

STATES OF JERSEY

Corporate Services Scrutiny Panel Hearing with the Minister for Treasury and Resources concerning the Public Finances Law Amendments

MONDAY, 13th JUNE 2011

Panel:

Senator S.C. Ferguson (Chairman)
Senator J.L. Perchard (Panel Member)
Mr. M. Oliver (Panel Adviser)
Ms. K. Boydens (Scrutiny Officer)

Witnesses:

Senator P.F.C. Ozouf (The Minister for Treasury and Resources)
Connétable J.M. Refault of St. Peter (Assistant Minister for Treasury and Resources)
Mr. J. Richardson (Acting Chief Executive)
Ms. L. Rowley (Treasurer of the States)
Ms. P. Staley (Law Draftsman and Head of Law Drafting Office)

[11:48]

Senator S.C. Ferguson (Chairman):

I wonder if we can quickly run through who we are and what we are for the purposes of the transcribers.

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

Yes. Senator Philip Ozouf, Minister for Treasury and Resources.

The Treasurer of the States:

Laura Rowley, Treasurer of the States.

Connétable J.M. Refault of St. Peter (Assistant Minister for Treasury and Resources):

Constable John Refault, Assistant Minister for Treasury and Resources.

The Acting Chief Executive:

John Richardson, Acting Chief Executive.

The Law Draftsman and Head of Law Drafting Office:

Pam Staley, Law Draftsman.

Ms. K. Boydens (Scrutiny Officer):
Kellie Boydens, Scrutiny Officer.

Senator J.L. Perchard (Panel Member):
Senator Jim Perchard, Panel Member.

Mr. M. Oliver (Panel Adviser):
Michael Oliver, Adviser to the Panel.

Senator S.C. Ferguson:
Sarah Ferguson, Chairman. Right, if you would ...?

The Minister:

Right. Okay, we have got a presentation for you which is a presentation which we will also be giving (with perhaps not so much detail) to States Members. The changes to the Public Finances Law will not be new to you and they will not be new to you in terms of you calling for a change in the way that the States budgets for a number of years. I should first of all, I think, say that there are going to be 2 phases of amendments to the Public Finances Law, these are being brought in now and the States are being asked to approve them in advance of consequences of the election and the new Council of Ministers. There will be other changes to the Public Finances Law which are necessary and will follow in the months afterwards, this is designed to deal with the big financial management decision-making process within the States. So, very simply, the first slide, what is being proposed and it is most simple: it is a total spending limit for 3 years, departmental allocations for 3 years. It is for the first time a creation of 2 centrally-held funds within the 3-year period, one for growth, understanding that there are political priorities that always emerge that perhaps are not entirely predictable but they happen within a 3-year cycle (it is unrealistic to say that you cannot have any new money for political priorities that come up) and also putting on to a statutory basis a contingency amount to deal with the fact that we would like the world to be certain; the world is an uncertain place and there will always be things that come up. The reasons why change is required are well-known to you. The annual process, I have said earlier that the annual business plan almost gives the indication that every year we are doing a zero-based budget because, in theory, every department until the business plan is decided upon in the September, would not know what their budget was next year, let alone in 2 or 3 years' time, and that gives the indication of almost as though you are revisiting budgets on an annual basis. A year-to-year decision is also very short-term in its certainty, in its outlook, and so giving departments a 3-year budget deals with, I think, the correct assessment that the States is short-term in its provisions. No provision in the past for unforeseen expenditure, not wise; there will always be things that happen, so this puts some arrangements in place. But the Treasury rules associated with accessing the contingency will not be a return to the allocation of the general reserve, which was the thing that was abolished in the last Finance Law amendments because the £10 million that used to be in the general reserve was just regarded as a self-service buffet where the money was sort of lying on the Finance and

