



Corporate Services Scrutiny Panel

Quarterly Hearing

Witness: The Minister for Treasury and Resources

Friday, 19th March 2021

Panel:

Senator K.L. Moore (Chair)

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

Senator S.W. Pallett

Senator T.A. Vallois

Connétable R. Vibert of St. Peter

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

Senator I.J. Gorst, The Minister for External Relations and Financial Services

Mr. R. Bell, Treasurer of the States

Mr. R. Summersgill, Comptroller of Revenue

Ms. A. Rogers, Group Director, Strategic Finance

[10:32]

Deputy K.L. Moore (Chair):

Good morning and welcome to this quarterly hearing of the Corporate Services Scrutiny Panel with the Minister for Treasury and Resources. We will start with the usual introductions. I am Senator Kristina Moore. I am the chair of this panel.

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

Deputy Steve Ahier, Vice-Chair.

Senator S.W. Pallett:

Senator Steve Pallett.

Senator T.A. Vallois:

Senator Tracey Vallois.

Connétable R. Vibert of St. Peter:

Constable Richard Vibert, a member of the panel.

The Minister for Treasury and Resources:

Susie Pinel, the Minister for Treasury and Resources.

Assistant Minister for Treasury and Resources:

Deputy Lindsay Ash, Assistant Minister for Treasury and Resources.

The Minister for External Relations and Financial Services:

Ian Gorst, the Minister for External Relations and Financial Services.

Treasurer of the States:

Richard Bell, Treasurer.

Comptroller of Revenue:

Richard Summersgill, Comptroller of Revenue.

Group Director, Strategic Finance:

Alison Rogers, Group Director, Strategic Finance.

Senator K.L. Moore:

That is everyone, I think, so thank you, all. Some participants were rather muffled there and I hope that you will be able to ensure that you can be seen and heard clearly throughout this hearing please. The usual rules apply. This will be transcribed and published later on the website for others to see if they are not able to watch it live. So we are going to get started with some questions about the forthcoming debate on the regulations for prior year taxpayers and Senator Vallois is going to start that line of questioning.

Senator T.A. Vallois:

Yes, thank you, Chair, and good morning to the Minister, the Assistant Ministers and the Treasury team. Would the Minister be issuing guidance for the administration of the payment of 2019 liability to ensure it is fairly conducted by current and future Comptrollers of Tax?

The Minister for Treasury and Resources:

Yes, thank you, Senator. We will be issuing guidelines to that effect.

Senator T.A. Vallois:

That is great news. So if that is the case, when can we expect to see these guidelines should the regulations be approved by the States Assembly?

The Minister for Treasury and Resources:

It will be the beginning of next year, 2022.

Senator T.A. Vallois:

Just to clarify then, we could expect them around quarter one of 2022?

The Minister for Treasury and Resources:

Yes, I think that is probably appropriate.

Senator T.A. Vallois:

That is great. Can I ask then what form of reminder would the Minister be inclined to issue to those who have opted to defer the payment?

The Minister for Treasury and Resources:

Can I refer that to the Comptroller because he has all the details of that please?

Comptroller of Revenue:

Good morning. We are still developing the systems and processes that will be used to administer the regulations. There will be an online portal developed. The exact arrangements for reconfirming to people their 2019 suspended liability will be part of that. The reason the guidance is going to be issued in 2022 is exactly because of this, that we still do need to develop all of the processes. Former prior year basis taxpayers will have until the autumn of 2024 to make their decisions and elections. So we do have about 2½ years to make all of these developments and arrangements. I think it is important that taxpayers understand that we will not be communicating to them about this during 2021 and they do not need to contact us in 2021. We will set out all of the information that is needed in 2022 and they will have until 2024 to make the election.

Senator T.A. Vallois:

Thank you for that, Comptroller. You mentioned the fact that there will be an online portal for this particular system. Can I ask has it yet been agreed if the necessary computer systems will form part of the integrated technology solutions or will that require additional funding?

Comptroller of Revenue:

I think there will be some degree of funding required to bring this about and I think in the report that accompanies the draft regulations a figure has been sighted. It is more likely than not that part of the solution will be in our revenue management system. So, for example, we think quite a lot of employed people will want to make contributions to pay down that prior year basis suspended bill using I.T.I.S. (Income Tax Instalment Scheme). Whatever we do will certainly involve interfacing with the revenue management system. It will also need to interface with existing debt management systems in the Treasury and, to that extent, a part of the requirement for this may well be included in the ITS system. The decisions will clearly depend on the exact ways in which we offer repayment schemes. I.T.I.S. I think will almost certainly be one of those but I think people and particularly self-employed people who are not in I.T.I.S. may need different payment channels.

Senator T.A. Vallois:

Thank you that, Comptroller, and thank you for the answers from the Minister. I am going to pass to Deputy Steve Ahier to ask questions around loans and borrowing.

Deputy S.M. Ahier:

Thank you, Senator. Minister, we are going to move on to loans and borrowing. Is any additional drawdown of the revolving credit facility currently planned to take place over the next year or beyond?

The Minister for Treasury and Resources:

Thank you, Deputy. The revolving credit facility has not, to date, been used but is going to be before the £50 million programme for the 2 tranches of £25 million each for the Fiscal Stimulus Fund. It has not as but it is imminent.

Deputy S.M. Ahier:

Beyond that, are there any plans to borrow any more through that facility?

The Minister for Treasury and Resources:

We are hoping that with transfers from underspends from 2020 into the Reserve Fund will defer immediate borrowing in addition to the £50 million but, obviously, we will have to wait and see what the demands of COVID are.

Deputy S.M. Ahier:

Thank you. In the ministerial response to our review of the Government Plan 2021-2024, it was highlighted that a medium-term debt strategy is being prepared for inclusion in the Government Plan 2022. How is this progressing?

The Minister for Treasury and Resources:

Can I hand you to Alison Rogers with responsibility for this please?

Group Director, Strategic Finance:

Thank you, Minister. Yes, work has started on this. We are looking at past expenditure. Obviously, there are reserve balances in the Government Plan that is approved so we are going out to departments and asking for an update on those funding needs. Also, we are looking at all of the large capital programme items that you will know about, for example the hospital, and understanding when money is needed and how much were those schemes.

Deputy S.M. Ahier:

Thank you. Is the Minister aware of any preliminary work being undertaken to secure further loans aside from the credit facility?

The Minister for Treasury and Resources:

Well, there will be for the hospital but, obviously, until we have further information and agreement from the States Assembly we have not pursued that as yet but there are various ways. The last time it was brought forward, it was going to be a bond but until we have more information on agreement of the site and the costings of it, we cannot go further with that at the moment.

