



## **Corporate Services Scrutiny Panel**

### **Government Plan 2023-26 Review**

## **Witness: Minister for Treasury and Resources**

Friday, 11th November 2022

#### **Panel:**

Deputy S.Y. Mézec of St. Helier South (Chair)

Deputy M.B. Andrews of St. Helier North (Vice Chair)

Deputy L.J. Farnham of St. Mary, St. Ouen and St. Peter

#### **Witnesses:**

Deputy I.J. Gorst, The Minister for Treasury and Resources

Deputy S.M. Ahier, Assistant Minister for Treasury and Resources (1)

Deputy E. Millar, Assistant Minister for Treasury and Resources (2)

Connétable R.P. Vibert of St. Peter, Assistant Minister for Treasury and Resources (3)

Mr. R. Bell, Treasurer of the States

Mr. A. Hacquoil, Group Director, Strategic Finance

Mr. T. Holvey, Chief Economic Adviser

Ms. C. O'Brien, Deputy Comptroller

[10:02]

#### **Deputy S.Y. Mézec of St. Helier South (Chair):**

Thank you very much and welcome to this public hearing for the Corporate Services Scrutiny Panel review on the Government Plan with the Minister for Treasury and Resources and his team. Just for the benefit of the transcript, we will go around and introduce ourselves. I am Deputy Sam Mézec, Chair of the Corporate Services Scrutiny Panel.

#### **Deputy M.B. Andrews of St. Helier North (Vice Chair):**

I am Deputy Max Andrews and I am Vice Chair of the Corporate Services Panel.

**Deputy L.J. Farnham of St. Mary, St. Ouen and St. Peter:**

I am Deputy Lyndon Farnham, an ordinary member of the scrutiny panel.

**The Minister for Treasury and Resources:**

I am Ian Gorst, the Minister for Treasury and Resources.

**Assistant Minister for Treasury and Resources (2):**

Elaine Millar, Assistant Minister for Treasury and Resources.

**Assistant Minister for Treasury and Resources (3):**

Constable Richard Vibert, Assistant Minister for Treasury and Resources.

**Assistant Minister for Treasury and Resources (1):**

Deputy Steve Ahier, Assistant Minister for Treasury, thank you.

**Deputy S.Y. Mézec:**

Thank you. You have some of your officers here who, if they have to join to help with some technical detail, if they could introduce themselves at that point for the benefit of the transcript. Minister, there is normally a notice in front of you explaining the rules of scrutiny hearings, which I am sure you are well familiar with, but if you could just confirm that you are aware of it.

**The Minister for Treasury and Resources:**

Yes, I am aware. It is not in front of me but I am aware of them, yes.

**Deputy S.Y. Mézec:**

You have probably memorised it from all the times you have been here before. Just also to confirm that at 11.00 a.m. we will be observing the 2 minutes' silence. I will remind you when we get to that point. So, to kick off, Minister, the heads of expenditure, which are down for Treasury and the Exchequer in 2023, are lower than the amounts that it was down in 2022. Why?

**The Minister for Treasury and Resources:**

Because we only ask the States for a budget that we can spend in-year and we think is appropriate. The money that the States receive has to be allocated carefully and prudently.

**Deputy S.Y. Mézec:**

How are you able to have certainty that your department will be able to carry out its functions and meet the ambitions that you have politically set for it with a lower heads of expenditure than the previous year?

**The Minister for Treasury and Resources:**

I have discussed with my officials, the priorities that we and I wish to deliver. They can be, with perhaps some squeezing, which is right, can be delivered within that budget.

**Deputy S.Y. Mézec:**

What do you see as the key pressures you may face to be able to deliver that?

**The Minister for Treasury and Resources:**

I do not think the pressures that we face are any different to the pressures that all departments will face in times of economic uncertainty and rising inflation. Those economic conditions may affect us, as they would affect all departments. Of course particularly in our department you think about if people are struggling with the cost of living, struggling with paying their bills, they also then will struggle with perhaps paying their tax bill, and all of those things, which will add to the workload of the department.

**Deputy S.Y. Mézec:**

Is there anything in particular that you would have liked to have included in your ministerial plan or your broader plan for this next year that you have chosen to forego in order to reach these figures in the Government Plan?

**The Minister for Treasury and Resources:**

I do not think that there is anything in particular that I would like to have added in. That may be because mine is an administrative and governance department. I am more satisfied that I can deliver on my priorities than perhaps some other front line services departments, if you asked them the same question.

**Deputy S.Y. Mézec:**

It was stated towards the start of this term of office that eventually the financial services portfolio would be moving to you as Minister. Is that still the plan to happen? How would that be covered in the Government Plan?

**The Minister for Treasury and Resources:**

As far as I am aware that is still the Chief Minister's intention. You will see that in my priorities there are financial services priorities. The budget for financial services of course sits in the Economy Department and there are 2 ministers that are responsible for budgets in there.

**Deputy S.Y. Mézec:**

You say, as far as you are aware, and when was your last discussion with her on this, so you can gain certainty as to what will politically fall within your responsibility shortly?

**The Minister for Treasury and Resources:**

It was Monday of this week.

**Deputy L.J. Farnham:**

Who currently is taking the political lead for financial services?

**The Minister for Treasury and Resources:**

It is being performed by the legal person who is responsible, which is the Minister for External Relations and Financial Services. But in effect decisions we are taking together, although they have the legal responsibility as the Minister for External Relations and Financial Services.

**Deputy L.J. Farnham:**

Have you any idea when the Chief Minister will appropriately deal with the matter?

**The Minister for Treasury and Resources:**

It was and has been indicated to me that the Chief Minister wishes to get the C.S.P. (Common Strategic Policy) approved, which is due for debate in the States sitting at the end of this month. She, together with S.E.B. (States Employment Board), are thinking about the appropriate overall structure of Government. As you know, a member of S.E.B., Deputy Bailhache, is keen to follow up on the former Minister for the Environment's amendment around one Minister having one department responsible to them. S.E.B. are keen to just work through the implications of that. So I think we can expect that after the C.S.P., the work that S.E.B. are doing, it could take until January.

**Deputy L.J. Farnham:**

I am sure you will agree, financial services is a vital industry for this Island. So it is extremely concerning there does not seem to be a clear position on that. Are you comfortable with the current state of affairs?

**The Minister for Treasury and Resources:**

There is a clear position. The Chief Minister made it clear at the time of nominating me to be the Minister for Treasury and Resources that she would transfer the responsibilities for financial services to myself. I am briefed and involved in those decisions and engagements. But the strict legal decision-making body is the Minister for External Relations and Financial Services and the legal responsibility, as we sit here, rests with him.

**Deputy L.J. Farnham:**

I appreciate that. But sorry to push this, Chairman, but who is leading politically? I know, because we had this in 2014, who is politically leading?

**The Minister for Treasury and Resources:**

As you will be aware, Deputy, because of your involvement in what happened at previous times when the responsibility was not clear, the only person that can be responsible and held accountable is the person with whom the legal responsibility rests. We are very clear that is the case in this situation. It cannot be anything else because there cannot be uncertainty.

**Deputy L.J. Farnham:**

The question I should have asked is, in practice, who is doing the work politically, and you have answered that. I think it is the Minister for External Relations and Financial Services if I have read it correctly.

**The Minister for Treasury and Resources:**

We are doing the work together but the legal responsibility and the ultimate decision-maker has to be the Minister for External Relations and Financial Services as we sit here.

**Deputy S.Y. Mézec:**

You mentioned that the budget for financial services would sit within the Department for the Economy. Presumably that would remain the case if and when legal responsibility for that portfolio area was transferred to you. If you look at the Government Plan, we see a breakdown of heads of expenditure by Government department but we do not see one broken down by ministerial office to understand exactly which individuals are accountable for how much total sum of budget there. Do you think that ought to have been provided in the Government Plan?

**The Minister for Treasury and Resources:**

I personally do not think that it needed to have been provided, but am aware that other scrutiny panels have asked for it. My officials have now compiled it, they presented it to me last night, I do not have it with me. Once I have cast my eye over it and given approval then it will be published as well.

**Deputy S.Y. Mézec:**

Given that we hold Ministers to account as Ministers that have legal responsibilities, do you think that would be worth proactively doing in future years so that information is available from the start when scrutiny work begins?

**The Minister for Treasury and Resources:**

You can see from the Government Plan where the money is spent and then you can track it back through to where the legal responsibility lies. What you are asking is, could it be clearer, and the view there is, yes, it could be clearer. Dependent on the work that the States Employment Board do about structuring and responding to the decision of the previous States, it may not be necessary because that might be the point that we get to. If it remains necessary, then I think it would be a good addition.

**Deputy S.Y. Mézec:**

With staffing challenges that you may have had in Treasury and Exchequer Department recently, do you believe that you have enough funding allocated to you to deliver the various programmes and initiatives you have under your remit?

**The Minister for Treasury and Resources:**

I do. You are correct of course to raise the staffing issues, which are common, not only across the States, but also right across our economy. It is particularly difficult to recruit professional individuals who we require with specific professional knowledge around taxation and international tax, so it is not surprising that we struggle there to recruit in the way that we would like, because of the market premium that those individuals can get in private practice. We have a number of people in temporary positions and we have ongoing conversations with those individuals to see if they would like to become permanent employees. But we can manage and we constantly monitor, but we can manage to deliver our services.

**Deputy S.Y. Mézec:**

How do you regard that as a risk in case you are unable to do that? What flexibility do you have to maintain the staffing levels that you need to deliver those services within the budget that you have?

**The Minister for Treasury and Resources:**

We do have flexibility. You will know that we have bids in for improved service levels throughout the course of this plan for improving the Government and processes in place, particularly around appeals and professionalising that. So I think that gives us the necessary flexibility.