Economics Committee table and people came and bid for it. We have taken the best practice of the way that other governments, particularly the U.K. (United Kingdom) deal with contingencies and we are going to be replicating the concepts of DEL and AME et cetera. I think that the last point about the fact that (and we have been debating this morning) the public view ... and indeed numerous successive reports by your Public Accounts Committee, Chairman and the C. & A.G. (Comptroller and Auditor General) is that States spending can be better managed. At the very heart of it, the font of all the decision-making, is the way in which the allocations are made in the Public Finances Law, and this is designed to change things. We think that moving towards 3-year budgeting will mean that there is a more medium-term outlook generally. With the right to have a medium-term certainty in terms of your budget will come the responsibility of working within it. Yes, there is going to be the contingency that is available for the things that you cannot control yourself but the responsibility on departments is going to be greater with a longer-term or medium-term plan. Of course, if you are determined (as I am) to limit and check the increase in public expenditure and to deliver better value, then delivery of the decision in the first year, which will then be for 3 years, is the most important. The ability for departments ... I said about: "With the right comes the responsibility"; departments will be able to be more medium-term in their own decision-making: they will be able to defer projects, they will be able to carry money forward, not spend it in one year. I have always found it a curious state of affairs that the States just works on a 12-month basis; that is not sensible. The new law will provide departments with the ability to have greater flexibility for themselves. I believe that that will lead to better value for money and better value for tax payers in terms of the money that they have spent and it will deliver certainty in terms of spending, providing you get that right decision up front done. The next slide (I think you have seen this before) basically sets out in, sort of, a 3-year staged process what will happen when. This will replace the Annual Business Plan as we currently know it and it will focus the year 2 and year 3 business plans into the allocation of the growth money that is available, we will not revisit the base cash limits for departments that they have got. The first year will be intense and we will need to get the decisions right because we will have, after the election of the new Council of Ministers, a strategic plan. It does not need to be a strategic plan, in my view, we have dropped now the concept of the States not signing up to and debating the Strategic Plan, that is a States of Jersey Law amendment and the decision has been made to drop that requirement, not to bring that to the States, and we are just literally focusing on the financial aspects of it. I hope, of course, the Strategic Plan that does come to the States will be financially realistic and financially competent.

Senator S.C. Ferguson:

So the Treasury is going to agree the financial envelope for the next 3 years?

The Minister:

And that will be set within the medium-term financial plan proposition that will be the business plan as we know it in year 1, and the law provides for a limit in terms of States spending for each of the 3 years and goes further than that, it then allocates departmental expenditure limits but holds back a contingency

amount and an amount for growth. But there is a process which we can go through in terms of how you assess how much money the growth is and how that money is spent. So then ...

Senator J.L. Perchard:

Contingency amount: while you are there, is there a proposal as to what that amount should be?

The Minister:

Well, this is obviously the law, I would answer that by saying that we have done a lot of work on contingency amounts, it is for the States to decide; if they pass the law then they will have to pass the amount in the business plan next year about what those contingencies are. But the contingency levels that we previously indicated would be the ones that we are planning (and there is nothing changed in terms of what we are envisaging in terms of contingencies) and that is based on best practice from I.M.F. (International Monetary Fund) countries and advisers around that.

Senator J.L. Perchard:

Okay, 5 per cent? Well, the ...

The Treasurer of the States:

Not as much as that.

Senator J.L. Perchard:

No. Okay. It is just I have no idea, really.

The Minister:

We have put £10 million, have we not, for the contingency this year? If you look at the past trajectory of how additional money has been spent and where you have had ... I know obviously the Haut de la Garenne has been a particular problem, court and case costs has been one of those really big issues. Obviously the news last week of the court determination about: "We will get our costs back for that particular case"; all of that money is not necessarily kept, a lot of it is returned to Nigeria. But, nevertheless, it is going to help.

Senator J.L. Perchard:

Does the law allow for immunity from that if States Members come forward with their pet projects?

The Law Draftsman:

Well, pet projects is really a matter for the growth fund which is totally within the gift of the States itself.

The Minister:

Well, contingency allocations is the Minister for Treasury, so providing you have got the right ...

Senator J.L. Perchard:

Right. The immunity.

