transparently accounted for, as you have just described.

Deputy S.M. Ahier:

Minister, will the reviews of the Strategic Reserve Fund be published annually in subsequent Government Plans?

The Minister for Treasury and Resources:

I think as the Treasurer has said, we now have changed this whole rolling programme so that we can do that. All the funds are changing by the minute but the whole publication into what is in them is in this Government Plan. So it will be in the next one in the same way. But after the ...

Treasurer of the States:

I missed the first half of the question, sorry.

Deputy S.M. Ahier:

Will there be reviews?

Treasurer of the States:

The forecast or the purposes?

Deputy S.M. Ahier:

The reviews of the Strategic Reserve Fund? Will you hold reviews of the Strategic Reserve Fund?

Treasurer of the States:

At the moment the Strategic Reserve is held in accordance with the decisions of the Assembly as to what the purposes of the Strategic Reserve is. Do you mean the reserve rather than the Strategic Reserve? Do you mean what we have just been talking about rather than the ...?

Deputy S.M. Ahier:

Yes, the Strategic Reserve Fund.

Treasurer of the States:

No, what we have just been asking the question on is the reserve and I apologise for any confusion there. The Strategic Reserve is something else altogether. The reserve, which was previously described as contingency, will be reviewed on an annual basis, yes. The fact that we will come back every year, there will be transparency there, so at the start of the M.T.F.P. you can see in the document that there were pages that described the amounts that were estimated to be rolled forward from the previous financial plan, so we will come back every year, based upon the experience of having used the reserves, to say whether they are at the right level or being replaced or changed, or if pay decisions changed, or whatever might come about we will alter the reserves accordingly. Sorry for the confusion.

[10:30]

Deputy S.M. Ahier:

Will the States Assembly be updated immediately if money is withdrawn from the Stabilisation Fund, the Strategic Reserve Fund, the Reclaim Fund to pay for projects and actions within the 2020 Government Plan?

Treasurer of the States:

In the case of the Stabilisation Fund that is a decision for the States. In the case of any withdrawals from reserve then they are the subject of decisions to be made by the Minister and therefore they will be public.

Deputy S.M. Ahier:

So they will be updated immediately?

Treasurer of the States:

Yes.

Deputy S.M. Ahier:

How will you be monitoring the Strategic Reserve's performance?

Treasurer of the States:

Are we now talking about the Strategic Reserve?

Deputy S.M. Ahier:

We are. We have moved on.

Treasurer of the States:

I think we need a rewording somewhere, do we not? The monitoring of the Strategic Reserve, as with all the large reserves, falls under the auspices of the Treasury but also falls under the auspices of the Treasury Advisory Panel, constituted by me and 3 independent members that have the oversight, with the appointed investment adviser, to not only keep our strategies under review but to keep the performance under review and in particular the performance of managers. It used to meet quarterly but it has quarterly meetings and it has a number of meetings that relate to the performance of the equity pools, the bond pools and individual managers, so there is very active and third party or independent oversight of the fund that is then reported up to the Minister.

The Minister for Treasury and Resources:

I used to sit on the Treasury Advisory Panel, so I have an idea of how it works until they decided that they did not want politicians on the board anymore, but they also appoint fund managers and are constantly updating on what we have so they produce a report.

Deputy S.M. Ahier:

Do you believe there should be political engagement with it?

The Minister for Treasury and Resources:

Obviously we have people who report back. The Treasurer sits on it but it was very interesting to see how it operated.

Treasurer of the States:

Yes, so the main stakeholders are consulted with, there is usually a representative of the Minister for Social Security present and we also have responsibility for the Jersey Teachers' Superannuation Fund. There are 2 members of their investment committee or their committee present also at that meeting.

Deputy S.M. Ahier:

What influence has the Fiscal Policy Panel had in determining the overall scope and nature of your work on the Government Plan?

Treasurer of the States:

I think I probably addressed that in an earlier question, but the Treasury team and Ministers take what the Fiscal Policy Panel have to say very seriously. It helps to establish the overall strategy. They have been very helpful, so in the past, for example, they have talked about running deficits. Part of the request back from us was: "When you say 'run deficits' there is a danger that people run too large deficits or too small deficits. Is there any way you may help us to determine what is an appropriate level of deficit?" because if you do not watch yourself you end up running too large a deficit and then rather than just having a cyclical deficit addressed by an upturn in the economy you end up with a structural situation, as we did in the last Medium Term Financial Plan, hence they have given advice as to surplus levels in this plan and we have a report out next week. I will hold fire and not dig holes for myself in terms of what they might say.

The Minister for Treasury and Resources:

Is it Monday, their report?

Treasurer of the States:

7th October, if that is Monday, yes.

The Connétable of St. Peter:

Okay. We will now look at tax and duty increases, so, Minister, what methodology was used to determine the change in G.S.T. (goods and services tax) *de minimis* for online retail sales, employer social security increase and the long-term care charge?

The Minister for Treasury and Resources:

We will start with the first one. The *de minimis* level was talked about in the last Budget. It was not debated because the general feeling was that it should stay at £240, which is a £12 collection. The whole global situation is now moving towards the online retail people collecting the tax at their end and then returning it to whichever country, Italy, Jersey, whatever it is. That is what is going to happen, so this was a way forward to reduce it by half inasmuch as I think £6.25 is now collected as opposed to the £12, which of course then by dint of the way it works requires I think another 4 personnel to be employed at Customs and Excise in order to collect this £6. It does not really deter people from the shopping side of it, because they will just do it in 2 parcels. So it is a very difficult one to do, which is why it was not done in the last Budget, but to reduce it this time and whether it is next year or the year after it will go completely, because that is what is happening across the world. It is a starter for 10, if you like.

Assistant Minister for Treasury and Resources:

I think it is also going to help to put the High Street on a level footing with the online. It will push it that way, because at the moment it is a pretty unfair playing field.

The Connétable of St. Peter:

Yes, I am perhaps just going to touch on that, because retailers seem to think that this has a vast effect on their sales, whereas in fact the price differential between online sales and the High Street is significantly more than the amount of G.S.T. so I have to say my argument will be it will have very little effect on High Street sales ...

The Minister for Treasury and Resources:

The reduction?

The Connétable of St. Peter:

... and I think that has been proved in other jurisdictions.

Assistant Minister for Treasury and Resources:

I think to an extent that is correct, because the whole world is moving online and that has got to be accepted, but from the point of view of fairness this does at least move it to where the High Street are competing in a tax way in the same way as the online side.

Senator K.L. Moore:

So is the answer that your methodology in making this decision was about fairness?

Comptroller of Tax:

There is a very long explanation of why the £135 figure was arrived at on pages 158 and 159 of the Government Plan. The figure of £135 aligns with the U.K. Customs threshold, which Jersey has also adopted as part of the new Customs Union. So the alignment of £135 is partly down to alignment with the Customs Union arrangement, so the Minister, as she said, has always flagged an intention to put pressure on the *de minimis*. It may well go within a couple of years. The last Council of Ministers signalled that the *de minimis* would go altogether once the E.U. (European Union) had made the changes it intends to make, which I think are on plan for 2021, so this is a stepping stone. I think in respect of the Constable's comment, I recall some quite senior retailers also saying that at the end of the day the *de minimis* will probably not substantially affect the differentials between online and High Street retail. I think the reality is that online is here to stay. It is what consumers want and retail has to adapt and offer different sorts of experiences in the High Street, and I think that is what clever retailers in the High Street are starting to do.