Deputy S.M. Ahier:

How much are you, Minister, willing to borrow when taking into account large expenditure on items such as the hospital, the integrated technology systems, Fort Regent, the office modernisation strategy and now the sports strategy as well which was announced this week?

The Minister for Treasury and Resources:

Yes, it was. It sounds as if we have not made any decisions but, with the sports strategy, we are waiting to investigate whether there could be private interest in that and the same situation with Fort Regent where we have had some expressions of interest from private companies. As far as COVID goes, we have £87 million put aside for that. There is also £40 million in the Government Plan as a reserve to deal with that. Of course, there are a lot of unknowns with COVID. If it carries on as it is - and we, hopefully, will not have to utilise all of that - it is there in case we do. The hospital, as I

have just elucidated, will depend on the States Assembly approval of it and then of course consequently planning approval before we have an idea of costings.

Deputy S.M. Ahier:

So, Minister, how much are you willing to borrow?

The Minister for Treasury and Resources:

Well, as I say, it depends on the accumulation of all those things. For the sports programme of course £100 million has been mentioned but that is over a period of 10 years. That is not an initial upfront borrowing. The hospital would depend completely on what sort of bond it was that we went for, if it was a bond, and how much we would need to borrow would depend on whether there was private interest, and that is the same with Fort Regent. So it is quite difficult to say how much we would borrow down to the last figure but we are in a good position with S.&P. (Standard & Poor's) ratings at the moment because we have the collateral of the Strategic Reserve and of course there is also a considerable amount in the Social Security Reserve. That does give us good collateral as far as ratings and borrowing goes at the moment.

Deputy S.M. Ahier:

I know that the Treasury are very keen on estimates. Could you not estimate how much you are willing to borrow?

The Minister for Treasury and Resources:

Well, I do not like to estimate publicly really. I do not think it is a good idea when all the factors that I have just mentioned have to be taken into account. So an estimate of what we may need over the coming few years is, I do not think, right to be doing publicly until we have more information.

[10:45]

Deputy S.M. Ahier:

All right, I will just pass over to Constable Vibert.

The Connétable of St. Peter:

Good morning, Minister. First of all, I will just read a quote that was attributed to Deputy Wickenden on Twitter recently. I think it was on ITV Twitter or Gary Burgess and the quote was: "Within the Government Plan we only ever agree one year and we tick the box for the 3 years after that but it can change. So we go back and ask for the money in the next Government Plan and the next Government Plan and will have to make the case for the need and the requirement within that and have to get the Assembly to agree to it. Otherwise, we will not get the money going forward." I ask

the Minister, if money runs out in the Modernisation and Digital budget, how does the Minister plan to accommodate these additional annual requests for funds?

The Minister for Treasury and Resources:

Thank you, Connétable. The change to the Government Plan from the Medium Term Financial Plan was made deliberately because the Medium Term Financial Plan committed us to 4 years worth of budget which was not deemed to be efficient or acceptable. So the Government Plan gives 4 years worth of a plan but the budgeting side of it changes annually so Deputy Wickenden is quite correct in that. We have to be able to change the budget annually depending on the annual demands for instance with COVID where we have worked at a very, very fast pace to be able to finance the demands of it, which were of course not budgeted for before it hit our shores. So we have to have the agility in an annual budget within the Government Plan so still fulfil the direction of the Government Plan but the finances will change.

The Connétable of St. Peter:

So are you saying you do not expect additional demands because the suggestion here is it certainly appears somewhat easy to return each year for further funds if there is a failure to have adequately researched the overall funds applied for a long-term project? What we are saying here is: "Well, if we do not get it right, we can just go back for more."

The Minister for Treasury and Resources:

No, that is not the case. The initial bid for funding for capital projects will stay the same. I think what has thrown the whole budgeting situation has been, dare one say it again, the COVID situation and each department was asked to make efficiencies in their projected expenditure because of it, so it can change. If there is a crisis if a building collapses, for instance, then obviously there would be another bid for funding but, generally speaking, the capital bids will stay the same over the 4 years of the Government Plan.

The Connétable of St. Peter:

That is not what this quote says. It says you can go back next year and the year after that. That would show poor financial planning if you were returning year after year for additional funds. This suggestion that the forward planning is just a tick-box exercise, is that correct? Are we saying that there is no need to do forward financial planning because it is a tick-box exercise and therefore it is of no real significance?

The Minister for Treasury and Resources:

I think you might be referring to the I.T.S. (integrated technology solution) system.

The Connétable of St. Peter:

No, I do not think so. He is talking about the Government Plan here where he says it is a tick-box exercise. “We tick the box for the 3 years after that but it can change. So we go back and ask for more money in the next Government Plan and the next Government Plan.” So it seems almost like that a sort of self-service buffet where you can return to eat as much as you like or return as many times as you like to get more funds. We did have a term for this in project management and I will not refer to it because it was a well-known case. People would return and return. So is that the case that the forward planning in the Government Plan really is of no real significance because you can just go back and back the next years for more money?

The Minister for Treasury and Resources:

I would contradict that comment that we go back and back every year for more money because that is not the case but can I refer you back to Alison who has the figures in front of her please?

Group Director, Strategic Finance:

What I would quite like to take the opportunity to explain is we set what the major projects are as part of the Government Plan and they are projects that are £5 million or more or a project that has been designated as a major project in the Government Plan. For those projects, we ask the Assembly to agree the total cost so it does provide that framework and that control around the total cost of the higher and more expensive projects. If I can take the I.T.S. scheme as an example, that was in the Government Plan at a lower cost than it is now going to be needing funding for and that was because the business case that was produced at the time was only at a very high-level strategic business case. While we have been going through COVID, we have been going through quite a long process with that project. We now have a full business case which provides us with all the information that we need, including internal and external costs, of being able to deliver this scheme that will make our lives a lot easier and also will make sure that the public can have a much easier time in terms of when it is corresponding with Government. That is why we found that this has needed further funding and we have had to do that through the process of allocating some unspent money from 2020 to this project. It will come back as part of the Government Plan 2022 because we need the Assembly to agree to the new total cost of that project.

The Connétable of St. Peter:

I am somewhat reassured by your comments in some ways but do you agree with that quote that if you get it wrong, you can come back again and it said you can come back again? Now you are saying that there is proper forward planning and that gives me comfort but this quote sounds like it is an awful lot easier to just go back for more money.

