



Corporate Services Scrutiny Panel

Medium Term Financial Plan 2016-2019

MONDAY, 7th SEPTEMBER 2015

Panel:

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

Deputy S.M. Brée of St. Clement

Connétable C.H. Taylor of St. John

Deputy K.C. Lewis of St. Saviour

Witnesses:

Minister for Treasury and Resources

Assistant Minister for Treasury and Resources

Treasurer of the States

Economic Adviser

Head of Financial Planning

[11:32]

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

Everyone sitting comfortably? So, welcome to a hearing with the Minister for Treasury and Resources in relation to the Medium Term Financial Plan 2016 to 2019. Just for the purposes of the tapes or the recordings, we will go around, I am Deputy John Le Fondré, Chairman of the Corporate Services Scrutiny Panel.

Deputy J.A.N. Le Fondré:

Okay, well welcome to the hearing. Obviously, Minister, you are aware of the notice that is on your left side hopefully. So I draw your attention to it and remind you of it and obviously people sitting in the public seating, there are notices around the room about (a) switching off your mobile phone and (b) conduct in the proceedings. Minister, we have about an hour and a half of your time and obviously we have got quite a lot to get through as always, so if we think we have got sufficient information from your response we may seek to draw you to a close and move on. Okay? Right, starting at the beginning, essentially the rough order we are following is working our way through the proposition that is going to be sought to be approved by the States Assembly. So, Minister, will you confirm that as stated in A1 of the proposition P.72 you are asking States Members to approve the entire income for the years 2016, 2017, 2108 and 2019 as set out in summary table A totalling just under £3 billion.

The Minister for Treasury and Resources:

Correct.

Deputy J.A.N. Le Fondré:

Will you confirm that this total income includes 50 million of a proposed funding mechanism for health and £3 million to offset the States payment of rates? It is obviously cumulative figures.

The Minister for Treasury and Resources:

Correct.

Deputy J.A.N. Le Fondré:

Will confirm that the proposition requested in the States Assembly to approve in principle an additional 53 million, that is obviously the total of the 2 figures I have mentioned of income without being provided with any details as to exactly how this will be raised?

The Minister for Treasury and Resources:

Correct.

Deputy J.A.N. Le Fondré:

What feasibility studies have been carried out to arrive at the figure of £50 million for the proposed funding mechanism for health?

The Minister for Treasury and Resources:

Sorry, could you repeat that?

Deputy J.A.N. Le Fondré:

What feasibility studies ...

The Minister for Treasury and Resources:

Sorry, Chairman, there is a phone going in the background.

Deputy J.A.N. Le Fondré:

Not me.

The Minister for Treasury and Resources:

Which is not mine but I thought it was which distracted me somewhat.

Deputy J.A.N. Le Fondré:

Okay.

The Minister for Treasury and Resources:

Apologies.

Deputy J.A.N. Le Fondré:

Can we have it turned off? All phones to silent, as it were.

The Minister for Treasury and Resources:

I can hear it buzzing, but anyway.

Deputy J.A.N. Le Fondré:

I can hear something going on.

The Minister for Treasury and Resources:

It might interrupt the recording so ...

Deputy J.A.N. Le Fondré:

Okay, so what feasibility studies have been carried out to arrive at the figure of £50 million for the proposed funding mechanism for health?

The Minister for Treasury and Resources:

Well the Health Department have been looking at the pressures that they face in the coming years and certainly over the period of the plan from 2016 to 2019, and largely the sum that has been arrived at has come as a result of P.82, which was the Health Transformation Plan, which was

approved by the States, as you will be aware, and largely the funding has come as a result of that and additional pressures that have been identified since that point by the Health Department.

Deputy J.A.N. Le Fondré:

So are we relying on P.82 or we are relying on subsequent information?

The Minister for Treasury and Resources:

Both.

Deputy J.A.N. Le Fondré:

Okay, and where does that subsequent information feed into documents that the States are going to approve?

The Minister for Treasury and Resources:

Well, principally, as I have said, P.82 is the foundation of that, additional work has been done by the Health Department looking at where the pressures arise. Obviously since P.82 was approved time has moved on. This is not a unique situation as far as Jersey is concerned with inflationary pressures on healthcare, drugs and so on and so as the department has identified its pressures for the period of the Medium Term Financial Plan they put those into their bid for additional funding.

Deputy J.A.N. Le Fondré:

How can we be assured that the full 50 million will be spent on Health?

The Minister for Treasury and Resources:

Well, the £50 million is identified and broken down and further details will come when we come back, as you know, next year for the period 2017 to 2019. So you will see a great deal more detail as to exactly where that expenditure is going to go but there are set protocols in place to ensure the department spend the money where they identify that it is going to be spent.

Deputy J.A.N. Le Fondré:

Okay, so what plans are in place then, perhaps if you could expand on the protocols, should the entire amount of 50 million not be spent on Health?

The Minister for Treasury and Resources:

Well, there are matters relating to carry forwards, so if departments have not spent the money where they identified that particular expenditure then they would make an application for a carry forward. If it is not going to be still utilised for the purpose stated then the carry forward would not be approved.

Deputy J.A.N. Le Fondré:

But on that basis then any surplus potentially could be spent elsewhere other than on Health, potentially?

The Minister for Treasury and Resources:

Potentially, yes.

Deputy J.A.N. Le Fondré:

Okay. Why is the taxpayer being asked to fund £1 million per year for the States payment of rates?

The Minister for Treasury and Resources:

That was a decision ... again, this is a matter that has been floating around for some time. It was viewed as unfair that the States did not pay rates and from 2017 you will note, not 2016, there is a plan to include £1 million, that is a rounded figure, which is what the estimated rates assessment would be for the States to pay rates. That is subject to a mechanism being agreed as to where that revenue would come from. That has not been agreed yet and, again, that is part of the detail that will come forward for the second part of the Medium Term Financial Plan covering the periods 2017 to 2019.

Deputy J.A.N. Le Fondré:

So have there been any other options considered other than the mechanism you are identifying in summary table A for ... to cover that £1 million?

The Minister for Treasury and Resources:

No.

Deputy J.A.N. Le Fondré:

So at the moment the States are going to pay rates but it is the taxpayer that is going to pick up the tab? Or a taxpayer is going to pick up the tab?

The Minister for Treasury and Resources:

There has to be an identified mechanism for funding that and that has not yet been identified.

Deputy J.A.N. Le Fondré:

Okay. Will you confirm that compared to the budget for 2015 that was approved by the States Assembly in September 2014, the income forecast for this year, for 2015 are approximately £18 million lower?

The Minister for Treasury and Resources:

You are correct insofar as it was the 2015 budget, which of course, was earlier as a result of the elections and that is the budget figure used and you are right and absolutely correct with your figure that you have just given.

Deputy J.A.N. Le Fondré:

Okay, will the Council of Ministers be bringing any amendments forward to reflect the -- what seems to be a downward trend in income as illustrated by effectively those figures?

The Minister for Treasury and Resources:

No, because that was a forecast that was worked on at that particular point and was relevant at the time of the Budget in 2014, July 2014. Since then the draft Medium Term Financial Plan has had updated forecasts which have been developed by the income forecasting group in particular and those reflective of the current position, which is contained within the Medium Term Financial Plan you have before you. Which are at a lower level, of course, hence the difference that you are referring to.

Deputy J.A.N. Le Fondré:

Before we start there have you got any questions on this?

Deputy S.M. Brée:

I do actually one question, if I may. Minister, you confirmed that the actual proposition, P.72, was requesting the States Assembly to approve income figures for 2017, 2018 and 2019 but without providing any details explaining really where those income figures were going to come from. Do you think it reasonable or responsible to make such a request of the States Assembly?

The Minister for Treasury and Resources:

Well, it is forecast range for starters but, yes, it sets the Heads of Expenditure over the said period and I believe it is, we have got the detail for 2016, the remainder of the detail will come back, will be lodged. Obviously we had a debate with you as a panel about the timing, there had been a request for April. If you remember we have settled on June from a lodging perspective, so these details - and this is the key - the devil of course is always in the detail and that will come back

when it is lodged in June next year for debate by the States Assembly. So the States will have the opportunity to see those details at that particular point.

Deputy S.M. Brée:

But at that time, because of the fact that this actual proposition is asking us to confirm in principal the figures for those years, for which there is no detail, while the detail will be brought back to the Assembly the actual, as you call them, headline figures will not be able to be redebated, is that correct?

The Minister for Treasury and Resources:

Well, do not forget that these are forecast estimates as I think you referred to them as. That is as the case has always been, or certainly through the previous Medium Term Financial Plan, a level of forecast or estimates were provided. Of course, forecasts are exactly that, as we have discussed on numerous occasions, they are likely to change. At this particular point we believe this is a sensible way to approach the particular challenges we face at the moment. In terms of the detail for 2016 and the balance to come, there is a great deal of uncertainty and we face and it is important that the addition work is carried out to ensure the detail is accurate, or is as accurate as it possibly can be when we come back next year.

Deputy J.A.N. Le Fondré:

Very briefly, just to follow up on a comment that Simon's made, what we are agreeing by proving summary table A is the principle of raising, in relation to Health, £50 million and obviously rates £3 million but without any detail at this stage?

The Minister for Treasury and Resources:

Certainly with regard to the forecast that I have pointed out, there is detail around Health ...

Deputy J.A.N. Le Fondré:

No, I am not interested in the forecast, what I am saying is that we do not know how it is going to be raised, who it is going to fall upon, any of those ideas?

The Minister for Treasury and Resources:

If you are referring with regard to ... certainly that is the case with regard to rates, if you are referring to Health and the mechanism for raising what is actually £35 million in potential charges ...

