States of Jersey
States Assembly

États de Jersey
Assemblée des États

Common Strategic Policy Review Panel

Public Hearing

Witness: The Minister for Treasury and Resources

Thursday, 6th November 2025

Panel:

Deputy I. Gardiner of St. Helier North (Chair)

Deputy L.K.F. Stephenson of St. Mary, St. Ouen and St. Peter

Deputy L.M.C. Doublet of St. Saviour

Deputy H.L. Jeune of St. John, St. Lawrence and Trinity

Witnesses:

Deputy E. Millar of St. John, St. Lawrence and Trinity - The Minister for Treasury and Resources

Deputy I.J. Gorst of St. Mary, St. Ouen and St. Peter - Assistant Minister for Treasury and Resources

Mr. R. Bell - Treasurer of the States

Mr. A. Hacquoil - Group Director of Strategic Finance

[10:32]

Deputy I. Gardiner of St. Helier North (Chair):

Good morning, everyone. Welcome to the public hearing of the Common Strategic Policy Scrutiny Review Panel, where we will question today the Minister for Treasury and Resources. Our questioning will be around how the funding and policy decisions align with the Common Strategic Policy, how the delivery was co-ordinated and what risks are identified and how they are managed. Before we get into the questions, I would like introduce myself: Deputy Inna Gardiner, Chair of the Common Strategic Policy Scrutiny Review Panel.

Deputy H.L. Jeune of St. John, St. Lawrence and Trinity:

Deputy Hilary Jeune, Chair of the Environment, Housing and Infrastructure Scrutiny Panel.

Deputy L.M.C. Doublet of St. Saviour:
Deputy Louise Doublet, Chair of the Health and Social Security Scrutiny Panel.

Deputy L.K.F. Stephenson of St. Mary, St. Ouen and St. Peter:
Deputy Lucy Stephenson. I am the Vice-Chair of the Corporate Services Scrutiny Panel. The Chair sends her apologies.

Deputy I. Gardiner:
Minister.

The Minister for Treasury and Resources:
Elaine Millar, Minister for Treasury and Resources.

Assistant Minister for Treasury and Resources:
Ian Gorst, Assistant Minister for Treasury and Resources.

Treasurer of the States:
Richard Bell, Treasurer of the States.

Group Director of Strategic Finance:
Andy Hacquoil, Group Director of Strategic Finance.

Deputy I. Gardiner:
Thank you. I will start with the questions about C.S.P. (Common Strategic Policy) delivery. We will use C.S.P. for the public, as it is shorter. How does proposed investment in Treasury contribute to the delivery of the Common Strategic Policy? Is anything within C.S.P. directly connected to the department and your remit?

The Minister for Treasury and Resources:
When you say investment in Treasury, sorry, what do you mean?

Deputy I. Gardiner:
Are there any in Common Strategic Policy - we are looking at Common Strategic Policy areas - that are connected to the Treasury, apart from overall budget for supporting C.S.P.?

The Minister for Treasury and Resources:
I think probably the only one directly ... because our role in Treasury is to allocate the funding to everybody else to deliver what they are trying to deliver under the C.S.P. In terms of our own work,

I think the only one really that sits directly with us is keeping government fees, duties and charges as low as possible to help with the cost of living. I think that is not something that is ... it is not necessarily something we can always control, but that is the thing that sits probably best with Treasury.

Deputy I. Gardiner:

Thank you. We will question the cost of living and contribute on the cost of living a bit later on.

Deputy H.L. Jeune:

Can I just ask a question on that? Of course there are some ... especially in the area of Ministers that I oversee, there are discussions of new fees and charges. Would that then also be something that you discuss with those Ministers in introducing new fees and charges? Not just about keeping them low, but whether they are at ...

The Minister for Treasury and Resources:

Yes. If a Minister was proposing a new charge, then yes, we would be involved in that discussion. We would be involved in how they set the charges. Yes, we would be involved in those discussions if a department was wanting to increase charges. For example, I had a conversation with a Minister and his team yesterday about possible increases to charges. They were discussed with the ... they should discuss this with me first.

Deputy H.L. Jeune:

Keeping in mind the C.S.P. of low charges, what are the main messages that you give to Ministers in that regard? Are you receptive to those discussions, of saying: "We need to, in some cases, increase them; we do need to introduce" or is there a general decision to say: "No, across the board we need to keep them low"?

The Minister for Treasury and Resources:

I think all Ministers are aware of that C.S.P. priority, that we are trying not to increase charges. As much as we can, we are trying not to increase charges, but my view is that generally when people come ... there is also - and I am not sure whether this is in the policy - a general policy that charges should not be increased by more than 2.5 per cent. In any event, people can increase a charge by 2.5 per cent and they have the power to do that. If they want to increase by more than 2.5 per cent, they need approval. That is delegated to the Treasurer. Normally they are fairly straightforward, but I always see Treasury's decisions. We look at Treasury decisions every week. If there was anything that was particularly ... if the increase was ... I use "controversial" loosely. If there was anything ... if it was a slightly bigger increase or if we thought anything was slightly difficult or that might not go down well, then the Treasurer would discuss those with me first. But I think when a

Minister ... as what normally happens, in my experience, is a Minister will come forward with a very well-reasoned business case of why they need to go above the 2.5 per cent. There is not a huge number of them. I do have a note here somewhere. There is not a huge number of them, but it does happen. Often I think particularly if you are increasing quite a small number, and sometimes the charges are very small, and if you are increasing a very small number by a small amount financially, so going from £1.50 to £2, that is more than 2.5 per cent, but it is not massive. That is not necessarily a good example. Yes, the charges in question can be very low. For example, the discussion I was having yesterday was for charges that look absurdly low that the Minister wants to try to increase.

Deputy H.L. Jeune:

I suppose where ... I mean, the Minister for the Environment talked a lot about the delivery of the services his department do mainly are funded through fees and charges and at the same time we have seen an increase in salaries that are beyond 2.5 per cent. So does that work where there is a delivery of service based potentially on those fees and charges, but yet the human resources to be able to deliver those services cannot be done or there is an imbalance between the fees and charges and to be able to deliver those services?

The Minister for Treasury and Resources:

I do not believe that fees and charges are necessarily meeting staff costs. I mean, the pay rises are funded centrally. The Treasurer can probably explain this better.

