



## Corporate Services Scrutiny Panel

### COVID-19 Review

## Witness: The Minister for Treasury and Resources

Monday, 18th May 2020

**Panel:**

Senator K.L. Moore (Chair)

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

Connétable K. Shenton-Stone of St. Martin

**Witnesses:**

Deputy S.J. Pinel of St. Clement, The Minister for Treasury and Resources

Senator I.J. Gorst, Assistant Minister for Treasury and Resources

Mr. R. Bell, Treasurer of the States

Mr. R. Summersgill, Comptroller of Revenue

Ms. C. O'Brien, Deputy Comptroller of Revenue

Mr. K. Hemmings

Mr. P. Lamy

Mr. S. Hayward

Ms. A. Rogers

[14:01]

**Senator K.L. Moore (Chair):**

Good afternoon to everybody and thank you for joining us for this quarterly hearing with the Treasury and Resources team. This is the Corporate Services Scrutiny Panel. I guess we had better start with the usual introductions. I am Senator Kristina Moore and I am the Chair of the panel.

**Deputy S.M. Ahier of St. Helier:**

Deputy Steve Ahier, Vice-Chair.

**Connétable K. Shenton-Stone of St. Martin:**

Karen Shenton-Stone, member of the panel.

**Senator K.L. Moore:**

We have apologies from Deputy Jess Perchard and the Constable of St. Peter, who were not able to join us this afternoon. So, Minister, would you like to kick off with your team?

**The Minister for Treasury and Resources:**

Thank you. I am Deputy Susie Pinel, Minister for Treasury and Resources.

**Assistant Minister for Treasury and Resources:**

I am Ian Gorst, in this instance the Assistant Minister.

**Treasurer of the States:**

Richard Bell, Treasurer.

**Comptroller of Revenue:**

Richard Summersgill, Comptroller of Revenue.

**Deputy Comptroller of Revenue:**

Cora O'Brien, Deputy Comptroller of Revenue.

**Senator K.L. Moore:**

If anybody else does have to join us from the team, if they could just introduce themselves before speaking, that would be very much appreciated. If we get started, I think everybody is now quite familiar with this new format. If somebody particularly wishes to speak when they have not been invited, if they could just indicate their intention to do so in the meeting chat that is available to us all, that would be very helpful. We are going to kick off with questions about COVID-19 and the impact that that might have on our public finances. If we could just ask you, Minister, about borrowing, whether you might just start by updating the panel on the strategy for short-term borrowing and confirm that the loan that you had previously indicated was going to be sought by the Government of Jersey has now been secured, please.

**The Minister for Treasury and Resources:**

Yes, thank you, Chair. It has. The States Assembly agreed that we could - Treasury, the Government - borrow up to £500 million, which does not mean to say that we are going to use it. It is just a borrowing facility and it is spread across 5 banks, locally based banks. That is about £100

million per bank, and it is called a revolving credit facility, which means that we can draw down on it for the need at the time. I want to make that clear because I think a lot of the public think we are immediately borrowing £500 million. We are not. It is just a facility. We do not know what the drawdown is going to be as yet because it has only just been put in place, but we felt it was the right way to go. So, it is for 2 years with an additional one year and then, if we need it further than that, an additional one year. That is how it is drawn out.

**Senator K.L. Moore:**

Thank you. Are there any fees or arrangement fees or interest rates that will be imposed, or penalties even?

**The Minister for Treasury and Resources:**

There will be, of course, but it is relatively new this, as you will know, Chair, because it was only media released last week, I think. We are still talking to the banks about that, so until we have permission from the banks to disclose any information on interest rates, we cannot say it publicly. I do not know it either until the banks say that we can release that sort of thing.

**Senator K.L. Moore:**

You have indicated privately some potential terms to us, so perhaps if you could stipulate those terms privately in written form at some point, obviously as early as possible, that would be very helpful. One would expect, as any household or large organisation would, that those terms will be agreed in advance of any drawdown taking place?