Deputy J.A.N. Le Fondré:

Yes, 35 and 15, we are looking at the cumulative figure.

The Minister for Treasury and Resources:

Yes, that is fair enough. So the actual mechanism is yet to be finalised.

Deputy J.A.N. Le Fondré:

So we do not have ... at this stage you are asking the States for approval for the principle of raising in total £50 million, we do not have the detail for that mechanism as to how it is going to be raised?

The Minister for Treasury and Resources:

No, because ... no, we do not and the charges that may result that have been referred to previously are, of course, to come in place at a later stage which falls into the 2017 to 2019 period.

Deputy J.A.N. Le Fondré:

But we are signing up to the principle of raising that sum of money?

The Minister for Treasury and Resources:

The principle, that is correct.

Deputy J.A.N. Le Fondré:

Okay, yes, go on, Chris.

The Connétable of St. John:

How does the recent instability in the global stockmarkets, particularly China, change the rate of return for any of the States' investment funds and thus affecting the level of income that is earned by States investments?

[11:45]

The Minister for Treasury and Resources:

It is, of course, a good question. We have seen some significant turbulence in recent days and weeks resulting from China, and elsewhere for that matter. This is what one expects over a period, as of course States investors, anybody does over a longer term period. So we cannot focus too much on the short term and the short-term impacts. Markets did, indeed, recede quite considerably, they have bounced back but we do not consider investments based on a few months for short term matters, we are looking to invest in the long term. So there will be an impact and towards the end of the year it will be clearer to be able to estimate what impact of the returns for this particular year from the disturbances we have seen in those markets you have referred to.

The Connétable of St. John:

So there have been ...

The Minister for Treasury and Resources:

There will be an impact.

The Connétable of St. John:

There is an impact?

The Minister for Treasury and Resources:

Well, there is likely to be an impact, it really will depend on how and to what extent markets rebound.

The Connétable of St. John:

Rebound, yes, okay.

Deputy S.M. Brée:

If I may, one of the key things underpinning the Medium Term Financial Plan as lodged is the proposed savings that are going to be made. Talking about instability, what impact will the possible industrial action proposed by the various unions have on the proposed savings of 70 million in the area of people savings?

The Minister for Treasury and Resources:

Impossible for me to comment on because, as you have rightly said, it is proposed or possible. It is not definite. We continue to have, through the States Employment Board, in particular the negotiating team that undertakes relations with unions and staff, a very positive interaction. I expect that to continue. Certainly in recent years the partnership that has developed between the States Employment Board and their negotiating team with unions and with staff is something that can be welcomed and I very much hope that that will continue to be the case into the future, but I cannot speculate at this stage as to what any possible action that may be taken, what that might result in.

Deputy S.M. Brée:

Have you, Minister, personally met with any union representatives?

The Minister for Treasury and Resources:

I am a member of the States Employment Board, the States Employment Board took the somewhat unusual step of agreeing to meet with a whole range of union representatives, not to

negotiate, because of course the States Employment Board does not negotiate, there is a separate group of officers that undertakes that task. But we were happy to meet with the unions to give the broader context of the challenges that we face and to hear from them what their views were with relation to the proposed pay freeze and pay restraint over the coming years.

Deputy S.M. Brée:

So would you say that the unions are generally supportive of the proposals that you are putting forward?

The Minister for Treasury and Resources:

Well, the unions are representing their members and clearly where discussions have got into the area of pay freezes and pay restraint, it is hardly a matter that they are going to be welcoming with open arms. What we have tried to present is the fact that we are looking at a package of measures to balance budgets by 2019 and ensure sustainable public finances into the long term and part of that package involves a pay restraint and a pay freeze for this particular year, 2015. This is difficult territory and we understand that but what we are trying to present is that there is a savings target that has been included £90 million in total, £70 million of which relates to staff savings. How that balance changes will depend on the success first of all of voluntary redundancy programmes, the first phase of which, as you will be aware, has recently closed. Voluntary severance was included as part of that, and indeed potential future compulsory redundancy, which is going to be, it appears, part of the programme. So it will depend on the overall balance. We have to look at it, as I have said, as a package.

Deputy S.M. Brée:

So you can confirm that compulsory redundancy is going to be part of the savings package?

The Minister for Treasury and Resources:

We have always said that that is the most likely outcome as services are redesigned ...

Deputy S.M. Brée:

Sorry, you just said that compulsory purchase will be part ...

The Minister for Treasury and Resources:

Redundancy.

Deputy S.M. Brée:

So I am just asking you, will you please confirm that it will form part of the savings package. Not it is a possibility, but it will?

The Minister for Treasury and Resources:

It has always been included in the dialogue and it has been put into the public domain that there are a range of programmes, voluntary redundancy, voluntary severance and compulsory redundancy but that will be the last one after we had gone through the rest. But we do not see a situation where there will be no compulsory redundancy.

Deputy S.M. Brée:

That is a double negative.

The Minister for Treasury and Resources:

It is but the answer is yes, but that has been stated.

Deputy S.M. Brée:

I am just trying to clarify the situation because there have been a lot of words said in the past, both by yourself and other Ministers, about the possibility it may happen, I just wanted you to confirm that compulsory redundancy will form part of the people savings programme?

The Minister for Treasury and Resources:

That is correct and that is what I have previously stated in public.

Deputy S.M. Brée:

All right, thank you.

Deputy J.A.N. Le Fondré:

Kevin?

Deputy K.C. Lewis:

Minister, within its latest reports the F.P.P. (Fiscal Policy Panel) have stated that: "The implementation of the 145 million of savings looks challenging and is a key risk to the delivery of the proposed plan. If a significant number of these measures are not achieved by 2019 the States will then have a bigger structural deficit." How confident are you that these savings will be achieved?

The Minister for Treasury and Resources:

We have the esteemed individuals who form the Fiscal Policy Panel. As you have just pointed out, they quite rightly have identified the fact that the plan that we have put in place is going to be challenging, particularly around the savings. Without doubt I am confident that by working

together States Departments can deliver on what has been laid out. It is a challenging target but I do believe it can be delivered, but it will only be delivered ... and it was a point that the F.P.P. were making that you can have as good a plan as you like but implementation is always the key factor. There is a lot of work yet to be done and the delivery side is just in its early stages. So we will have to continue to monitor it but there is no room for failure here.

Deputy K.C. Lewis:

Thank you.

Deputy J.A.N. Le Fondré:

Anybody else? Nobody? Right, keep going.

Deputy K.C. Lewis:

Minister, will you confirm that as stated in A2 of the proposition, P.72, you are asking States Members to approve the entire expenditure for the years 2016, 2017, 2018 and 2019 as set out in summary table B totalling just over 3.1 billion?

The Minister for Treasury and Resources:

Total net expenditure, yes.

Deputy K.C. Lewis:

Just to clarify, the Council of Ministers is requesting the States Assembly to approve just over 3.1 billion of expenditure without providing any detail for these years other than 2016?

The Minister for Treasury and Resources:

Correct.

Deputy K.C. Lewis:

Do you think it is reasonable, Minister, to request the States Assembly to approve this level of expenditure without providing any detailed breakdown of where or how these funds are to be spent?

The Minister for Treasury and Resources:

Well, as we have stated, we are providing details for 2016 and we are going to come back when the other work is done for the years 2017 to 2019. And so the detail will be provided in due course. It was a pragmatic approach to the significant challenges that we faced. We believe that it was not going to be possible to provide all the necessary detail in the timeframe available and so we felt we had little choice but to split the Medium Term Financial Plan as we have done between

2016 and then 2017 to 2019 to follow. It may not be an ideal solution but it is a far better solution than not ensuring that the detail is provided in a sensible way, properly worked through.

Deputy J.A.N. Le Fondré:

I will come in on that one, Minister. The point is is that the States are approving the spend, so we are giving approval to spending £3.1 billion, give or take for those 4 years.

Treasurer of the States:

Can I just make a clarification on the Public Finances (Jersey) Law that for 2017 to 2019 by not agreeing individual cash limits there is no mechanism by which 2017 to 2019 can be spent until such a time as further States approval is given.

Deputy J.A.N. Le Fondré:

But what will happen is that a proposition will come back which says that you have approved the overall total and now here is the detail in the department. But we have effectively still signed up to the spend.

Treasurer of the States:

Yes, but the States will, at that point, have the option or otherwise to approve or not the individual line by line numbers.

Deputy J.A.N. Le Fondré:

So you are saying that actually the States can amend the total spend for 2017 and take off £50 million if it wished to, for the sake of argument?

Treasurer of the States:

No, the law ... well, it can reduce, yes.

Deputy J.A.N. Le Fondré:

Can it increase?

Treasurer of the States:

Yes, it can increase ... the law, I will have to go through in some more detail but it is quite prescribed under the circumstances as how that can happen in terms of increasing, or when that can happen. It links to deterioration in income forecast, for example.

Deputy J.A.N. Le Fondré:

But if we look at the expenditure that we are ...

Treasurer of the States:

You are setting the limits, yes, you are setting the limits but that does not, in itself, give authorisation for any of that to be spent. This is about planning. It is say, and it comes with the economic advisory, to deliver a balance which yes you can go for a higher or a lower income figure which would have a knock on effect to the higher or lower expenditure but given the plans of the Council of Ministers it infers - well more than infers - a figure therefore for expenditure to be in place by 2019. But it is setting it at a total. The question related to are we giving the authority to spend or are the States going to give the authority to spend. They are not giving the authority to actually spend the money until the detail comes back line by line in cash limits.

Deputy J.A.N. Le Fondré:

So if the States ...

Treasurer of the States:

The Council of Ministers would have to come back, they cannot proceed from here without coming back for 2017 to 2019.

