



# Corporate Services Scrutiny Panel

## Draft Budget 2016

**MONDAY, 9th NOVEMBER 2015**

**Panel:**

Deputy J.A.N. Le Fondré of St. Lawrence (Chairman)

Deputy S.M. Brée of St. Clement

Deputy K.C. Lewis of St. Saviour

Connétable C.H. Taylor of St. John

**Witnesses:**

Senator A.J.H. Maclean (The Minister for Treasury and Resources)

Head of Tax Policy

Treasurer of the States

Comptroller of Taxes

States Economic Adviser

[15:48]

**Deputy J.A.N. Le Fondré of St. Lawrence (Chairman):**

Welcome to the hearing today for the Draft 2016 Budget Statement. We have also got a second hearing at 5.00 p.m. on the Jersey International Finance Centre in Blampied Room so we are going to try and aim to finish in an hour at 4.45, if we can. On that basis, Minister, of course we will be asking you to keep your answers as concise as possible. So can you also ...

**The Minister for Treasury and Resources:**

As usual, Chairman.

**Deputy J.A.N. Le Fondré:**

You are obviously aware of the notice that we normally have about the status of these proceedings and obviously to members sitting in the public seating there is a couple of notices around about making sure mobile phones are off and all that type of stuff. For the purposes of the tapes, as it were, my name is John Le Fondré, I am Chairman of the Corporate Services Scrutiny Panel.

**Deputy J.A.N. Le Fondré:**

Okay, let us commence and see how quickly we can get through some of these questions. Simon.

**Deputy S.M. Brée:**

Thank you. Minister, income forecasts have apparently increased since the publication of the M.T.F.P. (Medium Term Financial Plan) 2016-19. Firstly, could you confirm that this is the case and, secondly, explain the background and reasons for these increases in the income forecasts?

**The Minister for Treasury and Resources:**

Sorry, can you just clarify exactly what you mean by the question? Income forecasts in respect of?

**Deputy S.M. Brée:**

Well, the forecast that you are showing for income within the Draft Budget Statement 2016 have increased, or apparently have increased since the publication of the M.T.F.P. We are merely asking could you explain why this is the case, or have we misread the document?

**Treasurer of the States:**

Well, shall I answer that? The changes through to 2019 is largely neutral, a slight up but overall nothing I would say that would be cause for us to change our plans in terms of M.T.F.P. So our interpretation is there is a slight up by 2019 but nothing within the bounds of rounding that would cause you to change your plans. Secondly, the changes most notable are in the 2015 position. The 2015 position is based upon the most up-to-date tax information in terms of, in particular, corporate tax. So corporate tax up from our best understanding as to the extent quite late into the year, although corporate taxes are marginally down, about £1 million, in terms of taxation for 2015. In addition to which for G.S.T. (Goods and Services Tax) we have seen a healthy bounce in the figures that we have available for the first two quarters of 2015. We have decided in the income forecasting group that we want to understand better what is happening throughout the whole of 2015 before we take any of that forward into our forecast. Likewise in stamp duty, there is some variation there but they are typically at the higher end of properties and you will know from what we have provided previously that the increases we see in the higher end of property allows for discounts on the

forecasting on an ongoing basis because of their volatility. So, in a nutshell, those are the reasons. In year we are doing economic assumptions but largely in year.

**Deputy S.M. Brée:**

Okay, so, Minister, do you fully endorse the income forecasts as contained within the Draft Budget Statement 2016.

**The Minister for Treasury and Resources:**

They have been supplied and recommended. I have no reason to oppose them. They are taking a prudent and sensible ...

**Deputy S.M. Brée:**

Can we take that as a yes?

**The Minister for Treasury and Resources:**

... position and therefore I think it is a fair reflection of the position as it currently stands.

**Deputy S.M. Brée:**

Okay. Following the statement from the Governor of the Bank of England on the 5th November with regards to the weakening of the outlook for global growth and its impact on potential increases in base rates moving forwards, what adjustments will you be making to the forecasts in light of this statement?

**The Minister for Treasury and Resources:**

None at the moment. The next forecasts, first of all, are due next year, which are going to inform the next part of the Medium Term Financial Plan, that is the period for the final 3 years. As you know, we have done a one year assessment so far. So we will have updated forecasts in March/April of next year, which will ultimately come from the income forecasting group and go past the Council of Ministers but will, at some stage, inform that particular document. Clearly changes will occur and there will be more changes, not just the recent statement from the Governor of the Bank of England, things will no doubt change between now and then. The latest and most up-to-date forecast will be those that we included for the next phase of the Medium Term Financial Plan, which is as it should be.

**Deputy J.A.N. Le Fondré:**

Moving on the tax measures, the first query is surrounding the mortgage interest side of things. What is the date of the last study that was carried out to ascertain the impact on the housing market

when the mortgage interest tax rate is removed? In other words, have you done a study and when was it last done?

**Head of Tax Policy:**

We have not done a specific study on the Jersey market but obviously last year as part of the Property Tax Review Green Paper that was circulated, PwC contained some advice around mortgage interest tax relief, which I think highlighted the inefficiency of the relief and the sort of ineffective nature of the relief. So that was the last time that someone has specifically provided advice to us on the effectiveness of the mortgage interest tax rate.

**Deputy J.A.N. Le Fondré:**

Sorry, can I just clarify? Did you just say that you had not done a study on the impact on the Jersey markets?

**Head of Tax Policy:**

Not specifically on the impact on the Jersey market, correct.

**Deputy J.A.N. Le Fondré:**

All right, so the PwC was more generic of U.K. (United Kingdom) or anywhere else in terms of the impact overall of more interest relief on the market and presumably artificial subsidies and things like that?

**Head of Tax Policy:**

Correct.

**Deputy J.A.N. Le Fondré:**

Okay, the next question is, does anyone know what impact the removal of mortgage interest relief will have on the rental market?

**The Minister for Treasury and Resources:**

I think the key to this particular proposal is that what we are suggesting here within the Budget ...

**Deputy J.A.N. Le Fondré:**

No, has anybody done an impact assessment on what it will have on the rental market?

**The Minister for Treasury and Resources:**

Yes, that is relevant to what I am about to say. The point is that we are taking it away as of next year, we are phasing it out starting in 2017 over a 10-year period. So that allows people the

opportunity to adjust and that will apply both to the rental market, of course, that you are asking about but more importantly or as importantly the impact on the capital value of properties, so it is time.

**Deputy J.A.N. Le Fondré:**

Has there been an impact study done on what will happen on the rental market?