The Minister:

Yes. So providing you have got the right advice that the Minister for Treasury gets to allocate contingencies and providing the Minister for Treasury is not seduced into arguments that go against his or her officer advice, then you have got the right ...

Senator J.L. Perchard:

It still could be difficult. Yes. Okay. I understand.

The Minister:

Yes. But the checks and balances are there in ...

Senator S.C. Ferguson:

Well, if you compare it to the free-for-all we ...

Senator J.L. Perchard:

I know. But if the States instructs the Minister for Treasury to find, from the contingency fund, enough to buy Teddy bears for all under 5s, he is bound to do it, really, unless he wants ...

The Minister:

The decision is about the contingencies of the Minister for Treasury and that is maybe being (as Ministers for Treasury sometimes have to be) beyond politics, and then you are asking an individual to discharge those functions.

[12:00]

If you ask the States to make decisions on contingencies, I imagine that you would have greater pressure of political priorities.

Senator S.C. Ferguson:

More Teddy bears.

Senator J.L. Perchard:

That is right, more Teddy bears.

The Minister:

Yes. Okay. More Teddy bears might be ...

Senator J.L. Perchard:

That is the biggest threat to the 3-year plan, is it not, the rest of it is fairly straightforward?

The Minister:

Right. Well, shall we just carry on running through? So we have got just a slide there to ... I think I have explained to you. Of course, one thing that is not changing at this stage is anything to do with the budgeting for capital, capital is still going to be annual. Of course, inscribed in the overall limits we

are going to set an amount of money available for capital but the individual capital projects are still going to be a thing that is going to be decided on an annual basis. Moving forward, once we have completed our work on the medium and long-term capital requirements, we are going to have a much better picture of where we are heading and where we need to be heading in terms of total capital, et cetera. Some of this, I hope, is not new to you, we have consulted widely on these Public Finance Law amendments, we have talked to States Members, made some changes as a result of discussions with Members, we have listened to people's concerns about some aspects of the contingency and the growth, we have responded to States Members' requirement for political priorities and some new money (whether they be Teddy bears or otherwise) I hope in a way that is helpful, that says that there is going to be a discussion about growth. We have listened to you in terms of your concerns about public expenditure, we have had some discussion with the Chairman and committee and we think that this draft law is reflective of a lot of the comments; that we have listened to people. We have tightened the controls around the contingency, we have just been talking about that, and I have made the comments so I will not repeat them about the growth. Do you want to carry on, Laura, or do you want me to ...?

The Treasurer of the States:

Yes. Certainly. You would expect, Chairman, that we want openness and transparency to characterise the new process and we particularly want that to apply around the allocations, both the contingency allocation and the growth allocation. Now, we felt from the consultation that those would, funnily enough, be the areas (although they are the smallest amounts of money in total) about which States Members would have the most concern. So Pam's drafting has been very helpful in making sure that the law requires openness and transparency in how we deal with all the transactions associated with those allocations. We do want to be in a position to deal with growth, over a 3-year term things do change and it is necessary to make adjustments here and there, and that is why we have got the particular growth allocation set aside. We have also been careful, and again Pam has been very careful with the drafting of this in the law, that we cannot overspend the growth allocations or over-commit the growth allocations, so what we are seeking to do is to make some of the growth allocation available in each of the 3 years of the medium-term financial-plan period. It would theoretically be possible in the first year to allocate all of the first year's money and for that to have much greater full-year effects in a future year, so potentially, you could over-commit the growth allocation, but we have put safeguards against that in the law. There are one or 2 other changes that we have taken the opportunity to make, the main change is that the C. & A.G. will be able to report on companies that are wholly or majority-owned by the States, so that was an easy change for Pam to make but quite an important one in terms of addressing the C. & A.G.'s issues raised in his report a short while ago. There are minor changes to the Article on emergency expenditure as well. As you know, in an ideal world, we would have brought forward ...

Senator J.L. Perchard:

Is there a separate budget for emergency expenditure as opposed to contingency?