**Deputy S.Y. Mézec:**

So moving to value for money savings, how does this particular exercise differ from previous Government attempts at doing an equivalence exercise?

[10:15]

**The Minister for Treasury and Resources:**

There are some good examples of departments in the past looking at their processes and redesigning them to deliver value for money. What we are trying to do here is gain from best experience across Jersey's Government, but also from Governments elsewhere. So you will note that included in this plan is the reintroduction of lean processing. That was extremely successful across Social Security and C.L.S. (Customer and Local Services) and Health and Social Services in the past, but it was jettisoned over the previous 4 years. It treats processes in a holistic manner and looks to redesign them to create better value for Islanders who are using the service and also thinking about the savings that might be delivered. So we are not just focusing on bottom-line savings, we are focusing on productivity improvements and we are focusing on delivering economy and value.

**Deputy S.Y. Mézec:**

The table for value for money savings in the Government Plan provides a breakdown for 2023 equalling £10 million at the bottom. It provides for the same £10 million figure in future years as unallocated future savings without any detail. Is that not irresponsible?

**The Minister for Treasury and Resources:**

No, I would say it was responsible, the other way around. I do accept the view of the Fiscal Policy Panel that it is not sensible, as far as possible, to put in unallocated or unthought-through savings targets. Of course what has happened is that in the previous couple of years that has been the methodology and it has been the methodology previously as well, and those savings have not been realised. Therefore we have taken a much-more careful realistic approach. The total amount of savings that should have been delivered in 2022 and 2023, the amount has now been spread out during the course of the Government Plan. As you say, we have a table in 2023, which are eminently realisable, and we have committed to do this programme to be able to deliver the £10 million going forward as well. £10 million spend on a £1 billion budget seems eminently reasonable and sensible and we will be working on that during the course of 2023.

**Deputy S.Y. Mézec:**

The F.P.P. (Fiscal Policy Panel) said rebalancing should only be included in the Government Plan if it is clear how they will be achieved. Since it is not clear how they will be achieved, why are they in the Government Plan?

**The Minister for Treasury and Resources:**

It is just for the reasons that I have just explained. I think I answered the comment of the F.P.P. in my comments some moments ago.

**Deputy S.Y. Mézec:**

So you disagree with the F.P.P. then?

**The Minister for Treasury and Resources:**

I said they make a reasonable point, which I can see the value of. But these are savings that were in previous Government Plans and in order to balance the budgets going forward what we have done is reduce the in-year savings targets, we have put forward very reasonable proposals for 2023, we have helped departments in that. There is no reason why departments cannot meet those savings in 2023. We will come back with further thought-through developed plans for 2024. So we are trying to meet the sentiment of the F.P.P. halfway, as it were, in the course of the 5 months that we have had to do this work, together with all of the other work that we have done, we are not able to put any more detail. But we still have 12 months to do that before we get to 2024.

**Deputy S.Y. Mézec:**

So do you accept the point they make about the risk that, if you put these figures in the Government Plan and set them as targets, without further detail on how they can be achieved, then you risk putting yourself in a difficult position and putting pressure in other areas?

**The Minister for Treasury and Resources:**

I accept that there is a risk because that is what this Government Plan is having to deal with. That there was a risk in previous Government Plans that savings targets were put in and they were not met. So what we have done in these, with regard to the targets here, is really to a very large extent mitigate that by substantially reducing the requirement for in-year savings and we will come forward with more detailed proposals for 2024 during the course of 2023, as you would expect, thereby meeting the spirit of what the F.P.P. have really been indicating and asking for.

**Deputy S.Y. Mézec:**

Are there any other F.P.P. recommendations that you will not be delivering on in the terms that they state in their recommendations?



**The Minister for Treasury and Resources:**

I would not say that I am not delivering on that one, I am just taking more time in order to deliver on it.

**Deputy S.Y. Mézec:**

But I mean they are clear in saying that the rebalancing should only be included in the Government Plan if it is clear how it will be achieved. You can say you are abiding by the spirit of the recommendation but not by the letter, you must surely agree with that.

**The Minister for Treasury and Resources:**

No, what we are doing here is we have not added any additional savings targets to what were in the previous Government Plan. So rather than just rolling those forward in the way that the F.P.P. are quite clearly saying is unacceptable, we are largely reducing and mitigating in-year 2023, so they should easily be deliverable, so there should not be the risk that the F.P.P. are warning us of. In 2023, if we do not come back with more detailed savings proposals, and I think that we can, then we will be exposing ourselves to that risk. But I do not accept that we are with the plan that is being presented to the States.

**Deputy S.Y. Mézec:**

Is it clear how you will be achieving £10 million of value for money savings in 2026?

**The Minister for Treasury and Resources:**

In 2026? No, it is not clear at all, which is why I have made the points that I have just made.

**Deputy S.Y. Mézec:**

The Fiscal Policy Panel say that, if it is not clear how it should be achieved, then it should not be in there, but it is in there.

**The Minister for Treasury and Resources:**

I am going to continue to maintain the point that I am. You are obviously going to maintain the point that you are making. But I would contend very strongly that the monies that are included in this Government Plan are simply savings that were rolled over and unachieved in the previous Government Plan, and so what we are doing is putting a very realisable saving in 2023. I am surprised you are not challenging me for putting larger savings targets in for 2023. Many people have done. So 2023 we have mitigated the risk and I absolutely believe they can be delivered. We will come forward with further detailed proposals, which is exactly what the value for money for work will show and do for those amounts in 2024, 2025, and 2026, thereby meeting the requirement and suggestion of the F.P.P.

**Deputy S.Y. Mézec:**

We look forward to seeing that detail. What I am trying to do is to get you on record accepting that you have not abided by the letter of that recommendation from the Fiscal Policy Panel given that is clearly what is being done.

**The Minister for Treasury and Resources:**

I do not accept that it is.

**Deputy S.Y. Mézec:**

How can you not accept it when you have already said that it is not clear how you will be making £10 million of savings for those subsequent years when the Fiscal Policy Panel says very clearly that, if it is not clear, then it should not be in the Government Plan to start with.

**The Minister for Treasury and Resources:**

No, because it was in the Government Plan previously. All we have done is maintained the position, the bottom-line savings that previously were in the Government Plan to be made in 2022 and 2023. But we have recognised that, without detailed plans, they are at risk, which is why we have produced eminently deliverable proposals in 2023, therefore mitigating the risk that the F.P.P. have highlighted. Through the value for money programme we will come forward with detailed proposals for 2024, 2025, and 2026. We remind ourselves of course that, although this looks like a 4-year plan, it is only a one-year plan and is amended and more details are brought forward on a rolling basis for the other 3 years. So I think that we have heeded the words of the F.P.P.

**Deputy S.Y. Mézec:**

The spirit perhaps but not the letter, you must surely accept that. What they are saying is pretty black and white.

**The Minister for Treasury and Resources:**

If you have conceded that we have accepted the spirit, then I will say ...

**Deputy S.Y. Mézec:**

I am conceding you are making an acceptable argument.

**The Minister for Treasury and Resources:**

... we have accepted the spirit but you could make an argument to say we have not accepted the letter.

**Deputy S.Y. Mézec:**

We are getting closer there, so let us move on. The next question I was going to ask was specifically about your £140,000 in the 2023 estimate there for your value for money savings. How are you intending to deliver on that?

**Treasurer of the States:**

Richard Bell, Treasurer of the States. Good morning. In terms of delivery from the Treasury and Exchequer Department, as you are aware, the Commercial Services Team has come across from the Chief Operating Officer in the last year or so. We are going to be setting out on a piece of work that looks at duplicate functions within the Commercial Services Team and within the Finance Team. We are largely leaving the Revenue Jersey to the pressures that it is facing in respect of customer service. But their contribution to ongoing former targets from Revenue Jersey is considerable in terms of additional income that comes from the investment in the compliance programme. But for that £140,000 that will be delivered through a combination of looking at and removing duplication between functions in the Commercial Services and Finance Team, in addition to which, although it might take a lot longer than that and will contribute to future programmes, driving out the operational efficiency that will come through from the implementation of I.T.S. (Integrated Technology Solution).

**Deputy S.Y. Mézec:**

Duplicate functions you have mentioned, how have they been allowed to arise in the first place?

**Treasurer of the States:**

Because they were in separate departments. So if you have separate teams dealing with governance while they are in a separate department, and if you have separate teams that deal with training they are in a separate department, they come across to Treasury, they come across lock, stock, and barrel, therefore within the structures we have for those separate departments we need to pull those various teams into the same place, which reduces, in particular, the overhead from senior management.

**Deputy S.Y. Mézec:**

So for how long has that particular inefficient use of public money been going on for?

**Treasurer of the States:**

These came across towards the end of last year and we have started working towards ...

**Deputy S.Y. Mézec:**

Was that the first point they were identified?

**Treasurer of the States:**

Pardon?

**Deputy S.Y. Mézec:**

Was that the first point that they were identified or were they known of before then?

**Treasurer of the States:**

As they are in separate departments, you need separate functions within separate departments. It is only when you pull them together that you get the opportunity to drive those out. It has to be said that the Minister has just spoken to the fact that in areas we do struggle to recruit, so in essence that saving is being delivered on a one-off basis through vacancy management.

**Deputy S.Y. Mézec:**

Thank you. This may be back for the Minister, but you may wish to stay in case he passes any part of it on to you. So in those future years, 2024, 2025, 2026, what contribution do you anticipate you will be making to the value for money savings beyond the £140,000 allocated for next year?

**The Minister for Treasury and Resources:**

For all of the reasons that I just explained, until we start that value for money programme I would not want to commit to a particular figure. But the work that the Treasurer has just outlined, there are some early savings, which he has indicated can be delivered in 2023. I think that there are even greater savings in that particular approach that can be delivered and will be contributing towards the numbers in 2024 and beyond.

