



Corporate Services Scrutiny Panel

Covid-19 Review

Witness: The Minister for Treasury and Resources

Thursday, 23rd April 2020

Panel:

Senator K.L. Moore (Chair)
Deputy S.M. Ahier of St. Helier (Vice-Chair)
Connétable K. Shenton-Stone of St. Martin
Connétable R. Vibert of St. Peter
Deputy J.H. Perchard of St. Saviour

Witnesses:

Deputy S.J. Pinel of St. Clement, The Minister for Treasury and Resources
Deputy L.B. Ash of St. Clement, Assistant Minister for Treasury and Resources 1
Senator I.J. Gorst, Assistant Minister for Treasury and Resources 2
Mr. R. Summersgill, Comptroller of Revenue
Mr. R. Bell, Treasurer of the States

[15:03]

Senator K.L. Moore (Chair):

Good afternoon to everybody gathered here for this public hearing with the Minister for Treasury and Resources. Normal hearing standards do apply and a witness statement has been provided. The hearing will be recorded and transcribed as usual, and please do indicate if you wish to speak by using the chat function, as we do in the Assembly. Please if you could speak in order and try not to interrupt, I would be very grateful, and speakers will be shown on video. If Members and officers could remember to mute and turn their cameras off when they are not speaking, it would be very helpful. If we run out of time for all of our questions, then we ask that the Minister answers them in writing for publication on the panel's Covid-19 review page. All speakers will need to introduce

themselves in the usual way for the transcript. Shall we start with our introductions? I am Senator Kristina Moore and I am the Chair of the Corporate Services Scrutiny Panel.

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

Deputy Steve Ahier, Vice-Chair.

Connétable K. Shenton-Stone of St. Martin:

Karen Shenton-Stone, member of the Corporate Services Scrutiny Panel.

Connétable R. Vibert of St. Peter:

Richard Vibert, Constable, and member of the Corporate Services Scrutiny Panel.

Deputy J.H. Perchard of St. Saviour:

Jess Perchard, member of the Corporate Services Scrutiny Panel.

The Minister for Treasury and Resources:

Yes, good afternoon. Susie Pinel, Minister for Treasury and Resources.

Assistant Minister for Treasury and Resources 1:

Good afternoon. Lindsay Ash, Assistant Minister for Treasury.

Assistant Minister for Treasury and Resources 2:

Good afternoon. Ian Gorst, Assistant Minister for Treasury.

Comptroller of Revenue:

Richard Summersgill, Comptroller of Revenue.

Treasurer of the States:

Richard Bell, Group Director and Treasurer.

Senator K.L. Moore:

I take it that that is everybody, so thank you all. Let us start with our first question. Minister, if you could explain to us, please, what actions and analysis has taken place in potentially sourcing external funding or loans to support the Covid-19 measures, please.

The Minister for Treasury and Resources:

Yes, thank you, Chair. As you may imagine, quite a lot of work has been going on behind the scenes as to how we approach this, what money we need at the moment and what we will need in recovery.

Moving forward we are approaching a possible borrowing situation, but it is still not signed, sealed and delivered, so obviously confidentially sensitive. What we hope to be able to do is to preserve the reserves in the Strategic Reserve for a recovery scenario and to possibly borrow to cope with the current situation.

Senator K.L. Moore:

Thank you. In the press conference yesterday, your Assistant Minister talked of borrowing £500 million. Could you confirm that that is the amount that you are considering, please?

The Minister for Treasury and Resources:

No, the change which the Assembly agreed to the Public Finance Law was to enable the Minister for Treasury and Resources to borrow up to £500 million. That was the change that was made. It does not mean to say that that is what we are going to borrow, it just allows up to that sum.

Senator K.L. Moore:

I see. Do you consider that to be a realistic level of borrowing?

The Minister for Treasury and Resources:

Very good question, because we do not know quite what the demand is going to be, but I think if we are going to borrow, it is going to be on a 2-year borrowing plan with the possibility of the extension of another year, so that is what we are looking at at the moment, but the £500 million is purely the upper limit that the Minister for Treasury and Resources can borrow.

Senator K.L. Moore:

Okay, thank you. What are the forecasted interest rates that are under discussion for that plan at the moment?

The Minister for Treasury and Resources:

May I refer that to the Treasurer, because he is the person who has been dealing with the potential lenders?

Senator K.L. Moore:

Please go ahead.

The Minister for Treasury and Resources:

Richard Bell.

Treasurer of the States:

I have turned my camera on, but it does not seem to be working at the moment. Can you hear me?

Senator K.L. Moore:

We can hear you although, yes, the picture is somewhat dark.

Treasurer of the States:

That is the first time it has not worked. So we obviously have stages with those. All of those are interest rates linked to the current low level of interest rate. I would not want to be disclosing at this stage what would be commercially confidential at a quite advanced stage of negotiation.

Senator K.L. Moore:

Okay, but that is encouraging to hear that it is an advanced stage of the negotiation. At what point do you expect that negotiation to be complete?

Treasurer of the States:

I expect us to be in a position by the end of the month or early in May.

Senator K.L. Moore:

Thank you, Treasurer. What are the possible impacts of the large scale of borrowing for Covid-19 on Jersey's credit rating and other projects such as of course the permanent hospital?

The Minister for Treasury and Resources:

Do you want me to answer that, Chair?

Senator K.L. Moore:

If you could, please, Minister.

The Minister for Treasury and Resources:

I think obviously the impact on the credit rating - and Jersey's credit rating is very, very good at the moment - they are reassessed every 6 months, the credit ratings, and Jersey's tends to go along with the U.K., but I think in these current circumstances we would be rated on our own situation, which is very positive, but we do not know yet. The Treasurer can probably confirm, but I think it is the end of June that we get the next credit rating.

Treasurer of the States:

Yes, it is. I do apologise about my camera, hang on. There we go. Yes, we would be rated on a normal schedule June/July time. We obviously have to and have indeed kept Standard & Poors up-to-date with our plans on borrowing and will do again before final decisions are made, so they are

fully aware of our plans. I think it is fair to say I believe it is within the limits, but it is more likely that matters related to Covid-19 and the global position would have more impact on our ratings than this scale of borrowing at this time.

Senator K.L. Moore:

Would there be any impact on the planned changes for raising money to pay for any new hospital that the Island was to build?

Treasurer of the States:

The approach that we are proposing to take, as the Minister has pointed out, is a short to medium-term facility which will allow Ministers, States Members and members of the public to contribute to what the longer medium to long-term strategy is. No doubt we can maintain this level of debt up to that maximum as well as our existing debt and then seek a sale of debt, for example, for the hospital. That would make it harder to get away than it would do if we were just at the existing level of debt, but those decisions are for Ministers and wider Assembly Members. What we are trying to do is maximise flexibility by borrowing at this stage to allow Ministers and Members to then determine whether we draw down on reserves, we have other measures to repay the debt or we convert that debt into longer-term debt.