**The Minister for Treasury and Resources:**

As you have just heard, there has been no specific impact assessment.

**Deputy J.A.N. Le Fondré:**

In terms of the mortgage interest measures that have been taken, are you distinguishing between existing mortgage holders and any new mortgage that is take out from a certain date, or is everybody being treated the same?

**Treasurer of the States:**

They are being treated the same.

**Deputy J.A.N. Le Fondré:**

What is the impact going to be on the housing market in 10 years' time if those who have budgeted for mortgage interest can no longer afford their mortgages? If somebody took out a mortgage a year ago, probably planned for 20, 25 years and then in 10 years' time they are not going to get it.

**The Minister for Treasury and Resources:**

Yes, but the same applies, does it not, for somebody taking out a mortgage and taking out a fixed term funding arrangement and that lasts for 3 or 5 years typically. Beyond that there is a great deal of uncertainty so there are a number of other questions that feed in to the one you have just raised, which are going to provide an impact on a potential homeowner's ability to manage the affordability of their payments on their mortgage. Not least, I should say, and another reason why we decided to do this in a phased approach over time, starting not straightaway but 2017 and for 10 years, was recognising that of course earnings also we would expect to increase over the period of time. So there are a number of dynamics that come into the equation. It is about taking a phased and steady approach to allow the market to adjust, as indeed we saw elsewhere.

**Deputy J.A.N. Le Fondré:**

At the moment, as you confirm, there has been on impact assessment anywhere on the housing market, the rental market or even the ability to pay necessarily as a result of the loss of that tax relief.

**Treasurer of the States:**

We have been cognisant of the fact that, as you will probably know, most mortgages form part of capital and interest and therefore over a period of time the interest element of a mortgage changes, reduces. So from an affordability perspective that factors into furthermore over the ... how long? Ten years, if you take typically a mortgage of 25 years you will see that a large percentage of those who are currently paying mortgages will no longer be paying mortgages in 10 years' time, i.e. their mortgages would have finished.

**Deputy J.A.N. Le Fondré:**

Do you have data on that? Can you send it to us, please?

**Treasurer of the States:**

We have data that we got that we can provide, rough data in terms of distributions. Obviously we cannot go down line by line in the tax data as it stands but we have taken those things into account in terms of when we have been stress testing, if you like, looking to see what the downsides may be as well as the upsides. So the downsides are limited by some people firstly paying more interest now than they would in the future, secondly, for many of those having left the mortgage market in terms of having paid their mortgage up by then, and what we try to do rather than what perhaps you could do... so we have tried to do, what the Minister has tried to do is to give at 10-year programme rather than approach this on a piecemeal fashion year in, year out. People would hardly notice, I daresay - or it would not have been called into scrutiny to the same degree - had we just done a one year change of reducing the interest by £500 or £1,000 and then coming at it year in, year out. What we have said the government needs to do - because we need to be able to clearly label what the plan is and to provide more certainty because people do need to plan for their mortgages - is to lay out a long transition in common with many other places when they phased out their equivalent mortgage interest tax relief.

[16:00]

**Comptroller of Taxes:**

I think also the data that the Policy Unit has suggests that the vast majority of people have interest under £7,500 so they are unlikely to be affected by this until the 2021 year of assessment, that is vast majority of people who have mortgage interest. As the Minister says, by 2021 people's economic circumstances should broadly have improved so I think, over time, it will become less of a burden for people. It is very much the experience in the U.K. that by adopting this sort of approach it significantly reduces any threats that people will not have the ability to pay their mortgages.

**Deputy S.M. Brée:**

If I may, an awful lot of first time buyers look for the 5 to 7 years to have an interest only mortgage. The argument that hopefully salaries will have gone up is unfortunately negated by the fact that if you look at the long-term interest rate curve, interest rates go up as well. So they will be ending up paying more in interest. My question is, again, the fact that you have done no studies on this, of the Jersey market, is the statement you are making is purely supposition, there is no detailed evidence ...

**Treasurer of the States:**

Not in respect of the data, it is not.

**Deputy S.M. Brée:**

You said you have not done any studies on the impact, you either have or you have not?

**Treasurer of the States:**

You said studies in respect of the housing market or the rental market.

**Deputy S.M. Brée:**

We asked the question of the impact ...

**Treasurer of the States:**

You asked me - no, the Chair did - whether we had the data that we can provide, and we can give you a level of data for you to examine.

**Comptroller of Taxes:**

I think the way the reduction in relief is structured over the next 12 years also part answers your point about anyone entering the market now and is entitled to mortgage interest tax relief. Even if they are structuring the mortgage so that it is largely interest only the way it is structured will protect them quite a significant amount over the next 5, 6, 7 years where they will be able to claim quite large amounts of mortgage interest tax relief, but it gradually erodes in the last few years of the erosion period.

**States Economic Adviser:**

Can I also add, for first time buyers you have to think about what the impact of keeping the relief is and the evidence is, again, looking at the PwC report, that first time buyers might be disadvantaged by something like mortgage interest tax relief because it ...

**Deputy S.M. Brée:**

May I ask a question about the PwC report? Was it solely based on the Jersey market or was it based on the U.K. market as well?

**States Economic Adviser:**

It was advising on property tax in Jersey based on evidence from Jersey and elsewhere.

**Deputy S.M. Brée:**

It had gleaned from the U.K. Yes, so it was not solely a study based on the Jersey market and the vagaries and strangeness of the Jersey market, was it?

**States Economic Adviser:**

It was expert advice.

**Deputy S.M. Brée:**

Yes, I know, I am merely saying it was not ...

**States Economic Adviser:**

Changing property tax in Jersey using all the information they had available.

**Deputy S.M. Brée:**

... data that was gained solely from looking at the Jersey market, was it?

**Deputy J.A.N. Le Fondré:**

Hang on, what we established was that it was generic advice around the theory behind mortgage interest relief, that was broadly speaking what was said earlier. Then you have applied to the Jersey market, correct?

**States Economic Adviser:**

Yes.

**Deputy S.M. Brée:**

Yes, that is the question I am saying.

**States Economic Adviser:**

Providing their expertise on the information available.

**Comptroller of Taxes:**

Guernsey have applied it to the Guernsey market.

**The Minister for Treasury and Resources:**

It starts from 2016, I think.

**Deputy S.M. Brée:**

The Guernsey housing market is very different to the Jersey housing market, that is the only point. I think we need to move on now.