The Treasurer of the States:

No, it is not a separate budget but it is a separate provision to allow expenditure to take place in the event of ...

The Law Draftsman:

It is, effectively, a re-enactment of your existing Article on contingency expenditure, I think it is currently called, whereby in very extreme circumstances such as a state of emergency, immediate threat to the Island, the Minister can authorise spend without any formal approval of the spend and he has to come back and formalise, ask for it in some way. But that is there in law already. The one significant ...

Senator J.L. Perchard:

Sure. Okay. It is the same budget plan.

The Law Draftsman:

Well, it is not a budget; this can crop up at any time, it is probably not at budget time.

Senator S.C. Ferguson:

It is a power rather than a budget, is it not?

The Law Draftsman:

It is.

Senator J.L. Perchard:

Right. Okay.

The Minister:

But the only time that the Article was ever invoked was for the Swine Flu pandemic when I made, upon advice, a decision to spend money of which there was not a head of expenditure, which needed to subsequently come back to the States. I think I am right in saying, Pam, that now that there is a contingency that is enshrined in the legislation, we have had to make some changes to the way that that emergency situation ...?

The Law Draftsman:

Well, I think the expectation would be that your first port of call in formalising the spend would be to go to contingency, you have got a fallback of asking for growth money. If all else fails, you have got the limited option of coming back for an amendment to the plan, but the one significant change we have made is that, if the States do not agree to formalise the arrangement for that spend, it will be for the Council of Ministers collectively to rejig all the existing heads of expenditure to cover the spend whereas, under the existing law, it just falls to the Minister for Treasury to do, which clearly is not correct because everybody's heads of expenditure is affected at that point.

The Minister:

So as far as the other next phase, just so that you know, because I think Laura and I and John want to make sure that you know that we are as committed as we always were to make other changes to the Public Finances Law that will follow: we are looking at the role of the Treasurer, we have made some observations as to the P.A.C. (Public Accounts Committee) and I think Corporate Services about that, we have not forgotten about them, they are in the next draft ...

Senator S.C. Ferguson:

And the C. & A.G.'s report, which I have got somewhere.

The Minister:

Yes. The issues to do with trading operations, special funds and all others, we will look at that in a second. This is the urgent one that we want to get through before the summer break to allow the States to be certain. If we do not do it, then the new States will convene and we will then not be certain that they are going to be asked to decide on a 3-year budgeting as opposed to an annual, and I think that will completely sort of re-wire some of the way that people will think about the early part of their contribution in the States in the new system, and Ministers will also be working on the basis ... I mean, we were talking about the C.S.R. earlier, I think the C.S.R. is going to be C.S.R. 2, and 3 and 4 it is going to be much more possible in the context of a certainty of 3-year budgeting. So yes, the law is now lodged, amendments are possible between now and the deadline for amendments. If Corporate Services want to amend any of the legislation then, of course, the Treasurer and the Greffe and the Law Draftsmen will do everything they can to consider them; I do not know whether there are any. I am asking for a States debate on 19th July, uncomfortably the last sitting of the States, but there was no other time to do it if we are going to get in before the lock-down of the elections. While we can never be certain, we can hope that the Privy Council will consider this and bring this into force prior to the commencement of the new Council of Ministers next December. That is what we wanted to tell you.

Senator S.C. Ferguson:

Super. So, effectively, a Minister will say: "Right, I have got £X million for my budget for the next 3 years. In the first year I am going to spend £X/2, in the second ..." you know, are you going to ...?

The Minister:

No. They do not get it all, they only get the actual allocation for year 2 and year 3 in the budget law, so if you are Health or Education that gets £90 million a year, they do not get 3 times £90 million as a result of that first thing, they have got absolute certainty ...

Senator S.C. Ferguson:

No. I am saying ... yes, they have got the certainty that they are going to have, say, £90 million (it is nice and easy to divide it by 3) but I want to spend £45 million in my first year ...