**Deputy S.Y. Mézec:**

So you cannot provide any detail for that but you are happy to still sign up to a bottom line figure of £10 million. Are we supposed to find that reassuring?

**The Minister for Treasury and Resources:**

Yes, because we have put in place a programme and we are putting in place a programme that will be able to provide details of how that number in 2024 is absolutely delivered and you will be scrutinising us on those plans and on whether we meet that delivery or not.

[10:30]

**Deputy S.Y. Mézec:**

We certainly will. So there is a Political Oversight Group chaired by you to oversee the delivery and implementation of the value for money programme. Has that Political Oversight Group been established and is it currently meeting?

**The Minister for Treasury and Resources:**

No, it will be established.

**Deputy S.Y. Mézec:**

When do you see that happening?

**The Minister for Treasury and Resources:**

I expect it to be established before the end of the year.

**Deputy S.Y. Mézec:**

Will that group play a role in monitoring how effectively targeted these savings are to ensure that they are genuine savings and do not creep into territory that some might worry is closer to cuts to services?

**The Minister for Treasury and Resources:**

Indeed they will. They will be looking, as it is quite clear in the Government Plan, they will of course be targeted on cashable savings, to deliver that £10 million bottom-line savings. But they will be just as targeted, and that is again where I think the lean methodology works well, just as targeted on productivity improvements and providing economy and value to taxpayers.

**Deputy S.Y. Mézec:**

How will the progress in the value for money programme be measured and reported?

**The Minister for Treasury and Resources:**

In the way that we have previously reported programmes such as this, there will be the internal governance structure, there will be the political structure, and then there will be feeding through to future Government Plans. But in the past we have also provided reports to States Members and lodged them also for public scrutiny.

**Deputy S.Y. Mézec:**

At what kind of intervals for that publishing?

**The Minister for Treasury and Resources:**

We have not decided on what the intervals will be. The first and most important target will be to bring forward proposals that are deliverable that can be included in the Government Plan for next year. So I would expect that there will be an update report at the end of the first quarter and then at the end of the second quarter we will be clearer on what is going to be included in the future Government Plan.

**Deputy S.Y. Mézec:**

If the £10 million of value for money savings targeted for 2023 are not met, will they be rolled over into succeeding years?

**The Minister for Treasury and Resources:**

We will deal with that when we get to that point. I do not think that we should get to that point. We think that previous Government Plans were expecting to make £20 million and £30 million savings in any given financial year. So you can see how we have largely mitigated the risk anyway by reducing the overall amount. But I do not expect us to get to that point, but if we do then we will have to bring forward a plan just like we have done with this plan for previous savings, which were not delivered.

**Deputy S.Y. Mézec:**

Moving on to income, I was going to start by asking, either in the Government Plan itself or in some document you might have access to behind the scenes, do you have any data on the numbers of people paying income tax and what ratio of the receipts you have received from them come from the various deciles of the income distribution? So people, based on how much income they have, what proportions are they contributing to the income tax take?

**The Minister for Treasury and Resources:**

So I will ask Cora to come to the table for that one. So of course theoretically what happens with Revenue Jersey is they collect the information required to be able to assess a person's liability to tax. So, in order to do that, they do need to have in their returns the amount of income that taxpayers are paying. Quite how they hold that information in the system and whether it is accessible in the way that you have asked, I will leave that to Cora to answer.

**Deputy Comptroller:**

So we do have a data analytics function within Revenue Jersey and we are able to stratify the numbers of taxpayers at different income levels and we are able to analyse how much income tax they pay. I do not have that to hand but I can follow up after this meeting with you. So we could tell the panel the proportion of income tax paid by the top 1 per cent, say, of taxpayers, the top 10 per cent, et cetera. So it is possible to get that information.

**Deputy S.Y. Mézec:**

Do you have any headline impressions from that, any notable points?

**Deputy Comptroller:**

So the top 1 per cent, I am not going to give numbers but I cannot quite stand over them, but you would be surprised at how much the top percentage in numbers terms contribute to the tax system. That is not really surprising but that is general in every tax regime. A large number of taxpayers, say below the average wage, might be large in number but in terms of amount contributed that would not be that significant. It is broad based. As you go up the income scale, the proportion becomes a lot higher for the higher end.

**Deputy S.Y. Mézec:**

Are there any trends on that you might have picked up in recent years? Is the proportion being provided by the top earners increasing or decreasing?

**Deputy Comptroller:**

It is relatively stable. I have not looked at the data for several months but it has been relatively stable.

**Deputy S.Y. Mézec:**

Thank you. We may come back with some questions on that when we have access to that data. Are there outstanding tax returns and how does the additional late return fines impact on revenue calculations in the Government Plan?

**Deputy Comptroller:**

So there will always be outstanding tax returns and that is part of our compliance programme is to follow up on outstanding returns, whether they are company returns or whether they are individual returns. The penalties that we would levy for late returns would be included within the income numbers in the Government Plan.

**Deputy S.Y. Mézec:**

How confident are you in the forecasted income projections given the uncertainties for the economy we have?

**Deputy Comptroller:**

The income projections have been studied very carefully by the Income Forecasting Group, of which Revenue Jersey is a member. That is done on an ongoing basis. It goes through a lot of

scrutiny, it has independent members on it, so we would stand over those numbers and would be confident on them.

**The Minister for Treasury and Resources:**

But it is based on the assumptions that the F.P.P. provide, so you have the independent element to start with, the Income Forecasting Group also has an independent person on it, and they review them and we historically, and always I think, have put into Government Plans the midline rather than the higher or the lower line. We see that a historical look-back will show that has been largely accurate.

**Deputy Comptroller:**

We do check with the F.P.P. assumptions, we do check that in Revenue Jersey against historic patterns of collection to make sure that they do stack up. So that is another kind of cross-check.

**Deputy S.Y. Mézec:**

Is that to the letter or the spirit of the F.P.P. assumptions?

**The Minister for Treasury and Resources:**

Is that a question?

**Deputy S.Y. Mézec:**

Well, fine, we will move on. In terms of the mini budget proposals on tax allowances, could you remind us the overall impacts that those have had on the budget? In terms of how the mini budget proposals to change tax allowances went above what you otherwise might have anticipated, because of the cost of living crisis, what was the additional impact of that going above and beyond? This was stated in the mini budget document, if you could just remind us.

**The Minister for Treasury and Resources:**

So you are asking me the differential of what was forecast in the plan and then what the increase was. Cora, you probably can find that quicker than me.

**Deputy Comptroller:**

So for 2022, the difference compared to forecast was £14.7 million. For 2023, it was £30 million.

**The Minister for Treasury and Resources:**

That included all benefits, so not just tax.

**Deputy Comptroller:**



Yes, that was the total. If it is just the tax that you are asking about, Chair, the difference against forecast for 2023 was £22.3 million. There was no tax difference against forecast because the allowances, the tax measures in the mini budget come in 2023, not in 2022.

**Deputy S.Y. Mézec:**

If the proposed thresholds are approved in the Government Plan as they are, but R.P.I. (Retail Price Index) continues to increase and went above what has been accounted for in the Government Plan, what would you consider doing in response to that?

**The Minister for Treasury and Resources:**

We have been quite clear in saying that we will continue to review the effects of rising inflation and rising interest rates. But you can see from the Government Plan as it currently sits it is balanced. So if we were to take further measures around allowances then something else would have to give, so we would have to think very carefully about doing that. We are not closing that option off but it would have consequences elsewhere within the Government Plan. You will know that letter or spirit of F.P.P. commentary is that inflation will continue to rise.

**Deputy S.Y. Mézec:**

So what scenarios are you planning for then?

**The Minister for Treasury and Resources:**

What the F.P.P. have said is their best forecast, which will be roughly, if inflation does rise to that level, and I do not want to get too technical because we do not have the economists with us, the R.P.I. number could rise up to about 12 per cent. We have increased thresholds by 12 per cent already so we would be within that. The question more for us would be thinking about the service and benefits that the Minister for Social Security provides and whether we would need to think about those in a different way. But, as I say, the Government Plan is balanced. If we are going to bring forward further measures for the cost of living crisis then something else would need to give.

**Deputy S.Y. Mézec:**

Correct me if I misheard that, but are you suggesting then that say early next year, if we got to a position where R.P.I. was worse than had been anticipated, that you would be more likely to look at support through direct payments as opposed to further tax measures to support Islanders? Would that be your preference?

**The Minister for Treasury and Resources:**

No, I am saying that, if it gets, as the F.P.P. has forecast, which is around 12 per cent, then we have already increased tax thresholds by that level, so I am not sure that we would think that

moving them again was the right policy intervention. It might be more likely that the right policy intervention at that point would be to think about the uprating that we have done around benefits.

**Deputy S.Y. Mézec:**

Thank you. Can I hand over to Deputy Farnham now.

**Deputy L.J. Farnham:**

Thank you, Chair. Do you expect tax revenues to increase, mainly from financial services sector, on the back of higher interest rates. If so, have those been included in the general revenue income estimates?

[10:45]

**The Minister for Treasury and Resources:**

So the F.P.P.'s assumptions from earlier this year were forecasting higher revenues. We factored those higher revenues in and that is the main reason that we were able to provide the mini budget. The economists currently are looking at the forecasts in the current F.P.P. report. It is too early to say exactly what our action would be. But they do not appear to have changed very much, positively or negatively. So, as I sit here, I am far from certain whether we would need to uprate the Government Plan as it stands. I suspect we might not but I will take advice from the economists and the officials about that. I think what the F.P.P. has indicated is that, while that might be the case that we have already factored in the growth, we do not know where interest rates will ultimately land. The view is slightly more positive than it was 3 months ago about where they might top out and that because of other factors in the finance industry there might be a lag between the profit increase showing in tax revenue increases. So it might just be that we do not see it in 2023. There might be some lag going forward in future years.