Deputy J.A.N. Le Fondré:

But essentially you are tying the hands of the States in terms of future spend in some shape or form without the level of detail being attached to it?

Treasurer of the States:

Yes, in accordance with the principle of balance budgets, which is by 2019, but it is upon the advice the Council of Ministers have been given.

Deputy J.A.N. Le Fondré:

No, no, I am not asking whether there is a rationale. You know, I am sure there is a rationale behind it but what the States are signing up to is that they are approving a level of spending and effectively that is it.

Treasurer of the States:

Approving a limit to that level of spending.

Deputy J.A.N. Le Fondré:

I said a level.

Treasurer of the States:

Not what the spending within that limit is.

Deputy J.A.N. Le Fondré:

Yes, but they are approving that limit of spend for all the entire period?

Treasurer of the States:

Yes.

Deputy J.A.N. Le Fondré:

Okay.

The Minister for Treasury and Resources:

Of course, Chairman, the States agreed under the amendment to the Public Finances (Jersey) Law, which we liaised with you and obtained your agreement to these changes.

Deputy J.A.N. Le Fondré:

That is okay, I think it is a point that ... I do not think a number of States Members appreciate that they are approving the full period.

The Minister for Treasury and Resources:

Right. I mean, hopefully that was clear at the time but you are suggesting you do not think it is?

Deputy J.A.N. Le Fondré:

I am suggesting it definitely is not clear at this stage that all States Members are aware that they are actually approving the limit or level of spend for the entire period. I think they are under the impression they are approving 2016.

The Minister for Treasury and Resources:

Okay, but, Chairman, you and your panel understood it at the time and accepted it.

Deputy J.A.N. Le Fondré:

We understand where we are at the moment.

The Minister for Treasury and Resources:

Yes, fine.

Deputy J.A.N. Le Fondré:

Okay. Chris, have you got anything before we carry on?

The Connétable of St. John:

No.

Deputy J.A.N. Le Fondré:

Kevin?

Deputy K.C. Lewis:

No, I am fine.

Deputy J.A.N. Le Fondré:

Okay, can I just confirm, before we go on to the next lot, in approving that summary table B for all years, so it means also that any planned savings, any growth, inflation, et cetera, are all locked into those limits?

Treasurer of the States:

Yes.

Deputy J.A.N. Le Fondré:

Okay, thank you.

Treasurer of the States:

Well, sorry, the mix of them can change, it is the total spend.

Deputy J.A.N. Le Fondré:

Yes.

Treasurer of the States:

You are not locking into any particular ...

Deputy J.A.N. Le Fondré:

We are not locking a fixed figure of 10 million within that figure, but ...

Treasurer of the States:

The net of all of it above comes to that number but you have absolute flexibility to change anything within and above that number ...

Deputy J.A.N. Le Fondré:

But will include, as I say, saving growth, inflation, et cetera?

Treasurer of the States:

Yes.

Deputy J.A.N. Le Fondré:

Okay. Chris.

The Connétable of St. John:

Do you think the States are doing all they can to curb spending?

The Minister for Treasury and Resources:

There is always room for improvement clearly and it is always an ongoing task. Central to it is going to be, without doubt, the Reform and Modernisation Programme because that will certainly assist with taking cost out of the organisation and delivering services in a more efficient and cost-effective manner. I think progress is being made but here is a long way yet to go.

The Connétable of St. John:

Going on from that, if the total spending amounts are agreed in the M.T.F.P. (Medium Term Financial Plan) for 2017, 2018 and 2019, what incentive is there for departments to make any savings?

The Minister for Treasury and Resources:

Well, there are saving targets that are clearly identified in the plan. As your colleague was just alluding to a moment ago, and indeed the F.P.P. made the point, it is a fairly aggressive target that is set out in terms of savings that we are yet to deliver on and the implementation we have briefly discussed a moment ago.

[12:00]

So I think there is a significant amount of pressure on departments to ensure that they deliver on fairly aggressive targets that have been set throughout this plan.

The Connétable of St. John:

Correct me if I am wrong, but the savings set are being re-spent within the time of the M.T.F.P. because you are looking to increase spending on Health, Education and therefore the money is

being allocated to be spent on the condition the savings have been made but I am asking the question are the savings going to be made and what incentive is there for those savings to be made when the total spend is already agreed?

The Minister for Treasury and Resources:

Well, one of the - if you can put it that way - incentives that is included, which is a different position to the first Medium Term Financial Plan, and that is that the growth allocation for departments, and particularly the ones that you are referring to who are getting the bulk of the growth, that is Health in particular and Education, that money is being held centrally and is aligned to targets to make savings. Not just within Health, but savings across other departments as well.

The Connétable of St. John:

So the savings you keep alluding to are not going to be banked but are going to be spent?

The Minister for Treasury and Resources:

Well, do not forget as well, we are talking here about reprioritisation of funding. So we are taking some funding from certain areas, perhaps areas of State activities which perhaps are going to be ceased or delivered in a different way and we are putting that reprioritised funding into key areas that the Council of Ministers has identified, as we have said a moment ago, and that is Health principally and Education.

The Connétable of St. John:

So they are not really savings, it is a reallocation of funds within the States expenditure?

The Minister for Treasury and Resources:

Well, in order to deliver that reprioritisation it requires savings and efficiencies to be delivered elsewhere. So, yes, there are going to be savings and efficiencies and, indeed, at the very heart of the programme is going to be, as I have just mentioned, the modernisation of reform programme so that we can look across the whole of Government as opposed to what some might have described as the silo structure that existed in the past to ensure that, for example, duplication of function is removed in areas and so on.

The Connétable of St. John:

Yes, okay. So do you think the States are still overspending based on the current deficit of £145 million?

The Minister for Treasury and Resources:

It depends on your interpretation. I mean, that is a very broad question. We have spent some considerable time, and that is the basis of this plan, looking at where the pressures are over the coming 4-year period of the Medium Term Financial Plan. There is a requirement, as we have said, for significant investment in key areas that have been underinvested. We talk a lot about health, but let us go down just one level and look at areas where there has been underinvestment such as children's services, mental health. These are pressures which are significant and need funding. What we have sought to do ... there is great play on the £145 million, but let us just consider that for a moment. Because if you took out the £40 million of extra expenditure in health, if you took out the £9 million for education, the £13 million which is the other departmental pressures, if you took out the better accounting processes that we are putting in place, the prudence of including depreciation, the £55 million of depreciation, actually you have a core increase over the period of £28 million. So that is the sort of breakdown and that is what we have had to work with. So departments are having to take out and redesign services and make savings and deliver efficiencies so that we are able to invest in areas that we believe need that investment, and it is not easy and it will not be easy to deliver on.

The Connétable of St. John:

No. Well, basically the next question is: how difficult is it to change budget behaviours within States departments?

The Minister for Treasury and Resources:

In a sense, you will see and I think we are already seeing a far greater focus by departments on what they spend and where they spend it and how they spend it by virtue of the pressures that have been applied on budgets. A very simple example is for 2015 where departments were given a target to reduce their expenditure at the budget in 2014 by 2 per cent. That is £12 million that was taken out and very little time for allowing departments to react. That is then ongoing, recurring savings through the plan as we see it, or as you see it before you. It is difficult for departments. They have to look where there is a squeeze on expenditure as to how they are going to deliver services more efficiently and more effectively. The other point, and this has been raised ... I think it was the Comptroller and Auditor General, was it not? Zero-based budgeting has also been referred to. It was a point that the Comptroller raised and I am sure the panel will be pleased to note that Treasury are this year moving towards zero-based budgeting. It is important to lead by example. There are some other departments that are also fairly advanced. My former department of Economic Development have for a number of years - although I accept the point that it has been easier with the level of discretionary spend there - operated zero-based budgeting. The real key win, but indeed the expense, is going to be moving towards the large departments and getting some buy-in for a move to zero-based budgeting for them. We have to do a lot of work

in order to assess the timelines for delivery on that, but financial management is obviously going to be key.

The Connétable of St. John:

Timelines is key. You say your department is moving to zero-based budgeting. Can you give us a timescale of that move?

The Minister for Treasury and Resources:

I am going to put the Treasurer on the spot here and offer him the opportunity to comment. The target is we are working on the project for this year but perhaps the Treasurer would like to give you some more detail.

Treasurer of the States:

Put me on the spot and then tell me the answer. So we are starting this year.

The Connétable of St. John:

Starting this year, and finishing?

Treasurer of the States:

We will ask someone to scope a piece of work, to start doing that this year with a view to it affecting 2016 and onwards.

The Connétable of St. John:

Okay, thank you.

Deputy J.A.N. Le Fondré:

If you are successful, do you envisage the other departments buying into that in the next year or so?

Treasurer of the States:

I think as reflected in the C. and A.G.'s (Comptroller and Auditor General's) report that it would be something that could not quite be achieved within a year. So I anticipate a cycle of it over the period of the M.T.F.P.

Deputy J.A.N. Le Fondré:

So by the end of the M.T.F.P. everyone will be on zero based?

Treasurer of the States:

In an ideal world, yes. However ...

Deputy J.A.N. Le Fondré:

In the real world?

Treasurer of the States:

... it depends upon the pressures put elsewhere on the financial function. That is the aim. We have responded to say that we will pick up the recommendation, but that recommendation is not without its own resource implications. I think it is also taken care of in the response to the C. and A.G.'s report.

Deputy J.A.N. Le Fondré:

Okay.

The Minister for Treasury and Resources:

It should be a matter of best practice across the States. That is the principle, but clearly getting from where we are to where we need to be is neither simple, straightforward or without consequences from a cost point of view. But it is absolutely the direction of travel and I think there is going to be a need obviously to come back and update you in due course on timelines because ... for the reasons stated.