The Connétable of St. Peter:

Excellent. So the other 2 increases, social security and the long-term care charge?

The Minister for Treasury and Resources:

The Department for Social Security has been conducting a review for a very long time and has now received the results and they will ... it has almost been inevitable that there would have to be an increase in the contributions, but quite how they have to do it, there was an increase of 2 per cent that employers paid in 2010, I think it was, introduced which has been absolutely essential in paying out the benefits that we now have, so maybe it is time to do that. There is also the new family friendly law which is coming in, which will have a cost attached to it. The review will, inevitably as we knew at the start, bring in increases in contributions, but whether it is on both employers and employees and what percentages is to be decided and the long-term care was introduced in 2013-2014 and passed by the States in 2014 and at the time it was said that there would not be an increase in 3 years when it went up to 1 per cent. It started at 0.5 per cent then up to 1 per cent, which then has been more or less stuck to, as we are now 2019, for this to come into effect with a 1 per cent increase in 2020. At the moment the fund is breaking about even. I have not got the figures but there is about £44 million in the fund and a demand of about £41 million, because obviously when it was set up there was no history, so we had no idea what the demand on it would be. I think there are about 1,300 people as part of the scheme now and that will increase with an ageing demographic, so therefore the 1 per cent increase is to counter the next 10 or 15 years.

Treasurer of the States:

To clarify there in terms of the Social Security Fund, these particular increases relate to those improvements in the family friendly benefits arising from the feedback to the proposals to improve the provisions within the legislation. That is a flagging up that the Council of Ministers would like to

look at the scale of what used to be called the supplementation bill for the taxpayer and how that should be balanced going forward. However also probably worthy of note is, given the decisions that were made some 20 years ago to put funds over the long-term into the Social Security Fund, that Social Security Fund is now in a very healthy state, to the extent that the long-term forecast undertaken by the Actuary would indicate that. While I am not saying who in particular would pay their portion of it but that the overall funding once supplementation returns to where it should do at the end of this period should be enough to sustain the fund over the long-term at just short of 5 times the annual expenditure, which is the aim of the people, the politicians at the time, who made the decision with some foresight to put the funds in place there. Long-term care ... oh, sorry, go on. Imagining the question.

Senator K.L. Moore:

No, I was going to pick up on a comment by the Minister just then, which essentially suggested that given the findings of the Social Security review are still being considered that potentially next year or into the near future there may be further increases in social security contributions. Do we understand you correctly?

Treasurer of the States:

Yes.

Senator K.L. Moore:

Thank you.

The Minister for Treasury and Resources:

One also has to add to that that it stands at the moment at 12.5 per cent with 6.5 per cent contributions from the employer and 6 per cent from the employee. That is half what it is in the U.K.

Senator K.L. Moore:

Thank you, and I think you have touched on the long-term care.

The Connétable of St. Peter:

Yes. I think we might move on with the questions. What tax rises did you consider during formation of the Government Plan, so what other tax rises did you consider?

The Minister for Treasury and Resources:

We are looking at having to bring in some sort of environmental tax, if we are to meet the 2030 carbon neutral destination, which is what the States Assembly voted for. It will not be for 2020, otherwise it would have been in the plan, but maybe 2021 we have got to look at the balance of

electric cars and emissions from other cars and how we can deal with our position of carbon neutrality, whether there are carbon offsets as well to consider. Other taxes, there is obviously an increase this year in impôts duties and the 6 pence increase on fuel duty was so that 4 pence of that could go to the Climate Change Fund that the Assembly have asked us to do. So that and balancing out the requirements of the population for addressing climate change, that is just one aspect of it. We certainly would not think of increasing income tax, but we may have to look at G.S.T. in the future 2 or 3 years.

Senator K.L. Moore:

Thank you. You mentioned there, Minister, the impôts duty, particularly in relation to fuel duty. Was that a decision taken by the Council of Ministers or by Ministers?

The Minister for Treasury and Resources:

The Council of Ministers. All the impôts duties were.

Senator K.L. Moore:

They were unanimous in backing that?

The Minister for Treasury and Resources:

Yes, because we have to somehow raise this revenue, and it was really, which the Assistant Minister did not like, the quite severe increase in the spirits rather than anything else.

[10:45]

Wine was quite gradual, R.P.I. (Retail Price Index) by whatever, there was no increase in beer apart from R.P.I. Fuel duty I have mentioned, but the large increase in spirits, which it is debateable was however largely promoted by health because everybody is quite aware that especially young people have now developed a culture of shots, I think they are called, and considerable amounts are drunk before they go out to town; preloading. It was really largely directed from a health scenario. There is no proof globally that the more you put it up the less people will drink, apart from recently in Scotland, who published a report saying that it had had an effect.

Senator K.L. Moore:

Indeed they did. What other consultation was conducted prior to making those decisions about impôts duties? Was there some cost of living analysis, for example?

Assistant Minister for Treasury and Resources:

Can I just ask, on the petrol Bill, when we did a vote in the States and you remember at the end, and I did vote for it even though I think that to a certain extent what we do is totally irrelevant because it is China and America who are really going to push it, I did say at the end that the States will have to back these things when they come. One of them was petrol, because it is one of the major things that we are doing in Jersey, pumping out petrol carbon fumes. So by putting petrol up was a big part of what the States did vote for.

Senator K.L. Moore:

But do you accept that for those who can afford it there is generally at the moment a movement towards electric vehicles, but those who would struggle to afford that change, particularly when you look at care workers, painter/decorators, people in that line of work who do not feel able to change their cars and are reliant upon the need to travel around the Island and therefore pay those increases in fuel duty, what consideration was given to that?

Assistant Minister for Treasury and Resources:

I can see that argument, but when we voted for this to change the carbon we did not say: "Well, but not for poor people or not for very wealthy people, or for very wealthy people." We voted to go carbon neutral by 2030. Now, if we are going to do that, tough decisions have to be made by everybody otherwise we should never have voted for it.

Senator K.L. Moore:

Sometimes compensatory measures can be put in place to ease the burden on those who can least afford to meet it.

Assistant Minister for Treasury and Resources:

When you are talking about businesses obviously they can claim certain relief on business expenditure anyway, so I am not quite sure that adds up.

Senator K.L. Moore:

Let us think about care workers, for example. I think it is quite well-documented that that particular group of people struggle with the fact that they are often not paid for their travel time from one client to another.

The Minister for Treasury and Resources:

That is absolutely correct and that is something that is being looked at in conjunction with being paid for the travel time, but having looked into this and had presentations on it, it is, again, the inefficiency of managing the care workers, because they will start off in St. Ouen and then be told their next care person, the person they have to care for, is in Grouville and so there is a huge time involved, and

from that point it is very inefficiently run, and of course the consumption of fuel and the time taken is quite adverse to the care worker.

Senator K.L. Moore:

So your message to employers is to improve their rostering to meet this additional cost?

The Minister for Treasury and Resources:

Yes. I think they are very aware that it needs improving.

The Connétable of St. Peter:

We seem to be focusing on the motorist, which is quite interesting because it is one area that we continue to ignore and there is far more pollution created every time an aircraft takes off, so why are we not addressing that in some form of tax?

The Minister for Treasury and Resources:

In the percentage of carbon emissions from the aircraft it is very small in comparison. I looked at it the other day when it was being discussed in the U.K. as well and obviously from an Island point of view it is essential for us to be able to get on and off the Island, and the finance industry and a lot of our business.

