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Corporate Services Scrutiny Panel

Quarterly Hearing

Witness: The Minister for Treasury and Resources

Monday, 14th September 2026

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Panel:

Deputy L.V. Feltham of St. Helier Central (Chair)

Deputy L.D. Carpenter of St. Helier Central (Vice-Chair)

Deputy C.D. Leck of St. Saviour

Deputy C.J. Rebindaine of St. Mary, St. Ouen and St. Peter

Witnesses:

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

Deputy R.J. Parker of St. Saviour, Assistant Minister for Treasury and Resources

Mr. R. Bell, Treasurer of the States

Mr. R. Summersgill, Comptroller of Revenue

[09:16]

Deputy L.V. Feltham of St. Helier Central (Chair):

Welcome to this public hearing of the Corporate Services Scrutiny Panel. For the record, today is 14th September 2026 and this is this panel's first quarterly hearing with the Minister for Treasury and Resources. Before we start, I would like to draw everyone's attention to the following. This hearing will be filmed and streamed live. The recording and transcript will be published afterwards on the States Assembly website. All electronic devices in the room, including mobile phones, should be switched to silent. For the purposes of the recording and transcript, I would be grateful if everyone who speaks can ensure that they speak clearly and we will go through our introductions so everybody knows your name and role. So to begin that, I am Deputy Lyndsay Feltham and I am the chair of the Corporate Services Scrutiny Panel.

Deputy L.D. Carpenter of St. Helier Central (Vice-Chair):
Deputy Lee Carpenter, vice-chair of the panel.

Deputy C.J. Rebindaine of St. Mary, St. Ouen and St. Peter:
Deputy Christopoher Rebindaine, Deputy of St. Mary, St. Ouen and St. Peter.

Deputy C.D. Leck of St. Saviour:
Deputy Chris Leck, Deputy for St. Saviour.

Deputy L.V. Feltham:
Minister, will you introduce yourself and your team, please?

The Minister for Treasury and Resources:
Senator Alan Maclean, Minister for Treasury and Resources.

Treasurer of the States:
Richard Bell, Treasurer.

Assistant Minister for Treasury and Resources:
Assistant Minister Deputy Robert Parker.

Comptroller of Revenue:
Comptroller of Taxes, Richard Summersgill.

Deputy L.V. Feltham:
We have the scrutiny officers also in the room at the table. I would like to draw your attention to the fact that we have 2 hours scheduled for this particular hearing. We do have a number of questions to get through, so we would appreciate clear and concise answers. Also because this is a public hearing, answers should be understandable to the members of the public as well. Okay? We will start by asking the Minister about his Ministerial priorities and work programme. The Minister did send a letter to the panel on 4th August and, Minister, you identified the development of a longer-term fiscal strategy and the next Government Budget as 2 priorities. Can you explain to the panel

what your principal objectives for both are and what milestones the panel should expect to see over the next 12 months?

The Minister for Treasury and Resources:

Yes, Chair, I will attempt to do that. I think at the heart of it is that I am aiming to return public finances to a state of balance over the term. By that, I am referring in particular to the operating side of the account. I referenced during the election process 2025 where there was £180 million operating deficit, operating level, and I suppose I am looking to seek a culture within the Council of Ministers where we go towards, move towards balancing budgets and return to where perhaps public finances were some years ago, which is a state of prudence and balance.

Deputy L.V. Feltham:

Okay. How do you intend to balance that with meeting Islanders' expectations of what they consider they should be receiving in terms of public services?

The Minister for Treasury and Resources:

Well, key services go without question. We have seen the extraordinary increase in the cost of health services over recent years, over many years in fact, as one example, and that is a key public service. In order to get to a state where we can balance the income and expenditure, we need to look very closely at how we are going to prioritise. We will be having to prioritise spending much more clearly. We will be looking for departments to have clear K.P.I.s (key performance indicators) for the investment funding that they have and we will make sure that the driving of technology and the way in which services are delivered are done so in a cost effective way. At the heart of it is ensuring that we have value for money, the taxpayers' money, which is a clear objective.

Deputy L.V. Feltham:

So, tracking back a bit to Islanders' expectations, how will you know or how do you know what Islanders expect out of our public services so that you can make those decisions?

The Minister for Treasury and Resources:

Islanders expect to have key services like health and education delivering on key performance indicators. I think health is probably a good example where we need to look much more closely at the significant increase in investment that has occurred over recent years and satisfy ourselves that the services that Islanders are getting are at the level that delivers better results in terms of healthcare and such like. I suppose we could look at waiting lists as an example, if you like. Additional investments have been put into developing a reduction and improvement in the waiting list scenario. From 2024 to 2028 an additional £5 million a year has been allocated to the reduction of waiting lists. I think we and Islanders should expect to see those numbers drop as a result of that. I think that is just one example where we need to very closely track investment to returns.

Deputy L.V. Feltham:

You also highlighted the need to restore financial discipline. Are you suggesting that there is a lack of financial discipline within government?

The Minister for Treasury and Resources:

I think there is a tendency where pressures arise in whichever department to find the money and spend it. I think we have got to be very careful when we look at spending in particular that we have targeted it most efficiently and, as I mentioned a moment ago, ensure that we get value for money.

Deputy L.V. Feltham:

Minister, in your letter you also mentioned supporting economic growth and competitiveness as a priority. How have you identified this as your priority or one of your priorities?

The Minister for Treasury and Resources:

I am sure, Chair, you will be familiar with the *Time to Win* report that was produced earlier in the year. That clearly identifies the importance of financial services to our revenue line and to the economy as a whole in terms of jobs and so on and so forth. Investment has been put aside for in excess of £7 million a year for 4 years to drive that particular programme. It is important, essential in fact, that as a leading financial services centre, we remain competitive with our nearest competing jurisdictions. In order to achieve that, within that programme it sets out a range of measures bringing government, industry and the regulator together with the objective of ensuring that we are on that page of competitiveness with other jurisdictions.

Deputy C.D. Leck:

Can I just ask, with the *Time to Win* report there seems to be quite a tough discussion that it is taking rather longer to implement than we expected at the outset. How do you see that being driven forward so that it gets up to speed again?

The Minister for Treasury and Resources:

I think that is a fair assessment. Unfortunately the election process has clearly caused some form of pause, from what I can see. It is important now that it gets up and running and it moves fast, because it is not only the report, it is the delivery of the report and delivery of the report at some pace. There is a Ministerial group formed, which will be tasked to oversee the delivery of that particular report. So you are absolutely right, it is important that we do that.

Deputy L.V. Feltham:

Can we just ask, as Minister for Treasury and Resources, what specific tools do you have to deliver on the *Time to Win* report?

The Minister for Treasury and Resources:

There are certain elements. It is cross-departmental. Some of it falls within Revenue Jersey, so we have a plan within Revenue Jersey to deliver on that, but from my perspective I am part of the Ministerial group that is going to be overseeing the delivery of this report. When we meet, the work programme will be driven forward and so we will report back to you once we have had that first meeting.

Deputy L.V. Feltham:

Just for clarity, what other Ministers are on that Ministerial group with you?

The Minister for Treasury and Resources:

It is the Minister for External Relations, myself and I am not sure of the other 2 at the moment. That is being arranged by the Minister for External Relations.

Deputy L.V. Feltham:

Okay. Also in your response to us you referred to improving government efficiency and value for money and you have also spoken about that today. How specifically do you plan to do that?

The Minister for Treasury and Resources:

Again, I talked about culture. I think culture is really important. Departments need to look very closely at the way in which their budgets are spent. Utilising technology is going to be one key area. Assessing the way in which different services are delivered is also going to be important to make sure that they are delivered in a cost effective way. At the heart of the whole thing is a culture change.

Deputy L.V. Feltham:

Is there going to be an efficiency programme? What might that look like?

The Minister for Treasury and Resources:

Certainly we will be looking quite closely at efficiency and how that might be delivered across departments within the constraints of the current account.

Deputy L.V. Feltham:

But you do not have a methodology right now?

The Minister for Treasury and Resources:

We have not formed it yet. We are only in day 56 of this since the Council of Ministers was formed and of course we have had the summer break in between.

Deputy L.V. Feltham:

So no methodology has been agreed?

The Minister for Treasury and Resources:

Not at this stage.

Deputy L.V. Feltham:

Okay. I will hand over to Deputy Leck.

Deputy C.D. Leck:

Minister, you have identified improving revenue collection and financial administration as an immediate priority. What issues have you identified and what direction have you given to Revenue Jersey to establish it?

The Minister for Treasury and Resources:

In terms of revenue collection, the compliance function I can start with as being extremely efficient in terms of collection of revenue. Since 2022 I think the number is a sum of £225 million of revenue that has been collected through the compliance function, and I am sure the Deputy and the panel will notice that there is in the Budget £31 million of additional compliance revenue also identified. That is an important function that we have been working hard on and indeed the Comptroller and his team have done an excellent job in that regard. We have added in recent years additional resource, I believe to the tune of £2.2 million or so. That is the approximate cost. If we consider just return on investment, £30 million from £2.2 million investment is very good. So compliance is important and the team is working very hard to continue that programme.

Deputy C.D. Leck:

Okay, thank you. You indicated that legislation, including the fiscal framework and future Budget arrangements, is anticipated. What are the key legislative changes currently under consideration and how will they strengthen Jersey's public finances in the longer term?

The Minister for Treasury and Resources:

First of all, the existing Budget for 2027, largely driven by the timescale that we inherited following the timing of the election, means that we are operating the 2027 Budget under the existing premises.

That particular Budget has to be delivered, as you know, by 29 September of this year and I am sure we will get into further discussions about that. We will need to make legislative changes in order to move to a 3-year budgetary process, which is the intention currently, and that would be a period from 2028 to 2030.

Deputy C.D. Leck:
Are there any projects inherited from the previous Government that you will need to give your attention to or want to revisit?

The Minister for Treasury and Resources:
Sorry, I did not catch the first word.

Deputy C.D. Leck:
Are there any legislative projects inherited from the previous Government that you intend to pick up?

The Minister for Treasury and Resources:
I do not think so. Treasurer?