Group Director, Strategic Finance:

So the way Government Plans are structured gives you the next year and 3 further years so the Deputy is correct in terms of the States Assembly makes decisions on the next year but also makes decisions in terms of total cost across the plan for the major projects. We do have total expenditure and total income estimates in those Government Plan years. Obviously, income is forecasted every year so that number may well change and we may well need to change expenditure in future years based on what those income numbers are looking like. It could be that we have the ability to do more or it could be we have the need to reduce expenditure because the income forecasts are telling us we are not going to be receiving the income we thought we were going to. So what we have is a budgeting process that allows us some flexibility but it does make sure that the big schemes who need to sign contracts have the total funding agreed in order for that to happen.

The Connétable of St. Peter:

That is excellent and I think, from what you are saying, we can agree that it is not just a tick-box exercise. You put significant work into those 3 years.

Group Director, Strategic Finance:

That is absolutely right.

The Connétable of St. Peter:

Thank you very much and thank you very much for explaining that so well. I will now hand back to Deputy Ahier.

Deputy S.M. Ahier:

Thank you, Constable Vibert. Minister, you have previously stated that borrowing now will not be a burden on the youth of the Island as they will benefit from the projects in the future. Are your decisions on the loan to value ratio now tying the hands of future Ministers to these projects, expenditure and debt?

The Minister for Treasury and Resources:

The matter of tying hands to future Ministers, I think that is the way our system works, that decisions are made by one Minister and have to be followed through by another but I think, as I said earlier, the budgetary system or the financing side of it can be readdressed every year. So from a loans point of view, yes, of course if it is a long-term loan, as it would be for the hospital, that is probably tying the Island to 30 or 40 years. As I say, we have not gone into the details of all that yet, certainly not publicly. So you are going to tie the Island to a loan if you are doing such a major project for the Island and that would apply to the Government headquarters and to Fort Regent, as you asked before, Deputy.

Deputy S.M. Ahier:

How are you seeking restraint in spending and what evidence do you have of this, for example, the hospital? Are you seeking restraint in the costs of this in other major projects?

The Minister for Treasury and Resources:

I absolutely am and Scrutiny have quite often referred to me, as I refer to myself, as a tight Jersey girl and I am very, very concerned about over-borrowing so, yes, there will be constraint without doubt. The Assistant Minister for Treasury and Resources and Minister for External Relations and Financial Services are equally concerned about the consideration of borrowing. If you would like him to add something, I think he would agree with what I have said, but it would hopefully address your comments.

The Minister for External Relations and Financial Services:

Deputy, I support entirely the Minister's view and that we understand the view of some that interest rates are low and, therefore, now could potentially be perceived as an optimal time to borrow. I do not defer from that view but my view is one of being cautious with public finances and only borrowing where we absolutely must, which is what stood us well, as an Island, in the past. We should not simply think that because money is cheap, we can max out on the borrowing, as it were, which is why the Council of Ministers supported my amendment to limit, where possible, the requested borrowing. As the Minister said in answer to an earlier question, that is now looking even better than we had envisaged at the time of the Government Plan the need to draw down borrowing during this year. The Treasury team are committed to keeping pressure on cost growth which is why, going back to the point that Constable Vibert made, we asked for a packaging up of the I.T.S. approach and for that extra money to come back to the Assembly in the next Government Plan so that it was given appropriate scrutiny and downward pressure on those increasing costs. The Treasury team is also committed to doing the same on all major projects and everyday expenditure because when you borrow, even if it is cheap, you have to pay it back. We wish to ensure that we are not fundamentally changing the approach to public finances which is part of the bedrock of our economic success and you have heard that from the Minister as well. I am sure that view is shared by the other Assistant Minister.

Deputy S.M. Ahier:

Thank you, Minister. Minister, does it concern you that current indications are that the course of borrowing is set to rise? Will you be asking Ministers to rein in their spending plans?

The Minister for Treasury and Resources:

Their spending plans, Deputy, are in the Government Plan already. The cost of borrowing, as you say, may rise which is why we do not want to leave it too long before we work out the way forward with the borrowing for the hospital.

Deputy S.M. Ahier:

Finally, you mentioned on Radio Jersey when you were in the hot seat that you felt that People's Park would have been a cheaper option for the hospital. Why then did you ultimately vote for the Overdale site?

[11:00]

The Minister for Treasury and Resources:

As I said when I was asked the question, I have always made it very public that I felt that the People's Park was the best option for an acute hospital largely because it is there and I think "shovel in the ground" is the phrase that I have learnt since I have been on this job. It would be pretty immediate and Overdale could then be redirected for long-term stay and, for instance, blood clinics and diabetes. Then the area where the current hospital sits, which is a much bigger area than the People's Park and bang in the middle of a residential area, would be freed up as a park so there would not be a loss of green space in St. Helier. It would largely be in my view, from having attended briefings and presentations on this for the last 10 years, that we could start immediately. Hence, it would not incur the delay that will cost money if this last project is put off further.

Deputy S.M. Ahier:

Thank you. Minister. I now pass on to Constable Vibert.

The Connétable of St. Peter:

Thank you, Minister, and I think I will be fairly quick, you will be pleased to hear. Tax returns. Do you have updates on the 2020 tax returns and how many returns have been assessed so far?

The Minister for Treasury and Resources:

Thank you, Connétable. Yes, I can hand you to the Comptroller, if he is there, to come in and give you the exact figures but, so far, it is looking very promising but I will let him give you the figures.

Comptroller of Revenue:

Yes, in terms of 2020 tax returns, I think we have already received and processed over 17,000. That is slightly better I think than 2019. More people have filed early and more people look to be filing online, certainly at this stage.

The Connétable of St. Peter:

I am pleased to hear that and you will be pleased to hear that I got mine in this week and I did it online. It was absolutely excellent. Thank you very much. This is to the Minister, in response to our view of the Government Plan 2021-2024 it was outlined that Revenue Jersey customer service levels would be routinely reported on the government website by the end of February 2021. On which page can these be found?

The Minister for Treasury and Resources:

Yes, it will be reported in 2021. I do not have the full large tomes in front of me so I cannot give you the page number, I am afraid. But we can get that information to you.

The Connétable of St. Peter:

Thank you very much. I can now hand over to Senator Moore.

Senator K.L. Moore:

As a follow-up to that, it has been pointed out in an F.O.I. (Freedom of Information) request that waiting times are still considerably long for people calling Revenue Jersey. What is being done to improve those waiting times for callers?

The Minister for Treasury and Resources:

Thank you, Senator. A huge amount has been done. The calls into Revenue Jersey over the last year went up by 80 per cent. Emails went up by 100 per cent. Largely because of people experiencing financial difficulties with COVID. Therefore, more resources, an extra 12, the Comptroller will tell me if that is not right, have been put into Revenue Jersey to help with all of this. It is very difficult to recruit people into what is such a specialised area and it does take time to train new recruits into the system of Revenue Jersey. But it is happening and of course now that the 2020 filing has been achieved, as the Comptroller has just said, then hopefully there will be a bit of a gap in the onslaught on Revenue Jersey. Yes, call times were not good, on average it was about 11½ minutes last year. But that was very much largely due to, as I have said, the pressures from the COVID situation.