**Deputy L.J. Farnham:**

Understood, thank you. Moving on to a subject we have both commented on publicly and that is support for Islanders who may be struggling with increased mortgage rates. What consideration are you giving to assisting Islanders in this predicament?

**The Minister for Treasury and Resources:**

I am not quite at the point of being able to comment publicly because I have not got agreement from fellow Ministers of what might be possible. But I think I have said publicly earlier this week, and previously, that the mortgage interest tax relief is stepping down and it would seem to me that there is something that we could do, an approach to that which is not reducing tax but using that mechanism to help provide some support to mortgage payers. Of course the work that the

economists have done with the banks across the Island is showing that the majority of mortgages are fixed-rate up to 5 years. Those Islanders who are in fixed rates will not yet be seeing the detrimental effect of increased interest rates but they might be in the course of the next 48 months or so. But there are Islanders who are on variable-rate mortgages who could be feeling pain now and that is why we need to think about what is possible to do to support them.

**Deputy L.J. Farnham:**

Does the department have or are you planning to compile statistics on just how many Islanders perhaps have been impacted by this, how many have fixed rates, is there a way of collating that>

**The Minister for Treasury and Resources:**

We do not have those statistics in the department, nor in Government, but the economists have been speaking to all of the banks and they have collated an evidence base, which we would be happy to provide to the scrutiny panel if they wished.

**Deputy L.J. Farnham:**

Sure. Do you have any idea when a decision can be made and whether you will be amending the Government Plan accordingly if that is necessary?

**The Minister for Treasury and Resources:**

I am looking across at the Treasurer about when the decision will be made. I am not sure if I am going to be making a proposal to the Council of Ministers next week. I would expect to be in a position to be able to do so. Because if we are going to do something it does need to be amended in the Government Plan.

**Deputy L.J. Farnham:**

So I can take it, without trying to put you on the spot, you are supportive in principle if you can find the right formula?

**The Minister for Treasury and Resources:**

Yes.

**Deputy L.J. Farnham:**

Thank you.

**Deputy S.Y. Mézec:**

One of the findings of our review on the mini budget was that there was not a lot of consultation in forming those proposals and that is not a criticism, it is just an observation, because of the

circumstances. What consultation did you do that helped arrive you at the conclusion that you would propose freezing duty on alcohol and fuel?

**The Minister for Treasury and Resources:**

We did not obviously have a great deal of time to consult. But we did consult with various parties. Cora or Richard, you need to remind me. We certainly consulted with the hospitality industry and we had representations from the fuel industry and from the charitable sector about fuel.

**Deputy S.Y. Mézec:**

Do you regard those measures as progressive or regressive?

**The Minister for Treasury and Resources:**

It depends really, does it not, around consumption as much as anything else.

**Deputy S.Y. Mézec:**

Is that your definition of progressive then, it is based on consumption?

**The Minister for Treasury and Resources:**

No, if we are not increasing the tax, then surely progressive, you could say it was more regressive if we were increasing it, but we are not.

**Deputy S.Y. Mézec:**

To Deputy Andrews for this next question.

**Deputy M.B. Andrews:**

Thank you, Chair. Now the panel notes with the Climate Emergency Fund the value of the fund is decreasing across the Government Plan. So could there potentially be any measures that are introduced to try to maintain the value at some point in time?

**The Minister for Treasury and Resources:**

I am loathe now to comment on what the F.P.P. has said bearing in mind the Chair's earlier questions. But the F.P.P. have rightly said, and it is acknowledged in the Government Plan, that the Climate Emergency Fund is not sufficient for Jersey to achieve net-zero and therefore a sustainable funding strategy will be required in order to do so. The priority of the Minister for the Environment and fellow Ministers at this point is to start spending some of that money so that Islanders can see the benefit in their own transition to net-zero. I absolutely support that. But that it will require the Minister for the Environment with fellow Ministers to work towards a funding strategy that will allow the transition. But that is very early days. We know it has to be done but I

am not aware of any work having been done today. If I look back to what was the previous Government had a policy panel that was looking at things like replacement for motor fuel duty, those sorts of things. But, Cora, maybe you can just remind us.

**Deputy Comptroller:**

Yes. So officials are working at the minute on proposals, Minister, for measures that we could look at in terms of climate funding, be they tax measures or other funding measures. So Revenue colleagues are working with Environmental colleagues and with a small amount of external advice in relation to the best direction to take that strategy and how it would build into the overall strategy that we have for the next few years for our projects.

**The Minister for Treasury and Resources:**

There are 2 big areas that we need to think about strategic funding for, one is net-zero and the other is health. The Minister for Health and Social Services is doing her work on health provision. The Minister for the Environment is doing the net-zero work with officials.

**Deputy Comptroller:**

Yes, so there were some small amount of measures in this Government Plan in terms of V.E.D. (Vehicle Emissions Duty) increases. But that is a much bigger piece of work, a much more strategic piece of work we are looking at.

**Deputy M.B. Andrews:**

So coming back to the Climate Emergency Fund, when we are looking at the fund value, what impact will there be in terms of the duty freeze and also has this been measured in terms of what the original forecast would have been compared to what is now being forecast?

**The Minister for Treasury and Resources:**

Everything we do in this Government, we have to try to achieve balance. I think it is perfectly appropriate to not increase fuel duty in a cost of living crisis. The 9 pence is ringfenced and will continue to go into the Climate Emergency Fund. I take the view that there is a bigger piece of work that needs to be done because the Climate Emergency Fund is not sufficient to transition to net-zero. The policy area of course is led by the Minister for the Environment.

**Deputy M.B. Andrews:**

Of course, as well, during this time period when we are looking at vehicle users, some who are going to be producing a higher level of carbon output, and again there will not be any measure of income coming into the fund. So how timely could measures be introduced and what discussions have taken place to try to ensure that the fund is going to be increased somehow?

**The Minister for Treasury and Resources:**

That is the work that Cora has just alluded to that the Environment Department, with the support of Treasury officials, are doing. The V.E.D. work is really largely about trying to change behaviour on car purchasing. But there is a lot more work which needs to be done as well. I look forward to being briefed on that in due course.

**Deputy M.B. Andrews:**

We also do note as well, with the Vehicle Emissions Duty, there have been increases from 32 per cent up to about 85 per cent and also this is during a period of double-digit inflation. But again there is a lack of provision, for instance, especially for lower and middle income households to try and mitigate this problem by having say a provision where we are not just reliant upon a bus service, but there maybe could be a provision for an electric vehicle fleet potentially to try to address this issue altogether.

**The Minister for Treasury and Resources:**

Yes, so the V.E.D. is about changing behaviour from large-engine vehicles, which are emitting more, so lower-income families can still avoid V.E.D. by buying smaller-engine, less-polluting, vehicles. But your further point I think is a point well made and I imagine that is part of the work that the Environment Department are doing around how you can, not only change behaviour negatively, but by positively influencing it with grants across a whole raft of ...

**Deputy M.B. Andrews:**

So, in relation to the consultation process, how did you come to the rates of between 32 per cent and 85 per cent?

**The Minister for Treasury and Resources:**

Would you like to just go through the process? It arose from the previous Policy Development Board and ratcheting up, did it not?

**Deputy Comptroller:**

Yes. So we consulted very closely internally with environmental colleagues and they did have a number of discussions externally with the industry. I was not party to those. What is more important is that the piece of work that the Minister is speaking about, which we will be bringing throughout the course of the next 6 to 12 months will be subject to a full public consultation. It will be a much more wide-ranging set of policy measures that people will have a chance to look at and express views about through various different means, whether it is written or some kind of consultation groups.

**Deputy S.Y. Mézec:**

Just to note, we are almost at 11.00 a.m. When it hits that I will let you know and we will stand up at that point.

**Deputy M.B. Andrews:**

Minister, so in essence when we are looking at, for instance, becoming more a green economy, a green Island, we again have not really been looking at the potential for households to be supported, potentially to have subsidies to ensure that they are able to acquire electric vehicles. So why has this been the case up to this point in time?

**The Minister for Treasury and Resources:**

I will come back to that.

**Deputy S.Y. Mézec:**

Yes, I think we should come back to that.

[11:00]

(All stand for 2 minutes' silence)

**Deputy S.Y. Mézec:**

Thank you. Do you need to repeat that?

**Deputy M. Andrews:**

Yes, thank you. So in relation to making sure that Jersey is embracing a green economy, there needs to be a provision potentially to support lower and middle income households and, potentially, that could be through subsidies in terms of the purchase of electric vehicles. So why has that not happened at this point?

**The Minister for Treasury and Resources:**

Well, I think that the Minister for the Environment is absolutely committed to spending the money in the climate emergency fund, as I have said to you, and is considering those approaches of support and subsidy.

**Deputy M. Andrews:**

In relation to yourself and the position you hold as Minister for Treasury and Resources, do you think there potentially could be the opportunity between 2023 to 2026 to provide that provision in a future Government Plan?

**The Minister for Treasury and Resources:**

I absolutely think that there is. I also think that we really do need to make progress on how we are going to fund such services. As we have just outlined, that work is ongoing as well so I think the States made the commitment, there is the roadmap in place and we need to move into delivering so that Islanders can see the benefit and feel that they themselves can make the transition.

**Deputy M. Andrews:**

For some households, I guess they would probably want to know a bit more about the sale of Liberty Bus to an Australian company. What does this mean and will the Government continue to support the bus provision that we see in the Island?

**The Minister for Treasury and Resources:**

I think it is not within the Minister for Treasury and Resources' remit so I need to be very careful about what I say. I am not aware that there is any implication on the sale of Liberty Bus to a different owner for the support and provision that the Government makes to subsidise bus services.