The Connétable of St. Peter:

But it is also essential for certain people to ... we just talked about care workers. It is essential for them to be able to travel, so to ...

Assistant Minister for Treasury and Resources:

We have 120,000 cars, give or take, on this tiny Island, so there are very few people you talk to who would dispute we have too many cars in Jersey. Now, whether we need better bus services or whatever to solve that, we do have too many cars in Jersey. For years the motorist has got away very cheaply in Jersey, compared to any other sector.

The Connétable of St. Peter:

I think you are adding costs, you will be adding costs, to every business in the Island and in fact the people who can least afford these increases will be hit quite hard. I really do not consider that taxing the motorist, all the downsides of that, have been considered but anyway.

Treasurer of the States:

I think there was quite lengthy discussion and the inflationary aspects were considered. The States has charged the Executive, or in particular the Minister for the Environment, with coming forward

with the plan to deliver carbon neutrality by 2030, not deliver the plan by 2030, but to deliver carbon neutrality by 2030. That is being developed; it is on its way. Specifically if I recall the proposition, it charged us with coming forward with the fiscal measures that would fund that. I cannot see that there are many people who will be saying that this will not cost consumers, will not cost them and will not cost taxpayers, so the work in terms of addressing those areas is being progressed into those individual sectors as charged by the States to be done. That proposition came too close to having to develop a logic in the plan for those to be addressed in this, however Ministers having heard the strength of feeling around delivery of that aim have taken these initial first steps towards that through the existing tax systems. They have said that new levers may be required but that is subject to that other piece of work that needs to be done in order to put the funds in place, to do as the States have asked and directed in terms of developing that strategy and taking initial steps. I fully agree that you need mitigating steps. There are mitigating steps. There is a huge improvement that has been made in recent times through G.H.E. (Growth, Housing and Environment) and predecessor departments to the bus network, for example, so it has to be overall a coherent strategy but these are the first steps towards that. They are not inconsistent with the direction taken by the States to deliver carbon neutrality to an ambitious timescale.

The Minister for Treasury and Resources:

It is also an ambitious programme, as the Treasurer referred to with the Minister for the Environment ,coming up with something that is more than just achieving carbon neutrality by 2030, which is a big ask. Jersey, who really has quite low emissions because we import our electricity from France for instance, so it keeps that side of it down, could be ... world leader sounds a bit grandiose but we could be up there with hitting that direction, because the U.K., for instance, has said that they will be carbon neutral by 2050, so our 2030 plan is an ambitious programme and if we could set the tone and the lead ...

Deputy S.M. Ahier:

Thank you, Minister. Given the declining revenue from fuel duty and the decrease in alcohol and tobacco consumption are you considering a sugar tax?

The Minister for Treasury and Resources:

No.

Deputy S.M. Ahier:

You do not think that a sugar tax would help with the increase in the diabetes cases?

The Minister for Treasury and Resources:

There has been a lot of research in the U.K. on this and because we are really rather dependent on them for most of our imports that contain sugar, it would have to be whatever the U.K. ... I mean, we cannot start taxing things that have already been imported from the U.K. It is just so complicated. We have looked at it.

Assistant Minister for Treasury and Resources:

It is a very difficult thing to implement because what has sugar? A pint of beer has sugar in it, so it is a very tough tax. I think Richard would ...

Comptroller of Tax:

Well, I mean it is probably worth saying I think if memory serves the U.K. tax is a tax on the sugar content of drinks, fizzy drinks. It is already I think leading most of the manufacturers to adjust their recipes therefore ...

Senator K.L. Moore:

Sorry to interrupt you, Comptroller. I think we have touched on this in a previous hearing.

Comptroller of Tax:

We have.

Senator K.L. Moore:

If we could perhaps move on to a broader question that we did not consider in that.

Treasurer of the States:

Can I answer part of the question first?

Senator K.L. Moore:

Yes.

Treasurer of the States:

We are actively considering how we might address the considerable hole that will be left in States finances arising from not using fuel in the future in particular. I would say that a sugar tax is highly unlikely, very unlikely, if I can be more positive, more assertive than that, to fill the gap that would be left by £27 million of fuel duty. That would be a considerably higher tax than they have in the U.K. If I remember rightly our estimates were less than £1 million, far less than £1 million with a similar level of tax to the U.K.

Comptroller of Tax:

Yes, and the fact that the products are changing.

Treasurer of the States:

It is not much of an answer in terms of filling the hole from fuel duties. The discussion about whether it might change behaviours is a different one altogether, rather like the fiscal levers on the environment. Behavioural aspects are different to whether it would fill the coffers.

Senator K.L. Moore:

Indeed, but the Minister's previous answer when she told us about the information that was given predominantly from the Department for Health and Social Services in relation to alcohol pricing, surely the same goes for food choices, given that we have an obesity problem and the increasing cost of dealing with bariatric people in our community?

Treasurer of the States:

I was answering the question from the perspective of the question, which was given the reduction in fuel duties and tobacco and alcohol to a lesser extent, are we considering a sugar tax? A sugar tax is not the answer to replacing those levels of tax.

Deputy S.M. Ahier:

From a health perspective would you consider taxing vaping? Obviously with the increase in the cases of lipoid pneumonia would that be considered?

The Minister for Treasury and Resources:

I think you asked that question in the Assembly.

Deputy S.M. Ahier:

I did, yes, but I am asking whether you would consider taxation.

The Minister for Treasury and Resources:

I think the answer already given is that it is too early to decide with vaping. I believe another message went out during the week that it is too early to find whether some countries have said that it has a deleterious effect. Others have said it is too early to decide, so I think until such time as the effect can be assessed as to whether it is a health effect or not or what ...

Deputy S.M. Ahier:

But from the tax perspective?

The Minister for Treasury and Resources:

It is too early to decide, but it is something obviously that we could look at.

Comptroller of Tax:

I think it would be fair to say Ministers are probably going to keep that under the review. The last Council, on the basis of the evidence before them at that time, took the view that vaping was on the whole a good thing that was reducing the incidence of smoking tobacco product. I think they felt at that point it was not right to tax it if it was helping to wean people off tobacco. The landscape is changing. As you have mentioned, there is quite a lot of media at the moment in the United States suggesting that vaping can lead to chest infections and illnesses, so at some point there may be a question about whether you ban it, and if you do not ban it whether you tax it.

Treasurer of the States:

We are constantly in touch with health colleagues as to whether they see an advantage or whether they see vaping as regulated in terms of the products you get through the U.K. as opposed to elsewhere because there is apparently a difference between the different products shipped across the world. The last I saw was that they saw it as a positive in terms of reduction in smoking.

Assistant Minister for Treasury and Resources:

There has been no definitive medical study. There was this thing in America but it turned out that some of these had been adjusted and they were smoking something else through it or vaping something else through it. Until there is something definitive medically to say one way or another it is difficult really to make a move on health grounds.

The Connétable of St. Martin:

Minister, what sort of future tax rises would be considered for the Government Plan in 2020 and 2021? For example, what other measures will you be considering to fill the gap if you are not considering sugar taxes or what have you considered?

The Minister for Treasury and Resources:

It is the long-term view, as the Treasurer has just said, of the fuel tax because that will reduce if we go to electric cars. But then there is a debate over whether electric cars are the way forward as well when you think of the cost of the batteries, which includes quite a few people buying them. The costs will probably come down the more prevalent they become but then how do you dispose of these batteries. There is a lot of debate over that as whether it is the way forward.

Assistant Minister for Treasury and Resources:

It might be hydrogen cars, they are now talking of such.