Senator K.L. Moore:

Okay, thank you. So you are particularly focusing on short to medium-term debt, which I take it means - and it has been publicised widely this week through the comments of Ministers - the requirement of the Island to repay that debt in that short to medium-term period. Is that correct?

Treasurer of the States:

Yes. Further to advice, given that our options are limited at this particular time and that it could take time to secure longer-term debt and given that we do not know what will happen in the future, we are taking the opportunity to move quickly to secure that immediate facility and allow us time to consider the longer-term strategy. But that is not to say that you cannot move from the shorter-term facility to a longer-term facility. That is one of the options, rather than necessarily using other means to pay that off.

Senator K.L. Moore:

When you say "other means" do you mean selling off of assets perhaps?

Treasurer of the States:

It was not on the top of the list of possibilities, but obviously, in essence, if you draw down on reserves, that is selling assets. If that is what you ultimately decide to do, if that is what we propose

to do, selling down the reserves is selling assets. I had not envisaged at this point in particular that we would be looking to sell physical infrastructure. Decisions relating to sale of companies that we may own would take a long time to consider, I have no doubt.

Senator K.L. Moore:

You talk about the considerations and the longer-term strategy that needs to be implemented, but when making these decisions in the short-term about the public finances of the Island, what consideration is being given by the Treasury team to the impact of those decisions on the wider economy and the impacts that that economy might have on the public finances position of the future?

[15:15]

The Minister for Treasury and Resources:

Yes, obviously that is part of the whole recovery plan inasmuch as everything, as you say, Chair, has got to be incorporated into the wider economy, the workforce, the businesses, everything has to be taken into consideration. At the moment we are concentrating on trying to deal with the lockdown and the pressures that is having on people - considerably in some cases - and then in the meantime in the background sort of putting forward plans for recovery for the next 2 years.

Senator K.L. Moore:

Yes, the Assistant Minister has been on the record to say that business bailout loans will have to be repaid quickly. What is your strategy there in terms of maintaining a thriving economy at the same time as calling upon those people who might have received bailout loans to pay them back in short order?

The Minister for Treasury and Resources:

Perhaps the Assistant Minister who said it might like to answer.

Assistant Minister for Treasury and Resources 2:

I would be delighted.

The Minister for Treasury and Resources:

Is the Assistant Minister all right?

Assistant Minister for Treasury and Resources 2:

Yes, Chair. It is the balancing act that the Minister for Treasury and her team will need to deliver right across Government. I make no apologies for reminding us all that the Government does not have their own money; the Government's money comes from the economy and belongs to taxpayers

and contributors. We bring it all together to provide services for Islanders in what is, in theory, supposed to be a more cost-effective economy, delivering on economies of scale to provide front line services. Both the Minister and I have been quite clear in saying that what we will be doing in borrowing is borrowing against the strategic assets that the Island holds. It would be wrong of us not to, at the point that we are doing that, say to Islanders - and perhaps maybe it was more about the tone than the message - that those monies will need to be repaid, of course debt has to be repaid, and the Strategic Reserve will need to be refreshed and we will need to have a plan in order to do that. I see no reason why that plan, we should not be talking about it in the short term, but that is not to say of course that as we come out of the health element of the crisis we will need further fiscal stimulus and Ministers will need to consider where they find the resource for that fiscal stimulus and how they stimulate the economy. So while on the one hand it is right to say to Islanders that the money we are using now will need to be repaid, it might also surprise some Islanders - but I have not been asked about this previously - I believe that we are going to have to have a bold plan of fiscal stimulus and that may not be just in straightforward cash being delivered into projects. We might, in the short term, need to think about some of the taxes that we have as an Island and could they, in the short term, be reduced to stimulate demand in the economy while at the same time coming forward with a plan to refund and refresh the Strategic Reserve. I think one of the problems with the comments that I made and the Minister for Treasury made was I believe that that was the start and the end of the recovery plan. Of course it is not; it is simply just being honest about what will need to happen down the line and what Ministers are going to need to think about and the discussions they are going to need to have with Islanders and I think somewhere on social media. Treasury have done a lot of this good work in the past and there is lots of good reports on the shelves that we have not always accepted. As I am speaking, I am not sure if we have sent some of those reports to Deputy Perchard, who asked for it last time we spoke, so we will check with the Treasurer whether that has been done. But certainly in the short term we might not be in a position or we might not want to stimulate the economy with cash, we might want to look at creative ways, of a short-term reduction in taxes. We have seen that happen elsewhere in economic downward trends. The model used elsewhere is often around V.A.T. (Value Added Tax). We of course have G.S.T. (Goods and Services Tax) and I think there would probably be good economic evidence provided that any cuts passed on to Islanders, that would be a really good way of supporting Islanders with what might be an increased cost of living because of supply chain constraints and supply chain costs. It could also happen instantaneously, so you can set a date, you can reduce and therefore Islanders should see the benefit straight away. That would also stimulate virtually every sector apart from financial services because they have a different way of dealing with G.S.T., the I.S.E. (International Services Entities) fee, but that could stimulate the economy almost instantly and we will need to ask our economic adviser to do a bit more work on that. That could be a straightforward easy short-term stimulus as well as the capital projects that we might need to think about and bring forward. We have seen in the past after the financial crisis the former Minister for Treasury brought

forward a large amount of fiscal stimulus, many tens - if not hundreds - of millions of pounds of fiscal stimulus into the economy. There are lessons we can learn from that, but they worked in producing physical assets into our community that then we could enjoy. So there will be this stimulus package that we will need to work on and bring forward, but there will also be the need ... because I think what we have learnt from the past is if we do not talk about the positive spend in the economy at the same time that we are talking about the need to replenish and work together to find ways of refunding monies, we end up doing one - and this is a lesson that we have seen from around the globe - and we put off the difficult decisions rather than being right up front and open with Islanders about what positive decisions and what difficult decisions will follow. But I absolutely am of the view, as I said yesterday, that we go into this crisis in a strong position, we look at the numbers, although they are based on current case scenarios. We do not of course know whether there will be a second wave. Maybe if we get to autumn and winter, as other countries are looking for a potential second wave, but as we look at the current numbers, I think we can navigate this really, really well, because we start in a strong position, that positive good navigation of the crisis from a financial aspect. Let us not fall into the trap of thinking that when we are talking about finances we are not talking about benefits to individual Islanders, their families and the communities in which they live. Of course they are. You cannot separate out numbers and money from all of the human aspects because they are one and the same thing. That is why I am passionate about them. When we get to the difficult decisions, we will be in a strong position to make those as well, because we have been talking about them. We have been thinking across a broad number of Islanders about what some of the solutions might be and we need that creative thinking.

Senator K.L. Moore:

Thank you. It is good to hear that there is a discussion going on already about fiscal stimulus and we will return to that in just a moment, but if we could just push you slightly, Assistant Minister, on the replenishing of the Strategic Reserve. A former Chief Minister this week reminded you Ministers that it had taken many years to build up the strategic reserves that we have and many generations had contributed to the strong position that we now find ourselves in. Of course we are grateful to that, but I think the message from him was that Ministers need to be mindful of the time taken to deliver these reserves and perhaps not put too much pressure on replenishing them in a short period of time because it is simply not reasonable, particularly as we pick ourselves up from a position of crisis.