Treasurer of the States:

Yes, indeed. So pay rises are funded centrally, but you are right to the extent that income will offset some of those. As the Minister says, they will initially come to me in the first case. We are looking at how strong the business case is, how well-built the business case is and whether it is identifying the underlying costs that have increased, rather than in some cases perhaps not as rigorous. We will also be looking at, as the Minister says, the extent of the amount of money that has increased: how many people does it impact; how many businesses does it impact? So if your increase is coming through, which is raising a small amount of money, that is easier than increases that are coming through that raise large amounts of money and impact more people. So we do balance up against the costs of the service that they pay for, so we have got policies around full or partial cost recovery. Yes, if you have got higher inflation than you have been provided with, those costs will go up, so we take all that into account when we are looking at the decision. Unless they are uncontroversial, I typically will - in the current focus on the cost of living - discuss them with the Minister before approving. If they are very significant, I must have got a delegation. That does not mean to say I cannot escalate them to the Minister and they will be discussed with the Minister directly.

Deputy I. Gardiner:

I think that is clear, but what is clear, there is some imbalance. As you said, there is some offsetting and maybe we will follow up with a written question to understand more specifics around fees and increases within the Environment Department. Minister, would you please give one or 2 examples of how you worked with other Ministers on co-ordinating and financial planning to enable their department to deliver their C.S.P. priorities? When and how, for example, have you been involved with other Ministers to co-ordinate financial planning for C.S.P. priorities?

The Minister for Treasury and Resources:

Delivery of C.S.P. priorities is a matter for the relevant Minister. For example, the Minister will go away, develop the policy. They will have a budget or a request for budget. For example, this week I had a conversation with the Minister for Education about the delivery of the additional childcare for 2 to 3 year-olds. We have had a discussion about how that will be delivered, what the payment mechanisms will be, because that is kind of relevant, how the money goes out the door and are the proper checks and balances there. But in terms of development of policy, that sits with the Minister, and it is the Minister, their Chief Officer, the accountable officer, they are responsible for making sure that the funding is there and that they are using the funding appropriately. Now, Treasury will oversee that from the perspective of ... through the finance business partners.

Deputy I. Gardiner:

It is clear. I am sorry, I would like to drill down, because you brought an example of the Minister for Education. It is completely fine. The Minister for Education developed the policy.

The Minister for Treasury and Resources:

Yes.

Deputy I. Gardiner:

The Minister for Education secured the funding to full implementation of this policy. What was not clear, for example, from our previous public hearings, how this will be implemented. Would it be with the Social Security; would it be with schools? Also the other part, for example, parents coming back to work and what benefit it would bring to the economy. So there are 3 ministerial ... and it is reducing cost of living and you have the Cost of Living Ministerial Group. Have you been part of the discussion across the Ministers how it will be implemented across various ministerial portfolios or you have just concentrated with the Minister for Education?

The Minister for Treasury and Resources:

That was a discussion I had with the Minister for Education. Implementation really is a matter for the Minister. I do not think I would necessarily get involved with a specific initiative. The Minister and their team are responsible for implementation and the appropriate spending of money. As I say quite a lot, Ministers do not report to me in terms of how they are delivering or performing. I am not checking their homework, I am not standing there saying: "What are you doing? How are you getting on?"

Deputy I. Gardiner:
Yes, sure.

The Minister for Treasury and Resources:
If anything, that is something that might come to C.O.M. (Council of Ministers) or the Chief Minister would be involved, but Treasury will oversee to the extent of movements of money, how it is being spent through the finance business partner.

Deputy L.K.F. Stephenson:
Building on that, so does Treasury have a role in determining whether the way that the funds are allocated gives the best value for money in the use of those funds?

Treasurer of the States:
So we will work ...

Deputy I. Gardiner:
No, that is for the Minister.

Treasurer of the States:
Sorry, are you saying I cannot ...

Deputy I. Gardiner:
For the Minister, please. That is what we would like to understand.

Treasurer of the States:
The Minister, right.

Deputy I. Gardiner:
The Minister for Treasury, yes.

The Minister for Treasury and Resources:

I think that is a matter ... value for money is a matter for the relevant Minister. They have to deliver a policy in the appropriate way.

[10:45]

They may come and ask questions, but I am not involved in every discussion about every policy, no.

Deputy L.M.C. Doublet:
When you are considering bids for X amount of money, what factors do you take into consideration at that point? Do you consider value for money at that point? Like you said, there would be detailed business plans.

The Minister for Treasury and Resources:
The Minister will come forward with a business case. That will come into ... that will come into the Budget process and it is a Council of Ministers' decision. It is not a Minister for Treasury's budget. Perhaps it should be. Perhaps we will get back to that, but it is Council of Ministers. It will come into the Budget process.

Deputy L.M.C. Doublet:
Yes. So you are saying value for money, that is something that C.O.M. consider as a whole, rather than lying mostly with Treasury?

Assistant Minister for Treasury and Resources:
Can I just ... your officials do work to try to ensure that there is value for money. As the Minister said, Ministers have policy ideas in their department. They say: "Oh well, we think it is going to cost this much" and officials from Treasury will talk with the departmental officials to try and ensure, during that process, that the bid that finally reaches either the Minister or the Council of Ministers' table is, first, a good use of limited or scarce resources, and secondly, is showing itself to be value for money. That has not changed. That is how Treasury officials have always sought to work carefully with departments to do that. It is not always well liked in departments, of course, but it really is important to show to Islanders that there is consideration of value for money as well as the wider policy initiatives before it even gets to the Minister for Treasury or Council of Ministers.

Deputy L.K.F. Stephenson:
Just building on that and taking it a little bit further, there are a number of examples, certainly on the 2 panels I sit on, that we have come across so far of projects that are included in this Budget that we are told the details are not there yet. There is Social Security, for example. I can think of a pot

of £1.8 million that we have been told: "Yes, it is for these areas" but there are no details yet. Health has further ones for the introduction of fees and charges, but there are no details yet. How does that marry up with what you have just told us, Minister, about value for money and ...

The Minister for Treasury and Resources:

I think to say there is no details, I mean, we know what we are suggesting. We know what the Minister is proposing, we know that the Minister is proposing the kind of back to school bonus which will help lower-income families with the cost of school uniforms. Now, by the time that rolls in, they will be working through. There is no point them doing lots and lots of work until they know they have that money, so they will have the pot of money and they will then work on the details to have that going out the door in summer for September I imagine is what the Minister is trying to do. Similarly, with adjusting pensioner benefits, she will have an idea, and we have been presented with ... I think she is looking at expanding Pension Plus. Those details are things that the officers will then crack down on and they have systems. Where it is benefits that are already in place that are being enhanced, that is not a difficult thing to do because the systems are there. Where it is a new benefit, so the back to school bonus, again, there are other mechanisms like the Community Cost Bonus as to how they then set up that new benefit on their system and how they pay it. I think having everything ... the Minister has come forward with a business case which says: "I would like this amount of money to pay these benefits" and I am sure there is some kind of breakdown as to how it will be, but the details will follow once the money has been allocated, because until the Budget has been approved, nobody can assume it would be ... I mean, sure, they are thinking about big picture what they might do, but to spend a lot of officer time planning benefits to then find that somebody brings in a proposition saying: "No, let us not give the Minister that amount of money", they have wasted time.

