

STATES OF JERSEY



BUDGET 2008 (P.164/2007): THIRD AMENDMENT (P.164/2007 AMD.(3))– COMMENTS

**Presented to the States on 3rd December 2007
by the Minister for Treasury and Resources**

STATES GREFFE

COMMENTS

The Minister for Treasury and Resources has proposed as part of the Budget 2008 a transfer of £25 million to the Stabilisation Fund. This transfer was based broadly on the probable surplus in 2007 from the latest financial forecast of £38 million, less the transfer to the Strategic Reserve of £10 million. In reaching the proposal, the Minister also considered the balance on the Consolidated Fund at the end of 2007 and the prospects for 2008 and beyond.

The balance at the end of 2007 is forecast to be £78 million, and taking into account the proposed transfer of £25 million in 2008 this would leave a balance of just over £50 million for 2008.

In terms of the prospects for 2008, there is currently significant uncertainty in global markets as a result of the “credit crunch”, and further the impact on the Island economy and particularly States tax revenues is unknown. The Minister would therefore recommend that a balance of at least £50 million is retained on the Consolidated Fund based on the potential deficits in 2010 and beyond, and would also recommend that surpluses are only transferred to the Stabilisation Fund once they are realised or at least fairly certain.

The Minister would therefore recommend that further transfers to the Stabilisation Fund are considered once the 2008 financial position is more certain.