**Deputy J.A.N. Le Fondré:**

Right, next question. Will, Minister, you confirm that the age enhanced tax exemption, for those already eligible for it, has been frozen at the current levels?

**The Minister for Treasury and Resources:**

Yes.

**Deputy J.A.N. Le Fondré:**

Will you confirm that for those who turn 65 after January 2017 they will not be eligible for the age enhanced exemption?

**The Minister for Treasury and Resources:**

Yes.

**Deputy J.A.N. Le Fondré:**

So therefore the age enhanced exemption is being phased out?

**The Minister for Treasury and Resources:**

What is happening is that the standard exemptions are for this Budget, as you know, being proposed to increase by June ...

**Deputy J.A.N. Le Fondré:**

0.9 per cent.

**The Minister for Treasury and Resources:**

Exactly, the rate of inflation and it is the intention over the passage of time that the two will ultimately come together. So to be clear, nobody who currently has it will lose it, it just will not be upgraded in the same way that it has in the past.

**Deputy J.A.N. Le Fondré:**

But it is being phased out?

**The Minister for Treasury and Resources:**

The two will be brought together over the passage of time.

**Deputy J.A.N. Le Fondré:**

It is being phased out.

**The Minister for Treasury and Resources:**

An enhanced element will not be available at some point in the future but we do not know when.

**Deputy J.A.N. Le Fondré:**

So it is being phased out?

**The Minister for Treasury and Resources:**

But in the intervening period the two will come together, so, yes, you could interpret it in the way that you are suggesting.

**Deputy J.A.N. Le Fondré:**

So I could interpret it as it is being phased out?

**The Minister for Treasury and Resources:**

It is not being taken away, that is the important point.

**Deputy J.A.N. Le Fondré:**

Well, it must be because it says: "Only those taxpayers that turn 65 years old before January 2017 will continue to be eligible." So therefore anybody who turns 65 after 2017 will no longer be eligible for it, therefore it is no longer available to those people. They will continue to receive the standard exemption which is less than the age enhanced exemption, therefore they would not be eligible for the higher rate that they could have had?

**The Minister for Treasury and Resources:**

Yes, the point that I was making, because it had been misrepresented, was that it was being taken away immediately from people. It is not. Those that currently have it will retain and over the passage of time the 2 allowances will come together.

**Deputy J.A.N. Le Fondré:**

That was not the question I asked. I asked is it being phased out?

**The Minister for Treasury and Resources:**

No, but I just wanted to make sure it was clear.

**Deputy J.A.N. Le Fondré:**

It is being phased out, correct?

**Deputy K.C. Lewis:**

The provision is being phased out?

**The Minister for Treasury and Resources:**

The provision of an enhanced benefit for that age category over time will go.

**Deputy J.A.N. Le Fondré:**

Yes. I suppose the question then that does come out, and you may wish ... obviously will give you a chance to respond really, is why are pensioners being targeted again?

**The Minister for Treasury and Resources:**

Pensioners are not being targeted again. It is seeking to keep and ensure that our tax system ... I see the Connétable is laughing, but what we are seeking to try and do is ensure that the tax system remains at the principles that we have set, which is low, broad, simple and fair and that we can target benefits in an appropriate manner. That is the basis behind all the decisions that have been taken, that have come out of the Medium Term Financial Plan and that is continuing on within this particular budget. There is no reason that we can see for the introduction ... when this was introduced back in the 1980s, there was no rationale it appears in the decision to do that. What we are doing now is we are targeting benefits and support to more senior citizens, long-term care is an example, also the investment that is going into health, in particular care in the home, all these areas which are more relevant to senior citizens are getting more investment, but it has got to be paid for from somewhere and so we seek to make it as fair as we possibly can, and that is the rationale behind underpinning this particular decision, which is the same as many of the others.

**The Connétable of St. John:**

I just need to clarify, after 2017 those turning 65 will not get the age enhanced exemption?

**The Minister for Treasury and Resources:**

Correct.

**The Connétable of St. John:**

Those who have already turned 65 will continue to enjoy the age enhanced exemption ...

**The Minister for Treasury and Resources:**

For as long as they are able to, yes.

**The Connétable of St. John:**

... so two couples, both being pensioners, over the age 65 earning the same amount of money will pay different levels of tax, is that correct?

**The Minister for Treasury and Resources:**

They will receive ... yes, they will receive different benefits by default, yes.

**The Connétable of St. John:**

Is that fair that two couples earning the same amount of money should pay different amounts of tax?

**The Minister for Treasury and Resources:**

Lots of people pay different amounts of tax, for different reasons. Different people qualify for different benefits.

**The Connétable of St. John:**

Assuming all things equal, based solely on their income, they will pay different amounts of income tax?

**Comptroller of Taxes:**

I think if you are phasing something out like this, most governments make provision for a grandfathering provision, as it is called. So a grandfathering provision is about relieving the transition for the people who are used to the benefit while not allowing new entrants, as it were, to have that benefit. I think on one level you could argue that it is unfair but the alternative is to take it away more quickly and not grandfather it. Perfectly feasible thing to do.

**The Connétable of St. John:**

Can you provide us with more details of this grandfathering effect, please?

**Comptroller of Taxes:**

Yes, sure.

**Deputy J.A.N. Le Fondré:**

It does beg the question, because obviously it is a theme that came through the Medium Term Financial Plan, is overall taking the various cuts that are coming through the Medium Term Financial Plan and the - let us call them - cuts that are coming through the Budget is what is the impact on the various levels of households. Now, I think we know now that there has not been any impact analysis yet and there are promises that the impacts will be released and available to everyone before the debate of the Medium Term Financial Plan 2 in June next year. I presume these measures will form part of that impact analysis?

**Treasurer of the States:**

We will be providing some analysis ahead of the States debate. So we will be able to do some scenarios, if you like, and do the graphs at different levels of income, now that we know the amount by which the rate of inflation has gone up ... sorry, not the rate of inflation, the average earnings have gone up, and therefore the amount by which the pension will have gone up. We also now have the latest R.P.I. (Retail Price Index) figures for normal R.P.I. but also for pensioner R.P.I. so we can compare those as well and we will be providing those ahead of the debate.

**Deputy J.A.N. Le Fondré:**

Good. I pause because surely the rate at which the pension goes up is going to happen ... that would have happened anyway? I suppose our concern is, is the impact overall, which includes taking away the Christmas bonus, the T.V. (television) licences are back in there now, and any other impacts on that age group, plus combined with the tax measures coming through and other measures - long-term care might be one of them - how that hits that overall ...