[11:00]

The Minister for Treasury and Resources:

The Council of Ministers are pretty divided on whether it is an electric car future but that is slightly diverting. I think this question was sort of asked before inasmuch as there is a question of increasing G.S.T., then there would be the question of whether you exempt food from it and that was a big argument we have had twice before (a) when it was introduced and (b) when it went from 3 per cent to 5 per cent, and also a mention of the car tax of some description.

The Connétable of St. Martin:

I am sorry, to move on, the Government Plan explains that there are no changes to stamp duty being proposed as this is being considered by the Housing Policy Development Board. Given that we identified problems with the stamp duty system in our Budget review last year, why has more not been done to bring new proposals in this year's Budget?

The Minister for Treasury and Resources:

The Assistant Minister sits on the Housing Policy Development Board.

Assistant Minister for Treasury and Resources:

Stamp duty will be looked at throughout that. The whole thing of our housing is going to be looked at as to gateways and first-time buyers, retirement homes, so it is going to go right across the board. Stamp duty will be looked at as part of that review. Until it does I think it would be wrong for Treasury to step in and do anything ...

The Connétable of St. Martin:

We just wondered why it had not been done.

Assistant Minister for Treasury and Resources:

That is pretty much why because there is a total ...

Senator K.L. Moore:

But why is the timing around the Housing Policy Development Board not focused more on the fact that 18 months into your time in Government you were to publish and have agreed a Government Plan.

Assistant Minister for Treasury and Resources:

The timing, it was set up a year or so ago but obviously it has a huge remit because we are 4,000, 5,000 houses short of where we are. It is not as simple as just saying: "This will be solved by changing stamp duty" or: "This will be solved by doing away with qualifications" or whatever.

Senator K.L. Moore:

As you acknowledge, there is a crisis then one would imagine that some steps would be made with those levers that you do have in your powers as members of the Government to address that. To say: "We are going to address it next year" does not really inspire the public with confidence, does it?

The Minister for Treasury and Resources:

It is an ongoing ... as the Assistant Minister said, with a lot of the social housing that is being built, for instance, there is a question as to whether the stamp duty should be applied to people in a social housing situation when they sell their house or buy a new one. It is ongoing, it is not being ignored.

Senator K.L. Moore:

No, but the question is, what, as members of the Government with levers and powers, are you doing to address the crisis this year? The housing crisis.

Treasurer of the States:

Addressing the housing crisis in respect of the number of properties or are you addressing the crisis from the ...

Senator K.L. Moore:

The Assistant Minister referred to some of the work that the Policy Development Board have looked at and my question really is the public would like to hear, rather than looking at things, what is being done to address the issues that people live with on a day-to-day basis?

Assistant Minister for Treasury and Resources:

Yes, and they will as soon as the board has finished and finalised its work.

Senator K.L. Moore:

But this is your time ... a Government Plan is your time to use the powers and levers ...

Assistant Minister for Treasury and Resources:

But this has to be done properly and thoroughly. As we saw last time when the hospital was done 4 years ago and it ended not in the best way, did it? So with the housing it has to be done which way are we going to go? Are we going to go high in St. Helier, are we going to redevelop around

La Collette? To get 4,000 houses is not going to be ... that is not just picking one field out in wherever and saying: "Here are 40 houses" it is a major brief. We are looking at what other people are doing around the world in similar jurisdictions, how they are coping with it. How we can lower the pricing here, because that is a problem. How we can get people ... I will give you an example.

Senator K.L. Moore:

But people want action rather than ...

Assistant Minister for Treasury and Resources:

They do but it is not so easy to get action because one of the things we would love to see is people downsize. As we said, when we looked at similar jurisdictions, and we looked around England where a lot of people are downsizing, the thing is when you are downsizing there you move from a London suburb out to some leafy country place and you pocket about £300,000 and end up probably with just as good a property. You cannot do that here. Even to move out of a 3-bedroom semi and into an apartment, you are getting like for like. So those are problems we have to overcome.

Senator K.L. Moore:

That refers to the previous question which was, given that last year we produced a report for you which addressed some issues in stamp duty. Why was it not, as a matter of business, addressed in this Government Plan?

Assistant Minister for Treasury and Resources:

I do not with the Government Plan, I am talking about the board I am on.

Senator K.L. Moore:

Addressing stamp duty would potentially be a lever that you can use as a Minister that would assist or encourage people to move around in the housing market and I believe some of those properties ...

Assistant Minister for Treasury and Resources:

We have looked at that on the board.

Senator K.L. Moore:

Why is it not in your Government Plan?

Assistant Minister for Treasury and Resources:

There is no evidence that says when we have the shortage of properties we have here, that saying to someone: “Well, the stamp duty will be a little bit less” is going to force people to move effectively downwards for the sake of price.

Comptroller of Taxes:

It is probably worth saying at an administrative level that tax measures are, I think, generally being included in the considerations of the various ministerial policy development boards and that tax policy people come in at the point Ministers have decided a tax policy intervention is the right way to go. There are, of course, minor changes constantly being made and some of the changes we have been looking at over the last year have been about reducing stamp duty burdens, in particular in relation to Parish and Island schemes to help first-time buyers, for example. We have also, but this is on the commercial side, been doing the review on so-called enveloped property which is coming to fruition. The general principle that this Government has adopted is that the consideration of the fiscal measure and the tax measure takes place towards the end of the policy discussion about how to tackle any particular issue.

Senator K.L. Moore:

All right, thank you. We are going to move on to some overarching themes now in the Government Plan. Business plans, one would imagine, are a fundamental part of the considerations that Ministers have given yet they have not been presented to Members yet. When will that occur?

Treasurer of the States:

Business plans ... and I will challenge to a degree here, business plans quite typically were done and spending plans were agreed by the Assembly, what we are doing this time round is putting in place graphed business plans and that points to why we did not do them until after the M.T.F.P. and budgets. We waited until all that was addressed and therefore put a business plan together that had the final budget for departments in place. The approach we are taking this time is to provide to Members draft business plans that are obviously subject to change with any changes that go through the Government Plan debate. They are working up to be delivered at roughly the same time, towards the end of October, as the efficiency report.

The Connétable of St. Peter:

Minister, in the event of a recession or downturn in global markets, what changes can we expect to be made to future Government Plans to reflect these events?

The Minister for Treasury and Resources:

This is the “B” word. There is a huge amount of work that has been going on, again, behind the scenes because one has to address the worst case scenario as well as a medium one. A huge

amount of work has been going with the U.K., with our External Relations Department, to deal with all the sort of complications of possibly worst case with fresh food being one, medicine being another, fuel possibly but not quite so much and how we would, more importantly, address the tariff situation and our fishing industry, which if we were closed to French ports would be in pretty much dire straits. A huge amount of work has been going on about that and one of the reasons for building up the Consolidated Fund is to ... the Stabilisation Fund is to address what we may need in immediate situations. There is also, in contingency, £2 million put aside already to deal with what might be problems, but of course like the U.K. and like Europe we do not know what these problems could be as yet. We are, I think, very well placed, without being complacent at all, to deal with what might be problems.

Treasurer of the States:

In terms of the question in general, which of course is relevant to Brexit as well, or in particular relevant to any impact that might arise as a result of a day one no deal as opposed to a Brexit ...

Senator K.L. Moore:

Also just an economic cycle?