Deputy L.K.F. Stephenson:

I think there is a balance to be struck in there ...

The Minister for Treasury and Resources:

Yes, there is a balance.

Deputy L.K.F. Stephenson:

... in that process. Just to round off that point, you are satisfied, as Minister for Treasury, that you have all the details within Treasury that you need to be able to make those decisions to present those proposals to the States Assembly, who, at the end of the day, are being asked as Members to endorse those proposals?

The Minister for Treasury and Resources:

Yes.

Assistant Minister for Treasury and Resources:
I would say those decisions are Council of Ministers' decisions.

The Minister for Treasury and Resources:
They are Council of Ministers' decisions, yes.

Assistant Minister for Treasury and Resources:
It is not the Minister's or Treasury's decision. Treasury is there trying to create that balance, as you said, with officials and getting a reasonably high level: "This is roughly what the policy is" but what the basic calculations look like, you get the money in the Budget and the Council of Ministers decide what is in and what is out and whether it needs finessing, because there is another policy that might be equal priority, but has currently got no money. That way you come up then ultimately with the Budget proposals, but "balance", the word you used, is really a good one.

Deputy L.M.C. Doublet:
To follow up on Deputy Stephenson's questions, across the panels we are finding that, as well as not as much detail as we would like, that policies and bids are being developed very much in isolation. Can you make any comment on how integrated policy-making happens across Government and what your role as Minister for Treasury has been in that?

The Minister for Treasury and Resources:
I think all of these policies, where there is growth, where there is new money, if you like, for C.S.P., the relevant business cases have all been sent to Council of Ministers. Again, Council of Ministers were sent business cases. Whether we read them all - business cases are very complex documents - but the relevant Minister and their team will have had to create a business case. Those were circulated, I am right in thinking, to Council of Ministers. We were all sent the business cases as well as summaries as to what the overall proposal and policy was, so those decisions, as the Assistant Minister says, are made by Council of Ministers. It is not a Minister for Treasury decision. Yes, there is an element of people do know and we discussed. I remember more than one discussion about extending childcare. We have discussed all of these things. We discussed some of the Health bids, as to what those are going to comprise, so ...

Deputy I. Gardiner:
How much did you scrutinise? For example, if I am thinking about previous investment that has been done, what it achieved and how extra money was allocated, then one of the things that comes

to mind, creating loving homes that think and do the children's social care reform were allocated, I think, in excess of £24 million for the 4 years and have been presented ...

The Minister for Treasury and Resources:
So when are you talking about?

Deputy I. Gardiner:
2023-26 was allocated £24 million over the 4 years and it was creating a loving home and to do the reform of the social care. Has the department presented what has happened with this investment and how this investment was used, about the outcomes, before you agreed to an extra £12 million allocation for the children's costs? I am not saying if it is right or wrong. I am asking about the process that Treasury has gone through, looking for the outcomes of the £24 million investment.

The Minister for Treasury and Resources:
That is a question for Treasury officials.

Deputy I. Gardiner:
No, but as the Minister for Treasury, have you been presented with this?

The Minister for Treasury and Resources:
We have had more than one presentation by Children's Services about what they have done and what they need to do now ...

Deputy I. Gardiner:
So you are reassured that ...

The Minister for Treasury and Resources:
... and we have been given more than one presentation from Children's Services - and they had the Chief Social Worker - about what they have done, what the challenges still are and why they need more money. It is very difficult to find a suitable property. You will know that yourself, to find a suitable property with the amount of scale, getting the right people to come and look after a very small number of children. Yes, we are reported in terms of how they are getting on.

Deputy I. Gardiner:
So you are content how it was planned. Okay, we will go back then. Thank you.

The Minister for Treasury and Resources:

That is the responsibility. How money is spent, money is allocated to a department for a policy. The Chief Officer, the accountable officer in that department, is responsible for the spend of that money. If they do not spend it, let us say they do not spend it in year, they would have to come to us and either explain whether it goes back into the pot or whether it is an ongoing project and it gets rolled forward. That is something that happens at Treasury official level, then if there is a case of money being moved into a different head of expenditure or between years, that is a decision that then comes to me once the Treasury officials are happy with it. That happens at officer level.

Deputy L.M.C. Doublet:
Were any joint business cases submitted between different Ministers?

The Minister for Treasury and Resources:
I cannot recollect.

Assistant Minister for Treasury and Resources:
Off the top of my head, I do not recall that there were.

The Minister for Treasury and Resources:
I do not recall any.

Deputy L.M.C. Doublet:
Okay, and in what ways ...

Group Director of Strategic Finance:
Not for this year. I think in previous years we have had business cases that have required resources from more than one department, so that has happened, but I do not recall any this year.

Deputy L.M.C. Doublet:
Okay. In what ways is Treasury involved in integrated policy-making and allocation of funds across issues such as the ageing population, falling birth rates and cost of living?

The Minister for Treasury and Resources:
That would be driven by Council of Ministers. The Council of Ministers would have to set policy, the budget would have to be found and it would be monitored in the usual way. It would be monitored.

Deputy L.M.C. Doublet:
Do you feel that there is a clear policy that has been set across the Council of Ministers that you can refer to when making judgments about fund allocations?

The Minister for Treasury and Resources:

I am not sure it is right to say ... you are suggesting that I have more responsibility ...

Deputy I. Gardiner:

No, we are asking you as a Minister. We ask every Minister.

The Minister for Treasury and Resources:

... than I do. We are clear that we need to address ageing population and I think where that touches a Minister's portfolio, they will be thinking about that, but that then drills down into individual ministerial actions and individual ministerial policies.

Deputy H.L. Jeune:

In your view as a Minister, has the narrowing focus to a limited set of priorities worked?

The Minister for Treasury and Resources:

I think where you have a government that have only had 2 years ... so we effectively had 2 years, and I think the Chief Minister said, which the Council of Ministers agreed, that the thing to do when you have a short period of time is to highlight things that can be delivered within that time. I think our tracking of the C.S.P. is that ... well, we have clearly delivered some things already and other things are on track for delivery.

Deputy H.L. Jeune:

Has it exposed any challenges by narrowing the priorities?

The Minister for Treasury and Resources:

I cannot say I would identify any.

Deputy H.L. Jeune:

It is just we heard from the Minister for the Environment yesterday that the proposed Budget cuts will have a profound impact on this department's work, and I am wondering, did you discuss in detail with the Minister for the Environment to understand fully these challenges and impact it will have on Jersey's environment, the economy, statutory obligations and planning? Because of course his department is wide-ranging and not just focused on specific environmental issues.