**Treasurer of the States:**

Of course the pension group is the group that most benefits from the long-term care scheme.

**Deputy J.A.N. Le Fondré:**

Only when they go into a retirement home.

**Treasurer of the States:**

Yes, the purpose of the scheme.

**Deputy J.A.N. Le Fondré:**

But as a pensioner is anybody 65 upwards, there is also the group below before they get to retirement age. Okay, next question. Were the changes to the tax system, the ones that are in the Budget, included in the income forecast as detailed in the Medium Term Financial Plan 2016-2019?

**Treasurer of the States:**

No.

**Deputy J.A.N. Le Fondré:**

Why not?

**Treasurer of the States:**

For reasons that are laid out in that document, that we do not take into account anything where there is an inflation change within the parameters of threshold and on the impôts side we include for, is it, tobacco and alcohol but nothing else. So we only assume inflation changes, we do not assume those that are, if you like, beyond that in terms of policy changes.

**Deputy J.A.N. Le Fondré:**

Okay, so therefore can we just confirm as a result of the various tax measures that people over the age of 65 will be paying more in direct taxation?

**Treasurer of the States:**

Than they are this year?

**Deputy J.A.N. Le Fondré:**

Yes, must be.

**Treasurer of the States:**

I think we have to provide some examples. So if you are 65, your tax threshold will not have changed next year.

**Head of Tax Policy:**

So if your income stays level, you will pay exactly the same amount of tax next year as you will this year.

**Deputy J.A.N. Le Fondré:**

But your exemption will not have gone up so your fiscal drag effect will be ...

**Head of Tax Policy:**

So if your income goes up, you will pay more tax, yes, but if your income stays level you will pay the same amount.

**Treasurer of the States:**

Thresholds are a matter for the States every year, so what they are paying now compared to what they will pay next time, those thresholds have not changed.

**Deputy J.A.N. Le Fondré:**

I see what you are saying, I think we are ...

**Treasurer of the States:**

If you are a 66 year-old and then you move to 67, your threshold has not changed.

**Deputy J.A.N. Le Fondré:**

Yes. It has not changed and inflation has gone up.

**Treasurer of the States:**

But inflation for pensioners has gone down. Average earnings have gone up and therefore pensions have gone up. So I suppose if they are paying tax off the back of their pension going up they will have paid more tax.

**Deputy J.A.N. Le Fondré:**

If your exemption allowance has not gone up and everything else equal goes up proportionately, they will be paying more tax, will they not be?

**Treasurer of the States:**

I think you would have to get into an individual exemption ...

**Deputy J.A.N. Le Fondré:**

The effect of real tax is likely to have increased?

**Treasurer of the States:**

If you work on the basis that ... a decision that has not been put forward would be that it has gone up, then they would pay more tax but all of those are decisions for the States. So whilst we assume inflation rises, that is not because it is a policy, it just feels like something reasonable to do over a 4-year period for forecasting, otherwise you take into account no change in the taxes so from a forecasting ...

**Deputy J.A.N. Le Fondré:**

But most individuals would ordinarily expect their allowances and their exemptions to go up by the cost of living so that the status quo is ordinarily maintained. Maybe that is as supposition ...

[16:15]

**Treasurer of the States:**

I do not know, I think that is probably a question best asked individually, is it not?

**Deputy J.A.N. Le Fondré:**

Yes, okay. Will we accept that those who are paying mortgage interest relief, that under the proposals that you are going to implementing they will be paying more tax through direct taxation?

**Treasurer of the States:**

If they are someone currently under the 300,000 - and jump in anyone at any point on this one - cap, currently paying in excess of £14,000 of interest on that 300,000?

**Head of Tax Policy:**

£15,000.

**Treasurer of the States:**

Well, it is £15,000 so we will reduce to £14,000 ...

**Head of Tax Policy:**

It goes down to £13,500.

**Treasurer of the States:**

... then they will see a change but there will also be other reasons, for example, increase in earnings related ...

**Deputy J.A.N. Le Fondré:**

Somebody who is getting a ...

**Treasurer of the States:**

No, just let me finish, because if someone is on £10,000 interest currently, then, no, there will no change next year or the year after that.

**Deputy J.A.N. Le Fondré:**

But the people on the top end of that cap ...

**Treasurer of the States:**

The very top end, of which there are comparatively few, then they will be impacted in that year by relatively slightly because of the £1,000 change.

**Deputy J.A.N. Le Fondré:**

Okay, can we confirm as a result of various tax measures and modifications, whatever you like to call them, that there is an increase of approximately £7.4 million being taken from taxpayers by 2019?

**The Minister for Treasury and Resources:**

Yes, by 2019, 1.6 in 2016.

**Deputy J.A.N. Le Fondré:**

I was not going to cite the numbers but it does go up to £7.4 million in 2019 and it is something like £1 million less than that in 2018 and about £1 million less than that in 2017, correct?

**The Minister for Treasury and Resources:**

Yes, it is 1.6 for 2016.

**Deputy J.A.N. Le Fondré:**

Yes, but obviously these measures are not just for one year, they are going forward.

**The Minister for Treasury and Resources:**

Absolutely, that is right.

**Deputy J.A.N. Le Fondré:**

So I suppose the question is, how is all of that consistent with your statement not to increase taxes until savings have been made?

**The Minister for Treasury and Resources:**

Well, first and foremost it was in relation to new taxes that we were talking about. What we have been clear about is that there was going to need to be some provision towards the end of the period, which we talked about health charges and such like, and that is still consistent with the fact that the reform programme, the modernisation and the efficiency drive, which is identified in the Medium Term Financial Plan, takes out £90 million of which £20 is efficiency savings. We are expecting that programme to roll out and be embedded before an increase to or introduction charges such as ones that I have just mentioned.

**Deputy J.A.N. Le Fondré:**

But it is the case that in 2017 it is an increase of £5.4 million, in 2018 it is £6.4 million and in 2019 it is £7.4 million increases?

**The Minister for Treasury and Resources:**

One of the commitments I have given ... part of the budgetary process allows us flexibility. What we have been at pains to point out with the Medium Term Financial Plan is that the document and the way it is constructed contains a degree of flexibility. The budget raising measures here are part of that flexibility. What I have made clear is that the revenue raised, to which we have just discussed, the £1.6 million rising to £7.4 million will give us that additional flexibility on the basis that the assumptions of income remain as stated through the plan period. We will have raised extra revenue and what we will intend to do with that is to reduce the impact on Islanders from charges like the health charge. In other words, it will not come in at such a high level, so the money will be used in that positive way and it is there for flexibility purposes.