**The Minister for Treasury and Resources:**

Of course they would and, of course, we will furnish you with the information. It is just that we have not had the permission from the banks as yet to do that, so I am not being hidden about it, it is just that we have to agree with the banks that we can release the information. As soon as they agree, we will.

**Senator K.L. Moore:**

Yes, of course, thank you. Could you confirm to the panel what steps are being taken now to formulate the long-term borrowing strategy? Because, of course, the intention is still there to press on with the hospital project, for example, as well as others. Will this short-term borrowing have any impact on the viability of those?

**The Minister for Treasury and Resources:**

No, it will not, on the basis that this short-term borrowing is not based on anything that we have established already. If we were going to do long-term borrowing, as per the previous bond which

was never signed ... because, of course, it was totally for the hospital on the Gloucester Street site and that site was eliminated by Planning twice, so that bond was never signed. So a long-term bond, as that one was, of a 40-year repayment plan is probably what we would be looking at for capital expenditure in the future.

**Senator K.L. Moore:**

Could I just ask you, though, whether you have had any indication that the short-term facility would impact, say, on the credit rating, which, as I recall, was a really important part of agreeing the terms of the bond when it was looked at previously?

**The Minister for Treasury and Resources:**

Yes, the S. & P. (Standard & Poor's) credit rating is incredibly important, as you quite rightly say. Whether that changes in the light of this current circumstance will very largely depend on the U.K. (United Kingdom) as much as us. At the moment, it still rests as it was. It has not been changed yet, but obviously a borrowing of long-term facility would be affected by an S. & P. rating.

**Senator K.L. Moore:**

Is there any date in the near future where it might be reviewed, the credit rating that is?

**The Minister for Treasury and Resources:**

I think it is going to be. The Treasurer would probably know the date, but I think it is relatively soon but I cannot remember the date.

**Treasurer of the States:**

Our usual cycle is 6-monthly in July and January. We have obviously, as we are required to do, kept in full contact with S. & P. as to our current developments as to the short-term borrowing facility.

**Senator K.L. Moore:**

Thank you, Treasurer. I am now going to pass over to the Constable of St. Martin, who has some questions about the new deal.

**The Connétable of St. Martin:**

Thank you. Good afternoon, Minister. Do you believe that it was appropriate for the Government to announce these measures on Friday afternoon, given that the scrutiny hearing had been booked for the following Monday?

**The Minister for Treasury and Resources:**

Sorry, did you say to announce the measures?

**The Connétable of St. Martin:**

Yes, on Friday afternoon during the press conference.

**The Minister for Treasury and Resources:**

Well, we sent out a general media release on Friday, but that was based largely on ... it was quite public that it had all been agreed in March at a States Assembly that this would be a facility or a power - and I do not like using the word but that is what it says in the legislation - for the Minister for Treasury and Resources to be able to borrow up to - and that being quite important - £500 million. Of course, it has taken a bit of time to find the way through with the banks, and that was when it was all agreed and so we released it.

**The Connétable of St. Martin:**

Why was the panel not given any forward notice of this announcement?

**The Minister for Treasury and Resources:**

I am not quite sure why it would have been needed. It had all been agreed by the Assembly, so it was really just announcing the fact that the banks had agreed to back it.

**Senator K.L. Moore:**

I think there might be a slight confusion here. Minister, we have moved on to talk about the new deal that was announced on Friday and moved away from the borrowing.

**The Minister for Treasury and Resources:**

Oh, right, that is where the confusion is.

**[Interruption]**

[14:15]

**The Connétable of St. Martin:**

Minister, with reference to the new deal, why was the announcement made now when the recovery plan is still several months away?

**The Minister for Treasury and Resources:**

Right, okay. I am not quite sure it is announcement of a new deal. I think it was an announcement by the Assistant Minister for Treasury and Resources - who can speak for himself, of course, as he is here - that this is the sort of thing that we were looking at. I would not say it was a new deal. We

have obviously, as a Government, considered all aspects of how we make an economic recovery, and we have to tread a very, very fine line between lives and livelihoods I think was the quote I heard somewhere. It is the livelihoods that we need to concentrate on because we need to work forwards with an economic recovery because people are going to be suffering hugely, especially parents with children at home, from mental stress, all sorts of reasons why we need to move forward. It was just, I think from what I read, the Assistant Minister for Treasury and Resources was saying that these are ways that we have looked at that we could help with the economic recovery, but he may want to say more.