Deputy J.A.N. Le Fondré:

Thank you very much. You personally will not get any arguments from me but I shall be interested to see the outcomes. Right, so Simon ... is there anybody else before we move away from that questioning?

Deputy S.M. Bree:

Well, I do have one question, if I may, Minister, just to seek clarification on an answer that you have just made referring to certain States services ceased or delivered in another way. Which services?

The Minister for Treasury and Resources:

They have not been identified yet. I think you asked me that question at the last hearing.

Deputy S.M. Bree:

You failed to answer it then.

The Minister for Treasury and Resources:

No, no, I answered it ...

Deputy S.M. Bree:

You have mentioned it again and I am asking again: which States services?

The Minister for Treasury and Resources:

I gave you the same answer last time and that was that that is the detail that will come through in the 2017 to 2019 period. Departments are looking at all the activities they undertake, those that could perhaps be delivered in a different way, and I believe I gave one very good example from my previous incarnation in Economic Development about the lifeguards and how that service was outsourced to the R.N.L.I. (Royal National Lifeboat Institution) saving ... in fact, the Chairman knows a little bit about this as well. I remember you were interested at the time. There was a great deal of controversy around that particular move, appointing the R.N.L.I., but what it has ended up in doing is saving money, providing a much better service and has resulted in more than 95 per cent of lifeguards being locally trained and is now an export for the Island.

Deputy S.M. Bree:

Yes, Minister, that was then; this is now. What I am talking about is that you have quite rightly said that the Medium Term Financial Plan as proposed contains within it provisions for certain States services to be ceased or delivered in another way, to use your words. It does seem surprising that you are unable to provide details at this stage, but that is the basic problem with the M.T.F.P. There is no detail being provided. If we may move on, though ...

The Minister for Treasury and Resources:

Could I just answer that one final point there?

Deputy S.M. Bree:

Yes, please do.

The Minister for Treasury and Resources:

Because it is perfectly appropriate in my view that departments take time, where they are going to be restructuring, where they are going to be looking at outsourcing potentially some services or delivering in a different way, it is not done overnight. It does need to go through a proper process and that is why we are coming back with that detail in due course and that is the right approach, not just doing it, as some might describe, on the hoof.

Deputy S.M. Bree:

Okay, if we may move on, contained within the draft M.T.F.P. in summary table D, which is the summary of proposed central contingency allocations, the Council of Ministers is proposing that a £5 million funding provision be created in each year of the M.T.F.P. for new economic growth and productivity initiatives. Now, the F.P.P. have welcomed this idea of additional funding but stress that, to use their words: "Strong governance measures should be put in place to control how the £20 million is allocated." My question, Minister, is: how will the Ministerial Oversight Group assess the performance of that spend before releasing each tranche of funding?

The Minister for Treasury and Resources:

Well, first of all, I thoroughly agree and support the comments made by the Fiscal Policy Panel. They are absolutely right. The £20 million is very much, as far as I am concerned, under lock and key. It is to be deployed as and when the case is strongly presented that it will deliver economic growth, job creation, productivity improvements, and it is - and I want to emphasise this point - not long-term recurring expenditure going into baseline budgets, baseline of department budgets. It is there for one-off projects to hit the objectives I have just outlined during the period of the Medium Term Financial Plan. That is just the overarching point about that funding allocation. In terms of controls, broadly that work is yet to be finalised, but it is envisaged that it will follow a similar mechanism to fiscal stimulus money previously used but, again, that detail is yet to be finalised. As soon as we have it, of course, the panel will get it so that you can review it.

Deputy S.M. Bree:

However, you are asking the States Assembly to approve £5 million in 2016 and yet you have confirmed that you do not actually have the processes in place to monitor that spend. Is that correct?

The Minister for Treasury and Resources:

No, what we have said is we will provide you with - and the States Assembly will be provided, of course, with as well - the details as to how that is going to operate.

Deputy S.M. Bree:

When?

The Minister for Treasury and Resources:

All I have said ... well, you have just quite rightly pointed out that there is a debate to be had which will include details of that and it will be prior to the debate that the detail will be made available.

Deputy J.A.N. Le Fondré:

Sorry, can I pick up? Do you mean the detail will be provided in advance of this M.T.F.P. ...

The Minister for Treasury and Resources:

Correct.

Deputy J.A.N. Le Fondré:

... or in June?

The Minister for Treasury and Resources:

Correct.

Deputy J.A.N. Le Fondré:

In advance of this M.T.F.P.?

The Minister for Treasury and Resources:

Correct.

Deputy J.A.N. Le Fondré:

Will that include, just to pick up on Simon's comment, how you are going to assess the performance? In other words, it is all very well saying you have a project that is going to cost £1 million or whatever it is. When you have sent out that money, how are you going to assess whether it has been successful or not? Is there going to be some form of measure in there to say that it has generated ... the target is to generate a certain number of jobs and we have achieved that or ...?

The Minister for Treasury and Resources:

There will be various metrics that will be used. In fact, I am going to defer to the Economic Adviser. I do not know, Dougie, if you would like to make any comments around this.

Economic Adviser:

Yes. I think it is obviously hard to say until you know exactly what the funding is actually being used for, but I think in every case it would be expected that where it is allocated there are clear objectives and performance measures and that they are reported, hopefully on a quarterly basis, back to what we call the Economic Policy Group, which is an officer group and soon to be a ministerial group as well, which will oversee not only that particular part funding but also making sure that budgets are spent effectively already as well in terms of meeting economic policy

objectives. So I think performance will definitely be measured hopefully on a quarterly basis going forward and we will set that out in detail ahead of the debate.

Deputy J.A.N. Le Fondré:

That will be reported to the States as well?

Economic Adviser:

Yes.

Deputy J.A.N. Le Fondré:

That is a yes, is it?

The Minister for Treasury and Resources:

Yes.

Deputy J.A.N. Le Fondré:

On a quarterly basis?

The Minister for Treasury and Resources:

Oh, sorry, the results reported.

[12:15]

Deputy J.A.N. Le Fondré:

Yes.

The Minister for Treasury and Resources:

I misheard what you said. It will certainly be information that needs to be reported. I will refer back to you in terms of the timing of when we could do that because I am not sure necessarily that quarterly will work, but we will get back to you on that.

Deputy J.A.N. Le Fondré:

Okay. Yes, more - put it this way - timely would be good versus a year down the line.

The Minister for Treasury and Resources:

Yes, okay.

Assistant Minister for Treasury and Resources:

Under the current requirements under the central contingency, I believe we have to provide how much is spent every year anyway. I think it is every half year.

The Minister for Treasury and Resources:

It is.

Assistant Minister for Treasury and Resources:

So it is under central contingency so I would hope ...

Deputy J.A.N. Le Fondré:

So it will be captured by that?

Assistant Minister for Treasury and Resources:

... that it will be within that.

Deputy J.A.N. Le Fondré:

Okay.

The Minister for Treasury and Resources:

The point I was making: it is not necessarily quarterly but ...

Treasurer of the States:

It would also report spend within the quarterly report to the Council of Ministers that scrutiny gets to see in any case.

Deputy J.A.N. Le Fondré:

Okay. Simon?

Deputy S.M. Bree:

Okay. Sorry, I would just like to just pick on something if I can. Can you confirm that the M.T.F.P. as lodged is asking the States Assembly to approve over the period of the M.T.F.P. a figure of £20 million for economic and productivity growth provision, Minister?

The Minister for Treasury and Resources:

Yes.

Deputy S.M. Bree:

So, yes. Yet there is no detail on how that will be spent, who will assess the spending and, to use the words of the Economic Adviser himself, hard to say until you know what funding is to be used for and that you are expecting the States Assembly to approve that. Am I correct?

The Minister for Treasury and Resources:

Two things to say. Number 1, first of all the sum of £2 million is what one might describe most appropriately as a facility, so it is up to that level, it is not ...

Deputy S.M. Bree:

£20 million, not 2.

The Minister for Treasury and Resources:

Sorry, was it?

Deputy S.M. Bree:

It is £20 million.

The Minister for Treasury and Resources:

Sorry, I meant 20, yes. It is up to £20 million over that period of time, so it does not necessarily mean that it all has to be spent and, in fact, will not be unless the case can be demonstrated that it is going to hit the objectives that are being set out in terms of economic growth, diversification, job creation, productivity improvements and so on. But yes, principally that is right but, of course, before any money is approved, any projects are approved, then the detail will be provided to the panel and more broadly as to how that will work and how it will be measured.

Deputy J.A.N. Le Fondré:

Sorry, just to clarify, you are saying that it is up to £20 million, so who determines after that first £5 million when the next tranche is drawn down? Is it you, is it ministerial decision, is it a States debate or what?

The Minister for Treasury and Resources:

Well, it has been split across the period of £5 million per year is available, up to £5 million per year, but again we will have to go through the process of approving projects within year for approval.

Assistant Minister for Treasury and Resources:

But the remaining £15 million will come in the Addition next year under the central contingency for the States to approve, so it will be the same process we are going through at the moment but it will be for 2017, 2018, 2019, so £5 million a year. That is how it is expected to come through.

Deputy S.M. Bree:

Okay. If we could ...

The Minister for Treasury and Resources:

There is another important point on this. There is significant money already invested in economic growth, diversification and the objectives we have in terms of growing the economy, and there is going to be a full assessment of that spend first because obviously it is appropriate to see how that is being spent. For example, through the last Medium Term Financial Plan £14 million was allocated to that agenda, the growth agenda, across a number of different areas, half of which was to the Back to Work scheme, skills and suchlike, which you will be familiar with.

Deputy S.M. Bree:

Okay. Remaining on the same topic, when we are looking at the funding for this economic and productivity growth provision, we note from summary table I of the M.T.F.P. that the £5 million for 2016 and 2017 are included, but where are you going to get £5 million for 2018 and 2019? Because it is £5 million each year. You have only put in 2 lots of £5 million.