Assistant Minister for Treasury and Resources 2:

Yes. I do not want to get into a tit for tat with former Chief Ministers because I would find myself in that tit for that, of course, with current Government policy. That would not be helpful for any of us, but I really do strongly believe - and I said it yesterday and I do not say this to add to the distress that Islanders are already feeling - the uncertainties that we have lived with, let us remind ourselves

that this time last year, a pandemic, yes, there were some people around the globe saying that economies and countries should be prepared for it, but there was not a common consensus that a pandemic like this was so near to us and that preparation should be done differently from that which the vast majority of countries in the world did. So we cannot sit here now or when we come into the recovery phase and make an assumption that it is going to be another 75 years until we hit a rainy day. We need to think very carefully about our obligation to future generations and let us just remind ourselves of course that the vast majority of the value in the Strategic Reserve was not made because of difficult decisions of previous politicians, although there were some difficult ones made, it was made by good investment decisions and it was growth in the Strategic Reserve that has got it to where it is today. Let us remind ourselves, the Strategic Reserve, the first amount was £10 million put in in 1986. Between 1986 and 1991, the politicians of the day managed to put in several million pounds each year. It was £10 million, £10 million, £40 million, £30 million, £20 million, £10 million, then they had a year off. Then in 1993 there was another £17 million, then between 1994, 1995, 1996, 1997 and 1998, money was taken out. 1999 there was a net withdrawal; 2000 there was £4 million put in; in 2001 there was £23 million put in; and then in 2007 there was more money put in and then we know more recently the money that has been taken out for fiscal stimulus as well. So the vast majority of that Strategic Reserve, the former Chief Minister was right to say it was patience that grew that reserve and wise investment decisions. You remember one of my former Ministers for Treasury changing the investment strategy of the Strategic Reserve and that change of investment strategy, which was more risky, of course, has seen some of the phenomenal growth that we have seen in the collective investment fund, so not only the Strategic Reserve, but the Social Security Fund, over the last several years. So my point is the point by the former Chief Minister was a point well made, but we cannot just make assumptions that everything is going back to how it was prior to this crisis. I think that most commentators feel we cannot make an assumption about what Covid might happen again in winter with other waves, and equally whether there will not be more frequent occurrences of rainy days.

Senator K.L. Moore:

Thank you for that. If we could just briefly return to the fiscal stimulus measures, you have outlined some ideas that it appears are being considered, such as reducing G.S.T. However, you briefly touched upon potential capital projects and one I think was prompted ... put forward this week during the States Assembly sitting by the Constable of St. Helier, who suggested that there is potential for more cycle routes and pedestrian pathways. Would that be a capital measure that Ministers would be considering at this point?

The Minister for Treasury and Resources:

You are addressing that to whom, Chair?

Senator K.L. Moore:

Minister, if you are able to answer, that would be very welcome, thank you.

The Minister for Treasury and Resources:

I think it was a suggestion by the Connétable of St. Helier and as I recall ...

Senator K.L. Moore:

It is a sensible suggestion, Minister, and I am asking if you would agree.

The Minister for Treasury and Resources:

I am not disagreeing that it is sensible, I am just saying that it was a suggestion, and of course while the traffic is so low at the moment, then it could easily be considered by Infrastructure, but I think obviously Infrastructure have a huge amount on their plate as well. I am not saying it is not sensible. It is just a matter of whether capital in this time should be directed in that way. I do not know what the others might want to say about it.

[15:30]

Senator K.L. Moore:

While I have you, Minister, if I could just ask you how quickly you would like to see capital projects begin to stimulate the economy.

The Minister for Treasury and Resources:

I have always been keen on capital projects, but of course anything like that that was suggested, like cycle paths, we have got to be very aware that at present we have a social distancing not quite legislation but instruction in place and quite how that would happen at the moment is debatable, but certainly once the lockdown is released, then I think it would be a sensible suggestion to proceed.

Assistant Minister for Treasury and Resources 2:

Do you want me to add to that, Chair? Because of course the other element ... I did not hear what the Minister for Infrastructure's answer was to the question of the Constable of St. Helier. The Minister is right. There are currently lockdown restrictions. Of course we know that the permit system was agreed in the States earlier this week, so some construction sites and works will be starting in early course next week, I would expect, if they get their permits in place under the new permitting regime. Of course something like the proposal of the Constable would require planning permission, but it seems to me that what we learnt and what Treasury officials keep reminding Ministers of, what we learnt last time is you have got to start early. If you start trying to deliver fiscal stimulus too late, then that in itself becomes a problem, so Members or Constables or parishes, if

they have got ideas that fit into the fiscal stimulus model of timely, targeted and temporary, in expenditure nature, that is, then you are right and they are right to be approaching the Minister for Infrastructure and making sure that those particular proposals are duly considered and pushed up the pipeline of work so that those planning processes can be got through, perhaps while we are in this health element of the crisis, so that they truly could act as fiscal stimuli. It is ideas like that that I think the ministerial team and the Treasury team would like to hear.

Senator K.L. Moore:

Thank you, and hopefully we will pass that message on. I think Deputy Ash wanted to come in with a further point.

Assistant Minister for Treasury and Resources 1:

Thank you, Chair. I think when we are looking at infrastructure projects, there are no shortages of them around. The tragic thing is this has occurred just as we were about to get so many, whether it was sporting facilities, looking at Fort Regent, a lot of these projects were about to be pushed forward, so I do not think we have any shortage of them, it is prioritising which are the important ones. What I would say, and I would like to reassure the public on this as well, is that the hospital project we are still pushing ahead with at the moment. We are not going to go gung-ho on it, but we are still meeting regularly, we are still coming up with the site. We still hope to keep to the timetable and obviously I think when it comes to infrastructure projects - and I am sure you would agree and I am sure the Island would agree - that has to remain our number one priority, to get a new hospital built as soon as we can. Thank you.

Senator K.L. Moore:

Thank you, Deputy. If I could revert back to the Minister. Minister, do you agree that it is standard policy of the Council of Ministers to leave public finances in a better position than when they took office?

The Minister for Treasury and Resources:

Again, a very good and direct question, Chair. I do feel very strongly that we should not be leaving a debt to the younger generation, which easier to say than it is to do. As Minister for Social Security, I felt the same about not using the Social Security Reserve Fund leveraging against a debt and I still feel very strongly that need to keep our reserves as strong as they are at the moment. However, we are facing a very, very different situation than we faced. People keep referring to the occupation, but it is a very difficult situation. We will need a huge amount of money to get ourselves out of this and an equal amount of money to do the recovery programme. So I do feel that we are going to have to bring in fairly strong measures, but over a length of time, not necessarily immediately, so that we do not leave a debt for the next generation.

Senator K.L. Moore:

Thank you, Minister. Is it right to do that in the current circumstances?