**Deputy J.A.N. Le Fondré:**

So essentially you are giving an undertaking that all things being equal, and everything is on plan, that when we get to 2018, Minister ... because you may not be in post in 2018 or 2019 because we all face elections at that point.

**The Minister for Treasury and Resources:**

Indeed we all do.

**Deputy J.A.N. Le Fondré:**

But you are giving an undertaking that by the end of your time in office, in this session, there will be measures in place that if we are on track the extra revenue raised through the income tax process will be offset by not levying so much in charges?

**The Minister for Treasury and Resources:**

That is the plan that we are working to at the moment and that is the rationale behind it. It gives us greater flexibility, it is a much more prudent and sensible approach in our view to take and that is why we are proposing it.

**Deputy J.A.N. Le Fondré:**

A quick question. You have mentioned that it might be you take less money out of the health care charge, out of curiosity - and a succinct reply please - we have a sewage charge and we have a health care charge. The sewage charge raises about £10 million, the health care charge raises about £35 million, would it not be simpler just not to have one of those, sewage charge, because if

you have two systems in place you have two lots of administration. So rather than just having a smaller health care charge and a sewage charge, you have double the administration so why not just get rid of the sewage charge.

**The Minister for Treasury and Resources:**

That, if I may say, is a debate for another day. The principle is we are looking to reduce the impact on Islanders from potential future charges, health is the most relevant one so that is why I used that as an example. But I accept it is open for debate. The only other point I would very quickly make is that the principle of the sewage charge, as you call it, the good waste is something that just about every other jurisdiction has and we do not. So that is a matter that will need further discussion.

**Deputy J.A.N. Le Fondré:**

Okay, right. Anybody else on this section? No. Okay, Kevin.

**Deputy K.C. Lewis:**

Minister, the long-term care fund. Will you confirm that the long-term care percentage is presently 0.5 per cent?

**The Minister for Treasury and Resources:**

It is based on the earnings ...

**Treasurer of the States:**

So it is easy if you are a 20 per cent taxpayer.

**The Minister for Treasury and Resources:**

Twenty per cent taxpayer, yes.

**Treasurer of the States:**

Fifteen per cent of taxpayers are 20 per cent taxpayers, the rest pay less than that. So if you were a 10 per cent taxpayer, it would be currently 0.25 per cent.

**Deputy K.C. Lewis:**

Will you confirm in January 2016 the long-term care percentage will double to 1 per cent?

**The Minister for Treasury and Resources:**

On the same basis for 20 per cent taxpayers, of which that is the minority of the overall taxpayers, that is correct.

**Deputy J.A.N. Le Fondré:**

Can I just clarify that for those who are on 0.25 per cent, it will still double to 0.5 per cent, presumably?

**The Minister for Treasury and Resources:**

Yes.

**Deputy J.A.N. Le Fondré:**

Right, okay.

**Deputy K.C. Lewis:**

Will you confirm it is the intention to increase the current leave of long-term care percentage by 600 per cent to a figure of 3 per cent?

**The Minister for Treasury and Resources:**

For 20 per cent taxpayers.

**Deputy K.C. Lewis:**

On the same basis?

**Treasurer of the States:**

I believe that is a matter for the Social Security Department if my memory serves me correctly, but, yes, the long-term projections suggest that with an ageing population that charge would need to move up. I forget the year, forgive me, 20, 30 years out to that sort of level.

**Deputy J.A.N. Le Fondré:**

Is it that timescale?

**Treasurer of the States:**

Remember the forgive me bit? If my memory serves me right, it is over that timescale.

**Deputy J.A.N. Le Fondré:**

My understanding was that it is somewhere within the next 7 to 10 years. Or am I wrong?

**Treasurer of the States:**

I could start googling it.

**The Minister for Treasury and Resources:**

Well, let us be clear ...

**Deputy J.A.N. Le Fondré:**

Okay, maybe could you clarify that to us, first, exactly the dates, because there has always been the intention it would be capped at 3 per cent.

**Treasurer of the States:**

The eventual rate would. But the eventual rate ...

**Deputy J.A.N. Le Fondré:**

But I understood from a previous Minister it was in the short to medium term rather than the longer term.

**The Minister for Treasury and Resources:**

Let us just be clear though, it is outside of the current Medium Term Financial Plan period.

**Deputy J.A.N. Le Fondré:**

All right, so at the moment the only intention is it is going to double up to 1 per cent. Sorry, it is going to double and from 20 per cent it will be up to 1 per cent.

**Treasurer of the States:**

Again, we would have to confirm that we gave a commitment to a number of years where it would not rise beyond 1 per cent, and that would be coming to a conclusion 2019, 2020, with a review for further rises.

**Deputy J.A.N. Le Fondré:**

So, 2 or 3 years from now, or at the end of this plan, it will be around the time it will be being debated as to whether it is going to increase?

**Treasurer of the States:**

Yes, but not to 3, if my memory serves me right. Because the need to jump from one to 3 in 2020, 2030.

**Deputy J.A.N. Le Fondré:**

It could go one to 2, or one to one and a half.

**Treasurer of the States:**

Yes, it depends what you wanted to do. If you want to do a change every 6 months, you go in smaller steps. If you want to go in larger steps, you can do them less often.

**Deputy J.A.N. Le Fondré:**

Okay, but presumably the impact of any increases in long-term care will also be taken into consideration when these fabled impact analyses can be done for the Medium Term Financial Plan next year.

**Treasurer of the States:**

I would expect us to be cognisant of that in our analysis for next year, yes.

**Deputy J.A.N. Le Fondré:**

So we will take that as a yes. Okay. Simon?

**Deputy S.M. Brée:**

Can I just talk a little bit about asset disposals that have been identified in the Draft Budget Statement? There is a figure of £3 million identified as proposed asset disposal in 2016. This is a new figure and is not in the M.T.F.P. Would you please advise us what the asset is that is meant to be disposed of?

**Treasurer of the States:**

I am sure that we could provide details on a confidential basis to the panel. It arises from slippage from current year into 2016, as opposed to being additional in 2016.

**Deputy S.M. Brée:**

But you will agree that it is a figure that was not within the M.T.F.P.?

**Treasurer of the States:**

The totality is in there because it is less in 2015, more in 2016, adding up to the same number.

**Deputy J.A.N. Le Fondré:**

You are going to say it is in the balance brought forward?

