



Corporate Services Scrutiny Panel

Quarterly Hearing

Witness: The Minister for Treasury and Resources

Tuesday, 11th February 2020

Panel:

Senator K.L. Moore (Chair)
Deputy S.M. Ahier of St. Helier (Vice-Chair)
Connétable K. Shenton-Stone of St. Martin
Connétable R Vibert of St. Peter

Witnesses:

Deputy S.J. Pinel of St. Clement, The Minister for Treasury and Resources
Deputy L.B. Ash of St. Clement, Assistant Minister for Treasury and Resources
Mr. R. Bell, Treasurer of the States
Mr. R. Summersgill, Comptroller of Revenue
Ms. C. O'Brien, Deputy Comptroller of Revenue

[14:05]

Senator K.L. Moore (Chair):

Welcome to the Corporate Services Scrutiny Panel. Thank you for arriving on time. We will start off with our introductions for the record. I am Senator Kristine Moore, chair of the panel.

Connétable R Vibert of St. Peter:

Constable Richard Vibert, member of the Corporate Services Scrutiny Panel.

Deputy S.M. Ahier (Vice-Chair):

Deputy Steve Ahier, vice-chair.

Connétable K. Shenton-Stone of St. Martin

Constable Karen Shenton-Stone, member of the Corporate Services Scrutiny Panel.

The Minister for Treasury and Resources:

Deputy Susie Pinel, Minister for Treasury and Resources.

Assistant Minister for Treasury and Resources:

Deputy Lindsay Ash, Assistant Minister for Treasury and Resources.

Deputy Comptroller of Revenue:

Cora O'Brien, Deputy Comptroller of Revenue.

Comptroller of Revenue:

Richard Summersgill, Comptroller of Revenue.

Treasurer of the States:

Richard Bell, Treasurer.

Senator K.L. Moore:

Well we did not think we would catch you out with the introductions. It is a good start. So we are going to kick off just with some questions on personal taxation and the vice-chair will start.

Deputy S.M. Ahier:

Thank you, Chair. Minister, how do you intend to respond to the concerns raised by our comments paper and stakeholders?

The Minister for Treasury and Resources:

The concerns raised ...

Deputy S.M. Ahier:

In our comments paper, that I presume you have read.

The Minister for Treasury and Resources:

So the third part of it of the joint and several liability?

Deputy S.M. Ahier:

How do you intend to respond to our comments paper in its entirety?

The Minister for Treasury and Resources:

Well we did respond to a certain amount in the debate of course and we will follow up the very good majority of people in favour of this moving forward. There were concerns about the joint and several liability obviously, which we are very aware from Scrutiny and the Chamber of Commerce. I did say in the Assembly that these would be addressed within legislation and what we will do is ... we have already started going forward with the legislation and hope that we will have that somewhere between ... just after Easter we hope and of course we will bring the draft legislation before you before it goes any further.

Deputy S.M. Ahier:

Do you believe that a public response would be appropriate to deal with our concerns?

The Minister for Treasury and Resources:

Public being? We have made a response to the letter from the Chamber of Commerce. We have already done that. I am fairly sure there was a response to the Scrutiny comments as well.

Deputy S.M. Ahier:

Do you maintain that joint and several liability is the correct objective to introduce regardless of the ...

The Minister for Treasury and Resources:

Yes, it is because I kept saying in my address to the Assembly that this is a stepping stone. We cannot do it all in one go because it would disadvantage too many people. So it is a stepping stone and the joint and several liability is part of that to move forward to independent taxation. So one can already have a separate assessment if you want to do that. You do not have to, there is always a choice in this. Then when it comes to independent taxation then it will become more finalised legislatively but married couples will still be able to take the route of the married couple as it stands now if they wish to.

Deputy S.M. Ahier:

Could you explain the difference between the part 3 of joint and several liability and Article 42 of the Tax Law? Article 42(3): "Where under the provisions of this law income tax has been charged on civil partner A in respect of the profits or income of civil partner B ... in the case of non-payment of any such tax shall extend to the property, goods and chattels of civil partner B.":

The Minister for Treasury and Resources:

Yes. The extension of the married couples has had to move into civil partnerships recently. Obviously not when this law was devised in 1928 but it is to take account of spouse A and spouse

B in civil partnerships and same sex marriages. So it is incorporating that and the liability is very important because, as I have said several times, with rights goes responsibilities and since the 1928 law, the first law to deal with income tax, it is the husband who has had responsibility for the liability debt of the wife. This is to make it equal, if you want equal rights then you have equal responsibilities, and I know it was mentioned that if there was a ... I cannot remember if it was yourselves or Chamber of Commerce that mentioned it, but if a wealthy male partner was to abscond and leave children behind what would you do about it? I am quite clear that that would be addressed in the legislation.

Deputy S.M. Ahier:

But is not part 3 and that law fundamentally the same?

The Minister for Treasury and Resources:

The joint and several is what we are addressing in this up and coming legislation.

Deputy S.M. Ahier:

Could you please explain how you expect the tax system to operate under independent taxation and joint and several liability taxation during the years they are both in operation?

The Minister for Treasury and Resources:

It will be what it says on the paper really, is that there will be, which is quite new, the joint liability because up until now it has just been the husband who is the only one responsible for the returns, everybody will be aware, I think, after so much discussion. It will allow the wife or spouse B to have access to the Comptroller for information. So it is dual information and dual responsibility. That of course, when we get to independent taxation, will be totally separated and clear because it will be independent. Whereas at the moment you can always send in a separate tax assessment but it will still be assessed as a married couple's income.

Deputy S.M. Ahier:

Will extra staff be required or additional training to existing staff be provided to ensure the returns completed on paper forms are not at risk of being mishandled or delayed during this period?

The Minister for Treasury and Resources:

We have had a shortage of staff which has caused some of the delay in assessments to date. But we have now recruited about 37.

Deputy Comptroller of Revenue:

Forty-three vacancies have been filled.

The Minister for Treasury and Resources:

More. Many of those are people that we have had as interim staff or training staff who have had the extra training put in so that they have now elevated to those next positions to be able to handle all of this because it is a lot. I mean changing the revenue management system, the whole computerised system, has been huge with the manual input of paper forms as well as everything else that has been going on. So, yes, we have got the necessary staff at the moment but still could do with more.

Deputy S.M. Ahier:

Of course. Do you know of other jurisdictions that have previously attempted this route or similar routes?

The Minister for Treasury and Resources:

Yes, there are. Comptroller, would you ...?

Deputy Comptroller of Revenue:

I can just speak from the point of view of the Irish system, if you are interested in other systems which have ... they have effectively a married tax regime, a separate assessment regime and an independent taxation regime and those 3 operate really together and taxpayers have the choice as to which option they want to pick and that has been in place for about 10 to 15 years.

Deputy S.M. Ahier:

Thank you. How will it work online? What further work needs to be conducted to introduce it and create a system that can accommodate it?

The Minister for Treasury and Resources:

There has been some confusion with that as well, as I know through various things. We cannot change the online application until the law is changed from the point of view of women applying in their own rights. So once the law is changed in this first step then the online facility can change. But at the moment, until the law is agreed by the Assembly, then the online system, as it stands at the moment, has to stick with the previous legislation.

Senator K.L. Moore:

If I could just, one of the reasons we were given for the first tranche of the Revenue Administration Law was that the computer system could have been implemented so why, at that point, were the correct points not brought forward so that the issue for women was covered off then at that point?

The Minister for Treasury and Resources:

I think there was a similar question at the last Scrutiny hearing when you said: "Why did you not bring the legislation with the in principle proposition?" It is because we wanted to get the approval of the Assembly before we went into the legislation and it is just ...