Treasurer of the States:

Yes, absolutely right. So the base case scenario advanced by the Fiscal Policy Panel still indicates placing funds into the Stabilisation Fund, given the healthy state of the economy when there will be ... it is always a when, I think some people pretend that it is an if but at some point there is always a possibility of a recession further down the track. Now, that is not foreseen in the base scenario of this Government Plan. The first point to note, however, is that instead of having a 4-year fixed envelope, we have the opportunity to change plans as circumstances change each and every year. That starts with what the F.P.P. (Fiscal Policy Panel) and, if we look wider in the world, what commentators have said is going to happen in the economy and in particular through the F.P.P. what they think the impact will be upon the local economy. As their forecasts change ... our income forecast is directly driven from that and our approach will change. Our approach does not change, we are just moving to a different phase of addressing it. This framework, the fiscal framework, has been laid down, it will change to a degree, no doubt, over time, but at the heart of it is to have surpluses and put them in reserves during good years or during healthy ... when the economy is over capacity and then to take that money out and use it to pay for services during periods of recession. So we would be able to address ...

The Minister for Treasury and Resources:

Be able to cope with the fluctuations in sterling as well, which is inevitable.

Senator K.L. Moore:

Just if I may challenge you, Treasurer, on that last point. As we discussed earlier, the spending of overspends from prior years, was any consideration given at that point to just what you said, that given that these are good times or have been good times, was that not the right moment to put those additional monies into ...

Treasurer of the States:

Up until 2019 the Fiscal Policy Panel's recommendation was to run deficits. We either were close to balancing books or running very small ... broadly balanced. At the same time we were putting considerable sums through the capital programme into the economy, not just directly but in particular through Andium Homes and S.o.J.D.C. (States of Jersey Development Company) and stimulating the economy in that way. Consideration was given but there were spending pressures and vital spending pressures that were going through, critical spending pressures that were going through at the time. Instances such as responding to the Care Inquiry being one of them, setting up a Brexit team being another one. Having to respond to the increasing standards and requirements placed upon the taxes team as a result of common reporting standards and such like were other ones. The Council of Ministers actively considered those. £50 million was transferred by the Minister and the Assembly in the last Budget that we had. It has always been a consideration of whether you have to balance putting money into the Stabilisation Fund and/or spending where the pressures are. We have £50 million, we have a plan to put more in, that plan would have to change in the event of a recession, in the event of the economic forecast changes or very likely in the case of a day one no deal we would have to consider changes to the plan. The first layer of changes to that plan would be not to put money into the Stabilisation Fund, because you would expect your income forecast to drop and the question would be: do you want to still consider the level of spending you are considering? Most economic theory will say that the best a government can do for an economy that is in recession is to continue spending, and in particular on capital.

The Connétable of St. Peter:

Have any additional funding strategies been devised by the Government if the Government Plan or a future Government Plan was rejected or unable to pass the States Assembly before the beginning of the following year?

The Minister for Treasury and Resources:

A very good question. That is always a concern obviously as it is with the budgets and this is the first time that we have co-ordinated the Budget with a plan so it is a very different approach. We are very positive about it, because it is the first time then we will learn from it but certainly hope that because of its presentation and endless briefings to States Members that it will be agreed. Although we have no doubts there will be amendments.

Treasurer of the States:

Part of the question relates to until you have had the debate of the Government Plan you do not know what it is that States Members may dislike or not want to do.

[11:15]

In the past, of course, we have agreed in the Medium Term Financial Plan income raising measures that are then rejected by the States and that has caused a change in direction subsequently.

The Minister for Treasury and Resources:

The waste charge being a prime example, is it not, because that was going to produce about £11 million and of course the Budget was banking on that and we did not have it. The health charge, of course, was also disallowed or not agreed so that is what a Budget does, you cannot predict that everything is going to be accepted.

Deputy S.M. Ahier:

Thank you, Minister. How much of the £65.9 million of the vibrant economy strategic priority is allocated to your department and how much is to be spent by other departments such as Economic Development?

The Minister for Treasury and Resources:

Which page are you on?

Deputy S.M. Ahier:

I cannot remember what the pages are, I am sorry. Page 202.

Treasurer of the States:

Page 202 sets out funding by the Minister for the vibrant economy, so within there you have ... if you are on that page you will see tax policy and international team investment, which relates primarily to resource requirements arising from our international obligations but also in developing policy for taxation.

Comptroller of Taxes:

A very large part of that amount confirms additional funding approved by the last Council of Ministers out of contingency funds. The very vast majority relates to the various treaty obligations we signed up to in 2016-2017 around the common reporting standard, the base erosion and profit shifting

initiative. That placed a great many additional obligations on the administration to collect data from the whole of the finance sector, parcel it up according to the investors' tax residences and then send it to various tax administrations around the world. It is quite a huge operation. Additionally over the coming 4 years we are growing the related compliance activities, these are the international compliance activities, which oblige us to go out into the sector, make sure that everybody who ought to be making returns is, that we are validating their returns and running the system appropriately. It is quite a big commitment.

Deputy S.M. Ahier:

Thank you.

The Connétable of St. Martin:

Minister, some changes such as the second tranche of the Revenue Administration (Jersey) Law and changes to personal taxation have been left out of the Government Plan, why is this?

The Minister for Treasury and Resources:

The second part of the Revenue Administration (Jersey) Law is going to come forward with the finance law, which will be lodged just before the debate.

Comptroller of Taxes:

It needs to be lodged by 14th October for debate at the same time as the Government Plan.

The Connétable of St. Martin:

Okay, thank you. Why was there a delay to the personal tax review? You announced on International Women's Day earlier this year that your initial decision would be included in the Government Plan for a personal tax review.

The Minister for Treasury and Resources:

What we have said is that we cannot introduce this change, which I have to say is considerably more complicated than we had anticipated, to change the whole of the personal tax - obviously the Comptroller can elaborate - having gone into it all now in very great detail, the end result would be independent taxation but there is a step that can be taken before that in order to change the rather archaic, as I keep saying, description of women being chattels. It will have to be done in stages but we think we have found a way to do the first stage as promised in 2021, tax year 2021. Then we would have to move forward because what has become apparent from doing this review is that it is quite onerous on quite a lot of married couples inasmuch as they would have to pay more because of the distribution of allowances. That has to be rectified before we can bring the whole thing in

because you do not want to load quite a large proportion with an increase in their taxes. So we have to work out a balance. Do you want to add to that, Richard?

Comptroller of Taxes:

Yes, I can. All of the work that has been done, and there has been a great deal of consultation, focus groups, surveys and so on, does tend to indicate that Islanders prefer to move to a system of independent taxation. Where the devil is in the detail is that from our analysis to date we think that there could be over 8,000 married couples, they tend to be lower income married couples, who would end up paying a lot more tax if we did just move to a pure form of independent taxation. So what Ministers have asked us to do is obviously work out options and ways of still going in that direction but try to mitigate the impact on lower income married people.

The Connétable of St. Martin:

Thank you. I was going to ask what major legislative changes it would be seeking to make to our revenue laws over the coming year. Sorry, what are the major legislative changes that you will be seeking to make to our revenue laws over the coming year?

Comptroller of Taxes:

I think we gave you, at an earlier session, the Tax Policy Unit's work plan for the next 3 years which we have broadly agreed with some of the key stakeholders. I mean, obviously every year we implement the tax policy decisions of Government Ministers and the Government Plan, we are making quite a few modernisations to the Revenue Administration (Jersey) Law as you know and we are still consulting with the key stakeholders on the precise detail of one or 2 of the measures that you will see in the finance law, which are the next phase of that Revenue Administration (Jersey) Law. The big thing there is that we are going to start publishing the decisions of the Commissioners of Appeal. We are creating a set of civil powers to secure information from taxpayers where they are unwilling to co-operate without a form of compulsion. That is said that we are less reliant on criminal powers and there are various other changes. But I think in terms of other major tax reforms, personal tax is going to be the big thing and how we start to draft legislation to change the personal tax system.