Treasurer of the States:
They are limited to any changes to Pillar Two that we need to bring through. We always have some tailoring to do through each Budget, which we will have more detail on.

Deputy C.D. Leck:
Okay, thank you. The final one from me: you stated oversight and governance of the States-owned entities. What steps have you taken since taking office to strengthen oversight arrangements of those entities? What further actions do you plan to take in the short term?

The Minister for Treasury and Resources:
What I have been doing, as the Deputy, I am sure, will be aware, I have been meeting, first and foremost, with the management teams of the States-owned entitles and, where possible, the chairs of the boards. I have not got to them all yet due to the shortness of time and the summer recess period. I have also been reviewing the arrangements, the memoranda of understanding and such like, and also noting the Comptroller and Auditor General's relatively recent report, which has identified the fact that the 2025 improvements have been a step in the right direction. Nevertheless, I do believe that there is opportunity and a need to just focus a little bit more on the States-owned entities to make certain that they are aligned with the strategic objectives.

[09:30]

There will be set C.S.P.s (common strategic policies) coming up and the budgetary process to make sure that they are delivering on what we would wish them to do.

Deputy C.D. Leck:

Do you see a role for yourself or possibly Robert acting as a non-executive director on the boards of those entities so you can actually see how they are considering the objectives of Government as opposed to saying to you that they are following the objectives but then possibly not?

The Minister for Treasury and Resources:

I do not think I had envisaged putting either myself or an Assistant Minister on to the boards. There is a representative board member that reports directly to the Ministerial team and, as I think I mentioned earlier, we do have regular meetings with the senior management team and the board or board members. I think that is probably the right balance at the moment, but I will be giving due consideration to the oversight of the whole arrangement if changes are needed, perhaps along the lines you suggested. It is not envisaged at the moment and I will give it due consideration.

Deputy C.D. Leck:

Looking at last year's published accounts of the Jersey Electricity company, it has revenue reserves of £245 million. The payment of dividends of shareholding was £10 million last time, of which we get £6 million. Do you consider that to be a fair return or share of the revenue reserves that Government are getting?

The Minister for Treasury and Resources:

I think it is not wildly out of line with what you would expect from an investment return for a utility company. In particular when you consider the cost of electricity in Jersey, Jersey Electricity delivers electricity supplies at levels that are more competitive from a price perspective than anywhere, certainly the U.K. (United Kingdom) and Guernsey by a long chalk and anywhere in Europe bar, I believe, France and that is only because the French heavily subsidise their electricity supply. So I think if one considers the overall package of what we get out of the company, I think that dividend yield in that context is possibly perfectly reasonable. They also have significant reserves, as you pointed out, quite a considerable investment programme to consider, and they are fairly prudent. I think that prudence is something that we should welcome in an investment.

Assistant Minister for Treasury and Resources:

I will just add on to that. They are currently increasing the infrastructure related to the electrical distribution system, which is at a cost of £120 million, and there is also the aspect of not in the distant future renegotiating the contract with France. So I think it is very important the company is in a very strong financial position so it can consider alternatives because it is absolutely key for the Island that we have a constant and protected electrical supply.

Deputy C.D. Leck:
Thank you.

Deputy L.V. Feltham:
Minister, just so that you are aware, States-owned entities and arm's length organisations is a matter of interest for the panel, so we are likely to convene a hearing specifically on that topic in the future. Moving on to Deputy Carpenter.

The Minister for Treasury and Resources:
That is good to hear, Chair, because it is the same for the Ministerial team as well, so we look forward to those hearings when they occur.

Deputy L.D. Carpenter:
In your letter to the panel dated 4th August, you outlined your priorities, including the areas of focus. The panel notes that despite cost of living being a key election issue, it did not feature within your priorities. Could you please explain why it did not feature?

The Minister for Treasury and Resources:
Let me be absolutely clear, it is a key priority and should have featured in the letter. It is a key priority for the Council of Ministers and I am sitting on a subgroup that is looking specifically at that issue. We have met with a number of external bodies in that regard to gain more information about where the pressures are in the Island with regard to cost of living. So that was nothing more than an oversight that it did not appear clearly in the letter that I wrote to you. It is a clear priority.

Deputy L.D. Carpenter:
Thank you, Minister. Could you briefly explain the workstreams that you have delegated to your Assistant Ministers?

The Minister for Treasury and Resources:
Yes. Assistant Minister Senator Ian Gorst, I should have said at the opening of this, gives his apologies; he was not able to attend this particular hearing. He has responsibility for international finance and treaties and all associated external financial tax matters. Deputy Robert Parker, sitting to my right, has delegated responsibility for specifically the procurement services, procurement within Treasury. I should add on top of that that he attends all meetings and is fully involved in all

aspects of Treasury. So despite the fact that is the one current actual delegated responsibility, obviously he is fully involved in the Treasury process.

Deputy L.D. Carpenter:
Those are obviously general responsibilities but are there any actual distinct tasks for initiatives that have been given to the Assistant Ministers to look into at this moment?

The Minister for Treasury and Resources:
Procurement, as I mentioned, there is delegated responsibility for that. That is a key area. We spend something approaching £400 million a year on procurement. It is absolutely essential that that is efficient. I keep talking about efficiencies but one would assume that contracts properly managed could indeed be an area where we could save some funds and make sure we deliver better value for money. That is certainly an area that Deputy Parker will be looking at. I should add that procurement have just introduced a new system, which we are waiting to see bed in. In fact, Deputy Parker might be able to give a little bit more information on the initial discussions he has had in that area. It might help you.

Assistant Minister for Treasury and Resources:
I will just say that the system is being rolled out and, as I spoke to you, Chair, about inviting you all up to basically Union Street so we can go through together in relation to all the challenges in basically signing on in real time and how you work in relation to bidding for a contract. I think there are elements whereby in procurement you have a system but it is what happens outside of the system. It is those judgment calls in understanding what is value for money and trying to understand all of those aspects on a contract regarding deliverables and also ensuring that we try to encourage the local, basically local businesses, because local businesses going forward in relation to trying to protect jobs and developing opportunities in the future is going to be very, very key in relation to some of the challenges I believe are coming down the line.

Deputy C.D. Leck:
Have you tried the new system?

Assistant Minister for Treasury and Resources:
I have not tried it to the extent you have, so I will basically respond on that. My companies probably have already done that but again it was more the old system as such and I think once the ...

Deputy C.D. Leck:
Yes, that was incredibly clunky.

Assistant Minister for Treasury and Resources:

Once you are established it sort of works, but the element is I think a lot of the companies in Jersey are very small and it is how that really works.

Deputy C.D. Leck:

Yes, and they do not necessarily have the experience, do they, of that type of system whereas perhaps larger U.K. companies that have a dedicated purchasing department are probably able to cope.

Assistant Minister for Treasury and Resources:

As the front end is linked with a system that is used by many county councils within the U.K., many of those companies are effectively set up on a database as such.

Deputy L.V. Feltham:

We are getting quite technical here, so I am going to stop you.

Assistant Minister for Treasury and Resources.

I will go off that, sorry.

Deputy L.V. Feltham:

What I would like to know is you did mention companies, your own companies. How are you managing conflict of interest?

Assistant Minister for Treasury and Resources:

Very much that anything that comes up whereby I have a conflict of interest, I basically am totally upfront in explaining what it is and if it is a meeting that obviously I have a conflict of interest, I will basically remove myself from that meeting.

Deputy L.V. Feltham:

Okay, thank you.

Deputy L.D. Carpenter:

Minister, the panel noticed that report 132-2026 published on 6th August outlines the appointment of yourself as Assistant Minister for Infrastructure with fully delegated responsibility for the Jersey Property Holdings functions yourself. Could you please explain the rationale for this delegation and how it aligns with your responsibilities as Minister for Treasury and Resources?

The Minister for Treasury and Resources:

Yes. Jersey Property Holdings used to be part of the Treasury Department. It was transferred to Infrastructure a number of years ago. It is clearly an important part of government. There is something like a £1 billion property portfolio that is managed there and I was in discussion with the Minister for Infrastructure deciding that we ought to have a specific focus on that area and decided that if I was Assistant Minister that would be a good starting point in order to do that. I should just say that I have not as of yet, due to time constraints and what have you, had a meeting with the Infrastructure Department in relation to Jersey Property Holdings and my role as Assistant Minister. I will give you one other example. Lots of investment in terms of maintenance and suchlike is carried out by Jersey Property Holdings. It has been a source of concern to myself, and I am sure many Islanders, about some of the capital projects that are delivered. There is, for example, the bus pathway on the entrance to town, which was something like £1.5 million of cost initially; I think it goes up to £2 million in total. It is really essential, and it goes to value for money and suchlike that I was mentioning to the Chair earlier, that we understand where money is invested, how it is invested and whether indeed we are genuinely getting value for money. So I have started a process to look at that as an example project to satisfy myself that it does indeed represent the value that we would expect it to of the use of the public funds. We will look at other projects in a similar way so that in the future hopefully we can learn to make sure that we drive value in all the money that is spent on maintenance and any new capital projects.

Deputy L.V. Feltham:
Our next set of questions will focus on the fiscal strategy and public finances. Deputy Rebindaine, you have some questions.

Deputy C.J. Rebindaine:
Minister, you have raised the fact that in 2025 we made an operating loss of sizeable proportions, so how do you characterise Jersey's current fiscal position? Given we are towards the end of Q3, what is your transparency on the run rate for this year?

The Minister for Treasury and Resources:
On Jersey's fiscal position, I think we should start with and be completely clear that Jersey is in an enviable position in terms of the size of its balance sheet. The balance sheet is £8.9 billion in terms of a net position. We have substantial reserves, substantial assets, all of which should lead us to have a great deal of confidence. My concern, as I was pointing out earlier, is around the operating side. In terms of income and expenditure, we are spending more than is coming in on a day-to-day basis on income. That is where the issue principally sits at the moment, but from a financial point, the States of Jersey is in a very strong position from an underlying perspective. In terms of run rate, we are, as I understand it, more or less on track for 2026 as per the Budget. I do not know if the Treasurer can give a further update on the 2026 run rate.