The Minister for Treasury and Resources:

The Minister for the Environment has come to Council of Ministers. We have discussed with him certain specific policy aspects at Council of Ministers, but the Environment Department has had 118 per cent growth in recent years, which is 58 per cent in real terms, and that included money for regulatory improvement, housing and food licensing schemes and E.U.-U.K. T.C.A. (European Union-United Kingdom Trade Co-operation Agreement) biosecurity border controls, so money has been provided and the department has grown from - let me just see - just over £5 million in 2020, £11.7 million in 2025 and this year there is a reduction. The notion that Environment has been constantly squeezed is perhaps misleading. There has been ... considerably more money has gone over the last few years into Environment, perhaps more recently, but they have seen real growth. All departments are being asked to ...

Deputy H.L. Jeune:

But not necessarily, in the sense that because they have to deal with regulation. It is not necessarily because of them asking that, and of course we had Brexit, so of course that comes kind of in ... it is sent from External Relations, the increase in that, or you have got, for example, the Minister for Housing's R.T.L. (Residential Tenancy (Jersey) Law), which means that the Minister for Environment has to do some regulation around that. It is potentially other Ministers and their policy-making that makes it that that department specifically has to have work done in that area. In a way, it is a cross-departmental department in that sense.

The Minister for Treasury and Resources:

Yes, but I would imagine ... I would be surprised of the Housing Department are not speaking to Environment. Environment know a law is in train and I would be astonished if they are not making representations about ... and we would have heard from the Minister, and when the law is then passed, there will then be a bid to the extent that Environment needs more resource to implement the new law. They will have to ask for it.

Deputy I. Gardiner:

But I think that ...

Assistant Minister for Treasury and Resources:

If I could make a point, it is as much a structural point as anything else, in my view, and there is a conflict between what Government and the States are asking the Environment Department to do. When we use the word "environment" it does not really capture the ...

Deputy H.L. Jeune:

I agree.

Assistant Minister for Treasury and Resources:

... responsibilities of that department.

[11:00]

It is the regulatory bit of that department which is struggling, and there is a conflict - which everybody acknowledges - of on the one hand the C.S.P. priority is to keep fees and charges low; on the other hand, that regulatory bit of the Minister's department has historically been given a mandate to say: "Just a minute, these regulatory things, you should be trying to do cost recovery." Then you have got the cost of living overlay as well, so you have at least 2 C.S.P.s which are pulling that department in a direction which it is ...

Deputy H.L. Jeune:
I think this is why I was asking these questions.

The Minister for Treasury and Resources:
Yes.

Assistant Minister for Treasury and Resources:
... now struggling with. I mean, the Minister and I have got the consumer credit law, which again will put some responsibilities on a part of the regulatory element of the Minister for the Environment's department. We have had to say to him: "Look, you may have additional costs in due course. We will have to then think about is there an allocation from our budget or we will have to consider that to deliver that." I think if we look at that now from a structural perspective, it seems that potentially the priority that regulation needs in our modern world, where people are asking more of them, the media is filled with people who want the regulatory department to do more things, and we have got to balance that with business growth, the question I think we have to ask is: is it really sitting in the right place anymore or would it be much better having the full influence ...

Deputy I. Gardiner:
Regulatory body.

Assistant Minister for Treasury and Resources:
... of the Chief Minister's office? I know you have got the Chief Minister later, but it seems to me that there is potential for it to move to be more understanding across Government about the challenges that they face.

The Minister for Treasury and Resources:
I think also where you are talking about regulation, where you have got the C.S.P. of keeping fees and charges as low as possible, I think that is one thing where you are talking about fees and charges that hit individuals and hit families and households. If those fees and charges are hitting commercial

profit-making businesses, for me there is a slightly different view that could be taken. I think we possibly do need to think about whether the charges applied in that department are commercial. Government should not be making a profit, but I think we should be looking more to where we are regulating businesses and commercial enterprise, when you look at what they are getting for what they are paying, I think there is scope to look at the charging structure as well. That is my opinion. I think the Minister may agree with me.

Deputy H.L. Jeune:

Thank you. Coming back to something that you said, Minister, earlier in your own opinion you made a comment about whether this is Council of Ministers making this decision or whether it is the Treasury. Looking ahead, are there any changes you would recommend to strengthen the link between financial planning and the next Common Strategic Policy if this is going to be going in the future, where there is this narrowing of priorities?

The Minister for Treasury and Resources:

I think we would like to ... I do not fully understand the changes that were made. I think previously the Minister for Treasury did have a greater role and influence. I think we would like to go back to a multi-year Budget cycle, because the yearly cycle is very time-consuming for everybody and it has also ... I think the reality of that is it has also led to a cost, because people have the idea that they can come forward every single year and ask for more money. That is something we have really tried to restrain this year and last year, but this year we have not accepted just ... well, we have tried to limit growth bids to C.S.P. priorities and risk items, so the money that has gone into the emergency control room in the Fire Service. But I think there has been a general view in some departments that the Budget processes ... "Oh, we want 3 new staff. Let us throw in a business case and see what we get", that has led to a burgeoning. I think if we can come back to multi-year, that would help us and it would give departments better flexibility to use their money more wisely within the 3-year period and not have the money moving around at year end, so I think that is something we would like to move towards.

Deputy L.M.C. Doublet:

What needs to happen in order for that change to take effect?

The Minister for Treasury and Resources:

I think we need law changes, yes.

Deputy L.M.C. Doublet:

Is that something that you are working on?

Treasurer of the States:
Yes.

Deputy L.M.C. Doublet:
When will that come to the Assembly?

The Minister for Treasury and Resources:
It will be next year.

Treasurer of the States:
The priorities and the work on the investment fund, at the same time we are progressing with our thinking on taking pros and cons from both systems, because there were issues with the 3-year plan, let us be clear, but getting the best out of both of those, we are thinking through that. The Minister has also asked us to brief her on the changes that came through in the Public Finances (Jersey) Law in 2019, what changes, if you like, took responsibilities away from the Minister for Treasury and placed them with Council of Ministers and elsewhere, what were they, and we are going to brief her on those. In terms of the capital fund, we are bringing it forward so that it can be debated by this Assembly. We are advancing the thinking and we are quite well advanced on it, but that will not be ready to consider legislation changes from this Assembly. It will be available for the incoming government.

Deputy L.M.C. Doublet:
Okay, and as part of that, would there be more certainty able to be given to charities, for example, receiving grants over a planned 3-year cycle rather than annually?