Senator K.L. Moore:

I know but I am talking sorry about the ...

The Minister for Treasury and Resources:

It is just the timing. It is a timing issue.

Senator K.L. Moore:

No, I am talking about the first tranche of the Revenue Administration Law in this instance. Because one of the reasons we were given for that work to be progressed at the first stage was so that this computer system could be introduced and so my question is why, when you brought the first tranche of the Revenue Administration Law, were the right changes not made then to accommodate women when the online system was introduced?

Comptroller of Revenue:

I think basically because that is the review of personal taxation and all the questions around independent taxation. So even today we are not ready to give the Minister all of the materials to bring forward the proposals for the legislation. We certainly would not have been able to introduce independent taxation last year at the time we were drafting the Revenue Administration Law.

Deputy Comptroller of Revenue:

Just also, I suppose the development of the proposals and independent taxation have been evolving so as we became clearer about some of the complexities of independent taxation and some of the groups of taxpayers who could potentially pay more we came to realise the importance of getting that right, which might mean that married taxation might be with us for longer than perhaps we had originally thought at the outset. So then it became necessary to kind of consider dealing with some of the issues on married taxation at the same time as trying to progress independent.

Senator K.L. Moore:

It is a little bit hard to understand that the complexities have only become apparent in the last year or so because I do recall previous Ministers having tried to grapple with this thorny issue and, yes, it is complex. We have been told that several times but it has been known to be complex and the complexities have been known for many years.

Deputy Comptroller of Revenue:

So I completely agree with that in the concept or the theory of the complexities was known, so it was always known that in an independent taxation system some married couples would perhaps pay more tax. What was not so clear was the extent of the number of couples who would pay and the additional tax that would be payable. It was only after running through the extensive data that we had on our database of our taxpayers that it became obvious how important that issue was. That is in fact why we are going back to consultation on it.

Senator K.L. Moore:

Would it have been more accessible to the public if the argument had been expressed in that it was a removal of the married couples allowance, essentially? That is what is causing the financial difference for people on lower and middle incomes?

Deputy Comptroller of Revenue:

So I think when we did the public consultations originally the questions were quite transparent that it was likely that the married couples allowance may not remain in an independent taxation system and that could impact certain types of taxpayers. I suppose it is different to see that and then to see the amounts and the numbers. So we just were concerned that people might have responded to the consultation in one way knowing that in theory there were groups who might sort of not ... who might have to pay more but without realising that could be me, it could be my family and it could be quite a bit more. Their answer might have been different. So just because it is so important we are trying not to rush through that on the basis of the theory of it, if you like.

Senator K.L. Moore:

I am struggling to understand how that is more transparent rather than less transparent.

Deputy Comptroller of Revenue:

It was not a lack of transparency because when we did the original public consultation we did not have the numbers so the calculations had not been worked and progressed. It is only in the past 6 months that we have fully had all of the data with all of the permutations, if you like, that we have put through the data and tested it and checked it. Then we did go back to a focus group before the debate on the Government Plan just to test it but we felt that we really needed to do something fuller than that.

[14:15]

Deputy S.M. Ahier:

Could you provide a date or time for when the system will become available online? You said you were working on it. The systems on gender equality, wives will be able to access the tax system online

The Minister for Treasury and Resources:

It will be for the 2021 year of assessment. You can of course access it now but it is still under the previous legislation so it would be the husband who would have to access it through his own I.D. (identification) number and sign it off, if you like. But in the 2021 year of assessment we will be able to have it totally as the law states but we have to bring in the law first.

Deputy S.M. Ahier:

So could you provide a definitive date for when the entire computer system will be in place and ready for Jersey?

The Minister for Treasury and Resources:

I think it is rather dependent on the Assembly agreeing the legislation and then we can move forward straightaway with it.

Deputy S.M. Ahier:

You gave public briefings in 2018 that everything would be in place by now and we would be filing online, have access to our planning schedules and even social security would have been added. Was this a realistic promise?

The Minister for Treasury and Resources:

The social security side of it has been in the wings for years but obviously it needed a change in the computer system to facilitate that. That is now in place as far as tax goes but not with the amalgamation of social security at the moment. So maybe it was a little ambitious but we are trying to do a huge amount at the same time.

Deputy S.M. Ahier:

How long before you can see that being implemented?

The Minister for Treasury and Resources:

In combination with social security?

Deputy S.M. Ahier:

Yes.

Comptroller of Revenue:

I think the basic systems are in place. Over the next 18 months there are 2 phases of additional functionality to add into the system. One of those will incorporate social security contributions into the revenue management system. Online accounts and so on, they are also hoping to have available within about an 18-month to 2-year period.

Deputy Comptroller of Revenue:

We have got, as of last weekend, 1,600 people have filed online so we are happy about that.

Deputy S.M. Ahier:

What do you intend to do to mitigate any negative impact that these reforms may have on low-income families?

The Minister for Treasury and Resources:

This particular proposition that has just been passed by the States will not have any negative impact on low-income families which is why we wanted to do it in 2 stages because when we recognised there would be a negative impact on quite a few if we went straight to independent taxation, that is why we saw we had to do it in 2 stages. So all this does is allow the archaic law of 1928 to be replaced with the - I am rehearsing old arguments here - but replaced with women have access to their own tax affairs without having to get the permission of their husband. As we mentioned earlier, the joint and several liability and then the next step is the one to independent taxation, which we then have to work out logistically and legalistically that it will not negatively affect anybody. So we have to work out how we are going to do that, which is why we could not do it in one step.

Deputy S.M. Ahier:

Thanks very much.

Senator K.L. Moore:

During the course of the debate it was noted that separate taxation is already available to women but the Treasury Department pleaded with people not to come forward and request for separate taxation because you did not have the resources currently to cope with that. Why was that your preference when there is already a step towards equality available to women?

The Minister for Treasury and Resources:

With due respect, Chair, there has been a lot of confusion over the vocabulary of this. What we have available at the moment is separate assessment, so a husband and wife can apply to have their tax assessed separately. They are still, as far as the tax office goes, 2 separate assessments go into one and the income of the couple is determining their final tax payment. So it is not separate

taxation, it is separate assessment. What we are moving to is independent taxation and a lot of reports they have got very confused.

Senator K.L. Moore:

It is still a step forward though, is it not, because part of the issue, as you have described yourself, the description of women as chattels and the fact that a woman had to ask for permission to discuss their tax affairs therefore it is a step forward and it is progress, it is available at the moment for women.

The Minister for Treasury and Resources:

It has been for several years.

Senator K.L. Moore:

Why then, Minister, did you ask members of the public not to request for separate taxation because your department did not have the resource to cope with it?

The Minister for Treasury and Resources:

We have not with everything else that has been going on but of course people ... I said I think to Deputy Ahier, people have the choice, they can stay with the situation it is at the moment for married couples. They have had the opportunity of a separate assessment for quite a long time and then that will be more or less with it on the vine, I think was the phrase some journalist used, by the introduction of independent taxation. So if people want to elect for separate assessment they can now. Of course administratively it is not easy with not enough people because they are all being ... their resources are being very highly charged with the revenue administration system or management system and the introduction of this new law. So it is again the separate assessment, people can do of course if they wish.

Senator K.L. Moore:

Do you accept that as a Minister you are responsible for the effective and efficient running of the department?

The Minister for Treasury and Resources:

Of course.

Senator K.L. Moore:

So you accept that you are the decision maker in terms of resourcing?