Treasurer of the States:
In terms of run rate, there are some departments on the edge of overspend. Most departments are underspending for the year. I had the August numbers on my desk this morning. Overall, across departments it is an underspend position but some are either side of that line, shall we say. Each of those departments is working towards closing that down.

Deputy C.J. Rebindaine:
Do you expect 2026's operating position to be better or worse than 2025?

Treasurer of the States:
Much of that will be dependent upon the income forecast. A new income forecast will be out with the Budget, alongside that, a slightly improved position, although very slight, but those slight numbers make quite a difference to whether we will be in a sightly better position overall.

Deputy C.J. Rebindaine:
Minister, you have mentioned balance sheet.

The Minister for Treasury and Resources:
Mentioned what, sorry? I did not catch that.

Deputy C.J. Rebindaine:
Balance sheet, the Island's balance sheet. What is the current level of government debt and where do you see that trajectory for the next 4 years?

The Minister for Treasury and Resources:
The projection for 2026 is £1.2 billion. I think it is currently sitting at about £860 million, Treasurer?

Treasurer of the States:
The total approved is £1.3 billion but where we are going down significantly on the hospital side, £500 million, so, yes, we are somewhere short of the £1.3 billion of approval.

Deputy C.J. Rebindaine:
What level of debt are you comfortable financing?

The Minister for Treasury and Resources:
As you have probably gathered, I am fairly conservative with finances and particularly public finances. I would prefer the debt to be as low as possible. I think it is fair to say that the 2 primary

pieces of debt contained within the figure that I mentioned relate to the historic £250 million bond for housing. That was to improve our housing stock. It had a good business case to it and made sense.

[09:45]

Then, of course, there was the pension liability, which was refinanced at around about £500 million. Again that was very cost effectively done in terms of the bond. I think it was about 2.8 per cent, something like that, Treasurer? That accounts for the best part of £800 million, which is where we are. We have then got the funding of the hospital. Am I comfortable about it? No, not particularly. I cannot see another alternative. We do have some potential uplift revenue opportunities of a short-term, one-off nature. As far as Pillar Two is concerned, that will be deployed or should be deployed towards ensuring that our debt levels do not rise. We have, as I have said or the Treasurer alluded to, the best part of £1.3 billion as the target amount for this year, based on the expected spend, although it is behind the curve at the moment for the next phase of the hospital, phase 1 of the hospital up at Overdale.

Deputy C.J. Rebindaine:
In terms of the States-owned entities and arm's length organisations, their debt levels do not tend to be added back into Government debt but I cannot understand the justification why they are not. What is your position?

The Minister for Treasury and Resources:
They are not. There is a level of debt and I think we need to be cognisant of that debt level, but the debt within the States-owned entities is at a very low rate or percentage, based on the value of those entities and the revenue that they are generating or the value they are generating, depending on which way you look at it, Andium being slightly different in that respect. I think we can be comfortable, as long as it is completely clear, which it is in the accounts, that those assets are there on both sides, both the debt but also the significant asset value of those multiple entities.

Deputy C.J. Rebindaine:
Back to legislation policy, what reforms do you anticipate will be necessary to strengthen our fiscal framework and future budget-setting arrangements?

The Minister for Treasury and Resources:
I think the key to it is going to be - and the detail needs to be worked out - moving to a 3-year budgetary process 2028-2030. This is, in a sense, not new. You will be aware that we introduced - it was done in 2015 in fact - the Medium Term Financial Plan 2016-2019. Over that period if you review the financial position of the States, we got to broadly balanced budgets as a result of that

particular structure. I think it moves us away from the annual budgetary process, which tends to lead to more, if I can put it this way, looser expenditure or easier expenditure and puts more of a framework in place that should be easier to manage.

Deputy L.V. Feltham:
Okay. Deputy Carpenter.

Deputy L.D. Carpenter:
With the contracts for the new hospital now signed and costs estimated at around £710 million, what is the Government's funding strategy for both the hospital project and the wider healthcare States programme?

The Minister for Treasury and Resources:
I think it is probably best to split those 2 out. If I can describe phase 1, which would be the Overdale hospital element of it, at the moment we have the Consolidated Fund, which has a revolving credit arrangement, and it is intended to use that in the short term for funding the development of Overdale. There is an intention to look for a longer-term solution via bond issuance but the market is obviously somewhat volatile, to say the least, at the moment. The cost of that long-term money is not particularly attractive. We have decided to deploy a wait-and-see policy in terms of longer term. We will run through the revolving credit arrangement for development of that programme. As far as the wider health estate is concerned, I think I would like to see a health strategy delivered and then we will consider how the funding of those remaining elements are going to be managed. But, effectively, we are talking about debt, which reverts back to your colleague's comment about my level of comfort over escalating debt. It is not high, so we have got to see some really strong business cases in order to be able to consider taking on debt for that purpose.

Deputy L.D. Carpenter:
Thank you, Minister. What proportion of the budget costs then do the Government expect to meet through borrowing in reserves and other funding sources?

The Minister for Treasury and Resources:
That is yet to be finally decided. Clearly, we are, again, cognisant of the advice from the Fiscal Policy Panel to make sure we maintain it and it is also crucially important for our credit rating, that you will be familiar with, our very sound credit rating, AA- with a stable outlook. It is crucially important we keep that. A key element of that is the level of reserves that we hold with the Social Security Reserve Fund and the Strategic Reserve in particular. If we start spending that money then that puts at risk our credit rating for the future or it runs a risk that that could be the case. We have to be very careful we get the balance right between spending any of our reserves and indeed taking

on debt. We will have to look carefully at that. I also mention the fact that from Pillar Two we are expecting some uplift, one-off, if I could describe it as windfall, but that will be very short term and that funding, should it materialise, would be deployed towards the hospital funding and reduction of debt.

Deputy L.D. Carpenter:
Thank you, Minister. What expenditure has been committed to date in relation to Kensington Place and other elements of the wider multisite healthcare programme?

The Minister for Treasury and Resources:
As I understand it, there was some budget put aside for the assessment of the Kensington Place facility. As I mentioned a moment ago, I think for that to progress any further we would need to see a business case and such like. Treasurer, if you can give the latest figure on Kensington Place.

Treasurer of the States:
On Kensington Place, I think priority has been in respect of delivering the acute facility rather than on Kensington Place to date.

Deputy L.D. Carpenter:
Okay. What due diligence was undertaken before the contract was signed? How have the associated financial risks been assessed and managed?

The Minister for Treasury and Resources:
I am going to pass that one to the Treasurer because I was not here at that particular stage. The Treasurer I know had the unenviable task of having to manage that particular process.

Treasurer of the States:
In accordance with the capital programme normally, there are a number of what some people call due diligence - I would prefer to call it assurance - undertaken. Those are generally taking place through the programme, through the management of the department that runs the project. There are a number of touch points with the Treasury on oversight of capital projects. Some of those are not what I will call mission critical to signing the contracts, some of them are. In particular, there are steps to go through, which happens with all sizeable contracts, in particular with the commercial services team. That is the recommendation to approve report and that was a key piece of work that was done with the project team and the commercial services team within the Treasury. In addition to that the Minister for Treasury and Resources set out in a letter in spring this year that she would like the Treasury to have some oversight of the F.B.C. (full business case) for the hospital, in particular focusing on the levels of contingency within there. We did that piece of work and

commissioned a bit of expert advice on that, not much, working with the team with regards to taking it from the outlying business case to the full business case with the changes that we had seen between those business cases being drafted and undertaking an assessment of whether contingencies could be described as sufficient for the acute facility programme.

Deputy L.D. Carpenter:

Okay, thank you, Treasurer. Finally on that topic, what are the key risks to the project budget and timeline and how are the Government monitoring those risks?

The Minister for Treasury and Resources:

The risks to the hospital?

Deputy L.D. Carpenter:

Yes, to the budget itself, to the project budget and timeline.

The Minister for Treasury and Resources:

Do you want to take that?

Treasurer of the States:

We have only got another hour and a half.

Deputy L.V. Feltham:

We can do a separate hearing another time.

Treasurer of the States:

Yes, we could get that one again.

The Minister for Treasury and Resources:

The K section.

Treasurer of the States:

It is fair to say that risk management is a key focus for the programme management team. We have touch points between ourselves and the team to go through that risk register, as well as at a political level going forward and in the past. There are a number of risks associated with what would be by far in a way the largest capital programme for Jersey. It is very important that we focus as a Government on delivery of that, rather than just thinking that the contract has been signed over to the programme team to deliver. There are a number of logistics across that. A large number of people will be working on that project; they need to be housed in certain areas. Obviously the weather can impact the building programme. There are of course geopolitical risks out there and they are quite considerable in terms of the costs that we might incur. That is quite a live issue in any case, so we are quite alert to what those could be going forward. Then there are key, as you would expect with a construction of this size, milestones to be hit. The team has an extensive risk management programme in place to keep reviewing those risks and to ensure we are on top of delivery against time but also delivery against budget.

Deputy L.V. Feltham:
Just before we move on from that particular topic, can I just ask, Minister for Treasury and Resources, are you on the Political Oversight Group for the hospital project, given that it is such a large capital programme?

The Minister for Treasury and Resources:
I am going to be on that particular group. I am not sure there has been a meeting in this particular Government yet but, yes.

Deputy L.V. Feltham:
Okay.

Deputy L.D. Carpenter:
In advance of the common strategic priorities being agreed, what direction have you given to Treasury officials about developing the 2027 Budget and longer-term financial plans?

The Minister for Treasury and Resources:
It is, firstly, important I think to state that the Common Strategic Policy and the Budget and future budgets need to be operating in parallel and that is what we have been seeking to do through the meetings that we have had with the Council of Ministers. Obviously you cannot have a Common Strategic Policy with a range of measures and policies in there if there is no reasonable plan to fund those policies. That is what has been happening and is being worked up at the moment. We are very aware and officials are very aware of the funding of the C.S.P.

Deputy L.D. Carpenter:
Thank you, Minister. Recognising then that the Assembly may propose amendments to the strategic priorities once they are lodged, how is the budget process being designed to accommodate any changes in policy direction that may emerge from that debate?