Treasurer of the States:
When we talk about 3 years, let us be clear: when we moved to the current model, the intent was it is a 4-year plan, but because of the way the legislation works, it allows all governments to just come back and all Assembly Members to come back and change that on an annual basis. A medium-term plan sets budgets for departments for 3 years based upon the income forecast. The variations in income then become an issue for the Treasury to address, and what you would probably address that through is an annual budget - with a small "b", if you like - that adjusts taxation and suchlike. The risk there of course is that the income forecast comes down in the meantime, so therefore you need to think about how you would fund that in the meantime to be able to assure departments of that funding and therefore those entities that are reliant upon that funding. That is one of the areas we are looking at now in terms of potentially - I am sure you may raise your eyebrows slightly - a slightly different purpose for the Stabilisation Fund that goes beyond the economic cycle, but that would necessitate topping up the Stabilisation Fund.

Deputy L.M.C. Doublet:
Thank you. Some brief ...

Assistant Minister for Treasury and Resources:
It is important to think about the number of years in line with the economic cycle, so the frustration when the previous government came in - 2 governments ago, sorry - was that Ministers were coming in and were not able to influence their departmental budgets for at least 2 years, because you have to have probably a 3 and a one. You probably want to have the one coinciding with an election period so you can get that done, and then you have a year to think about the 3 years, the last year of which there will be an election, so they will have the remainder of that year set, but then they can do this year. So it can be done. I think we can learn from what we did previously and pick up that ...

Deputy I. Gardiner:
Do you think it will be brought to the Assembly before the election?

Assistant Minister for Treasury and Resources:
Treasury would not know that.

Treasurer of the States:
I do not think the move to the medium-term financial planning - if you like, the 3-year plan - would be ready this side of the election to be debated. Whether we get the opportunity to advance that law drafting so that it is at least lodged, we can work towards.

Deputy I. Gardiner:
Let us go back to the C.S.P. It was a good discussion, thank you.

Deputy L.M.C. Doublet:
Some brief questions now, as we are noting we have got 20 minutes left. In terms of cross-cutting issues, another that we would like to ask questions about is demographic change, so ageing population and falling birth rates. How is the Treasury factoring these social factors into long-term fiscal planning? Can you give some specific examples?

Treasurer of the States:
First, of course we have been working on the long-term capital plan. The demographic impacts feed into the long-term capital plan. Secondly, building on top of the work that the Economics Unit has done, which has been there for a couple of years, that demonstrates in particular the impacts on the

costs that feed into the population side and what that population may need to be doing with an ageing population. We are planning on building on that into our longer-term forecast, so we do a forecast as it is at the moment on income and expenditure. We want to move, and it is in our business plan to do so, but a longer-term aspiration is to hopefully get a lot of the work done on that for the next council as they come into, so that we have a 10-year income and expenditure plan and beyond that, longer. The Minister of course sits on the group chaired by the Minister for Health in respect of longer-term funding for Health, which of course is heavily driven by what we are seeing ahead of us in terms of the ageing demographic in particular. Those are 2 examples. We work from time to time with our colleagues in C.Y.P.E.S. (Children, Young People, Education and Skills) in respect of the demographic impacts that are pushing through in their system and the inefficiencies that are there with that reducing demographic in the number of schools we have, for example. So we work with them as well. Those are examples.

Deputy L.M.C. Doublet:
Thank you. Are there any policy decisions that have been made as a result of this information that you have shared with other Ministers?

Treasurer of the States:
It is in its early days. I mean, it is not in its early days, it is not at the position to bring forward into policy decisions relating to Health, but that has led us, in this Budget, to be convinced that the level of inflation that is usually given to Health needs to step up, so we have gone for an additional 1 per cent over and above the current 2 per cent policy for this first year while we work towards a longer-term policy.

Assistant Minister for Treasury and Resources:
It has also led of course to the other additional money to Health, about health I.T. (information technology) and health prevention.

The Minister for Treasury and Resources:
Prevention, yes.

Deputy L.M.C. Doublet:
Is there a coherent strategy or action plan that brings all of this together that all Ministers understand and are working from?

The Minister for Treasury and Resources:
I am sure there are various. You have got the Ageing Well Roadmap, which I think is looking at infrastructure issues, and I think everybody is generally looking forward. I mean, we do need the

long-term investing in Jersey. I think it includes things like investment in sheltered housing. I am sure Andium and J.D.C. (Jersey Development Company) will be thinking about it. They will be thinking about right-sizing, about building accommodation that is suitable for right-sizing. Yes, I think everybody is aware of it. We are thinking about it. Education are very aware of what the demographics are doing in schools. It is probably one of the reasons why they want this one single new school in town.

Deputy I. Gardiner:
I would like to pick up something from ...

Assistant Minister for Treasury and Resources:
Sorry, the other thing, you have got the Future Jersey document ...

The Minister for Treasury and Resources:
Future Jersey, yes.

Assistant Minister for Treasury and Resources:
... which sort of frames the balance that we need to have.

Deputy I. Gardiner:
Yes. Sorry, I would like to ask a very specific question to seek your views, and if it is happening already it is great. Ageing population, it needs strategic vision. Ageing population spend we can see in Housing, we can see ageing population spend in Health, we see aging population spend in Social Security, so there are challenges there across departments that each department needs to address. Do you think in the future we need to have integrated funding across departments that will be around ageing population or we will continue to give ... so does it need to be integrated to ensure that we are spending correctly and with achieving the outcomes?

The Minister for Treasury and Resources:
I am not sure if it is a question of integrated funding, but I think everybody is working, as you say ... the things do not necessarily link. You know, Health, somebody could be living quite happily in their home and have health issues; some not have health issues. Everybody will be different and everybody will have different needs. Everybody will want different accommodation and will need different care needs, so I think the Minister will be looking at things like long-term care, introduction of the new pension scheme, which I am very sad that did not happen in this term. I think to set aside a pot of money for the ageing population would be difficult. I think what is more important is the strategy and what it is going to be and what each policy is, what each policy area is going to be.

Deputy I. Gardiner:
But this is why we have a strategy and how much it will require and how it will be distributed to not each department ...

The Minister for Treasury and Resources:
It may very well be that someone is working on that, that there is a strategy, but it is not ...

Deputy I. Gardiner:
Okay. We will move on, thank you, to the cost of living.

Assistant Minister for Treasury and Resources:
The Minister is absolutely right that you would just think about having a pot of money across lots of departments, but I interpret your question in a slightly different way.

[11:15]

It comes back to facing the future challenges of Jersey, whether they be my challenges in the economy: are we set up as a Government to deal with those challenges; are we structured as a Government to deal with these big challenges that you were asking us about, health and ageing demographic and skills? Then you have got the others that flow on from that. That, for me, is an open question because our structures are still reasonably old-fashioned, dealing to some extent with yesterday's silo problems. Is it right, the way we are currently structured? Obviously the Chief Minister might comment on that more. I think if we look at that question openly, we might then look at some of the things you are thinking about: should there be a Minister for the ageing demographic and a budget to cross-cut those things? I do not think there is a good answer yet to that, but I do think it is a question that should be asked.

