

STATES OF JERSEY



GOVERNMENT PLAN 2020–2023 (P.71/2019): THIRD AMENDMENT

Lodged au Greffe on 7th November 2019
by the Environment, Housing and Infrastructure Scrutiny Panel

STATES GREFFE

PAGE 2, PARAGRAPH (g) –

After the words “as set out in Appendix 2 – Summary Table 7 to the Report” insert the words “, except that, in Summary Table 7, where it states “Transfers to/from Consolidated Fund”, for the words “Consolidated Fund” substitute the words “States’ Funds”, and where it states “From the Consolidated Fund to Climate Emergency Fund” for the words “From the Consolidated Fund” substitute the words “From the Strategic Reserve Fund” ”.

**ENVIRONMENT, HOUSING AND INFRASTRUCTURE SCRUTINY
PANEL**

Note: After this amendment, the proposition would read as follows –

THE STATES are asked to decide whether they are of opinion –

to receive the Government Plan 2020–2023 specified in Article 9(1) of the Public Finances (Jersey) Law 2019 (“the Law”) and specifically –

- (a) to approve the estimate of total States income to be paid into the Consolidated Fund in 2020 as set out in Appendix 2 – Summary Table 1 to the Report, which is inclusive of the proposed taxation and impôts duties changes outlined in the Government Plan, in line with Article 9(2)(a) of the Law; and
- (b) to approve each major project that is to be started or continued in 2020 and the total cost of each such project, in line with Article 9(2)(d), (e) and (f) of the Law and as set out in Appendix 2 – Summary Table 2 to the Report; and
- (c) to approve the proposed amount to be appropriated from the Consolidated Fund for 2020, for each head of expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(g), 10(1) and 10(2) of the Law and set out in Appendix 2 – Summary Tables 3(i) and (ii) of the Report; and
- (d) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2020 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 4 to the Report; and

- (e) to approve the proposed amount to be appropriated from each States trading operation's trading fund for 2020 for each head of expenditure in line with Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 5 to the Report; and
- (f) to approve –
 - (i) the establishment of a “Climate Emergency Fund”, in accordance with the provisions of Article 6 of the Law, as set out at Appendix 3 to the Report; and
 - (ii) the estimated income and expenditure proposals for the Climate Emergency Fund for 2020 as set out in Appendix 2 – Summary Table 6 to the Report; and
- (g) to approve the amounts to be transferred from one States fund to another for 2020 in line with Article 9(2)(b) as set out in Appendix 2 – Summary Table 7 to the Report, **except that, in Summary Table 7, where it states “Transfers to/from Consolidated Fund”, for the words “Consolidated Fund” substitute the words “States’ Funds”, and where it states “From the Consolidated Fund to Climate Emergency Fund” for the words “From the Consolidated Fund” substitute the words “From the Strategic Reserve Fund”**; and
- (h) to approve the estimated income and expenditure of the Social Security, Health Insurance and Long-Term Care Funds for 2020 set out in Appendix 2 – Summary Tables 8(i), (ii) and (iii) to the Report, with –
 - (i) the estimated income to be raised from existing social security contributions defined in the Social Security Law and the proposed changes to contribution liability; and
 - (ii) the estimated expenditure to be paid to support the existing benefits and functions defined in the Social Security Law, the Health Insurance Law and the Long-Term Care Funds and new benefits, if any, to be paid from the Funds; and
- (i) to approve, in accordance with Article 9(1) of the Law, the Government Plan 2020–2023, as set out at Appendix 4 to the Report.

REPORT

The Environment, Housing and Infrastructure Scrutiny Panel, in undertaking a review of various elements of the Government Plan, discovered that a transfer of funds of £5 million is proposed to come from the Consolidated Fund (the current account for the Government of Jersey) and deposited into a newly established Climate Emergency Fund. The Panel considers that this one-off transfer of funds should instead come from the Strategic Reserve Fund. A brief description of the rationale underlying this amendment is set out below.

The Panel proposes that the current wording of Summary Table 7 – 2020 Proposed Transfer of Monies between States Funds –

Transfers to/from Consolidated Fund	(£000)
From Consolidated Fund to Stabilisation Fund	(36,000)
From Consolidated Fund to Climate Emergency Fund	(5,000)
Total transfers	(41,000)

Should be replaced with the following *revisions* –

Transfers to/from States' Funds	(£000)
From Consolidated Fund to Stabilisation Fund	(36,000)
From <i>Strategic Reserve Fund</i> to Climate Emergency Fund	(5,000)
Total transfers	(41,000)

The purpose of the Strategic Reserve Fund is for funds “to be used in exceptional circumstances to insulate the Island’s economy from severe structural decline such as the sudden collapse of a major Island industry or from major natural disaster”.¹

The Panel is of the view that the Climate Emergency Fund is to be used as ‘emergency’ funding to prevent and mitigate against the potential of any future natural disaster resulting from climate change; and therefore funding for this should be borne out of the Strategic Reserve Fund. The Panel considers the source of funding to be important in terms of who is paying for the Climate Emergency Fund. With the Consolidated Fund acting as the Government of Jersey’s ‘current account’, this would result in last year’s taxpayers bearing the cost of the one-off transfer of funds to the Climate Emergency Fund. Given that climate change is a cross-generational issue, the Panel considers it appropriate and fair that the £5 million transfer to the Climate Emergency Fund is made through the Strategic Reserve Fund, which has built up its reserves through contributions made by multi-generational taxpayers.

¹ Establishment of a stabilisation fund and policy for strategic reserve – 24th October 2006

The Panel considers that funds currently held in the Strategic Reserve Fund are significant enough (£807 million as at financial year-end 2018² and forecast to grow to £887 million by the end of 2020 based on investment return alone³) that utilising this fund for the transfer of £5 million to the Climate Emergency Fund will not negatively impact on States' finances, or have any damaging consequences for the economy of Jersey. Furthermore, the Panel considers that using the Strategic Reserve Fund for this purpose is likely to impact positively on the sustainable wellbeing of Islanders over successive generations, as multi-generational taxpayers, past and present, will have made their contribution to tackling the climate emergency.

Financial and manpower implications

The Panel does not consider there to be any financial or manpower implications arising from this amendment for the reasons outlined above.

² [States of Jersey Annual Report and Accounts 2018](#)

³ [Government Plan 2020–2023, p. 173](#)