Head of Financial Planning:

The situation is that we are only drawing down from the Strategic Reserve in the years where the Consolidated Fund, which is our normal account, cannot afford the allocation. So it is a short-term measure that we are using the Strategic Reserve. In the final years of the M.T.F.P. the consolidated fund itself will be funding the £5 million allocations to economic growth and drawdown if they are approved by the States.

Deputy S.M. Bree:

Right, okay.

Deputy J.A.N. Le Fondré:

Kevin, anything at the moment?

Deputy K.C. Lewis:

No.

Deputy J.A.N. Le Fondré:

Okay, right, carrying on on the theme of contingencies, summary table B shows the States being asked to approve over £734 million in 2016; that is total net revenue expenditure, which includes in excess of £37 million of central contingency allocations. So can you just confirm that is correct?

The Minister for Treasury and Resources:

Mm hmm.

Deputy J.A.N. Le Fondré:

Good.

The Minister for Treasury and Resources:

Yes.

Deputy J.A.N. Le Fondré:

Okay. Can you confirm, therefore, the States is then being asked to approve £734,387,000 for 2017, £733,997,000 for 2018 and £734,845,000 for 2019 as per summary table B?

The Minister for Treasury and Resources:

No. Chris, do you want to ...?

Head of Financial Planning:

Chairman, you are actually reading the total net revenue expenditure.

Deputy J.A.N. Le Fondré:

Yes, sorry, I did mean for total net revenue expenditure. Obviously, the ...

Head of Financial Planning:

The States is not approving ... are not being asked to approve that. The States is only being asked to approve the total States net expenditure allocation.

Deputy J.A.N. Le Fondré:

The bottom line with capital?

Head of Financial Planning:

Correct.

Deputy J.A.N. Le Fondré:

Okay, sorry, in which case the figures I read out will be included in that total that we are approving?

Assistant Minister for Treasury and Resources:

Yes.

Treasurer of the States:

Yes.

Head of Financial Planning:

Correct.

Deputy J.A.N. Le Fondré:

Yes, okay. So if the figure being approved in 2016 includes £37 million of contingency, does that mean we are, therefore, carrying forward a contingency of about that amount into the subsequent years?

Treasurer of the States:

Can I just jump in? That will be the decision of the States in agreeing 2017 to 2019 within that total.

Deputy J.A.N. Le Fondré:

But we are agreeing that total?

Treasurer of the States:

You are agreeing that total for ...

Deputy J.A.N. Le Fondré:

We cannot ...

Treasurer of the States:

... for 2016 but only for 2016.

Deputy J.A.N. Le Fondré:

But you are saying we are setting a limit, so actually you are saying that when the amendment comes through next year the States could seek to reduce that contingency?

Treasurer of the States:

Increase it or leave it where it is.

Deputy J.A.N. Le Fondré:

You said we cannot increase it potentially unless there is compensating ...

Treasurer of the States:

We cannot approve ... we cannot increase the overall total, but that is inclusive of contingencies. The mix between savings, growth, contingencies they spend ...

Deputy J.A.N. Le Fondré:

Is fluid.

Treasurer of the States:

... is there to be debated.

Deputy J.A.N. Le Fondré:

But if one assumes that there is £37 million in this year ... well, there is £37 million in 2016, all things being equal, is it not reasonable to assume that there is a similar level of contingency going forward for 2017, 2018, 2019?

Treasurer of the States:

It is not unreasonable among another range of possible things that would not be unreasonable.

Deputy S.M. Bree:

Okay, if I may ask a slightly clearer question: in producing the figures, the headline figures for 2017, 2018 and 2019, what level of contingency have you included? Is it £37 million per year or not?

Assistant Minister for Treasury and Resources:

That is entirely up to the Council of Ministers to decide how it is divvied up. The States will agree the bottom line. What will come forward will be the detail for 2017, 2018, 2019 ...

Deputy S.M. Bree:

I am merely asking has it been included.

Assistant Minister for Treasury and Resources:

If they decide ... and I am clearly explaining to you that if the Council of Ministers decide that they do not want £37 million of contingency as per 2016 funding and want to put £10 million into the Health Department, then it may be they have a contingency of £27 million or they might move more. The overall £799,660,000 which the States will agree for 2017, for example, that will be divided up by the Council of Ministers and they will bring it forward in the addition on 30th June next year for the States to agree the departmental and contingency expenditure. As it is broken down under this M.T.F.P. it will be broken down under the addition as well.

The Connétable of St. John:

So if I read you correctly, the total figure of £799 million includes £39 million of capital expenditure which might be included into revenue expenditure if you are overspending?

Treasurer of the States:

Could I just ...

Assistant Minister for Treasury and Resources:

You can only spend ... you can only transfer to revenue expenditure by a ministerial decision, but that is allocated under another table, I believe, for money to be drawn down for Les Quennevais School.

The Connétable of St. John:

So if you delayed the project a year then that £39 million could be spent or used to cover overspends in revenue expenditure?

Treasurer of the States:

Within the bounds of the Public Finances Law, yes, that is possible but I also draw your reference to the sentence that immediately is underneath A2 - that is right, A2: "In order to deliver a balanced budget by 2019." The interpretation of that that is being used is to balance current income and current expenditure. If in 2019 you were to increase your current expenditure by doing transfers from your capital book, you would not, in my view, be balancing your budget.

Deputy J.A.N. Le Fondré:

Sorry, when you say is it total income and total expenditure, did you mean total revenue expenditure?

Treasurer of the States:

Revenue, sorry.

Deputy J.A.N. Le Fondré:

Right, okay. Okay, I will ask a question while the panel is mulling it over. Well, 2 queries, I suppose. Have you not, therefore, got an awful lot of flexibility in these ... within the kind of subsections of the amount that are being approved? The second ... actually, I will leave you to answer that question first.

Treasurer of the States:

I think both the Council of Ministers and the States have been giving a degree of flexibility within those totals, but those totals are challenging and demanding to live within. So relative to ... no, it does not because you have set the total spending limits and you have set out a plan to say we are going to balance the budgets by 2019. You have advice on the table as to what that means in terms of how we should interpret balancing budgets. So it sets out a clear path towards 2019. It does allow you some more flexibility within 2019, I agree with the principle there, but clear that the plan is to balance budgets, as I just pointed out, by 2019, which makes it ... gives you less flexibility by that time.

Deputy J.A.N. Le Fondré:

A political question, I think, from technical.

Treasurer of the States:

All right, okay.

Deputy J.A.N. Le Fondré:

What is to stop the Council of Ministers in 2017/2018, assuming things are approved in the rough format of 2016 that we have in front of us coming forward, not making the savings but saying: "We have not spent a lot of the contingency so, therefore, we have made a saving because we have not spent the contingency"? But contingencies really are not meant to be there to spend in the first place, so what is your view on that, Minister?

The Minister for Treasury and Resources:

Well, I would personally find that unacceptable. We are on a trajectory to change the structure of the public service, how service is delivered, to drive efficiencies, to ensure we have sustainable public finances in the long term, and what you are describing would simply be a short-term measure. Now, I accept potentially, politically, it could be done. I do not think it would be acceptable in any shape or form; certainly would not have my support.

Deputy J.A.N. Le Fondré:

Thank you. Kevin, anything?

Deputy K.C. Lewis:

No, I am fine.

Deputy J.A.N. Le Fondré:

Chris?

The Connétable of St. John:

Fine.

Deputy J.A.N. Le Fondré:

Simon, have you ...?

Deputy S.M. Bree:

No.

Deputy J.A.N. Le Fondré:

Right, okay, let us move on. So we are on Kevin, actually, 21.

Deputy K.C. Lewis:

Okay. Minister, will you clarify how the figure of £44,800,000 was arrived at in summary table C for depreciation?

The Minister for Treasury and Resources:

Do you want to take that?

Treasurer of the States:

Depreciation? Yes. Out of all the numbers we have to estimate, this one is the one that I least enjoy. So, depreciation is done on the basis of understanding our accounting policies, understanding where our base CAPEX figures are and that means the asset base, looking at any changes to accounting policies that are coming down the line, looking at the profile of spend that comes through during that period which will affect depreciation in each of those years. Yes, short answer: it is a technical matter as opposed to a political matter, so it flows from where we estimate given the profile of expenditure that is laid out, given the profile of capital expenditure that is laid out, in which areas that capital expenditure is likely to be incurred. It will dictate that, therefore, once delivered ... so again there is uncertainty in terms of exactly when those pieces of capital

expenditure are actually delivered but once they are delivered what depreciation they give rise to. In the meantime, on top of that you have revaluations of your existing capital stock, which could also impact upon depreciation. So it is a number that will change, I have no doubt that it will change, but it is based upon our best estimate at this stage.

Deputy K.C. Lewis:

Thank you for that clarity.

Treasurer of the States:

I apologise. It ...

Deputy J.A.N. Le Fondré:

Shall I sum it up as an estimation process which is based on some reasonable rules around the life and values of the assets?

Treasurer of the States:

Technical, it is not political, yes.

Deputy J.A.N. Le Fondré:

Okay.

The Minister for Treasury and Resources:

I think the important point was, though, that it was never accounted for in the past. It is a significant step forward in my opinion and very necessary.

Deputy J.A.N. Le Fondré:

I think, again speaking personally, I would not disagree with you at all on that one. Right, anybody have any questions because Simon has 22? Yes, right, on to you, Simon.

[12:30]

Deputy S.M. Bree:

Just going to move on: summary table H contained within the Medium Term Financial Plan, proposed total capital programme for each States trading operation 2016 to 2019. Why is the States Assembly being asked to approve significant capital spending for the Ports of Jersey from 2016 onwards when certainly my understanding is that it is due to be self-funding from 2016?