**Treasurer of the States:**

But in terms of forecast for the Consolidated Fund, yes it was. Purely in terms of phasing ...

**Deputy S.M. Brée:**

But at this moment in time, you are not prepared to, in a public hearing, advise us what the assets are?

**Treasurer of the States:**

Well, “not prepared” is a very different thing. I do not actually have the list in front of me. They are not individual ... it is not an individual item adding up to £3 million.

**Deputy S.M. Brée:**

Okay. Moving on about asset disposals within the Draft Budget there has been identified £40 million of proposed asset disposals; £20 million in 2017 and £20 million in 2019. What assets are these?

**The Minister for Treasury and Resources:**

Well, there is a range of potential assets which have been talked about, including investments, and at the most, I suppose, openly discussed or in the media domain has been the offer received for J.T. (Jersey Telecom) so, that is an example of a business asset that is a potential sale which could form part of that mix. There is a proper programme which has a number of other assets contained within it, and I am sure if the panel has not already had sight of that, we are more than happy to let you have a copy of it, on a confidential basis, obviously.

**Deputy J.A.N. Le Fondré:**

We are very happy to receive any stuff in confidence, as you know, Minister.

**The Minister for Treasury and Resources:**

Absolutely.

**Deputy J.A.N. Le Fondré:**

Let us be clear ...

**Deputy S.M. Brée:**

I just want to ...

**Deputy J.A.N. Le Fondré:**

Can I just be clear, sorry? Are you saying that there is a specifically identified schedule that adds up to £40 million, or is it just a global provision, if you like, for a sum of disposals that you are attempting to achieve in that date?

**Treasurer of the States:**

It is a global provision. This is not the first time the panel will be aware of, as it is the same provision in the M.T.F.P. It is not a proposal first made in the Budget.

**Deputy J.A.N. Le Fondré:**

No, no.

**Treasurer of the States:**

It is tied to a principle of investment in, if you like, Les Quennevais School, which is currently provided for at £40 million.

**Deputy J.A.N. Le Fondré:**

I think what we were trying to get to is, is it a provision ...

**Treasurer of the States:**

It is a commitment ...

**Deputy J.A.N. Le Fondré:**

... to raise ...

**Treasurer of the States:**

... to that level of disposal.

**Deputy J.A.N. Le Fondré:**

But at the time it was in the M.T.F.P. it was not necessarily identified as to what those things might be.

**Treasurer of the States:**

There is no further identification than there was at that stage.

**Deputy J.A.N. Le Fondré:**

Okay.

**The Minister for Treasury and Resources:**

There is a further amount of work, obviously, to be done working through the property portfolio, looking at assets that are non-core and those that are in need of investment in them. Indeed, over the period of time, you will note when you see the schedule that the numbers actually add up to considerably more than that, but a sum of £40 million is believed to be achievable.

**Deputy S.M. Brée:**

Yet you still will not release the full details of what you are looking at to Members of the States Assembly, who are elected by the public of the Island, who ultimately own these assets.

**The Minister for Treasury and Resources:**

Well, I think it is fair to say ...

**Deputy S.M. Brée:**

We have accepted that we will receive them on a confidential agreement but, at the end of the day, we are all answerable to the public of the Island of Jersey, and I, frankly, find it surprising that you contain within your Draft Budget Statement a sum of £40 million, but are not prepared to identify that that is. However, obviously that is your position.

**The Minister for Treasury and Resources:**

If I could just point out that the £40 million, as you have said, is referring to years ahead of the Budget statement that you are referring to.

**Deputy S.M. Brée:**

One of which is 2017.

**The Minister for Treasury and Resources:**

Yes, but that is not the Budget that you have in front of you at the moment. You are talking about the Medium Term Financial Plan, and ...

**Deputy S.M. Brée:**

No, contained within this Budget statement ... Anyhow ...

**The Minister for Treasury and Resources:**

But if I could just make the point, it is not a question of hiding anything from the public at all. It is just it would be inappropriate, before the work is undertaken. There are properties on that list, assets that are not necessarily going to be sold, but they need to go through a process to assess them, the viability for selling and so on and so forth. We are happy to share that with the panel in confidence. But to put that in the public domain would be inappropriate at the moment. Of course, when we are much closer to the period of time where a decision is likely to be made, of course it will become public, and that is how it should be.

**Deputy J.A.N. Le Fondré:**

Can we just note a specific request to receive that information, on a confidential basis, in line with the other information you are going to send to us?

**The Minister for Treasury and Resources:**

Yes.

**Deputy J.A.N. Le Fondré:**

Okay, if that could be arranged? Okay, Kevin?

**Deputy K.C. Lewis:**

Minister, Andium Homes: what evidence does the Minister have to support the income flows from Andium of £27.506 million in 2015 and £27.821 million in 2016?

[16:30]

**The Minister for Treasury and Resources:**

What evidence? We have regular meetings with Andium Homes from the board, the executive, that provide us with updated schedules on their performance and so on. They keep the department completely appraised of their performance. Consequently, those numbers, as stated, are contained within that information.

**Deputy K.C. Lewis:**

In a public hearing on 9th July with the Environment, Housing and Technical Services Scrutiny Panel, they were advised that Andium have applied to the Treasury and Resources Department for additional funding over and above the £250 million bond that has already been issued. How do you intend to fund the request?

**The Minister for Treasury and Resources:**

Well, first of all there is no undertaking to agree, necessarily. I think the point that was being raised was the fact that Andium have identified projects, following the remit that they have to provide, much needed in particular social housing and, as such, we are recognising the fact, because they looked through their business plan, that they were not necessarily going to have the funding to be able to undertake the projects they believed would be in the best interests of the Island, fulfil their remit, and they came to us to discuss options that may exist in order to achieve that. It is as simple as that.

**Deputy K.C. Lewis:**

So we have requested extra funding but you have yet to agree?

**Treasurer of the States:**

They have identified potential projects as opposed to incoming receipt of a formal application. They are aware of the limitations of the current funding. They describe it as a limitation, given the scale of funding that is being provided to Andium Homes compared to previously. We also have to be aware - and no doubt your questioning is about to lead on to - the very real need to be looking at the quantum of total capital that we put out into the construction market directly through States departments, indirectly through its held, or entities for which it acts as a shareholder, principally Andium, but others that I think you are very well aware of. So, we need to take that into account as well. It is not just a matter of identifying if Andium would like to spend more money, but where the money would come from, and these matters have to be taken into consideration in the round.