The Treasurer of the States:

No, you cannot do that, you are still operating within an annual budget.

The Minister:

Because it cannot be changed except in extreme instances.

The Treasurer of the States:

So you could underspend some, but you should not overspend.

Senator J.L. Perchard:

There will still be an annual budget.

Senator S.C. Ferguson:

I could say: "I only want to spend £25 million this year and £30 million and £35 million", or something like that.

The Treasurer of the States:

Yes, and the carry forwards would still be to be agreed by the Minister for Treasury and Resources but there would be more of a presumption that they would be agreed.

Senator S.C. Ferguson:

Yes. So that it is really just looking at an envelope not a ...

The Minister:

Well, no, it is an envelope per department. Yes.

Senator S.C. Ferguson:

Yes. But the overall envelope is set by the Treasurer.

The Minister:

Well, the Minister for Treasury ...

Senator S.C. Ferguson:

The Treasury suggests and the States decide but I sometimes wonder if it would be simpler just to say: "Right, you are going to get so much this year for the next 3 years and that is it."

Senator J.L. Perchard:

Effectively, what is going to happen ... it is in their budget statement, Chairman, is it not?

The Treasurer of the States:

That is where we are heading, with the exception of the growth and the contingency allocations.

Senator S.C. Ferguson:

With the provision of the growth and the contingency and salaries and inflation.

The Treasurer of the States:

Well, even things like the salaries and inflation would be known, we would be planning those for 3 years hence as well, so we would be aware of that at the outset.

The Minister:

Which will help, of course, in the discussions we had earlier about delivering on terms and conditions, if you know what budget you are going to operate within in the 3-year period, you would be able to reach much more long-term agreements with staff.

Mr. M. Oliver:

The forecasting had better improve in some ways because of that, in terms of economic forecasting about inflation and everything else. Has that been done, because that is one thing that Corporate talked about a few years ago about some of the forecasting in terms of ...

The Minister:

When you talk about forecasting, what sort of forecasting? Sometimes we talk about 2 different things.

Mr. M. Oliver:

Sorry. Yes. I am not talking about income or expenditure forecasts, I am talking about predicting inflation, it is very difficult to do that, or trends in the economy. Has that improved, has there been more statistical work on the ground on measuring the Jersey economy to give you some better idea about pay awards going forward?

The Treasurer of the States:

We get very useful information from our economics adviser so I do not have any ...

Mr. M. Oliver:

Yes. I know that. But I was just wondering whether the data is ... it has come out over the last few years that the data could be better and more resources could perhaps be put into data collection to give you better data on the ground going forward?

The Minister:

Well, it is massively improved, that is what the F.P.P.'s (Fiscal Policy Panel) endeavours have been also doing ...

Mr. M. Oliver:

That is what I am asking.

The Minister:

Yes. Massively improved and the F.P.P., I think it is fair to say, are impressed with the data set that now exists on the Jersey economy and they are becoming more ... obviously, nobody expected the contagion that has happened in the world in the last few years, nobody predicted that, but now

the data about what the Jersey economy is made up of and our forecasts in terms of tax revenue, while there has been an improvement, it is well within the tolerance of what you would expect as a reasonable forecast, it is pretty good. There are things that we can estimate locally but international inflation, commodity inflation are things that ... we will worry about the things that we can worry about locally, there are some things that are just outside of our control.

Senator J.L. Perchard:

I applaud this absolutely, I think this is spot-on as a principle. What provision is there for demand on public finances over and above the level of contingency put aside in the event ... it will not be something that happens from within, it will be financial pressure placed on Jersey from outside the Island that we simply have to meet, for whatever reason I do not know. Is there any contingency to break from the 3-year agreed strategy in the event that there was some super demand on public finance?

The Treasurer of the States:

If we had to?

Senator J.L. Perchard:

If we had to, had no choice.

The Treasurer of the States:

Absolutely had to and we had exhausted all other options, we could redetermine the medium-term financial plan, we could set a new medium-term financial plan.