The Minister for Treasury and Resources:

Of course I am. That is what a Minister does, it is just in ...

Senator K.L. Moore:

So why in a newspaper article did you say it was not your responsibility that there was a resourcing issue that was preventing people's tax assessments from being returned in a timely fashion?

The Minister for Treasury and Resources:

I did not. It was printed as such but that is not what I said. What I said was that I cannot be responsible for every operational factor. It is a massive department. It is not saying I am not responsible for resourcing or allowing the resourcing. It is fair to say a current glitch or hiccup in the introduction of the revenue management system, this replacement for the outdated computer system. I cannot know about every single issue that happens or every single job movement that happens. So overall of course I completely accept responsibility and accountability.

Assistant Minister for Treasury and Resources:

When it comes to resourcing, we as a Government, or particularly the Treasury Department which we are talking about here, are not alone on resourcing. The finance industry has problems with resourcing at the moment. You walk up and down King Street, the shops all have difficulties with resourcing. The hospitality industry has a problem with resourcing. So there is an all-round problem. So it is quite good that we have filled quite a few of these vacancies and ...

Senator K.L. Moore:

We will go on to that in a minute, Assistant Minister, if I could. I just had one further question. I just wanted to ask the Minister, so we are very clear, that when the Minister was quoted as saying it was an operational matter not a matter of her responsibility, that was a misquote?

The Minister for Treasury and Resources:

I have never ever in my entire life shirked responsibility and nor would I do it this time. So if I said it was an operational matter, which it was, the question that was asked, and I cannot know about every operational matter. It would be inconceivable that I would know about ... for instance, just to give an example, learnt just today, I think, from the Comptroller that when the move was made from Cyril Le Marquand House to La Motte Street with the Tax Department they had to reinforce the beams in order to support the weight of the files. Now why would I know that? So there is a level of responsibility but, yes, overall responsibility, absolutely.

Senator K.L. Moore:

So how many tax assessments are still outstanding for 2018, Minister?

The Minister for Treasury and Resources:

Less than 10 per cent, which is wonderful. It is increasing but ... we are reducing it quite considerably, are we not, by the day?

Senator K.L. Moore:

How long do you think it will take to clear that existing backlog?

The Minister for Treasury and Resources:

I think we are looking at under a month.

Comptroller of Revenue:

About a month for the bulk of it. The reality is that every year there are a number of returns that do not get processed and turn into assessments for several months beyond for various reasons but in terms of normal operational completion of the cycle I would estimate the end of the month to mid-March certainly.

Senator K.L. Moore:

Will this backlog impact on the 2019 return times?

The Minister for Treasury and Resources:

It has a little because obviously the premier reason is to get the 2018 settled and then when you introduce online filing at the same time the demand on the Taxes Office for answering the questions ... I think most people, the feedback that we have had, have found it very simple to do. I think latest figures were about 1,600 that had already gone on to online filing. So it is moving by the minute. It is obviously going to be a deadline and a lot of people leave it to the last minute, so the end of May, to file their tax returns so it will be interesting to see what happens over the next few months.

Senator K.L. Moore:

For those, the tax owing for 2018, how many people have paid that now and how many are outstanding?

Comptroller of Revenue:

I do not have that information.

The Minister for Treasury and Resources:

I have not got those figures either.

Comptroller of Revenue:

I would have to check.

Senator K.L. Moore:

Okay. How much have the delays cost ... has there been a cost quantified to the Treasury?

The Minister for Treasury and Resources:

Not that I am aware of other than the additional input of staff time because a lot of people have, of their own volition, been working later and weekends in order to try and relieve the backlog. But in Government, as you will know, Chair, it is not easy to quantify hours in terms of money because people put in extra because of their jobs. So it is a difficult one to quantify.

Senator K.L. Moore:

That would have gone through as an overtime bill though.

The Minister for Treasury and Resources:

If they are doing additional hours, yes.

Comptroller of Revenue:

The Taxes Office - Revenue Jersey now - has been relying heavily on overtime certainly for the last 5 or 6 years to make up for inabilities to get sufficient staff so a large number of our staff routinely have worked overtime. We try to limit that for health and safety reasons and, as the Minister has indicated, now we have consolidated funding in our new target operating model we have been very successful at substantively filling a lot of posts so I am very optimistic things will improve going forward.

Senator K.L. Moore:

Just before we move on to that, I just want to clarify that there is no consideration that there will be a negative cashflow as a result of delays to the 2018 payments?

Comptroller of Revenue:

No. I mean the reality is that most people are paying their taxes through the income tax instalment system. The vast majority of people who pay on account continue to make payments. So in terms of cash flow I don't think there is any material impact.

Senator K.L. Moore:

If we move back to the resourcing issue, as you stated this afternoon already, 43 vacancies have recently been filled. Are there any other vacancies in the department at this time?

The Minister for Treasury and Resources:

In the tax?

Senator K.L. Moore:

In that particular ...

Comptroller of Revenue:

Yes, there are. Of the 43 posts we have filled a number are on internal promotion so there is some backfilling we have to do. I think it is around 17 posts which will be going out to market over the next few weeks.

The Minister for Treasury and Resources:

I think in recognition of the across Government job grading scenario, a lot of the positions in tax have been elevated in recognition of the complexity of the job they are doing. So as the Comptroller says, there is now a backfilling issue as well.

Senator K.L. Moore:

Why have we got to the situation where there were 43 vacancies in one department and if you could just remind us how many members of staff there are or how many positions there are in the department?

The Minister for Treasury and Resources:

That again probably the Comptroller can answer.

Comptroller of Revenue:

In the new targeting operating model there are about 120 full-time equivalent posts. The profile of staffing in the department has changed quite dramatically over the last 5 years so I think when I became Comptroller in 2015 there were about 100 posts. We have had reduced a number of clerical posts, partly through our transformation programme but at the same time a number of areas have increased. I think the most significant change over my 5 years here is the number of people who are now involved in international tax work and the exchange of information. So the size of that team has probably increased 5 or 6 times, you know, between 20 and 30 of the posts are in that very important area of work now.

Senator K.L. Moore:

Forty-three vacancies out of 120 F.T.E. (full-time equivalents) is a considerable percentage.

The Minister for Treasury and Resources:

It was.

[14:30]

Senator K.L. Moore:

Why did that occur?

Comptroller of Revenue:

I have largely put it down to full employment and the lure of the financial sector. So even the tax accountants find it difficult to recruit and they tell me it is because of the trust sector posts. There are quite high salaries to be had out there so you are numerate, if you are looking for a career, that we are in competition for those sorts of people.

Senator K.L. Moore:

Of course.

Comptroller of Revenue:

Now, as the Minister says, when we have been redesigning jobs and having them evaluated they have come out slightly higher, which makes them more competitive. We also are particularly, I think, all of the good aspects of our offering is we do offer people the opportunity to study for tax professional qualifications. So I think we have had quite a lot of success attracting some good people into the office with slightly better salaries, with the offer of a good career with technical qualifications attached.

Senator K.L. Moore:

Those people who have left the department, have exit interviews been carried out to understand fully those reasons why?

Comptroller of Revenue:

I believe they will have been done on a case-by-case basis. I think our H.R. (Human Resources) Department offers everyone an exit interview. They are not obliged to take them up.

Senator K.L. Moore:

You have received feedback, I would imagine, with some global themes or issues?

Comptroller of Revenue:

Yes, I mean frankly it is a small office, I usually talk to people who are leaving about why they are going and what they are doing. The main reason is moving into the finance sector. One or 2 have

moved into other departments, Law Officers, for example, because they were very interested in getting legal qualifications. Some just retire. We did over the last 2 or 3 years have quite a few people hitting 60 or 65 and wanting to finish.