The Minister for Treasury and Resources:

I think it depends on the period of time. I do not think we are going to be able ... as I have said before, we are in a strong position because we do have these reserves, but as the Assistant Minister, Senator Gorst, mentioned, that we have not paid into the Strategic Reserve since 2002, I think it was, so we are lucky to have that fund inasmuch as previous generations have made sure that we have the backup. I do feel the responsibility that we should maintain that and not necessarily enhance it, but certainly maintain it. How we do it is under discussion.

Senator K.L. Moore:

Thank you, Minister. I am now going to hand over to the Vice-Chair, Deputy Ahier.

Deputy S.M. Ahier:

Thank you, Chair. Minister, which of these 2 do you expect to prioritise for the next fiscal year by way of repaying the borrowing that will be incurred: raising taxes or cuts to public services?

The Minister for Treasury and Resources:

Thank you, Deputy. I am not expecting cuts to public services. Equally, as the Assistant Minister, Senator Gorst, said, we are looking at the tax situation as to whether we reduce or increase. It is all being looked at at the moment. Obviously if you are going to change a tax system, you cannot do it overnight. You have got to look at what would fulfil the requirements of the moment, what you can maintain into the future, what would be temporary - I think temporary targeted came up before - and who it would affect most and be very careful of not unduly affecting the middle band of taxpayers, which came up in my question in the States.

Deputy S.M. Ahier:

Since we are entering a period of austerity, do you not believe that there should be a reduction in the number of employees in the public sector?

The Minister for Treasury and Resources:

I would hesitate to use the words "entering a moment or period of austerity." I would rather we discussed it another way. Decreasing employees in the public sector is, I do not think, on the cards. What we are doing is very, very much slowing down the recruitment.

Deputy S.M. Ahier:

How will the efficiencies programme be affected?

The Minister for Treasury and Resources:

Again, that is under review as we speak. Everybody, all departments, are looking across this but we have to be careful where efficiencies are introduced and not necessarily now but in the future we have to be very careful where we are with Health, obviously, because there is a huge demand on the health service at the moment and we cannot enforce any efficiencies there. We have got to be careful with efficiencies in the public sector, which have already taken quite a hit, I think, if that is the correct word, so it is all being looked at across departments and so I cannot give you a categorical mathematical answer because it is still being looked at.

Deputy S.M. Ahier:

Thank you. What research and lessons learnt from the 2008 financial crisis are you using to develop a recovery plan?

The Minister for Treasury and Resources:

Quite a few. Quite a few lessons of quite what not to do, which is why it is taking quite a while. From your questions, you can appreciate how across the board we are having to react, examine. There is not very much time for public reviews. We are trying to keep the public involved and certainly in communication, but not to react spontaneously or as quickly as 2008, which we have got time to do, i.e. a few months before we send out a review of where we stand with what I think the Chair asked before with the borrowing implications and the spending implications.

Deputy S.M. Ahier:

What advice are you receiving or intending to receive from non-Government individuals and entities on this issue?

The Minister for Treasury and Resources:

I think, as the Treasurer mentioned earlier, we have the Fiscal Policy Panel advising us and also obviously our auditors and the next Fiscal Policy Panel report advice forecast will come forward in June. On that basis we can then move forward with how we are going to advise the next Government Plan, which I think is now called the Recovery Plan.

Deputy S.M. Ahier:

Are you looking at bringing in any experts to assist with this issue, and if so, who might they be?

The Minister for Treasury and Resources:

No, we have an economic adviser who is based in the U.K., but as I said earlier, the recruitment process has slowed down almost to a stop because we need to concentrate on going forward.

Deputy S.M. Ahier:

Deputy Perchard has a question now.

Deputy J.H. Perchard:

Sorry to interrupt you, Deputy Ahier. I just have a quick follow-up question about the F.P.P. (Fiscal Policy Panel) and their advice. Obviously the F.P.P.'s terms and scope are dictated by Government so, for example, all of their recent advice in recent history has been based on an assumption of growth, so the F.P.P. will give their advice based on some assumption that is dictated by Government. Will Government be seeking to change the fundamental assumption upon which the F.P.P. give their advice?

The Minister for Treasury and Resources:

Sorry, Deputy, I lost the last bit of that question. You said the F.P.P. ...

Deputy J.H. Perchard:

Sorry. My question is will the Government be instructing the F.P.P. to give advice based on a different set of assumptions to what it previously was based on?

The Minister for Treasury and Resources:

The F.P.P. will do their own set of assumptions or forecasts, I think is more the word, totally based on their view and they will give us that I think I said in June. I had possibly better ask the Treasurer, but I think the last one was February.

Deputy J.H. Perchard:

Sorry, it is entirely my fault. I am being completely unclear. I had asked the F.P.P. why their forecasting was always based on the assumption of economic growth, infinite economic growth, and they said: "We base our forecasts on the terms and scope given to us by Government." So I was just wondering if the scope or the terms of the F.P.P. were going to change perhaps to reflect a new societal priority going forward.

[15:45]

The Minister for Treasury and Resources:

Okay, I understand now. Sorry, that was my fault.

Deputy J.H. Perchard:

Sorry, it was my fault.

The Minister for Treasury and Resources:

Can I refer it to the Treasurer, please?

Deputy J.H. Perchard:

Yes, thank you.

Treasurer of the States:

Sorry, I am there. I was not there when you asked that question, Deputy, so I am trying to think of the context. I think the F.P.P. look at the aspirations and aims of Government in determining therefore their assumptions - and they are assumptions - on growth. If Government were to say that they no longer aspire to economic growth or that they had restrictive practices in place, that would come into the F.P.P.'s forecast. I am just thinking about this. We could ask them if Government was to change policies and that might relate to, for example - a non-topical subject - migration or population or other steps in terms of those who could have jobs and those who could only have certain other jobs, then that would come into play, but we could give that some thought and talk to you about how we might go about doing that.

Deputy J.H. Perchard:

Okay, that would be great, because I assume that there will be some shift, whether you say: "We want faster growth/slower growth" or: "We are not interested in growth, we are instead interested in stability." All of those kinds of questions/considerations would be questions, I assume, that you are currently asking yourselves; is that correct?

Treasurer of the States:

Yes. They would obviously comment upon ... if we put forward plans to stimulate the economy, they would take those into account but they will take into account whether they think they are effective. Equally, if you had put in plans to restrict the economy, they would say whether they thought they would be effective or not.

Deputy J.H. Perchard:

Sure.

Treasurer of the States:

They might not comment directly, but it would come into their assessment of the economy going forward.

Deputy J.H. Perchard:

Great. So my question was given that that is what they do, has that happened yet? Have those conversations been had; have any decisions been made about changing those underlying aims and goals of Government in relation to the economy?

Treasurer of the States:

They have not and would not be until politicians were to decide that they did not want to see economic growth.

Deputy J.H. Perchard:

I was asking the Minister that question, yes. Thank you, Treasurer.

The Minister for Treasury and Resources:

Sorry, I agree with the Treasurer.

Deputy J.H. Perchard:

So not yet is the answer?

The Minister for Treasury and Resources:

Not yet. Not yet is the answer.