Treasurer of the States:

Do you want me to clarify that?

The Minister for Treasury and Resources:

Yes.

Treasurer of the States:

It is entirely a belt and braces approach that says in the unlikely event that the States were not to incorporate, which is still a decision in terms of the regulations to be approved, the Ports of Jersey, then we needed to have plans in place on that basis. So we have drawn up the M.T.F.P. on the status quo. In the event that Ports are incorporated this will all fall away in terms of Ports of Jersey. So as at the time we lodge, there is no States decision that gives me a definitive date as to when Ports of Jersey is to be incorporated.

The Minister for Treasury and Resources:

Just for your reference, this was the same procedure followed when Housing moved through the current Medium Term Financial Plan.

Head of Financial Planning:

Just perhaps for clarification, there is an amendment to the M.T.F.P. drafted should the States approve the regulations this week, which the Council of Ministers will then lodge such that the M.T.F.P. can be amended in advance of the debate, so that Members are very clear and do not have the confusion that you have currently.

Deputy J.A.N. Le Fondré:

Just to clarify, that would mean that summary table B would, therefore, change?

Head of Financial Planning:

No.

Deputy J.A.N. Le Fondré:

Is it not?

Deputy K.C. Lewis:

Well, it should.

Deputy J.A.N. Le Fondré:

Oh, of course, because that is the trading operations rather than ... sorry.

Head of Financial Planning:

Sure, it is just ...

Deputy S.M. Bree:

Yes, they are separated out.

Head of Financial Planning:

Just the tables for the ...

Deputy J.A.N. Le Fondré:

It is just H.

Head of Financial Planning:

That is right, and we would obviously adjust the proposition accordingly as well.

Deputy J.A.N. Le Fondré:

Yes, okay.

Head of Financial Planning:

As soon as we have that we will obviously forward that.

Deputy S.M. Brée:

That is dependent on the States approving the proposition as well, due for debate on Tuesday?

Head of Financial Planning:

That is right.

Deputy S.M. Brée:

Then that will then ...

Head of Financial Planning:

Yes.

Deputy S.M. Brée:

Okay. No, it was just to understand why that was contained within there and it is the principle for incorporation.

Head of Financial Planning:

Sure. As the Treasurer said it would have been wrong to assume a States decision.

Deputy S.M. Brée:

Fine.

Head of Financial Planning:

So at the time of lodging that was our best option.

Deputy S.M. Brée:

Okay.

Deputy J.A.N. Le Fondré:

This is the next ...

Deputy S.M. Brée:

Yes. Going back to summary table I, if I may, one thing that I believe needs further clarification. Will you detail exactly what the asset disposals as detailed in summary table I totalling £40 million relate to?

The Minister for Treasury and Resources:

In due course, yes.

Deputy S.M. Brée:

So just to confirm, at this present time you cannot provide this panel, or indeed other Members of the States Assembly with the exact details as to which assets have been identified for sale and yet you are asking us to approve this M.T.F.P. without any prior knowledge whatsoever of those assets?

Assistant Minister for Treasury and Resources:

We are not ... under the proposition the States are not agreeing table I.

Deputy S.M. Brée:

Well, we are effectively, because within ... sorry, bear with me. Within the M.T.F.P. obviously everything is related. Now ... sorry, I just need to find the section again.

Deputy J.A.N. Le Fondré:

To help, we are agreeing table J.

Deputy S.M. Brée:

Yes.

Assistant Minister for Treasury and Resources:

Yes. I am just saying that the States are not agreeing table I.

Deputy J.A.N. Le Fondré:

No, but table J concludes £40 million of transfers.

Deputy S.M. Brée:

Yes. So there is £40 million coming in.

Assistant Minister for Treasury and Resources:

Yes, but you were referring to table I. I am just saying that the States are not agreeing table I. That was just my point.

Deputy J.A.N. Le Fondré:

No, but what you are saying is that whether it is in I or J, we are in some shape or form giving some form of approval on the £40 million?

The Minister for Treasury and Resources:

Yes.

Deputy J.A.N. Le Fondré:

So to clarify Simon's question at the moment there is no detail attached to those?

The Minister for Treasury and Resources:

Correct.

Deputy J.A.N. Le Fondré:

I think I am suspecting the reason why now that I ...

Deputy S.M. Brée:

So effectively ... all right, I shall rephrase my question based on the fact that it refers to summary table J as well as I.

Head of Financial Planning:

Consolidated fund.

Deputy S.M. Brée:

The ... sorry, is something amusing you, Assistant Minister?

Assistant Minister for Treasury and Resources:

No. I am just waiting for your question.

Deputy S.M. Brée:

We, I feel, need more details on exactly what those assets that have been identified for sale are before we are able to approve the proposition. Will you, Minister, provide details of what those assets are prior to the debate?

The Minister for Treasury and Resources:

Well, if you look at summary table J you will see that the £40 million is spread over the years from 2017 to 2019 and we have stated several times that the detail in relation to that second phase is going to come back to the States; it will be lodged next June. You will have the detail in advance of that.

Deputy J.A.N. Le Fondré:

So just to clarify, the details on those transfers will be in June next year? They will not be before the debate that we are going to be having in October this year?

The Minister for Treasury and Resources:

We are not going to have all of the details in relation to the £40 million and, as you can see from summary table J, they relate to £20 million in 2017 and £20 million in 2019.

Deputy J.A.N. Le Fondré:

Can I just ask then, perhaps it might well be either Chris or Richard that needs to clarify this. In part F of the proposition, while Simon is gathering his thoughts, we are agreeing in principle: "The use of the strategic reserve income over and above that required in real terms et cetera ... to be able to transfer the consolidated fund and to be allocated to the measures identified in summary table J and that withdrawals should be made from the consolidated fund in 2017 and 2019 to replenish the strategic reserve." Now those withdrawals include £40 million. Is that not correct? We are being asked to approve those withdrawals in this proposition in October, are we not?

Treasurer of the States:

In principle.

Deputy J.A.N. Le Fondré:

In principle?

Treasurer of the States:

In principle.

Deputy J.A.N. Le Fondré:

But again we do not know what they are. At that point we are not going to know what they are.

Treasurer of the States:

I think that is what “in principle” means.

Deputy J.A.N. Le Fondré:

Yes, but we do not even know what they are at all.

Treasurer of the States:

Well, I think that the panel, from my previous calls to be in these meetings, seems to have a fairly good handle on what the assets of the States are.

Deputy J.A.N. Le Fondré:

Yes.

Treasurer of the States:

So it is limited ...

Deputy J.A.N. Le Fondré:

Sorry, when I said “we” I was referring to the States Assembly.

Treasurer of the States:

Oh, the States ... sorry.

Deputy J.A.N. Le Fondré:

Yes.

Treasurer of the States:

Yes.

Deputy J.A.N. Le Fondré:

Who are approving the proposition.

Treasurer of the States:

Yes. Who ...

The Minister for Treasury and Resources:

Or not.

Treasurer of the States:

... also have breakdowns of States assets. £40 million on £5 billion-plus of assets does not appear to be an uncomfortable number. We have not, in this plan, unlike previous plans, included other figures elsewhere for the receipt of disposal of assets ... but to include a number and include a number elsewhere on receipts, as you will well know as a previous Assistant Minister for Treasury and Resources, that previous plans have included number for the receipts of assets without detailing them all.

Deputy J.A.N. Le Fondré:

Actually, we used to have a property plan which identified the assets for disposal.

Treasurer of the States:

But did not say which ones of them would be, in the £9 million? So the £9 million for 2014?

Deputy J.A.N. Le Fondré:

I am before that time. In my days ...

Treasurer of the States:

But in the last M.T.F.P.?

Deputy J.A.N. Le Fondré:

In my days we identified the assets. Right.

Treasurer of the States:

But that is because annually those would have been brought forward so there would be more detail further down the line.

Deputy J.A.N. Le Fondré:

At the moment then, let us just establish that at the moment there is no detail attached to those sums of money?

Treasurer of the States:

At the moment the detail ...

The Minister for Treasury and Resources:

Correct.

Deputy J.A.N. Le Fondré:

They will not be in relation to the proposition by the time the proposition is made?

Treasurer of the States:

No, because ... I think Chris was going to jump in about clarification of the transfers.

Head of Financial Planning:

I was just going to say that it does say "In principle" and "intended transfers". There is the opportunity at each annual budget, as part of the appropriate proposals for the annual budget for variations to the transfers between the various funds of the States to be agreed. You may remember in response to one of Deputy Brée's earlier questions that there was some confusion around the funding of the economic growth facility and the intended process is that we will have sufficient funds in 2018 and 2019 in the consolidated fund to fund the two £5 million amounts in 2018 and 2019. Now, if the situation changes and we do not need to do the drawdown in 2017 for the £5 million then the strategic reserve transfers will vary in that year too and that is something that we will be able to do in the annual budget. It is part of the flexibility, both in terms of spending and the funding that the Treasurer and the Minister have alluded to, which is about having more time to work through these proposals so that what the States is being asked to approve finally rather than in principle and as an intention are actually what is most likely to happen.

Deputy J.A.N. Le Fondré:

Do you have anything else at this stage or do you want to carry on? Just keeping an eye on the time.

Deputy S.M. Brée:

No, I am okay.

Deputy J.A.N. Le Fondré:

Yes. Okay. Right. In which case, Chris, last 3 questions are down to you, I think.

The Connétable of St. John:

Yes. Okay. Figure 37 on page 92 of the M.T.F.P. shows the estimated balances of the strategic reserve for 2013 to 2019. Would you explain how these are calculated on a year-by-year basis and why there is such a decrease in 2017? Ninety-two.