The Minister for Treasury and Resources:

It is going to be very difficult I am afraid. Our contingencies are very tight and I think in reality the only way that changes can be accommodated without involving the use of reserves - or dare I say a debt - would be for reprioritisation; in other words, to take a budget from somewhere else in order to fund the requirement of an amendment.

Deputy L.D. Carpenter:
Thank you, Minister.

Deputy L.V. Feltham:
Okay, we are going to focus now on the proposed Budget for 2027-2030. Deputy Leck, if you want to start.

Deputy C.D. Leck:
Yes, so building really on the questions that Lee was asking. How are you balancing the competing pressures? You mentioned the States Assembly, that you have got growth bids of around £40 million. Are you managing to get those down or are you seeing other departments having to surrender possibly to Health Department in order to meet its growth bids?

The Minister for Treasury and Resources:
If I may, Chair, if I can just address this to you, I need to be cautious what I talk about with regard to the Budget. Clearly we have not lodged the Budget yet, so it is just in formulation at the moment, talking in a general and high level if I may for that purpose. In terms of the challenges, you are absolutely right, Deputy, to identify that as an issue. It is and the growth bids that were mentioned in a public forum, unfortunately, last week do highlight in fact what Deputy Carpenter was talking about earlier on, the challenges that we do face in this regard. We are seeking, and officials are doing an excellent job within Treasury, to re-profile some of these requests. We did point out to departments that if there was an emergency requirement for funding for 2027, then that would be looked at. We were not quite expecting there to be £40 million of emergency but that is the matter that we are dealing with at the moment. It will involve re-profiling in reality. That is a significant sum of money and of course the other side is deploying that amount of expenditure into the economy is not always that easy.

[10:00]

There are capacity constraints. There is inflationary risk. Should that money be allocated and be spent, it would have unintended consequences that we also would not find particularly appealing. Re-profiling is really at the heart of it, pushing it back, spreading it over a longer timeframe. We are keeping a small reserve in hand in order to deal with the genuine crisis or emergency elements should they be justified once they have been fully assessed by the Treasury team.

Deputy C.D. Leck:
I was going to say, do you, therefore, as the Minister for Treasury and Resources, have - from a better way of putting it - the final word on the Budget, given you are in that finance role or will you have to reluctantly accept the wider view across the Council of Ministers?

The Minister for Treasury and Resources:
You ask, Deputy, an extremely important question. The reality is that, ultimately, it will be a Council of Ministers decision. It is, effectively, a Council of Ministers Budget. Clearly, I will have some significant influence and opinion on what I believe should be delivered in order to maintain balanced budgets and the integrity of our finances, but the final say would go to the Council of Ministers ultimately. Ultimately, if it comes down to the fact of having to spend more money than is available, that is either going to come from reserves or it is going to come from debt. Neither of those options, in my opinion, are the slightest bit satisfactory.

Deputy C.D. Leck:
Yes. I think in the past, the role that you had when you were Minister for Treasury and Resources then was that you had more say perhaps over what other departments were doing and able to spend once the budgets had been set. Do you see the possibility of going back to Treasury having a stronger role over the budgets and spend of the Government?

The Minister for Treasury and Resources:
Sitting here with the responsibility that I do, if you like as custodian to public finances, if you have that role I believe you should have appropriate control in order to discharge that role effectively. I do not think the balance is necessarily quite right as we sit currently. I think it is important that we do look at that particular question and decide what might be a better mechanism moving forward. Particularly, as we are looking to move to a new budgetary process for 2028-2030, a 3-year budgetary term, I think that would be a sensible thing to do, which I will be discussing with colleagues at the Council of Ministers and, in particular, the Chief Minister.

Deputy C.D. Leck:
What measures can we expect to see in the Budget around the whole issue of the cost of living pressures, which obviously was raised as one of the highest issues in the hustings that the public feel very strongly about? I just wonder how you are progressing that area within the Budget.

The Minister for Treasury and Resources:

You are referring here to the 2027 Budget presumably.

Deputy C.D. Leck:
Yes.

The Minister for Treasury and Resources:
Yes. As I mentioned earlier, I am sitting on a group of Ministers which is currently chaired by Senator Boleat. We are looking at a number of pressures that the public are understandably feeling as a result of cost of living. I should state, and I think it is clear, that a lot of the inflationary pressures that the Island faces are imported pressures outside of our control. We know that the geopolitical situation is very volatile and unstable. It is pushing up energy prices. Those are one of the big feeders to inflation in Jersey. Food of course, is again impacted by what is happening externally to the Island. That said, we believe 2 things. There are potential opportunities for some short-term measures to alleviate some of the pressures in a targeted fashion against those most impacted. I say short term because the long-term solution for inflation and rising costs is to ensure that the economy is successful and growing and businesses are generating increasing profits. If that is the case, then salaries stay ahead of inflation and that is the success we have got to seek to ensure that we deliver on. We have got to free up the economy, make sure that Government, to the best of their ability, get out of way, provide the environment for businesses to be able to have the confidence to invest and grow. That is the best way, the best way to mitigate the risks of cost of living and affordability issues, but there will be some short-term measures that we are considering at the moment for those feeling the greatest impact from the current situation.

Deputy C.D. Leck:
Therefore, on the other side of the equation, insofar as the 2027 Budget is concerned, are you - one way of putting it - booking additional revenue from economic growth or are you being cautious for 2027 and not anticipating any increase in growth, other than perhaps, as you mentioned, the windfalls from Pillar Two and, I suppose, an inflationary element to growth?

The Minister for Treasury and Resources:
Yes. I think, to be clear, any potential windfalls from Pillar Two - and of course you are aware that there is a base case for Pillar Two currently for 2027 - is £49 million is included within the Budget from Pillar Two. We are not booking any additional growth. It is not possible to grow the economy with no lead time. It will take time.

Deputy C.D. Leck:
Yes.

The Minister for Treasury and Resources:

This is why there needs to be short-term measures to assist those who are most in need from the cost of living pressures. The point I was making was we need to start that job now to start seeing the benefits in 18 months-plus time when, hopefully, the economy will start to generate even greater revenues. I would not say that Pillar Two is anything to do with economic growth. It is clearly a change to the tax system that has been beneficial to Jersey.

Deputy C.D. Leck:

Yes, and I suppose it is beneficial to the Government.

The Minister for Treasury and Resources:

It is, but we have to be careful and mindful of the fact that Pillar Two has some risks to it as well, which is why we have split out the base case to those of the entities that we believe are reasonably, for want of a better description, sticky, in other words likely to stay. The risk of course is with a change to a tax system some entities could decide that they want to move elsewhere.

Deputy C.D. Leck:

Yes.

The Minister for Treasury and Resources:

We believe those that are producing the £49 million that is in the Budget for 2027 and beyond will remain. There are some others that may be worrying, so we have been cautious about that assessment, which is the appropriate and prudent thing to have done.

Deputy L.V. Feltham:

We will have further questions on Pillar Two later.

The Minister for Treasury and Resources:

I am sorry.

Deputy L.V. Feltham:

We will cover that. Just to focus minds, the proposed Budget for 2027-2030 has to be lodged by 29th September. That is, what, roughly 2 weeks away?

The Minister for Treasury and Resources:

Indeed.

Deputy L.V. Feltham:

Can you give us an idea about what key decisions remain outstanding from the Council of Ministers?

The Minister for Treasury and Resources:

We have basically been focusing most recently ... we were just discussing the cost of living and we are looking at those key measures at the moment and doing some assessment with the economic adviser to the likelihood of such measures being effective in delivering the objectives that we are targeting.

Deputy L.V. Feltham:

Okay. As you may be aware, the Corporate Services Panel does receive agendas of Council of Ministers meetings. We have not received very many agendas of meetings. How many Council of Ministers meetings have there been?

The Minister for Treasury and Resources:

That is probably because we have been having a number of workshops. There have not been very many actual formal meetings but there had been some workshops. I think I am correct in saying that workshops are not minuted. We have had workshops on the Budget. I do not think it is minuted, perhaps we can …

Treasurer of the States:

I do not think that number …

The Minister for Treasury and Resources:

Right, yes, I am correct. Good, nice to know that.

Deputy L.V. Feltham:

Okay. Obviously the panel and other States Members are supposed to be informed as proposals are finalised so that we can think about what we might want to do once that Budget is lodged. What opportunities will there be for Scrutiny to engage with and consider the Budget proposals before they are lodged?

The Minister for Treasury and Resources:

It is not normal practice to consider them, I do not think, before they are lodged. Normally there is a period of time ... I think there is10 weeks or so from the time of lodging. It will be during that process, that normally that would be engagement from the panel and also any other States Members that so desire.

Deputy L.V. Feltham:

Okay. We are meeting the Chief Minister on Friday, so perhaps we can ask him about the spirit of collaboration in that. Deputy Rebindaine.

The Minister for Treasury and Resources:
I do not want to give the view that there is no spirit of collaboration. I am very happy to collaborate and I am very happy to have a non-formal Scrutiny hearing meeting, which I have done previously, if that would be helpful, in order for you to consider where we are. If you were referring to a formal Scrutiny hearing, that would not be appropriate beforehand and I think that was the point I was trying to make. I hope I did not give the impression that I am not collaborative and such like.

Deputy L.V. Feltham:
Okay, but there is currently no plans to have any non-formal meetings with States Members that are not part of the Government ahead of the lodging of the Budget, or C.S.P., is what I am hearing.

The Minister for Treasury and Resources:
Not currently, no.

Deputy L.V. Feltham:
Okay, thank you very much. Deputy Rebindaine.

Deputy C.J. Rebindaine:
Last week in the Chamber I asked the Chief Minister if he was prepared to be radical and he got a laugh by telling me he was going to be a fiscally responsible radical. I get the impression the 2027 Budget is business as usual tweaked but what is the blue sky thinking for 2028 and beyond?

The Minister for Treasury and Resources:
I think the Chief Minister said that he was going to be fiscally responsible because I sit next to him and I was muttering in his …

Deputy C.D. Leck:
If you are not sitting next to him, he might not be.

The Minister for Treasury and Resources:
I am sure he would be but I was muttering in his ear so that might have influenced what he was saying. Sorry, Deputy, your question?