**Assistant Minister for Treasury and Resources:**

I am happy to answer the question directly if the Constable wishes.

**The Connétable of St. Martin:**

Yes, please.

**Assistant Minister for Treasury and Resources:**

Thank you. It is, as the Minister said, the Deputy Chief Minister and myself were asked a straightforward question in the media briefing where we were discussing not only the economy but, of course, the other health effects of the lockdown. I alluded to the work that is being done in Government and I think it was a media outlet that referred to that work as a new deal. It might, of course, be a fair description of it, but I would hope that those around this virtual meeting will be aware of existing Government policy, aware of the principles of fiscal stimulus, and let us remember the answer was about fiscal stimulus, not about the long or medium-term economy, so coming out of the health effects and coming out of lockdown following the safe exit strategy, what sort of measures Government is thinking about. I for one personally support ... of course, they have to go through the process, which is why I alluded to them at a high level. I think it is important for Ministers to speak in public about what the direction of their policy is and the ideas that they are asking officials to consider. So, it was not an announcement as perhaps it has been picked up in the media, but I did say that for my part a bold package of measures, which included those elements, would be and should be appropriate and should be brought forward. I was also asked about the creation of a ... we might call it a local market bond, and again I made it very clear what my position was but that that was not the position of the Government or the ministerial team.

**The Connétable of St. Martin:**

That was my next question, was about you expressing your personal view that Jersey should look at issuing bonds as a means of funding contraction points. I just wondered what the Minister for Treasury and Resources' view of that was and if any work had been conducted on it.

**The Minister for Treasury and Resources:**

Of course, a lot of work has been done on it and is continuing to be executed on which way we go forward with bonds, and I think I said that in an earlier question but whether it was one of the ones that was cut off I am not quite sure. But we are looking at all ways of dealing with things, but for the immediate future the revolving credit facility which we have put into place now is what we are using for the time being.

**The Connétable of St. Martin:**

Thank you. Do you believe that the Assistant Minister should continue to give his personal views when representing you at press conferences?

**The Minister for Treasury and Resources:**

It is very difficult at a press conference because you do not know what the questions are going to be, obviously, and I think the Assistant Minister for Treasury and Resources made it quite clear that it was his personal view, not that of Treasury. But I think it is difficult to fend off answers, and if the media wish to take it as a representation of Treasury, then that is exactly what they have done rather than a personal view. So it is a difficult situation to be in, especially at the moment when obviously the media are under pressure, as are Government.

**The Connétable of St. Martin:**

Thank you. During your previous public hearing with this panel, you stated that the tax situation was all being looked at at the moment. What has changed either internally or externally to now prompt the announcement of this "new deal", including tax cuts?

**The Minister for Treasury and Resources:**

I think both the Assistant Minister for Treasury and Resources and the Minister for Economic Development mentioned at a press briefing quite a while ago that we were looking at all sorts of options on tax. I think I made it clear in an interview that it was not likely to be any change in income tax, but we could look at other ways of releasing some monies, moving caps possibly or higher caps on social security and long-term care. We would look at G.S.T. (goods and services tax). We are looking at everything as a way to move forward on this. We have already, as you will know, deferred G.S.T. contributions. We are looking at whether we should defer those further than just until the end of quarter 2, whether we should do the same with contributions. It is a big step to take and we cannot leap into the future and say we will defer it for another quarter, i.e. until the end of October, until we have at least this month, May, what it has meant by the payroll scheme and the deferment of the contributions, what effect it has had on the economy and the tax take.

**The Connétable of St. Martin:**

Thank you. How do you expect the stimulation of green lifestyles to boost the economy?