**Deputy K.C. Lewis:**

So you are saying this is for specific project they have identified?

**Treasurer of the States:**

They have a range of specific projects and they have an, if you like, ideal that they would like if they were to go beyond the sum that is currently available, but the sum that is available is the sum available as things stand.

**The Minister for Treasury and Resources:**

They have a range of potential projects that far exceed the available funding.

**Deputy S.M. Brée:**

Are you looking to extend the borrowing in the debt markets?

**The Minister for Treasury and Resources:**

For Andium? No.

**Deputy S.M. Brée:**

That is not an option you are willing to enter into?

**The Minister for Treasury and Resources:**

That is not an option that is being considered currently.

**Deputy S.M. Brée:**

But it is one that you would be prepared to look at?

**The Minister for Treasury and Resources:**

It depends on the circumstances. As I have said, it is not one that is being considered ...

**Deputy S.M. Brée:**

So you are not averse to additional Government borrowing in the global debt markets by Jersey?

**The Minister for Treasury and Resources:**

It is always a possibility when you consider, for example, this is far beyond Andium, when you consider issues such as potential funding for a hospital.

**Deputy S.M. Brée:**

Indeed. I was going to move on to that.

**The Minister for Treasury and Resources:**

With the levels of funding required, that has to be one of the considerations that we would have.

**Deputy S.M. Brée:**

So you are ... I am merely trying to ascertain a mind-set that you are perfectly willing to consider further Government borrowing in the global debt markets to fund projects that have been brought to you for funding.

**The Minister for Treasury and Resources:**

If it is advantageous.

**Deputy S.M. Brée:**

Okay, fine.

**The Minister for Treasury and Resources:**

If it is advantageous, yes. There are a number of issues and elements that exist around a decision of that nature. But yes, if it is advantageous and in the interests of the Island, then of course we would consider it.

**Treasurer of the States:**

It may be worthwhile confirming that I do not believe the Minister is interested in entering into debt for which there are no plans to repay it, and no means of repaying it ...

**The Minister for Treasury and Resources:**

Absolutely.

**Treasurer of the States:**

... and/or in order to fund revenue expenditure.

**Deputy K.C. Lewis:**

But you are content that Andium can take care of all existing projects within the present £250 million bond?

**Treasurer of the States:**

In terms of the currently agreed Strategic Business Plan, that is what is in the Strategic Business Plan. Are we aware of other projects that could be viable? Yes, we are aware of other projects that could be viable. The States ultimately owns this entity, and just because the projects have been identified does not mean necessarily that they are approved, and we have to consider whether the States can afford it.

**Deputy J.A.N. Le Fondré:**

Chris, do you have anything? Simon, do you have anything else? I have two queries coming out of that. Sorry, go on, Kevin.

**Deputy K.C. Lewis:**

Just a minor follow up with the cost of housing at the moment, I have quite a few constituents who are actually checking out of Andium Homes and going to the private sector because it is too expensive. I hope everything comes in on time and on budget.

**The Minister for Treasury and Resources:**

I am sure we all do.

**Deputy J.A.N. Le Fondré:**

I will ask two queries that just came out of that. One is relative to the £250 million bond, the funding that is already available, and the capital projects that were planned when that bond was issued, is the present projection that all of those projects that were originally planned to be funded from the £250 million bond will be funded from that bond? Is it on track?

**Treasurer of the States:**

I have to go all the way back to before I was in town to go through the list, without running the risk of misleading ...

**Deputy J.A.N. Le Fondré:**

Can you send us a separate note?

**Treasurer of the States:**

Yes.

**Deputy J.A.N. Le Fondré:**

Basically, relative to what was held out that would be delivered by the £250 million, where are we?

Broadly on track, behind, or ahead?

**Treasurer of the States:**

Yes, I can pick up on differing opinions from different politicians who were around at the time as to whether it was intended that the whole of this sum went to Andium. There are different views.

**Deputy J.A.N. Le Fondré:**

I was not going there. I just wondering, relative to what is held out as to what would be delivered by that bond, where are we, roughly? The second question is on the hospital funding, and I do not want to tread on the sub-panel that Chris and I sit on, but is the comment about debt and bond relative to the hospital? Any indication of a move away that the hospital is going to be funded from the strategic reserve?

**The Minister for Treasury and Resources:**

No.

**Treasurer of the States:**

Can you repeat the question, please?

**Deputy J.A.N. Le Fondré:**

Is there any indication of a move away from the fact that the hospital was originally going to be funded from the strategic reserve?

**Treasurer of the States:**

We are looking at options in terms of over what period that would be funded. You are aware that the funding proposal was a funding proposal at that time for a specific site option.

**The Minister for Treasury and Resources:**

At a specific cost.

**Treasurer of the States:**

At a specific cost. So, costs change, as do site options, and therefore we will need to and are examining the viability of funding the hospital.

**Deputy J.A.N. Le Fondré:**

All right, okay.

**The Minister for Treasury and Resources:**

Just to be clear, with the earlier question about debt markets, because of the increased potential cost of a new hospital is why the debt markets are one option that may well be considered. Not that it is set in stone that it is going to be considered or will in fact end up being the case, but it is one that has to be on the cards for consideration,

**Deputy J.A.N. Le Fondré:**

All right. We have 7 or 8 minutes, four questions, I think. Moving on, on page 66 of the Draft Budget which we will just turn to, because it probably makes life easier. Hopefully the reference is correct. There is a figure of £39,773,000 which is: "Measures to manage the 2015 shortfall." To date, how much of that has been achieved in terms of those measures?

**Treasurer of the States:**

They have been achieved to the extent that they have been removed from cash limits of departments. I currently have no department indicating to me that they are going to be overspent at the end of the year.

**Deputy J.A.N. Le Fondré:**

So it has been taken away, that is it?

**Treasurer of the States:**

Yes.

**Deputy J.A.N. Le Fondré:**

Fine. One question ...

**Treasurer of the States:**

To the extent that all of those measures are measures within departments. There were other measures as well.

**Deputy J.A.N. Le Fondré:**

I am talking about the £39 million, specifically. The other question is that I am informed that there is a differential between the figure in the Budget and the figure that was in the M.T.F.P. of around £14 million. From recollection, the figure in the M.T.F.P. was about £14 million higher. Could you explain that?

**Treasurer of the States:**

Off the top of my head, in terms of a memory test, I will have to come back to you.

**Deputy J.A.N. Le Fondré:**

If you could?

**Treasurer of the States:**

Okay.