Deputy C.J. Rebindaine:

Is there going to be blue sky thinking for 2028 and beyond, given you have probably got limited time to make much difference to business as usual plus or minus?

The Minister for Treasury and Resources:

You are absolutely right, we have been constrained in terms of what we can do for 2027 because of the timeframe. We have talked about the ability to meet and such like. Yes, we are seeking to deliver - and I think I mentioned this in the States - a neutral Budget as best we can or as close as we can but radical thinking is more difficult. There will be some measures brought forward which we are working on, which we hope will be helpful to things like businesses and such like. As far as 2028 to 2030, I am never terribly keen on the term blue sky thinking but I do know what you mean. We do need to think about doing things in a different way in that respect if we want to get better outcomes and have a little bit in terms of long-term thinking, that period 2028 to 2030 where we are going to set the framework, hopefully, in order to deliver that. Sound public finances driven by increasing revenues, economic growth, and I am very focused and keen on following the advice of the Fiscal Policy Panel, which have highlighted the volatile nature of the environment we are living in. I touched on the geopolitical risk; they have touched on all of that. We have got to make certain that we balance our budgets and, more importantly, that we replenish reserves and are prudent in terms of the Budget each year, ensuring that we have surpluses built into the budget process in case there is a sudden shock because of the uncertain world we live in. That is quite feasible. If those surpluses do occur, they go into reserve. I think the way of thinking in the future is a little bit more prudent and longer term, but investing in the right areas, investor grow, investor save. Investor save, just for the avoidance of doubt, is something like digitisation in certain areas, so you can digitise services and make them more efficient and less costly at the same time. That would be some of the areas that we might look at.

Deputy C.J. Rebindaine:

Thank you, Minister. To go back to the Chair's point about you sharing information ahead of time about the Budget, beyond that you have said there is a 10-week period for it to be reviewed. What plans are in place from your team to brief Members where this is probably not necessarily their bread and butter in terms of understanding the implications of the decisions you have taken and what it means to the Budget? Is there a briefing process, training process, whatever for those 10 weeks?

The Minister for Treasury and Resources:

I am not sure I would call it a training process though, that might be seen as a little presumptuous, but in terms of States Members, the intention would be to provide some opportunities for States Members to be briefed on the budget processes, the budget measures and to have Q and As and what have you in an informal setting. Those dates will be considered and pushed out to States Members after the lodging period clearly.

Deputy C.J. Rebindaine:

Okay. What framework will the Government use to prioritise investment in Jersey and how will it assess whether those investments are delivering value for money and long-term benefits for Islanders? I think in particular the Chief Minister says he wanted to launch a Jersey Capital Investment Fund, which I do not think is currently funded.

The Minister for Treasury and Resources:

I think the structure for the J.C.I.F. (Jersey Capital Investment Fund) is in place. I think the actual structure is there. But you are correct, there is no funding in it at the moment.

[10:15]

The intention is to allocate funding from the budgetary process initially. There are funds set aside for capital in the 2027 Budget and the budgets beyond. In the past there has been a problem with public finances, and in particular capital, which is why we have a situation where there is a lot of underfunded and under-maintained properties that the estate owns in its £1 billion portfolio because of it being too easy to push back maintenance in departments and use that maintenance budget or part of it to fund revenue expenditure. That clearly is poor practice, it has been going on for years. The introduction of the Jersey Capital Investment Fund means that the money is ring-fenced for capital and mentions it cannot be used for anything else. Initially, it will come through the budgetary process and if there were any windfall anywhere else, one might consider putting some additional funds in there. Just to give you the colour around this, which might be helpful and the fact that there is still a challenge with regard to capital, there is in round numbers around about £86 million currently being identified as funds available for capital. I think it is fair to say that is probably on the low side. It should be quite considerably higher, but we do not have the available funds in order to allocate them at the moment. The other factor of course, which I also touched on before, is capacity in the local economy to manage a significant investment in capital. For example, if we had £120 million, as an example, for capital investment in infrastructure and such like, I think it would, firstly, have an inflationary impact and, secondly, I am not sure that the capacity exists in order to deliver those projects within the year. That is one of the reasons, to now your question, why we can, we believe, re-profile some of the £40 million request because I just do not think it is possible to deliver those projects that have been requested in the said 12-month timeframe.

Assistant Minister for Treasury and Resources:

Sorry, I think I would just like to add to that and I think there has been an issue with the States of Jersey for many years. That is that if you are doing maintenance it comes out of your actual budget, whereas if you do it as a new building it comes out of capital, therefore it does not come out of your budget as an expense. Therefore, I think the way in which the States have operated has gone against people maintaining things or doing things, which is the best value as far as the taxpayer is concerned. I think there has to be some changes in that area.

Deputy C.D. Leck:
But that means there is a challenge between taking capital out of revenue or revenue out of capital.

Assistant Minister for Treasury and Resources:
Exactly, but I think the other thing on that is there has not been a charge in relation to capital projects. From the normal accounting standpoint you would, effectively, say there is something like a 2 per cent or 3 per cent charge in relation to that capital project. The States have not done that in the past. If you have got a new building because you say it is going through increased efficiency, there should be a charge against that. If you have got a charge against that, then people end up focusing their minds: is it value for money and are you doing the right thing? When I was on P.A.C. (Public Accounts Committee) some of the things I saw were just ridiculous regarding report after report without anything that I could see as being relevant as to what was being achieved by that investment.

Deputy C.D. Leck:
The plan is to avoid that in the future, for want of a better way of putting it.

Assistant Minister for Treasury and Resources:
Definitely I think.

Deputy C.J. Rebindaine:
Okay. Minister, my final question on this. During the recent States meeting last week on 8th September, the Minister for Health and Social Services stated that he presented a proposal to the Council of Ministers for a number of growth plans. Have these been reviewed and are they likely to feature in the Budget 2027 and beyond?

The Minister for Treasury and Resources:
I think what was presented by the Minister for Health and Social Services was builds and economic growth plan, which he had been working on. It had a fairly significant ticket price, for want of another description, which we have had a look at. I think in reality a fairly significant amount of it was amounting to additional health spend. Some of it, potentially, had economic potential in terms of growth, economic growth potential. What was suggested at the Council of Ministers was that, first of all, the Council welcomed the fact the Minister had brought forward this initiative to look at opportunities for growth, jobs and so on, but we felt that it needed to have business cases associated with this and attached to it to justify the proposed spend. There is separately an economic growth

group of Ministers being established and we suggested that that group should be the group that considered further this particular proposal from the Minister for Health and Social Services.

Deputy C.J. Rebindaine:
Okay. Was that a minuted meeting that you had with the Minister for Health and Social Services?

The Minister for Treasury and Resources:
It is interesting that you say that because the Minister for Health and Social Services was very keen that it was minuted, the comments that he made. Unfortunately, it was attached to the end of a budget discussion, so it was a workshop and, therefore, not administered.

Deputy C.J. Rebindaine:
Not a workshop, all right. Who decided to not minute workshops?

The Minister for Treasury and Resources:
Beyond my pay grade, no idea.

Deputy L.V. Feltham:
Now we will move back on to Pillar Two. Deputy Leck, would you like to ask the remainder of your questions on that?

Deputy C.D. Leck:
Yes. What forecasts have you got for a revenue in the budget space of 2027 and beyond from what you referred to as sort of a windfall that will obviously carry on through the 15 per cent revenue?

The Minister for Treasury and Resources:
The Budget does not have any money in as a windfall because those sums are unclear and unknown and, therefore, there is nothing included in the Budget. The Budget 2027 has £49 million, which we describe as the base case for Pillar Two revenues. The following Budgets 2028-2029 and 2030 go up very slightly on each of those. I think 2030, off the top of my head, is £55 million. It is between £49 million and £55 million over the 4-year period each year.

Deputy C.D. Leck:
Yes. You mentioned there is a risk of in-scope entities going elsewhere. Given that that risk cannot really be considered to be a tax one because it is 15 per cent everywhere else, do you see the possibility of discussions with the J.F.S.C. (Jersey Financial Services Commission) to reduce regulation, such that we can remain competitive from a regulatory front and, therefore, reduce the risk of entities departing?

The Minister for Treasury and Resources:

I think, in a sense, those 2 things are both important but probably separate. For that reason I say that the base case we think, as I described earlier, is pretty sticky. We believe those businesses are more than likely to remain in the Island, hence we are reasonably comfortable with the range of £49 million to £55 million per annum over that 4-year period. Just finally on those entities, it is not really about tax that may determine their move. It may be just consolidation if they are located in multiple jurisdictions. There are a number of factors. Where anything changes, large entities and entities generally tend to review their business model, what they are doing and that could trigger a move. We do not think that group is likely to move. Separately, however, and an extraordinarily important point that you raise about the J.F.S.C. regulation, the cost of doing business, and the heart of it is competitiveness, which is what the *Time to Win* report is all about. That is why *Time to Win* includes regulated government and industry. There is a view - and it was clear in the *Time to Win* report - that Jersey is becoming uncompetitive in certain areas. We have to make absolutely certain that our regulation is of the highest standard. We have to, equally, make sure that it is not beyond the highest standard to the extent that it is deterring businesses from either remaining here or indeed relocating here. It is not just about cost either from a regulatory point of view. It is about speed of response and type of response. All these matters are concluded and included in the report. It is crucially important that that is adopted at speed, as we touched on earlier, because we cannot afford to lose businesses because we are uncompetitive. It is an increasingly competitive world. We are seeing jurisdictions become more cost effective and faster at responding. The J.F.S.C. and Government need to step up to the mark and they need to step up to the mark fast.

Deputy C.D. Leck:

Okay, yes. Okay, thank you.

Assistant Minister for Treasury and Resources:

Sorry, Chris, just one other thing and I think there is a tax element. I understand, I believe one jurisdiction basically is not charging 15 per cent.

The Minister for Treasury and Resources:

I see, yes. No, sorry, Deputy, you are right. There is different treatment from different jurisdictions to the adoption of Pillar Two or not. There is one jurisdiction which has decided, which is its choice not to, which, potentially, gives it a competitive advantage. Whether that jurisdiction will be able to maintain its rejection of the regime or not is another matter. It is quite a complex area.