Senator K.L. Moore:

Thank you. With regard to the G.S.T. (goods and services tax) and the consultation that is being conducted Island-wide, could you update us as to how that is progressing please on the changes to the importation and the *de minimis*?

The Minister for Treasury and Resources:

Yes. It has certainly been discussed for a very long time. I cannot remember when I said it to Scrutiny a little while ago, but the *de minimis* level has been a question that has been of discussion. It was agreed to reduce it from £240 to £135 by the Assembly early on last year. Then that was deferred again because of the COVID situation to allow people to not get confused with that and also for the fact that a lot of people were having to shop online because the retail outlets were closed here. So it was deferred to September and what we are doing now is to look at it again in line with U.K. (United Kingdom) and Europe. U.K. with L.V.C.R. (low-value consignment relief) have abolished their *de minimis*. The *de minimis* allowance is not a tax allowance, it is a charge, almost an administration charge. We are waiting for the E.U. (European Union) to see what they are going to do and we will probably have to tie in with them. But, at the moment, the consultation or the Island-wide view is being taken into consideration as to whether we drop from the £135 to a lesser figure or whether we remove it completely. But it will tie in with E.U. and also with what the U.K. is doing in investigating that big retail outlets like Amazon tax at source for the country of destination and then return that tax, bearing in mind we have a very different level of G.S.T. to V.A.T. (value added tax), and whether they then return that taxable income to the Treasury of the pertinent countries. The Comptroller will elaborate on that for you.

Comptroller of Revenue:

Thank you, Minister. It is probably worth saying we are not doing a formal Island-wide consultation per se. We have identified the key stakeholders in Jersey and off-Island and are engaging them. Through the Jersey Consumer Council, we are garnering the views of the public. Clearly, I do not expect many members of the public to welcome G.S.T. being charged on all postal importations if that is brought about. It is worth stressing, as the Minister has, the G.S.T. *de minimis* level is not a tax allowance. It would not be legal if it were a tax allowance. Successive Governments have recognised that the G.S.T. *de minimis* level is inherently discriminatory, does create unfair competition in the Jersey marketplace. Therefore, the Government position has always been, since G.S.T. was introduced in 2007, all goods sold in Jersey ought to bear G.S.T. The G.S.T. *de minimis* solely exists as a value-for-money measure to ensure that our customs officers do not spend more time trying to collect the G.S.T. than the G.S.T. is worth. It is a longstanding commitment to deliver it. The purpose of the review is really to determine how best to deliver it. What the ambition is, is to ensure that larger offshore retailers, people like Amazon, do charge G.S.T. when people go online and buy the goods and then, if that can be secured, we should be able to reduce the G.S.T. *de minimis* level further. As the Minister said, the U.K. has already abolished its *de minimis* level following Brexit. The E.U. is doing so from 1st July and also putting in the sorts of arrangements that we are looking to introduce.

Senator K.L. Moore:

How have you budgeted therefore for the financial and manpower implications of such a move?

Comptroller of Revenue:

Until we know exactly what the scheme would look like, it is difficult to budget for it. For example, if we can successfully oblige most of the large offshore retailers to charge G.S.T. at the point of sale, there is very little additional cost for the Government of Jersey in that. If, on the other hand, we are unsuccessful in that and we still wanted to reduce the G.S.T. *de minimis* level, then there would be additional costs. At the end of the day, because this is a value-for-money instrument, we would really be looking very closely at the return on investment. If, for example, the G.S.T. *de minimis* level was halved, but that required a significant number of new customs officers to administer that reduced level, then we might conclude it is not worth doing. It really is very much governed by value-for-money considerations. But the cost, until we decide what the scheme would look like, we cannot estimate. When we reduced it from £240 to £135, we provided Customs with a further 4 officers, which I think in a full year costs about £200,000, maybe a little more.

Senator K.L. Moore:

How many internet retailers currently collect G.S.T. under the scheme?

Comptroller of Revenue:

I do not have the exact detail but there are a number that do voluntarily register to pay Jersey G.S.T. and they do charge it at the point of sale or by an arrangement where, as the goods are coming into Jersey, an agent accounts for it on their behalf. There is a mixed economy. It is not entirely new. It is entirely feasible now voluntarily for a large offshore retailer to account for Jersey G.S.T.

Senator K.L. Moore:

Through your engagement with stakeholders, how many of those internet retailers have already committed to moving to collecting the G.S.T.?

Comptroller of Revenue:

At this stage, it would be fair to say that nobody has committed. But, from the discussions we have had, people are very open to having the conversation. To some extent, some of them will probably not commit until they see draft legislation and that they know it is definitely going to happen. But, obviously, because the Minister is very keen to maintain choice as well as deliver a fair and even marketplace, we are very keen to work in collaboration with the large offshore retailers so that what we do construct is workable for them. We are discussing at the level of granularity of computer software changes what the large offshore retailers might need to do.

Senator K.L. Moore:

Have any indicated that they might not sell goods to Jersey as a result of this change?

Comptroller of Revenue:

No. The thing that has struck me is that they do very much value the Jersey marketplace. It is extraordinary the number of parcels that come into the Island every year, several million. Some of the big players, who you can probably guess at, clearly do very much value their Jersey consumer base.

Senator K.L. Moore:

Is there a risk that some that may simply revert to charging what they call their global retail price, which includes V.A.T. often, so that Jersey consumers will end up paying both V.A.T. and G.S.T.

Comptroller of Revenue:

This is a vexed and rather confused issue at times. You are quite right, there are some retailers who operate what they call a global pricing policy. If you think of one or 2 of the big high street retailers on our high street, and they are the same retailers who are on the high street in Kirkwall and in Newry and in Skipton and in London, they charge one price. Then, within that price, they absorb distribution costs to wider-flung places and they absorb local taxes, whatever they are.

[11:15]

Whether they choose to change their pricing policy, I do not know. Clearly, they do it for commercial reasons. They do it because it is not effective to change pricing for smaller jurisdictions and so on and so forth. What I am absolutely certain of is that it is not V.A.T. I do not think anyone in the U.K. is charging V.A.T. to a Jersey consumer and paying it to Her Majesty's Treasury. If they are saying they are charging V.A.T., it is perfectly right for consumers to challenge that and ask for a repayment. Quite a lot of retailers do not have the sophisticated computer systems that identify Jersey as a separate jurisdiction. Therefore, when consumers are buying, they have no choice other than to say that they are in the U.K. and that sometimes potentially will create the V.A.T. charge I guess. But, as the Minister has said on several occasions in the past, it is really in the hands of consumers not to tolerate that and to buy elsewhere.