Senator J.L. Perchard:

I cannot think of a scenario, but there may be something in the future.

The Treasurer of the States:

In extremis.

The Minister:

That is absolutely right, there were various different circumstances in which the medium-term financial plan could be amended.

[12:15]

In the event of throwing out the Council of Ministers and there being a new Council of Ministers, then there are certain provisions for that. But Pam, do you want to talk about a particular ...?

The Law Draftsman:

Well, simply to say that, really, the first port of call remains the contingency fund or contingency expenditure which can be added to if needs be. If the money runs out on contingency or is not going to be enough, you can for example in a year, say: "Well, okay, we are in a difficult situation. We are not going to use any growth money for the sort of things we normally use growth

money for, we are going to put it into contingency because we know we have got an urgent need to use it in contingency.” You can decide that annually. *In extremis*, the Minister can negotiate with colleagues to reallocate money from heads of expenditure to make sure it ends up in the right place. So you are not forced back to changing the medium-term financial plan in the first instance, you can do things around contingency first to try and raise the money that you need.

Senator J.L. Perchard:

How would one put more money into the contingency in year 3?

The Law Draftsman:

You could do it from growth, if people felt that was the proper thing to do, the States could vote to put all of the growth money practically into contingency.

Senator J.L. Perchard:

I cannot think of an example but ... a life-saving vaccine that our population needed and we are sitting on a pile of legislation that does not allow us to access the cash that we have in reserve. I do not know. As long as we could act.

The Law Draftsman:

We can act. Yes.

The Minister:

That is the flexibility but it is tough to get there.

Senator J.L. Perchard:

But it needs to be.

The Minister:

But, of course, a sovereign Assembly deciding its own expenditure needs to have, *in extremis*, the ability to make decisions but of course they are after you have been through a whole set of processes. Accessing money should be difficult, that is the premise on which the law is drafted and the premise on which the amendments have been made.

Senator S.C. Ferguson:

Knowing the States proclivity to spend, this has been a feature in some of our back reports, and it has been a recurring theme that one of the problems is that things come to the States and they decide to spend money.

The Minister:

Yes. But at the end of the day, the States Members are elected to pass legislation and to agree an annual budget. New States Members in the new States are going to be elected to make a decision in the first year, which is going to set departmental limits for 3 years and then their attention as far as financial responsibilities are concerned is going to be focused on accessing the new money that is available rather than going through a fiction of setting the base cash limit for Corporate Affairs or Scrutiny or the Law Officers. It is

the marginal expenditure which is going to be the attention that States Members are going to provide in the second and third year. That might be better that we focus everybody's attention on the marginal spend rather than the whole lump of the spend, which will be the attention in year 1. It is really important to get that first 3-year plan right and whoever is doing it is going to need to put the attendant work and rigour into setting those 3-year plans. But you are more likely to get a consolidation in terms of spending through if you get a 3-year plan. If you are a spend-thrift and you want to carry on increased spending every year and you want to allow the ability to spend, then you will not be in favour of this. This is about good discipline.

Senator J.L. Perchard:

Yes. Absolutely.

Senator S.C. Ferguson:

But looking at overall figures, in the current system we vote for the bottom line only because the Minister for Treasury and the other Ministers can move stuff round within the budget, money can be moved round.

The Treasurer of the States:

Yes, it can.

Senator S.C. Ferguson:

It is just going to be the same principle again. I have no problem with it, it is just ...

The Minister:

Yes. It is a slightly different process. This is changing it because while we have made decisions about total spending in previous business plans, it has had no statutory effect outside of the next year. All this changes, this puts a statutory basis on the total allocation of spend and departments get what I would probably regard as a minimum budget for the next 3 years. It can be topped up by allocation of new money in year 2 and 3 from the growth pot, but they are getting that minimum budget and it is only by the consent of the Minister for Treasury and the Minister (after having been through the Council of Ministers' process) that that minimum budget could be reduced in years 2 and 3.

Senator S.C. Ferguson:

Yes. But at the moment the States themselves only vote on the bottom line.