Deputy C.D. Leck:

What sort of policy and legislative amendments do you see now stands in terms of the Pillar Two workstream? Will they be brought to the States Assembly for debate?

The Minister for Treasury and Resources:
Any legislative changes that might be required in the future would of course come to the States Assembly. At the moment …

Deputy C.D. Leck:
Yes. I am just wondering whether you see any of those coming.

The Minister for Treasury and Resources:
Nothing in the immediate short term. There is one …

Comptroller of Revenue:
There are some very technical minor amendments that will be presented in the next finance year for the budgets to …

The Minister for Treasury and Resources:
For the Budget, okay. Yes, okay.

Deputy C.D. Leck:
Just in terms of the additional revenues coming forward, you have indicated that you would treat those as windfall and be used more for capital projects and such like. Have you identified areas where those funds may go, whether to, for instance, the Social Security Fund or to Health or anywhere else for that matter?

The Minister for Treasury and Resources:
Health primarily is the greatest challenge with regard to funding, as we were alluding to earlier on with the hospital build. It is likely that any additional funds that come forward will be directed or should, in my view, be directed towards funding of the healthcare facility, the hospital.

Deputy C.D. Leck:
All right, okay.

Deputy L.V. Feltham:
Just before we move on from Pillar Two, Minister, I would like to draw your attention to the fact that the panel has been asking for a private briefing on Pillar Two but we have had some difficulty in getting a date for that briefing. We would appreciate that briefing being expedited.

The Minister for Treasury and Resources:

Yes. I think that might be because the Minister for External Relations, who obviously travels quite a bit, would need to be party to that meeting.

Deputy L.V. Feltham:

We have made it quite clear that we are quite happy to have an officer-only briefing and the Minister does not need to be present for that.

The Minister for Treasury and Resources:

Right, noted and we will take it away and see if we can get a date as soon as possible for you.

Deputy L.V. Feltham:

Thank you very much. Moving on, we would like to now talk about Revenue Jersey and independent taxation. Deputy Carpenter is going to start with that.

Deputy L.D. Carpenter:

Thank you, Chair. In its report published on 3rd July, the Jersey Audit Office found that while Revenue Jersey has made progress at using technology to improve efficiency, there remain areas where further work is needed to demonstrate that it is delivering value for money. A number of digital and revenue administration programmes were introduced during your last term as Minister for Treasury and Resources. Given the significant investment in Revenue Jersey systems over recent years, can the Minister provide an update on the current status of system modernisation, please?

The Minister for Treasury and Resources:

Yes. I think it is fair to say there has been good progress in that regard. I should also say that the report and assessment that came out was very positive overall about the progress that has been made. I think from my perspective - and I have spoken to the Comptroller about this - online returns, for example, that you might be interested in, the target was 50 per cent and it was exceeded with 54 per cent, I think it was. In fact I think it is …

Comptroller of Revenue:

It is now 58 per cent for the 2025 year of assessment.

The Minister for Treasury and Resources:

Right, brilliant, so we are doing even better. I have stressed that I would like to see that accelerate but we do have to get the balance right. There were some concerns about Islanders that do not have access to online facilities, but I think we can manage the 2 in parallel. I think more and more people ... we need to do more promotion of the opportunity for online returns. I know the department is now looking at it.

[10:30]

Deputy C.D. Leck:
Sorry, just on online returns, as I understand it, essentially, you are not getting any automated process out of having those returns. They just come in and then the numbers are put into your systems to work out the tax. Do you see in the future the opportunity to introduce what I might call an intelligence tax-based system, so that once you have put your tax information into the return, you get an immediate calculation saying this is the tax that you either owe or are going to receive in the future?

The Minister for Treasury and Resources:
I am going to let the Comptroller answer that question, which he will be delighted about because I am sure he is completely on top of the whole thing.

Comptroller of Revenue:
Yes, that is not quite right. The 58 per cent of returns that are done online will go into the system automatically. They are not reinput by human beings. A very large proportion of them will go straight through the system and tax assessment will be created, but there are …

Deputy C.D. Leck:
But you will not be able to see the assessment at the time you do your online return.

Comptroller of Revenue:
Not yet.

Deputy C.D. Leck:
It is something that you will continue to do, like you do at present. You will make the calculation and make the assessment and then you will get it 2, 3, 4 months later.

Comptroller of Revenue:
No, not yet, and there are various reasons for that. There are risk parameters in the system, so if you do file online you might get a tax assessment very quickly indeed. If one of the risk parameters has been triggered, it needs to be looked at by one of our revenue officers and that will take a little longer. What you are effectively talking about is what in the U.K. is called self-assessment where

you can go online, make your return and the system will immediately tell you how much tax you owe. Unless you hear from H.M.R.C. (His Majesty's Revenue and Customs) within 2 years, I think it is, that assessment will stand. Jersey's tax law is still not based on self-assessment and that is one of the things we have an ambition to amend in law in the coming years.

Deputy C.D. Leck:
Okay.

Comptroller of Revenue:
If people do make a paper return it comes into the office and a revenue officer has to type it into the system. So that obviously is less efficient and that is why we are very keen on getting online filing up to the 90 odd per cent. The C. & A.G. (Comptroller and Auditor General) recommended we should consider making online filing mandatory, which within the tax laws I do have sufficient powers to do that but I think I would not do it if the Minister and the States Assembly were uncomfortable about it.

The Minister for Treasury and Resources:
The Minister might add that he would be uncomfortable.

Deputy L.V. Feltham:
Deputy Rebindaine has some questions that might be good at this juncture.

Deputy C.J. Rebindaine:
As the person helping his parents to file their tax returns currently, I would also be uncomfortable. Minister, what assessment has been made about the effectiveness of the Government's current digital service delivery systems? Thinking particularly with the online identify verification and revenue services, is it delivering intended outcomes?

The Minister for Treasury and Resources:
I think it probably safe to say not. I think largely it is sitting in the … where is the digital service's responsibility falling on that?

Male Speaker:
In terms of Ministers?

The Minister for Treasury and Resources:
Yes.

Male Speaker:
The Chief Minister.

The Minister for Treasury and Resources:
I think it is falling under the Chief Minister's department but I think, generally, you are correct.

Deputy C.J. Rebindaine:
Is there any likelihood of reviewing the role of Yoti in that process, which personally I am not planning to use?

The Minister for Treasury and Resources:
I have heard it is not always the easiest system to facilitate, but perhaps again, if I ask the Comptroller, he might think that …

Comptroller of Revenue:
I am not quite sure what the plans are in Digital Services. A lot of the feedback we get on why people do not want to file their taxes online is discontent with the I.D. (identification) verification. There are 2 types. There is Yoti. Now, many people do find it very easy but I am also conscious a lot of people find it very hard. It does seem to be so. There was also something created called JerseyMe. JerseyMe, which is a local creation with Jersey Post and Digital Services, is a different way of getting I.D. verification that does not require a passport. I think the real problem from my point of view is that where online filing is taken up very greatly in places like the U.K. there has been a lot of repayment fraud and that has largely been around the theft of identities or the creation of false identities. It is very difficult to compromise on the security of the system without exposing ourselves to considerable risks of fraud, so I think I.D. verification is very important and clearly we do have to keep working on making it an easier experience.

Deputy C.J. Rebindaine:
I probably know the answer to this question. Are you satisfied with the Government's digital service infrastructure, including the I.D. verification, payment systems? Is it meeting users' needs delivering a modern, efficient public service?

The Minister for Treasury and Resources:
Am I answering on behalf of the public?

Deputy L.V. Feltham:
Answering as Minister for Treasury and Resources in relation to your portfolio.

Deputy C.J. Rebindaine:

I think you are double hatting.

The Minister for Treasury and Resources:

I think I am double hatted. I think like all these things that there is clearly room for improvement. A lot of time and investment has gone into that area. Is it delivering as the public would require or like? I think it is safe to say it is probably falling short of expectations and I think more work is required in order to move to the next level.

Deputy L.V. Feltham:

Just before we more on from that, I note that obviously you have been previously the Minister for Treasury and Resources. You were the Minister for Treasury and Resources during the eGov programme rollout, which of course this is the outcome of. Are there lessons learned from your previous time as the Minister for Treasury and Resources?

The Minister for Treasury and Resources:

Chair, there are always lessons learned and observations. I think it is also suffice to say that huge investment went in at that time but I do not think that it is easy to see that a fair return on that investment was achieved. I think digitisation in Health is another great example. I do remember signing off tens of millions of pounds on digital records and such like and again, there is still more investment required today in these areas.

Deputy L.V. Feltham:

Are you confident that enough work is being done in terms of tracking benefits realisation on these large projects?

The Minister for Treasury and Resources:

I think we need to do more work on them. No, I think there is more work to be done to satisfy ourselves and make sure that they are monitored as they are being delivered and afterwards because clearly the amount of money being spent, we are not necessarily seeing what I consider to be a good return for that investment.

Deputy L.V. Feltham:

Okay. Thank you. We will move back to the Audit Office report.

Deputy L.D. Carpenter:

Yes, going back to the filing of online returns, you stated that the figure has jumped up to 58 per cent. The Jersey Audit Office report showed the O.E.C.D. (Organisation for Economic Co-operation and Development) average is over 90 per cent and stated that Revenue Jersey's current target of 50 per cent is not challenging. Does the Minister consider the existing target to be sufficiently ambitious?

The Minister for Treasury and Resources:
Probably not. You are completely correct. If you look at other jurisdictions, they are ahead of us. I understand why there was reluctance to set, with an ageing demographic and what have you, a too higher initial target. I do not think, and I would not support, mandating online returns, for example, but I do think we can do more in terms of promoting it and pushing it to the community and making it easier for them to access the system. We have touched on a little bit of that earlier on.

Deputy L.D. Carpenter:
Has Revenue Jersey undertaken any assessments of the barriers preventing tax payers from filing online?

The Minister for Treasury and Resources:
As I have been here such a short time, I have not asked that question so I am going just to turn to the Comptroller.