The Connétable of St. Martin:

Yes, I think that is crucial in 2019 that women are no longer referred to as a chattel.

The Minister for Treasury and Resources:

Also I would extend an invitation to you, if you wish, we are just asking Deputy Perchard and Deputy Doublet, who initiated this, to have a briefing with us, I think it is in a couple of weeks.

The Connétable of St. Martin:

I would welcome that, thank you. The main course for today for these policies to be implemented, i.e. personal tax review and Revenue Administration (Jersey) Law, I appreciate it is a vast areas to cover but has it also been down to a lack of available staff in the Treasury to complete these projects?

Comptroller of Taxes:

I think it would be fair to say that the Tax Policy Unit is always hard pressed. We have always got more to do than people and, as you will be aware, we have recently lost a key member of the team to the private sector, although I am delighted that Mrs. O'Brien has been appointed as the new Deputy Comptroller. We do, as you know, have additional funding now, we have vacancies, we are moving to fill them as quickly as possible. We also are drawing in help from the finance sector and the tax agent community. Jersey Finance has been quite helpful in advertising various secondments to work with us. The real issue both with the personal tax review and the Revenue Administration (Jersey) Law is just the continuing debate with stakeholders and the complexity of some of the issues. Independent taxation in particular and the issues around the personal tax review have just taken a lot longer to work through than we anticipated.

The Minister for Treasury and Resources:

It is the complications of making sure that people do not lose out, as I said before.

The Connétable of St. Peter:

The business case tax policy and international team investment, page 50, refers to funding for around 22 staff years. Could you please expand on what you mean by this term?

The Minister for Treasury and Resources:

Sorry, which one are you on?

The Connétable of St. Peter:

This one, R.91. Sorry, I should have said that.

Comptroller of Taxes:

This is basically what I was speaking of earlier. A lot of this investment is an investment that was made by the last Council of Ministers and funded out of contingency. It is the additional staffing to meet our international treaty obligations. Now, in particular, the treaties that were agreed under the last Council of Ministers related to what is commonly called the common reporting standard. Also the O.E.C.D. (Organisation for Economic Co-operation and Development) base erosion and profit shifting initiative and more recently things like economic substance.

Senator K.L. Moore:

I think the actual question was about 22 staff years and what does that mean?

The Connétable of St. Peter:

Yes.

Comptroller of Taxes:

It is effectively 22 people working full time for a whole year. It is effectively a growth of 22 people really above the 2015 baseline when we had 3.

Senator K.L. Moore:

Normally the organisation talks in terms of F.T.E.s (full-time equivalents).

Comptroller of Taxes:

A full-time equivalent staff, yes.

Treasurer of the States:

We sometimes struggle to make sure that all of the terms that Richard uses have been translated into ...

Comptroller of Taxes:

Yes, it is 35 years of working in the Treasury, sorry.

The Connétable of St. Peter:

So it is equivalent to 22 F.T.E.s?

Treasurer of the States:

Yes.

Comptroller of Taxes:

Yes, sorry. I beg your pardon.

The Connétable of St. Peter:

The page also includes terms as no more than a guess and conservative estimate. What genuine analysis has been undertaken when preparing the business case?

Comptroller of Taxes:

I like always to be honest when it comes to quantifying benefits and it is very difficult to quantify the benefits of signing up to international treaties. Obviously it protects Jersey and its finance sector from adverse international criticism. It is absolutely vital that we have the right number of people doing the right things. For example, in 2021 I think the O.E.C.D. will be sending a peer review team to visit us to see how we are undertaking the compliance activities around the common reporting standard. We obviously need to make sure that when they come they see that we are doing everything just as it should be and that we are meeting all of those standards. My analysis of how much money is needed and how many staff is needed is calculated and absolutely right. Obviously in a business case you are meant to try to quantify the value for that money. That is really quite hard when you are talking about helping to preserve the health of the finance sector. It is no more than a guess. I suspect some of the people in the finance sector will be the best people to ask how much value they think attaches.

The Connétable of St. Peter:

I would think those are very similar to value that it is more reputation than monetary, yes. I should confess that I worked on implementing the common reporting standards so I am familiar with the mass of work on here to the fact there is no monetary benefit. So you also reference new tax measures in this section; when are these likely to be released?

Comptroller of Taxes:

Well the Tax Policy Unit is always working on various aspects of tax measures.

[11:30]

As I think you had from an earlier session when we were discussing the Revenue Administration Law, our work programme for the next 3 years, so that will give you a good sense of all the slightly more detailed and technical things we are working on for the Island. For example, one of the things we are still working on is the taxation of digital import. It is still the case in Jersey that we do not apply G.S.T. to digital import such as Sky Television, Netflix, that sort of thing. So that is one of the areas we have committed to look into. Again, it is always a very hard job prioritising everything that needs to be done, but it is along that line. We are also doing work on the taxation of cannabis production because of the direction of travel in terms of allowing the licensing of cannabis production for medical services and so on.

The Minister for Treasury and Resources:

That could be the answer to your fuel duty question, Deputy.

Deputy S.M. Ahier:

Minister, are there any savings to be gained from offsets as a result of the Government of Jersey bank charges project on page 99 of R.91?

Treasurer of the States:

Sorry, what was the first part of the question?

Deputy S.M. Ahier:

Are there any savings to be gained from offsets as a result of the Government of Jersey bank charges project?

Treasurer of the States:

There have been savings made over recent times in the Treasury. We have seen a reduction in particular in the number of cash transactions and some of those savings were delivered through the previous M.T.F.P. or the current M.T.F.P. For example, we were on the path of closing the tills at Cyril Le Marquand House before we started to talk about moving into Broad Street. We consolidated that into a cashiering function within La Motte Street, but that is largely as a result of having seen reduction in the number of cash transactions that we see going across our tills. Those have been replaced by direct debits or other digital payment means.

Deputy S.M. Ahier:

Why did the requested figures not change across the 4 years from £300,000 if we are anticipating the number of digital transactions will increase?

Treasurer of the States:

We have had to use an estimate that was from earlier in the year and we will have to keep that one further under review. We also intend to look hard at the costs we have already at least laid out. We have managed to reduce our merchant cost per transaction, and very much at this point it is running on where we see it moving over the coming year. We will have to consider how we might want to change that, but equally so you have identified that there could be further savings down the track if that is matched by a reduction in other channels being used.

Deputy S.M. Ahier:

Why has this not been included as a base budget increase?

Treasurer of the States:

But it in essence is.

Deputy S.M. Ahier:

It is. Okay, fine, thank you.

Senator K.L. Moore:

If we could move on now to pages 113 to 115 in R.91; the investment in I.T. featured in business cases for delivering effective financial management. How does that sit alongside the technology transformation programme bid on page 113, which also references financial systems?

Treasurer of the States:

I unhelpfully filed them in a different order, so 190?

Senator K.L. Moore:

It is 113 and 115.