Deputy I. Gardiner:
Thank you. I think that is another cost of living question. Deputy Stephenson.

Deputy L.K.F. Stephenson:
Cost of living: we spoke fairly in depth about the fees and charges at the beginning, which I think is one of the C.S.P. priorities and linked to the cost of living. I will not go over all of that again, but can you set out: has any analysis been conducted to show how that aim to keep those fees and duties and charges as low as possible will impact different income groups, particularly low-income households?

The Minister for Treasury and Resources:

I think the economists would put all of those kind of things, but to me there is almost a kind of is it not ... if you are giving someone something, that has to be a benefit to them, that has to make a difference. If somebody gets £500 from the cost of living, whatever they do with that, they have had a benefit of £500. Someone who gets additional childcare will have had a benefit or there is clearly a value to them. I am not sure I understand your question because you could either give the benefit ...

Deputy L.K.F. Stephenson:

Let me rephrase it. In terms of the fees and duties and charges and the C.S.P. priority of keeping those as low as possible to help Islanders with the cost of living, how does Government know that those 2 things link together and how are Government measuring that keeping those duties, fees and charges as low as possible is helping Islanders?

The Minister for Treasury and Resources:

I do not believe we do work on an annual basis. I think in 2023 we did some work about the mini-budget. We did some work to show what had happened, but to me it is kind of self-fulfilling. You know, we kind of know, I think, that our detail ... we know what the impacts will be for a lot of things and we can ...

Assistant Minister for Treasury and Resources:

There is Statistics Jersey.

The Minister for Treasury and Resources:

Statistics Jersey measure things, the economists measure things, but I think there is a cost. If you want to constantly monitor and do field visits, there is a cost and that is counterproductive.

Deputy L.K.F. Stephenson:

Do you think the work on minimum income standards that is going to happen soon will help in that process?

The Minister for Treasury and Resources:

Certainly the Minister does. The Minister is very keen on getting the minimum income standards. What the minimum income standards will do, that will, first of all - my understanding is - set out what it is you need, so first of all, it is not necessarily a ... there will be focus groups of various different types of households and they will decide what it is that households need to have a reasonable standard of living, and then from that need, the minimum income will then develop across the different categories. I think having a minimum income standard will then help us in terms of: are benefits right; are they targeted; are they at the right level; are they targeted properly; are they reaching the right people; are they providing support for the right things? So I think they have potential, but I think I have said before I am not as totally convinced, but I am the ...

Assistant Minister for Treasury and Resources:
You are not the odd one. I agree with you, Minister.

The Minister for Treasury and Resources:
I am the lone voice on that group, because we know other jurisdictions have got minimum income standards and then completely ignored them because they either cannot use them or they cannot work them or they cannot afford them, but that work is progressing.

Deputy L.K.F. Stephenson:
Which I think brings me nicely to my final question ...

The Minister for Treasury and Resources:
That work is progressing and I believe it is going to start early next year.

Deputy L.K.F. Stephenson:
Okay. One of the things I think the minimum income standards could do is help with some of that cross-cutting thinking, enabling departments to kind of see and stand back and take a wider issue, but on that point, are there any examples of cross-departmental initiatives where fee reductions or keeping them as low as possible - I do not think we have had any reductions, have we - have been used strategically to reduce household pressures? How are departments working together?

The Minister for Treasury and Resources:
Again, not increasing a charge is a different thing from supporting a family who needs money. By not increasing ... a family may not have a car, so not increasing fuel duties will have no impact if a family does not have a car. A household that does not smoke, which does not drink will not be impacted by changes in duties, but that family may still be struggling, so the Minister will then look to see what inflation is doing. It is not necessarily what other departments think. The Minister will look at a wider picture. She will look at what inflation is doing, where the levels of need are, what all her sources of information are telling her where the pockets of need are and that is how you structure a benefit. But keeping charges ... not changing fuel duty is of no impact to a household that does not have a car. It is a difficult thing to monitor.

Deputy L.K.F. Stephenson:
It is, but it is your Government's C.S.P. priority that links the 2 things together, in effect.

The Minister for Treasury and Resources:
Yes, but we are still trying to ... again, to me, it is kind of stating the obvious. If we are not increasing a charge, then that is beneficial to anybody who is not paying the increased charge. Now, there will always be people who benefit and people who do not benefit. The people who do not benefit at the lower income end, that will be picked up through things like income support and other benefits.

Deputy L.M.C. Doublet:
Minister, the mortgage interest tax relief which is being phased out will be gone completely by next year, but given the cost of living pressures, do you believe this is the right time to do that and has that been reconsidered at all?

The Minister for Treasury and Resources:
We have to make a response to that. I think the petition has exceeded 1,000, so we have to ... we will be doing a response, but when we discussed it on a preliminary basis, the answer to that was that, no, I do not think we will. That was in the last year. I think retaining it will make a very small amount of difference. I cannot remember the numbers, but it makes a very small difference to the households that do have it. There are lots of people even who do have mortgages who do not get it. It is only people on the margin rate who get it. We also have to bear in mind that you are giving a benefit to people who have a capital asset that you would think will be appreciating in value, where people in rented accommodation are not getting that benefit, so it was phased out. I think we have to remember that the Assembly took the decision in 2015 and it has been phased out over a 10-year period. I think certainly our preliminary assessment was that there would be very little value to stopping that programme and that to the extent people need support, it would be better to target it more appropriately.

Deputy H.L. Jeune:
Minister, at our Scrutiny Panel hearing yesterday, we heard the Minister for Housing was not in agreement with the reduction in stamp duty on non-main residence properties, as proposed in the Budget, yet I believe that in a C.S.S.P. (Corporate Services Scrutiny Panel) hearing ...

The Minister for Treasury and Resources:
I misunderstood the position and I apologise for that. I had understood that there had been or were going to be discussions with the Minister and that he was accepting of it. I think that is not untrue in the sense that it is not part of his policy, but he is accepting of it as a member of the Council of Ministers, and as a whole the Council of Ministers support it. If I created an impression that he was all for it, that is wrong, but he is accepting of the change as part of the Council of Ministers.

Deputy H.L. Jeune:

Do you believe this stamp duty on non-main residence properties, so those who already have a home - and we were just talking about the cost of living pressures on those who have one home or who do not even have a home, they have to rent - that this is a fair balance when we are talking about the cost of living crisis, that there is this reduction in stamp duty for non-main residence properties?

