

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES  
BY DEPUTY R.S. KOVACS OF ST. SAVIOUR  
QUESTION SUBMITTED ON MONDAY 24<sup>th</sup> OCTOBER 2022  
ANSWER TO BE TABLED ON MONDAY 31<sup>st</sup> OCTOBER 2022**

**Question**

In respect of the Government's revenue forecasts for each year from 2023 to 2026, will the Minister –

- (a) provide a detailed breakdown of the total including any reserve funds left after considering the budget allocations in the proposed Government Plan 2023-2026; and
- (b) identify all lines of forecast income or estimated taxes to be collected, separately highlighting any areas of considered overachievement that have been included and the level of inflation (as a percentage) that was used in those calculations?

**Answer**

- (a) provide a detailed breakdown of the total including any reserve funds left after considering the budget allocations in the proposed Government Plan 2023-2026; and

The forecast balance in the Consolidated Fund across the Government Plan period is set out on page 74 of the Government Plan (reproduced below).

<b>Consolidated Fund</b>					
<b>2022</b>		<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Forecast</b>	<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>122,298</b>	<b>Opening Balance</b>	<b>59,050</b>	<b>14,730</b>	<b>5,591</b>	<b>50</b>
	<b>Operating Surplus/(Deficit)</b>				
982,848	Revenue	1,072,468	1,163,254	1,192,950	1,233,625
(937,730)	Net Revenue Expenditure	(996,344)	(1,099,366)	(1,131,958)	(1,152,181)
<b>45,118</b>		<b>76,124</b>	<b>63,888</b>	<b>60,992</b>	<b>81,444</b>
	<b>Other Movements in Fund Balances</b>				
13,000	Prior Year Basis Tax Debt Receipts	11,000	11,000	12,500	12,500
54,000	Release of unspent Capital Allocations	-	-	-	-
23,000	Release of unspent Covid-19 Allocations	-	-	-	-
<b>90,000</b>		<b>11,000</b>	<b>11,000</b>	<b>12,500</b>	<b>12,500</b>
	<b>Capital and Other Projects Expenditure</b>				
(125,310)	Capital and other projects expenditure	(140,515)	(88,353)	(72,028)	(61,703)
<b>(125,310)</b>		<b>(140,515)</b>	<b>(88,353)</b>	<b>(72,028)</b>	<b>(61,703)</b>
	<b>Capital Financing Transfers In</b>				
2,985	Criminal Offences Confiscation Fund	1,811	777	-	-
4,700	Health Insurance Fund	6,350	5,705	-	-
11,320	Strategic Reserve - Capital Repayment	1,000	336	-	-
989	Charitable Funds	-	-	-	-
<b>19,994</b>		<b>9,161</b>	<b>6,818</b>	<b>-</b>	<b>-</b>
	<b>Fund Transfers In/(Out)</b>				
3,000	Jersey Innovation Fund	-	-	-	-
(20,000)	Technology Accelerator Fund	-	-	-	-
(1,244)	Insurance Fund	-	-	-	-
(4,400)	Climate Emergency Fund	(4,400)	(4,400)	(4,400)	(4,400)
-	Strategic Reserve - Pension Refinancing Repayment	(1,790)	(2,192)	(2,605)	(3,028)
8,300	Health Insurance Fund	6,100	4,100	-	-
(19,600)	Fiscal Stimulus Fund	-	-	-	-
5,700	Loans Fund	-	-	-	-
<b>(28,244)</b>		<b>(90)</b>	<b>(2,492)</b>	<b>(7,005)</b>	<b>(7,428)</b>
(64,806)	Borrowing Drawdown/(Repayment)	-	-	-	-
<b>59,050</b>	<b>Closing Balance</b>	<b>14,730</b>	<b>5,591</b>	<b>50</b>	<b>24,863</b>

Table 37: Consolidated Fund

This includes the forecasted total revenue to be received into the Consolidated Fund, and the budget allocations for both revenue and capital expenditure from the fund, as well as transfers into and out of the Consolidated Fund. The closing balance reflects the estimated remaining amount held in the fund at the end of each forecasted year.

Under Article 9 of the Public Finances Law: "The Council of Ministers must not lodge a government plan that shows a negative balance in the Consolidated Fund at the end of any of the financial years covered by the plan." and the balance left in 2023 will be used to fund capital expenditure in 2024 and 2025.