Deputy J.H. Perchard:

Thank you, Minister. Back to you, Deputy Ahier.

Deputy S.M. Ahier:

Thank you, Deputy. Minister, can you provide detail on the newly established Fiscal Stability Board?

Assistant Minister for Treasury and Resources 2:

Vice-Chair, my understanding is that was in the public domain when the Chief Minister signed the decision to create that board.

Deputy J.H. Perchard:

Fine, thank you.

The Minister for Treasury and Resources:

Sorry, I had a bit of trouble with my mute button there, Deputy Ahier. There you go, the Assistant Minister has answered, so thank you.

Deputy S.M. Ahier:

Thank you, Minister. As you have mentioned, changes to taxation are being considered. How will they be co-ordinated and designed?

The Minister for Treasury and Resources:

Goodness me, that is a very, very wide question. I think as we are already going through the personal tax review to introduce another review, which we would hope to do, but timing is of the essence, where we would incorporate all sorts of aspects. I think the Assistant Minister mentioned G.S.T. earlier, but it could be income tax, it could be on a temporary basis, which I think it would. It could be all sorts of releases of caps on Social Security, on long-term care, on an increase in Social Security contributions. There is a massive, massive amount to be considered and it will not be done in a hurry or overnight.

Deputy S.M. Ahier:

Will they follow traditional routes or can we expect a more radical shift in the approach to taxation?

The Minister for Treasury and Resources:

I am sorry, I am not quite sure what you mean by "radical approach."

Deputy S.M. Ahier:

There was mention of tax on property, for example.

The Minister for Treasury and Resources:

Nothing has been decided yet, so every sort of consideration. I do not think tax on property is necessarily appropriate. I think we need something that is more across the board but we have to work out whether we are going to reduce taxation, as described by the Assistant Minister, in one area and then increase in another area. Until we do a very - and I keep saying - balanced review we cannot decide at the moment.

Deputy S.M. Ahier:

Have any tax increases or decreases that were within the 2020 Government Plan, such as fuel duty, for example, been delayed or scrapped as a result of the Covid-19 outbreak?

The Minister for Treasury and Resources:

No, no, the Government Plan was agreed by the Assembly, so that is still going ahead. As I mentioned earlier, the Government Plan, which may now be called the Recovery Plan, which should

be lodged in September - with hopefully enough time for Scrutiny to have a look at it, to be debated in December - will include some different measures because of Covid-19.

Deputy S.M. Ahier:

But the G.S.T. de minimis level, which was agreed, that has now been deferred, has it not?

The Minister for Treasury and Resources:

It has. That was agreed to reduce it from £240 to £135 from July 2020. It has been deferred because we would have had to have recruited more Customs and Immigration officials to deal with it, which we knew; that was costed in. But at the moment they have a huge amount of excess work to do and vast increases - everybody will understand - of online orders. Therefore, it was decided rather than put excess pressure on that system, we would defer it until January 2021.

Deputy S.M. Ahier:

Will the Zero/Ten tax base be reconsidered?

The Minister for Treasury and Resources:

That is part of the equation, but not in any way other than just part of the equation for every other tax measure that is also being considered.

Deputy S.M. Ahier:

Thank you, Minister. When do you intend to decide upon your future strategy? How long will it be?

The Minister for Treasury and Resources:

As I have just said, when we put into place the Government/Recovery Plan, hopefully to be lodged in September - it may be October because obviously there is a huge amount of work involved in doing this - it will be there and Scrutiny will have a view of it beforehand.

Deputy S.M. Ahier:

Concerning the possibility of property taxes, if the recovery is not managed carefully, would you agree that property values could plummet, therefore impacting any revenue that could be gathered through such a scheme and also affecting the value of properties held by the Government?

The Minister for Treasury and Resources:

That is 2 different questions. The value of properties, personal properties maybe, is very difficult to assess because there is no movement in the property market at the moment, so it will be interesting to see what happens when we move out of lockdown. As far as the assets of the Island of Jersey

in property, there is a considerable amount and I am very keen that we, instead of just leaving them in the background, do something about them and either develop them, sell them or both.

Deputy S.M. Ahier:

Thank you, Minister. I am going to hand over to Deputy Perchard now.

Assistant Minister for Treasury and Resources 2:

Sorry, Vice-Chair, I wonder if I could just remind the Vice-Chair of the F.P.P.'s advice and forecast, which suggested that property values could fall by around 10 per cent as a result of the Covid crisis.

Deputy S.M. Ahier:

Thank you, Assistant Minister.

Deputy J.H. Perchard:

Thank you. Minister, I am just going to ask you just a couple of questions to elaborate on what you have already said about the recovery plans or exit strategies. Just as a starter, what is your role within designing and preparing the exit recovery strategy for Jersey?

The Minister for Treasury and Resources:

Thank you, Deputy. Do you mean financially?

Deputy J.H. Perchard:

Yes.

The Minister for Treasury and Resources:

Yes. Quite a strong role there, together with my 2 Assistant Ministers and the Treasury team, the Economic Development team, not to mention Health. Obviously there are huge amounts involved in all of this, so there are meetings day after day after day, sort of all day, in finding a way forward that is positive for all Islanders. I think, as has been incorporated in various answers preceding this one, that we have to look at every opportunity to work to a full recovery without too much demand on possibly the areas of population and taxpayers that after this lockdown will not be able to necessarily afford to go forward in a very strong way. We have got to consider student finance. We have got to consider the demand on Social Security. There is a huge amount to consider. It is being done, but it is not going to happen tomorrow.

Deputy J.H. Perchard:

Sure, sure. Just so that we can better understand the structures around this development, there has been established, if I am correct, in a Recovery Working Group within the emergency measures plan structure. Are you a member of that group?

The Minister for Treasury and Resources:

Yes, that was discussed this morning at a Council of Ministers meeting, that we do a recovery plan for 2021 to 2024, which of course was going to be the Government Plan, so the titles change by the day. But, yes, and I think the Assistant Minister mentioned timely, targeted and temporary as to the approach of that group.

Deputy J.H. Perchard:

The Recovery Working Group, is that essentially the Council of Ministers or is that a separate group of which you are a member with other members and, if so, who else is on it?

The Minister for Treasury and Resources:

Goodness me. It is a separate group, but I cannot give you a list of who else is on it. I do not know if anybody else online has got that information. Clearly not. I will get it back to you, Deputy Perchard.

Deputy J.H. Perchard:

Thank you very much indeed. Regarding a full recovery, what does that mean to you? Does that mean a return to what we had before? Is there going to be a new normal established, in your view, and how will society and members of the community be able to input their values to you so that any new policy that comes through the recovery reflects the values of society that may have shifted from a pre-Covid society?