Senator K.L. Moore:

Thank you. I am going to hand over to Constable Vibert again now. He is going to ask a question about COVID.

The Connétable of St. Peter:

Minister, has the overall spend on COVID-19 in 2020 now been identified and what is it?

The Minister for Treasury and Resources:

Thank you, Connétable. It has been and it will be part of the annual report and accounts, listed in that, which will be released hopefully - they are with the auditors at the moment - by the end of March.

The Connétable of St. Peter:

Excellent. Will it include the methodology used for calculating the spend?

The Minister for Treasury and Resources:

Good question.

The Connétable of St. Peter:

You can answer that later. If you are not able to answer it today, you can always drop us a line. We can move on, if you want. Have all underspends been returned to the Consolidated Fund or COVID-19 reserve?

The Minister for Treasury and Resources:

They will be returned to the Consolidated Fund when we have the clear picture of what the underspends are. Then, as is in the Government Plan, the £40 million for the COVID-19 fund still stands in the Reserve Fund, but with a ring-fence for COVID-19. Any funds that have been underspend or just not spent will be returned, yes. It could be for the same project this year, but just was not used or there was not the time or the capacity to use it last year.

The Connétable of St. Peter:

Thank you very much. Do you have an estimate of the impact of COVID-19 on government revenues? Has that been produced or is that in hand? It is not just income, is it? There are all sorts of other factors or taxation. Do you have an overall estimate for the impact of COVID-19 on your revenue?

The Minister for Treasury and Resources:

That will all be in the report and accounts, which I have to say the team, considering the pressure they have been under, have been amazing to bring it forward. Last year it was brought forward by about 4 months. This year it is by another month. It is a huge amount, obviously, to put together when you are dealing with the whole of the Island economy. The anticipation is that it will be the end of this month, so another couple of weeks.

The Connétable of St. Peter:

I agree with you and I think that is excellent, given the circumstances we are in. Perhaps you can pass on my thanks and perhaps everybody's thanks for the hard work that they have done.

The Minister for Treasury and Resources:

Thank you, Connétable.

The Connétable of St. Peter:

Finally, Ministerial Decisions have transferred unspent allocation of the co-funded payroll scheme and visitor attractions and events scheme into 2021 reserves for COVID-19 pressures. Can you confirm if these will be used more widely by Customer and Local Services or the Office of the Chief Executive or are tied to the use of the existing schemes?

The Minister for Treasury and Resources:

That is a big question. The events strategy comes under Economic Development rather than Treasury for dispensing of funds. Obviously, C.L.S. (Customer and Local Services) have to have an interest in it. The overall cost of that we have yet to see. Alison can add some figures if that is any help to you, Connétable.

The Connétable of St. Peter:

Yes, thank you very much.

Group Director, Strategic Finance:

I think you are maybe referring to the end-of-year report where we had underspends from 2020 that we moved into reserves and those reserve balances were then moved to 2021. What we have been able to do with that is to take advantage of some of the underspends in 2020 on COVID-19 expenditure and use that to help towards keeping the resilience on a COVID-19 reserve in 2021. We already have the next phase of the co-funded payroll scheme, which was going to prove to be more expensive than anticipated. So by being able to move that money from last year into this year that has enabled us to effectively have that £14 million again, in existence for the rest of the year.

The Connétable of St. Peter:

That is excellent. I am not sure if this final question is for you or the Minister, but what steps have been taken to ensure the allocated funds to the department are for COVID-19 actions and not used to supplement business as usual activities?

Group Director, Strategic Finance:

We have done that by having a separate head of expenditure. That is how the Public Finances Law works. We have heads of expenditure and we have accountable officers for heads of expenditure

or, in this case, with the COVID-19 head of Expenditure, we have accountable officers for elements of that head of expenditure. They are only able to use those funds for the purposes for which they were approved by the States Assembly. If they require to use those funds or might want to look to use those funds for any other reason, it would have to come back to the Treasury and the Minister for Treasury and Resources is the only one who can approve that.

The Connétable of St. Peter:

Thank you very much for that. I will now pass over to Senator Pallett.

Senator S.W. Pallett:

We will stay on COVID-19 measures for the next few questions. If I could start with the Government's announcement of its reconnection road map and just a couple of comments you made in your hot seat appearance at the BBC. That was that it was not right off the scene and not off the table. Is there any intention to release another tranche of funding through the £100 voucher scheme sometime in 2021?

The Minister for Treasury and Resources:

Very good question, Senator. We had already discussed that last year when we released the first spend local card as to whether we would do a second one. That was really at the time when it was (a) winter and (b) the economy was pretty dire, and (c) tourism was not happening, not that it happens much in the winter anyway, but it was not a good positive forecast. At the moment we will hold back on that, bearing in mind it does cost the taxpayer, although the taxpayer puts the money back into the economy. It does cost the taxpayer. We will hold fire until we see what the next stage, which I think is going to be released in a press briefing this afternoon, will bring forward. At the moment it is on hold, but it would be, if we were going to do it, as I think has been agreed, that it would be for 16 years of age and over and probably directed more at hospitality rather than just left across the board. That is where we have got to with that. There is no decision at the moment, bearing in mind the cost of issuing the cards is quite considerable.

Senator S.W. Pallett:

Accepting this is at the very initial stage, in terms of what the thinking might be, are there any briefing papers that you could let the panel have, in terms of your current thinking or are you just getting your thoughts together about what that might be?

The Minister for Treasury and Resources:

No, there are not any papers that we can release to the panel, because we would have done that, had we been going forward with this. As I say, we are waiting to see how the economic recovery works with Easter coming up and how the opening of hospitality has worked and how staycations

have worked. We have to do everything pretty much on a day-by-day, week-by-week basis, so there are no papers or anything that says what a release of a new spend local card would do.

Senator S.W. Pallett:

Okay, thank you. In your view, did the previous scheme present a good return on investment for taxpayers?

The Minister for Treasury and Resources:

It did. It was, in my view, fantastic. It cost about £11 million to administer and distribute the cards. Many of them were returned unspent by people who had left the Island or who did not spend them. The feedback into the economy was from what we know about £10.5 million, but what we do not know is where people have used their cards, their £100, to buy, for instance, a £600 television. That would be £600 back into the economy. That, of course, we cannot estimate. The scheme was extremely successful. I do believe that Northern Island wanted to adopt it as well.

