

Minister for
Treasury and Resources



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Senator K Moore
Chairman
Corporate Services Scrutiny Panel

7th of May 2020

Dear Senator Moore

Thank your letter requesting answers to additional questions following the quarterly hearing on the 23rd of April 2020. Please find my response to these questions below.

COVID-19 (Coronavirus) and public finances

1) Do you intend to bring further changes to the Public Finances Law to allow for greater freedom in fiscal stimulus, should the recession be deeper than expected?

At this time, I consider that the changes we have made to the Law give me sufficient leeway to provide the necessary fiscal stimulus to the economy. Some fiscal levers for example with regard to possible tax measures would need legislation of one form or another. Both the PFL and tax statutes facilitate this.

2) The Chief Minister has said that future government spending and accounts will have a greater focus on sustainable well-being. What do you expect this to mean for Treasury?

I agree with the Chief Minister that future spending will need to focus on sustainable well-being. This does already feature in the Treasury's priorities, being one of the Government's 5 strategic priorities but I am sure we will wish to review what is already set out in the Government Plan and consider further reinforcement in the light of these events. Clearly, it is early days to form definitive views.

a) How will this change your priorities as Treasury Minister?

The Treasury seeks to ensure that Government income is sufficient to meet Government's costs in delivering the public services which islanders want and need.

Government incomes may need to increase to service increased debt and restore monies taken from our funds; or to meet increased demand for new or additional services in the Covid-19 aftermath. In the short term, it is important to continue to support households and businesses by ensuring we keep as much money in people's pockets as possible. In the longer run, we shall need to ensure we have the right balance of taxation to meet our future needs.

c) Will this focus, alongside the need to maintain vigilance over both COVID-19 and other severely disruptive events, manifest as a fundamental change in how Treasury views and engages with the Island's economy?

Jersey needs to ensure it has the means to cope with the aftermath of Covid-19 and the potential risks of similar events in future. We cannot assume Covid-19 is a "once in a generation" event and need to plan for an uncertain future. Climate Change, for example, remains a significant risk. Dialogue with all players in our economy will be needed as we develop future strategies for coping with such risks as well as the strategy for funding Government.

d) Which countries and what research are you looking at to develop this focus?

Government is looking widely at Covid-19 responses and initiatives globally. In Treasury specifically, we are tracking worldwide best practice principally through the OECD and carefully considering OECD's views and recommendations on best practice.

We also pay particular attention to initiatives taking place across the jurisdictions of the British Isles (Ireland, the UK and its devolved administrations and the other Crown Dependencies). Treasury – both Ministers and officials - have strong networks and links into all of these administrations including their treasuries and tax administrations

e) How are you engaging with non-Ministerial States Members about this issue?

We will, of course, continue to engage non-Ministerial States Members through usual channels (Scrutiny and Assembly debate) and through the engagement of States Members in policy development wherever practical. I would welcome the Panel's views on what they would like to see and how best to achieve this.

3. Is any emphasis being placed on procuring through LOCAL business in order to support the local economy?

The Government of Jersey continues to develop multiple sustainable supply lines. Where practicable, we are further utilising our existing in-island professional services agreements and legal services frameworks; IT supplier contracts, medical suppliers and working with our logistics providers. We are also working with our arm's length and wholly-owned

organisations who are supporting both the Government's commercial and procurement services whilst also working with the local economy.

It should be recognised that a significant number of goods and services aren't available on the island and in fact are scarce worldwide (for example, PPE and Ventilators). However, it should be noted that all offers of support are given due consideration.

The procurement processes are included in the Public Finance Manual and further supporting guidance outlined in the Best Practice Procedures document, which is linked within the Public Finance Manual.

Tax Measures

4) How are tax returns for this year progressing? Have you received more or fewer returns compared to this time last year?

Revenue Jersey has now largely completed 2018 assessing and has re-programmed its systems to commence work on the 2019 assessing cycle. So far, we have received around 22,200 returns - which is about a third of those issued. It is usual for most returns to be filed in late May.

This year, of course, for the first time, taxpayers have the choice to file on paper by 31 May or online by 31 July.

The Comptroller is not able to perform a statistical comparison against last year's position at this time but considers there to be somewhat fewer returns filed than at this same time last year. That may be down to the impact of Covid-19 but might possibly reflect the availability of the new deadline for filing online.

a) How many paper forms have you received?

We have so far received around 17,000 paper returns for the 2019 year of assessment. The deadline for filing paper returns is 31 May.

b) Has there been a higher than predicted number of Tax returns filed online for this year? How many have been filled?

We have so far received around 5,200 online returns which is 23% of the total returns filed to date. We did not set a target for take-up of online returns but will be quite content if, at the end of the return cycle, 10% to 20% of returns are filed online this year. Covid-19 may lead more people to file online.

c) What feedback have you received from Islanders who have filed on line?

I am pleased to report that to date 83% of online taxpayers scored their experience at 4 to 5 stars out of 5.

5) How has the disruption caused by COVID-19 affected the move towards Independent Taxation? When can Islanders expect this to take place?

I have decided to defer consultation on the move to Independent Taxation given this was largely to be about the potential financial consequences of making this move; and options for managing the transition. The Ministerial team decided this was not the right time to engage islanders about that. We will begin consultation at a future date when Covid-19 is less time-consuming for Government and when islanders will have a better sense of their longer-run finances.

a) Which non-COVID-19 policy issues do you intend to continue with through 2020?

It is still early days but I do nonetheless want to keep momentum between the changes proposed for 2021 with regard to married-people's taxation – which are not dependent upon further consultation - and Independent Taxation.

I am considering the case for delaying the introduction of interest charges on tax debts, from January 2021 to January 2022.

That said, I would still welcome your response to my letter of 18 July 2019 where I sought your opinion on the best way to structure the related regulation. It is important that we are in a position to switch on interest charging at the most appropriate time.

Which Policy issues can we expect to be delayed either indefinitely or for a significant period?

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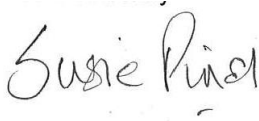
6) Will additional work be done, or do you plan to conduct, monitor those who enter into financial hardship?

We will to some extent be able to track those entering into financial hardship through the work of Officers in the Customer and Local Services (CLS) department and our debt-management team in the Treasury.

a) Is Income equality likely to increase?

I think it likely that the risks of greater income inequality and lower standards of living will magnify. This is, of course, one of our 5 Strategic Priorities and the actions set out in the Government Plan will warrant review.

Kind regards

A handwritten signature in black ink that reads "Susie Pinel". The signature is written in a cursive style with a large initial 'S'.

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