**Deputy M. Andrews:**

Okay, so coming back to the vehicle emissions duty increases, do you think there will be further increases as well across future Government Plans?

**The Minister for Treasury and Resources:**

In the vehicle emissions duty?

**Deputy M. Andrews:**

So that is something that has obviously been proposed between 32 to 85 per cent.

**The Minister for Treasury and Resources:**

I suspect not just because they are pretty hefty increases now and one would expect that where price was a factor in purchasing decisions, it would come into play at those sorts of levels. The concern of course is that I am far from certain that price is a factor in the purchase for some Islanders of vehicles which might be considered more polluting.

**Deputy M. Andrews:**



In relation to the Government Plan, do you believe negative externalities have been addressed? So, for instance, where a third party has come into harm where there maybe are increases in those charges so, essentially, what you are looking at and, say, penalising as a market transaction.

**The Minister for Treasury and Resources:**

We cannot avoid that if we are going to transition to net zero. It would not be ideal but it will be a necessary part of the transition.

**Deputy M. Andrews:**

So do you believe that the proposals within the Government Plan potentially could be increased next time around in addressing negative externalities?

**The Minister for Treasury and Resources:**

I think it is possible but I cannot, as we sit here, think of proposals or actions that we could bring forward that would do that.

**Deputy M. Andrews:**

Okay, thank you very much, Minister. I am just a bit conscious of time. I was wondering what monetary impact will the deferral of offshore retailers and the G.S.T. (Goods and Services Tax) de minimis level from 1st January to 1st July of 2023 have on the budget?

**The Minister for Treasury and Resources:**

I do not know what the amount is. If Cora might just look at that.

**Deputy Comptroller:**

Yes, I just need to check that.

**The Minister for Treasury and Resources:**

It will be in the paper somewhere. So it really is an administrative deferral which was around the need to register in ensuring that those that needed to register were given the extra time that they had requested.

**Deputy M. Andrews:**

Are there any projections in terms of the additional amount of indirect taxation that could be generated as well?

**The Minister for Treasury and Resources:**

We will have it but I do not have it.

**Deputy M. Andrews:**

Would it be possible at some point for the panel to be informed?

**The Minister for Treasury and Resources:**

We can send it to you.

**Deputy M. Andrews:**

Yes, thank you. Are there any questions that you have?

**Deputy S.Y. Mézec:**

No, thank you.

**Deputy M. Andrews:**

Now of course with stamp duty surcharges being proposed at 3 per cent, what do you believe will be the significance of this 3 per cent stamp duty surcharge in relation to the housing market?

**The Minister for Treasury and Resources:**

Well, it is a measure that was proposed by the previous Corporate Services Scrutiny Panel and accepted in the previous States Assembly. Officials have been working on a non-bureaucratic approach to its implementation. They did seek economic advice. That economic advice was not as clear as perhaps policymakers would have liked it to be but it is a lever which Ministers think is worth pulling to see if it does and it would only be to a small extent. I am just trying to think of the correct word. It is “stop” or “limit” the buy to let market because of that increased duty.

**Deputy S.Y. Mézec:**

Is the 3 percent enough?

**The Minister for Treasury and Resources:**

Well, we will not know until we have implemented it. We did do a lot of work. Officials did a lot of work on varying rates and what the implications might have been and were elsewhere. If we look across the United Kingdom, 2 of those 3 countries I think have an additional 1 per cent. One has 3 per cent. We considered the implications and decided that we would introduce at 3 per cent and then continue to obviously monitor it.

**Deputy S.Y. Mézec:**

Okay, thank you.

**Deputy M. Andrews:**

Okay, Minister, I guess if we are looking at, for instance, personal income taxation, in Jersey, it is 20 per cent, but also there are other mandatory deductibles such as social security. If we compare that, say, to the U.K. (United Kingdom) where obviously there are higher mandatory deductions, income savings from a net income perspective are more inclined to be increasing for somebody on equivalent earnings compared to somebody in the U.K. So still there is going to be the ability to save and to also invest in the housing market in Jersey so, potentially, 3 per cent could be seen as rather diminutive relative to our tax regime.

**The Minister for Treasury and Resources:**

Well, I think we cannot just take one element of our regime and make what is an illogical assumption about what households will then do because we have the other element of our regime which is the overall house price in the housing market and the amount of money that Islanders have to borrow in order to get on to the housing ladder. So I do not think we can just correlate quite with the U.K. because if you have a bigger mortgage, then a small increase in the interest rate will affect your ability to save, as you are rightly saying. There is already anecdotal evidence that the housing market is slowing down and some large developments are not getting underway in the way that they were only 12 months ago.

**Deputy M. Andrews:**

Okay, thank you very much for your answer, Minister. In relation to the stamp duty review, could you please provide us with an update in relation to this matter?

**Deputy Comptroller:**

So we are just finalising terms of reference for the stamp duty review and they will be going to consultation. We have done quite a lot of thinking. It is in our work plan for the next finance law which means that consultation on the stamp duty review will need to happen in the first quarter of next year with a view to having proposals for the summer which then can be converted to law which we can consult on as well. So it is in this year's work plan and it will be seen in the next finance law.

**Deputy M. Andrews:**

In relation to when you say "consultation", what do you mean? Who will be consulted in this respect?

**Deputy Comptroller:**

So for something like the stamp duty review, we would probably do targeted industry engagement and public consultation.

**Deputy M. Andrews:**

Consultation, okay.

**Deputy Comptroller:**

So we do public consultation unless it is a very sort of technical point.

**Deputy M. Andrews:**

Okay, and in relation, say, to there potentially being readjustments to stamp duty, do you think there potentially could be maybe some exemptions to certain households? For instance, when we are speaking about downsizers or other potential areas.

**Deputy Comptroller:**

So that is something that we can certainly look at as part of the review. One really important element of the review is trying to understand the policy intent and getting that clear at the outset is really important because for something like downsizers, there is a balance between understanding whether you are trying to free up larger unoccupied properties for new purchasers or families versus not wanting to create difficulties for people who have lived in their homes for a long time. So part of doing the consultation is getting right at the start where that balance is between what we are trying to achieve. So things like downsizers are not straightforward like lots of things in stamp duty and tax. Yes, there can be unintended consequences from them.

**Deputy M. Andrews:**

Okay, thank you very much for responding there. Minister, please can you briefly explain the rationale for extending the schedule of tax exempt benefits in kind to include all pedal bicycles and bus passes provided by employers to employees and the impact thereof on the budget?

[11:15]

**The Minister for Treasury and Resources:**

Well, I do not know that the impact is very great, if I am honest with you. I do not know if we have any numbers.

**Deputy Comptroller:**

It is minimal. Yes, it is small.

**The Minister for Treasury and Resources:**

Yes, minimal. It was during our consultation with the Chamber of Commerce and I am thinking about other measures that we could do quickly which would encourage changing behaviour. It seemed eminently sensible to make those changes.

**Deputy M. Andrews:**

Okay, thank you very much, Minister. I think the Chair has a question.

**Deputy S.Y. Mézec:**

Yes, so on high value residents, you are increasing the minimal tax contribution from those. What analysis did you use to arrive at the figure you have arrived at?

**The Minister for Treasury and Resources:**

We simply used the existing legislation which allows us to up rate the minimum contribution by the increase in R.P.I.

**Deputy Comptroller:**

Yes, so you can increase under the statute by up to the R.P.I. increase and the decision was taken to increase it by that maximum amount.

**Deputy S.Y. Mézec:**

Would you have gone higher if the law allowed you?

**The Minister for Treasury and Resources:**

It is a rhetorical question because the law does not allow me.

**Deputy S.Y. Mézec:**

But there is a review going on which may impact that.

**The Minister for Treasury and Resources:**

I expect that the review will think about an upward movement in that number as well.

**Deputy S.Y. Mézec:**

Why do you think that?

**The Minister for Treasury and Resources:**

From conversations that I had with ministerial colleagues.

**Assistant Minister for Treasury and Resources (2):**

There is a ministerial group. By “high value residents”, you mean the 21E category?

**Deputy S.Y. Mézec:**

Yes.

**Assistant Minister for Treasury and Resources (2):**

The terms of reference for that review were circulated. They landed in my Inbox yesterday. I have not had the chance to read them properly yet but the group will be looking at all elements of the 21E regime including the tax benefit and all other benefits that the Island may derive from those residents. So that review is underway.

**Deputy S.Y. Mézec:**

Are you to be serving as part of that review?

**Assistant Minister for Treasury and Resources (2):**

I will be, yes.

**Deputy S.Y. Mézec:**

Is that in the capacity as Assistant Minister for Treasury and Resources or Minister for Social Security?

**Assistant Minister for Treasury and Resources (2):**

No, I believe I am on the group as Minister for Social Security.

**Deputy S.Y. Mézec:**

Okay, thank you. Is that connected to the work of the Housing and Work Advisory Group?

**Assistant Minister for Treasury and Resources (2):**

It is. It is deriving out of the Housing and Work Advisory Group, yes.

**Deputy S.Y. Mézec:**

Okay, thank you. Minister, is the fact that this review is taking place a sign that there is a lack of political confidence in the rules as they currently stand?

**The Minister for Treasury and Resources:**

No, I do not think it is that. I think it is more positively thinking about what we want from such a regime into the future. I think that if we look back to when the regime was less changed, we were seeking to encourage those who were bringing value in businesses, value in jobs and not just value in tax take. So I think this review is thinking about those things and whether there needs to be a change to the legislation to make it clear and to allow the mandating of that to take place and there is also the ongoing issue of fairness. If we look at somewhere like Guernsey, they have a tax cap

and that tax cap is applicable to everyone whether they are a long-term resident or they are a new arrivee.