Senator S.W. Pallett:

I can understand the benefits of the scheme, but you mentioned £10.5 million, that other £0.5 million, what areas was that leakage seen in?

The Minister for Treasury and Resources:

I would not call it a leakage. The cost of producing the cards, distributing them, which was helped by Jersey Post, and the cost of putting the whole scheme together in officer time from C.L.S. and officer time from Treasury. It has been a phenomenal feat to produce the whole scheme so quickly.

Senator S.W. Pallett:

It is really purely down to costs?

The Minister for Treasury and Resources:

Yes, but the feedback, inasmuch as the economy ...

Senator S.W. Pallett:

Okay.

The Minister for Treasury and Resources:

I would not call it leakage, that is for sure. If we were, as I mentioned in my former answer, to do it again, we would probably target it more this time because it is hospitality that appears to have, from the figures we have, suffered considerably more than a lot of other areas.

The Minister for External Relations and Financial Services:

The economist word is "displacement". Although it worked really well, there is inevitably some displacement from spending that Islanders might have done. Therefore, if memory serves, they looked at spend in supermarkets, for example, and categorised that as displacement spend, because you could argue that people would have spent their £100 on everyday essentials in a supermarket anyway. That is not to say that they did not, after the event, spend the money that was displaced. So the point that the Minister makes about it being a success and only a small element being displaced as well as the administration is absolutely correct.

Senator S.W. Pallett:

You are right, there were some detailed breakdowns given, which were very good. Are there any other COVID-19 support schemes being considered at the current time?

The Minister for Treasury and Resources:

Senator, the latest one is the visitor attraction and events, which was mentioned before, that is being launched by Economic Development.

Senator S.W. Pallett:

Yes, that has been announced.

The Minister for Treasury and Resources:

At the moment it is that and then it is a matter of when the borders will reopen for tourism. It is just dealing with the situation as we find it at the moment. We are doing everything in very carefully staged phrases, so that if there were to be another small spike in cases, we would be able to determine from whence they originated. So everything is being done very carefully and, some might say, too slowly, but we need to be able to keep track and S.T.A.C. (Scientific and Technical Advisory Cell) need to be able to keep a track, if there were to be a spike, where we could find the cause.

[11:30]

Senator S.W. Pallett:

So we are in a wait-and-see situation at the moment. Okay, if I can move on to Fiscal Stimulus Fund, just starting with a general question really: what lessons from the earlier 2008 Fiscal Stimulus Fund have you used when constructing the current fund?

The Minister for Treasury and Resources:

I would have to hand you over to the 2 officers who have been on the F.S.O.G. (Fiscal Stimulus Oversight Group) as to how they have used information from prior Fiscal Stimulus Funds, but this

one was done totally in reaction to what we are facing at the moment in our economic recovery for the Island, as you are well aware, in 2 tranches of £25 million each, but completely oversubscribed, which is wonderful. We have had so much interest in it. Of course, it is then of huge demand on the Fiscal Stimulus Oversight Group in order to work down how we keep that over-attraction within the realms of what finances we can produce. Perhaps I could hand you to the Treasurer, who might be able to say what terms of reference we used in relation to the previous one. Thank you.

Senator S.W. Pallett:

Good morning, Treasurer.

Treasurer of the States:

Good morning. We did bear in mind the Fiscal Stimulus Fund version one, when putting together the terms of reference and in discussion with us who were in the Treasury at the time and also part of the process. I cannot recall the individual recommendations that were made, but there were some relating to governance arrangements, having some dedicated resource, which is also a recommendation that came through the review of the Innovation Fund and also in developing the business cases. It is fair to say that, given the number of bids that were made, we had to consider carefully the criteria that we developed. We passed on a copy of those and briefed the panel on those in trying to assess which of the bids to take forward for decision from the Minister.

Senator S.W. Pallett:

Thank you. I do not know whether this is one for yourself, Treasurer, or maybe one for the Minister, but the Fiscal Policy Panel report in October 2020 recommended that projects considered for funding under the Fiscal Stimulus Fund should be assessed against their ability to have a permanent positive effect on the productivity of the economy overall. How are you ensuring you achieve against that particular objective?

Treasurer of the States:

We have assessed, not only the short-term impact in terms of timely, targeting and temporary from a fiscal stimulus perspective, but also built in some assessment against the medium to longer term impact as well. You are right that the F.P.P. (Fiscal Policy Panel) raised that as a piece of advice that we should take forward. We have done that in the scoring. We have to bear in mind the stimulus perspective in the short to medium term as we release from the COVID-19 measures.

Senator S.W. Pallett:

Productivity has been a concern for some considerable time, but specifically around productivity, how do you think you can measure each of the projects against productivity in particular?

Treasurer of the States:

In terms of productivity, it is fair to say we have regarded productivity in the recovery funding or the recovery phase that would follow the stimulus phase. That is addressed as part of the work that is underneath the Economic Recovery Political Oversight Group, specifically the report of the Economic Council, which has considered how we should come out of recovery from COVID-19 and looking not only at the threats out there, but also at the opportunities the post-COVID-19 world presents. From a fiscal stimulus perspective, that is a little bit more difficult, given that the focus is primarily in that short term, but having an eye to the medium term. You can draw some conclusions, and we have the chief economist on the Fiscal Stimulus Oversight Group, and will be considering the economic impacts on the medium and longer term. Having improvements to the infrastructure, which many of the bids do present, adds to the effectiveness of the economy and also presents opportunities for the community and skills-based projects. There are many ways in which you can look in terms of long-term outcomes in respect of skill levels across the economy, which also will obviously improve the possibility of improving the productivity in the longer term.

Senator S.W. Pallett:

Thank you. In terms of the Fiscal Stimulus Oversight Group, how many times have they met to discuss the potential projects? I do not know if that is one for the Minister or yourself again, Treasurer.

Treasurer of the States:

It would be one for me if I could remember the number, as I sit on it, although the Minister will now tell me that she knows the number of times I have sat on it. It was more times than I thought it would be.

The Minister for Treasury and Resources:

Very good question. I do not sit on the group, but I have heard that it was about 18 by the end of February, which was considerably more than the group had anticipated, bearing in mind there are 4 officers and 2 independent representatives on the group. The generation of interest in the first tranche was quite extraordinary for a £25 million fund. There was £103 million worth of bids by, off the top of my head, 92 applicants. It took the group a lot longer to assess all the expressions of interest then move them into business cases. I seem to remember, in answer to your question, Senator, it was about 18 by the end of February and, of course, we still have tranche 2 to go.

Senator S.W. Pallett:

You certainly have. In terms of timeframe, what was the time period over which they carried out that process?