**The Minister for Treasury and Resources:**

Very good question. I think that we have to really ... green lifestyles have been promoted for quite a long time and I think that if we are going to, depending, I suppose, on the result of tomorrow's debate, continue with or go into a more severe lockdown than we have at the moment - and I am not going to speak either way on that until tomorrow's debate because that is for tomorrow - I think an investment and investigation into more green lifestyles is what we should be doing.

**The Connétable of St. Martin:**

Thank you. You also stated the Government's intention to introduce technology which will drive to increase productivity. Could you outline exactly what you had in mind and which sectors this will primarily affect?

**The Minister for Treasury and Resources:**

Well, as I was not the one to make the statement, again perhaps the Assistant Minister for Treasury and Resources might answer, but I suspect it will be largely around digital, which we were investing in quite heavily before this current situation. But he might like to enhance on that.

**Assistant Minister for Treasury and Resources:**

I am happy to do so. As you will be aware, Constable, there is an existing Government policy, which is to some extent outsourced to Digital Jersey, to encourage businesses right across our community to invest in digital. It is also there to encourage the growth of the digital economic sector in our community. We would not be the only place in the world thinking and looking to put money towards supporting businesses to increase and improve their productivity through the use of technology coming out of this health crisis. So, I hate to say it but what I said was heralded as a new deal, but when you drill down, a lot of what I was saying was really common sense and building on existing Government policy. The Government is thinking about how it can do that and how it can provide that support, but it is not straightforward. You can have the high-level policy initiatives, which we have discussed, and then you have to work out the actual actions that will be taken underneath. That is what officials are busy working on right now and there will, of course, in due course - hopefully not in the too distant future - be announcements about the individual details of that package of stimulus measures, which will follow, as you will also be aware, the economic guidance that stimulus measures should follow, so temporary, timely and targeted.

[14:30]

**The Connétable of St. Martin:**

Thank you. Moving on to the next question, with reference to the Economic Council, please could you explain what the Economic Council will do? How will it affect economic decision making and what seniority will it have?

**The Minister for Treasury and Resources:**

Can I refer the Economic Council to the Treasurer, please?

**The Connétable of St. Martin:**

Yes.

**Assistant Minister for Treasury and Resources:**

It might be more opportune if I just initially address that because that was also mentioned at the media briefing on Friday. However, you will be pleased to know that in this instance I was not the culprit, as it were. It seems as though that is perhaps the insinuation. It was the Deputy Chief Minister. So, the idea is ... but the Chief Minister has not yet signed off this process, which he was intending to do this week. Members will be aware of some of the other issues that we are dealing with this week and, therefore, it might take slightly longer. That is a Political Oversight Group. There have been members of the community invited to sit on that group, underneath which is a very broad-based group of individuals from across the community. That will be chaired by Senator Farnham and it is very much trying to ensure that every voice across the community is heard and ideas are garnered across the community. But I do think it is important that I make one point and that is that the fiscal stimulus package is a slightly separate issue, of course. That is something that will need to be delivered and formally announced with more detail or announced with detail in the next number of weeks. The Economic Council and the Political Oversight Group is looking much more at the medium and longer-term strategy and policies that Government should be following. So, it is very clear from the Fiscal Policy Panel's initial advice in suggesting that the economy would contract by 6 per cent during the health element of this crisis, and we await further advice from them to understand their assumptions about contraction in the medium and longer term. So, a stimulus package has to deal with that contraction and, therefore, it does need to be bold and effective, and I do not think we should shy away from that. Then we are setting in place these structures, or the Chief Minister is setting in place these structures, of which, of course, the Minister for Treasury and Resources is a very important part because lots of decisions that might be required about money she will be required to make. That will be dealing with the medium and longer term, taking advice from across the community, taking economic advice, and that is where some politicians and Islanders have been calling for ... they might use the term "realignment" of the economy, dealing with some of the longstanding issues in our economy, and they need to be addressed and appropriately considered in that stage. That is what the Economic Council will be helping Ministers to think about.