The Minister for Treasury and Resources:

The decision was taken. We have to be aware that the market has slowed considerably and certainly when I voted for that 3 per cent in 2022, which is when we voted for it, it was implementing a Scrutiny recommendation that was already in place. It was because I heard lots of people that summer telling me their children could not buy flats because they were being crowded out by landlords. I certainly voted for it on the basis that it was going to create a much more level playing field between first-time buyers and landlords. I think in that time since then, we have seen much increased interest rates, we have seen other things that landlords tell us are dissuading them and we have seen a definite cooling in the market. So the reducing by 1 per cent - and I am sure there are people who would like to go further - we reduced by 1 per cent almost as a kind of pilot to see what the implication was. People buying second homes are still paying 2 per cent more and for some people that is still a considerable sum of money. The 3 per cent, people are saying they were paying an extra £23,000 in stamp duty, so that is a considerable amount of money. People will still be paying more, so the reduction of 1 per cent was ... you know, we will effect this to listen to all the voices that are telling us the impacts on the rent market are worse to try and address some of those aspects.

Deputy I. Gardiner:

My question, before we continue, would you have an extra 10 minutes for us or you need to go? I am not sure how is your ... we have 2 areas, quickly.

The Minister for Treasury and Resources:

I do.

Assistant Minister for Treasury and Resources:

I do, but I will back again in a moment.

Deputy I. Gardiner:

Okay. Not more than 10 minutes, maybe it will be less, maybe it will be 5. One area that we would like to question, it is £20 million that you allocated to support packages for the employers in the transition to the minimum wage. During a public hearing with the Minister for Sustainable Economic Development, he said that he does not have a way - not he, I mean the department and Jersey Business does not have a way - to know if the businesses, after support they could receive, they will continue to trade. The question was if we will provide 2 years of support, what assurance do we have that after 2 years businesses will continue to trade and not fold because of the transition to minimum wage? Obviously Jersey Business gives supports and lessons, but there is no real way for us to know what the situation is with the business before and we do not know if it will. So my question to yourself and the Treasurer: how do you ensure that business support is targeted, fiscally sustainable and to ensure that the public money that was spent on supporting the businesses basically will not be wasted if the business is folding after 2 years?

The Minister for Treasury and Resources:

Again, I kind of think that is something that the Economy Department should be thinking about. If they are responsible for the payment of that fund, they should be working with Jersey Business to try to seek such assurances. I think there is a counsel of perfection there again. I mean, there were probably businesses that were supported during COVID-19 that have collapsed since they had the benefit and when the benefit is not there. The thinking, I believe very clearly, is that the Better Business Support Package funding, which I believe it has been well ... I saw a slide on it the other day, but I do not have the papers and I am not good ... I do not remember all the numbers, because there are lots of numbers in terms of how the money has been spent, but it is aimed at promoting skills, it was aimed at helping people bring on apprentices. I would think, to me, if somebody has an apprentice after 2 years, if they keep that apprentice, that person should then be able to generate a better income source. They can work on their own. You would think those are all things that should work. If the apprentice decides to leave and they are back to square one, if something else happens in that business, if we have some kind of economic issue, I do not think you can guarantee by having government support a business is then on a trajectory to future success. You would certainly like to think so and you would like to think the businesses also have to put in some of their own money, they are investing their own money, so it would be very disappointing if a business fails, having had that support. If they are using it, the money is to help productivity. If they were productive, they should be more profitable.

[11:30]

Deputy I. Gardiner:

I understand, but what is interesting, what lessons have been learned from the COVID-19 business support and what businesses survived and what lessons were learned from that business support to minimise the outcome here? I do not know.

Assistant Minister for Treasury and Resources:

So if I take the COVID-19 issue, I mean, it is very difficult to think you are going to learn a lesson for everyday activity from what happened during COVID-19. It was an absolute imperative, that if we had not done the support, particularly the job support, businesses would have gone under and Islanders would have lost their job ...

Deputy I. Gardiner:

Absolutely.

Assistant Minister for Treasury and Resources:

... and our economy would not really be in existence today, so I think that is a totally separate issue. You could argue that the thing that the Treasury Department gets criticised for about its COVID-19 support now is that it should have sought to follow up particularly loans and get those repaid earlier, rather than having the latitude that it has had, but anyway, that is a slightly different issue. You are asking a question, which was ...

Deputy I. Gardiner:

About current support, yes.

Assistant Minister for Treasury and Resources:

... inevitable when we decided to allocate that money in the way that we did. If you are giving support to businesses, you cannot guarantee that that business will survive because the business is in a commercial market environment. The best you can hope for is that you give that business, with that support, the best possible opportunity of managing the increase in the minimum wage, but there can be no guarantees.

Deputy I. Gardiner:

Okay, thank you. We will move on.

The Minister for Treasury and Resources:

Yes, because businesses have to respond to the living wage. They will have to make a decision, apart from can they become more productive, can they upskill their staff, can they train apprentices. They also have to manage their business, and that is: "I now have a bigger cost and I have made these savings. How can I increase my prices?" They may have to increase their prices. How do they authorise the business? Those are business decisions that the business can make.

Deputy I. Gardiner:

Absolutely. No, I completely understand. The apprentices funding was not requested, according to the Minister for Sustainable Economic Development, because from various ...

The Minister for Treasury and Resources:

There was less take-up than expected, yes.

Deputy I. Gardiner:
It was much more requested for the funding, but moving to the Fiscal Policy ...

The Minister for Treasury and Resources:
But I think that may change, because I think at the time that the apprenticeship funding was launched, that was at a time when we had removed ... the Assembly had decided to remove the trainee wage. We all did that again for a good reason, but the lack of a trainee wage was also dissuading people from taking apprenticeships, regardless of the support, I think. So now that the trainee wage is back, you would like to think that people will be taking on more apprentices and may then use more of that support.

Deputy I. Gardiner:
Thank you. We will move to the last part.

Deputy L.M.C. Doublet:
Thank you. Minister, I am quoting from the Fiscal Policy Panel advice, and they state that: "Drawdowns from the Social Security Reserve Fund should only be made on the basis of a comprehensive actuarial assessment of future pension liabilities. The decision in Budget 2026 to withdraw funds and cut the contribution to the fund before the results of the 2025 actuarial review are published is not prudent." What is your response to this advice?