Senator K.L. Moore:

It does happen. I think the Minister was quoted yesterday in the *J.E.P. (Jersey Evening Post)* describing this problem of losing people to the private sector. At what point will you be able to judge whether the training opportunities that are being offered now inside the public sector is being effective and drawing, attracting new people.

The Minister for Treasury and Resources:

I think it already is because a lot of the 37 - I think it is the right number - of the places that have been filled are people who have come up through the tax system and have been reskilled - I think is the terminology - to take up the jobs that have been re-evaluated. So I think it is working already. Because obviously the whole idea of the financial transformation scheme was to train your current employees to fill the places of the interims that were brought in. So it is a leader scheme, is it not?

Deputy Comptroller of Revenue:

There is a review going on at the minute so that there has always been training done but there is a large review of the professional qualifications that are being offered to different grades in the Tax Office just to make sure that people have a full ... there is something like 25 to 30 different types of professional qualifications under consideration now to offer to different grades in the office to make sure they are getting that training that they want.

Senator K.L. Moore:

Just before we move on as well. The Comptroller mentioned the target operating model. Is that now completed?

Comptroller of Revenue:

Up to a point, yes. We did the consultation and I think we presented the results to you last year. We then conducted a major interviewing exercise in November-time. All of the results of that have started to come out over the last 6 to 8 weeks. So we have largely appointed people to roles in the new office and we are starting to transition people into new roles. Some of them are still in their old jobs, as it were. So it is a work in progress but it is very close to completion now.

Senator K.L. Moore:

That is down to tiers 5 and 6, as well?

Comptroller of Revenue:

Yes, the whole office.

Senator K.L. Moore:

Okay, thank you.

The Connétable of St. Martin:

I have a question about the new software. If the delays have been caused by a supplier what provision is there in the contract for the States to claim compensation from them for the delays?

Comptroller of Revenue:

I think the first thing I must say, as I think I have done at earlier meetings, is that the reason for delays in the tax system are subtle. They include our inability to recruit, they include the amount of time it took us to move office, they include the enormous amount of money or work we have had to do over the last year. The system does have some glitches in which have slowed us down as well. If those glitches were of a very serious nature then the contract would allow for a negotiation to look at that but, as I say, there are quite a few reasons for the delays. The way that it keeps being attributed solely to our new system in the press is highly misleading and rather offensive to our supplier.

The Connétable of St. Peter:

Is the fact that the supplier has never supplied a tax system within Europe before a factor? Because they are from New Zealand, are they not?

Comptroller of Revenue:

Yes, they are, and they tend to specialise in smaller jurisdictions and I think their client base includes 13 or 14 small jurisdictions in the southern hemisphere. We are their first client in the northern hemisphere.

The Connétable of St. Peter:

Do they have a presence in the Island here? In view of issues you may have had with the software, do they have people here in the Island who can deal with those issues?

Comptroller of Revenue:

Yes, there are one or 2 people who are here pretty much all the time, and depending on the phase of the work we are doing there are often quite a few more. So in January, for example, I think there were half a dozen of these people in the Island.

The Connétable of St. Peter:

Who bears the cost of that?

Comptroller of Revenue:

It is part of their fixed price contract.

The Connétable of St. Peter:

Do they have an office in the Island or are they ...

Comptroller of Revenue:

No, they do not. Their closest established office I think is in South Africa.

The Connétable of St. Peter:

Right, so customising the software to meet Jersey's needs, in view of the fact they have not been into Europe before, has that been an issue or partly an issue?

Comptroller of Revenue:

I think customising Jersey's requirements whether or not they have been in Europe before are a slightly different concept. They market what is called a commercial off-the-shelf system, and a great many of facets of tax systems are the same internationally. So an off-the-shelf package for example would typically include independent taxation rather than married man's taxation, so where a degree of customisation has been necessary in buying an off-the-shelf system is particularly around the existence of married man's taxation. The P.Y.B. (prior year basis) C.Y.B. (current year basis) issue in Jersey, the prior year basis of accounting and the current year, the income tax instalment scheme - which is slightly different to a traditional pay as you earn scheme - and marginal relief, the fact that we perform a dual tax calculation. So those are the areas where an off-the-shelf package we always knew would need to be configured or customised for our system.

The Connétable of St. Peter:

So that has not cost us extra, that was within the original contract?

Comptroller of Revenue:

Indeed, it was. When we went out to tender we knew that because of the slight eccentricities of our tax system that we would need what we call a prolonged discovery phase. So once we had identified the preferred supplier we had a period of knocking on 6 months I think where we talked to them in more detail about what Jersey's tax system was really like and where they would have to think very carefully about various aspects of the contract.

The Connétable of St. Peter:

Thank you very much.

The Connétable of St. Martin:

In the light of tax returns being issued late, will taxpayers who wish to use paper forms be granted the same amount of time to complete them as last year?

Comptroller of Revenue:

The paper tax returns went out in early January. They do normally go out around New Year. We delayed putting them out a couple of weeks so that we could align them going out with the launch of online filing, so that when the paper returns were hitting doorsteps they got the leaflet saying online filing is now available. The deadline for submitting is statutory, and it was changed a couple of years ago to allow for online filing so we have created 2 deadlines, 31st May for submitting a paper return and 31st July for submitting an online form.

Senator K.L. Moore:

What quality controls do you have in place for payment statements?

Comptroller of Revenue:

Payment statements I do not think are issued automatically but on request, where a taxpayer wants to review the ledger and what payments have gone. I think this is one of the most problematic areas of our transition because it would be fair to say that some of our old ledgers in the iTax system were quite confusing to read. What we have had to do is move that data over into the revenue management system, cleanse it as best we can, and then when a taxpayer wants it replayed to them we are sending them it in the simplest and best presented form we can. This is an area where taxpayers are reporting a degree of confusion at what they see. I think a lot of that is down to the way that payments have had to be posted and reposted following the introduction of the long-term care contribution. So some of the things that were done to make the books balance in the old iTax system, when you look at them take quite a degree of interpretation. I think what we will inevitably do there over the next 2 or 3 years is, where we think there is any confusion for a taxpayer, go through each account line by line with the taxpayer and make sure that they understand what the position was. I think from the auditing we have done and the quality assurance the balances are invariably correct, but sometimes taxpayers do not understand some of the postings that have happened historically.

Senator K.L. Moore:

So the staff who are working in this area, what level would they be generally?

Comptroller of Revenue:

I would say grade 7 and 9, depending on complexity.

Senator K.L. Moore:

Is this one of the areas that has been hit by vacancies?

Comptroller of Revenue:

Well the whole of the personal tax team, as I told you at an earlier meeting, at one point last year was running at half complement, and we managed to recover towards the end of the year and we are now in a very good position.

Senator K.L. Moore:

So you are confident that they are trained and up to speed with the system, complicated and complex as we understand the system?

Comptroller of Revenue:

Yes, I mean, inevitably it takes quite a long time to train a tax officer and we have had a lot of new entrants, so what we do is we gradually train them but we are very cognisant of people's skill levels when we deploy them to task. So the remaining less than 10 per cent of assessments we need to complete are being done by our most accomplished and experienced officers because they tend to be the more difficult ones.

The Connétable of St. Martin:

Because there is hearsay that a vast number of students have been used?

Comptroller of Revenue:

Certainly during the summer of last year we had quite a number of students working for us, yes, on tasks that were appropriate at their level of expertise.