**The Connétable of St. Martin:**

Thank you. You have just said that the council will be broad based and I believe there will be 20 members of the council. I am not sure if that is correct. It will be interesting to see who is on the panel. Will non-Government States Members be invited to join the council?

**Assistant Minister for Treasury and Resources:**

I cannot give you the detail this afternoon of exactly the makeup of the council because that is a decision for the Chief Minister, unless the Minister for Treasury and Resources has any more up to date information on that. We are due, as Ministers, to meet again later this week and so that may be considered again but, as I say, that is a decision for the Chief Minister to make. I know he had intended to make it this week but, as I said, other issues perhaps have gone to the top of his agenda. But that will be made in very short order.

**The Connétable of St. Martin:**

Thank you.

**The Minister for Treasury and Resources:**

I cannot add any more because I do not know, but maybe the meeting directly after this is going to be part of that. We have another Council of Ministers meeting scheduled for Wednesday, so we might know and when we do we will inform you.

**The Connétable of St. Martin:**

Thank you. Is there a risk that this council could be used to bypass the legitimacy of the States Assembly as a policy-forming body in order to stimulate consensus on certain controversial issues? How will this be avoided?

**The Minister for Treasury and Resources:**

I would have thought, bearing in mind I am not part of this council, that it would be an advisory group, not a decision-making group.

**The Connétable of St. Martin:**

Thank you. One last question on this new deal: after this 2-year period of stimulus has elapsed, what do you expect the Island's economic strategy to resemble?

**The Minister for Treasury and Resources:**

As I think I mentioned in an earlier answer, it is very difficult to even go from month to month. Of course, we have to on income forecasting and fiscal strategy. We have to have a long-period view,

but until we know what, for instance - and it is only for instance - the payroll uptake has been, and we will not know that until the end of May, which is for April, of course, for payroll in April, we will not know what the uptake of that has been or whether we will need to extend it. So, although we are developing - have not done yet but are developing - a long-term strategy based on the income forecasting group, which are hoping to publish a forecast in the next couple of weeks, then we will not be able to base a fiscal policy strategy long term until we know what that is. It is very much as you, Connétable, will understand, as the rest of the Assembly does, as the public does, that it is very much a day to day situation at the moment, even though we are doing the work behind the scenes.

**The Connétable of St. Martin:**

Thank you very much. I will now pass you on to Deputy Ahier.

**Deputy S.M. Ahier:**

Thank you very much, Karen. If we could move on to capital projects, Minister, which sectors of the economy is the Government of Jersey looking at developing over the coming months and years to expand its economic portfolio and encourage economic growth in response to the COVID-19 pandemic and the looming recession?

**The Minister for Treasury and Resources:**

Gosh, a long question, Deputy. Thank you. Of course, at the moment everybody is concentrated on the current situation, and capital projects, which were in the Government plan, of course, and the money in the Government plan which was to investigate the potential for capital projects, has had to be resorted to the current situation. However, from a long-term point of view, of course, we have to look at the hospital. We are doing it. There is a hospital Political Oversight Group sitting as we speak, I think, and I think the Chief Minister or the Chair, who is the Minister for Economic Development, said that there would be now an answer in July with a start potentially in 2022, providing planning permission was given. So, we are looking at that as being an absolute necessity for the Island. Of course, it is not an investment as such from a commercial revenue input. It is an investment for the Island of Jersey. If you are looking at other capital projects, possibly a redirection or reinvention or reconstruction - not physically - of Fort Regent might be an investment for the Island as a capital project. We have to balance the 2, whether it is to bring money in or whether it is there for the residents.

**Deputy S.M. Ahier:**

Are there any other sectors of the economy that Jersey could be looking at growing in order to improve its flexibility and output should a new lockdown-style event occur in the years to come?

**The Minister for Treasury and Resources:**

Well, of course, one sincerely hopes there will not be a new lockdown but this has been an initiation for everybody globally, not just for Jersey. We have been very fortunate that we have been able to deal with it so far financially. We have to look at schools. There are so many capital projects that we could look at but, of course, everything has been put on hold in order to deal with this current situation.