**Deputy J.A.N. Le Fondré:**

I suppose the other question, but hopefully you have answered that, if that shortfall is not managed, how would that impact on the 2016 base budget?

**Treasurer of the States:**

These are our up to date numbers, so they are the most up to date numbers that we have. So what is it specifically that you are asking in terms of ...

**Deputy J.A.N. Le Fondré:**

Basically, what happens if you do not achieve? That £39 million is an estimation. It is an estimation because you have imposed it on the departments. If the departments do not come back to ...

**Treasurer of the States:**

I think somewhere we have the detail.

**Deputy J.A.N. Le Fondré:**

Yes, it will be broken down.

**Treasurer of the States:**

Yes.

**Deputy J.A.N. Le Fondré:**

If a department comes back in, let us say four weeks' time, and says: "We are not going to make our particular part of the saving," how does that impact on the base budget, going forward?

**Treasurer of the States:**

We would have to examine firstly whether they are taking steps to identify measures to put themselves within that target. Of course, we are into the penultimate month of the year. Departments would hopefully have clear sight of where they expect to be by the end of the year. They are generally fairly, I think the phrase would be "prudent" in estimating where they might be by the end of the year and generally do build in some degree of contingency, if I can describe it that way. You will remember, having been in departments. So, we would have to firstly understand the driver for it and then understand what measures could be taken within the department to live within.

**Deputy J.A.N. Le Fondré:**

So, essentially at this stage, you have no indication that you are not going to make it, and if you do get indications ...

**Treasurer of the States:**

At this point, I do not.

**Deputy J.A.N. Le Fondré:**

If there are indications, it will be a case of some quite serious discussions with the department to make sure they do make it. Would that be the summary?

**Treasurer of the States:**

Yes, the first step.

**Deputy J.A.N. Le Fondré:**

Yes. Okay, I am going to stop there. Chris?

**The Connétable of St. John:**

Yes, thank you, Mr. Chairman. Impôts. The Treasurer said earlier this afternoon with regard to the M.T.F.P. we only take into consideration inflation when looking at increases in impôt duty.

**Treasurer of the States:**

For income forecasting?

**The Connétable of St. John:**

Income forecasting, yes. Yet the increases are up to 6.6 per cent. Is this because you are looking to increase income?

**The Minister for Treasury and Resources:**

The reason that there are some differences are that we have also had a weathered eye, as you would expect, on broader policies of States departments, such as the Health Department, for example. That is not uncommon for governments to do that, and consequently we have looked at introducing a higher rate where there is a greater impact on health, therefore that cost no doubt will feed its way through to the management and funding of the Health Department. That is why you have seen tobacco again increased to the level it has, with high strength alcohol also.

**The Connétable of St. John:**

Jersey is trying to boost tourism; we want to increase our tourism numbers to over a million by 2020, or some such date. Jersey is famous, historically, for being duty free, and yet whisky is going to, next year, cost £2.77 more in duty. The duty charged by this Island is £2.77 more than the UK. So, you are annihilating the historical value for tourism on the Island, are you not?

**The Minister for Treasury and Resources:**

Connétable, you are being very emotive and, if I may say, naughty, with the words you are using. I think it is fair to say that our tourism industry has moved on considerably since the days when I remember seeing an old film advertising the Island, with shops piled high with cigarettes and alcohol, and that was the reason that people came here. We have moved on considerably since then. The basis of our tourism industry and the success that it is had is far more broad-based than that. We do not believe, in summary, that measures contained within this Budget are going to have any impact on the success of our tourism industry and its ability to grow its numbers in the coming years, as identified, which is why we have set up Visit Jersey, and it is beginning to deliver on its remit.

**The Connétable of St. John:**

Not as a single item on its own, but it is one of the many, many, many nails in the coffin.

**The Minister for Treasury and Resources:**

I do not think the tourism sector would consider themselves on their last breath. In fact, the sector and the industry are performing and has performed remarkably well through the recession. I think the new direction set by Visit Jersey and the impetus of bringing the sector together is positive.

**The Connétable of St. John:**

Can I just draw you back from tourism to impôt duties? I notice you are giving increasing concession for small cider makers from 20,000 litres to 500,000 litres, being exempt of duty. Would you extend that also to microbreweries, should anybody wish to set up a microbrewery? Real ales is a big, growing area, and if microbreweries wish to set up making local beer, would you consider increasing that exemption to cover brewers as well as cider makers?

[16:45]

**The Minister for Treasury and Resources:**

It was in part to support small, local enterprises, so the principle would be much the same. What I would say is that we would be happy to give it consideration.

**The Connétable of St. John:**

Good. V.R.D., Vehicle Registration Duties.

**The Minister for Treasury and Resources:**

V.E.D. (Vehicle Emissions Duty).

**The Connétable of St. John:**

Sorry, V.E.D. As you know, the agricultural industry is looking to cut costs as much as it can, and one of the ways it is cutting costs at the moment is by leasing or renting tractors just for the harvest season. The tractors come into the Island, four or five months' work, back to the U.K. again. The problem they are facing is that they have to pay the full rate of V.E.D. on these tractors every time they come in, and there is no rebate when they leave. This really is a very severe tax on the agricultural industry because, by their very nature, with tractors, they are looking for the torque from the engines and therefore they are naturally very large engines and they are the top rate. This really is a severe blow to the agricultural industry. Will you undertake to re-examine this position?

**The Minister for Treasury and Resources:**

It is the first that it has been raised. I am not familiar that, for example, the Economic Development Department, that has agriculture as its remit, has raised this as a particular point. It fits in with a whole raft of subsidies and benefits that are offered to the agricultural sector, so I think one would have to ...

**The Connétable of St. John:**

Minimal subsidies offered to the agricultural sector, because they are less than anywhere else in Europe.

**The Minister for Treasury and Resources:**

Well, they are still fairly substantial in Jersey terms. I think we would need to ...

**The Connétable of St. John:**

Less than the competitors.

**The Minister for Treasury and Resources:**

... give due consideration to the overall package. But if somebody, particularly a sponsoring department, brings forward a case for us to consider, we will of course do so.

**The Connétable of St. John:**

Thank you.

**Deputy J.A.N. Le Fondré:**

Well, I think on the basis that it is just after 4.45, we will stop there, Minister. Give yourself a slight breath, and we will also change venues on that basis. Thank you very much for your time, and we will adjourn, so that this hearing stops and we will recommence in approximately 15 minutes, which is the Jersey International Finance.

[16:47]