Comptroller of Revenue:
Yes. We have done quite a lot, including putting questions in the J.O.L.S. (Jersey Opinions and Lifestyle Survey). The main conclusion is that resistance to operating digitally increases dramatically in groups over the age of 55 and, absent mandation, our strategy is to keep persuading. There are a lot of benefits from filing online. It does reduce costs. It makes I.T.I.S. (Income Tax Instalment System) effective rates more stable through the year if you file online and file early. The other thing we are doing is we are very strongly nudging new entrants to the workforce, including young people entering the workforce, to file online. So, historically, we sent them all a paper return when they started work. We have stopped doing that. We now send them a note encouraging them to file online and giving them access and so on. So I am confident that we will get to the 90s. It is probably worth remarking that many jurisdictions started offering online filing in the 1990s. We started offering it in 2019, for the 2019 year assessment in 2020. Over those 6 years we have gone from I think around 48, 49 per cent to 58 per cent. Yes, I am very confident that that will keep increasing but we may have to accept that there is a very resistant cadre of people, largely in the pensioner age group I suppose, who prefer to file online.

Deputy L.V. Feltham:
It comes back to public expectations, does it not, of the services?

Assistant Minister for Treasury and Resources:
Prefer not to file online, yes.

Comptroller of Revenue:
Yes, so, prefer to fill out a paper return and so on.

Assistant Minister for Treasury and Resources:
Being one of those pensioners, I think the identity issue is having confidence, and there are various databases in the States. There is a new database for, obviously, health, and then we have tax. We have all these various bits and pieces across on this digital area and we do need to have a system that is brought together, that is much simpler to operate and people have confidence in it. I totally believe that once we have that then the figures will go up. I am sure that I have no problem dealing with Emerson and various software of that nature but, to be honest, like certain other people, I did not go on to Yoti because my I.T. (information technology) guys recommended against it as such.

Deputy L.V. Feltham:
I will remind the Minister again that the Tell Us Once process was part of the eGov programme, which I understand you had political responsibility for at the time. How are we going to get better outcomes from any future programmes? Obviously you are the Minister for Treasury and Resources, and you hold the purse strings. What role will you play to ensure that we do receive the benefits that we have been promised for all of these years?

The Minister for Treasury and Resources:
Well, first and foremost I would say that I was not the sole responsible person for the eGov programme, although I was about at the time. The programme was good in concept. Large parts of it have been very positive. Overall, it did not deliver perhaps as well as it should have done. I think monitoring is one of the key things, but also, at the very outset of any digital programme, being clear about the objects and making certain that there is a joined-up approach and the right partners in terms of delivery.

Deputy L.V. Feltham:
Would you say having a clear business case at the start of such a project is important?

The Minister for Treasury and Resources:
I think that is what I was alluding to with what I just said. Yes, absolutely. That is a key part of it.

Deputy L.D. Carpenter:
I will ask one final question.

Deputy L.V. Feltham:
Yes.

Deputy L.D. Carpenter:
The audit office also highlighted that Revenue Jersey continues to rely heavily on postal communication, including issuing tax refunds by cheque at an estimated annual cost exceeding £250,000. What steps is the Minister taking to accelerate the transition to digital communications and payments?

The Minister for Treasury and Resources:
The steps the Minister is taking is raising it with the Comptroller of Revenue because it is something, despite the fact on the plus side of what you have just described, of course, that is £250,000 going to one of our investment companies, Jersey Post.

[10:45]

So there is a silver lining but, in all seriousness, we do want to move away from that. We want to make sure that repayments can be made digitally and such like. I have raised it with the Comptroller and I know he and his team will look again. There is a timeframe issue, resource issue. I do not know if you want to add.

Comptroller of Revenue:
Well, I think there are 2 things. In terms of making electronic repayments of taxes, we are starting to do that before Christmas for corporate entities and then our plan in 2027 is to start rolling it out to the wider business community and eventually to individuals once we are quite satisfied it is working. It would be true to say at the moment that although we have a lot of digital input, all businesses file online. All employers file their employee returns online and 58 per cent of individuals file online. We still issue a lot of correspondence by post, and that is because at the moment we do not have an online secure account for taxpayers. It is in the offing. We have had to focus on creating it for Pillar Two and that will be delivered soon. There has been a great deal of investment in new technology for Pillar Two. The plan is to roll that technology out more widely over the coming couple of years, so I am very optimistic that within probably the next 2 years we will be able to offer all Islanders a much better digital experience, including an online secure account. For the 58 per cent, or hopefully more by then, of people who are prepared to interact digitally, they will be able to go online and see their account and see any correspondence from us. That will save a good deal in terms of postage and stationery cost. The quarter of a million figure the C. & A.G. quoted is for all of our paper output, not just repayment cheques.

Deputy L.D. Carpenter:
Aside from the aforementioned £250,000, what savings are expected from this initiative?

Comptroller of Revenue:
It is always quite difficult to forecast savings in a relatively small jurisdiction, relatively small office. It tends to be fingers and toes rather than whole bodies. As I say, I think the biggest prize is if we can get online filing to the international norm of 90 odd per cent, that will significantly reduce the number of revenue officers who spend the first 6 or 7 months of the year keying in paper tax returns and then that does start to lead to some efficiency savings, either for reinvestment in value for money activities or whatever.

Deputy L.V. Feltham:
Okay. Deputy Leck.

Deputy C.D. Leck:
I had a few questions related to the Audit Office and following on from the discussions around the online payment system and possibly even staffing levels in terms of the number in relation to tax collected. Revenue Jersey states that it aims to be among the best of the smaller tax administrations, yet the Audit Office found limited comparative data to demonstrate progress towards that ambition. So I was wanting to ask the Minister how he proposes to measure the progress towards that ambition.

The Minister for Treasury and Resources:
That is a difficult question. It is difficult from a comparator perspective, I suppose, in some respects. All the issues that we have … not issues, points that we have been discussing earlier feed into that so that ultimately we want a seamless process which involves complete online digital interaction and satisfaction from both sides. I think that would be clearly very advantageous.

Deputy C.D. Leck:
I wonder were there any other areas in terms of the Audit Office saying that you are aiming to be one of the best of the smallest jurisdictions. So, maybe this …

Comptroller of Revenue:
Well, one thing is the C. & A.G. did manage to do some comparative analysis, and I am not quite sure how she got the data but she did say that a common metric for tax authorities is the cost to collect a pound of revenue. In Jersey it is 0.8 pence. I think she concluded that in Guernsey it was 1.4 pence and in the Isle of Man it was 1.6 pence.

Deputy C.D. Leck:
Okay.

Comptroller of Revenue:
So that was very helpful. It is very difficult to compare tax jurisdictions because of the profile of taxes a jurisdiction has, the size and so on. What we routinely do though is there is an international quality model for tax administration. It is a device of the International Monetary Fund. It is called the Tax Administration Diagnostic Assessment Tool. You can see it online. So, there are a number of axes that it compares, that it sets out what good looks like for an administration, and we occasionally assess ourselves against that. It is also possible to have a peer review done. We can, for example, pay the I.M.F. (International Monetary Fund) to send somebody to do an assessment, and that is something we do intend to do at some point. We had intended to do it but COVID intervened. So, there are a number of mechanisms for comparing ourselves but very few jurisdictions publish the amount of data we do in the public domain.

Deputy C.D. Leck:
So, with the I.M.F. review, are you planning to do that next year?

Comptroller of Revenue:
Probably in about 2 years' time, once we have completed independent taxation and got Pillar Two fully embedded.

Deputy C.D. Leck:
Thank you. The Audit Office noted that Revenue Jersey's governance framework is comprehensive but involves a significant number of officers and committees and suggested assessment of whether some of these functions could be consolidated. I was just wondering what you plan to undertake or intend to undertake in that respect, reviewing the governance arrangements.

Comptroller of Revenue:
We did not really agree with that one but we said we would bear it in mind and review it as the meetings continue to develop. I think perhaps the auditor slightly misunderstood the nature of some of the committees. Quite a few of our committees are about quality assuring the work of revenue officers. The people who attend a meeting tend to be all of the officers who have a case which is being reviewed and then a group of appropriate senior managers to look at it. That is basically one of the ways we try to achieve consistency in the way tax assessments are raised and so on.

Deputy C.D. Leck:

Okay. I think that covers what I wanted to raise on the Audit Office.

Deputy L.V. Feltham:
Thank you. Are there any other questions that you wanted to ask in relation to the digital side? Are you happy that you have asked those?

Deputy L.D. Carpenter:
No, I am happy, thank you.

Deputy L.V. Feltham:
Great. We will move now on to independent taxation. Can the Minister provide the panel with an update on progress towards the implementation of independent taxation, including whether all key milestones remain on track for commencement, and identify any outstanding risks or challenges that could affect delivery?

The Minister for Treasury and Resources:
That could take some time. Broadly on track. There has been a chequered history with independent taxation, as you know, but I think broadly the plan is on track to start on time and I am not sure that there is much more, at a high level, that I could add to that. If the Comptroller has got …

Comptroller of Revenue:
Independent taxation is now mandatory for all Islanders. 2026 is the first year of assessment where everyone is on independent taxation. So, the first returns will be due in 2026. As the Minister says, we are absolutely on track. We are about to take receipt of the software that will enable the shift in the systems so that everyone ceases to be a married taxpayer and becomes an independent taxpayer and can file online or by paper accordingly. The most complicated part of this, and perhaps the riskiest, is we need to be quite sure that compensatory allowance is operating effectively. So between now and Christmas there will be a great deal of user acceptance testing to make sure the software is robust. The compensatory allowance is the allowance that is eligible for people who were married and in Jersey before 2022 and are being moved in the mandatory phase and it gives them a degree of relief in circumstances where married taxation, had it continued, would have given them a greater financial benefit. So, everything is on track. We are currently - and I think there is one later this week - running community helpdesks, which are largely focusing on helping people with independent taxation thoughts and also the prior basis. The late change to the plans was, of course, that the Assembly agreed to allow those people who were married before 2022 still to file jointly but they will be assessed independently. Again, we just need to make sure that operates in the system, but so far so good. We will be increasing community helpdesk activity in 2027 to help anyone who is filing a return for the first time.

Deputy L.V. Feltham:

Okay. You did mention about people who wish to file jointly. They need to make their election by 30th September this year.

Comptroller of Revenue:

Yes.