The Minister for Treasury and Resources:

I will hand you back to the Treasurer for that one.

Treasurer of the States:

From memory, and it is only from memory, we started before the end of last year and have been considering bids as we have moved forward through the year.

Senator S.W. Pallett:

Why is it taking longer? It seems to be taking longer than anticipated to go through those bids and to confirm the successful bids for the Fiscal Stimulus Fund, why is that?

Treasurer of the States:

As the Minister has just said, we did not expect the scale or volume, as well as the quantity in terms of pound signs of bids that we had. That changed very sharply over the Christmas period. Just before Christmas the numbers were broadly in line with where we were expecting, by the time we got to the end of the year, virtually overnight, the numbers jumped up considerably. Therefore we had to consider how we were going to continue with those assessments. We have a 2-stage process, so that everyone did not move forward to the full business case stage. But that also involved inevitably some toing and froing between the departments and also between those who applied themselves. That is probably an area that, if we were to move forward in the future, we would have to consider again in terms of how we would learn from that process. Having said all of that, of course, when we set out with the original proposition for the Fiscal Stimulus Fund, that was ahead of the phase 2 for COVID-19 as well. That obviously impacted, as you can appreciate, the Treasury. It has also given us a little bit of room in considering those schemes as well. Primarily, it is due to the scale of interest that we had.

Senator S.W. Pallett:

Considering the intricacies of some of these bids, have you had to bring any extra support in to help you work through the bids?

Treasurer of the States:

We have had some resources dedicated to it. We have been doing some business case reviews through that resource as well. In the briefing we laid out to you yesterday, in particular on construction projects, we have asked for some Q.S. (quantity surveyor) advice on all of those that we are recommending to move forward, and we will do as well in tranche 2, to give us some assurance that the bids are reasonable in terms of their deliverability and also in the costings that are presented to us. We have the chief economist on the panel as well, which has been invaluable in considering the short and medium-term economic benefits.

Senator S.W. Pallett:

When will you realistically expect the projects to commence, presuming they are successful?

Treasurer of the States:

If they are successful, I would say that many of those projects are pretty much ready to start or begin. The Minister used the phrase "shovel-ready projects". Some are more ready than others. Some need to do more, such as applying for planning permission or building permissions or building bylaw permissions. I would anticipate many will start fairly instantaneously after the Easter period.

Senator S.W. Pallett:

You have highlighted to the panel that you need comments back from the panel on the recommendations by 24th March. Considering that very short timeframe, I am just interested in what level of detailed scrutiny you expect from the panel or what is possible within that particular timeframe.

The Minister for Treasury and Resources:

If I could jump in ahead of the Treasurer there. We fully appreciate it is quite a short timeframe, but we need to allow these people to get on with their projects. To make it quite clear, what we have asked from the Scrutiny Panel are for comments, not a review of all the work that has been undertaken by the Fiscal Stimulus Oversight Group. That has all been done. As the Treasurer said, with an independent Q.S. and the economic lead in all of this, all that work has all been done. It is not a review of all the business cases by Scrutiny, just their comments on the projects that we have agreed to. I do not know if the Treasurer wants to add a bit more.

Treasurer of the States:

As the Minister said, it is intended to seek the panel's comments. Naturally we cannot dictate to the panel to what level of support you would need or to what level of granularity you would like to go into. However, we are available to you, as officers, to assist with that should you want that.

Senator S.W. Pallett:

Okay. As a panel, we will have to decide the level of scrutiny that we wish to do. Now is not the time to do that. Just to finish off the section that I have, how many of these bids are construction orientated or construction based? Is it the majority or ...?

Treasurer of the States:

It is fair to say the majority are construction based, although they are across a spread of different specialisms if you like. They range from full construction to refurbishment to maintenance. There

were, off the top of my head, 31 total bids that we are proposing to go forward. Although there are some changes further to questions or further information that has come forward. Of that 31, 23 roughly are construction-based projects, but not all are straightforward construction projects. Different specialisms, different skills and different sectors are involved in many of those.

Senator S.W. Pallett:

Given the considerable number of capital projects which Government are already planning, is it viable to also have construction projects within the Fiscal Stimulus Fund?

The Minister for Treasury and Resources:

As I say, I am not part of this panel, but the panel were very conscious of the concern about the level of construction in the Fiscal Stimulus Fund. As the Treasurer has just mentioned, a lot of these are refurbishments, maintenance, churches, which are not necessarily construction as one would deem it, i.e. constructing a new building.

[11:45]

The limit of time, so the project has to be completed by the end of 2021, prevents any construction as it might be publicly perceived, because of planning regulations. These are all things that would be halted or not thought about or would not progress if it were not for the funding from Fiscal Stimulus Fund.

Senator S.W. Pallett:

So it would be correct to say that many of these projects are looking to spread the work around the construction industry, not necessarily in building buildings, as such, but trying to make sure that all of the sector get an opportunity to benefit?

The Minister for Treasury and Resources:

Yes. A lot of it, as I just mentioned, is in churches or in the arts. There are quite a lot devoted to that. When I saw the end list, I was incredibly impressed about the diversity. You can put a whole load under construction. You see the difference between the various maintenance and refurbishment projects that, without it, would not have been able to open again. As soon as we can we will provide you with that list.

Senator S.W. Pallett:

Final question from me: how are you going to ensure, in terms of the fiscal stimulus bids and their benefit, that there is benefit to the different genders, to make sure that there is a fairness in that benefit?

The Minister for Treasury and Resources:

I rather thought that question might come up. That was the concern about the consideration of the construction industry, which is largely male populated, but there are a huge amount, other than the construction industry, where that diversity across gender is accommodated.

Senator S.W. Pallett:

Is that very much part of the assessment process?

The Minister for Treasury and Resources:

Yes, it is. I will just pass over to Richard and Alison to see if they have anything else to add.

Treasurer of the States:

It was included in the criteria. There was an amendment made by a Deputy to the proposition lodged by the Minister, which was accepted. So diversity has been taken into account in the criteria, as the Minister said. As you are indicating, yes, perhaps they were not as diverse as we might have hoped, in terms of that benefit being in construction, but the wider benefits of many of those projects are felt by a more diverse base as a result of that project having been delivered.

Senator S.W. Pallett:

Thank you. I am going to hand over to my Senatorial colleague, Tracey Vallois, for the next set of questions.

Senator T.A. Vallois:

Thank you, Steve. The Minister signed a Ministerial Decision on 5th February called the *End-of-Year Report*. It basically stated that there were a number of unspent allocations to be assigned to projects in 2021, despite the Government Plan. Can the Minister explain why this is the case?