- (b) identify all lines of forecast income or estimated taxes to be collected, separately highlighting any areas of considered overachievement that have been included and the level of inflation (as a percentage) that was used in those calculations?

The estimate for total States Income is broken down in the General Revenue Income section of the [Proposed Government Plan](#) within table 2, on page 26 (reproduced below). This is based upon the latest forecast from the Income Forecasting Group, produced in Summer 2022. A link to the latest Income Forecasting Group report is found [here](#).

<b>Total States Income</b>				
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
Income Taxes	751,000	826,000	866,000	900,000
Goods and Services Tax (GST)	108,200	110,630	112,530	114,300
Impôts Duties	79,088	81,257	82,837	83,570
Stamp Duty	56,927	57,571	59,879	62,945
<b>General Tax Revenue - IFG Summer 22</b>	<b>995,215</b>	<b>1,075,458</b>	<b>1,121,246</b>	<b>1,160,815</b>
<b>Other Income</b>				
- Parish Rates	15,555	16,161	16,598	16,996
- Dividend Income	9,669	10,157	10,716	11,113
- Income from Andium Homes and Housing Trusts	29,156	29,702	30,210	30,618
- Other Non-dividend Income	7,776	7,779	10,183	10,086
<b>States Income - IFG Summer 22</b>	<b>1,057,371</b>	<b>1,139,257</b>	<b>1,188,953</b>	<b>1,229,628</b>
<b>Additional Income Measures</b>				
- Mini Budget	(19,850)	(19,100)	(19,100)	(19,100)
- Increased Collections: Domestic Compliance	14,000	15,500	15,500	15,500
- One-off Dividend Income	20,000	20,000	-	-
- Budget Measures	947	947	947	947
- Future Tax Measures	-	6,650	6,650	6,650
<b>States Income after Income Measures</b>	<b>1,072,468</b>	<b>1,163,254</b>	<b>1,192,950</b>	<b>1,233,625</b>
States Income - IFG Spring 21 Revised Forecast	974,924	1,022,524	1,066,916	1,066,916
<i>General Tax Revenue - IFG Forecast Variation %</i>	<i>8.5%</i>	<i>11.4%</i>	<i>11.4%</i>	<i>15.3%</i>

Table 2: Total States Income

Details of the assumptions used in producing the income forecasts are provided in the latest Income Forecasting Group report, which uses the independent Fiscal Policy Panel (FPP) economic assumptions published in their [Medium Term Report - July 2022](#), reproduced below. The inflation (RPI) assumptions are also included on page 5 of the Income Forecasting Group – Summer 2022 Forecast.

**July 2022 Forecast**

<i>% change unless otherwise specified</i>	2020	2021	2022	2023	2024	2025	Trend 2026+
Real GVA	-8.7	5.4	4.1	8.6	1.3	0.1	0.5
RPI	1.3	2.7	7.7	6.7	3.9	2.7	2.4
RPIY	1.2	2.7	6.2	5.2	3.7	2.7	2.4
Nominal GVA	-7.2	8.2	10.5	14.1	4.9	2.8	2.9
Gross operating surplus (including rental)	-15.5	11.0	16.5	24.3	5.6	2.5	2.9
<i>Financial services profits</i>	-18.1	19.5	26.2	42.3	6.2	1.6	3.2
Compensation of employees (CoE)	-1.8	6.1	5.8	5.4	4.3	3.2	2.9
<i>Financial services CoE</i>	0.3	3.6	6.1	5.1	4.1	3.1	3.4
<i>Non-finance CoE</i>	-0.1	8.0	6.7	5.5	4.3	3.1	2.7
Employment	-2.4	3.0	0.7	0.6	0.5	0.3	0.1
Average earnings	1.1	3.3	5.3	4.9	3.8	2.9	2.8
Interest rates (%)	0.2	0.1	1.2	2.5	2.7	2.7	2.6*
House prices	6.1	16.0	6.0	5.0	4.0	3.0	2.9
Housing transactions	-3.8	15.1	3.5	3.0	2.5	2.5	4.0

\*Trend interest rates represent market expectations for 2026

The Income Forecasting Group, produce a forecast range using higher and lower adjustments to the FPP economic assumptions, this is set out in section 5 of the IFG report. The forecast used in the Government Plan is the central scenario.