**Deputy S.Y. Mézec:**

Please tell me you are not considering that for Jersey.

**The Minister for Treasury and Resources:**

I am not on the group but I am just saying that there is that issue of fairness which the group will want to think about.

**Deputy S.Y. Mézec:**

Okay, moving on. I am just starting to get conscious of time now.

**The Minister for Treasury and Resources:**

Yes, okay.

**Deputy S.Y. Mézec:**

So if we could try to pick up the pace a little bit with answers please.

**Deputy M. Andrews:**

So in relation to the Government Plan, what work has been undertaken to learn from what has happened previously and what differences are there from having looked at previous Government Plans and what implementations have been made for this Government Plan as a result?

**The Minister for Treasury and Resources:**

Well, this is my first Government Plan. Hopefully, it is shorter and it is more readable and it has the information whereby Islanders can make sense of where we are proposing to spend money and I think that Government Plans and budgets continually evolve. I think this is an improvement on others that have gone before but, no doubt, there will be further improvements that can be made.

**Deputy M. Andrews:**

In relation to government expenditure, it is forecast to be £996 million but also we need to be accounting for inflation. So do you think there is a good contingency there to cope with capital projects and also the issues that we potentially could have with supply chain issues, delays and a rising inflation of building cost materials as well?

**The Minister for Treasury and Resources:**

I hope that there is.

**Deputy M. Andrews:**

You hope that there is but in response to my initial question, “hope” is probably not good enough. I was hoping that we would have a bit more clarity in terms of you being more affirmative to suggest that there is a good contingency in our plans. Surely there is.

**The Minister for Treasury and Resources:**

There is, yes.

**Deputy M. Andrews:**

There is, okay.

**The Minister for Treasury and Resources:**

Notwithstanding the F.P.P.’s assumptions about what might happen in the economy, it is difficult for me to give you great certainty about what might be the economic conditions in 12 months’ time. I think that officials have made very reasonable assumptions and they have put in sufficient contingencies to deal with inflation and the issues that you raise but I do think that the word “hope” is a suitable word notwithstanding all of the work that has gone in to give confidence.

**Deputy M. Andrews:**

When we are looking at government income and government expenditure, what impact will inflation have in respect of, say, areas of income in particular for the Government but also with areas of expenditure as well?

**The Minister for Treasury and Resources:**

Well, we take the assumption that, with the numbers that the F.P.P. have given us, we will use the income forecasting group - which I know officials will be happy to talk more about if you like - and that is the middle ground basis that we put in for income and expenditure. That then leaves you an envelope that you can spend and the important thing is that you balance and do not propose to spend more than you have coming in. You have to have, within what you are spending, sufficient reserves and allocations for inflation in a time of high inflation and contingencies in the way that you have suggested and that is what is in this plan.

**Deputy M. Andrews:**

In relation to expenditure, where do you think the highest prices will be seen across government departments?

**The Minister for Treasury and Resources:**



The highest prices or the most difficult ...

**Deputy M. Andrews:**

Yes, so we are looking at expenditure.

**The Minister for Treasury and Resources:**

It is not a surprise to think that there are 2 departments really which will find the current prevailing economic climate difficult. One is infrastructure because they oversee capital projects and maintenance and the other is health.

**Deputy M. Andrews:**

Health as well. Okay, thank you very much, Minister.

**The Minister for Treasury and Resources:**

We have the experts over there.

**Deputy M. Andrews:**

We are short of time, are we not?

**Deputy S.Y. Mézec:**

We can do that kind of thing offline, yes.

**Deputy M. Andrews:**

Yes, also as well, Minister, have the costs of decarbonisation been sufficiently captured in the expenditure programmes within the Government Plan?

**The Minister for Treasury and Resources:**

Well, no, because of the work that is being undertaken by the Department for the Environment so they have not because we do not have the detailed plans.

**Deputy M. Andrews:**

In relation, say, to timeframes, has there been anything that has been communicated across to you at some point since you have been re-elected and also taken up your role as Minister for Treasury and Resources?

**The Minister for Treasury and Resources:**

No, I think it is happening at an official level currently.

**Deputy Comptroller:**

Yes, we have a schedule of a large number of tax policy projects to get done within the next 12 months that we are talking to the Minister about and that is one of them.

**Deputy M. Andrews:**

Okay, thank you very much and also, as a panel, we note of course with inflation, there will be many households where their wages will be eroding and also the level of inequality potentially could be more exacerbated because some people will also be benefitting from inflation as well in terms of their incomes. So, Minister, do you think there potentially could be policies that could be introduced to try and assist with some measures to alleviate poverty during the Government Plan across the next 4 years?

**The Minister for Treasury and Resources:**

Well, if we work on the assumption that the Government will take the same view that it has taken when Islanders are suffering, as they have been during the cost of living crisis, that the Government will intervene, then I would expect the Government to continue on that policy of intervening where necessary.

**Deputy S.Y. Mézec:**

Did the issue of reducing inequality feature in the thinking of government Ministers when the Government Plan was put together?

**The Minister for Treasury and Resources:**

Well, you know that it will have done, Chair, because you challenged me quite extensively around the mini budget.

**Deputy S.Y. Mézec:**

I was not satisfied with the answers. That is why I asked the question again with hope.

**The Minister for Treasury and Resources:**

So of course we were thinking of that as one of our considerations when we were allocating growth monies.

**Deputy S.Y. Mézec:**

I am glad my challenge provided some positive outcome like that. Could you provide details of how you considered inequality?

**The Minister for Treasury and Resources:**

I suppose we thought about the profile of individuals and families that would be accessing particular services and we thought about it in that regard.

**Deputy S.Y. Mézec:**

Did you feel that you had access to adequate data to help inform the detail of those decisions you would make?

**The Minister for Treasury and Resources:**

Well, I think we had sufficient data to make the decisions around the allocation of those growth monies. It is never easy when departments come forward wishing to spend more money than there is available - back to the conversation that we just had - but if you look at the percentage breakdown of the growth monies that are allocated, it will not surprise you to see that the greatest proportion has gone to health and then to education and those more administrative departments have got less and that, in the overall sense, we would expect to help with income inequality.

**Deputy S.Y. Mézec:**

The proposals in the mini budget were focussed on increasing direct payments to those on the lower end of the income spectrum who were struggling. Do you think that is a sustainable approach to reducing poverty in Jersey, simply increasing benefits when times get tough, or do you think, in the long-term, there ought to be a different kind of approach to alleviate poverty rather than simply just give more money to people as and when it strikes you as appropriate?

**The Minister for Treasury and Resources:**

Well, it is not as and when it strikes as appropriate. We listen to the experiences that Islanders are having, we see what the economic data is telling us and we make appropriate policy interventions at appropriate times and the mini budget was in the Chief Minister's 100 Day Plan and perhaps it is where we find common ground. You cannot disconnect having a thriving and growing economy from income inequality. You cannot disconnect the broader policy measures and interventions that you might take about provision of good education services and provision of good health services from those questions of income inequality. So we aim to have the very best possible services that we can afford but we recognise then that there are still members of our community that will need support at times of difficulty.

**Deputy S.Y. Mézec:**

Thank you.

**Deputy M. Andrews:**

Thank you very much, Minister. The panel notes that it has been suggested that the States grant to the social security reserve fund will recommence in 2024. What consideration, if any, has been given to this taking place sooner in 2023?

**The Minister for Treasury and Resources:**

The law was changed to stop the grant being made - and I am not sure when that started - until the end of 2023 and that law amendment said that it needed to be reintroduced in 2024. So there was no consideration given to increasing or making that payment in 2023.

[11:30]

**Deputy M. Andrews:**

Also the Fiscal Policy Panel mentioned that the social security fund will be exhausted by 2067 so have there been any discussions that have taken place where we could potentially be seeing some policies being brought forward to try and circumvent that issue during the Government Plan?

**The Minister for Treasury and Resources:**

I will ask the Assistant Minister to answer that.

**Assistant Minister for Treasury and Resources (2):**

I have not read that particular part of the report but I think what they said is it would be exhausted if certain things happen. Now, clearly, those certain things may not happen. I am very focussed on the maintenance of that fund as a viable source of funding for future benefits. There is an actuarial report which has been instructed. I will see that report in the first quarter of next year and we will be able to publish the findings in quarter 2 of next and that will then allow us to look at what we do. The fund was established to provide a smoothing reserve, if you like, for situations such as this where we need to draw more funding to pay benefits. Clearly, having that fund creates benefits for government so I think, pending the actuarial review, we will consider that further but I will be expecting the supplementation to recommence in 2024.

**Deputy M. Andrews:**

In relation to households, of course it is a very difficult time for them especially with the lower and middle income households. Have you noticed there being any trends developing in terms of households who are now seeking financial support from Government?

**Assistant Minister for Treasury and Resources (2):**

I think at the moment, no. I think the trends in the last couple of years have been downwards, that because we have more people in work and because wages are going up, because of the constraints

on capacity wages are going up, the minimum wage has gone up. Very few people now are earning the minimum wage so fewer people are needing to draw on income support, clearly that is ... the economic environment is one of our ... it is something we are very, very aware of and we will be monitoring. It may be if we see a downturn in the next year or 2 there will be a greater demand but at the moment the trend has been downwards, which is why we had money in the pot for the mini budget to pay more funds out with the mini budget initiatives.

**Deputy M.B. Andrews:**

Thank you very much, Minister.

**The Minister for Treasury and Resources:**

Just to make sure that we are clear for the listening public, obviously income support is a taxpayer-funded benefit, it does not come from the Social Security Reserve Fund. That is maintained for pensions.

**Deputy M.B. Andrews:**

Yes, I will just pass you on to Deputy Lyndon Farnham.