The Minister for Treasury and Resources:

Ninety-two.

Treasurer of the States:

So firstly they are a fairly prudent estimate, I think is probably the right way, as opposed to pessimistic. As you go through the issues we have seen arising from China of income over the period so we toned down, on the basis of advice from investment advisers, the assumptions for income through that period. Now, 2017, why does it ... where are we? 2017, why does the value ...

Head of Financial Planning:

It relates to the question that we were asked previously in terms of the drawdowns from the strategic reserve, which are substantial in both the years 2016 and 2017.

Treasurer of the States:

Yes.

Deputy J.A.N. Le Fondré:

Yes.

Head of Financial Planning:

So the fact there is a significant withdrawal in that year is reflected in the balances but what you will notice is that the protected capital value, which is that which the strategic reserve policy provides, is protected in those drawdowns so the protected capital value continues to increase, as the Treasurer has suggested, alongside fairly prudent investment proposals but the value of the additional return falls because that is where the drawdown lies, which is what proposition F that we have just been discussing ... is the area in which the strategic reserve income can be used. So more of the strategic reserve income is being used in 2017 than is being earned in investment income and that is why the value in overall terms falls.

The Connétable of St. John:

Yes.

Treasurer of the States:

And then the balance jumps up considerably in 2019 with the repayments.

The Connétable of St. John:

Yes.

The Minister for Treasury and Resources:

That was a point that the F.P.P. picked up on, that the reserve is being replenished and exceeds the level that it is currently at by the end of the period.

The Connétable of St. John:

Yes. Basically you are looking to draw down £50 million out of the strategic reserve in 2016 and an additional £60 million in 2017.

Treasurer of the States:

Yes.

Head of Financial Planning:

That is correct.

The Connétable of St. John:

My concern is that in 2017 between what is the protected value, having taken out the money you are looking to take out in 2016 and 2017 leaves a very small margin of less than £20 million, which in percentage terms is miniscule. With the volatility of the stock market what happens if the returns on the investments are not achieved? Will you have to transfer money from the consolidated fund back to the strategic reserve in order to maintain its protected capital value of £721 million?

Treasurer of the States:

So firstly, if I refer to Chris's previous answer this will be approved on an annual basis so we will be looking to see the state of that excess return. Secondly your comment that ... I share the ... and this is why we have arrived at the plan we are at now. So previous versions may have withdrawn further that figure so we have concentrated heavily upon the timing. Approximately £20 million out of a current balance of just short of £80 million is not a small proportion of that number. I accept it is a small proportion of the overall balance but we are not looking at the overall balance.

We are looking at the excess return balance. So each year, based upon better understanding of where investment returns have been, we will have to recast this and each year there will decisions to be made.

[12:45]

The current plan is to run it as we have here but that may be impacted. In the past it has been impacted by considerably better returns than one could possibly imagine. At the moment, I expect it not to be in that ball park over the remaining time of the 2019 plan but the Council of Ministers and the States will have other decisions to make. The plan at this time is to do as laid out in the plan.

The Connétable of St. John:

Yes.

Treasurer of the States:

We have left that there in terms of £20 million, i.e. not budgeting to take it all down to zero. We have left some contingency in there which is a good percentage of the balance as it is now and the balance as it is expected to be at the end of the period.

The Connétable of St. John:

If I am hearing you correctly the amount in figure 36 above, the £60 million and the £50 million for 2016 is subject to independent propositions brought to the Assembly?

Treasurer of the States:

They are included within the budget each year. Transfers from reserves are included within each year's budget so will be ...

The Connétable of St. John:

In the annual budget?

Treasurer of the States:

... in the annual budget so it will be revisited every year.

The Connétable of St. John:

It will be?

Head of Financial Planning:

Yes.

Treasurer of the States:

Yes.

Head of Financial Planning:

If I could perhaps give the Constable a little bit of comfort? If you look at the 2014 figure which, of course, now is an actual, you can see that we have an accumulated reserve sitting there currently of £114 million from which we are at this stage able to draw down so that, as the Treasurer said, the forecast of returns going forward is very prudent so much of what we are drawing down is on the back of returns that we currently have.

The Connétable of St. John:

Right.

Deputy J.A.N. Le Fondré:

Right. Okay.

Head of Financial Planning:

If that is helpful?

The Connétable of St. John:

Okay. So really my final question is the Council of Ministers is requesting the States Assembly through P.72 to approve the forecast income of £2 million, sorry, £2,940,692,000 and a budgeted expenditure of £3,105,818,000. In other words you are proposing to spend £165 million more than your income. How does this balance the books?

The Minister for Treasury and Resources:

Well, we have a plan in place which is balancing by 2019 and that is clearly laid out.

The Connétable of St. John:

Well, you show a deficit of £165 million during the period.

The Minister for Treasury and Resources:

Yes. The measures ...

The Connétable of St. John:

So how is that balancing the books?

The Minister for Treasury and Resources:

Well, if the measures that we have identified are not put in place and we have talked about the delivery of the savings and re-prioritisation of funding and the £90 million which includes £70 million of staff savings and so on. If that is not delivered on, then you get to £145 million but the plan clearly lays out a package of measures which gets you there.

Deputy J.A.N. Le Fondré:

Can I just clarify something, Chris? There are 2 measures being conflated here. Minister, you are talking about the £145 million deficit. What Chris is talking about is the £165 million reduction, if you like, in the cash position. So I can understand that at 2019 you arguably are going to balance. The question is you are still down, it would seem, significantly on the cash position.

The Connétable of St. John:

You are spending £165 million more than you are getting in.

Treasurer of the States:

Well, you say that as if we do not recognise that in the plan. The plan is ... plan as backed subject to deliverability by the F.P.P. to make use of reserves in the period as would return the budget to be balanced once the economy is in balance in 2019. It is laid out. It is not hidden in any way that that is the plan to make the use of reserves in the period. Your previous question has alluded in terms of use of reserves and it is laid out within the plan.

The Connétable of St. John:

I am not accusing you of hiding anything.

Treasurer of the States:

No.

The Connétable of St. John:

I am just saying how is that balancing the books when you are £165 million worse off because the money has been spent? How is that called a balanced budget at the end of it?

Treasurer of the States:

By virtue of balancing the books in accordance with the economic advice we have been given by 2019.

Economic Adviser:

Is it worth me just clarifying something there?

Treasurer of the States:

Yes.

Economic Adviser:

It is not to balance the books in every year. It is to balance the books over the economic cycle by doing the measures and getting the budget back to balance by 2019. The point is that when the economy, as anticipated by the F.P.P., is back to something like normal capacity we will have addressed the structural position, got the budget back to balance at that point in time. So we would be in structural balance but the F.P.P. advice has also been that before we get there, with the economy still being weak, with spare capacity in the economy it is appropriate to run deficits, support the economy to make sure that we get the growth in the economy in the meantime. So it is balancing the budgets over the cycle and when the economy is back to normal, not in each and every year.

Deputy J.A.N. Le Fondré:

But I suppose to clarify the definition being used “to balance the books” is to get us back into surplus or balance, neutral, by 2019. But it does not mean that the finances that have been spent on investing in the economy or whatever you like to call it, have been refunded back into the public purse at that point.

Economic Adviser:

Not at that point in time.

Deputy J.A.N. Le Fondré:

No.

Economic Adviser:

But if you are in structural balance by that point in time, that would increase the likelihood that going forward as the economy grows above capacity you run surpluses and that would give you the opportunity to repay into the stabilisation funds, some of the other funds, if that is what you so desire. That is the point by getting to structural balance; it would put you in a much stronger position to do that.

Deputy J.A.N. Le Fondré:

Is not the difficulty that from 2018, 2019 onwards, the F.P.P. are advising that things be assessed against a zero growth trend?

The Minister for Treasury and Resources:

That is included in the plan.

Deputy J.A.N. Le Fondré:

Yes, but it means that after 2019 rebuilding the Island's finances might be difficult.

The Minister for Treasury and Resources:

We have not gone beyond 2019.

Deputy J.A.N. Le Fondré:

Okay.

The Minister for Treasury and Resources:

So again, that is current forecast, which is likely to change. Indeed, we have seen the current G.V.A.(Gross Value Added) forecast just upgraded by the F.P.P. in their current meeting last Friday.

Deputy J.A.N. Le Fondré:

Okay. Let us move on.

Economic Adviser:

Sorry, can I just respond to that one?

Deputy J.A.N. Le Fondré:

Yes.

Economic Adviser:

The F.P.P. are saying that beyond 2018 on average the economy may not grow in positive terms, your average rate of growth, not that the economy will not grow again after 2018. So even on their assumptions there should be opportunities for growth where you should be able to run a surplus, pay money back in. So it is not that it is zero growth each and every year after that. It is that over the cycle it would be zero.

Deputy J.A.N. Le Fondré:

Okay. Right. Chris, have you got anything to come in on at this stage?

The Connétable of St. John:

No, I will leave it.

Deputy J.A.N. Le Fondré:

I have got one or 2 but if you want to ...

The Connétable of St. John:

No, you carry on.

Deputy J.A.N. Le Fondré:

Okay. Are you 2 okay?

Deputy K.C. Lewis:

I am fine.

Deputy J.A.N. Le Fondré:

Okay. Right. We have got 10 minutes so I will ask a couple of questions that were kind of backstops, depending where we were. Let us see if we can keep them relatively concise. I suppose point 1, if we could turn, and this may be one for Chris or Richard. If you turn to page 43, figure 16, that table there which essentially shows the surpluses and/or deficits for the entire period and obviously shows the surplus at the end of 2019 in revenue terms as being just under £4 million. Yes? But in essence, just to clarify, is it not, in terms of what we are approving, which may be mixing metaphors as it were, do we not then have to add on the, I think it is called "other capital spend" of £1 million for 2016, £39 million for 2017 and £8 million-odd for 2018, I think? Is that correct?