Treasurer of the States:

I have got 115 here but 113, no. There must be 113 if there is ... yes, so 113 - and the Minister will not be happy because she has got the pages for her own department - is the replacement of, in particular, JD Edwards and in replacing JD Edwards, which apparently was last changed in 2005, we have been working through an outline business case, which will be available, as to what we need to do to make the changes there. Part of the work that has been undertaken in the due diligence report by the Chief Minister, but it also falls out of previous C. and A.G. (Comptroller and Auditor General) reports, implicit is that we need to invest in our I.T. There are a number of reasons why we need to invest in our I.T., I touched on earlier that we have poor integration across systems which means that we have a lot of manual intervention across those systems. That is talking about different systems being the H.R. system, the payroll system, government systems and the finance system, which means we have a great deal of duplication that is undertaken. 2005 is a long time in I.T. development. We have an overdependence at the moment on extracting data from our systems, putting them into spreadsheets and all the risks that I am sure our colleagues behind us will no doubt tell you about in terms of risks of spreadsheets, and the C. and A.G. has previously commented upon that.

Senator K.L. Moore:

The overall tone in the Government Plan is very much one of: "Well we have not spent any money on I.T. systems in the past" but of course as we all know, the income tax system is new and struggling this year with its teething problems and we have had a little look back at Ministerial Decisions that were signed off between January of 2017 and May 2018 and during that period there were about £15 million worth of Ministerial Decisions allocated to spending on I.T. systems. So what is being done with that previous spend and has that been wasted or is that money being put to good use and benefiting the additional spend that is forthcoming?

Treasurer of the States:

We would have to come back to you with full detail of all of the £15 million but key themes among them have been investment in cybersecurity. Cybersecurity is in most organisations a very high risk and is consistent with our risk; it features very heavily on the risk register so that has been in there. Whether that is included in the £15 million or otherwise would be ...

Senator K.L. Moore:

Yes, that is in the £15 million, yes.

Treasurer of the States:

Investment in making sure that we are compliant with G.D.P.R. as well (General Data Protection Regulation), I am assuming that is within the £15 million.

Senator K.L. Moore:

That is also, yes.

Treasurer of the States:

You have the list of the £15 million, I do not have the list of the £15 million. Going further back, if you remind me of any of the other numbers ...

Senator K.L. Moore:

I do not have it in front of me because unfortunately we have moved on to a new system and we can no longer print out our emails.

The Minister for Treasury and Resources

There are the improvements to N.E.S.S.I.E. (New Employment Social Security Information Exchange) as well.

Treasurer of the States:

N.E.S.S.I.E. would have been funded by the Department for Social Security.

Senator K.L. Moore:

The ultimate question is there is £100 million worth of new spend in the Government Plan over this 4-year period on I.T. and technology, but not forgetting what has gone before and the investment, so has that money been wasted or is that all building up?

Treasurer of the States:

No, I do not think so at all in that regard. The taxes system is not the backbone of our integrated technology. Investing in the taxes system, which had not been invested in for 35 years, which is almost like eras in terms of I.T. development, is quite different from investment in our I.T. systems, and the approach that has been taken too many times perhaps ... well how does investment in technology fall back off these systems that drive efficiency and, from my perspective, improve the control framework and the internal controls that we have in place? We have too much reliance upon too many different systems that provide too many opportunities for mistakes to be made, shall we say, and therefore that the control framework is not quite as it should be or not as it could be if we were to invest in this technology. So when it goes for the taxes system, and the taxes system in my view exemplifies the need to invest in these areas. If we continue to keep putting off that investment we will find ourselves in the position that we were very nearly in with the Taxes Office of having no system because of little support for it and very close to falling over.

Comptroller of Taxes:

Sorry, I was going to say, I think it is fair to say that if you leave a system in place for 35 years you are probably going to end up spending a lot more when you do change it.

Senator K.L. Moore:

You would appreciate that we can point you to - and I do not have them to hand now - but to previous Scrutiny Panel reports that have highlighted issues with technology change programmes of the past and concerns that have been raised about monies directed towards those. So it is absolutely important that we ask about the context, the cost gone before and what is to come, because this is a lot of money. Also then that brings in the relationship and the oversight of these projects. We understand that is being carried out by the C.O.O (Chief Operating Office) and the Assistant Chief Minister, Deputy Wickenden; is that correct?

Treasurer of the States:

Yes.

Senator K.L. Moore:

So they have ultimate responsibility for all of these projects?

Treasurer of the States:

Ultimate responsibility; we now have a principal accountable officer, but part of his job is to make sure that we deliver these goods. You are absolutely right to point to experience not only in Jersey but also many other places of the difficulties of implementing I.T. systems and it is, therefore, absolutely essential that we learn from those lessons. Part of the issue, as it relates to systems in the past, has been the fragmented way in which they were delivered by separate departments

making their own decisions about what they want to implement, rather than taking the States as a whole and having a coherent strategy that reaches across. Putting in systems that are to the advantage of customers but also the advantage of making sure that we deliver systems that work across the piece rather than having hand-offs for customers and for internal staff in terms of the way we work. People will often use examples of Tell Us Once in the U.K. of having been very smooth in that they got to tell a certain department how their circumstances are changing almost overnight that that went through the system. I know because we got heavily involved and experience from elsewhere was that involved a heck of a lot of emails or paper documents that went from that single contact to all those other departments. It did not happen seamlessly and it did not happen overnight in the way that you might think it did.

Senator K.L. Moore:

Thank you, but looking back at these current projects, do they genuinely stretch across the whole organisation and deliver that change across the whole organisation?

Treasurer of the States:

The portfolio ... the importance here and in particular it comes in the name, integrated technology solution, this is getting the backbone of the information as it relates to finance, H.R., pay, and procurement in a single place. We spend an inordinate amount of time in pulling one set of data out of one system and then checking it with a set of data out of another system, but also we can never give a complete position. So, for example, when we issue reports as we do of all transactions over £500 I think we put a caveat at the bottom that says: "This is only those transactions that have been recorded through our HRG system, our travel system, as opposed to others that may have been purchased by purchase cards." We need to give users that information but it needs to be delivered on a timely basis, but it also needs to be fully accurate rather than a partial picture of the position.

The Minister for Treasury and Resources:

There is a lot of duplication on, as the Treasurer is just saying, the different purchase cards and procurement, which with an integrated system of course will bring in that efficiency so that one part is not buying 70,000 exercise books or whatever they would, and the other part is doing the same.

Senator K.L. Moore:

But that efficiency, if it is going to be delivered, is not quantified in the Government Plan. Why is that?

Treasurer of the States:

Because I think efficiencies that have been working through on the, in particular, integrated technology solution are now coming through. We have, as you are probably aware as part of the

finance transformation, started to implement a process of rigorous business case analysis that use the U.K. H.M. (Her Majesty's) Treasury Five Case Model. We have developed the outline business case for this particular investment and this particular investment now. At the outline case we have started to quantify those. So, for example, in Treasury they are going to be of the order of 15 per cent to 20 per cent in costs of T. and E., or the finance part of T. and E. - sorry, Richard -that will be delivered. There will also be savings in current technology budgets, and the bit that we still have to develop is what savings will be made in the People Services function as well. So they are being developed. Part of the rigour that we are introducing in finance transformation will mean that in future business plans we will get to a situation to be able to provide much more rigour than in the past as to estimates relating not only to efficiencies but to growth.

The Connétable of St. Peter:

In a quarterly hearing with the panel on 20th March this year you noted that a contract with EY for the finance transformation programme is due to expire at the end of this year. What influence has this work had on this business case?

Treasurer of the States:

On this business case, part of the workstream has been that EY have been heavily involved in helping us write the business case ... not the business case as presented here, the outline business case that I have just described. That is their contribution to that.