The Minister for Treasury and Resources:
That wording that is quite unhelpful, in some ways, because the only ... there is no withdrawal being made from the fund, there is no drawdown being made from the fund by Government. The only withdrawals and drawdowns from the Social Security Reserve Fund are to pay pensions. They pay pensions and they pay social benefits under the Social Security (Jersey) Law. Government are not reducing the grant. That is a difficult thing. They will still put £184 million into the fund. We believe that the fund will continue to grow. We did have actuarial advice before that was confirmed, before that strategy was confirmed finally. There will be an actuarial review being instructed on a routine basis. Now the funds are reviewed by actuaries every 3 years. Those reviews take some considerable time, so we could not have ... there seems to be a view that we could have had a full actuarial review in time for the Government Plan. We could not, because they take months and months and months, so we could not have that. This is a temporary measure. We believe the fund is ... we have a very well-funded fund, which has continued to grow. It was initially, I believe ... and we have got some numbers, which again are quite complicated. The Social Security Reserve Fund was initially meant to cover up to 5 times annual demand. It is now covering over 7 times annual

demand. We are not aware of any jurisdiction that has the reserve funding for pensions that we have.

Deputy L.M.C. Doublet:
Minister, you mentioned that it was a temporary cut in the contributions.

The Minister for Treasury and Resources:
It is a temporary cut.

Deputy L.M.C. Doublet:
However, it is going to be funding recurring projects, such as the increase in the allocations for the Pension Plus scheme, which could potentially get bigger and bigger, with an ageing population. So is it a temporary cut in contributions? If not, and the contributions will be restored, where will the money come from in future to fund all of the projects? Can I ask the Minister to answer that one?

Treasurer of the States:
So ...

Deputy I. Gardiner:
The Minister, please, because if you can give us an answer ...

The Minister for Treasury and Resources:
As we have said, we accept absolutely the advice of the panel that spending has to be reined in. We have tried to do that. We have started a programme of trying to rein in spending. We will be doing more of that. As I have also said in these hearings, everybody has a part to play in that, so everybody needs to look at what they are asking Government to do. Government are probably spending too much. We need to look at how we set up bodies. Every time we set up a regulator or a commissioner or an A.L.O. (arm's length organisation) or something, you are opening up to more spending. We need to rein that in. We are anticipating, I think, the forecast is that we will have more income over that period. It is not a decision that will be taken in 4 years' time. I would expect the next government in 2027 to be looking at this very closely and how we then fund will be a combination of trying to limit spend, limit the size of the public service and look to increasing income.

Deputy L.M.C. Doublet:
So that recurring funding, the cut in the contributions, the recurring funding and the projects that that is going towards, you are saying that in future those will be funded by cuts or savings from other areas?

The Minister for Treasury and Resources:
Or other income.

Deputy L.M.C. Doublet:
What plans do you have ...

The Minister for Treasury and Resources:
It is not just cuts. It is a programme that will affect all departments. You are getting into technicalities that I cannot answer.

Deputy L.M.C. Doublet:
I think what we would like to know across all of the Chairs is what is the plan across Government for funding these ...

The Minister for Treasury and Resources:
You then need to speak to the Treasurer, who has the technical knowledge.

Deputy I. Gardiner:
But can we get the highlights? If it is extra income, where will the income - like in one sentence - come from? We do not need to go into the technical details; that really we respect. We would like to understand in a short 2 or 3 lines.

The Minister for Treasury and Resources:
I have to ask the Treasurer to remind me where the extra income is coming from because I do not ...

Deputy H.L. Jeune:
I also think it is something that Deputy Doublet highlighted. As States Members, we will be asked to vote on something that apparently will be temporary, but we do not have the understanding that it will be temporary. There is nothing behind that word "temporary" and I think that is where we are trying to seek comfort, in understanding that it will be temporary. I think that is still an unknown and that is why these questions are being asked.

The Minister for Treasury and Resources:
If you would perhaps let the Treasurer ...

Deputy I. Gardiner:
Okay, yes.

Treasurer of the States:

It will not be technical, in any case. If we wind back slightly to previous hearings at the start of the Budget-setting process, there was not the usual Treasury-led growth process. I believe that at the time we had eyebrows raised from the other side of the table in Scrutiny hearings. These are not in the usual sense because of the state of the finances in terms of income having reduced slightly and underlying inflation pushing up costs. There are a number of strategic pieces of work that look to the future in terms of funding Health, for example, and we have talked about that. There is also a piece of work ongoing that looks at the significant growth in the public sector since 2018-19 to now, and those numbers have been well-rehearsed, particularly through the Chief Executive. Looking at how some of that increased expenditure can be reversed is a piece of work that is ongoing and is not there in time for this particular Budget, but the pressures that Ministers felt today they needed to in the meantime fund, we needed to come up with a strategy of funding. There are limited options there outside of tax increases and the Council of Ministers was very clear that they did not want to increase significant taxes at this particular point, given the cost of living crisis that I think you have identified elsewhere. Would you like me to carry on?

Deputy I. Gardiner:

No, I think that we get our answers. Can you explain, what does it mean: “unusual Treasury-led process”?

Treasurer of the States:

Usual Treasury-led process.

Deputy I. Gardiner:

Oh, usual. It was not unusual? It was not.

Treasurer of the States:

Usual. You will have experienced in the past, as a Minister, a process that invited a lot of growth ... well, we did not invite a lot of growth bids, but we had a lot of growth bids in the past. We have said that this time around, against the backdrop of COVID-19 and the growth in the public sector, we would not be doing so. We will only be looking at where there is significant risks or already identified C.S.P. initiatives to fund.

Deputy I. Gardiner:

Okay.

Assistant Minister for Treasury and Resources:

This is clearly, to my mind, a bridging Budget. It starts to address some of the long-term issues that you have been questioning the Minister about, but it is not sustainable. You could just look at the numbers. You cannot use your reserve for your everyday spending. It was clear from F.P.P. (Fiscal Policy Panel), it is clear to Ministers, it is clear to the public that it is only going to bridge to the next government, who will have to think hard and consult with the public about what is going to happen into the future. You have only got a few levers to pull. One is, as we know, increased taxes, one is cut expenditure, one is grow your economy so you have greater income lines coming in, or a balance of those things or a combination of those things. I think that a lot of the questions you have asked today are really hinting at that: what does the future hold for us? Because we cannot get into the position of some jurisdictions of either racking up lots of debt - £1 in every £10 in the United Kingdom is spent on paying down debt, it is ridiculous - or some of our neighbour jurisdictions, where they are running down their reserves, because you are fundamentally undermining your public finances. It is a bridging plan. That is what we are saying, and that is because you cannot keep doing those same things with any of the reserves that you have got, because what the F.P.P. say about the Social Security Reserve Fund and ideally wanting an actuarial review I understand entirely, but it has got much stronger, firmer, more difficult things to say about the Strategic Reserve, which is nowhere near where it should be.

The Minister for Treasury and Resources:
They also said Jersey's business model would not necessarily like more taxes, so they recognise as well the challenges of increasing tax, which nobody wants to increase tax, nobody wants to pay more tax.

Deputy I. Gardiner:
Thank you very much for your time and thank you for the extra minutes. The public hearing is closed.

[11:43]