The Connétable of St. Martin:

Yes, not on assessments or anything, no.

[14:45]

Comptroller of Revenue:

It is worth probably saying a little bit about quality assurance. We do routinely perform management assurance checks on manually calculated tax assessments, so they are usually passed through at least 2 pairs of eyes and a proportion are checked and quality assured. In terms of the calculations

that are performed automatically within the systems, they are absolutely assured and tested to death because obviously once we start to run those we expect them to run automatically and fully correctly.

Senator K.L. Moore:

Are there any interims working in the department at the moment from elsewhere, on temporary contracts for example?

Comptroller of Revenue:

I do not think we have anyone that would classically be described as an interim consultant. We have certainly a couple of people ...

Deputy Comptroller of Revenue:

There is one person who is working on a secondment from industry in the policy team, working around the O.E.C.D. (Organisation for Economic Co-operation and Development) digital economy project, and I think there is another person in the international team of exchange of information in a similar position.

Senator K.L. Moore:

Thank you, that is helpful. While we are still talking about resourcing, a more general question for the Treasurer I think this time, in relation to finance directors. There were finance directors in each of the government departments in the past and it has come to our attention that a number of them have left the Government of Jersey. If you could tell us how many have left please?

Treasurer of the States:

In terms of the former finance directors, off the top of my head ... well, some of them were not called finance directors, some of them had much longer titles that encompassed finance within them, though not necessarily just finance.

Senator K.L. Moore:

I am sure you know who we are referring to.

Treasurer of the States:

I might have called them finance directors in order to call them something else. They were simply the people that I would closely associate. I think there was about 3 at finance director level, 3 or 4, but I will have to come back.

Senator K.L. Moore:

Out of how many across the Government?

Treasurer of the States:

What did we have, we had 7, maybe 8 at that point? We now have pretty much back to full complement or will do in the next month or so, and we have got one remaining head of finance business partner to go out to recruit. We had appointed somebody and they pulled out rather late in the process, so we have got to go back out to recruit.

Senator K.L. Moore:

Is it working on the same structure as previously that they are embedded in departments, or are they all working in a central function now?

Treasurer of the States:

As you will recall, we had previously had 6 finance departments, we now have a single finance department working on behalf of the whole of Government and States of Jersey as well. They work within the Treasury and Exchequer, but they are allocated to their customer, being the director generals responsible for each department on a dedicated basis.

Senator K.L. Moore:

A similar question really to that which was posed to the Comptroller, whether exit interviews were conducted, as to lose half of a complement at a particular level is quite unusual in quite short space of time?

Treasurer of the States:

We had been going through the transition in Treasury for not such a short period of time. Some of those were people who had been with us for a long time. In the case of those 3, I was very clear myself as to why they were leaving, for a variety of reasons, not simply but heavily related to the changes that were coming and they preferred being in different structures, but that is a matter for them. I could not guarantee that they were interviewed in respect of all of them but we do try to ensure that we have feedback from people when they have left so in the case of those senior people I knew very well what was going through their mind.

Senator K.L. Moore:

Where have we got to? We, I think, still have a couple of questions remaining in relation to some tax glitches and some coverage that has been in the press recently, and that was the remaining issues, I think I.T.I.S. (Income Tax Instalment System) rates themselves and some confusion as those rates started to be sent out to people. I think your suggestion was, Comptroller, that perhaps the people had filled in their forms incorrectly and that is what would have led to their rates being correct.

Comptroller of Revenue:

I did anticipate that the sort of issues that have arisen in the media would arise because I lived through something very similar in the U.K. (United Kingdom) when the pay as you earn system was put on a new computer system. Certainly there are some glitches, as I say, in the systems which we are continuing to work out. I think the income tax instalment scheme effective rate notices are very easily misunderstood by people. First of all, they are not tax assessments; the tax assessment is the definitive statement of how much tax is owed for any year of assessment. An I.T.I.S. effective rate notice is an estimate of an amount of money that if it is taken from an employee's salary every month gives them a fair chance of paying the majority of their taxes for that year. It is what it is called, an instalment scheme, but it is an estimating process. The way an effective rate is calculated is calculated according to the law. The calculations are set out in the 1961 law, and they differ between a prior year basis taxpayer and a current year basis taxpayer. Put very crudely, if you are an employee and you do not have very complicated tax affairs and you do not have sources of income from investments or from offshore, then you probably can expect that your I.T.I.S. effective rate will largely be equivalent to your tax assessment. However, for a great many people that is not the case; they have multiple employments, they have multiple sources of income, and the calculation, because of the way it operates, means that it does not effectively take account of non-employment income or offshore income. It also needs to take account of any historic debt in the system. So I think quite a lot of people have an expectation of the I.T.I.S. system that is unrealistic that it will satisfy their tax assessment, and that is what I was trying to explain in part. What we are now doing is giving people an I.T.I.S. effective rate notice which gives them a lot more information about, for example, historic tax debt they may have on their file, and in some cases taxpayers are coming to us because they are surprised about that. I am not entirely surprised that they are surprised in some occasions because the old iTax system did not really automatically remind people of debts on file, so it was very easy to forget about them. So I think for a whole host of reasons it is very easy for people to get an I.T.I.S. effective rate notice and disagree with it, and indeed every January for ever probably since I.T.I.S. was introduced people do come into the office in very large numbers to negotiate on their I.T.I.S. effective rate, to ask for it to be cut down. On the other side of the coin, rather irritatingly, quite a lot of I.T.I.S. taxpayers who have asked to pay more, for example if they want to transition from the prior year basis assessment to the current year and they have arranged it, in I.T.I.S. that always defaulted back to the legal amount that ... and then we had to intervene and manually reset it. That is one of the problems we are able to resolve in the new system. I think when we come to talk about I.T.I.S. there is an awful lot going on and an I.T.I.S. effective rate at the end of the day is an estimate, and for a person with very simple affairs it might well come out in rather the same place as their tax assessment, but for many people it will not.

The Connétable of St. Peter:

In yesterday's *Evening Post* the option of a tax holiday to bring taxpayers on to a current year payment basis was discussed. Now, you ruled it out, alongside the possibility of asking people to pay 2 years' worth of tax in one 12-month period. What options are you considering for this issue, and when will they be brought to the States Assembly?

Comptroller of Revenue:

I think this was an interview with the Minister and I was slightly surprised to see myself quoted, but I think the Minister ruled out a tax holiday. I think that is slightly above my station.

The Connétable of St. Peter:

Right, so, Minister?

The Minister for Treasury and Resources:

We do have, as has been mentioned earlier in this conversation, a situation where we have current year and prior year and what we would like to see eventually is everybody on current year basis. That is about a third of taxpayers at the moment. If you start paying tax over here, arrive in the Island, for whatever reason you are paying tax you are now on current year. However, we have a backlog of people on prior year basis, as you will be very well aware, and also pensioners are on a prior year basis. So you might be working on a current year basis but when you retire and become a pensioner you are on a prior year basis. The difficulty we all foresee ... most people realise this is going to happen so they start making provision for the fact that they will have an additional year when they retire. I am not talking pensioners now, but your salary may drop considerably and you would have to pay 2 years of tax. So obviously what we want to do and what has been happening is to alleviate that system so that you can pay it in instalments in advance, so in the year that you are still working, or have it staged over the time when you retire. Because a lot of people have done exactly that it would be totally unfair to offer a tax holiday for those who are hitting it right now.

The Connétable of St. Peter:

Have already made some ... yes.

