STATES OF JERSEY

DRAFT PUBLIC FINANCES (AMENDMENT OF LAW No. 1) (JERSEY) REGULATIONS 201-

Lodged au Greffe on 24th October 2013
by the Minister for Treasury and Resources

STATES GREFFE

Jersey

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REPORT

As a consequence of the Draft Budget Statement 2014, the Minister for Treasury and Resources recommends that the maximum amount which the States may lend be increased to the equivalent of 60% of the estimated income derived from taxation during the previous financial year.

Under the existing terms of the Public Finances (Jersey) Law 2005, the States are authorised to lend money up to an amount equal to 15% of the estimated income derived from taxation during the previous financial year (based on net 2012 taxation receipts of £585.5 million this equates to £87,825,000).

The primary purpose of this amendment is to address the recommendation in the Draft Budget Statement 2014 to borrow up to a maximum £250 million in 2014 for housing purposes and then to lend up to this maximum sum for housing purposes to Housing Trusts/Associations/Companies or bodies with the same purpose registered in Jersey in order that they can provide housing for Islanders.

The borrowing for housing purposes is being undertaken by the States in order to achieve preferential interest rates to ensure that more much-needed housing can be provided. Detailed work has been undertaken which illustrates that substantial financial savings can be made if borrowing is secured directly by the States rather than by individual Housing Trusts/Associations/Companies or bodies. The Minister for Treasury and Resources is extremely keen to ensure that the States of Jersey achieves value for money for all financial initiatives whilst also ensuring that the relevant key financial safeguards are in place.

The Public Finances (Jersey) Law 2005 ("the Law") sets the parameters within which States money may be lent to third parties – all lending requires approval by the States, although Regulations have also been approved by the Assembly, in accordance with the Law, which set prescribed limits within which the Minister for Treasury and Resources is able to lend. This proposed amendment does not alter the existing powers of the Minister for Treasury and Resources to lend; any change to the parameters within which the Minister could lend would need to be brought back to the Assembly for further consideration.

Should the States approve the proposals in the Budget Statement 2014 for the provision of lending for housing purposes, the Minister for Treasury and Resources may, in line with the existing provisions of the Law, authorize specific loans for housing purposes in the name of and on behalf of the States without further recourse to the States, up to the £250 million limit. The Minister is extremely keen to ensure that the correct checks and balances are in place before authorizing any loan, and intends to strengthen the existing provisions; and will issue a Financial Direction specifying the procedures to be followed prior to any loan for housing purposes being made. The procedures adopted will involve full consultation with the Minister for Housing and the Council of Ministers. As required by the Law, the Minister for Treasury and Resources will ensure that all approved lending is reported to the States in the six-monthly Financial Update report.

The Minister for Treasury and Resources commends the Regulations to the States.

Financial and manpower implications

There are no direct financial or manpower implications for the States arising from an increase in the percentage rate highlighted in these Draft Regulations; however, the approval of the Draft Regulations will mean that the States has the ability to lend greater funds in the future.

Explanatory Note

These Regulations increase the amount that the States may lend. The total lending permitted at any one time is currently 15% of the estimated income of the States derived from taxation during the previous financial year. The amendment increases the total to 60% of that estimated income.

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Made	*[date to be inserted]*
Coming into force	*[date to be inserted]*

THE STATES, in pursuance of Article 23(5) of the Public Finances (Jersey) Law 2005[1], have made the following Regulations –

1 Article 23 of the Public Finances (Jersey) Law 2005 amended

In Article 23(2) of the Public Finances (Jersey) Law 2005[2], for the expression "15%" there shall be substituted the expression "60%".

2 Citation and commencement

These Regulations may be cited as the Public Finances (Amendment of Law No. 1) (Jersey) Regulations 201- and shall come into force 7 days after they are made.

[1] *chapter 24.900*
[2] *chapter 24.900*