**Deputy S.M. Ahier:**

Have any discussions begun among the Council of Ministers regarding targeting fiscal stimulus and when will there be an agreed approach; for example, the possibility of improving cycle routes?

**The Minister for Treasury and Resources:**

Well, there has been for as long as I have been in politics a debate about cycle routes. Yes, the cycle route situation, as Deputy Carolyn Labey has been a great proponent of, needs to be improved, especially in the current situation when there are more cyclists than I have ever seen. But there are certain areas, bearing in mind we are a small community and a small geographical community, as to where you would be able to extend them. So, for instance, before you get to the one at Gorey, how would you do it from La Rocque? You would have to take private land. Now, how can you do that? I do not want to go into the detail, it is not necessary, but you would have to work out how you would extend it without interfering with the geographical scenario of taking private land, fields, gardens, away.

**Deputy S.M. Ahier:**

Moving on to the economy, how have discussions with workers and unions influenced your decision making in relation to the allocation of funds to particular heads of expenditure; for example, in relation to the funding of the business disruption guarantee scheme?

**The Minister for Treasury and Resources:**

I think that is the one that we agreed, as a States Assembly, we would allocate £50 million to. I think that is the one you are referring to. The applications for that so far have not been large at all, but I suspect that as everything continues ... for instance, the first phase of the payroll did not see the uptake that we expected, but then that was only the last 2 weeks of March. I suspect that May will be an increase in demand for the payroll scheme for payment in April. As we see this carrying on, I think businesses will need more support. So, again, it is difficult, as I said before, to go any further than from month to month, and we will know more by the end of May as to what the take-up has been.

**Deputy S.M. Ahier:**

Minister, were there any actual discussions with workers and unions and stakeholders before these decisions were made?

**The Minister for Treasury and Resources:**

There were before the payroll scheme was rolled out, of course, because we had to have a very quick - it must be said because we did not have much time - consultation across the board as to how we were going to present this. It is not an immediate copy of the U.K. one, the furlough scheme. People keep referring to us as the furlough scheme. Well, it is quite different because the one in the U.K. supports people out of work but we are supporting people out of work and in work if they still have their jobs and can manage their jobs. So, there is a slight difference in the 2 schemes. We did consult, but ongoing consultation will take place.

[14:45]

**Deputy S.M. Ahier:**

During the States Assembly sitting on 12th May, the Minister for Social Security stated that she had not yet held meetings over whether there would be cuts to social security. When will discussions with Ministers on potential financial restructuring and recovery take place?

**The Minister for Treasury and Resources:**

They have already taken place on the fact that we have agreed around the Council of Ministers that there is going to be an increasing demand on social security which will have to be financed. Clearly, with people losing their jobs or being out of work, there is bound to be an increasing demand. So, we are in constant discussions with Social Security and that will continue.

**Deputy S.M. Ahier:**

Have departments been instructed to start cutting costs?

**The Minister for Treasury and Resources:**

That instruction had more or less happened beforehand. It was part of the target operating model that departments were going to cut costs but, of course, this situation has intervened rather with that when we need a lot more help for health, of course, it goes without saying, and a lot more help for C.L.S. (Customer and Local Services), social security, because they are administering the payroll scheme and need a lot more people to do it. So, what was initially going to be a cost-cutting exercise in all dimensions has been, again, put on hold in order to deal with extra staffing and equipment for the current situation.

**Deputy S.M. Ahier:**

Do you think that during this recessionary period the overall number of F.T.E.s (full-time equivalents) in the public sector needs to be re-evaluated?

**The Minister for Treasury and Resources:**

As I said before, I think, that was happening before with the target operating model. That was happening and I am very aware of the public concern of the amount of F.T.E.s, consultants, interims in the public sector, very aware of the concern. But clearly that cannot happen while we are trying to deal with this COVID situation because departments like Health and C.L.S., as previously mentioned, need that quantity of advice and medical expertise, certainly in Health, in order to deal with the place we are at the moment.

**Deputy S.M. Ahier:**

How is your department working to minimise the increased risk of fraud during COVID-19, in particular in relation to the income substitute package?