The Minister for Treasury and Resources:

I could not agree with you more and this new normal phrase, I suppose it is acceptable, we do need to move to that because it will not be the same; I do not think it should be the same. This is my personal view; this is not Council of Ministers' view: I think that we have become a little complacent about our situation. We need to readdress the way Social Security contributions are made, whether the cap is viable on long-term care and, as I have mentioned in an answer before, as to the taxes that we pay and that is across the board taxes. I am not picking out one above the other, but whether they are correct. I think, because I am an optimist person, that we should make the best out of a crisis and we have been given an opportunity to do this. There is also the question of whether we put into the mix moving to current year payment of taxes from the prior year basis, which we have been trying to do for quite a long time. But of course that has to be very, very carefully managed so that people do not lose out on that. There is an enormous amount in the mix but, no, I do not think, in answer to your question, we will go back to where we were before. I hope that with the input of

the entire States Assembly and the public, with reviews, that we can come up with a way forward that is acceptable to most. It will never be acceptable to all but certainly to most, so thank you.

[16:00]

Deputy J.H. Perchard:

That is fantastic to hear and I am very excited to hear about your plans going forward. Just developing on that - and I appreciate the answer might be: "I cannot tell you this yet" - there is a school of thought in economics based on the work of John Maynard Keynes, who suggested that if there is a recessionary gap, and we are having to think along those lines at the moment, you can either increase government expenditure or cut taxes or a bit of both. But in the academic writing around this theory, it is widely acknowledged that progressive liberal governments tend to go for government expenditure and more conservative governments tend to go for tax cuts and obviously the middle go for the middle. Where would you say we are, given we have just given the Treasury the remit to spend more money? Where do you think we are on that scale and could this be a time where we start moving to a more equitable progressive society?

The Minister for Treasury and Resources:

Again, a very good question. The Assembly has given the Minister for Treasury and Resources the power to spend more money and power is not my word, it is in the law. I hope that we are not going to need it, but if we do we have to react very quickly, as we did with the Nightingale Hospital and P.P.E. (Personal Protective Equipment), we have to be able to react very quickly at the moment. How we move forward is the whole big discussion as to whether we do borrow to the limit that has been agreed or not and then how we recoup that with using the strategic reserves, so it is still in the equation as to how much money we are going to need.

Deputy J.H. Perchard:

I have gone off piste on my question plan, so I will bring it back to what I am supposed to be asking you about. Have you designated any additional duties or authorities to officers to cope during this emergency, perhaps the Treasurer or the Comptroller or Revenue, for example?

The Minister for Treasury and Resources:

The Treasurer and his team and the Comptroller and his team have been working 24/7. They really have been amazing with what they have been doing in answering everybody's questions, trying to put forward dealing with the current situation. The Treasurer today presented the Council of Ministers a potential recovery plan, which was agreed. All this is a huge, huge amount of work, for which we should all be very grateful. I think that the Assistant Minister, Ian Gorst, wanted to say something. I do not know if it was on the last question or this one.

Deputy J.H. Perchard:

I will take either, thank you.

The Minister for Treasury and Resources:

Ian.

Assistant Minister for Treasury and Resources 2:

Thank you, Deputy. Yes, it was on the last question, which of course I can endlessly talk theoretically about these issues. Hopefully you have got a little feeling for where my general direction was when I was talking earlier about the possible fiscal stimulus in the short term. Of course if we were to deliver a measure like that - and that is very much my view, not a joint Council of Ministers' view - by cutting G.S.T., that is one thing. As you say, there is economic theory that would support that view. But equally of course we have already in Government spending things that we call automatic stabilisers that we would automatically put increased funding into and in our case, of course, that is mostly around income support. Social Security are seeing greater numbers in income support. I was just trying to have a look on my iPad for the numbers from yesterday, but I think, if memory serves, from the beginning of April we are seeing something like 600 extra claims; that is on top of many hundreds towards the end of March. They will be of course publishing those figures. There is slightly more, around 800, I think, people registering with the Back to Work team, so saying they are unemployed but they have got their own resources, so they are not calling on income support, but they might do in time. You have got the automatic stabiliser, so that is going to be increasing Government expenditure in the short term. I really think we need to think about tax-lowering measures that get money into the economy and allow individuals to decide how they are going to spend their own money, rather than this reversion to big Government, which what this crisis tells us is that that is not necessarily a sensible approach either because Government are not necessarily respected in the way that we might like them to be in our community or in any Western community. Then you have also got the capital expenditure element, so that has increased spending into the economy, which Government are delivering. But that can be delivered in a private-public partnership way, so that really bridges the 2 economic theories. Of course I am also a great believer ... I think the Vice-Chair used the word "austerity." Let us be honest, even during what people are now referring to in the past, the post-financial crisis, where the Government managed to keep spending level ... i.e. it managed to some extent control the increasing spending, that is not austerity. Austerity is where you are fundamentally cutting Government budgets and not spending. Jersey is not seeing that, even though some political persuasions might try and indicate that we have. I very much do believe that there is an opportunity now along the lines that the Minister has indicated, that in the current Government Plan for 2020, that is where we are now, there is quite a lot of growth money in there that, with the best will in the world, I do not think is going to be deliverable and some of that

growth money is on extra jobs in the public service. The only extra recruitment that we want to be doing in the public service right now, and I sort of raised it yesterday around the mental health debate in the States, I think they need more support and I think the Assistant Minister with responsibility for mental health recognised that the decision yesterday might mean more money needs to be spent there, so we could try and recruit there. We are obviously repurposing employees on to the Health front line and the front line emergency services, so they need to continue to be supported. But elsewhere we are not going to have the band width to spend that extra growth money. I think that is a good thing. But that is not reducing expenditure from previous years, it just means that we are not going to see the growth that we had planned when we agreed the Government Plan. I verge on the allow Islanders to make their own decisions by cutting taxes for the short term and yet at the same time I know that there is an element of Government policy which will deliver Government growth in expenditure as well.

Deputy J.H. Perchard:

Thank you. Just while we are on it, are you able to confirm that officers are being asked to cut their budgets in all departments, including Education?

Assistant Minister for Treasury and Resources 2:

I am not aware that officers are being asked to cut their budgets, other than of course with regard to what we refer to as efficiencies; that is a word which gets stretched to cover a multitude of sins, if we can describe it like that.

Deputy J.H. Perchard:

We can.

Assistant Minister for Treasury and Resources 2:

They are not being asked to cut their budgets, they are being asked: "Realistically, over the next 2 quarters or even the end of the year, how much of a budget that we have allocated are you realistically going to be able to spend?" If I take my everyday department in External Relations, of course, sadly for some, perhaps even in the Gorst household, I am not able to travel because of the lockdown provisions and so that will be a saving of several thousand pounds because nor are our officials travelling. That saving can be handed back to the central budget and it is money that we are not spending and it is money that can go towards funding the Covid crisis. All departments are being asked to re-evaluate their budget and see are they going to spend what was allocated to them. I think with the exception of Health and the other front line services, of course Education is going to remain fairly static in that regard because teachers are doing remote lessons, as well as those teachers which are going into school to provide education for families of essential employees. That is probably a fairly static budget from what was given and there will not be much flex in it, but I have

not seen the numbers from there. I say there is the exception of Health, but let us remember as well the hospital right now has got a lot of spare capacity and that is on purpose, preparing that capacity for the Covid crisis. The operations and the normal operations in the Health Department are not taking place, so what effect that might have on their budget in the medium term I do not know. I think it will be more than balanced out with the increased spending in the Covid-19 provision, but all other departments are being asked to reanalyse their budgets.

