

STATES OF JERSEY

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DRAFT BUDGET STATEMENT 2009 (P.158/2008): FIFTH AMENDMENT

**Lodged au Greffe on 1st December 2008
by the Minister for Treasury and Resources**

STATES GREFFE

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Renumber the proposition as paragraph (a) and add a new paragraph (b) as follows–

- “(b) to agree that the sum of £63,000,000 should be transferred from the Consolidated Fund to the Stabilisation Fund in 2009.”.

MINISTER FOR TREASURY AND RESOURCES

NOTE:

This amendment has been lodged by the Minister for Treasury and Resources less than 14 days before the start of the debate in accordance with the provisions of Article 20(3) of the Public Finances (Jersey) Law 2005 Paragraphs (2) and (3) of Article 20 are in the following terms–

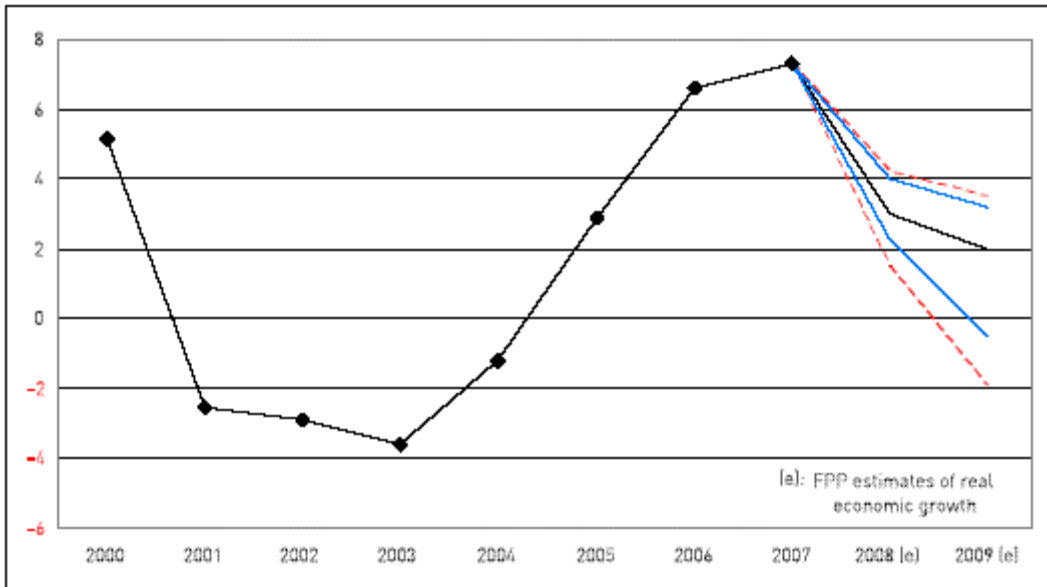
- (2) A draft or proposition to which this Article applies is not capable of being amended during a debate in the States on the draft or proposition except in accordance with an amendment lodged at least 14 days before the start of the debate.
- (3) Paragraph (2) does not apply to an amendment moved by the Minister if the States agree that the amendment may be debated forthwith or at a time approved by the States.

In accordance with the provisions of paragraph (3) the Minister for Treasury and Resources will seek the agreement of the States to debate this amendment during the debate on the Budget 2009.

REPORT

The Fiscal Policy Panel was set up to advise on Jersey's fiscal policy, and, in particular, to recommend the appropriate movements between the Consolidated Fund, Stabilisation Fund and Strategic Reserve.

The Panel has published an update to its Annual Report which has enabled the Panel to take account of the recent global financial market turmoil and also the final expenditure approvals from the Annual Business Plan 2009. Although the Panel remain cautiously optimistic about prospects for the Island, and maintain their forecast of low levels of economic growth, they do warn that the downward pressures on the economy have increased and this has been reflected in the lower range of their forward forecast (see Table 3.4 from the Report).



As a result of the increase in the downside of the range of economic forecast, the Panel have recognised that the majority of the Consolidated Fund balance is transferred to the Stabilisation Fund to allow it to grow to a size that would be useful in the event of a severe or long-lasting downturn. After the proposed transfer the balance of the Stabilisation Fund would be in the order of £140 million.

The Panel's recommendation is for a transfer of £63 million from the Consolidated Fund to the Stabilisation Fund, which the Minister for Treasury and Resources has accepted and is bringing forward in this amendment. The Panel also recommends that there should be no additions to, or withdrawals from, the Strategic Reserve at this time.

The Budget Statement 2009 includes a forecast of the Consolidated Fund for 2009 on page 35 which shows an estimated balance of £83 million. The Panel also recommends that there should be no further withdrawals from the Consolidated Fund to fund discretionary spending increases or tax reductions until the extent of the economic slowdown and the underlying strength of the States' finances is known. The balance of £20 million remaining after the transfer of £63 million should therefore be sufficient to manage any fluctuation in States revenues in 2009.