

# STATES OF JERSEY



## GOVERNMENT PLAN 2021–2024 (P.130/2020): FOURTEENTH AMENDMENT

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Lodged au Greffe on 30th November 2020  
by Senator I.J. Gorst

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STATES GREFFE

**1 PAGE 2, PARAGRAPH (i) –**

After the words “Summary Table 9 to the Report” delete the word “and”.

**2 PAGE 3, NEW PARAGRAPHS (j), (k) AND (l) –**

After paragraph (i), insert the following new paragraphs –

- “(j) to agree that the Minister for Treasury and Resources should prioritise the application of any unspent funds in 2020, be these in respect of spending related to COVID-19, departmental revenue expenditure or capital expenditure, to be returned to the Consolidated Fund, and used to minimise the borrowing requirement from the revolving credit facility as set out in part (c);
- (k) to agree that the Minister for Treasury and Resources should prioritise the application of any unspent funds in 2021, be these in respect of spending related to COVID-19, departmental revenue expenditure or capital expenditure, to be returned to the Consolidated Fund, and used to minimise the borrowing requirement from the revolving credit facility as set out in part (c);
- (l) to request the Council of Ministers to agree an estates strategy in sufficient time for the next Government Plan (2022-25) to include a list of potential sales, in order for any funds raised to be prioritised for use to minimise any future borrowing requirements by the Minister for Treasury and Resources; and”.

**3 PAGE 3, PARAGRAPH (j) –**

Re-designate paragraph (j) as paragraph (m) accordingly.

SENATOR I.J. GORST

**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 2021 – 2024 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 2021 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;

- (b) to approve the amounts to be transferred from one States fund to another for 2021, in line with Article 9(2)(b) as set out in Appendix 2 – Summary Table 2 to the Report;
- (c) to approve the proposed borrowing to be obtained for 2021, in line with Article 9 (2)(c), up to and including the amount set out in Appendix 2 – Summary Table 3 to the Report;
- (d) to approve each major project that is to be started or continued in 2021 and the total cost of each such project and any amendments to the proposed total cost of a major project under a previously approved government plan, in line with Article 9(2)(d), (e) and (f) of the Law and as set out in Appendix 2 - Summary Table 4 to the Report;
- (e) to endorse the efficiencies and other re-balancing measures for 2021 contained in the Government Plan as set out in Appendix 2 Summary Table 6 and reflected within each gross head of expenditure in Appendix 2 – Summary Table 5(i);
- (f) to approve the proposed amount to be appropriated from the Consolidated Fund for 2021, 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 5(i) and (ii) of the Report;
- (g) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2021 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 7 to the Report;
- (h) to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2021 for each head of expenditure in line with Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 8 to the Report; (i) to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2021 as set out in Appendix 2 – Summary Table 9 to the Report;
- (i) to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2021 as set out in Appendix 2 – Summary Table 9 to the Report;
- (j) to agree that the Minister for Treasury and Resources should prioritise the application of any unspent funds in 2020, be these in respect of spending related to COVID-19, departmental revenue expenditure or capital expenditure, to be returned to the Consolidated Fund, and used to minimise the borrowing requirement from the revolving credit facility as set out in part (c);
- (k) to agree that the Minister for Treasury and Resources should prioritise the application of any unspent funds in 2021, be these in respect of spending related to COVID-19, departmental revenue expenditure or capital expenditure, to be returned to the Consolidated Fund, and used

to minimise the borrowing requirement from the revolving credit facility as set out in part (c);

(l) to request the Council of Ministers to agree an estates strategy in sufficient time for the next Government Plan (2022-25) to include a list of potential sales, in order for any funds raised to be prioritised for use to minimise any future borrowing requirements by the Minister for Treasury and Resources; and

(m) to approve, in accordance with Article 9(1) of the Law, the Government Plan 2021-2024, as set out at Appendix 3 to the Report.

## **REPORT**

### **Introduction**

I recognise the process that was undertaken by the Council of Ministers to agree the Government Plan, and this amendment does not seek in any way to undermine or challenge any of the commitments or agreements that were reached collectively by the Council.

The amendment is a result of some further considerations that I have had in the period since the Government Plan was lodged, and of representations that have been made to me by industry and constituents.

The amendment builds on the existing provisions and spirit of the Government Plan and, if it is adopted, I strongly believe will contribute to Jersey maintaining a strong economy with healthy public finances, both of which are key if we are to continue to support improved public services for Islanders in the years ahead.

### **A strong economy**

As Members know, Jersey's economic success is built on low taxes, controlled and balanced Government spending and no, or low, levels of public debt. Indeed, the only public debt we have taken on as an Island to date is for the ongoing investment by Andium Homes, where there is a clear associated long-term income stream.