The Minister for Treasury and Resources:

Yes. There was discussion several years ago about people who are self-employed, for instance, where it is sometimes quite a struggle to pay your tax bill, but their tax bills are on a prior year basis as well and based on an estimate of what they might earn, so they would have the same facilities of paying off a tax accrument in instalments, but again across the board a tax holiday would be too difficult to manage because it just simply would not be fair on people who have made arrangements. We have put in the facility for people to pay it off in instalments, so not 2 years in one go.

The Connétable of St. Peter:

Do you do anything to warn people who are near the time that that situation will arise?

The Minister for Treasury and Resources:

Yes.

Deputy Comptroller of Revenue:

Can I just add to that, I suppose in a move to independent taxation it might be an opportunity to move forward with everybody on a current year basis for the future, so then the issue then arises about that year for people on the prior year basis. So it may be that when we go to public consultation on the issues around independent taxation we will include some questions around dealing with the prior year basis. That is something that we might consider, getting the public's views on how to deal with that issue and some options around it.

The Connétable of St. Martin:

Minister, we would just like to ask you what your view on the Comptroller of Revenue's comments regarding claims of incorrect assessments, which was published in the *J.E.P.* Did the Comptroller seek your consent before he made these statements?

The Minister for Treasury and Resources:

I am sure he did. Which particular article in the *J.E.P.*, there have been quite a few recently?

The Connétable of St. Martin:

That the public had filled them in incorrectly.

Comptroller of Revenue:

I think this was the statement we issued in response to a television interview by Mr. Shenton in which he was reported to have said that the tax system was incorrectly calculating assessments. I think Mr. Shenton thinks he may have been misquoted.

[15:00]

The Minister for Treasury and Resources:

There was a couple of tick boxes that were mentioned in some interview, that people had not quite ticked the right box. This I think is coming into the highlight now where we have got online filing, which is far more accurate and you do not have to go through reams of paper to do it anymore, you tick your facts and figures and then you skip the bits that are not pertinent to you. So I think this will hopefully eliminate this incorrect ticking of boxes, and the same applied with another sort of misquote

about the tax returns that were sent out to children. Yes, some of them were in error due to a wrong procedure, but I think people are not aware that 34 out of the 100 that were sent were justified. Children do have trusts in their own right and have to submit via their parents or guardians a tax return. So it was not quite as completely incorrect as was reported.

Assistant Minister for Treasury and Resources:

Also I think on that particular point, seeing as you have raised it, there were over 19,000 of these that had to be input manually for the children, which is a huge amount of manual input, and 60-odd being wrong. Having talked to people who worked in various other companies, they have said that if they had that sort of return they would be reasonably pleased with that return. That is a lot of manual input, which is of course what we are trying to do away with, with the whole review of the tax system.

Senator K.L. Moore:

But if you are saying that 34 out of 100 were correct, that means that 66 were incorrect, which if I was being graded for an exam 66 per cent would get me quite a decent mark.

Assistant Minister for Treasury and Resources:

No, but it is not 66 per cent, it is minus 1 per cent were input incorrectly.

Comptroller of Revenue:

The error rate was 0.3 per cent.

The Connétable of St. Peter:

But it is a matter of cleaning up data before you input it, and sort of having come from that area, that sort of number would not have been acceptable to most people because there are various ways of cleaning up data and 19,000 is miniscule compared to what some of the banks have had to do, and they clean up the data before it goes on.

Assistant Minister for Treasury and Resources:

But many of the banks are not having to input this manually.

Comptroller of Revenue:

Yes, sorry, in this case it was taking paper records and inputting ...

The Connétable of St. Peter:

Yes, I am talking paper records. Everybody has done it, but there are effective ways of cleaning up the data, automated ways, which would have eliminated issues such as the children having

assessments sent to them. So you cannot really say that that is acceptable. You can admit that the data was not cleaned up as effectively as it could be.

Assistant Minister for Treasury and Resources:

It was not really a case of cleaning up data, it is just a case of ticking the box to say not to send it out.

The Connétable of St. Peter:

That is exactly what data clean-up is, it is to eliminate where boxes have been ticked incorrectly, et cetera. It is something that those who have done data transfers, if you had had the right people in place they would have eliminated that.

Assistant Minister for Treasury and Resources:

We will have to differ on that.

Comptroller of Revenue:

Well we did buy in data cleansing consultants to help, but I would be very happy for you to come to the office and see the process and if there is a way of doing this and avoiding it we will certainly learn from it.

The Connétable of St. Peter:

Okay, I would not mind having a look.

Comptroller of Revenue:

Yes, certainly.

The Connétable of St. Martin:

Carrying on with communication, do you believe that the tweets made by the Taxes Office regarding married women's taxation, including the video you appeared in, Minister, were well communicated?

The Minister for Treasury and Resources:

That is a very good question, Connétable. I do not look at social media so I do not know whether it is well communicated or not. I do listen to the advice of the Communications Unit who said that it was very helpful to do it because there were so many misquotes, misjudgements, miscommunication going on that we felt that it was right to put it out there that this was not the case. But as I do not follow up on social media ...

The Connétable of St. Martin:

So it was not just purely your department involved, it was the Comms Department involved with this?

The Minister for Treasury and Resources:

Yes.

The Connétable of St. Martin:

Thank you.

Senator K.L. Moore:

We will move on to Revenue Administration Law.

The Connétable of St. Peter:

Minister, when can we expect tranches of the Revenue Administration Law to be introduced, and what is your timetable for this?

The Minister for Treasury and Resources:

From memory there were 5 major areas out of 7 that needed to be addressed and it is really a matter with this - they are in the process of being readdressed - whether we bring it back as part of amendments to the Finance Law. We were talking about this earlier, Cora could probably say, the options that we have got in how we deal with these.

Deputy Comptroller of Revenue:

Yes, so law drafting at the minute are working with us to basically repackage the Articles that the Minister took out of the Draft Finance Law and Income Tax Amendment Law, because they are amending the Income Tax Act and some of them are changes to the Revenue Administration Law. So those are 2 separate pieces of amending law that need to come through. The instructions for those have been done and the law drafting office is working at the minute on that repackaging exercise. I am due to meet with them on Thursday of this week to get an outline of a timetable, but we are hopeful to get those draft Articles for you to scrutinise hopefully, subject to their agreement, within the next week to 10 days. But if we can at all we will try and get them to you next week.

Senator K.L. Moore:

As it is such a short timeframe we will perhaps set that aside for further questioning once you have seen the Articles. That might be the more sensible way of dealing with it. Shall we touch briefly on the Public Finances Law though, Treasurer? So during the public hearing back in May of last year you informed us that there was a timetable set for changes to related legislation, including the States of Jersey Employees Law, which is expected to conclude in March of this year. Is that work still on track?

Treasurer of the States:

I believe so. I am not directly involved in that piece of work but I believe we are still probably on track.

Senator K.L. Moore:

That is good to hear, so we will be receiving those shortly in the post as well, excellent. Will there be any further pieces of work that are required in addition?

Treasurer of the States:

I think the chief exec will be shortly responding to the C. and A.G. (Comptroller and Auditor General). There are some areas within there where the C. and A.G. has reared some issues that may need to be addressed. I could not state them off the top of my head but I think the first step will be ... and no doubt there will be quite a discussion among Ministers relating to the interaction between that law and P.F.L. (Public Finances Law) and it may be that there are knock-on impacts for the P.F.L. But I think we need to get through that stage first.

Senator K.L. Moore:

Well we will keep a watching brief.

The Connétable of St. Peter:

I think we have touched on the use of consultants but what work in your department to monitor and reduce the cost of consultants ... is it something you are monitoring? How many consultants do you have? We heard about 2; are there others?