**Deputy L.J. Farnham:**

Interest rates continue to rise, albeit there might be slightly better news ahead being an optimist, nevertheless the cost of borrowing is going up. What priority do the ministerial team - they have had a fairly light morning thus far - place on the minimisation of borrowing?

**The Minister for Treasury and Resources:**

We have continued to follow the amendment that I made to the previous Government Plan to seek to eliminate borrowing as quickly as possible by using underspends and contingencies which means that we can pay off the caveat borrowing by the end of this year and that really is in a large ... to a large degree, because of the strong economic position that we find ourselves in. I hesitate to say this to you, Deputy, we will in due course need to borrow for the hospital but will need to consider the market conditions carefully and do that appropriately.

**Deputy L.J. Farnham:**

Can you outline or update us on the progress that has been made to ensure the return of unspent funds to the Consolidated Fund to minimise the borrowing requirement?

**The Minister for Treasury and Resources:**

I do not have the figures in front of me. I do not know if the Treasurer would like ...

**Deputy L.J. Farnham:**

It is not necessarily just ... he has just been promoted to Treasurer.

**Group Director, Strategic Finance:**

Good afternoon, everybody. Andy Hacquoil, Group Director, Strategic Finance. Sorry, would you like to repeat your question, please?

**Deputy L.J. Farnham:**

What progress has been made to ensure the return of unspent funds to the Consolidated Fund, not necessarily just to do with COVID but department underspends or unspent capital expenditure, et cetera?

**Group Director, Strategic Finance:**

Absolutely, so in the last ... at the end of each year there is a process by which the Minister can choose to roll forward budgets and in the last 2 iterations of that report there has been a prioritisation of returning underspends. So by not rolling forward into future years that means that less money is available to be spent, which effectively reduces the need to borrow. I believe it was ... between the 2 years it is around the £100 million that has been returned in that fashion and that has allowed the COVID debt to be reduced. So that was first seen in the Government Plan 2022 where the amount approved was reduced in the previous Government plan, in part due to those underspends being applied and it also has been carried through this year as well. As the Minister said, we are now in a position where we expect borrowing for COVID to be fully repaid by the end of 2022.

**Deputy L.J. Farnham:**

Thank you. Do we still have a revolving credit facility in place?

**The Minister for Treasury and Resources:**

Yes, we do.

**Deputy L.J. Farnham:**

Can you remind us what that is and how long it is there for?

**The Minister for Treasury and Resources:**

It is there until, I think, the end of 2023. May 2023.

**Deputy L.J. Farnham:**

What is that facility? What is the overdraft limit or agreed limit?

**The Minister for Treasury and Resources:**

The overdraft facility is £500 million. There is some of it in use and if you could just remind us of what the numbers are?

**Group Director, Strategic Finance:**

We may need to get back to you with the exact numbers but I believe it is in the quantum ... it is between £40 million and £60 million that is currently in place but, as I said, elements of that relating to COVID should be reduced to nothing by the end of the year.

**Deputy L.J. Farnham:**

I should remember the terms but I cannot. To use terms of plain English, is it a fixed rate or a variable rate we are borrowing at there?

**Group Director, Strategic Finance:**

It is a variable rate.

**Deputy L.J. Farnham:**

Okay. Perhaps we could ... if you could update the panel with not only the amount we are utilising of that but the rate we are paying for it as well, please? The Fiscal Policy Panel report, summary of recommendations stated very clearly that capital projects should go ahead as planned and recommendation 7 capital programmes says, and I am quoting from the report: "The Government Plan addresses the historic tendency to submit overly ambitious timetables for capital projects. Care should be taken to ensure that major capital projects do not overlap and consideration should be given to identifying smaller projects" not hospital, smaller projects, "which could be paused or implemented quickly to support the economy." The Chair of the panel went on to answer a question from myself about the hospital and given the financial uncertainties we are facing whether we should proceed with such a major capital project and was it affordable. The Chair's clear answer to both of those was, yes. Can I therefore ask what progress has been made in establishing the borrowing approvals outlined in the Government Plan, of course predominantly the Our Hospital borrowing of up to £756 million and then the pension liabilities after that. What action and progress is being taken to implement or establish those facilities?

**The Minister for Treasury and Resources:**

If I start with the pension one first. The pension liabilities have now been repaid because we went to the market earlier this year and borrowed just under £500 million to do that.

**Deputy L.J. Farnham:**

Can you remind us what rate that was?

**The Minister for Treasury and Resources:**

It was just under 3, I think, was it?

**Group Director, Strategic Finance:**

Correct.

**The Minister for Treasury and Resources:**

Yes.

**Deputy L.J. Farnham:**

Is that 2.9 or 2.8 or ... it is a lot of money, can you be just a little more ...

**The Minister for Treasury and Resources:**

Whichever way you look at it because of the way bonds work you really work on it being 3. So even though the coupon rate is less you have a capital amount ... let us not get into that but just think of it as 3, which, from where we are sitting now, was good value. My experience of the F.P.P. is that they always tell you to continue with capital projects throughout whatever the economic cycle is if there is a need for it and it is going to deliver a social good. So it is not a surprise to me that that is the answer that the Chair would have given to a question about continuing with capital projects. Andy, do you want to just talk a little bit about how we have changed the heads of expenditure so that we can move around projects which might be deliverable earlier from the old model where we were restricted?

**Group Director, Strategic Finance:**

Absolutely. So in previous Government Plans heads of expenditure for projects were quite often quite narrow and for very specific purposes. So in the last Government Plan there was a move where the education head of expenditure was presented as a group head of expenditure. So a total amount was provided for that purpose but the individual projects below were listed on separate lines. We have built on that in this Government Plan and adopted that in some extra instances. As the Minister says, what that gives is more flexibility to deal with any unforeseen delays in projects which would allow other projects to be brought forward. The quote that you were giving from the F.P.P. what they were talking about, the ability to pause or speed up slower projects is enabled by some of those changes to the way that we have done those heads of expenditure.

**The Minister for Treasury and Resources:**

To go back to your question about borrowing for the hospital, no action has been taken in that regard. In light of the review that the Minister for Infrastructure has undertaken and published, it is likely that



we will need to bring an amendment to the Government Plan around financing for spend in 2023. Obviously it was a bigger issue around needing to bring that report to the States and a bigger decision about continuing or following the recommendations of the report.

**Deputy L.J. Farnham:**

Understood. Is it your intention to leave that borrowing approval in place or amend the Government Plan to alter it, remove it and start again, given the fact that we will end up with a new hospital or lots of new hospitals, whichever one we go with?

**The Minister for Treasury and Resources:**

We have not made a final decision but, as I said to you, it seems to me reasonable to take out that provision for borrowing at that level, bearing in mind what we now know about the economic conditions.

**Deputy L.J. Farnham:**

Okay. What would be your rationale for that? How would it benefit other than creating a necessity for yet another States debate on borrowing for a hospital when we have already got approval in place?

**The Minister for Treasury and Resources:**

It is quite a tricky area because of the economic conditions we now find ourselves in. The funding strategy and economic conditions as they were last year, and even very early this year, for the proposed approach by just necessity of the changing in economic circumstances would mean even if the Government were going to continue, or the States agree to continue, with the current proposal, we would need to come back with a change financing approach, therefore it does not seem unreasonable that we would take it out for the interim because it will be sufficient.

**Deputy L.J. Farnham:**

I find there has been quite a lot of emotive language used in relation - not by you or members of your team I may add - to the affordability of a new hospital, whether it be the current approved plan or a new one.

[11:45]

Do you think, though, it is wise to impact, probably quite considerably, on arguably the most important capital project we are likely to see in our lifetimes or even in modern times because of short-term economic conditions? If we had done that in previous decades, if we had halted vital infrastructure builds such as reservoirs or other vital infrastructure because of short-term difficult

economic times, we would be in real trouble now. Do you not think that while there is a financial risk in relation to a new hospital, given the current very poor dilapidated condition of our current health estate, you would want to balance the financial risk with the health risk on the back of the strong advice from clinicians and perhaps ask officials to come back, notwithstanding the increased challenges and perhaps the increased risk depending on where the interest rate goes to, with other funding options within the parameters of the States approval, which allows us to borrow up to £756 million and service the debt from our reserves?

**The Minister for Treasury and Resources:**

I agree that emotive language is not helpful and I accept that the finance is only one part of the equation. Thankfully that is the only one that I have to deal with. Others have to deal with the more complex issue, because you have to balance the state of the current hospital ...

**Deputy L.J. Farnham:**

I would like you to be mindful of the health risk when you are making your deliberations.

**The Minister for Treasury and Resources:**

You have to balance the state of the current hospital and the cost of continuing that in operation. You have to balance all of those things, timing as well, with of course the cost. I think the difficulty I have found with where we find ourselves is if we take ... let us imagine that there had not been a hospital review by the Minister for Infrastructure and the Overdale proposal was continuing, the current approvals that the States have given and the current funding model I could not sit in front of you and say that we had sufficient amount approved nor that the funding proposal was appropriate. While we do not make our decisions based on short-termism, we do have to make our decision based on prevailing market conditions. That is, from a Treasury perspective, we need to take those into consideration.

**Deputy L.J. Farnham:**

Can I just challenge you on that slightly, insofar as to the best of my recollection, and we might need to turn to the Treasury here, I thought the funding model, which was put together by the Treasury team and was very good worked up to borrowing at a rate of 4.5 per cent with the maximum spend of £850 million. There is no evidence to suggest at this time that that would be exceeded. There is a reference but no evidence in the review produced, the Chief Minister's review, on Our Hospital that the expenditure of the current Overdale project might have increased between £70 million and £150 million but that is predicated solely upon the negotiations with the previous design and delivery partner, not any potential new partners. Does the existing model still work up to those parameters? Are we still just in that area where it could work?