[11:45]

Senator K.L. Moore:

That we have confidentially ...

Treasurer of the States:

Confidentially. We are getting to the point of that being finalised, if not we will certainly be sharing with the panel.

The Connétable of St. Peter:

How much has the contract cost the Government and how does this compare with what was agreed at the time of signing the contract?

Treasurer of the States:

I would have to come back with how much it has cost. I do not have that number to my fingertips. It is fair to say that we have spent a bit more than that, particularly around the fact that the Treasury has been going through its target operating model consultation and they have had to take the

decision in a couple of places in order to make sure things are progressed. Because we have been unable to put in place staff resources for our side, so for example the Government Plan and other things that we ... they have assisted us with that and that has given rise to some further investment with them.

The Connétable of St. Peter:

Do you believe that the efficiencies located through their work justify the contract?

Treasurer of the States:

I was talking in particular about the finance transformation contract which is under the Treasury. I think that the work that they have done on the outline base case in particular will ... the implementation that falls out of the business case, if the States agree to that investment, will see considerable savings in the finance function.

The Connétable of St. Martin:

I have just seen it, it is on page 94, you state that you might be able to obtain direct identifiable benefits of £3.2 million in the Building Revenue Jersey business case, but that you could obtain much more if you had greater operational research capability. How much more would you estimate you could obtain were you to have these capabilities?

Comptroller of Taxes:

I do not know without having those capabilities, it is rather circuitous I think what I was saying - and it goes back to what I was saying to Constable Vibert - is that when one is trying to calculate the benefits for a business case, particularly in the revenue world, in my career I have relied very heavily on the availability of both the 200 statisticians, economists and operational researchers in H.M. Treasury. Obviously in Jersey we do not have that level of resource available to us. So I have on occasion found myself in the position where I cannot really quantify benefits at the level I would wish to do, and frankly I do not think it is absolutely necessary. I do not think we can invest in that sort of resource, or if we were to invest in it I suppose it would be through, I am assuming, an increase in further our consultancy costs. So I think I have been occasionally criticised for using the term “no-brainer” but where I think something is a no-brainer, by which I mean self-evidently the right thing to do, I make the case as best I can, I think is how I would defend that.

The Connétable of St. Martin:

So will the money in this business case go towards increasing Revenue Jersey’s operational research capability, and if so how much and for what?

Comptroller of Taxes:

I think for a start it is probably worth saying that I know the wider government has plans to increase its analytical research capabilities, and I think that is a good thing. I do not think there is a case for building analytical resources within Revenue Jersey per se, except the one thing we are building within our target operating model is a small risk and analytical capability that will drive our risk assessment. So it will help us to identify taxpayer groups, taxpayer segments where we believe there is a risk of tax loss.

The Connétable of St. Martin:

The £3.2 million, that is the result of an accurate quantitative analysis or rough estimate?

Comptroller of Taxes:

No, I always try to be very honest about these things, where I am guessing I say I am guessing.

The Connétable of St. Martin:

What happens after the 4 years of funding for the taxes help desk runs out?

Comptroller of Taxes:

I think in terms of the Government Plan now the funding is potentially baked in for as long as we need it. It has always been my intention over time gradually to reduce face-to-face interventions because they are very high cost and they are not the most necessarily effective way of engaging with taxpayers. I am not sure that is appropriate in Jersey. I think Jersey people place a very high premium on face to face, so it may be that it does run longer. I do not think that is necessarily entirely the decision of the Comptroller alone in our new model because customer and local service, which is of course a new part of the government operating model, I think has quite a big say in how we interface with taxpayers. So I think as long as the whole government thinks providing face-to-face help desk services is right we will continue to do it.

The Connétable of St. Martin:

The business case refers to moving the help desk to customer and local services, as you have just said, and I quote: "Depending on the model we determine for delivering tier 1 help face to face" it does not explain what tier 1 is; can you explain please?

Comptroller of Taxes:

Sorry, yes, this is very standard in customer contact centres and service environments. Tier 1 advice tends to be very simple advice. Tier 2 advice is where that first tier adviser needs to hand off to somebody who is more specialised.

The Connétable of St. Martin:

What overlap will this project have with the chief operating office listed as joint lead department, and how much of the additional funding requested will go to the C.O.O.?

Comptroller of Taxes:

Let me just check the ... the chief operating office holds the parts of the budget that relate to I.T. development, so I think they are holding for 2020 about £750,000 of that sum, and for 2021 £1 million. So they effectively hold the budgets that maintain and develop our new revenue management system, but it was our job to bid for them.

Deputy S.M. Ahier:

Will the faster close down of the Government's annual reports and accounts include a set month of publication for annual reports and adequate notifications of publications for groups such as scrutiny?

The Minister for Treasury and Resources:

This is the first year we have had the early close of accounts, which is still about 3 weeks later than we had hoped, but it was incredibly complicated to try and do it all 4 months' earlier?

Treasurer of the States:

Six weeks.

The Minister for Treasury and Resources:

I am being ambitious then.

Treasurer of the States:

It is 4 months' earlier than we did, we would be close to doing it at Christmas.

Deputy S.M. Ahier:

So do you think that the principle of faster close down increases the risk of less accurate and detailed reports?

The Minister for Treasury and Resources:

No.

Treasurer of the States:

There is a balance to be struck. As the Minister alluded to, we cut a considerable amount of time but obviously we made the impression that it was far more than it was, 6 weeks from the ... the parts that were in legislation relating to when we would publish, in my view, meant that ... I know often from experience of then presenting those results to people who are largely not that interested

because we were reporting them 6 months after the year end, which is an incredibly long time to wait for information, as to the financial performance of the previous year to come through. Having seen what can be done elsewhere made us determined to reduce that time so that the users of that information were getting that information sooner. There is a balance to be struck between ever-reducing the time it takes to do that reporting, and in particular reports for an organisation as complex as the States and Government of Jersey, between timeliness and making sure that it is sufficiently accurate for the level of reporting we are doing. So we are looking to further reduce; I have to say that that further reduction for me is a level that puts us into very good benchmarks as well against other organisations in terms of turning around our report, but also reflects the level of that complex. Further changes in the way that we do that reporting or that close down will relate to the full consolidation of all the companies that we earn in future years, and that will be the priority for next year. I have to say that a lot of the investment that we are doing this year relates to making sure that the quality of what we are doing is of a sufficiently high standard and making sure that we have the assurance around that.

Senator K.L. Moore:

No final questions?

Deputy S.M. Ahier:

No, that is fine.

Senator K.L. Moore:

I was just going to ask about the quality and assurance around that just very quickly, because we are going to have to clear the room.

Treasurer of the States:

Partly as a necessity of doing it quicker, but also good practice would say that you do make sure you have the assurance around it. You cannot deliver it quicker without very good, strong project management around that, but it would improve the assurance of what we do to have the project management in place in any case. So we are, as part of the target operating model, making sure that we have more resources in place. We are minimising - it is very difficult in an organisation that is spread so thin as it is in Jersey - the very real key person dependencies that we have in this particular space for the expert knowledge that you need to have, all detailed financial reporting standards. Spreading that load but also spreading the load across, as we now have a single finance department rather than 6, we are able to spread the load and make it the job of the whole team rather than the job of one or 2 people sitting at the centre of the production of the account.

Senator K.L. Moore:

Thank you very much, and on that note I am going to have to close the meeting because we do have to clear it for the next one.

[11:56]