Deputy J.H. Perchard:

Thank you, that is really helpful. I am going to ask 2 more quick questions and then I am going to hand over to the next speaker to ask their questions. Excuse me, I am just making sure that I am not going to repeat myself. Minister, what further actions, if any, have taken place in Treasury to ensure speedy Government payments to contracted businesses, as well as in Government procurement?

The Minister for Treasury and Resources:

Sorry, the question being was has there been ...

Deputy J.H. Perchard:

I am sorry, what further actions or what actions, if any, have been taken to ensure speedy Government procurement and speedy payments to businesses contracted by Government?

The Minister for Treasury and Resources:

Okay, I think mainly this refers to Health. Is that where your question ...

Deputy J.H. Perchard:

Yes. In a written question I put in on Tuesday I was told that the Director of Commercial Services was the lead for emergency procurement, but was working alongside the States Treasurer.

The Minister for Treasury and Resources:

Okay. The emergency procurement has been largely for Health. It was extraordinary the way it worked for the Nightingale Hospital, inasmuch as there were several people involved in a 2-week appraisal of how we could do this and an outstanding presentation as to how we could do it, where we could do it, where the sites were, what had been looked at, was it being refused because of difficulties. I will not go into all that detail because that is not what you were asking. But that procurement, if you like, and the £14.4 million, which is the publicised figure, was agreed very quickly. But the actual hospital itself, which is sort of like a prefab, is there for 3 months with the possibility of extending if we need it. That was the sort of only £1 million part of that, then there was the workers who put it up, there is the 180 beds that are going to be put into it, the facilities, utilities

that had to be put through the field to make it work. It can happen extraordinarily quickly and it does and it is quite a responsibility, which I take very, very seriously to acknowledge the sign-off.

Deputy J.H. Perchard:

Thank you. How much has been spent so far by the Government in tackling Covid-19?

The Minister for Treasury and Resources:

It changes daily, but it is going to be with the co-payroll scheme by the end of June about £300 million.

[16:15]

Deputy J.H. Perchard:

Thank you. How is that being funded primarily? Is that all coming from the same place?

The Minister for Treasury and Resources:

From the movement of heads of expenditure to the general reserve, which then funds the immediate cheques, if you like, of these demands.

Deputy J.H. Perchard:

Thank you. Finally, what is the income deficit expected for this year as a result of Covid-19?

The Minister for Treasury and Resources:

I can answer that if I could find it on my other screen, but may I refer you to the Treasurer for this one because he has probably got it in front of him? I will try and find it as well.

Deputy J.H. Perchard:

Sure. Chair, would you be content with that information coming to us in written form and I can pass on to the next Member? I am just conscious of time.

The Minister for Treasury and Resources:

We can send it to you, Deputy Perchard.

Deputy J.H. Perchard:

Thank you, that would be great. Thank you very much. I am going to hand over now to Constable Shenton-Stone. Thank you for your answers, Minister and Assistant Minister.

The Minister for Treasury and Resources:

Not at all. Thank you, Deputy.

The Connétable of St. Martin:

Good afternoon, Minister, and everybody. I have a question for the Minister. Do you believe the communication from your department regarding Covid-19 has been adequate and, if not, what do you believe needs to be improved?

The Minister for Treasury and Resources:

Very good question. I have been in politics since 2011 and have never thought that the communication to the public was adequate. In the current situation, to answer your question, I think we are doing as much as we can because everything changes on an hourly basis; I know because I am part of it. The figures change, the people change, inasmuch as what they are inputting. The percentages, the Covid-related figures change, so it is a very difficult question to answer because it is constantly changing. I think that putting out the media assimilation, which we do 3 times a day, plus the update on Covid at least twice a day and certainly in the evening, is a vast improvement on what we had.

The Connétable of St. Martin:

Thank you. Have your Assistant Ministers been following the same communications plan for these announcements or have any public statements that have been made by them come from their own views and not from those of Treasury?

The Minister for Treasury and Resources:

I think some have come from their own views, which of course they are entitled to say. We are in a democracy but I think, generally speaking as Treasury, we are united in the way we want to go forward in this Recovery Plan/Government Plan; it is very difficult to know what it is called at the moment. We are all united in how we want to go forward and in the review of how we are going to get there to do that. I know that sounds a bit vague, but at the moment we do not know exactly how we are going to move with taxes and Social Security contributions. But, yes, I think the Assistant Ministers are both entitled to their own views and I know one is waiting to speak.

The Connétable of St. Martin:

Thank you. Were you waiting to speak, Senator Gorst?

Assistant Minister for Treasury and Resources 2:

Thank you. Sorry, I did not hear that, Constable. Do you want to repeat that question for me?

The Connétable of St. Martin:

I was just saying, had you wanted to speak?

Assistant Minister for Treasury and Resources 2:

Yes, please. Can I ask you just to clarify what it was that you were referring to when you were asking about the Treasury Department's communication, which indicated it had not been what you would wish it to be?

The Connétable of St. Martin:

No, I was not saying it was not what I wished it to be, I was just asking generally whether the communications needed to be improved or whether all the communications coming out were Treasury's points of view or some of them your own views.

The Minister for Treasury and Resources:

I think, Connétable, you were saying that were we united in our views or not.

The Connétable of St. Martin:

Yes.

Assistant Minister for Treasury and Resources 2:

I think the Minister is right in saying that, as a Treasury team, we are united in our view. I have represented the Minister for Treasury and Resources at a couple of media conferences because, as we know, the Minister for Treasury and Resources is at home and I am able to get into town and do those. I have only sent in those particular briefings. The bit that is controversial, let me be clear, that people have criticised me for, that was a line agreed by the Council of Ministers, so I stand by that line. I fundamentally believe in being honest when you are providing support in explaining what decisions may need to be taken in due course to repay debt and to replenish the reserves. We, as a Government, are working together, hopefully, in what we can all agree is the best interest of the Island. But when it comes to more everyday communication, that is being handled by the Central Communications Department and the Treasury team and the Treasury Department are very much second fiddle to that. Most of the communication is emanating either from the Chief Minister or the Minister for Health and Social Services. The Minister for Treasury and Resources is beavering away in the background providing audit and review around decisions and signing the chequebook. As a general rule, others perhaps are taking the glory for the decisions and the schemes that she is bringing forward.

The Connétable of St. Martin:

Thank you. I was just going to say, what work have you undertaken with other departments, but you probably touched on that, to communicate future plans with regards to taxation and public finances and which internal bodies are involved?

The Minister for Treasury and Resources:

Are you asking me as Minister?

The Connétable of St. Martin:

Yes, please.

The Minister for Treasury and Resources:

Yes. What do you mean by "internal bodies", please?

The Connétable of St. Martin:

Other sections of the Government.