The Minister for Treasury and Resources:

Thank you, Senator. We addressed this earlier on. I will hand over to Alison for some detail of figures. There are some non-recurring transfers which were signed back and underspends which were signed back to the funds, whereas in the previous few years, not necessarily last year, used to stay with the department to be carried forward. We cannot say that word any more apparently. So now any unspent funds are returned to Treasury, ring-fenced, in most cases, for capital projects that put back into the Consolidated Fund or the Reserve. I will hand over to Alison, who can probably give you an update, as she is the one who is in charge of all of this.

Group Director, Strategic Finance:

Thank you, Minister. Yes, within the decision there are a number of budget movements, including what we refer to as Smoothing Reserves. So with that we have the court and case costs and also the markets Smoothing Reserves. This is how we manage expenditure. We have various departments who have budgets for court and case costs in year. To ensure that we do not have to provide high levels of funding in each and every year, we allow, effectively, for those balances to be moved to future years and to be accessible to them when they incur higher court and case costs in those years. Markets is another good example where if income is higher than expenditure in any one year, we allow that difference to move into the future year, so that if expenditure, and I understand they are anticipating quite a large refurbishment in 2021, they can access those funds at that time when they need it, rather than providing them with higher budgets in each and every year.

Senator T.A. Vallois:

Thank you very much, Alison. I just want to follow up on the Smoothing Reserves, if I can. In the report it says it is an established practice. Is this required under the Public Finances Law or under the Public Finances Manual? If so, or if not, why is it an established practice? Also what is the criteria around why, for example, it is just Non-Mins or the Office of the Chief Executive which is explained in the report? Why is it not broadened out further than that?

Group Director, Strategic Finance:

It is the types of expenditure that we manage in this way. With court and case costs, it is only those departments who have base budgets for court and case costs, in order to make use of this arrangement. The Office of the Chief Executive is a new department receiving a base budget for court and case costs. They now have base budget for C.I.C.R.A. (Channel Islands Competition and Regulatory Authorities) and therefore they are also part of this established methodology. It is not an accounting methodology. It is something that we have decided to adopt. It just allows us to smooth things over years. As I said, we were experiencing some requests for some significant funds, particularly with court and case costs, where departments were anticipating high levels of costs for certain court cases, with which it is often very difficult to predict when it is you are going to spending this money. By providing this ability to carry funds over, it means that we are not under pressure to provide those heightened levels of funding.

Senator T.A. Vallois:

That is helpful to understand Smoothing Reserves. I imagine it is a new version of what used to be referred to as annually managed expenditure. You can confirm that in a moment. The next question is really how the end-of-year report and the movement of these funds being reallocated will impact on any plan deficit and also how it will affect the prioritisation of projects when budgeting for the 2022 Government Plan?

Group Director, Strategic Finance:

In terms of the deficit, as you would expect, we are reforecasting where we think we might be for 2021, in terms of deficits and also in terms of borrowing. That is something we do throughout the year, certainly at least on a quarterly basis. This is funding that has not been spent in 2020. Therefore, that allows us to have more cash available in 2021, so will help to reduce any borrowing needs. Also as part of this Ministerial Decision, the Minister released £50 million back to the Consolidated Fund, which will have a positive effect on any borrowing needs. In terms of how the projects progress, as part of this process we looked down ... so capital is the largest element of the underspend, as you would expect. We looked down the list of more than 50 heads of expenditure and asked departments for an update in terms of where these projects were. So looking at whether there was funding available in 2021 already and therefore they did not need that money from 2020, whether they were under contractual obligation with the funding they had allocated in 2020 and therefore they would need that funding again in 2021. But also this is where the major projects are smoothed across years. So £32 million of this transfer was on major projects.

Senator T.A. Vallois:

It is helpful that you moved on to the capital and referred to the major projects. Can I just clarify something in the end-of-year report? It was mentioned earlier in the hearing about integrated technology solutions. I see that £10.5 million of the unspent funds are going towards that. There is a paragraph that says £7.9 million is being added to the integrated technology solution major project, is that in addition to the £10.5 million that is noted on the table on page 3 of the report?

Group Director, Strategic Finance:

What we had to establish was that a contract was to be signed for this project and within that contract it would have future year commitments. So the £10.5 million you refer to is the money that the department needs it to spend in 2021. The further money is their contractual obligation that we will hold centrally so that the accountable officer had what he needed in order to sign that contract.

Senator T.A. Vallois:

Thank you for clarifying that, it was not quite clear in the report. In terms of the end-of-year report and how it has been reported, have there been any amendments since the publication of the Ministerial Decision on 5th February? If so, why is that the case?

Group Director, Strategic Finance:

Yes, we did have an amendment to this end-of-year report. It was discovered by our auditors that the budgets that were loaded had brought 2 heads of expenditure together, whereas they should

have been identified separately. Therefore, the report that we asked the Minister to sign the first time did not identify that head of expenditure separately and therefore we needed to do that.

Senator T.A. Vallois:

Okay, that is helpful. Can you clarify if what is in the end-of-year report will be set out more clearly in the financial report and accounts once they are published?

Group Director, Strategic Finance:

The financial report and accounts is about actual expenditure, whereas the end-of-year report is more around budgets. What I would expect you to see in the annual report and accounts is what the actual expenditure is in 2020, as opposed to what the budgets that might be moved from 2020 to 2021 might be.

Senator T.A. Vallois:

Thank you for that. Can I just clarify then: in the report, it indicated there will be a release of the £99.9 million which was approved for COVID-19 related expenditure back to the Consolidated Fund to be used to minimise the borrowing requirement from the revolving credit facility. Can you explain how this figure was arrived at, please?

Group Director, Strategic Finance:

That is the up to £100 million that the Minister approved in 2020 for COVID-19 measures. The commitment was made that any underspend would be returned to the Consolidated Fund and £50 million was returned to the Consolidated Fund.

Senator T.A. Vallois:

Thank you very much. I will now pass to Deputy Ahier to ask the next set of questions. Thank you.

Deputy S.M. Ahier:

I do not know if you can hear me. My computer screen has frozen.

Senator K.L. Moore:

Just while the Deputy is having some technical difficulties, I do note the time is coming up for 12.00 p.m., so we shall conclude this hearing at this point. We can send any further questions that have not been addressed in this session in letter form. If you agree, Minister, that would probably be the best way forward.

The Minister for Treasury and Resources:

Yes, thank you, Chair. My next meeting has just started, so that would be very accommodating of you. Thank you. If we can help with further information, of course, we will do that.

Senator K.L. Moore:

Thank you, we will look forward to it. I thank everyone for their contributions this morning. I close the hearing.

The Minister for Treasury and Resources:

Thank you and the panel.

[12:00]