The Minister for Treasury and Resources:

I think that is right, yes. It is not including the capital, is it?

Head of Financial Planning:

No.

Treasurer of the States:

That capital is not included in here.

The Minister for Treasury and Resources:

The capital is not ...

Deputy J.A.N. Le Fondré:

Well, I am just saying in terms of what we are approving, I accept that is not ... we are mixing revenue and other things but the point is the annual programme is effectively covered by the depreciation charges coming in, if that makes sense?

Treasurer of the States:

Yes. We do agree so that is why we use table B ...

Deputy J.A.N. Le Fondré:

Yes.

Treasurer of the States:

... that appreciate differently ...

Deputy J.A.N. Le Fondré:

B is the total capital?

Treasurer of the States:

... so there is one way of doing it in order to set your strategy; there is another way that the Public Finance Law lays it out in terms of ...

Deputy J.A.N. Le Fondré:

Yes. But it is helpful to use page 43 to say that the actual surplus at the end of the period is just under £4 million?

Treasurer of the States:

Yes.

Deputy J.A.N. Le Fondré:

We are agreed in terms of revenue?

Treasurer of the States:

Yes.

Deputy J.A.N. Le Fondré:

Okay.

Treasurer of the States:

As an accountant would view it.

Deputy J.A.N. Le Fondré:

Well, just to confirm that is what you have got in the report. Fine. Going back to the ...

The Minister for Treasury and Resources:

Chairman, sorry to interrupt but page 53 should give you the total expenditure and identifies the capital items you were just referring to.

Deputy J.A.N. Le Fondré:

Yes. No, I was just looking at what we were approving, if that makes sense?

The Minister for Treasury and Resources:

Yes.

Deputy J.A.N. Le Fondré:

Okay. Quickly, on ... we went back to the transfers and the £40 million, yes? Surely one of the relevance here is that - and this is where I probably need some input - the consolidated fund is not allowed by the Public Finances (Jersey) Law to go overdrawn at this stage. Is that correct?

Deputy S.M. Brée:

Correct.

Head of Financial Planning:

Not to be budgeted as overdrawn during any period of the M.T.F.P., correct.

Deputy J.A.N. Le Fondré:

Yes. So obviously if that £40 million was not achieved then it would go overdrawn, unless you take other measures to replace that £40 million. Is that correct?

Treasurer of the States:

Well, you would not be allowed to bring forward ...

Deputy J.A.N. Le Fondré:

Or is it just neutral?

Treasurer of the States:

... each budget a position where the consolidated fund would be overdrawn.

Deputy J.A.N. Le Fondré:

Okay. So that is ...

Treasurer of the States:

So you would have to take alternative action.

Deputy J.A.N. Le Fondré:

So, okay. From that perspective ... but having said that it is I suppose, net neutral because it comes in and then goes out to the reserve.

Head of Financial Planning:

We now have a commitment, if you remember at each budget to project forward for the current year and 3 years, so at any budget you would see that readjusted forward so once we come to do 2017 budget you would see what the position is through to 2020, say.

Deputy J.A.N. Le Fondré:

Good. Okay. That will start coming forward in this year's budget presumably?

Head of Financial Planning:

Yes.

Deputy J.A.N. Le Fondré:

Okay. This is a technical query. The £60 million adjustment that is in the consolidated fund for 2015 I think it is, which is the accounting adjustment on income. I think it was the treatment of recognition of income between ... for I.T.I.S. (Income Tax Instalment System) payers.

Head of Financial Planning:

Yes.

Deputy J.A.N. Le Fondré:

Would somebody like to succinctly, in about 2 minutes, just clarify exactly what you are doing? In English.

Treasurer of the States:

That is a challenge coming from an accountant.

Deputy J.A.N. Le Fondré:

I thought so. But it is page 148, change in accounting policy. Income tax, a raise of £60 million and basically the funds ...

Treasurer of the States:

Yes. So the challenge is by reference to 3 principles, and for some reason one of them is failing to come to the front of my head in terms of income recognition.

Deputy J.A.N. Le Fondré:

Yes.

Treasurer of the States:

So the first is has the event that would give rise to the transfer of economic value, in this case the eventual liability to taxation given rise? It has, because as I am sitting here I am earning money.

That is giving rise to that taxable event. Is there a likelihood that that transfer will take place?

Yes, on the whole, the majority of the population that is the case ...

Deputy J.A.N. Le Fondré:

Yes.

Treasurer of the States:

... as you can see by referring to history and the third is whether it is readily measurable. In the case of those individuals who pay on a current year basis in the current accounting year that is readily measurable to a significant degree of accuracy because for the majority of I.T.I.S., for the majority of that tax it has already been received and is sitting in the States coffers.

Deputy J.A.N. Le Fondré:

I think it was more the change, so what we were doing last year versus what was going to happen now?

Treasurer of the States:

So the thing that is changing is just reviewing against those principles, our accounting policies and looking to see how accurate that has been. That forecast is fairly accurate and those figures have now been through, in terms of discussing with our auditors and discussing with audit committee as

well, which is an internal body. In actual fact the biggest challenge is not recognising the prior basis on that basis as well. My view at the moment is that the forecasts are not within the degree of accuracy that I require to take all those funds into the accounts but we will keep that under review.

Deputy J.A.N. Le Fondré:

So would the summary just be that from a change in the accounting policy perspective we have achieved a one-off liberation, if you like, of money that previously we would not have touched?

Treasurer of the States:

Yes. The irony in this case is you would otherwise be looking at transfers from other funds when you have actually got the money in the bank at the year-end.

Deputy J.A.N. Le Fondré:

Okay.

Treasurer of the States:

The money is sitting there. It is not due from anyone. The majority of that money is there. Yes, there is a difference between assessment and collection but we also ... if you are on a current year basis you have an estimated assessment which is something that is different from where you are with prior basis.

Deputy J.A.N. Le Fondré:

Right. So that is looking at that.

Treasurer of the States:

So if we were going bottom-up what we do not have for prior year people at this point is the bulk level of assessments as opposed to having estimated assessments in place, if estimated is the right word. I think it broadly is. Assessments of current year basis.

The Connétable of St. John:

So if I understand you correctly, what has happened is most people before the I.T.I.S. law came in paid tax on the year previous?

Treasurer of the States:

Yes.

The Connétable of St. John:

Now with the I.T.I.S. they have pay tax year-present?

Treasurer of the States:

Yes.

The Connétable of St. John:

What is happening is as those pre-2007 are retiring, or 2004, or whichever the year it was, are retiring more and more youngsters are coming in to the market place. They are on I.T.I.S. ...

Treasurer of the States:

Yes.

Deputy S.M. Brée:

Current year.

Deputy J.A.N. Le Fondré:

Current year.

The Connétable of St. John:

... and therefore in effect you are collecting 102 per cent or 103 per cent of tax because you are collecting those extra people?

[13:00]

How is this going to affect us going forward?

Treasurer of the States:

In terms of going forward, the Chair identifies that largely this is a one-off adjustment.

The Connétable of St. John:

Right.

Treasurer of the States:

A one-off adjustment. We have got the cash so therefore it comes in. In terms of onwards, what it will essentially mean compared to the policy you have at the moment, of course, because as you say the group of people who are paying on a current year basis are growing so as they grow over time we have jumped a year forward so that is like increment would come forward a year earlier than it would have otherwise done.

The Connétable of St. John:

Okay.

Treasurer of the States:

I suppose it is just that. That is the only impact.

The Connétable of St. John:

Right. So you have gone past halfway and it is just tipping the balance over in other words?

Treasurer of the States:

Yes.

The Connétable of St. John:

Yes. Okay.

Treasurer of the States:

So it is ...

Deputy J.A.N. Le Fondré:

You happy?

The Connétable of St. John:

Yes.

Deputy J.A.N. Le Fondré:

Anybody else?

Deputy S.M. Brée:

Fine.

Deputy J.A.N. Le Fondré:

I will wrap up with one final query then, which is just going back to the reserves, and just to get it clear in my head, in terms of the withdrawals from the strategic reserve during the period, are we looking at ... I have got £164 million in my head. I think Chris might be the one to confirm on that one. But they were also withdrawing over £38 million from the Health Insurance Fund and the Criminal Offences Confiscation Fund so it is £202 million in total?

Head of Financial Planning:

Before any repayments.

Deputy J.A.N. Le Fondré:

Yes. We are repaying about £70 million?

Head of Financial Planning:

Yes.

Deputy J.A.N. Le Fondré:

Okay.

Treasurer of the States:

But that includes the consolidated fund, does it? Balance of the consolidated fund.

Deputy J.A.N. Le Fondré:

Right. Well, from my perspective I am done. I think my panel have also ... we have concluded the questions plans. It is bang on 1.00 p.m. so we have kept to the timetable well. You have another meeting to go to, Minister, so thank you very much for your time and we will conclude the hearing.

The Minister for Treasury and Resources:

Just one point, which is not directly related to the current subject matter. It was in relation to the debate tomorrow on Ports Incorporation. Just to confirm in particular to Deputy Brée that we have circulated the letter and documentation to States Members today and I think we are in an agreed position with regard to all that and just wanted to thank the panel for their work in this matter. Well, the panel, Deputy Brée.

Deputy S.M. Brée:

Thank you.

The Minister for Treasury and Resources:

That was all.

Deputy J.A.N. Le Fondré:

Thank you very much.

Deputy S.M. Brée:

Thank you for your time.

Deputy J.A.N. Le Fondré:

Okay.

[13:02]