The Minister:

Only for one year, as well.

Senator S.C. Ferguson:

Well, yes, only for one year but only on the bottom line and that, as I understand it, is not going to change.

The Minister:

No. The States do vote ... you can change it, again, with the consent of the receiving and giving Minister.

Senator S.C. Ferguson:

You can change it but the main vote, effectively, is the bottom line.

The Treasurer of the States:

I think all that Senator Ferguson means is that Ministers will still be able to reallocate within their approved budget, and they will.

The Minister:

It is difficult, but yes, with consent you can.

The Treasurer of the States:

Within their own department, yes.

The Minister:

Yes. Within their department they could. I see what you are saying, yes. I agree. Health will be able to ... a department would just get a single number.

The Treasurer of the States:

They would be able to spend a bit more on, I do not know, intensive care and a bit less on ... yes, so they will still be able to do that.

The Minister:

Mental healthcare versus intensive care. Yes. Absolutely. But they will be expected to disclose the breakdown of their allocation in order to allow Members to decide what their total is.

Senator J.L. Perchard:

What about if a decision is made in the Assembly that had financial consequences but was not specific? I am just trying to think of a nice, fluffy proposition brought to the States, the States Members approved it but there were financial consequences within the 3-year period but not directly targeting an issue. I am just trying to think of an example, but there are bound to be some coming forward.

The Minister:

Well, winter fuel payments so if a request is made to the Minister for Social Security to increase fuel payments, then ...

Senator J.L. Perchard:

Yes ... or dental care: "The States must provide free dental care for left-handers ..."

Senator S.C. Ferguson:

That is discrimination.

Senator J.L. Perchard:

Well, right-handed ... but there is a financial consequence and how does that work within the law?

The Law Draftsman:

Well, if it cannot be accommodated within the department's existing head of expenditure it would be a matter that would be suitable for growth expenditure.

Senator J.L. Perchard:

So it is not really that robust, this, then.

The Law Draftsman:

It depends on the size of the growth pot, of course, and you cannot spend more than the growth pot.

The Minister:

The growth pot is limited. If you get the decisions for the growth pot allocation correct, which you should, then you can only work up to that limit, you cannot blow it and you cannot spend it twice.

The Treasurer of the States:

That is the tricky issue: on the one hand you want enough spend for States Members to feel that there is the room for them to bring forward new propositions in the 3-year period, but on the other hand you do not want too much in there because it reduces the constraint on spending overall, so that is the tricky balance to strike.

Senator S.C. Ferguson:

Right. Is there anything else?

Senator J.L. Perchard:

No, that is fine, there is ...

The Minister:

If you do believe that this is going to adhere to some of the principles that you have been calling to ...

Senator S.C. Ferguson:

The flags we have been waving, yes.

The Minister:

Yes. This will not be universally accepted by Members, I am sure, I am sure there are going to be some Members that are going to try and amend this down to not give the discipline and the certainty in terms of spending, so any support that you are able to give this would be gratefully received, really, because it is really important.

Senator S.C. Ferguson:

We should probably produce some of our inimitable comments ...

Senator J.L. Perchard:

Yes. It is in line with the C. & A.G.'s recommendations and the P.A.C.'s (Public Accounts Committee) recommendations and it is what you stand for and what I stand for.

Senator S.C. Ferguson:

It is in line with everything we have been screaming at for years. Yes.

Senator J.L. Perchard:

Good. Thank you very much.

The Minister:

Okay. Thank you.

Senator S.C. Ferguson:

As I say, they will be our inimitable comments. Thank you very much indeed, Minister, I am very much aware that it has been a bit of a ... I do not know what you call it today ... a fairly long session and we are greatly appreciative of your presence here with us and we thank you very much indeed.

The Minister:

It is a pleasure to be here.

Senator S.C. Ferguson:

And for your Assistant Minister and officers because it has been quite a long morning. It is very much appreciated.

The Minister:

Thank you very much.

[12:25]