Deputy L.V. Feltham:

That is a matter of weeks away. How many eligible couples have made the selection to date?

Comptroller of Revenue:

About 1,400.

Deputy L.V. Feltham:

Okay. What proportion of the eligible population does that represent?

Comptroller of Revenue:

I think between 10 and 15 per cent. We reckon there are about 14,000 married couples.

Deputy L.V. Feltham:

Minister, are you confident that the communications and engagement activity that has been undertaken by Revenue Jersey has ensured that married couples are aware of these changes and know what to do should they wish to make a selection?

The Minister for Treasury and Resources:

I think that Revenue Jersey have done a great job so far and I think it has been well publicised, so I am not sure what else could have been done above and beyond what has been done.

Deputy L.V. Feltham:

I am conscious that a number of people that may wish to continue to file jointly maybe in that older demographic that we were discussing earlier and some of those issues. How have communications been sent out to those people?

The Minister for Treasury and Resources:

Communications are all paper based, as far as I am aware.

Comptroller of Revenue:

Yes. We have issued leaflets and letters regarding this. We have also, I think, made contact with groups like Age Concern and provided material to them and I think offered on occasion to talk to groups in parishes. It is very difficult. The old age question of how to permeate the consciousness of all the people is quite difficult. I was quite surprised by the number of people who had not, for example, realised that the prior basis changes were in tow. You do find people who just do not seem to register these things and we do keep trying to find new ways of doing so.

Deputy C.J. Rebindaine:
Can I just raise the fact that we are probably talking about the same cohort of people who are keen to do paper based, unlikely to go digital online, are likely to want to file jointly because that is how it has always been done?

Comptroller of Revenue:
Yes.

[11:00]

Deputy C.J. Rebindaine:
I do not get why there has to be an election. If you just keep filing jointly, why can you not just receive it and deal with it?

Comptroller of Revenue:
It was in past …

Deputy C.J. Rebindaine:
You are creating a hurdle that I think a lot of people will not be able to get over.

Comptroller of Revenue:
In part it was very naturally a response to the concerns of the last C.S.S.P. and in particular the chair who was very concerned about coercive control. Therefore, we have bent over backwards to make sure that spouses have the opportunity not to go along with their spouse if they feel they are being coerced.

Deputy C.J. Rebindaine:
I will just take my personal family situation. Obviously one hopes there is never coercion but the sheer panic within the family as to making sure the right process is undertaken and all they simply want to do is do it the way they have always done it I think outweighs that risk, personally. If you could consider that.

Comptroller of Revenue:

I fear it is far too late in the day and, as I say, it was very much the view of the last committee that these sorts of safeguards should be put in place.

Deputy C.J. Rebindaine:

Okay.

Deputy L.V. Feltham:

While we are talking about safeguards, I think we have got a question in relation to that.

Deputy L.D. Carpenter:

Yes, the question was around how has the development of independent taxation taken account of the potential risks of financial abuse and coercive control? Particularly, what safeguards will be available for affected individuals?

Comptroller of Revenue:

As I said, the last panel was very focused on this, particularly Deputy Miles, Senator Miles now. We put in place a number of provisions in the law which required both spouses to give separate consent. We have given some training to all of our people in seeking to recognise the hallmarks of coercive control. That was done in concert with one of the charities in this area. We feel we have done as much as we can. We do not, unless people come to the helpdesk, often see people face to face so we have to go on the basis of what we see on paper.

Deputy L.D. Carpenter:

You mentioned Age Concern previously. Have any other stakeholders been consulted in this process?

Comptroller of Revenue:

Yes. I am afraid I do not have them all in my head but we have done a great deal of work with the third sector on this.

The Minister for Treasury and Resources:

I think there was, if I remember, a test event at the Trinity Women's Institute?

Comptroller of Revenue:

Yes, that is right.

The Minister for Treasury and Resources:
I believe in early 2027 similar branches are going to have the advantage of events and raising awareness and so on.

Comptroller of Revenue:
Yes.

Deputy L.V. Feltham:
They have not got a lot of time.

The Minister for Treasury and Resources:
Oh, sorry.

Deputy L.V. Feltham:
Given that the deadline is 30th September.

The Minister for Treasury and Resources:
Oh, I see. I thought you meant the time of this hearing.

Deputy L.V. Feltham:
Just tracking back to the questioning of Deputy Rebindaine, what would happen to a couple if they missed that deadline? Is there any consideration given to that, particularly perhaps some of those people in the older generation?

Comptroller of Revenue:
I think we would treat them on a case-by-case basis. We have a degree of discretion usually in many, not all of them, but I think when it comes to understanding this sort of major change we would be as reasonable as we could be.

The Minister for Treasury and Resources:
The Comptroller is describing a pragmatic approach, and proportionate, I think is a fair way of putting it.

Deputy L.V. Feltham:
Than you. Hopefully that allays the concerns of your family, Deputy Rebindaine.

The Minister for Treasury and Resources:
I fear not looking at the facial expression.

Deputy C.J. Rebindaine:

It is all right. I have made it happen.

Deputy C.D. Leck:

You are doing it.

Deputy L.V. Feltham:

We are coming towards the end of the hearing. We have made it through our planned questions, so I am going to give the panel one last opportunity to ask any burning questions that they may have while we have got the Minister in front of us. I will start with Deputy Leck and then we will work our way through the table.

Deputy C.D. Leck:

I suppose I have got just the one question in relation to the Council of Ministers. You indicated how you are having the discussions and such like. Do you feel that the Council of Ministers, when it produces the Budget, will all have agreed and that there will not still be tensions and desires to move and change the Budget beyond the time it is implemented?

The Minister for Treasury and Resources:

Any form of changing would be a matter for Back-Benchers, or indeed the panel for that matter, should they wish to bring an amendment to the Budget, within the constraints that I alluded to earlier on. As far as the Council of Ministers are concerned, we have had some quite healthy debates on the measures and I am sure in the formulation of the Budget that will continue up until the … well, we are almost at the point of no return now. I am sure we will reach a consensus position in order to lodge the Budget on time.

Deputy C.J. Rebindaine:

Going back to radical, the easiest way for you to improve the cost of living for most families is to reduce the marginal tax rate. Are you prepared to look at that?

The Minister for Treasury and Resources:

£18 million, 1 per cent. I think there is some opportunity to consider the marginal rate in the future should the financial position allow that to happen. You are right, it could potentially help but it is very costly. I think, bearing in mind 90 per cent of taxpayers are on the marginal rate, that is the reason that the cost is where it is. What we have tried to focus on is what is affordable for the purposes of the 2027 Budget and that is obviously essential to make it targeted and that is where our focus has been.

Deputy L.D. Carpenter:

I will just ask one final question around independent taxation, if I may. Could the Minister provide details of any additional resources, staffing and training that have been allocated to Revenue Jersey or parish-based helpdesks to support Islanders during the transition?

The Minister for Treasury and Resources:

There is no additional budget beyond what was already allocated. As far as I am aware, the events that I mentioned, the Trinity Women's Institute group and there is more coming out. I believe there are, if I remember correctly, parish drop-in sessions.

Comptroller of Revenue:

Community helpdesks in 2027 to help new taxpayers effectively with the process of filing a return.

The Minister for Treasury and Resources:

Yes.

Deputy L.V. Feltham:

I will ask a question in relation to this year's Budget. Have departments been putting in growth bids in terms of budget? You said in the States Chamber last week that you wanted a cost neutral Budget, I think were the terms. What is the process that departments and Ministers are currently going through?

The Minister for Treasury and Resources:

We made it clear that we were aiming for a neutral Budget and that we were not seeking growth bids and then we received a significant number of growth bids, so we are now assessing those. Those are all deemed to be critical. We do not believe a number of them are, but we are looking at them in detail. Officers are closely assessing all of those bids to see if any do need to be supported or not. A lot of them we do not believe do need to be, or can be reprofiled to later years.

Deputy L.V. Feltham:

Okay. What format are those growth bids taking?

The Minister for Treasury and Resources:

Format in terms of …?

Deputy L.V. Feltham:

What kind of documentation? Is it a request from a Minister, is it a request from a chief?

The Minister for Treasury and Resources:

It comes in from the department.

Deputy L.V. Feltham:

Okay. Is it in the form of a business case?

The Minister for Treasury and Resources:

Yes. Business cases are associated with each of the bids that come in from the departments.

Deputy L.V. Feltham:

So there would be paperwork available should the panel wish to see it?

The Minister for Treasury and Resources:

There is paperwork. There is a business case with all of them I think, Treasurer?

Treasurer of the States:

Variable level.

The Minister for Treasury and Resources:

Well, yes, indeed. Indeed.

Deputy L.V. Feltham:

Are you willing to tell us who is sat on the naughty step, Treasurer?

Male Speaker:

It is usually me.

Deputy L.V. Feltham:

Okay. We will look forward to seeing the Budget and the paperwork in due course but I am mindful that that time is ticking and the deadlines are looming. What date are you anticipating having your final draft of Budget for signoff by the Council of Ministers, Treasurer?

Treasurer of the States:

Treasurer?

Deputy L.V. Feltham:

Sorry, the Minister for Treasury and Resources, I should say.

The Minister for Treasury and Resources:

I was thinking of passing it across.

Deputy L.V. Feltham:

Do you have a final draft at this point in time?

The Minister for Treasury and Resources:

Thursday we hope the Council of Ministers will agree the final key principles.

Deputy L.V. Feltham:

Will that be a minuted meeting?

The Minister for Treasury and Resources:

I am not sure if that is a workshop. I do not know why I am looking at the Treasurer. I am not sure. The final meeting when it is signed off will be. I am not sure whether that is a workshop on Thursday and it is signed off at a minuted meeting the following week. I can confirm that to you at a separate time.

Deputy L.V. Feltham:

Okay. Thank you very much. We now have asked all of the questions that we wanted to ask in this hearing. We will, of course, follow up in writing if there is anything that the panel wishes to ask more about. I would like to thank the Minister for Treasury and Resources and the Assistant Minister for Treasury and Resources and officers for participating in the hearing, and of course our team at the Greffe for all of the support that they give us as well. With that, I will close the hearing.

[11:11]