The Minister for Treasury and Resources:

It is a complete rolling programme; I think across Government or across the civil service. It is very difficult to know from day to day because, as you will be aware, contracts finish and then hopefully by the time a contract is finished then the training will have been put in place to allow people in situ to carry on. If not, the consultant might be offered a permanent contract. So it is a constantly changing situation.

The Connétable of St. Peter:

So presumably if you move them on to a permanent contract then that reduces the cost of the consultant?

The Minister for Treasury and Resources:

Yes, it does, because you are not paying the agency costs or the expenses.

The Connétable of St. Peter:

They usually do not like being moved to contracts?

The Minister for Treasury and Resources:

No.

The Connétable of St. Peter:

No, I have been there. Are you able to tell us the current cost of consultants and how much that may have added to the project?

Treasurer of the States:

We would be due to put forward the report that is required further to the P.59/2019 decision of the States, so we will receive that. I am not quite sure on the timescales with that, we are finishing the accounts currently, but we have given you the January to June late last year so it will probably be before the middle of this year that we will issue the report for the latter end of 2019.

The Connétable of St. Peter:

Yes, 2019, okay.

Senator K.L. Moore:

The Minister has described the fact that it is very hard to keep on top of the various people coming and going and providing different pieces of work for the Government, but I presume the majority of those go through the Investment Appraisal Board?

Treasurer of the States:

So “consultants” in this sense is being used to capture a whole host of different arrangements. So, for example, we still retain the service of EY in respect of one or 2 aspects of the finance transformation; that is a different thing entirely to where we have got vacancies or permanent roles that we are trying to fill and are using an interim. Interims are often captured into the same description as consultants and they are disclosed in the P.59 reports on a 6-monthly basis, so there are a number of different ways in which these come about. So we have procurement routes by which we are contracting the services of companies in the case of individuals who are filling roles. If the net cost of those individuals - even if it was only for 3 months - if the pro rata cost was over £100,000 there would then have to be permission from the States Employment Board, so there are a number of controls in place in terms of that, and end dates are on those decisions of the States Employment Board.

Senator K.L. Moore:

So they are really the gatekeepers of the major sums of money, because I think it was a shock still to the public when they saw the amount of money that was declared in that 6-monthly report?

Treasurer of the States:

But it was, as I said, a broad mix in there going all the way from what you would probably more traditionally describe as temporary staff, including the temporary staff we have had in the department both in Richard's area and my area, but right through to finance transformation partners or other transformation partners. The latter will have been either the subject of, as you say, an Investment Appraisal Board decision, or States decisions in agreeing those as growth bids in the Government Plan. So it is not as much of a surprise when you pull all of those together, remembering that we have an ambitious Government Plan to deliver at the same time.

Senator K.L. Moore:

But from a political perspective, Minister, since receiving feedback from the public - which was pretty clear - following that report being published what steps are being taken to tighten up any decision making or use of consultants and interim posts in light of that report?

The Minister for Treasury and Resources:

Yes, and it was, when it is amalgamated into one figure, a big shock to the system to all of us I think, because until you pull it all together into one figure it is very difficult to keep track, as I said earlier, of quite what is going on, which is why it is almost impossible to tell you where we are at exactly any one point in any one day. Because 3 contracts might have finished last Friday, another 2 might have started yesterday; it is difficult at any one time because it fluctuates so much. But, yes, there is huge concern and I do appreciate that the public are very concerned. It is across departments of course and everybody, as the Treasurer said, has to put in their bid if it is a contract worth over £100,000 to the States Employment Board who either say yes or no. Very aware, they are, of how many contractors that we have at any one time but not necessarily the cost of each one but they know how many we have got because each has an M.D. (Ministerial Decision) really that goes with it to the States Employment Board. So the whole idea of the efficiencies programme is that once the consultants have been brought in, have done their training, have fulfilled their quite expensive interim contracts - there is no doubt about it - then they leave behind the training and the wherewithal for others on the permanent contract to go forward, which will then provide the efficiencies that we are expecting.

Senator K.L. Moore:

Well apart from being shocked and slightly aghast, what policies are Ministers implementing to ensure that they really drive a value-for-money perspective from that investment that is being made on behalf of the public?

[15:15]

Treasurer of the States:

We are developing policy to put within the finance manual between ourselves and the commercial services team that will aim to improve controls around and make it clear, so that is in progress as we speak.

Senator K.L. Moore:

I guess time will tell whether it is effective or not but is that an adequate test?

Treasurer of the States:

In terms of what progress, I will use 2 examples in our current department, and this speaks to the wide use of the word “consultants” if you like. Richard has talked about the high number of people that he has had in post as temporary staff, the Government Plan has put in place the permanent funding. We only had the funding on a temporary basis because it was presumed that the Assembly would agree what we put in the Government Plan, the Assembly thankfully did agree that amount of funding and, therefore, Richard has been able to convert that into permanent posts. So that has weaved us away from temporary, often badged as interim resource, to permanent posts. The majority, if not all, of those are local, in addition to which any within the Treasury we have been able - and we will be able to in the long term now that funding is in place - translate some of the interims that we have been using into permanent. What the Minister has just touched on is very important in terms of making sure that we then have some learning coming from their experience from elsewhere. I have another example within the Treasury side, and Cora has already talked about training within Revenue Jersey, we have recently offered places to 9 local largely youngsters, 2 of which already were in Treasury, on the accounting trainee scheme. We intend to go annually after a similar sort of number from the perspective of growing our longer term capability and making us less reliant upon temporary resource or interim resource going forward.

The Connétable of St. Peter:

That moves us quite neatly to efficiencies and the Government Plan. So what progress have you made on your efficiencies programme for this financial year?

Treasurer of the States:

Are you talking about the department or the Government?

The Connétable of St. Peter:

Let us do the department first.

Treasurer of the States:

Within Revenue Jersey, it has a target of just over £7 million in respect of compliance work. We are already ahead with that compliance work and in particular initiatives relating to one sector of the economy he started with obviously there may be impacts from the issues we have seen in being able to recruit but hopefully we will be able to move forward now with those. We have savings associated with the introduction of automation with the department and we have now moved the major bank accounts over to an automated reconciliation process that will deliver savings for us. What that also does is it allows us to free up people to start working on the transformation of our replacement I.T. (information technology) system. We have, as we have probably talked about already, efficiency management targets. Now the unfortunate upside of us having vacancies is that we are well advanced in terms of achieving those targets this year, but senior leadership team in the department will keep monitoring those as we go through the year, and those are the bigger elements of our targets.

The Connétable of St. Peter:

You have answered my next question. So next one, do you expect further efficiency savings to be made by your department? That is obviously on top of those you identified last year.

Treasurer of the States:

On top of the ones for 2020, and in particular relating to the introduction of the integrated technology solution, that outline business case highlighted numbers for posting introduction - I think we are about 10 per cent but we will have to come back and correct that - of the outline business case. We now move to a fuller business case, a final business case, in respect of that system which will clarify further the efficiencies that we expect to deliver off the back of that in particular. It is also further worthwhile noting that we are due to commence zero based budgeting. That is about primarily understanding where we spend our money and going through an exercise making sure those budgets are correct, secondly through the lens of identifying efficiencies in addition that may well assist us, and one of the first departments to do that will be Treasury and Exchequer.

The Connétable of St. Peter:

Finally, I see *Bailiwick Express* highlighted one of your savings, or £13,500 on prepaid envelopes. Is that going towards your efficiency savings?