**The Minister for Treasury and Resources:**

The advice that I have received is that it could not work in current market conditions. You could not get the borrowing away at the rate that you have just indicated was the maximum, which is a greater number than I had previously been advised was a maximum. There are many variables.

**Deputy L.J. Farnham:**

I think that is an important point.

**The Minister for Treasury and Resources:**

There are many variables.

**Deputy L.J. Farnham:**

I think what I would like to hear from the ministerial team is that Jersey can afford to look after its health estate, it can afford to build a new hospital. Of course the trick will be coming up with the right way to finance that given the current state of affairs. I think that is important to acknowledge because we are being told that the current scheme is unaffordable where perhaps we want a more affordable scheme. Perhaps we do not want to spend £800 million or £900 million on a hospital, we want to spend less. I think that is a more honest approach to take rather than scaring people into thinking we are going to bankrupt ourselves. Not your words, I may add.

**The Minister for Treasury and Resources:**

No, I would not say such a thing because I am optimistic about Jersey's future and its provision of services as long as we do it in a careful and balanced way. I am not sure that this hearing is the forum to have these conversations.

**Deputy L.J. Farnham:**

Keep persevering, Minister.

**The Minister for Treasury and Resources:**

My understanding is that it could not, as we sit here, be delivered even within those extended boundaries of £900 million for a number of reasons, and that you would not go to the market for a bond for whatever that amount was at this current point in time.

**Deputy L.J. Farnham:**

Notwithstanding that, you could delay the start and ultimately the operation of those urgently required health facilities?

**The Minister for Treasury and Resources:**

The reality, of course, is that prevailing economic conditions do influence policymakers and their decisions. That is the appropriate thing. We only need to look over the water and see where prevailing economic conditions were not heeded, policymakers announced packages of policies which did not make economic sense and we saw the effect. They had very real effect on citizen's lives. We have never run our fiscal policy like that. We have never run our spending like that and we have always made decisions on evidence and balance. That is what we in Treasury will continue to do.

**Deputy L.J. Farnham:**

While that might be an astute political observation, we have also never been fortunate enough because we have always run ourselves financially prudently as an Island. That observation of yours is quite correct but it is not relevant to our position. In the Fiscal Policy Panel's words: "The strong financial position that Jersey finds itself in ..." which gives us more options and greater latitude when we are having to deal with these big issues. The point I am trying to make is that we are going to need to blend the economic circumstances now with the method of financing this essential new build. I am sure you will agree with that.

**The Minister for Treasury and Resources:**

That I agree with. It is going to be a matter ...

**Deputy L.J. Farnham:**

Shall we call it a day there then?

**The Minister for Treasury and Resources:**

It is going to be a matter of balance and it is not going to be easy, however we fund it into the future. While, of course, Jersey is very different from the United Kingdom, as you have just said, the principle remains the same that policymakers should consider the prevailing economic conditions within which they are making their decisions and their lifetime of the implication of that decision. That is the same whether you are in New Zealand or you are in Jersey. We should make our decisions in light of that.

**Deputy L.J. Farnham:**

Yes, I think we are very close to agreeing. What I am just trying to say, though, is that we should look for a way to fund this. We have a good team - I am not patronising them - so we should look to an appropriate and affordable way for us now, a funding method that is perhaps flexible in the years ahead rather than kicking the can down the road and holding up this essential building. Rather than saying we cannot afford it now, we are just going to wait or go with a project that really

compromises our ability to deliver health care in line with clinical advice, we should be instructing officials to come back with some other options on financing that are manageable.

**The Minister for Treasury and Resources:**

What I really do not want to do is tread on the toes of colleague Ministers. If the Minister for Infrastructure were here he would challenge some of the assumptions that you are stating about his approach and what is being proposed as would the Minister for Health and Social Services and the Chief Minister. I stand by what I said in relation to the financing of whatever decision the States ultimately either makes or stands by.

**Deputy L.J. Farnham:**

Okay, thank you. Thank you, Chair.

**Deputy S.Y. Mézec:**

We have 5 more minutes left so, from our side, I am going to skip 45 to 52 which we can put in writing and instead use the home stretch to talk about the Stabilisation Fund and the Strategic Reserve. The F.P.P. in their medium-term report noted surpluses being delivered for 2023 to 2026, both letter and spirit, I suppose, notwithstanding that they also identified that the Stabilisation Fund is depleted and the Strategic Reserve is at a level too low to meet a major crisis. So will you be aiming to rebuild the Stabilisation Fund and Strategic Reserve and, if so, how would you seek to do that?

**The Minister for Treasury and Resources:**

So, yes, I agree with the observations of the F.P.P. that we seek to do that. The fact that we will have paid off the COVID debt by the end of 2022 is positive in this regard because what it means is we can allocate unspent balances at the year end and we will be proposing that if we are able to we would transfer unspent balances, if we have them, up to £7 million into the Stabilisation Fund.

**Deputy S.Y. Mézec:**

Is that the entirety of the strategy to do that?

**The Minister for Treasury and Resources:**

That is the short-term strategy while we work on a longer-term or medium-term strategy. Do not forget in 2024 we are quite substantially increasing the liability back again to the taxpayer to put £84 million into the Social Security Fund. That is the right thing to do but it does limit our flexibility to deal with these other strategic long-term issues that the F.P.P. reminds us of.

**Deputy S.Y. Mézec:**

Will surpluses and receipts from prior year basis liabilities be used to increase the balance of the Stabilisation Fund or Strategic Reserve?

**The Minister for Treasury and Resources:**

I am expecting that we will use that to increase the Strategic Reserve not the Stabilisation Fund.

**Deputy S.Y. Mézec:**

Okay, and why would you make that distinction there?

**The Minister for Treasury and Resources:**

I think because it is difficult enough to allocate monies into the Stabilisation Fund where we know that you need funding for short-term economic cycles but we have been able to do that in recent history. It has been virtually impossible to allocate money in recent history to the Strategic Reserve and therefore something that you had not counted on in the first instance. It had been envisaged that we might have needed to use those monies to repay COVID debt but because of economic circumstances we have not, therefore it literally is a once in a lifetime cash flow benefit so it makes absolute economic sense as well to allocate a long-term lifetime windfall into a long-term lifetime Strategic Reserve Fund.

**Deputy S.Y. Mézec:**

Thank you. Lastly, just a couple of questions that will seem random because they did not necessarily fit elsewhere. What is the Treasury's approach to dealing with inflation in how Government calculates what it will be spending at a time like now where inflation is higher than it was in previous years. Is there a different approach to calculate the impacts that inflation will have on how much you will need to spend?

[12:00]

**The Minister for Treasury and Resources:**

I am not aware that it is a different approach but the quantum changes because of the assumptions that the F.P.P. have provided.

**Deputy S.Y. Mézec:**

Again, different question. In terms of States investments that you have, what is being done to identify and manage potential risks to those investments, whether we are getting any return from it or whether the value of them is being damaged because of the wider economic circumstances?

**The Minister for Treasury and Resources:**

In the short term we would expect that they do not grow or they decrease in value. I do not have the latest update and I know we discussed this at length at the last hearing. We have all of those governance processes in place and they remain in place.

**Deputy S.Y. Mézec:**

I have one more question but a final opportunity for everyone? Okay. The very last question to ask is: do you accept with the framing of this Government Plan that more can be done to be more transparent and make the document more accessible to the public about what is in here? By that I mean things like making it easier to make comparisons in this to previous years. There are places in here where that is not very clear. Do you think a bit more can be done to provide transparency on what these numbers mean in the real world? Heads of expenditure are extremely broad, for example. Do you think there is more that can be done to make the Government Plan as a document more transparent and accessible?

**The Minister for Treasury and Resources:**

I tend to think that less is more. This is a smaller document than previous. That is a good thing. If we want to ... let us be honest, it does not make much sense to a member of the public, it is a just a number that a department is going to spend and what they increase in numbers and some words in a business plan and all of those things is terribly exciting to us in Treasury and it allows us to control expenditure and all those things and know what is happening. If we are to produce documentation that is more readable and understandable, I think that has to be done at a departmental level because Islanders are more concerned from their perspective about what it costs to provide a service that they are using. There are some other places, of course - Cora, are you sitting comfortably - which show you on your tax calculation ... they split up the amount of tax that you have paid into what department - she is putting her head in her hands - you have contributed your tax to. We are a long way off that but I think there are other things that I am sure departments could do to make it more readable and understandable.

**Deputy S.Y. Mézec:**

Perhaps alongside the Government Plan document itself, perhaps having some kind of summary document that provides greater clarity there. I am thinking - and this is just my opinion - looking at the document itself, it is quite easy to come to terms with the budget measures and they are communicated quite clearly in that but lots of other parts may as well be written in a different language. Will you seek to try to make the communication of those elements a bit clearer next time round?

**The Minister for Treasury and Resources:**

As I indicated, we tried to do it this time round and I am open to continuing to do that because on the one hand there are statutory requirements but on the other hand it has to be based in understandable common sense language and numbers to be useful to the public.

**Deputy S.Y. Mézec:**

Thank you, Minister. That is all the questions that we have time to ask you today. We have missed out some that we had intended to ask which we may seek to follow up in writing. Can I just offer you a final opportunity if there is anything you think would be helpful for you to add?

**The Minister for Treasury and Resources:**

No, thank you, Chair. I am mindful as well that you have written questions which we will be responding to as well.

**Deputy S.Y. Mézec:**

Excellent, thank you. Minister and your Assistant Ministers, I thank you for your time and contribution today and to those officers as well who have stepped forward to help. To anybody who has tuned in, hopefully that has been informative. Thank you to my fellow panel members and our officers for their support as well. I therefore call the meeting to a close.

[12:05]