I hope Members will agree that our future success must be built on these same principles. We must, and can, keep taxes competitive, simple and low. Similarly, Islanders are always clear that they wish to see Government spending controlled and focused on the areas that matter most to them – including health, education, training and skills, the environment, protecting the vulnerable and delivering a strong economy with diverse job opportunities. Equally, Islanders and industry, whilst understanding the need to borrow some money as a result of COVID-19 to ensure we can maintain vital public services in the interim period before we again arrive at balanced budgets, are keen to ensure that any borrowing is kept to a minimum, along with the associated interest payments. This will ensure that the borrowing can be paid back quickly and doesn't become a burden on our future generations.

All of these collective objectives are eminently achievable.

### **The Amendment**

The first two parts of the amendment uphold these principles by prioritising the application of any unspent funds in 2020 and 2021, be they for COVID spending, capital or current expenditure, to be returned to the Consolidated Fund and used to reduce the borrowing required from the revolving credit facility. I should emphasise that the amendment is not standing in the way of any projects or funding that have been agreed in the Government Plan, and indeed it won't impede any further measures which are agreed through amendments lodged by Members. It simply and sensibly ensures that where funds can't be spent in 2020 and 2021, they are returned to the Consolidated Fund and the need for borrowing is reduced.

I believe this approach is crucial, especially when Islanders are being asked to accept the borrowing by their Government of hundreds of millions of pounds. The public, industry and the outside world will not look favourably on a public sector that isn't doing everything it can to keep spending within reasonable limits and borrowing to a

minimum. Our future must not, and cannot, be based on high levels of debt and interest repayments. It would, in my view, be illogical to be borrowing money which we're not actually able to spend, and/or to have money available for spending commitments which we can't meet whilst simultaneously continuing to borrow. The amendment ensures that such scenarios will be avoided as far as is possible.

The third part of the amendment achieves a similar outcome in ensuring that all future borrowing can be kept to a minimum. I am aware that an Estates Strategy is under development and am advised that it will not create a difficulty for the Infrastructure, Housing and Environment Department to complete this work in time for inclusion in the next Government Plan, as the amendment requests. It is my opinion, which I hope and believe is shared by others, that the Government owns too much property, and much of our estate can be put to better use for the community by either arms-length organisations or the private sector. There are sites that we will likely wish to provide to (for example) Andium Homes for development, or other community groups, and equally there are others that we will want to sell.

The amendment requires the Estates Strategy to include a list of potential sales and for any money raised to minimise the need for future borrowing. Again, it is not sensible for the Government to be borrowing money whilst owning old, often unused buildings which are of no benefit to taxpayers when these can be released and the money raised used to help the Island through the current difficult period before we arrive again at balanced budgets.

Members and Islanders can be reassured that the amendment ensures that the list of potential sales requires the approval of the Council of Ministers, and therefore all options for the potential use of property can be considered before any decisions to sell are ultimately made.

## **Competitiveness**

Members know only too well that Jersey is operating in the global economy – we need to export our services around the world and encourage external businesses to locate, invest and do business in the Island. Our reputation is built on stability, security, quality and expertise. Jersey still excels in all these respects, and the world will be looking closely to ensure that this is likely to remain the case as businesses consider their long-term investment approaches. It is important to be clear that unbalanced budgets and debt will be a risk for Jersey, but one that is entirely manageable, and that is why I seek to ensure that the risk is minimised as far as is possible.

We retain a strong balance sheet, with good reserves and a number of truly valuable, worthwhile assets. These are important for Jersey – we need them and they should give Islanders re-assurance for our future.

## **Conclusion**

I do not want to see public services negatively impacted by this Government Plan or by COVID-19, and this amendment will not impact on any existing service or deliverable future service.

The amendment recognises that the higher our borrowing, the greater the likely impact on our reputation and competitiveness, and the further away we will be moving from the model which has brought economic success to our Island. The world knows that the impact of COVID-19 has required countries and jurisdictions to adapt and alter their approaches slightly and temporarily in order to get through the crisis. I certainly

therefore accept that some borrowing is of course necessary over the next few years, but equally we should be clear that the greater the borrowing, the longer it will take to service and repay. That in itself brings risks of further measures needed to achieve balanced budgets and a return to low, or no, debt.

With a prudent approach, Jersey will continue to succeed and prosper, meaning we can continue to make vital and much needed investments into our public services. This amendment makes a further contribution to that approach and I therefore ask for, and very much hope to receive, the support of Members.

### **Financial and manpower implications**

There will be no additional financial and manpower implications.