Treasurer of the States:

From recollection that was one of our M.T.F.P. (Medium Term Financial Plan) efficiency savings widely across the department postage, of which that was only one element.

Comptroller of Revenue:

Yes, there were efficiencies relating to postage and stationery in the M.T.F.P. and that was a residual from that. I mean, the interesting fact that has not got into the public domain is that last year nearly half of taxpayers hand delivered their tax return to La Motte Street, so 30,000 envelopes were being thrown away every year.

The Connétable of St. Peter:

I was one of them. You have already touched again on this; what work have you so far conducted on preparing for the 2021 Government Plan, and do you intend to hold dialogues with fellow States Members to address their concerns or requests in relation to it?

Treasurer of the States:

Sorry?

The Connétable of St. Peter:

So what work have you done so far on looking at the ...

Treasurer of the States:

It was just your use of "fellow States Members" and then looking at me.

The Connétable of St. Peter:

Yes, true, it should have been to the Minister, yes, but I am sure you can ...

Treasurer of the States:

Yes, as you may be aware we work closely with S.P.P.P. (Strategic Policy, Performance and Population) and they have been seeking feedback within and out on the process first time around, well-developed on what that process will be and I believe the Chief Minister is due to come and talk through the plans. I think it was probably before we finished the last Government Plan officers were meeting ... senior responsible officers, myself and Tom Walker, with their teams working through how we will go about making changes to the process going forward. That will include looking at the feedback from ... I think at the back of here I have a thick document being the findings of the panel in respect of the first Government Plan, but also feedback from Ministers and officers as we have gone through.

Senator K.L. Moore:

You mentioned S.P.P.P., we received a briefing on the performance framework recently which made very clear the intention of Government to make decisions through the lens of what they have committed to achieving in terms of strategic ...

Treasurer of the States:

Priorities.

Senator K.L. Moore:

Exactly, that is what they are called nowadays, thank you. So it drew to mind upon listening to that perfect example being the 6 pence on a litre of fuel that was agreed by the Assembly in the Government Plan, and how that squares with reducing income inequality and other admirable aims that were in the strategic priorities. Have you upon reflection, Minister, given any further consideration to the rights and wrongs of that decision and the impact it has on people, and those people who in our community we would most want to protect in terms of our service as States Members?

The Minister for Treasury and Resources:

Are you referring to the 6 pence on fuel?

Senator K.L. Moore:

Yes, because it has generated a lot of public frustration.

The Minister for Treasury and Resources:

Yes, that is a decision mindfully made on that basis that 4 pence of that 6 pence would go into the Climate Change Emergency Fund, which is what the States Assembly voted for to come into effect carbon neutral by 2030, which is a very, very ambitious programme. If we are going to facilitate that in any way, whether we do carbon offsets, whether we put more charging points for electric cars, whether we put in a car tax for more carbon emission cars is all part of that. But we had to do something in order to recognise how we have to move forward. It is a very tiny percentage that we could ever achieve on a global stage of course, but it was a move in that direction. Also if we do move to - which is possibly a very ambitious programme - to mainly electric cars then you have got to compensate for the £24 million of fuel duty that we rely on to balance the expenditure.

Senator K.L. Moore:

So, if I have understood correctly, the ethos of the performance framework, you would not hold any regards as to that decision of imposing the additional money on a litre of fuel and the impact that has on those on lower incomes?

The Minister for Treasury and Resources:

I think it is more an imposition on the smaller businesses that it is probably greater ...

Senator K.L. Moore:

Yes, well it is generally the cost of living is the problem.

The Minister for Treasury and Resources:

Yes, but I think that because everybody was so enthusiastic about bringing in this carbon emission neutral factor that we had to react early, and if we are to pursue it then 4 pence on the 6 pence litre of fuel is just not going to go anywhere near it.

Assistant Minister for Treasury and Resources:

I think it is important to note, not just on the petrol issue there, but if the States Assembly are going to pursue this carbon neutral scheme, if you like, or vision, there will be more tough decisions to be taken along the way, and that cannot be escaped. It is an expensive route that the Assembly has chosen to take for the Island.

Senator K.L. Moore:

I think one business yesterday announced that they were going to offset their carbon footprint by the end of this year, and that would be possible also for the Government of Jersey if they so wished to go down the offsetting route. But we will not of course for probably quite obvious reasons.

Assistant Minister for Treasury and Resources:

It carries a cost, offsetting, it carries substantial cost.

Senator K.L. Moore:

Well, not necessarily. But the point being though how as a ministerial team with responsibility to all members of the community do you intend to offer assistance to those who will be impacted, or how do you propose that you will mitigate the impact on the cost of living, which is something that we all learnt at the elections was a major concern of people living in the Island?

Assistant Minister for Treasury and Resources:

I think as a ministerial team, and I will extend that right beyond to the whole Treasury team - one of the ways you can see we mitigate is how we went with the individual taxation. We took a look at it, we saw who it was going to affect adversely, and we took a decision to mitigate that and not go down the route where it would harm those under more strain on their income. So it is something very much in our mind and we would take that into consideration on any decision we took.

The Minister for Treasury and Resources:

We have the highest rate - of the jurisdictions of Guernsey and the U.K. -- of now £15,900 as a cap before you pay any tax whatsoever, and also, dare I say it, an amazing benefit system as well to catch those who perhaps for conditions best known or reasons best known or out of their control fall through the net. So the system is there to help people already.

Deputy Comptroller of Revenue:

Just to reassure the panel that at an officer level on that climate emergency programme that the Tax Policy Unit is working with environmental colleagues in relation to what possible fiscal levers there would be to meet these targets, and part of that discussion is mitigating impact for lower income families. So it is very much a factor in the discussions but they are still evolving, they are at quite an early stage, but we are very mindful of kind of income issues and the impact of environmental fiscal measures and will be looking at options around that.

The Connétable of St. Peter:

You mentioned the 4 pence on fuel out of the 6 pence, and of course over the next 15 years if the ban on the sale of petrol and diesel vehicles does come in, in 15 years, of course that is going to decline. So, very quickly we have to start thinking of alternatives; that will mean at some stage in some form taxing electric vehicles. It is unavoidable because roads have to be maintained, infrastructure, new roads.

Assistant Minister for Treasury and Resources:

You are 100 per cent right.

The Minister for Treasury and Resources:

I think one of the major things about this apart from the financial aspect of it is the awareness raising, especially with plastic. I know that was brought up with "Blue Planet" and whatever, but we are surrounded by water and marine species and I think the mere fact that people are now walking into a supermarket and seeing plastic everywhere, and I think that has heightened awareness across the population. So in conjunction with the financial side of it I think that is a positive move forward.

The Connétable of St. Martin:

Can I just ask one final question or 2? Has the change in the role from Comptroller of Taxes to the broader Comptroller of Revenue changed the reporting lines for the role?

Comptroller of Revenue:

No, I still report to the Treasurer of the States.

The Connétable of St. Martin:

Has the change caused any confusion or issues in terms of oversight or responsibility?

[15:30]

Comptroller of Revenue:

No, I do not think so. I mean, one of the principal reasons for changing it was to reflect the fact that in due course it is envisaged that social security contributions and then some of the customs and excise duties will come into Revenue Jersey. The social security contributions team is in the process of moving into Revenue Jersey at the moment as part of the target operating model, and I suppose one of the positive sides of the recent media focus on the officers is that the name Revenue Jersey and Comptroller of Revenue have entered the public psyche.

Senator K.L. Moore:

Okay, well, it has neatly come up to 3.30 p.m. so I think we will draw stumps, and thank you all for your attendance and your answers and we will close the meeting.

[15:31]