**The Minister for Treasury and Resources:**

The fraud situation, certainly in tax, be it intentional or not intentional - and by not intentional I mean people who are possibly not able or aware of what they should be declaring - has already been addressed or is being addressed. Revenue Jersey are under a lot of pressure at the moment and across the board on the ... I am not quite sure what you mean by fraud. Do you mean in the payroll situation, co-funding?

**Deputy S.M. Ahier:**

Well, obviously with the up to £138 million being allocated to income substitutes, there is always the possibility of fraud.

**The Minister for Treasury and Resources:**

There is and, yes, I appreciate your question. There is and each application is carefully analysed before a business or employer can access the payroll contribution.

**Deputy S.M. Ahier:**

How sophisticated is the payroll co-funding scheme governance in terms of tracking and tracing; for example, where an employee may be on secondment? How are their primary and current employers treated by the scheme, and I.T.I.S. (income tax instalment system) and Social Security as well?

**The Minister for Treasury and Resources:**

Well, as I say, Treasury organise the scheme and C.L.S. operate it, so they are doing a huge amount of tracking and tracing to make sure that every applicant for the scheme ... considering it is 80 per

cent of employees' wages, they are being very, very careful with taxpayers' money to ensure that each application is tried and tested before it is granted.

**Deputy S.M. Ahier:**

The U.K.'s Foreign Secretary stated that the U.K. economy will not be back to full force until 4th July. Can Jersey expect a similar date for the resumption of most of its economic activity?

**The Minister for Treasury and Resources:**

I think we have to be very careful that we do not base all our dates and times on the U.K. As far as the medical science goes and the economic science goes, we are 2 weeks at least behind the U.K. So we are fortunate in that way inasmuch as we have other jurisdictions to look at to what they have achieved in the time, so I would not give a date of 4th July whatsoever. We are still looking at whether the schools resume on 1st June after half-term and how they do it. Obviously, if the schools resume, albeit in rotation which I think is what is being proposed at the moment - so not all going back together, clearly, to allow for social distancing - then if some children go back to school, that will release the parents to go back to work. So, it is a rotating situation and I do not think that we should jump in with an end date.

**Deputy S.M. Ahier:**

How many Revenue Jersey employees are still seconded to different departments and what impact is that having overall?

**The Minister for Treasury and Resources:**

Goodness me. May I ask the Comptroller if he has those figures because I do not have them to hand, I am afraid, Deputy?

**Deputy S.M. Ahier:**

Of course.

**Comptroller of Revenue:**

Good afternoon. I think technically 2 are still on secondment to other parts of Government, although I am conscious that there are perhaps 3 or 4 people in C.L.S. who were due to move to Revenue Jersey and have not done so yet. I would say overall that is not having a great impact on our productivity or outputs. It is obviously having some but not significant. We have been very lucky that the vast majority of our people can now work at home with a laptop and access the new revenue management system.

**Deputy S.M. Ahier:**

Thank you very much. I will pass over to the Chair now.

**Senator K.L. Moore:**

Thank you. If we can now look briefly, in the time we have left, to the recovery of the Island, Minister, what non-COVID related items of work are you really hoping to push through in the coming months?

**The Minister for Treasury and Resources:**

Very good question, Chair. Everything is so COVID related that to get the economic recovery in place is the main direction at the moment. So, everything else is sort of ... not paled into insignificance but it is certainly not of the utmost importance. Of course, the small businesses, the self-employed who have not been able to work for one reason or another, normally close contact, are beginning, like hairdressers, to open again and they are part of the payroll scheme, so all that is coming back and it needs to be supported. So, that is the main emphasis of our direction at the moment.

**Senator K.L. Moore:**

Thank you. As you mentioned earlier, take-up of the business disruption loan scheme and the payroll scheme has been lower than originally anticipated, despite, sadly, the actively seeking work numbers increasing substantially. So, given these indicators, it is possible that the immediate impact on public finances will not be as great as initially anticipated, albeit this may continue for a longer period of time. What consideration are you now giving to future impact on taxation, for example, in order to repay any monies that are invested to cope with the COVID response?