The Minister for Treasury and Resources:

Okay. We have got obviously the Council of Ministers, we have got an emergency council, we have got competent authorities Ministers' meeting, all of which take place now 3 times a week. Fitting that in between States sittings and the internal - in my case, the Minister for Treasury and Resources meeting - is quite difficult. Also I am on the States Employment Board, to mention but a few, so it is quite a lot.

The Connétable of St. Martin:

Okay, thank you very much. I will just move on to the next question because we are short of time. What impact has Covid-19 had on those living in Jersey with special taxation statuses, such as 2(1)(e)s?

The Minister for Treasury and Resources:

I am not quite sure what the question is supposed to be because they will have the limitations that everybody else does.

The Connétable of St. Martin:

Do you know if any of them have left the Island?

The Minister for Treasury and Resources:

I do not, no.

The Connétable of St. Martin:

Okay. Are you aware that some are considering their future here due to the announcements that have been made?

The Minister for Treasury and Resources:

I am not aware, but I would not be surprised. But from what I generally hear - I am a Jersey girl, so I am biased anyway - but very few are preparing to leave. They love Jersey.

The Connétable of St. Martin:

Thank you. I will hand over to the next questioner, which is Constable Richard Vibert. Thank you.

The Minister for Treasury and Resources:

Thank you, Connétable.

The Connétable of St. Peter:

Sorry about that, a few computer problems at this end. Good afternoon, everyone. As we have got very little time I will probably not ask all the questions that I had. Firstly, Minister, how has the new tax system coped with working from home? Have you been able to maintain an expected standard of processing or has there been slow-down?

The Minister for Treasury and Resources:

It is a very good question, inasmuch as it has arrived at the same time as the Covid link with all the technical issues that we had. I think the tax system has coped admirably. I would say that of course, but it has coped admirably with the delays that we have had because of the online filing, because of the move to La Motte Street, all the reasons that have been projected beforehand. I do not think that this has made any difference whatsoever.

The Connétable of St. Peter:

Thank you. Have any members of Revenue Jersey been seconded on to other Covid-19 response teams or initiatives and has this affected the way that Revenue Jersey operates?

The Minister for Treasury and Resources:

May I ask the Comptroller to take that question because it is his team?

Comptroller of Revenue:

Yes, of course. If I may, I will also just comment slightly on the last question, which is that, thankfully, because the new systems were in place before Christmas, we have been able to offer online filing and also our staff have been able to work from home on Government laptops.

Senator K.L. Moore:

Mr Summersgill, I am sorry to interrupt you, but if you could answer the question that is being put because we are now very short of time and we have ...

Comptroller of Revenue:

Yes, sure. In respect of your main question, a number of staff are working on secondment in Customer and Local Services helping with the payroll co-payment scheme.

The Connétable of St. Peter:

Thank you. Moving on, what is the expected drop in States revenue through taxation for 2020 compared to 2019? Are you able to predict how Covid-19 ... what the drop is likely to be?

The Minister for Treasury and Resources:

May I ask the Comptroller, please?

Comptroller of Revenue:

I think the Treasurer may want to come in on this. Obviously the Income Forecast Group is still working on income forecasts based on the F.P.P.'s assumptions, but the Treasurer does chair the group, so he may wish to say more.

Treasurer of the States:

Yes, as the Comptroller said, we are currently going through the finalisation of the income forecast and expect that to be available for Members early May and that will give you some indication of the scale of impact that we expect from the changed economic assumptions. We are also monitoring, although we are as yet to have had a significant impact, given how early in the crisis we are in terms of cash flow and we will be able to update that throughout the year.

The Connétable of St. Peter:

Thank you. Would you expect recovery in 2021 so that revenue levels in 2021 would perhaps match those of 2019 or do you expect a longer-term general shock to the economy leading to a more sustained reduction in revenue?

Treasurer of the States:

I will probably speak back to my last answer around the income forecast; we are developing that. I think the aim should be that we take every step possible to ensure as much of the economic recovery comes back as quickly as possible. But there is probably an inevitability to seeing that we will have

some degree of protracted recovery and to some degree we will struggle to catch up with where we were previously forecasting income to be over the next 2 to 3 years.

[16:30]

The Connétable of St. Peter:

Okay. I know it is very difficult to predict at this stage, so thank you very much. The final question, how has the disruption caused by Covid-19 affected the move towards independent taxation? When can Islanders now expect this to take place?

The Minister for Treasury and Resources:

A very good question, and as I have said all the way through, that I would like this to be in 2021. However, it is not delayed as we speak, but obviously with the current demands on Treasury and Revenue Jersey it may see a slight delay. I hope it will not because I have been a forerunner of wanting to do this, along with Deputy Perchard and Deputy Doublet, but there are priorities to be met.

The Connétable of St. Peter:

Thank you. Which non-Covid-19 policy issues do you intend to continue with through 2020 and which do you expect to be delayed?

The Minister for Treasury and Resources:

I am not quite sure which ones you are referring to.

The Connétable of St. Peter:

I am not really referring to any specific ones really. Which policy issues are you able to continue with? Perhaps that might be an easier question.

The Minister for Treasury and Resources:

Okay. As we have mentioned throughout this hearing, we will address everything that comes forward. It is very difficult to prioritise from hour to hour, let alone day to day, as to what we are going to proceed with when it comes to policies, health, tax, hospitals. It has just got to be dealt with with a consideration of the timing.

The Connétable of St. Peter:

Thank you very much. I do appreciate how difficult it is to provide some specific answers to these, so thank you very much and that brings our question plan to an end at this stage.

The Minister for Treasury and Resources:

Thank you very much.

Senator K.L. Moore:

Thank you, Connétable. Minister, before you go, if I could just ask one final question, please, which would be you mentioned earlier that you and your ministerial team are fully aligned and of a shared vision. I just wondered if you could, before you go, describe what that shared vision is of your direction, particularly at this difficult time.

The Minister for Treasury and Resources:

May I ask what direction you are going in because there are so many?

Senator K.L. Moore:

I am asking you for your particularly shared direction. I was quoting you back at yourself, I am afraid.

The Minister for Treasury and Resources:

Okay, shared direction with my Assistant Ministers and my Treasury team is that what we need to do is to move forward and, in my view, put politics to one side and look at the view of the financial “sustainability” of Jersey and how we re-establish ourselves in a different way. I quite accept various other people’s political views that we need to possibly change the way forward - I have said this before and I think in an answer this afternoon - with the way we deal with Social Security, with the way we deal with tax. I think that the team are all in accordance with looking at the different ways of moving forward.

Senator K.L. Moore:

Thank you for that. If I could just pick you up slightly there, the point of having democratically elected politicians is that they might put their political direction to the task at hand, would you not agree?

The Minister for Treasury and Resources:

Yes, I would. I know exactly where you are coming from, but of course we are democratically elected and everybody has their point of view and are permitted to say so and will continue to do so.

Senator K.L. Moore:

Okay. We have run slightly over time this afternoon, so I thank you all very much for your attendance and I close the hearing.

The Minister for Treasury and Resources:

Thank you, Chair.

Senator K.L. Moore:

Stay safe.

[16:34]