**The Minister for Treasury and Resources:**

Well, as you quite rightly say, the actively seeking work figure has doubled from this time last year, which, of course, has a huge impact, as I mentioned in an earlier question and answer, on Social Security. Of course, we will have to find the resources to counter that. Also, from a point of view of businesses reopening, they are not going to reopen at maximum capacity immediately. Of course; they have to build it up again. But we are hoping with this gradual, very gradual, relaxation of restrictions, providing that they adhere to the restrictions, that will work and we will know much more in a month's time, as I keep saying. It is really a very, very day to day or month to month situation.

**Senator K.L. Moore:**

Okay. At the very outset, however, you spoke quite a lot, as did your ministerial colleagues, about the potential increase of taxation in order to pay for this response. Has that thinking now moved away from that and started to look at other revenue-raising options?

**The Minister for Treasury and Resources:**

Well, as I did say in my initial answer, we would have to look at all options, and I would consider an increase in income taxation to be out of the question personally. G.S.T., as you will know, Chair, is a very difficult subject because where do you start, where do you stop, what do you exclude, and we have had that debate so many times, but across the board it is much fairer on everybody because everybody pays it. So, all these aspects we have to look at, whether we increase the caps as I mentioned on social security contributions, long-term care. There is a myriad of ways that we can do this, but it has to be something that everybody pays for and that is seen to be and perceived to be fair by the public across the board.

**Senator K.L. Moore:**

Thank you. Talking about fairness, one of the priorities of the Government is to reduce income inequality. Of course, this crisis has pushed, as we just said, more people to lose their jobs and we have seen an increase in the number of people becoming homeless. So, it appears that the crisis is causing greater income inequality, particularly among those who were struggling to make ends meet prior to COVID-19. What plans do you have in place to address this in short order and give some hope to those people who find themselves struggling greatly at this time?

**The Minister for Treasury and Resources:**

Well, in my previous life as Minister for Social Security - and I am pleased you refer to it as income inequality - we tried very hard to look at every section of that and to reduce it. I would not say we won the battle, but we certainly had got halfway through the battlefield with doing that, making sure that people could get a job with training, which was provided free to them, if they could. We were, I think, just on the border of only having long-term unemployed people on the list, if you like. Most people who could work were working. This, of course, has set it back considerably and I understand that, but this is not just, of course, Jersey's problem. We are looking at it, obviously, with actively seeking work and getting people back into jobs, but if there are not the jobs for them to go to at the moment, which of course is obvious in the doubling of the numbers of back to work or actively seeking work, when the economy picks up - which it will - then there will be opportunities for people. There are also quite a few people over here - I think it is about 500, 400 and something - who have been rather stranded here because they have been here under 5 years, and because of the lockdown and inability to get out of the Island or get into their own countries are here, so we have introduced C.R.E.S.S. (COVID-related emergency support scheme), which pays them a certain amount per week. It is not enough to keep them, to pay their rent, of course, but then that would be something completely significant, which I do not think the finances could cover. But there is an amount taken care of for them to help them out and try and keep them going without becoming homeless. So we are very, very aware of all of this. It is just a matter of trying to balance what we spend taxpayers' money on.

**Senator K.L. Moore:**

Thank you, Minister. I am rather mindful of the time and I am aware that, despite the slight loss of connection during this meeting and the temporary delay that we had, you do have another meeting to go to, as I think most of your team do. So, we have some remaining questions. However, we will put them to you in written form and look forward to receiving your answers. I thank you for the answers that we received the other day following our previous hearing.

**The Minister for Treasury and Resources:**

Yes, and I apologise again for the delay in you receiving those answers.

**Senator K.L. Moore:**

Well, that is very kind of you. Thank you. So, with that, I will at 3.00 p.m. call this session to a close and thank you all very much for your attendance and your answers.

**The Minister for Treasury and Resources:**

Thank you, Chair.

[15:00]